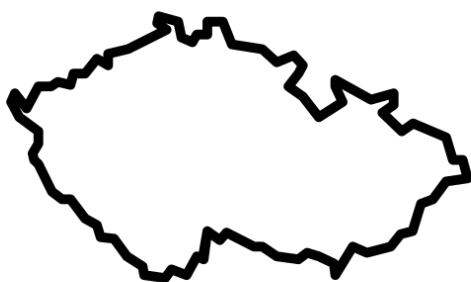


# Recommendations for a Multi-criteria Points Based Migration System for the Czech Republic

## Final Report

September 2022



## Foreword

This report outlines the building block for a possible reform of the labour migration framework in the Czech Republic. The Czech Republic government decided in 2019 to consider reform to its labour migration policy framework to improve its capacity to attract and retain the type of international migrants who could best contribute to the long term economic development of the country. The idea of a multicriterial selection system was raised, with the goal of identifying migrants with the greatest potential to support growth and innovation.

The work leading to this report was undertaken in the context of a project funded by the European Union via the Structural Reform Support Programme and implemented by OECD in cooperation with the European Commission's Directorate General for Reform Support (DG REFORM), which seeks to advance institutional, administrative, and growth-sustaining reforms in EU Member States across a variety of policy areas. A steering group, composed of representatives from the Ministry of Labour and Social Affairs, the European Commission, and the OECD, provided support and oversight of the project from start to completion. The role of the steering group in the preparation of this report was limited to advisory functions to ensure the independence of the analytical work and results.

The International Migration Division in the Directorate for Employment, Labour and Social Affairs at the OECD worked with the Czech Ministry of Labour and Social Affairs to develop the scenarios included in this report. From September 2020 to September 2022, meetings were held with stakeholders across the Czech Republic to gather views and understand where reform could improve the labour migration framework. The consultations were the broadest ever conducted in the Czech Republic on this policy issue, with more than 100 key actors consulted.

Initial meetings took place to identify key issues with the current Czech immigration framework and the needs and expectations of the main Czech stakeholders engaged in the immigration system. These included governmental agencies (Ministry of Labour and Social Affairs, Ministry of the Interior, Ministry of Industry and Trade, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Ministry of Agriculture, Ministry of Health), executive agencies (International student recruitment agency, labour inspectorate), employer confederations and trade unions, recruiters, migration lawyers, academics, and others. Engagement with these stakeholders was ongoing throughout the project and periodic updates were provided on the intermediate findings of the project.

In 2021, discussions were held with international experts and representatives of countries with immigration systems conducting selection of migrants. An International Conference took place on 11 and 23 June 2021 with the participation of Ministries and agencies from the Czech Republic and international experts (representing Australia, Canada, New Zealand, Denmark, Japan, the United Kingdom, the Netherlands, Korea, Germany, Finland and Estonia), discussing practices supporting effective immigration programs.

The project also involved the first-ever empirical analysis of the employment pathways and outcomes of labour migrants in the Czech Republic based on a novel approach to proximity matching of datasets from different official sources. Initial project findings were discussed in workshops in Prague in October 2021 and again in June 2022. The findings were also presented at the OECD Working Party on Migration in June 2022.

This report provides an overview of these findings and the elements of a possible reform to introduce a multicriterial points-based system in the Czech Republic.

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# Table of contents

Recommendations for a Multi-criteria Points Based Migration System for the Czech Republic	1
Foreword	2
Acknowledgements	4
Assessment and Recommendations	8
Executive summary	16
Introduction	18
The context for labour migration	19
Designing a PBS for the Czech Republic	49
The Output of the Czech PBS	81
Weighting Points in the Grid	91
Evaluating and Monitoring the PBS	101
Developing an On-Line Application System	104
Parallel Measures to Support Reform	106
Annex A – PBS Grid, Simulations and Migrant Profiles	117
Points Grid	118
Data simulations	131
Annex B – Practical guidance	149
Practical Guidance - Workflow and division of responsibilities	150
Practical guidance – Applicant assessment	154
Practical guidance – PBS platform	160
Practical guidance – legislative reform	165
Policy Evaluation	169
Annex C – Sources of data analysis and background	171
Social security data	171
Public Employment Service data on foreign workers	172
Public Employment Service data on vacancies	172
Average Earnings Information System	173
Vacancy data collected by CEDEFOP	174
References	177

## FIGURES

Figure 1. Employment and Unemployment rate in the Czech Republic 2012 to 2021	19
Figure 2. Changes in the Labour Supply according to the LEON Model	21
Figure 3. Indicators of Future Labour Market situation	23
Figure 4. OECD Skill Needs Indicators for the Czech Republic and the OECD Total	24
Figure 5. Sector Shortages, Czech Republic, 2019	25
Figure 6. Incidence of qualification and field-of-study mismatch by country, OECD, 2016	26
Figure 7. Future employment growth in the Czech Republic in 2020-2030 across sectors	26
Figure 8. Future needs by occupation in The Czech Republic in 2020-2030	27
Figure 9. Shares of total job openings by level of qualification	28
Figure 10. Legally resident foreign population, 2005-2021	29
Figure 11. First permits by nationality, Czech Republic, 2011-2021	30
Figure 12. First permits issued to third-country nationals for employment, by type, 2011-2021	30
Figure 13. Distribution of active employment contracts by ISCO group, 2019	31
Figure 14. A significant proportion of employment contracts for third country nationals do not have an end date.	31
Figure 15. Wages and duration in the labour market, by nationality and education	54
Figure 16. Education and hourly wage, Czechs vs third country nationals, regression analysis	54
Figure 17. Age at the beginning of the first contract and job qualification in 2020	58
Figure 18. Age category and hourly wage	58
Figure 19. Age category and hourly wage by education	59
Figure 20. Age category and hourly wage by skill level	60
Figure 21. Likelihood of reaching average and above average wage, by age and type of labour migrant	61
Figure 22. Hourly wage and duration of job stay	65
Figure 23. Hourly wage relative to the mean and duration of job stay	66
Figure 24. Wage by duration in employment, nationality and occupation group	70
Figure 25. Workers who enter with higher skill occupations stay longer	70
Figure 26. Success in reaching average wage, Occupation skill level	71
Figure 27. Likelihood of staying beyond 6, 12 and 18 months, by occupation skill level	72
Figure 28. International Students from Eastern Neighbours tend to study in Czech language	73
Figure 29. Most non-EU international students plan to remain in the Czech Republic after graduation	74
Figure 30. Wage growth over time, Employee Card and Work Permit	83
Figure 31. Duration of initial permit and eligibility for permanent residence, selected countries	85
Figure 32. Number of employers and job contracts within one job stay	90
Figure 33. Migrant population by permit types, <i>Human capital and Job characteristics</i> PBS model, December 2020	98
Figure 34. Simulated effect of the PBS on Labour Migrants, Simulated/Observed Change (%)	100
Figure 35. Overview of responsibilities	150
Figure 36. Workflow, requests for further information	163
Figure 37. Evaluation cycles	169

## TABLES

Table 1. Employment and study permits, 2013-2021	29
Table 2. Extension of residence permits for employment, 2017-2021	40
Table 3. Quotas for Employee Cards for the year 2021	42
Table 4. Processing times for Programmes of Economic Migration, 2018	43
Table 5. Processing Times for Programmes of Economic Migration, 2021	44
Table 6. Permanent Residence in the Czech Republic, Applications and Decisions	47
Table 7. Third-country nationals permanently resident, 2012-2021	47
Table 8 Annual salary points allocation table - Japan	69
Table 9. Occupation lists in selected countries	76
Table 10. Permit Conditions by Country	86
Table 11. PBS points scores and permit conditions, overview	87
Table 12. Decision on extension of long-term residence permit and change of purpose	89
Table 13. Initial Points Grid categories, measures and general weightings	91
Table 14. Points bands within points categories	92
Table 15. Point band scores by category	92

Table 16. Overview of points scores for skilled migrant profiles, Human Capital and Job Characteristics	94
Table 17. Overview of points scores for international graduate profiles, Human capital and Job Characteristics	95
Table 18. Points thresholds for simulation scenarios	97
Table 19. Points Categories – data simulation	98
Table 20. Point values – data simulation	99
Table 21. Selection strategy – simulated model	99
Table 22. Data fields to capture for evaluation	107
Table 23. Labour market testing requirements, selected countries	114
Table 24. Points bands within points categories	118
Table 25. Points values Scenario One: Human Capital and Job Characteristics	118
Table 26. Points values Scenario Two: Job Characteristics only	119
Table 27. Points values Scenario Three: Human Capital Characteristics only	119
Table 28. The Foreign Expert – Points table	120
Table 29. Former international student – Points table	120
Table 30. White-collar worker Points table	121
Table 31. The Prospect – Points table	121
Table 32. Highly Experienced – Points table	122
Table 33. Near Miss – Points table	122
Table 34. The Employee – Points table	123
Table 35. Points table – Student 1	123
Table 36. Points table – Student 2	124
Table 37. Points table – Student 3	124
Table 38. Points table – Student 4	125
Table 39. Points table – Student 5	125
Table 40. Points table – Student 6	125
Table 41. Points table – Student 7	126
Table 42. Points table– Student 8	126
Table 43. Points table – Student 9	127
Table 44. Human Capital and Job Characteristics	128
Table 45. Job Characteristics only	128
Table 46. Human Capital Characteristics only	129
Table 47. Human Capital and Job Characteristics	129
Table 48. Job Characteristics Only	129
Table 49. Human Capital Characteristics only	130
Table 50. English tests scores for assessment	158
Table 51. Platform users and managers	160
Table 52. Required fields in the online platform	161
Table 53. Visibility of application details by user	162
Table 54. Monthly reports	169

## Assessment and Recommendations

### ***The Czech labour market is tight and expected to face increasing shortages of skilled workers***

In recent years, the Czech Republic has had an increasingly tight labour market, with low unemployment (2.5% in Q1 2022), high participation and a limited labour reserve. In the next ten years, the cohort entering the labour force will be much smaller than at present, further exacerbating shortages at all skill levels. According to Ministry of Labour analysis, the Czech Republic will see increasing demand for higher educated workers in the mid to long-term. The overall demand for tertiary educated workers is forecast to increase by 16% increase between 2021 and 2026. Demand in some occupations requiring highly educated workers (e.g., civil engineering and natural sciences) is expected to grow by up to 26% over the same period.

### ***Migration has been increasing to help meet demand***

In the face of persistent demand and a scarcity of available workers, employers in the Czech Republic have been increasingly looking to migrants, including third-country nationals, to fill labour shortages. The number of third-country nationals in the Czech Republic for purposes of employment (i.e., holding an EU Blue Card, Employee Card or work permit) exceeded 150,000 in 2022, up from just 16,700 in 2015. The number of applications for long-term residence visas or permits for employment purposes rose from 21 000 in 2017 to 43 000 in 2019; after a pandemic-related decline, they had already rebounded to 39 000 in 2021. Work permits and Employee Cards are dominated by Ukrainian nationals, making the Czech Republic reliant largely on a single origin country, and subject to geopolitical events affecting that country.

### ***The labour migration framework has not fundamentally changed in several decades***

The Czech Republic has a labour migration policy framework codified in the 1999 Law on Residence of Foreigners and the 2004 Employment Act. The basic framework is a temporary labour migration system in response to a job offer (“employer-driven”). All admission is subject to the employer demonstrating an inability to find a suitable worker locally (“labour-market tested”). Renewals are subject to initial conditions. There is an eventual possibility of meeting eligibility criteria for permanent residence. The framework has not fundamentally changed, although there have been several short-lived special programmes and a number of provisions introduced to meet minimum transposition requirements of EU legal migration directives.

### ***There is no skill or education threshold for labour migration***

There is no general skill threshold and salaries must meet the national minimum. The current principal work permit for third-country nationals, the Employee Card, has no education requirements, no language requirements, and a salary threshold equivalent to the national minimum wage. EU Blue Card applicants must meet a salary requirement of at least 1.5 times the national average. Permit durations, however, are limited to two years for economic migrants of all skill levels.

### ***Permit conditions include a number of restrictions***

Labour migrants must remain at least six months with the employer for which they were first approved to enter the Czech Republic. Changing employers is allowed after six months with their initial employer, although subject to a new labour market test. Family reunification can only be requested after six months residence for most workers, and family may have to wait longer to receive work authorisation due to processing times.

### ***Highly skilled and less skilled migrants are treated largely identically***

The current policy framework does not grant significantly different conditions to migrants according to their skills, experience or salary. Aside from priority processing, available for some applicants, determined by employer assessments and occupation skill level, permit conditions are largely the same for all migrants. High levels of human capital (age, language, education, experience) and job characteristics (skill level and salary) do not confer advantageous permit conditions. The EU Blue Card which offers faster accompanying family reunification but few other rights relative to the basic permit conditions, is hard to qualify for. There is no priority path for highly skilled migrants to obtain permanent residence.

***Conditions in the Czech Republic for highly skilled workers are less favourable than in neighbouring and competing countries***

The conditions offered in the Czech Republic are less advantageous in terms of permit duration and associated family reunification and labour market mobility rights than many other EU and non-EU OECD countries. Most OECD countries offer the highest skilled migrants permanent residence at least at the end of the first temporary work permit or during the validity of the first renewal, while the main destinations offer immediate permanent residence. Near neighbours of the Czech Republic (Germany, Austria, Poland) and most other EU destinations (e.g., Netherlands, Estonia) already offer the most talented migrants a longer stay (up to five-year permits), exemptions from labour market testing, simultaneous processing of family applications, immediate work rights for spouses, reduced documentary requirements, rapid processing and other benefits. Some offer direct permanent residency. In contrast, all economic migrants in the Czech Republic (both low and high skilled) must undergo labour market testing for the initial permit application and again at each renewal, and only become eligible to apply for permanent residence after at least two extensions.

***Economic migrants and their employers are already interested in longer term stays***

Despite the short validity of the initial and renewed Employee Card and the EU Blue Card, at least 65% of permit holders stay for longer than 2 years. Most work contracts for third country nationals are open-ended. This suggests that many employers and skilled migrants would be able to benefit from longer duration stays than those considered in the current permit cycle.

***Policy should shift towards a better framework for selection and retention of migrants who can meet long-term needs of the Czech Republic***

To support the resilience and adaptability of its workforce to meet future challenges, the Czech Republic should engage in a better selection and retention of migrants who will bring the greatest benefits in the long term. This includes highly educated, highly skilled and highly remunerated migrants – particularly those that have already taken the first steps to integrate into Czech society. The Czech Republic has recognised this need and has developed a number of measures in recent years to better manage migration of selected migrants, principally the “programmes of economic migration”. These programmes are oriented towards admission rather than conditions of stay.

***A points-based system can identify high value and high potential migrants for the Czech Republic and grant them better conditions***

The Czech Republic aims to attract and retain migrants with the highest long-term integration potential and offering the greatest benefit to the Czech Republic. Since many different characteristics may contribute to defining integration potential and value to the host country, the Czech authorities chose to explore the development of a points-based system (PBS). The PBS and associated policy measures can provide the Czech Republic with a strategic approach for selecting and retaining migrants with the highest potential for labour market and social integration over the long-term.

***The development of the points-based system has been the object of policy effort in the past two years***

To understand how the PBS can achieve the Czech policy objective, the Czech Republic, with support from the European Commission, worked with the OECD to identify the parameters and the function of the PBS. The outcome of this analysis is a proposed PBS which ranks migrants according to their likelihood of successful integration into the labour market and Czech society. The proposal includes an initial grid for selection, with variables, and a graduated set of permit conditions according to the score.

***The characteristics selected for use in the PBS have a conceptual and empirical basis.***

Characteristics included in the PBS are grounded in evidence, including from new analyses of the outcomes of migrants in the Czech Republic. Salary is a key indicator of competency for workers of all skill levels. Both high levels of education and occupational skill level have been found to have a strong correlation with higher starting salary and strong salary growth in the Czech Republic. Younger age has been shown to have a strong positive effect on the lifetime fiscal contributions of migrants in other countries. Professional experience, particularly experience gained within the Czech Republic, has a positive effect on the salary growth of migrants – indicating that skill in the occupation increases with experience. Language ability is one of the strongest contributors to labour market and social integration of migrants across OECD countries.

***The PBS can be used by the Czech Republic to target specific groups of migrants***

Other PBS characteristics reflect Czech strategic priorities established by government agencies. Additional points are available for holders of Czech qualifications, supporting the student attraction efforts of Czech National Agency for International Education and Research (DZS). International graduates of Czech education institutions are primed for success in the Czech labour market; additional points for holders of Czech qualifications will increase the likelihood of retaining these high skilled migrants in the long-term. Further, additional points could be made available to a small set of strategic occupations that support industries that align with the Ministry of Industry and Trade's long-term aims or CzechInvest's foreign investment strategy.

***The proposed PBS is based on long-term integration potential and value***

Together, points combine to give a holistic assessment of migrants' potential value to the Czech Republic and clearly identifies which migrants the Czech Republic should target for selection and retention. The proposed PBS awards points to highly skilled, highly remunerated, and highly educated migrants. It also offers advantages to migrants who have gained professional qualifications and experience in the Czech Republic and who have acquired a sufficient level of Czech language proficiency. Younger migrants also have an advantage in this system, since they are best placed to adapt to future changes and, if they remain in the Czech Republic for the long term, make greater fiscal contributions. Providing points to younger migrants also counterbalances the fact that older applicants generally benefit from higher salaries and more experience.

***The PBS can improve attraction and retention if it grants more favourable permit conditions in terms of duration and accompanying family***

The PBS alone will not attract migrants, since it is nothing more than a selection system and cannot make a country an attractive destination. To better attract and retain highly skilled migrants, the Czech Republic must reduce the barriers for these migrants to remain and succeed. There are two major opportunities to improve permit conditions and reduce barriers to further stay that can be operationalised through the PBS: permit duration and family reunification conditions.

***The relative attractiveness of the Czech Republic can be improved by increasing permit duration and granting work rights to accompanying family***

To make the Czech Republic more attractive, high scoring migrants should be eligible for long-duration (five-year) permits, and medium scoring migrants eligible for three-year permits. Migrants who receive these enhanced permits should be able to sponsor accompanying family in their initial application.

Accompanying family should benefit from a single application (residence and work permit) processed with the primary migrant application, ensuring a seamless transition to living and working in the Czech Republic for the entire family unit. These conditions will enable the Czech Republic to better compete for skilled migrants with both European and non-European countries.

***Longer duration permits would promote long-term stability for high skilled migrants and their families***

The current multi-step process for family reunification and labour market authorisation is likely to discourage high skilled migrants from coming to the Czech Republic. The proposed new permit structure would reduce the number of renewal applications required before a high skilled migrant reaches eligibility for permanent residency. The longer duration of stay of five years creates a direct link between the temporary stay of the highest skilled migrant and eligibility for permanent residence. Immediate temporary residence and work rights for accompanying family members would improve the support available to the primary highly skilled migrant. Accompanying family with work rights improves labour market integration and retention.

***Longer duration permits can reduce processing workloads***

The number of applications both for first long term work permits and renewals (extensions) is rising rapidly in the Czech Republic. First-time applications for employment-related visas or permits almost doubled between 2017 and 2021, from 21 000 to 39 000. The number of applications for extension of employment-related permits almost quadrupled, from 11 000 in 2017 to 41 000 in 2021. Rising volumes of initial and renewal applications places pressure on administrative resources and affects the ability of Ministries to respect statutory processing times. Issuing some longer duration permits would reduce the administrative burden associated with the permit renewal process. Modelling suggests that granting longer-term permits based on the PBS proposal between 2015 and 2020 would have reduced the number of civil service activations (including labour market testing, permit applications and other administrative tasks associated with a new contract for a third country national) by up to 17% in the same period, with future reductions more significant.

***There is little risk in offering selected migrants longer-duration migrants***

Increased permit durations carry minimal and manageable risk relative to the current situation. There is no incentive to fraudulently represent skills or experience to gain admission to the Czech Republic, since the current framework already offers the possibility of admission without demonstrating any of these characteristics. The risk that a high-ranking migrant admitted on a five-year permit changes employers and jobs and no longer meets the eligibility criteria for admission is partially mitigated by the requirement to remain with their first employer for at least six months. Migrants will still be required to maintain employment during their stay in the Czech Republic. Any Employee Card holder who leaves their employer, or whose employment is terminated, will be subject to today's requirement to find new suitable employment or depart the country within 60 days. Migrants on longer duration permits issued through the PBS are at the same risk of contravening permit conditions as migrants on shorter permits. Employers and migrants who want to obtain an Employee Card to intentionally engage in unapproved work can do so today without producing fraudulent education qualifications, work history or language certificates. The investment necessary to provide high quality phony bona fides just to obtain a longer duration permit appears unattractive; indeed, additional documents only increase the chance that the attempt to misuse the program is detected.

***Even if they may do so currently, few high skill migrants change jobs to less skilled ones***

Job transitions to significantly different skill levels is already rare. Around 90% of highly skilled migrant workers (CZ-ISCO 1 to 3) either remain in their high skilled occupations or transfer to a higher skilled occupation. Only 4.4% transition to CZ-ISCO 6 occupations or lower. Even if holders of longer term permits issued through the PBS transfer to jobs which would no longer qualify them for a longer-term

permit, this would not undermine the current system. Lower-skills jobs are already grounds for stay in the Czech Republic, as long as the labour market test and minimum wage requirements are satisfied.

***There is limited data available...***

The current labour migration framework captures very little information about labour migrants to the Czech Republic. The Ministry of Interior records information on applications, decisions and stocks of valid permit holders by category, but cannot analyse permits by duration of stay or status changes. It does not capture information on occupation. Changes of status are not reported – except for limited required Eurostat reporting – and prior status is not noted in permanent residence transitions. The Ministry of Labour and Social Affairs (Labour Office) has detailed information on contract starts and conclusions, as well as the category of permit granting labour market access, but cannot follow individuals across job changes, so longitudinal analysis is not possible. While there are reliable methods for identifying Czech nationals across data holdings in the Czech Republic, matching records on foreign nationals between data holdings is not possible.

***...making it difficult to conduct evaluation of policy settings***

This means that very little is known about the pathways and careers of labour migrants, such as retention rates, occupational and salary changes or the indicators of long-term labour market integration. There are currently no longitudinal studies of the outcomes of economic migrants and there are significant challenges to linking administrative data sets to build a picture of historical migration in the Czech Republic.

***The Czech Republic should improve data collection and sharing to support both compliance and evaluation***

Improving data collection and sharing among government agencies will improve compliance and enforcement activities in immigration programs, and enable deeper evaluations of program outcomes. Data sharing should be authorised and strengthened between Czech agencies, for example by allowing use of a unique identifier for temporary migrants across all government data sets. This would allow the Czech Republic to accurately match data sets for compliance, such as monitoring whether migrants are being paid appropriately and are working in the occupations stated in their permit application. It would also provide authorities with an additional tool to identify illegal employment practices. These measures are also relevant for high skilled migration programs to ensure that those granted favourable permit conditions respect the associated conditions. An online application platform would further improve data collection. Better data collection would also allow for evaluation, including more accurate analysis of the factors leading to labour market and social integration.

***The PBS requires continuous evaluation and adjustments, based on regular analysis***

No PBS is intended to be a ‘set and forget’ system. The PBS requires ongoing evaluation of migrant outcomes to ensure that points and categories remain relevant and appropriately weighted. Improved data collection and analysis, including longitudinal studies supported by analysis of administrative data, will provide a deeper understanding of the outcomes of migrants in the long term and provide an empirical basis for evaluation of policy settings. Better data can allow for additional points categories, such as spouse skills levels, or adjustments in weighting for points categories. Analysis of outcomes should be conducted on a regular basis by a publicly funded institution with research capabilities. More broadly, government agencies should be better empowered to analyse the data they do collect to better understand how policy settings are shaping migration to the Czech Republic.

***The PBS can reinforce public communication on goals of managed migration***

Immigration programs require public support to operate effectively. Surveys have found that Czechs have generally positive attitudes toward high skilled migration. The PBS policy framework allows the Czech Republic to reinforce a message that highly educated, remunerated, and experienced migrants

have top priority in the immigration framework, and the greater the contribution and integration of the migrant, the easier it will be for them to stay.

***Additional policy measures, including a recognised sponsor programme, can complement the PBS***

The current immigration compliance framework relies heavily on the permit renewal process to identify misuse. A recognised sponsor programme would provide an additional tool to the Czech authorities to identify, pursue and penalise employers that have undermined the integrity of immigration programs. The recognised sponsor programme, used in many OECD countries, confers trust and privileges in exchange for access to information. Violations, such as underpaying migrants, providing false information about intended occupation, or unfavourably changing the conditions of employment after arrival, would be easier to detect. In addition to increasing public confidence in the capacity of the government to manage labour migration, a recognised sponsor program, along with improved monitoring, would contribute to the effective management not just of the PBS but of economic migration overall. Better monitoring combined with recognised sponsor programs would strengthen the framework for holding employers that misuse immigration programs accountable for their actions. Other policy measures, such as allowing for exemptions from the current labour market test, could also complement the PBS.

***The PBS and accompanying measures are long-term structural reforms.***

The recent influx of displaced persons from Ukraine, although significant, does not alter the structural factors explaining forecast long-term labour shortages in the Czech Republic. Economic migration of highly educated and highly skilled migrants will assist in meeting future shortages and contribute to economic growth. The PBS, as a systematic approach to selecting younger, highly educated and skilled migrants, can address the changing needs of the Czech economy. The PBS will be supported by an online platform to better facilitate applications from highly skilled migrations anywhere in the world – increasing the reach of the Czech Republic beyond its physical footprint overseas.

## Recommendations

### *PBS recommendations*

- 1) Since the requisite skills assessment framework to support an immediate permanent residency immigration program does not currently exist, maintain the employer-driven job-offer-based immigration system using the PBS as the primary application platform.
- 2) Establish an initial points-based selection model that combines human capital characteristics (education, language, age and professional experience) and job characteristics (Salary and occupation skill level)
- 3) In line with the analysis of available data, international practice and consultation with Czech stakeholders the PBS should initially adopt the following general weightings:
  - a. Heavy weighting for education, Czech language, occupation skill level and salary
  - b. Medium weighting for age and professional work experience in the Czech Republic
  - c. Light weighting for English language and foreign professional work experience
- 4) The PBS should include bonus points for:
  - a. Qualifications earned in the Czech Republic, in order to better attract international students and retain them after graduation.
  - b. Occupations identified as of long-term strategic interest, to better support the strategic aims of the Ministry of Industry and Trade and CzechInvest.

### *Points thresholds and duration*

- 5) Establish different treatments of economic migrants based on characteristics that indicate long term labour market integration potential:
  - a. Long duration permits (5 years) for high value economic migrants
  - b. Medium duration permits (3 years) for migrants with strong labour market potential
  - c. 2-years permits for migrants with standard job offers, as per current Employee Card regulations.
- 6) In line with the more **active role** of selection of the PBS immigration program, permit length should be determined **independent of contract length**. Migrants will continue to need a genuine job offer to apply and will be required to maintain employment for the duration of their stay.
- 7) Initially, set two separate points thresholds as follows:
  - a. Three-year permit: a lower threshold of total available points to encourage uptake of the PBS enhanced permits.
  - b. Five-year permit: a higher threshold of total available points to ensure that only the best-qualified migrants receive the premium long-term permit.
- 8) During the initial phase of implementation, monitored uptake closely and adjust points thresholds according to government priorities.

### *Family*

- 9) Offer improved permit conditions for spouses of high value migrants, including duration to match the primary migrant, immediate access to the territory and full work rights.
- 10) Establish a unified application process for immediate family (spouse and children) of economic migrants so they are processed with the primary migrant as a single application

#### *Evaluation*

- 11) Enable and empower existing government-funded research institutions to monitor and evaluate the long-term outcome of migrants in the Czech Republic, with a focus on economic migrants.
- 12) Regularly evaluate policy settings by using indicators that measure the extent to which high skilled migrants admitted through the PBS:
  - a. Successfully integrate into the Czech labour market, for example through meeting or exceeding salary expectations for a Czech worker in the same position;
  - b. Remain in their initial occupation, related occupation or other high value occupation;
  - c. Remain in the Czech Republic long term;
  - d. Transition to permanent residence; and
  - e. Improve Czech language skills or other indicators of social integration.

#### *Data sharing*

- 13) Enhance sharing of data among Ministry of the Interior, the Ministry of Industry and Trade, the Ministry of Labour and Social Affairs to improve:
  - a. Detection on non-compliance with conditions of entry (e.g. salary and occupation),
  - b. Research and trend analysis, to provide an evidence base for immigration policy.

#### *Recognised employer program*

- 14) Establish a recognised employer program to improve accountability of users of immigration programs. This would require separate policy development outside the PBS.
- 15) The program should include features to disincentivise the misuse of immigration programs, including temporary or permanent suspension from hiring migrants and financial penalties.
- 16) The program should include features to provide incentives for employers to use immigration programs correctly, including reduced documentary requirements, priority processing, access to premium permits and labour market testing exemptions.

#### *Labour market testing exemptions*

- 17) Consider introducing a labour market test exemption for positions that are paid a certain level above the average wage, with the threshold to be revised annually in line with the release of national salary statistics.

## Executive summary

The Czech Republic has a tight labour market, with one of the lowest unemployment rates in Europe. Skills shortages are persistent and forecast to increase. The demand for higher educated workers is expected to rise 16% in the next five years. The supply of skilled workers within the Czech Republic is not expected to be sufficient to meet this demand, and other forecasts point to this shortfall persisting for longer.

Labour migration is one channel to help meet future demand. Migration to the Czech Republic has grown sharply in the past decade, with the number of resident non-EU migrants increasing by 56% between 2012 and 2021. Applications for first-time residence permits for the purposes of employment reached record levels in 2019 and have largely bounced back following the pandemic. Employers are retaining labour migrants for longer periods: two-thirds work beyond two years, the maximum duration of the first residence permit, and many hold open-ended contract.

There is a strong interest in recruiting talent from abroad and in retaining skilled non-EU workers in the Czech Republic, as well as promoting knowledge migration to the Czech Republic through higher education graduates. Yet the Czech Republic is not attracting high skilled workers in the numbers it would like. The share of highly qualified workers in total labour migration flow is low: about one in eight longer-term labour migrants. Most of the employment-based permits in recent years have gone to Ukrainians, leaving the Czech Republic reliant on a single origin country.

Part of this is due to legislative constraints. The legislative framework has not significantly changed in three decades, and the permit conditions offered are no longer competitive with other OECD countries or able to satisfy the expectations of global talent. Permit durations are limited to two years, even at extension. There are limited provisions for accompanying family and for their rapid access to the labour market. There is no discretion to exempt certain applicants or occupations from the labour market test, even at renewal. The EU Blue Card doesn't offer notably better conditions to recipients. The Czech government has created programmes to prioritise certain applications, but these focus on admission procedures rather than stay. As the number of applicants and renewals increase, the administrative burden is rising, contributing to delays.

This puts the Czech Republic at a competitive disadvantage with other OECD destinations, including neighbouring countries, which offer better permit conditions. Initial permit durations are generally longer, the highest qualified migrants achieve eligibility for permanent residence within the validity of the second or even first permit. Some OECD destinations offer immediate permanent residence. Most offer accompanying family quick and full labour market access. The Czech Republic is penalised even for potential migrants who should be easy to retain, such as those graduating from Czech higher education with Czech language skills, or those with employment experience in the Czech Republic, since these attributes grant little or no advantage relative to departing.

The Czech Republic needs a system which can identify which migrants are of most value in the long term to the development of the country, and offer them better conditions than those possible under today's legislative framework.

To determine which migrants should be considered of highest value for the Czech economy, different criteria need to be used, both demand-driven (occupation, salary) and human capital (education, age, language ability, etc.). One framework for managing multicriterial selection is the points-based system (PBS). The PBS has the advantage of sorting applicants into different groups for different treatment, while allowing for regular adjustment according to evaluation, monitoring and changing conditions and priorities. The PBS can balance demand-driven elements, such as in the Czech Republic, where a job

offer is required for admission, and human capital elements, which can help the applicant obtain a higher rank.

In light of the limited data currently available on the factors contributing to positive long-term outcomes in the Czech Republic, and the capacity to verify evidence, it is recommended that the initial settings of the PBS weigh qualifications, Czech language skills, occupation level and salary more highly. Work experience in the Czech Republic and knowledge of other languages can be assigned a lower weight initially.

Once migrants have been ranked and sorted according to the PBS, they can be offered different conditions. The conditions must be meaningfully better than those offered today, and competitive with those in other OECD countries. Highest scoring applicants would receive a five-year residence permit, freeing the migrant from renewal procedures and allowing to file for permanent residency at the end of stay. Medium-scoring applicants would receive a three-year permit. Both groups would be allowed to bring family with them, and family members would have automatic labour market access. The lower-scoring applicants – expected to constitute the bulk of migrants – will be subject to the same conditions as under the current framework.

For the PBS to work properly, accompanying measures would be necessary. Data collection and monitoring would have to be improved. Administrative data is currently not linked, and legal barriers to data sharing prevent the Czech authorities from analysing the outcomes of migrants and from better understanding the factors which contribute to long-term success. Once more longitudinal data is available, points categories and weighting can be adjusted. It is important not to set these categories and weights in stone. In addition to supporting selection, data sharing would improve compliance, allowing Czech authorities to continuously monitor respect of admission conditions and labour regulations. An online application platform would have to be created.

Other measures which could be adapted would greatly improve the general regulation of labour migration of which the PBS is part. Allowing for changes and exemptions in the labour market test would make the system more responsive to shortage. The creation of a recognised sponsor system for trusted employers would reduce the administrative burden on authorities and employers while increasing the effectiveness of compliance.

The PBS would be an opportunity for the Czech Republic to position itself as an attractive destination for skilled migration. It would not affect the regulation of less skilled labour migration, which would however gain in efficiency and oversight from the measures necessary to accompany a modernised selection system.

# Introduction

The Czech Republic has an aging population, high labour force participation, and persistently low unemployment. Forecasting shows an anticipated rise in the demand for educated workers in skilled professions, with a 16% short fall in supply over the next five years.

Labour migration to the Czech Republic from non-EU countries has increased sharply in recent years, exceeding processing capacity and requiring limits on applications in some cases. The Czech labour migration framework, including for highly qualified workers, has remained largely the same for several decades, although there has been mandatory transposition of European directives and increasing efforts to accelerate processing of priority applications. The conditions offered to highly qualified migrants are more restrictive than in most neighbouring and competing OECD countries.

In the face of fierce international competition for talent, the current framework appears inadequate and insufficiently aligned with the strategic objectives of the Czech Republic to increase innovation, productivity and the knowledge-based economy.

One means to modernise the structure of work permits in the Czech Republic is to provide different permit conditions for high and low skilled migrants, as almost all OECD countries already offer. Better permit conditions for certain migrants will contribute to the improved attraction and retention, and to level the playing field with competitors.

However, this requires deciding *which migrants deserve better conditions*, and *which conditions should be offered*.

The answer to the first question is to establish criteria. Since the Czech Republic is seeking migrants who have different criteria – some with specific skills and experience, others who are young, educated and speak the Czech language – one possible response is to adapt a multicriterial, or points-based, system, to identify different migrants who are of interest for attraction and retention.

The answer to the second question, of the conditions offered, requires looking at the Czech and competing frameworks and at the interests and behaviours of today's migrants and employers in the Czech Republic. Once the different possibilities for improved conditions are identified, it's essential to review how other policy measures such as monitoring and oversight can allow implementation of these improved conditions. For example, longer permit duration may have implications for the compliance framework. Improved conditions for family members may have implications for employment authorisation.

This report outlines a possible reform of the labour migration framework in the Czech Republic to adopt a points-based multicriterial selection system. It first reviews the context for such a reform, in terms of the labour market, migration trends and regulations, including a comparison with benchmark competitors. It then identifies possible criteria for the points-based system and reviews the evidence in the Czech Republic and in OECD countries. It reviews what the output of the points-based system could be in terms of permit conditions. It then proposes weighting and simulates the impact of this weighting using past migration characteristics. Supporting measures necessary for the realisation of reform are then identified.

The report also includes practical guidance for the adoption and implementation of the points-based system.

# The context for labour migration

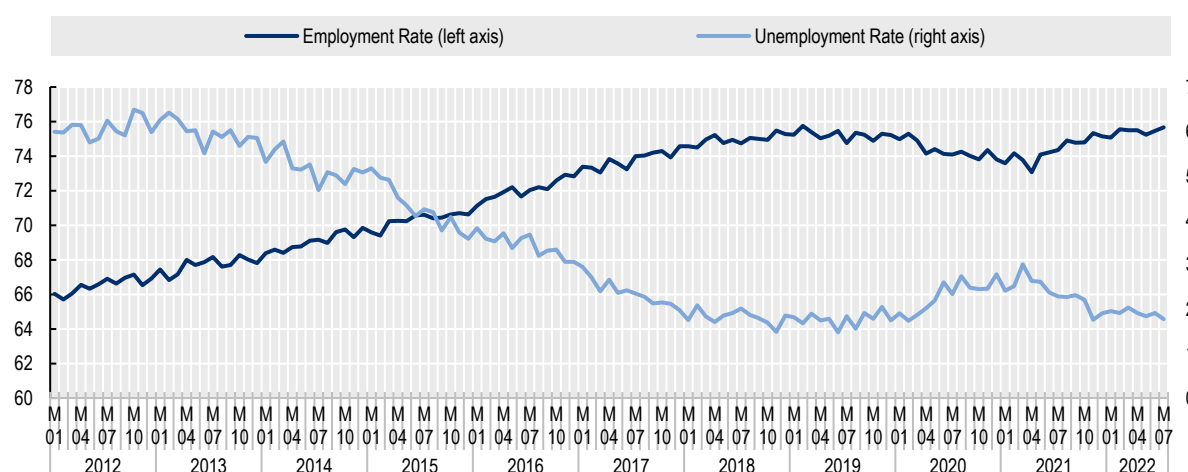
This chapter provides an overview of the context for labour migration in the Czech Republic. It reviews the overall labour market conditions and the structural shifts in the workforce expected in the next decade. It reviews the recent trends in migration, with a focus on labour migration, and presents the current labour migration regulatory framework. It reviews the conditions offered in the Czech Republic relative to other destination countries in the OECD.

## Labour market and demand for skilled workers

The labour market in the Czech Republic is one of the tightest in Europe. Between 2012 and 2022, the unemployment rate fell from around 7% in January to 2.5% in Q1 2022. The unemployment rate has been under 4% since mid-2016.

Over the same period, the employment rate (15–64 year olds) has risen from around 66% in 2012 to 75.7% in Q1 2022 (Figure 1).

**Figure 1. Employment and Unemployment rate in the Czech Republic 2012 to 2021**



Note: Left axis: employment rate, right axis: unemployment rate

Source: Czech Statistical Office

Further, the Czech Republic has an aging population. The average age rose from 36.3 in 1991 to 42.7 in 2021. Fewer younger workers are entering the labour market than older workers exiting. While the occupational structural of employment is shifting, and not all retiring workers are creating vacancies, there is a growing demand for labour and the tightest labour market in the EU.

## Forecasts of demand for skills

Demand for skills is expected to increase. Quantitative modelling from the internal labour market analysis unit at the Ministry of Labour and Social Affairs, KOMPAS, shows that there will be an excess of expected demand across a range of skilled occupations requiring highly educated workers. The

model has also consistently shown that people with lower education will be at a bigger disadvantage when looking for a job than job-seekers who have completed at least a secondary education.

Supply from within the Czech Republic is unlikely to be adequate to meet this demand. The Ministry of Labour and Social Affairs is developing the system of mapping and forecasting labour market development and needs (KOMPAS), a system that produce data to inform policies. More precisely, the goal is to determine which skills will be lacking on the Czech labour market, and which types of education will be in overabundance in the medium term, hindering employment for workers with the given education. KOMPAS has two major components:

- The LEON Model: a prediction model providing five-year forecasts of labour market mismatch between supply of, and demand for, employees by groups of education (see Box 1)
- Regional networks: a network of regional experts and stakeholders in each of 14 Czech regions (*kraj*). These experts collect qualitative and quantitative information about the situation in the region, such as major employers' investment plans, their planned increases or decreases of production, etc, and to provide feedback and commentary of LEON's results.

KOMPAS offers a web interface with all the data, outputs, and commentary in context.

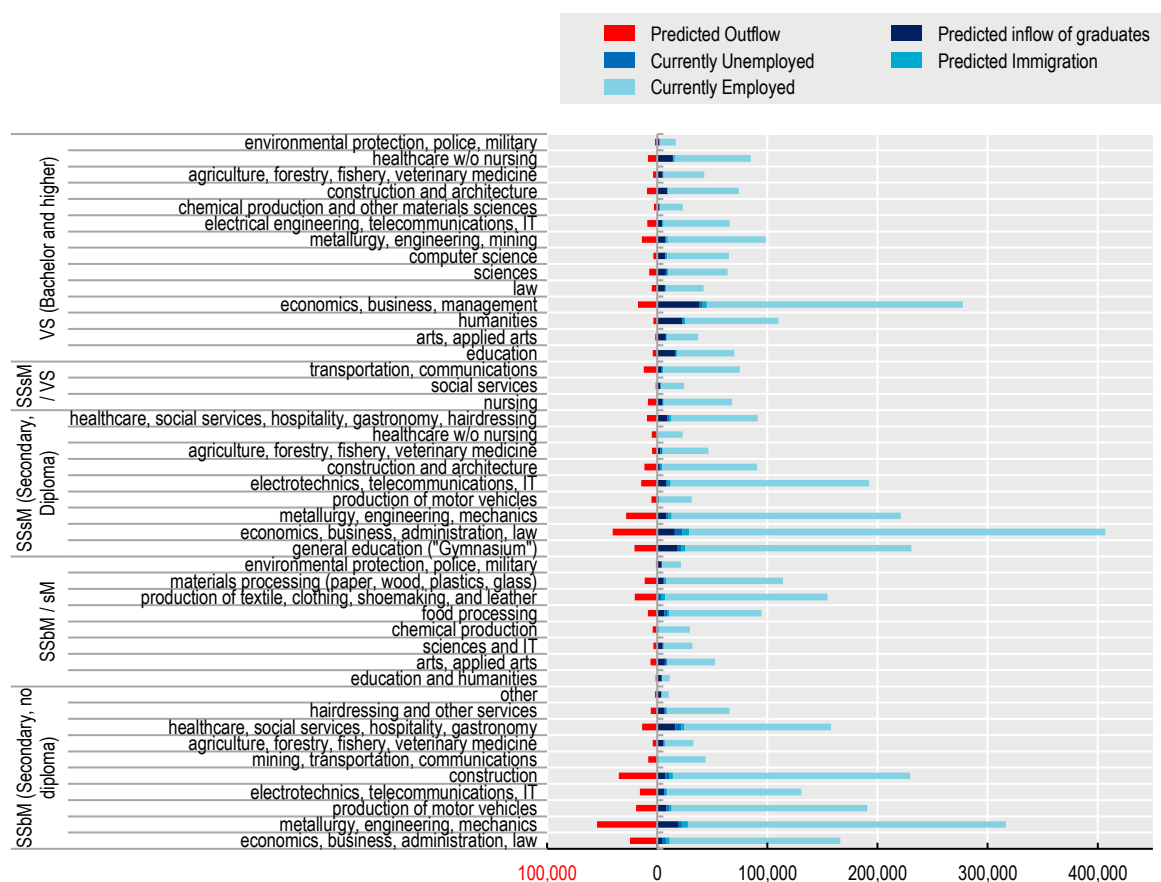
The model allows a five-year estimate in the change in the working age population by education group. The predicted changes in labour supply across education groups between 2020 and 2024 are shown in Figure 2. The current pool of employed and unemployed individuals will grow by inflow of graduates but will decrease by workers leaving the labour market. These results, however, have to be taken with a degree of caution due to missing education data (see Box 1).

The model has consistently shown both in the past and in the most recent set of results a demand for higher-educated workers. People with lower education, especially those without the secondary school leaving exam ("Matura"), will be at a bigger disadvantage when looking for a job than job-seekers with at least the Matura diploma. The exceptions are fields that are present in motor vehicle construction, but even there the trend is towards more educated people (e.g., secondary education with Matura).

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**Figure 2. Changes in the Labour Supply according to the LEON Model**

Components of change in the labour supply by educational category, 2020-2024



Note: SSbM: secondary education without Matura; SSsM: secondary education with Matura; VS: bachelor's degree and higher.

Matura is a secondary school exit exam. This excludes "Unknown" education group which represents about 1.1 million employed.

Source: Indicators of Future Labour Market situation.

### Box 1. The LEON Five Year Supply/Demand forecast Model

LEON is a model that forecasts demand for, and supply of, skills in a five-year horizon. It then matches the predicted supply and demand to determine whether there is an excess demand or excess supply of workers with a certain type of education (the model works with 45 groups of education based on ISCED).

The model first predicts shares of different three-digit ISCO-08 codes within each of 31 defined industries. It then combines these predicted shares with predicted aggregate employment within each of 31 defined industries to predict employment within three-digit ISCO-08 codes.

In the second step, the model predicts shares of different groups of education within each three-digit ISCO-08 code.

By combining the above information, it predicts the demand for each education group.

The supply of skills is constructed from employment and education data, using the number of currently employed, and currently unemployed by education group; the predicted inflow of fresh graduates in the following five years by education group; and the predicted inflow of immigrants in the following five years.

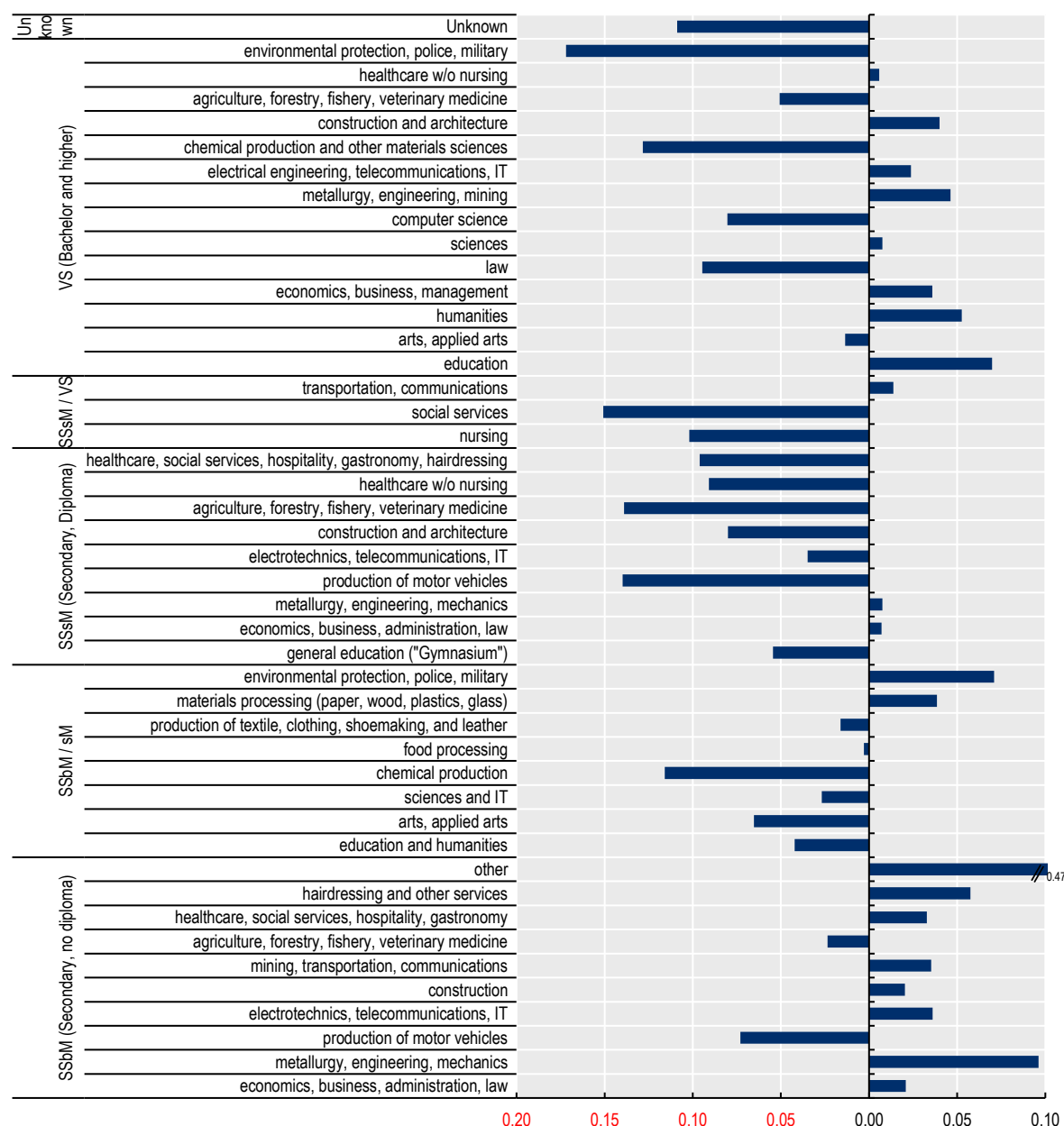
LEON is based on data from the “Information system about average earnings” (ISPV), the Czech Labour Force Survey (LFS), national accounts, and, for the immigration submodel, labour office data about contracts of foreigners and World Development Indicators.

A major problem facing the LEON model at present is that the field of education for the public sector is missing in the ISPV data (see Average Earnings Information System). This results in a large share of the sample having “unknown” education (mostly employees in the predominantly public sphere salaried sector). Consequently, the counts of currently employed persons across education groups may be biased downward, and this bias is not necessarily evenly distributed. It depends on the actual structure of education within the salary sector. The bias in the size of the pool of currently employed would also affect the forecast outflows by education.

Supply from within the Czech Republic is unlikely to be adequate to meet this demand. Within KOMPAS, the model produces a five-year estimate in the change in the working age population by education group. The model shows the predicted demand within different three-digit ISCO-08 codes, and predicts demand and supply by education groups. Overall demand is divided into expansionary demand (demand due to changes in demand for goods and services), and replacement demand (demand due to outflow of workers from the labour market). The results of the analysis of education are summarised by the Indicator of Future Labour Market Situation (IFLM) which compares supply and demand within education groups. The IFLM – showing percentage in surplus (negative) or demand (positive) is shown in percentage relative to the supply in Figure 3

**Figure 3. Indicators of Future Labour Market situation**

Surplus and Shortage by education, by percentage of change in demand relative to supply, 2020-2024



Note: SSbM: secondary education without Matura; SSsM: secondary education with Matura; VS: bachelor's degree and higher. Matura is a secondary school exit exam.

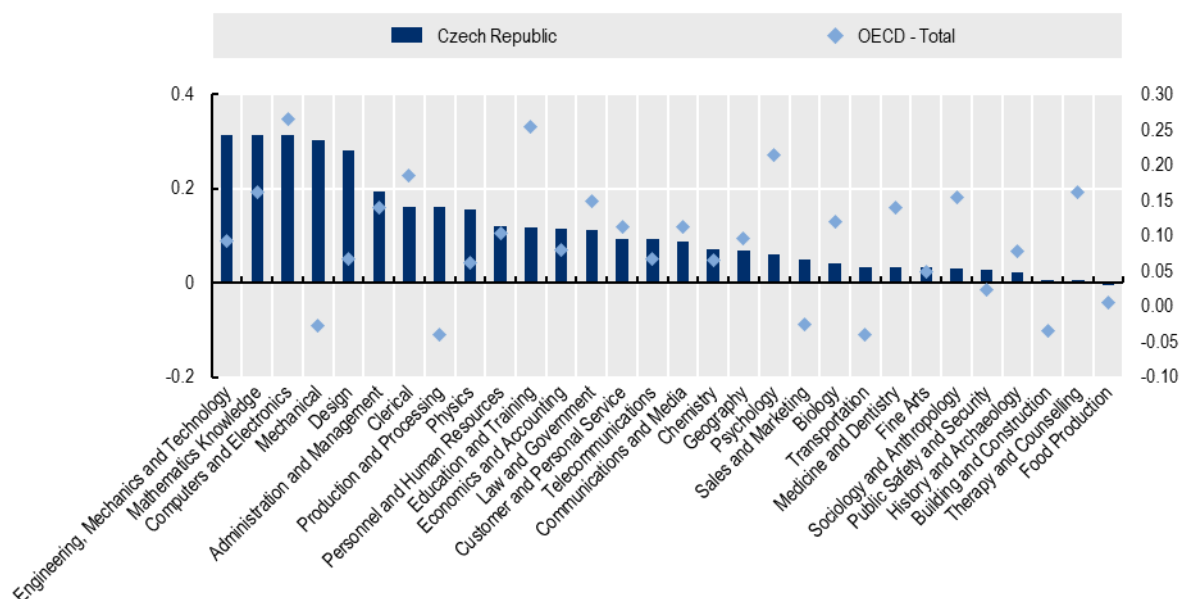
Source: Indicators of Future Labour Market situation (IFLMS).

The KOMPAS approach differs from a skills-based approach, where occupations are decomposed into skill sets and skills shortages/surpluses analyses independently of education. (Lepič and Koucký, 2013<sup>[1]</sup>) developed a skills framework, Kvalifikace2008, for the Czech Republic, similar to the US O\*NET. This skills-based approach has not been used to monitor changes in supply and demand of skills, nor to forecast skills needs in the medium term.

This approach was also used by the OECD (OECD, 2017<sup>[2]</sup>) for a snapshot using data for 2015. Relative to other OECD countries, in 2015 the Czech Republic already had a shortage of higher level skills in a number of technical areas, in particular in technology areas related to manufacturing, engineering and information technology (Figure 4).

**Figure 4. OECD Skill Needs Indicators for the Czech Republic and the OECD Total**

Surplus and shortage of skills in knowledge areas, OECD and Czech Republic, 2015.



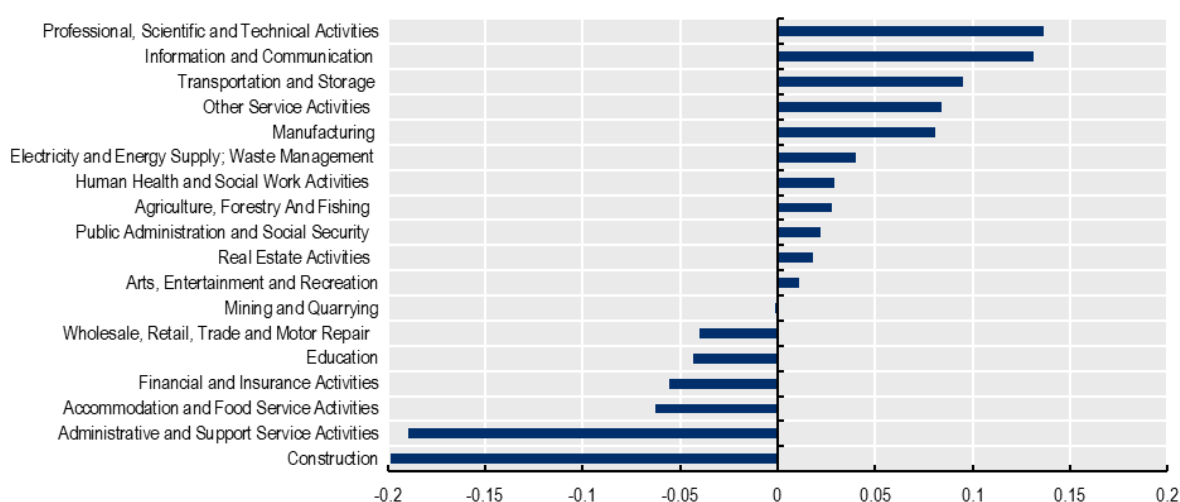
*Note:* The OECD Skill Needs Indicators measure the degree of shortage (positive values) and surpluses (negative values) for a range of dimensions, such as Skills, Abilities, and Knowledge areas. Results are presented on a scale that ranges between -1 and +1. The maximum value reflects the strongest shortage observed across OECD (31) countries and skills dimensions.

*Source:* Skill needs dataset – <http://dotstat.oecd.org/Index.aspx?QueryId=77642>.

Looking specifically at industries, according to the OECD analysis, several sectors faced larger shortages in 2019 (Figure 5). The sectors facing the largest occupational shortages were *Professional, Scientific and Technical activities* and *Information and Communication*. The sectors with the largest surpluses were *Construction* and *Administrative and Support Service activities*. The latter captures largely the activity of temporary placement agencies.

**Figure 5. Sector Shortages, Czech Republic, 2019**

Surplus and shortage by industry



Note: Surplus arises when the supply of workers in that sector exceeds demand. Results are presented on a scale that ranges between -1 and + 1 . The maximum value reflects the strongest shortage observed across countries, sectors and skills dimensions.

Source: (OECD, 2017<sup>[2]</sup>). [https://stats.oecd.org/Index.aspx?DataSetCode=SKILLS\\_2018\\_TOTAL](https://stats.oecd.org/Index.aspx?DataSetCode=SKILLS_2018_TOTAL)

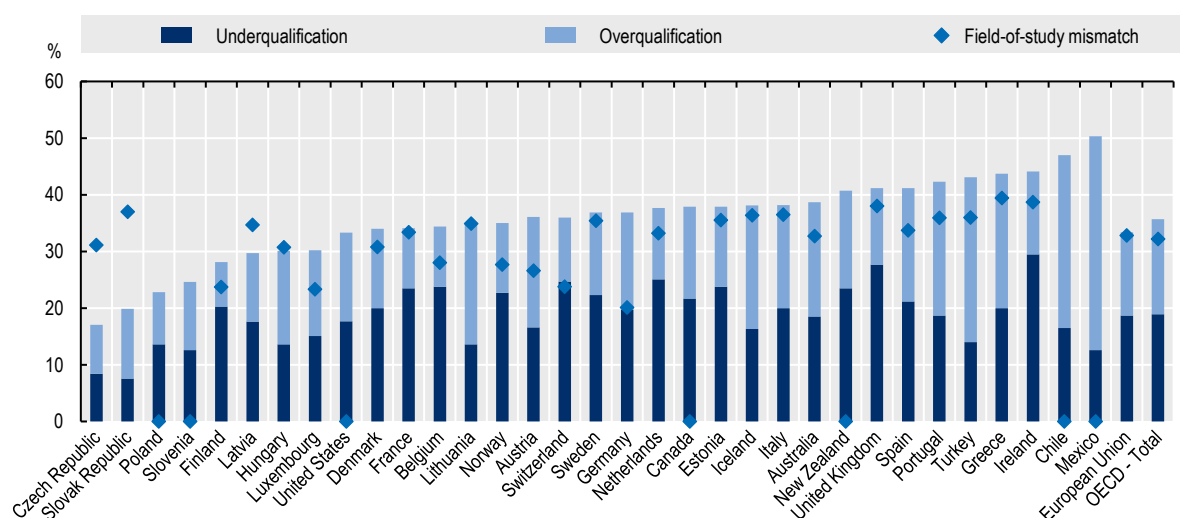
Unlike many other European countries, the Czech Republic has a limited labour reserve of workers who are inactive or those who are overqualified or working in fields other than those where they trained.

Regarding labour reserve, participation rates in the Czech Republic are quite high. The principal group with high inactivity rates are young women, for whom the NEET rate is one of the highest among OECD countries – even as the NEET rate for young men is among the lowest. This is largely related to the long maternity leave taken by young mothers, who re-enter the labour force when their children are kindergarten-age, 3-4 years old (Bičáková, 2016<sup>[3]</sup>; Bičáková and Kalíšková, 2019<sup>[4]</sup>; Bičáková and Kalíšková, 2015<sup>[5]</sup>; Kalíšková and Műnich, 2012<sup>[6]</sup>; Pertold-Gebicka, 2020<sup>[7]</sup>; Mariola Pytliková, 2015<sup>[8]</sup>; Kalíšková, 2020<sup>[9]</sup>).

According to the OECD, in terms of mismatch between field-of-study and qualification, the Czech Republic is the European country with the lowest level of mismatch (Figure 6). Further, in the Czech Republic almost all field-of-study mismatched workers have the correct qualification level for their job (96%). Women have an incidence of field-of-study mismatch that is about 10 percentage points higher than for men.

**Figure 6. Incidence of qualification and field-of-study mismatch by country, OECD, 2016**

Share of employed aged 15-64.



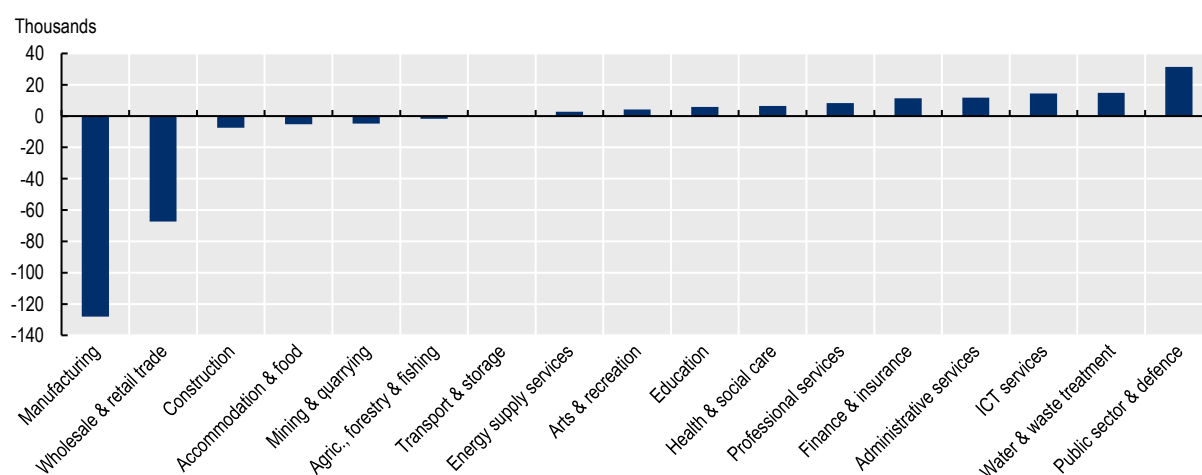
Note: The European average (EU) is the unweighted average of available European countries.

Source: OECD Skills for Jobs Database. <http://dotstat.oecd.org/Index.aspx?QueryId=77595>

The indicators of shifting needs to higher-skilled jobs is also reflected in analyses by CEDEFOP. CEDEFOP produced a forecast of sector and occupation employment change in the Czech Republic from 2020 to 2030. Overall employment is expected to fall in line with the aging of the labour force (CEDEFOP, 2020<sub>[10]</sub>). Against this background, the manufacturing sector is forecast to lose a large number of jobs over the decade (Figure 7), followed by Wholesale and Retail Trade. The highest growth sector is forecast to be the public sector, followed by Water and Waste Treatment and ICT services. This also reflects the shift shown in the LEON model from lower-skilled manufacturing to jobs requiring a higher educational level.

**Figure 7. Future employment growth in the Czech Republic in 2020-2030 across sectors**

Change in employment by sector

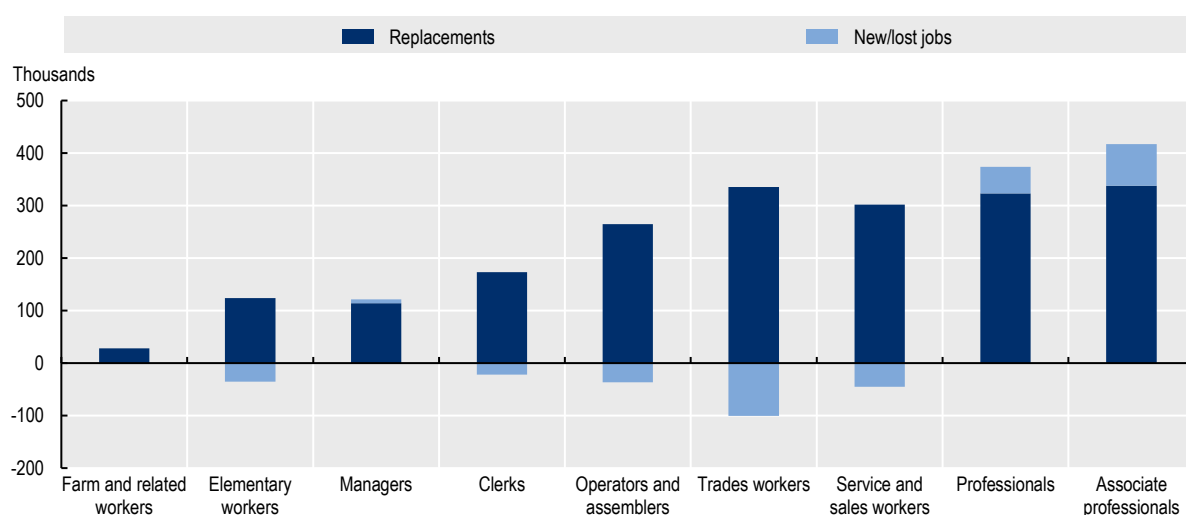


Source: CEDEFOP Skills Panorama.

The analysis also looks at components of change due to exits from the labour force (retirements) and the creation or elimination of jobs (Figure 8). According to the CEDEFOP analysis, most jobs groups will see declining total hiring between 2020 and 2030, except for managers, professionals and associate professionals. Despite the decline in the total number of new hires, there are still expected to be many vacancies in expanding areas – principally skilled jobs requiring higher levels of education. Professionals and associate professionals are the occupations where total employment is expected to increase.

**Figure 8. Future needs by occupation in The Czech Republic in 2020-2030**

Total future job openings in The Czech Republic in 2020-2030 by type of demand

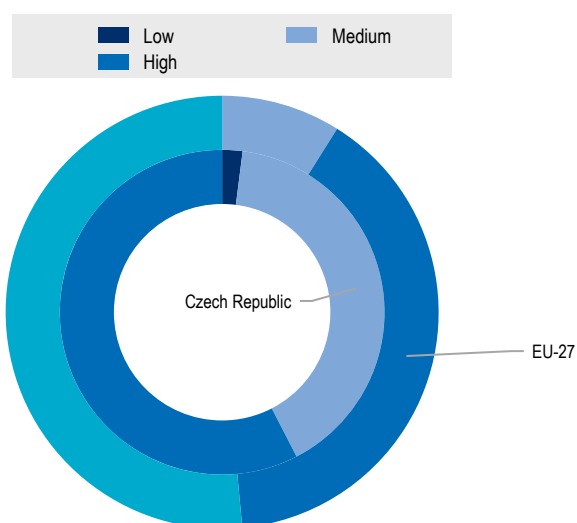


Source: CEDEFOP Skills Panorama.

As shown in CEDEFOP's report on skill forecast (CEDEFOP, 2020<sup>[10]</sup>) the greatest demand is seen in high-qualification occupations (Figure 9). Job openings for low skill occupations are expected to be a much smaller share of total job openings than in the EU-27 as a whole.

**Figure 9. Shares of total job openings by level of qualification**

Czech Republic and EU-27, 2018-2030



Source: (CEDEFOP, 2020<sub>[10]</sub>)

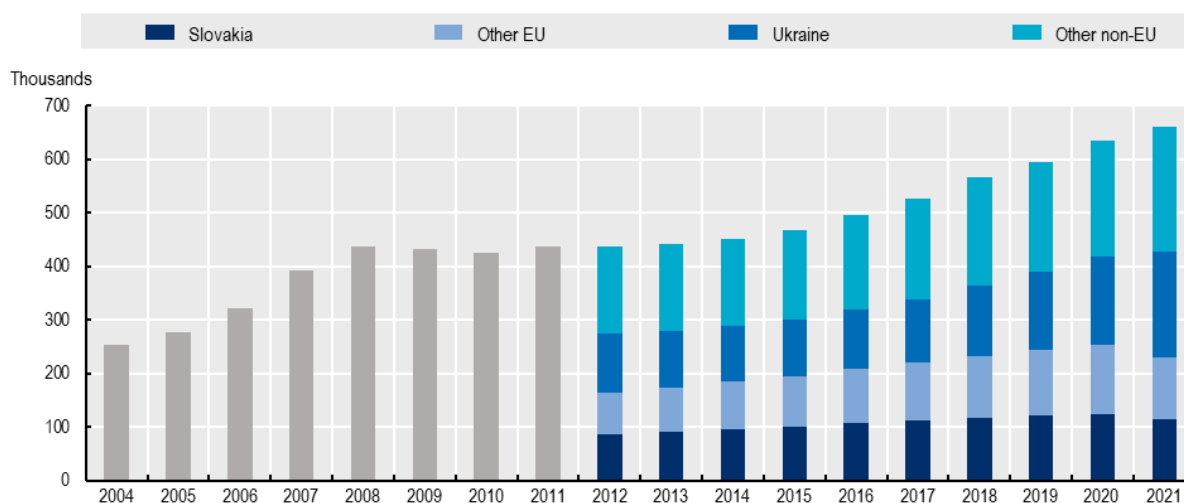
Overall, the combination of an aging population, high employment, low unemployment and quantitative labour market modelling paint a consistent picture of an increased demand for workers, and in particular for highly educated workers. While some of this demand will be met by graduates and trainees from within the Czech Republic and from intra-EU migrants, migration from third countries is likely to play an important role in filling vacancies and anticipated skills needs.

### Migration to the Czech Republic

The stock of permit holders in the Czech Republic increased in the mid-2000s before economic crisis arrested this growth in 2009. Since 2014, the foreign population has again been increasing (Figure 10). About two-fifths of legally resident foreigners are EU nationals; about half of these are Slovak nationals, followed by Polish and German nationals. Of the non-EU nationals, the main nationality is Ukrainian. Ukrainians comprise about 43% of the non-EU foreign residents, followed by Vietnamese (16%) and Russians (10%). The share of Ukrainians in the foreign population has been increasing. In 2016-2017, Ukrainians comprised 38% of the third-country national population, and this share rose by five percentage points by 2021.

**Figure 10. Legally resident foreign population, 2005-2021**

Foreigners holding valid residence permits on 31 December, by nationality



Note: Excludes foreigners present on short-term stay visas (less than 90 days).

Source: Ministry of Interior

Of the third-country nationals resident at the end of 2021, about 165 000 held residence permits for specific purposes, while the remainder held permanent residence permits. Of the latter, only one-third (54 000) held permanent residence permits issued on the basis of residence in the Czech Republic.

**Table 1. Employment and study permits, 2013-2021**

Valid residence permits by category at 31 December of each year

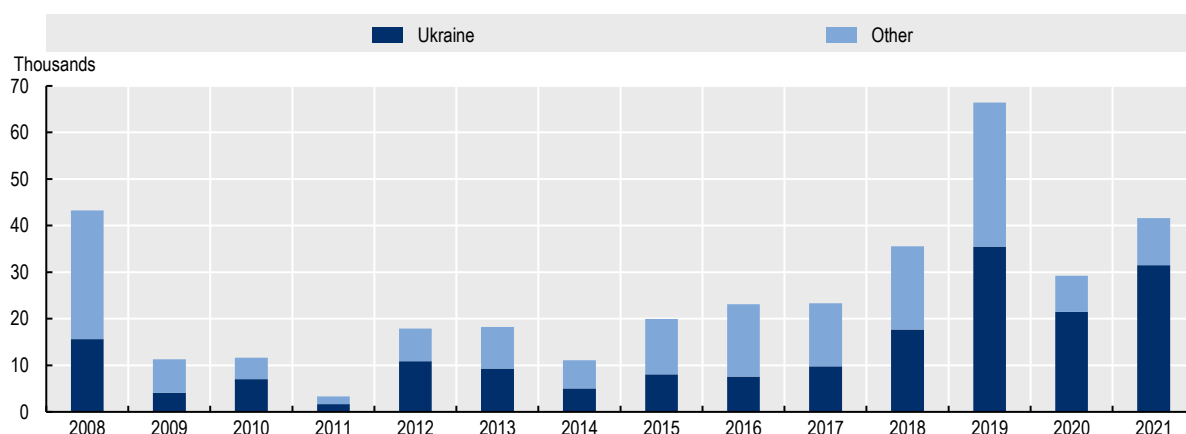
Category	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business purposes (self-employment)	21500	16688	14115	12221	10553	8659	7339	6371	6059
Business purposes (entrepreneurship)	10911	8179	5767	3981	2690	1900	1489	1172	1045
Employee Card	18206	16457	17099	21887	33536	54352	72525	87927	111145
EU Blue Card	156	238	271	337	513	650	838	1156	1694
Green Card A/B/C	291								
Intra-corporate transferee					2	72	143	286	376
Job searching							82	415	504
Scientific research	532	637	644	707	895	1134	1331	1490	1644
Seasonal work						379	170	1158	2074
Special work visa								193	433
Study (Directive 2004/114/EC) and other	8821	10617	12305	12537	12964	13062	13083	15340	17080
Study (not in scope of the Directive 2004/114/EC)	3975	3617	3276	7339	8536	9088	3991	6579	11564

Source: Ministry of Interior

Czech employers increasingly seek to fill vacancies with third country nationals. From 2011 to 2019, the number of first permits issued for employment to third country nationals grew from 3 315 to 66 442 – an average growth of 45% year on year. While there was a significant drop in volume in 2020 due to COVID-19 related travel restrictions, there is strong rebound once COVID-19 measures were eased. In recent years, most of the work permits have been issued to Ukrainian nationals (Figure 11). While first

permits for employment for Ukrainians returned in 2021 to 89% of its 2019 level, issuance to other third-country nationals stood at just one-third the 2019 level.

**Figure 11. First permits by nationality, Czech Republic, 2011-2021**

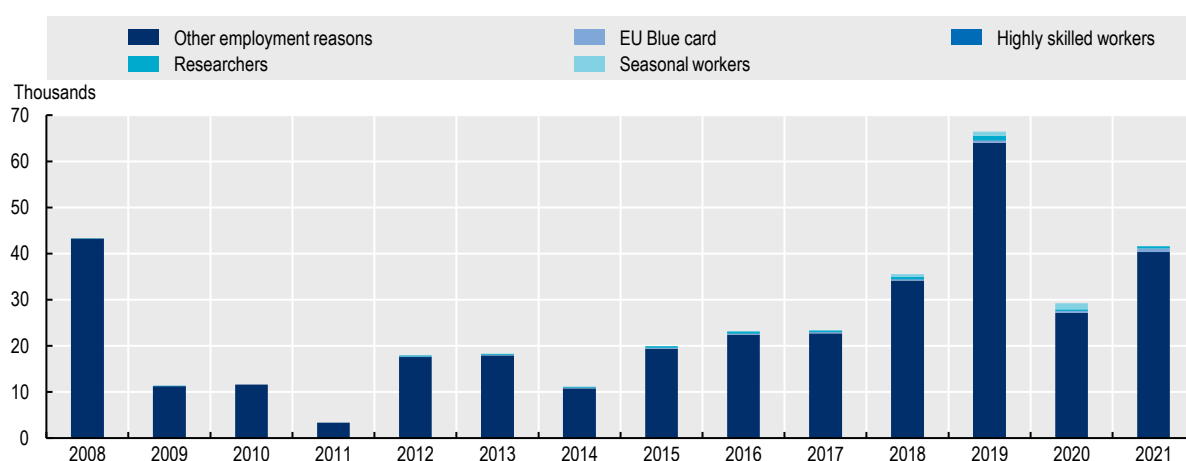


Note: Only Third-Country Nationals are issued residence permits.

Source: Eurostat, First permits issued for remunerated activities by reason, length of validity and citizenship [migr\_resocc]

However, despite the expected shortfall and high demand for highly educated and skilled workers, first permit issuances issued to high skilled workers still only represent a small proportion of third country economic migrants in the Czech Republic – around 2.4% in 2019 (Figure 12). These figures are only for migrants who receive a residence permit under the following categories: “highly skilled workers”, researchers and EU Blue Cards. They do not reflect the actual occupations of labour migrants.

**Figure 12. First permits issued to third-country nationals for employment, by type, 2011-2021**



Note: EU Blue Card includes status changes from other permits.

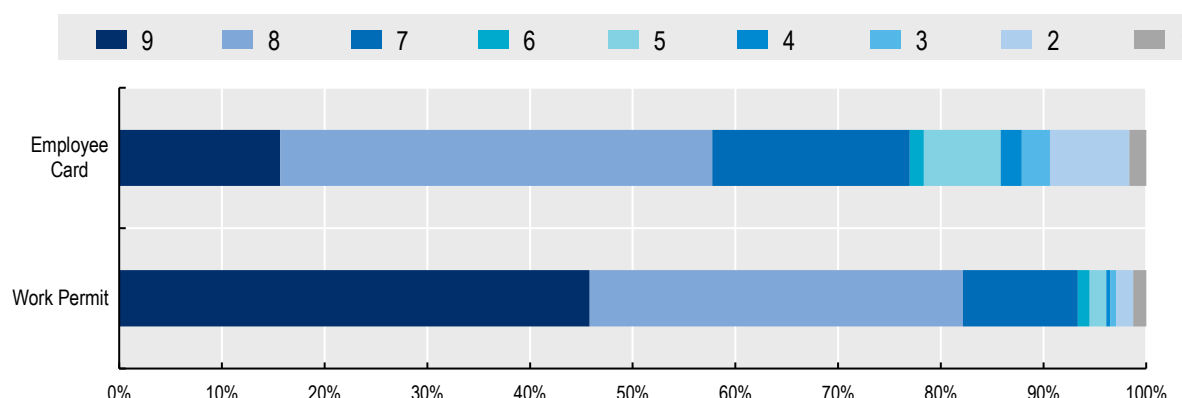
Source: Eurostat, First permits issued for remunerated activities by reason, length of validity and citizenship [migr\_resocc]

Since occupation data for foreigners is absent from the residence permit records, it must be derived from other sources. Using administrative datasets based on employment, it is possible to look at the actual occupations of labour migrants (those holding Employee Cards, EU Blue Cards or work permits). It is clear that inflows of labour migration to the Czech Republic have been heavily dominated by

medium and lower skilled migrants. These represented around 87% of active contracts for employee cards at the end of 2019, and 96% of the active contracts for holders of work permits (Figure 13). Nonetheless, about one in eight Employee Card holders in the Czech Republic was employed in a high-skilled occupation.

**Figure 13. Distribution of active employment contracts by ISCO group, 2019**

Distribution of Work Permit and Employee Card workers, 31/12/2019, by ISCO code of occupation

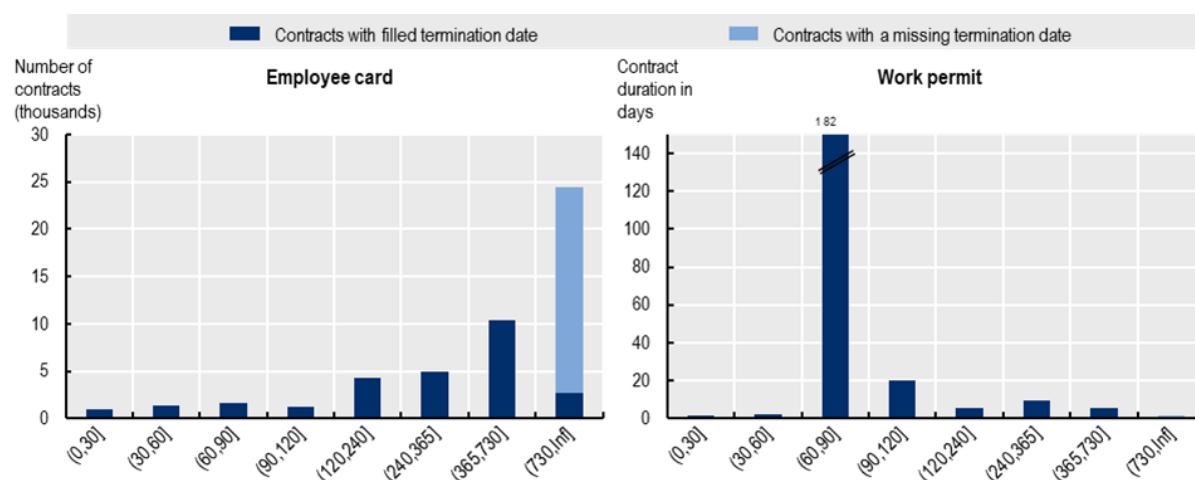


Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

The total duration of stay of labour migrants is also not possible to analyse from residence permit statistics. It can, however, be estimated by looking at employment history in administrative data. Shifting analysis to the duration of stay of migrants, most stay longer than two years. The analysis shows that 65% of Employee Card holders stay longer than two years, and their contracts reflect the intention of employers to keep workers for a longer period. A large proportion of contracts for third country nationals registered with the labour office are open contracts (Figure 14). This does not take into account prior periods of stay under other permits – in particular, it does not capture employment while a student.

**Figure 14. A significant proportion of employment contracts for third country nationals do not have an end date.**

Registered contracts by duration, days, for contracts starting 2015-2018



Note: The sample is limited to contracts that started between 2015-1-1 and 2018-12-31. Ranges are inclusive of upper bound.  
Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

## The Czech Immigration Framework

The current legislative framework for labour migration in the Czech Republic is based on a dual work- and permit-authorisation procedure, involving the Ministry of Labour and the Ministry of Interior. Its basic architecture dates back to the 1990s and reflects a policy position that foreigners should be admitted for employment, and remain on the territory for employment, only when no Czech is available to fill the position. Since accession to the EU in 2004, the resident labour force with priority includes EEA/EFTA nationals, as well as resident third-country nationals with unrestricted labour market access. No third-country national can come to the Czech Republic for employment without a job offer in hand and approval from the Labour Office. In this sense it is “employer-driven”. Admission is temporary, and renewal is conditional on meeting original permit requirements. The duration of initial and first renewal permits is limited to two years, or the duration of the employment contract, whichever is shorter. These basic elements of the system have not changed in three decades.

The regulatory framework has undergone some evolution, however, with permit conditions gradually changing. The basic work permit has changed names several times. For many years, the basic residence permit for subordinate employment was called an “Employment Card”, subject to labour market testing and bound to the sponsoring employer. A number of pilot projects were introduced starting in the 2000s. Transposition of EU legal migration directives also affected the legislative framework in the areas covered; in addition to modifying regulations for specific categories of employment (e.g., seasonal workers and intra-corporate transfers), the Directives also led to changes in Czech regulations regarding conditions for granting permanent residence, family reunification and the issuance of a single residence permit covering both employment rights and residence rights.

A very flexible permit regime for self-employment on the basis of a trade license – easily issued – meant that during the 2000s many migrants entered the Czech Republic with business visas and obtained self-employment permits, or changed from work permits to self-employment permits. The conditions for issuance of a residence permit for self-employment were changed in 2011, only allowing status change after two years of residence on other grounds. The trade license is no longer used to the same extent by foreigners seeking to remain in the Czech Republic for employment.

The Czech Republic experimented with points-based selection of highly qualified foreign workers almost two decades ago, prior to accession to the European Union. The Selection of Qualified Foreign Workers project was launched in 2003 as a five-year pilot. The programme was open to two different categories: foreigners from twelve selected countries; and graduate foreign students from Czech universities and secondary schools regardless of country of origin. Admission required secondary vocational or higher education. The pilot used a points threshold. Those who met the points threshold were allowed to apply for permanent residence after 30 months instead of ten years (from 2006, the general requirement was reduced to five years, while the programme continued to offer permanent residence after 30 months). The project also included an on-line matching platform for candidates from participating countries and for employers posting vacancies, called Work for Foreigners. While there were many candidates, very few employers posted vacancies. During the project, the Labour Office job-seeker platform opened to third-country nationals and the project platform was no longer necessary.

The total number of applicants during the five-year pilot phase was low (1 083 in total), possibly due to the requirement to have a job and obtain a long-term employment visa before entering the country, coupled with the lack of support services offered to potential migrants. Together with other restrictive measures, the Ministry of Labour and Social Affairs decided to interrupt the project in December 2010.

Including family members, a total of 1 964 migrants participated in the programme by closure; about 900 acquired permanent residence during the course of the programme.

The Czech Republic also introduced policy measures to accelerate processing for categories not covered or not yet covered by EU Directives. A Fast Track project for foreign investors already settled in the Czech Republic was introduced in 2012. For foreign investors operating their business in the Czech Republic for at least 2 years, employee cards and long-stay visas (over 90 days) received preferential processing and a maximum 30-day wait for a decision by the Ministry of Interior. The categories included those of the later Intra-corporate transfer card (with the exclusion of interns); the Employment Card; and – for single delegated representatives – an employment permit and employment card. The government specified eligibility for firms. Vacancies had to be posted to the Labour Office (for ICTs, working conditions had to be submitted), but there was no mandatory publication period. The Ministry of Industry and Trade vetted the firm and vacancy or position for inclusion in the project. This MOIT role has been maintained in later prioritisation programmes.

A Welcome Package project, for new foreign investors, followed in 2013. The programme applied to third-country nationals exempt from visa requirements for stays of less than 90 days in the EU, as well as e.g., nationals of China, India and Ukraine. The same categories of workers as the Fast Track programme were covered, but the Welcome Package covered only workers necessary for placing a foreign investment. Unlike the Fast Track, the Welcome Package also applied to family members. Both the principal applicant and the family member benefited from a 30-day decision and, once arrived, 15 day turnaround for issuance of the Employee Card.

Neither programme provided improved conditions for the migrant – only the guarantee of faster processing. Both the Fast Track and Welcome Package were later absorbed into other fast-track programmes. In January 2009, a “Green Card” system was introduced for workers from certain countries with special qualifications in demand in the Czech Republic. The Green Card required a prior employment contract and imposed a complex application procedure; changing employers in the first year meant forfeiting the Green Card. Employers showed little interest in offering employment contracts to recipients of the Green Card, at a time when foreign workers were more easily and immediately available through temporary work agencies, which did not impose additional employment costs such as severance pay. The Green Card involved establishing a list of qualifications and specific vacancies eligible for the permit. The separate vacancy register was a forerunner to today’s central register of vacancies.

Under the current Czech labour migration framework, employers are the major decision makers of who is considered for migration, and basic thresholds to qualify for a work permit are very low. The two fundamental criteria are that the migrant earn at least the national minimum wage in a position where no Czech worker is available. Beyond verifying these criteria, the government performs other checks (health, national security and criminality). There are no skills requirements. Immigration initiatives to date have focused on administrative arrangements to reduce processing times or remove ‘red tape’. EU Directives on legal migration have been transposed, but Czech authorities have not always taken advantage of the full scope of these directives.

This policy framework does not target skilled migrants for selection, is not geared to attract or retain skilled migrants, and does not differentiate between low and high skilled migrants. It is primarily driven by short-term business interests rather than the long-term strategic interests of the country.

The current framework for labour migration in the Czech Republic comprises three main permit categories: the Employee Card, the EU Blue Card, and employment on a short-term visa. In addition, there is a permit for Seasonal Work and a permit for Intra-Company Transfers. The following section reviews the main elements of the framework.

### ***The labour market test***

The basic principle of the Czech labour migration system is that employers may recruit third-country nationals for jobs which cannot be filled by resident workers and those holding unrestricted access to employment in the Czech Republic (EU/EFTA nationals and resident third-country nationals with unrestricted labour market access). The means for verifying that these jobs cannot be filled is the labour market test.

The employer must submit the vacancy to the district Labour Office. The Labour Office evaluates the employer, to verify that the employer is a real entity and is not disqualified from recruitment due to bankruptcy or recent violations of labour law (Box 2). The Labour Office also examines the position, verifying whether the salary offered meets minimum standards and if the qualifications required match the occupation described. The Labour Office can choose to approve the vacancy immediately, if it considers that there is no available labour force to meet the demand. In most cases, however, it publishes the vacancy in the online vacancy database maintained by the Labour Office. After a maximum of 30 days (the Labour Office can approve the vacancy earlier), the vacancy is included in the Central Registry of job vacancies for foreigners. The Central Registry is partitioned into four categories: vacancies open to foreigners, vacancies eligible for an Employee Card, vacancies eligible for an EU Blue Card, and vacancies open to asylum seekers. A vacancy may be posted in more than one of these registers.

The district Labour Office may choose to send registered local unemployed job-seekers for consideration by the employer. There is no statutory requirement for the employer to hire local job-seekers if sent by the Labour Office, but the Labour Office may decide to refuse to authorise a work permit if an employer is seen as rejecting suitable local workers.

Even after the vacancy has been published in the Central Register, the district Labour Office may decide to revoke its approval. In this case, it must contact the Ministry of Employment and Social Affairs and request revocation; the request is reviewed by the central office overseeing the Labour Office and, if accepted, approved by the Deputy Minister.

While there is currently no systematic monitoring of the outcome of labour market tests, it rarely leads to positions being filled. In January 2022, for example, 1 512 vacancies were notified for labour market testing, 164 jobseekers were sent to employers by the Labour Office and 5 of them were hired. There were no candidates for any of the ISCO 1-4 vacancies.

In practice, the Labour Office appears to be aware that in most cases vacancies filed with the Central Register for positions requiring higher qualifications the employer intends has already identified a foreigner and even offered an employment contract, and therefore “it does not make much sense to look for another jobseeker for these vacancies” (Tomšej, 2020<sup>[11]</sup>). As in other OECD countries, the Labour Office does not usually have high-qualified job seekers on its roster, since such candidates rarely register with the Public Employment Services, even when – unlike in the Czech Republic – there is a surplus of such specialised candidates.

### Box 2. Grounds for excluding firms from recruitment of third-country nationals

There are four grounds under which the Ministry of Labour and Social Affairs can refuse to accept a vacancy for inclusion in the Central Registers of Vacancies which can be filled by Employee Card holders or by Blue Card holders. These are:

- a) the employer has received a definitive fine within the last 4 months for allowing illegal work;
- b) the job vacancy can be filled differently given the required qualifications or sufficient labour;
- c) the assets of that employer have been declared bankrupt by a final judgment of a court and the bankruptcy has not yet been revoked
- d) the employer has been finally ordered in the last 3 months to pay a fine exceeding CZK 50,000 for violating an obligation arising from labour-law regulations or for violating an obligation under other legislation the observance of which is supervised by the State Labour Inspection Office or the Regional Labour Inspectorate.

The second of these is subject to assessment by the district Labour Office.

Source: Employment Act

### ***Employment with a short-term visa***

On the basis of a work permit issued by the Labour Office, TCNs may be employed in the Czech Republic if they hold a visa issued by an Embassy of the Czech Republic, allowing entry to the Schengen area for a period of up to 90 days.

Short term employment is possible for any occupation and regardless of worker qualification. It is non-transferable, limited to 90 days maximum, and valid only for the employer specified in the Labour Office decision and for the type of work and place of work specified in the employer application.

Employers must submit the vacancy to the regional labour office for publication in the central register of vacancies. The LO has the discretion to approve the request immediately or to impose a mandatory vacancy period. The approval of the LO must be submitted, in original, to the Embassy together with supporting documents including the contract (future employment agreement).

The visa requirement extends even to third-country nationals of countries which have a visa exemption for short term stays<sup>1</sup>. Any remunerated activity (employment or business) requires a short term visa for employment.

### ***Seasonal Work with short and long term visas***

Seasonal work in the Czech Republic is possible through either a short-stay visa or through a long-term visa. In the first case, a short-stay Visa for the Purpose of Seasonal Work is issued by the consulate allows to stay and work for a maximum of 90 days during any 180-day period. As with other short stays, the Labour Office must issue an employment permit for work in certain sectors. The allowed sectors are: Crop and animal production, hunting and related service activities, Forestry; Accommodations; Catering and hospitality; Sports, entertainment and recreation activities.

<sup>1</sup> Full list: [www.mzv.cz/jnp/en/information\\_for\\_alien/short\\_stay\\_visa/list\\_of\\_states\\_whose\\_citizens\\_are\\_exempt](http://www.mzv.cz/jnp/en/information_for_alien/short_stay_visa/list_of_states_whose_citizens_are_exempt)

The Long-term visa for the purpose of seasonal employment is required when work, dependent on change of seasons, extends beyond three months. Seasonal employment can last a maximum of six months. This is the Czech transposition of the EU Seasonal Workers Directive.

### ***Short term work under the Special Work Visa for Ukrainians in certain sectors***

Since 1 December 2019, in cooperation of the Ministry of Agriculture with the Ministry of the Interior, the Ministry of Foreign Affairs, and the Ministry of Labour and Social Affairs, a Special Work Visa Programme is in place for Ukrainian nationals offered employment in agriculture, the food industry, and forestry. The Programme aims to support direct employers doing their business in in these sectors who need to bring foreign workers to the Czech Republic. These employers must comply with the same obligations to obtain a work permit from the Labour Office through the same procedure as above. However, Ukrainians who meet the required criteria are guaranteed the opportunity to submit an application for a special work visa at the Czech Embassy in Kiev. A special work visa can be granted only for an occupation which falls under economic activities (divisions) of an employer in certain industries, and in certain occupations. Occupations included range from CZ-ISCO code 5 to 9, and include unskilled labourers in agriculture, fishery and manufacturing. The visa is entirely related to processing backlogs, rather than to an additional eligibility. Indeed, the workers who obtain this visa would have been eligible for a standard short term work visa, although they might – under current overburdened processing capacity – never have received an embassy appointment. The special visa can be issued for short or long term (more than 90 days).

### ***Employee Card***

The Employee Card, which took effect on 24 June 2014, is the result of the transposition of the EU Single Permit Directive (2011/98/EU). It is both a work permit and a residence permit. It replaced the visa for a stay of over 90 days for the purpose of employment, a long-term residence permit for the purpose of employment and the Czech Green Card.

The Employee Card is issued by the Ministry of the Interior for a individual filling a concrete job vacancy published by the Ministry of Labour and Social Affairs in the central register of job vacancies that can be filled with Employee Card holders. This register contains vacancies which have been reported to the regional Labour Office for more than 30 days. It does not apply to for job vacancies of officials of territorial self-governing units and job vacancies of employees, who execute state administration in administration authorities.

The contract, in addition to complying with general requisites for employment established by the Labour Code, must also respect specific conditions. First, the monthly wage, salary or compensation of a foreigner may not be lower than the basic monthly minimal wage, and weekly working hours in each basic employment relationship must be at least 15 hours. In 2021, the minimum wage was CZK 15 200/month for 40 hours per week, or CZK 90.5/hour (about EUR 600, or EUR 3.60/hour).

As part of the procedure for issuing an Employment Card, the candidate must prove to the Ministry of Interior or the Czech representation abroad the professional competence to perform the required profession. For jobs requiring relatively low skill levels, this may not be requested. However, for qualified jobs, proof of qualifications may be requested. The process of recognition of professional competence may include the recognition of foreign education (nostrification) by the Czech regional authority (secondary and tertiary education) or university (university education). For regulated professions – of which there are about 300 in the Czech Republic - recognition is necessary, and is provided by the relevant recognition body (e.g. medical doctors and nurses are recognised the Ministry of Health). Recognition processes may be started prior to the application for a work permit or employee card, and may take weeks to months.

An application for an Employee Card must be submitted at to the Czech embassy or consulate abroad. Employee Cards may be requested on the Czech territory – directly to the Ministry of Interior – only if the foreigner is legally present with a visa for a stay over 90 days or with a long-term residence permit granted for another purpose. In practice, this means that holders of the Short term work visa are ineligible to apply within the Czech Republic. In addition, holders of Seasonal Work visas – even for more than 90 days - may not apply for an Employee Card within the Czech Republic.

The Employee Card is issued for the duration of the employment contract for a maximum of two years (at first issuance). The Employee Card can be renewed indefinitely, as long as the same conditions are met, but only for the duration of the contract and not for periods exceeding two years. Applications for extension must be filed with the Ministry of Interior, in person, prior to the expiration of the Card. If there is no change in employer or position, the Employee Card holder can continue working while waiting for a decision on the extension.

Any change in the conditions for issuance (change of employer, job title or place of employment) must be notified to the Ministry of the Interior. The Ministry of Interior checks that the conditions are met in the new position and informs both employee and employer within 30 days of notification, after which the migrant can change employment. Any change in employer requires a new work permit from the Labour Office, only for a vacancy listed in the Central Register of jobs for foreigners, and can only be granted after the first six months of employment in the Czech Republic. If the new position is not listed in the Central Register, or the worker is requesting a job change in the first 6 months, the Ministry of Interior will not approve the change in conditions. This includes participants in the Programs of Economic Migration, described below.

### ***The EU Blue Card***

The EU Blue Card for highly qualified employment was introduced on 1 January 2011, in transposition of the EU Directive (2009/50/EC). EU Blue Cards, like Employee Cards, are subject to a labour market test. The central register of job vacancies separates vacancies for Blue Cards from other vacancies. Blue Card vacancies require high qualification to perform the job – i.e. regularly completed higher education or higher professional education provided that the study lasted for at least 3 years. The same 30 day posting requirement applies as for the Employee Card.

The Ministry of the Interior decides on whether a Blue Card or an Employee Card is issued. Unlike the Employee Card, the employment contract must last at least one year and the contracted gross monthly or annual wage must correspond to at least to 1.5 times the average gross annual wage announced in the notification of the Ministry of Labour and Social Affairs. Unlike the Employee card, an EU Blue Card is issued with a period of validity that is three months longer than the period of time for which the contract of employment was concluded, but the maximum period of validity is two years.

The EU Blue Card follows the EU Directive, but the Czech Republic has opted for some restrictive and some less restrictive options. The salary requirement is 1.5 times the average annual gross salary (the lowest possible under the directive), although the option to set a lower threshold (1.2) for shortage occupations was not used. The threshold was CZK 53 417 in 2021, approximately EUR 2 120. Annual increases have recently exceeded inflation: the threshold increased by 7-9% annually since 2018.

On the other hand, the Czech Republic did not opt for a requirement to have educational documents recognised. Applicants may provide proof of education (without a required translation in Czech); according to the Ministry of Interior recognition is only required when there are doubts regarding the nature of the education. In the case of regulated professions, nostrification is also required by the Ministry of Interior.

Issuance was very limited at first and it was only in 2018-2019 that the permit began to be issued in significant numbers.

### ***Self-employment and entrepreneurship***

Foreigners can obtain residence in the Czech Republic for self-employment on the basis of a trade license. Since it is relatively simple to obtain a trade license, even prior to coming to the Czech Republic, this channel was very accessible in the 1990s and 2000s for migrants who wished to start or operate a business, including small enterprises and commercial activities. For work permit holders who lost or left their jobs, acquiring a trade licence and changing their residence status from employee to self-employed was a simple solution.

In the late 2000s, following the sharp contraction in labour market demand, many unemployed foreigners acquired trade licenses in order to remain. There were about 91 000 foreigners with trade licenses by 2010. In 2011, reforms introduced a two-year residence requirement prior to eligibility for status change to self-employment. Business operators had to demonstrate that their monthly income (including the income of people assessed as part of the same business) was equivalent to at least the sum of the minimum subsistence and costs of housing. The new residence and income requirements curtailed use of the self-employment visa.

At present, it is still possible for foreigners to obtain self-employment residence permits in the Czech Republic. If applying from abroad, long-term business visa applicants have capital requirements of 50 times the minimum subsistence amount per month (in 2021, CZK 124 500) to obtain a one-year visa. They must also provide proof of accommodation for the full 12-month period.

### ***Procedure for issuance and admission***

For short-term work, Employee Cards and EU Blue Cards, the procedure for admission of third-country nationals from abroad involves application for a visa at the representation of the Czech Republic abroad. The Labour Office transmits the Work Permit to the worker and the employer. On the basis of a vacancy number from the Central Register, the worker applies for a visa at the Czech representation and receives an appointment. At the appointment, the worker shows the necessary supporting documents (work permit, employment contract, proof of housing, proof of education or professional recognition where applicable). For Employee Card and Blue Card applicants, the Czech representation verifies electronically that the position is included in the Central Register. With the visa (for the purpose of travelling to the Czech Republic to collect an Employee Card or Blue Card), the worker enters the Czech Republic. The worker is required to apply for a residence permit within 3 days of arrival; while the permit is not issued immediately, a temporary certificate of compliance is issued which allows the foreigner to begin approved employment. Statutory issuance time for permits is 60 days maximum for the Employment Card and 90 days maximum for the Blue Card.

The limited availability of visa appointments at Czech representations abroad has been a bottleneck to international recruitment (Box 3). To address this, specific channels have been set up to ensure that certain applicants receive priority or guaranteed appointments.

### Box 3. Process and processing time

#### Example of processing and time for a Ukrainian worker, 2019

Processing time for work permits varies according to the nationality, location of application and whether the applicant can benefit from one of the fast-track programmes. Processing time for labour migrants from Ukraine, the largest single group of applicants, may take seven months from the start of the process (registration of the vacancy at the Labour office) to eligibility to start working in the Czech Republic.

Once the 30-day labour market test is completed and the vacancy is listed in the Central Register, the employer can submit an application to put the vacancy in the specific Ukrainian labour migration regime process. Within the next 1-5 days the Ministry of Interior issues their decision and places an Ukrainian worker on the waiting list for submitting their application for the Employee Card at a visa centre (e.g., in Lviv). The waiting time averaged 65 days in 2019. Highly qualified workers, however, can submit their application immediately. The application is then sent by post within seven days to the Ministry of Interior's Department of Asylum and Migration Policy office in the Czech Republic. The application is registered within seven days and evaluated within 30 days. The decision to issue an Employee Card was made on average after 7 months. With this decision, the Ukrainian worker is authorised to come to the Czech Republic, although they must confirm their accommodation in the Czech Republic and provide biometric information. After arrival, the issuance of a physical Employee Card takes an additional 30 days (in some regions up to 60 days) during which the migrant can work but must remain in the Czech Republic.

#### *Procedure for extension and renewal*

As noted, extensions require an in-person visit to the Ministry of Interior office in the region of residence. The Ministry of Interior checks that the Employee Card or Blue Card holder is still compliant with the conditions of the permit – that the job and salary continue to meet conditions. The Ministry of Interior does not normally check compliance during the validity of the permit, but only at request for extension. There is no system for continuous checking of compliance nor can the Ministry of Interior query the Social Security system to check on payments made by employers to permit holders. The Ministry of Labour does not inform the Ministry of Interior automatically when employers report the end of a contract.

If the Ministry of Interior is informed of non-compliance – by the workers themselves, by employers or through inspections by the Ministry of Interior or Ministry of Labour – the Ministry of Interior issues a notification that that permit is revoked and the worker has 60 days (90 days in the case of Blue Card holders) to leave the Czech Republic. However, this decision is subject to an administrative procedure which can take more than a year.

In practice, the refusal rate at renewal is low (Table 2). The refusal rate was 6.7% in 2018 and 6.8% in 2019, and fell to 4.4% in 2020 even as the number of renewals increased dramatically. Further, about one-fourth of all refusals (for all types of permit) were due to the foreigner withdrawing the application. Non-compliance with the terms of the residence permit represented only a fraction of total refusals of extensions.

**Table 2. Extension of residence permits for employment, 2017-2021**

Decisions on extension of employment-related residence permits

	2017	2018	2019	2020	2021
Positive	7 561	9 978	16 350	28 508	38 565
Negative		715	1 201	1 322	1 965
Refusal rate		6.7%	6.8%	4.4%	4.8%

Note: No data available on negative decisions in 2017

Source: Ministry of Interior, Annual Reports 2017-2021

***Programmes of Economic Migration***

Since 2019, the Czech Republic has operated three programmes to facilitate admission for different categories of workers coming from specific countries. These programmes integrate elements of other programmes introduced between 2012 and 2018 principally to prioritise processing of certain applications at Embassies and consulates in the face of backlogs and lengthy waits for appointments. The programmes integrated include the “Fast Track Project: Accelerated procedure for intra-corporate transfers and localisation of foreign investors’ employees and statutory bodies”, introduced in 2012, and the “Welcome Package for Investors”, introduced in 2013.

Manpower companies and intermediaries are not able to participate in any of these programmes. Only direct employers are considered.

Applicants benefiting from these programmes are exempt from providing certain documents to the Czech representation when filing a visa application: proof of housing (accommodation document), the employment contract or agreement, and documents proving competence for the job.

*Qualified Employee (Worker) Programme*

The aim of the Qualified Employee (Worker) Programme<sup>2</sup> is to support employers who need to bring qualified foreign workers to the Czech Republic. It is limited to recruitment of employees from certain nationalities (Ukraine, Mongolia, Serbia, Philippines, India, Belarus, the Republic of Moldova, Montenegro, and Kazakhstan). It applies to newly hired foreign employees, whose occupation falls under CZ-ISCO major groups 4–8 in the area of manufacturing, services, or the public sector. Employers are eligible if they are entities doing business in the Czech Republic for at least 2 years, with no outstanding obligations to the state (i.e., no arrears in respect of payments to the public health insurance fund and social insurance contributions, no tax arrears) and employing at least 6 employees.

Employers must commit to paying, for the entire period of employment, at least 1.2 times the guaranteed wage corresponding to the relevant class of work based on the applicable Government Regulation.

Employer applications for admission to the Programme are assessed by the following Czech business associations and agencies:

- Chamber of Commerce (or its regional offices);
- Confederation of Industry;
- Confederation of Employers' and Business Associations;
- Association of Small and Medium-Sized Enterprises and Crafts;
- Chamber of Agriculture;

<sup>2</sup> [www.mpo.cz/en/foreign-trade/economic-migration/qualified-worker-programme--248608](http://www.mpo.cz/en/foreign-trade/economic-migration/qualified-worker-programme--248608)

- Chamber of Food-processing industry;
- Union of Agriculture;
- Chamber of Forestry-woodworking industry;
- Association of Private Agriculture;
- CzechInvest (Investment and Business Development Agency).

Employers may file a collective application for inclusion of foreign employees in the Programme (i.e., 50 or more applications). In such a case, the employer must also submit a Statement of the mayor of the municipality where the foreign nationals will be accommodated as a group upon their arrival in the Czech Republic.

This programme incorporated, modified and expanded two previous programmes set up for specific nationalities: a 2016 Project Specific Treatment for Qualified Employees from Ukraine, for medium qualified and less qualified employees from Ukraine; and a 2018 expansion of this project to include Mongolia, Philippines and Serbia.

The number of beneficiaries of the Qualified Worker Programme is capped by consulate of issuance of the long-term visa for employment (Employee Card) (Table 3). For 2021, the number of approved workers totalled 50 000, of which most (41 100) were for Ukraine, followed by Serbia (2 500), Philippines (2 000) and Belarus (1 900).

### *Highly Qualified Employee (Worker) Programme*

The Highly Qualified Employee (Worker) Programme applies to employees from all third countries, with no restriction for nationalities. Eligible workers are newly hired employees in CZ-ISCO major groups 1-3 in the area of manufacturing, services, or the public sector.<sup>3</sup> The Programme incorporated a previous Pilot Project (Specific Procedure for Highly Qualified Employees) which began in 2015 for workers from Ukraine (since 2015) and was extended to India in 2018.

Immediate family members of foreign employees (spouse and minor or major dependent children of the foreign national or of the spouse) are allowed to apply for a long-term visa for family purposes. This visa allows them to accompany the principal applicant, although employment access requires a separate application – after arrival – for an Employee Card or a work permit, just as for other categories.

Employers are eligible if they are entities doing business in the Czech Republic for at least two years, with no outstanding obligations to the state (i.e., no arrears in respect of payments to the public health insurance fund and social insurance contributions, no tax arrears) and employing at least three employees during the two years prior to the submission of an application.

The responsible body for approving inclusion in the Programme depends on the sector. If the employer is doing business in manufacture or provision of services or in the public sector, employers must file with the Ministry of Industry and Trade. If the employer is a health care service provider and wishes to employ a foreign national carrying out a health profession, the Ministry of Health decides on inclusion in the programme.

### *Key and Research Staff Programme*

The Key and Research Staff Programme<sup>4</sup> is meant to support important Czech and foreign investors, research organizations, technological companies, and start-ups, which need to bring to the Czech

<sup>3</sup> [www.mpo.cz/en/foreign-trade/economic-migration/highly-qualified-worker-programme--248598](https://www.mpo.cz/en/foreign-trade/economic-migration/highly-qualified-worker-programme--248598)

<sup>4</sup> [www.mpo.cz/en/foreign-trade/economic-migration/key-and-research-staff-programme--248597](https://www.mpo.cz/en/foreign-trade/economic-migration/key-and-research-staff-programme--248597)

Republic foreigners of any nationality enjoying the status of statutory bodies, managers, and specialists.

The Programme is intended for intra-company (intra-corporate) transferred specialists, managers, and workers enjoying the status of statutory bodies, and for newly hired employees, in CZ-ISCO major groups 1–3 occupations, in the area of manufacturing, services, or the public sector (with the exception of medical professions, which are covered only by the Highly Qualified Employee (Worker) Programme).

Eligible employers include foreign investors, research organisations, technological companies, newly incorporated companies, and start-ups.

Applications for admission to the Programme are assessed by the Ministry of Industry and Trade and CzechInvest (the Business and Investment Support Agency).

Foreign nationals who meet the prescribed criteria are guaranteed the possibility to apply for Employee Card, EU Blue Card or ICT Card at an embassy of the Czech Republic abroad, including for their closest family members (who can apply for Long-term permit for Family purpose). The application for a residence permit will be handled within 30 days after submission to the consulate of the Czech Republic.

Within the quota of applications for selected countries for an Employee Card, a quota of 3600 was set for participants in the Highly Qualified Employee (Worker) Programme and Key and Research Staff Programme by a decree of the Government of the Czech Republic (Table 3). The largest quotas in 2021 were for consulates in India (600) and Ukraine (500), followed by Belarus and Viet Nam (200 each).

#### *Consular quotas within the programme*

Consular priority for all three programmes is subject to quotas (Table 3). These quotas are set in order to limit the number of “priority” applications which can be submitted to a diplomatic mission. When no quota is assigned, applications for an Employee Card may be submitted anyway, without the processing priority granted under the programme. In countries where no quota is available, applications are accepted without any prioritisation. For example, quotas do not apply for appointments in a number of origin countries (e.g., all OECD countries except Turkey, as well as China and the Russian Federation).

**Table 3. Quotas for Employee Cards for the year 2021**

Maximum number of requests for appointments which can be submitted under the Programmes of Economic Migration

Diplomatic mission	Maximum number of applications per year	Highly Qualified Employee (Worker) Programme and Key and Research Staff Programme	Qualified Employee (Worker) Programme
Abuja	90	60	0
Addis Abeba	90	60	0
Accra	90	60	0
Algiers	90	60	0
Amman	90	60	0
Ankara	300	100	0
Bagdad	60	60	0
Baku	210	60	0
Bangkok	280	60	0
Beirut	90	60	0
Belgrade	2400	100	1900
Damascus	60	60	0
Delhi	1100	500	600

Erbil	60	60	0
Hanoi	200	200	0
Islamabad	60	60	0
Istanbul	300	100	0
Jakarta	130	60	0
Yerevan	210	60	0
Kabul	60	60	0
Cairo	110	80	0
Kishinev	800	100	600
Kiev	1600	500	1100
Lusaka	90	60	0
Lviv	40000	0	40000
Manila	2200	100	2000
Minsk	2200	200	1900
Nairobi	90	60	0
Nursultan (Astana)	360	60	300
Pretoria	90	60	0
Rabat	90	60	0
Sarajevo	510	60	0
Skopje	230	60	0
Tashkent	130	60	0
Tbilisi	330	60	0
Teheran	90	60	0
Tunis	90	60	0
Ulan Batar	1230	60	1000
<b>Total</b>	<b>56210</b>	<b>3600</b>	<b>49400</b>

Source: Update from 14.12.2020 of Government Decision no 220/2019

### *Processing time for programme participants*

The Programmes led to an immediate reduction in the processing times for participants. In 2018, the delay for submission of an application at the Embassy was over 14 days only for those in the General Ukraine programme and for Mongolia and Serbia. The processing time by the Ministry of Interior was between one and two months for most participants (Table 4). Together with the labour market test, overall processing time for some of the participants stretched up to around six months. Law firms supporting businesses reported waits in 2018 of six months or more between the start of the application process and the date the worker could start employment in the Czech Republic.

**Table 4. Processing times for Programmes of Economic Migration, 2018**

Duration in days and acceptance rate by Programmes and Projects

	Waiting time for submitting an application at the Embassy (December 2018)	Share of foreigners who did not use the opportunity to apply for residence (December 2018)	Average Ministry of the Interior processing time for the submitted application (December 2018 – estimate*)	Acceptance rate (2018)
Fast Track	5-14 days	1 %	up to 30 days	99 %
Welcome Package	5-14 days	1 %	up to 30 days	99 %
Ukraine Project	5-14 days	1%	62 days**	99 %
India Project	9-14 days	75 %	57 days	x
Ukraine General Regime	75 days	24 %	56 days	95 %
<i>Other General Regime</i>				
Mongolia	65 days	15 %	40 days	99 %
Philippines	5 days	44 %	50 days	99 %
Serbia	40 days	25 %	70 days**	99 %

Agricultural Scheme	5 days	1 %	49 days	99 %
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Note: \* Since these programmes are not in the law, there is no record in the Foreigners' Information System. In the absence of statistics, these figures are estimated. \*\* Delays are usually due to requests from the Ministry of Interior for additional documentation, most often proof of accommodation.

Source: Ministry of Interior

In 2021, processing times for long-term visas for employment averaged 46 days for participants in the Key and Research Personnel programme, 66 days for participants in the Highly Qualified Employee programme, and 63 days for participants in the Qualified Employee programme (Table 5).

**Table 5. Processing Times for Programmes of Economic Migration, 2021**

Duration from receipt of application to issuance of long-term residence visa by the Ministry of Interior for applications at Czech consular representations, Jan-Oct 2021

Programme	Average length of proceedings (days)	% of applications decided within (cumulative %)				
		30 days	45 days	60 days	75 days	90 days
Key and Research Personnel	46	27,0%	67,3%	82,4%	87,9%	93,5%
Highly Qualified Employee	66	20,5%	47,1%	60,8%	73,4%	81,7%
Qualified Employee	63	18,1%	40,8%	60,8%	74,8%	83,5%

Note: Processing time excludes labour market test. Applies only to complete applications.

Source: Ministry of Interior, December 2021.

The processing times shown in Table 5 only apply to complete applications. In practice, about half of the applications are considered incomplete, requiring the applicant to resubmit the application. Further, the processing times are only for the time from lodging the application at the consular authority to the issuance of the visa. It excludes the labour market test (generally 30 days) and the waiting time for the consular appointment (from 5 to 15 days in most cases).

### ***Intracompany Transfers***

The Intra-Company Employee Transfer Card took effect from 15 August 2017, transposing the EU intra-company transfer Directive (2014/66/EU). This dual long-term residence permit allows its holder to stay in the Czech Republic for more than 3 months and work as a manager, specialist, or employed intern for a multinational company within which the worker has been transferred. The ICT Card is required when the intra-company transfer from outside of the EU is for a duration of more than three months.

There is no requirement to report a vacancy to the Labour Office for an application for the issuance of an ICT Card. However, the employer must still report hiring and contractual conditions as well as termination to the Labour Office. ICT Cards are time limited, as the Directive imposes, but the holder of an ICT card may be hired locally if the employer conducts the relevant procedure for the Employee or Blue Card.

### ***Managers***

A “manager” is a foreign national working in a management position which primarily runs a commercial corporation or subsidiary or part thereof, whose activities are monitored by and who follows the instructions of the governing body, supreme body or control body. A manager runs the commercial corporation or subsidiary or part thereof, oversees other employees performing supervisory, professional or operating activities and monitoring thereof, including the power to take different

personnel-related measures including hiring and dismissal. The maximum duration of an ICT Card for managers is three years.

### ***Specialists***

A “specialist” is a foreign national who has specialised knowledge fundamental for operations, procedures, or management of the commercial corporation or subsidiary and who also has the required level of qualification and professional experience and, if applicable, is a member of a professional association, if legislation requires. The maximum duration of an ICT Card for specialists is three years.

### ***Interns***

An employed intern is a foreign national who has completed higher education, is transferred to a commercial corporation or subsidiary based in the Czech Republic for the purpose of career development or training in the field of commercial techniques and methods and who is paid a salary or wage for the duration of the transfer. The maximum duration of an ICT Card for interns is one year.

### ***The integration course***

From 2021, all foreign nationals issued a long-term residence permit, and those issued a permanent residence permit without the precondition of previously authorized stay in the territory, are required to take the “adaptation and integration course” within one year of collecting their residence permit. The course lasts 4 hours. It is offered in a number of languages. The foreigner is responsible for the cost (CZK 1 500).

There are a number of exemptions, including for students, investors, ICTs, persons below age 15 or over age 60. Participants in the Highly Qualified Employee (Worker) Programme and the Key and Research Staff Programme, whether they have Employee Cards or Blue Cards, are also exempt. The requirement therefore only applies to Employee Card and Blue Card recipients who have not arrived through the above programmes. This includes former international students and others changing status to receive Employee Cards or Blue Cards.

### ***Family reunification***

Very few labour migrants can bring accompanying family. Employee Card holders may request family reunification after six months residence in the Czech Republic, except for the participants in Highly Qualified Employee and Key and Research Staff fast-track programmes noted above, who may apply to bring family members with them. Blue Card holders may bring family members with them as accompanying family. Holders of other long-term residence permits (e.g., students) and permanent residents may request family reunification after at least 15 months of residence. Duration of the family permit is tied to that of the principal applicant.

Family reunification is subject to an income requirement. Total monthly family income must exceed the sum of the living minimum of each family member plus the highest amount of the normative housing costs.

The statutory processing time for decisions on applications for a long-term residence permit for the purpose of family reunification is 270 days. This applies to all family migrants, even those whose primary applicant came through the special programmes, although the maximum time is shortened to 180 days for family members of Blue Card holders. Holders of a long-term visa for family purposes may request work authorisation from the Labour Office; this is also subject to lengthy processing times. An alternative is to apply for their own Employee Card. Family members cannot work until they receive their permit or work authorisation, although they are not subject to any labour market test requirements (i.e., they enjoy

unrestricted access to the labour market). Holders of long-term residency for family cohabitation purposes enjoy unrestricted access to the labour market.

The consequence of the six-month residence requirement and the long processing time for requests for family permits mean that family members cannot accompany Employee Card holders and must often wait 15 months or more between the arrival of the labour migrant in the Czech Republic and when they can take up employment in the Czech Republic.

### ***International Students***

While not designed to support labour migration policy, the Czech policy for international students has only recently been changed to link more closely to the economic migration framework.

Student visas and permits are issued for a maximum duration of one year, renewable. This requires enrolment in an eligible programme, including university, language or pre-enrolment programmes, internships or training. There are three categories of student permit: those who meet the criteria of the EU Directive; those who are doing training or studies which do not meet the EU Directive criteria; and “other” students such as those in language classes or certain other programmes.

Access to the labour market depends on the category. Full-time students (in HEIs, but also secondary school, conservatory, tertiary vocational school and language schools with accreditation for state language examinations) have free access to the labour market without having to request authorisation, although their working hours are limited to 20 hours/week during school term and full time during holidays. Exchange programme participants are allowed to work full time (although only if they are under 26 years of age). Another category of students is interns improving their skills and qualifications; these may work for up to 6 months.

The Czech Republic was relatively late among European countries to introduce a post-graduation job-search extension. Until 2018, there was no such extension. A 9-month extension for third-country nationals' post-graduation was introduced in 2018, to satisfy the minimum requirements of the recast EU Directive on Students and Researchers.

However, even without a post-graduate job-search extension, the Czech Republic already offered more favourable access to the labour market for graduates. Third-country nationals who obtained secondary or tertiary professional education or tertiary professional education at a conservatory or university education in the Czech Republic from secondary or higher education in the Czech Republic benefit are able to reside and work.

The Czech Republic does not charge tuition to international students who study in Czech-language programmes, while it charges fees to those studying in English-language programmes. This is a strong incentive to enrol in Czech programmes, or to transfer from English-language to Czech-language programmes.

One obstacle for international students is the delay in visa issuance due to difficulty in obtaining appointments or receiving a visa from Czech consular authorities abroad. For this reason, many international students come to the Czech Republic first on other grounds – such as short-term visas or permits of up to one year for pre-enrolment studies or language courses (“other student”).<sup>5</sup> A further reason for which students apply for a regular student permit only after arrival is the notification requirement to begin studies in the Czech Republic. The notification procedure may require in-person visits to the relevant certifying body, so it may be impossible to complete from abroad, or the duration

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<sup>5</sup> A long-term visa for the purpose of “other” educational activities (§30/1 of the Aliens Act). This covers secondary, conservatory or higher vocational; unaccredited study; study in school or programme accredited by another country; and language and training which is not in preparation for an accredited higher education programme.

of the procedure may be too long for the applicant to bring proof of nostrification to the consulate as part of the student visa application.

### **Permanent Residence**

All foreign residents are eligible to apply for permanent residence after five years of continuous residence validity in the Czech Republic (of which at least half must have been spent physically present). Proof of mastery of Czech language at the A2 level at least is required (this was A1 level between 2009 and 2021). Prior to 2006, the requirement was 10 years residence.

While there are no income, employment or self-sufficiency requirements, the applicant must submit a declaration of income for the previous three years, although only for verification of source of income. Applicants must also prove a clean criminal record.

Between 2017 and 2021, the Czech Republic granted permanent residence status to more than 53 000 third-country nationals (Table 6). The main countries of citizenship were Ukraine, Viet Nam and Russia. No information is available on the prior status of the applicant – whether they held Employee Cards, Blue Cards or were family or other categories of migrant – or on what initial status they arrived. Overall – including EU nationals – about two-thirds of all applicants for permanent residence applied on the basis of permanent residence.

**Table 6. Permanent Residence in the Czech Republic, Applications and Decisions**

Applications for and issuance of permanent residence status for third-country nationals, 2017-2020

	2017	2018	2019	2020	2021
Applications	12 994	11 131	11 634	10 502	15 421
Issuances	11 324	9 684	10 044	8 630	13 083

Note: Issuances (positive decisions) may not match with applications due to delays in processing

Source: Ministry of Interior, Annual Reports 2017-2021

The number of third-country nationals holding permanent residence in the Czech Republic has been steadily increasing and in 2021 approached 220 000. About one-fourth have acquired permanent residence through meeting residence and language requirements; these also account for most of the increase in the stock of permanent residents since 2013 (Table 7).

**Table 7. Third-country nationals permanently resident, 2012-2021**

Permanent residents by type of permanent residency.

	2012	2013	2014	2015	2016	2017	2019	2018	2020	2021
Permanent residents	149446	170435	179716	186464	193980	199249	202996	207803	212014	218368
Of which, by residence		20850	28861	33871	38692	42010	49986	52258	54002	57470

Note: Total PR is "Trvale"; Residence PR is the stock whose residence is based on years of presence rather than other grounds.

Source: Ministry of Interior

## **Conclusion**

The Czech labour migration framework at present does not allow for issuance of permits over two years, does not grant any discretion for labour market test exemptions, and has concentrated policy efforts on

processing priority rather than on conditions of stay. The conditions for highly skilled or sought-after migrants are largely indistinguishable from those meeting minimum criteria.

Facilitating long-term stay on a single permit for highly skilled migrants is standard practice throughout the OECD and most OECD countries have long duration permits (OECD, 2019<sup>[12]</sup>). Of all OECD countries, around 60% have initial permits with a duration of more than two years and 28% have permits for five years or longer, including permits that have no maximum duration. The clear policy trend is to extend permit duration for certain groups of migrants.

In contrast, the maximum duration work permit in the Czech Republic for any migrant (semi-skilled or highly skilled) is two years. Family permits are usually not issued along with the work permit and family must often wait months for work authorisation. International graduates receive a nine-month permit to seek work but have no additional benefits in terms of the permit they receive – despite being well prepared for the Czech labour market.

The Czech Republic is in a competition for the best and brightest. Without an immigration offer at least as competitive as its neighbours the Czech Republic will continue to be at a disadvantage to attract and retain the skilled migrants it needs to support economic growth.

The Czech Republic's neighbours (Germany and Austria, but also Poland and Slovakia), European competitors (Estonia, Denmark, Finland, the Netherlands, United Kingdom) and major destinations for talent (Australia, Canada, New Zealand) all have coherent and innovative skilled migration attraction policies with generous permit conditions. These include immediate or fast track permanent residence or long-term work permits (up to five years), immediate work rights for accompanying family, rapid processing channels, and longer-term work permits for international graduates of domestic institutions. These competitors continue to innovate to capture a greater share of globally mobile and highly skilled talent.

To improve the flexibility of the Czech framework to identify high-value migrants and offer better and more competitive conditions, changes to the legislation would be necessary. The next section proposes an approach to identification and treatment of different groups of labour migrants.

# Designing a PBS for the Czech Republic

A points-based system (PBS) provides a simple score based on the human capital or job characteristics of a prospective migrant. A major feature of points based systems is to provide a holistic assessment of a migrant, based on a broad range of features with different weightings. The holistic assessment is represented by the final points score and creates a simple way to compare one migrant with another, even when application volumes are high. This score is then used to determine what kind of policy treatment is appropriate, such as improved permit conditions or eligibility for a particular immigration program. Points thresholds can also be adjusted to achieve different policy aims, e.g., increasing or decreasing migration levels.

In programs that use eligibility criteria, an applicant is either granted or refused by meeting strict thresholds (e.g., demonstrating a salary 1.5 times than the national average, speaking English at a certain level, or having an occupation identified in a list). Eligibility criteria-based programs may have a set of interacting criteria, for example, different salary thresholds for different aged migrants, or different eligible occupations between metropolitan and regional areas. However, these eligibility criteria programs may unintentionally exclude migrants with high potential for labour market success that fall short of these strict criteria

The pioneers of points-based migration (Canada, Australia, and New Zealand) use the PBS to select independent permanent migrants. Permanent migration occurs in the context of strategic migration planning that determines the number of permanent migrants to be settled each year according to a range of long-term factors, such as social and economic trends, workforce forecasting and demographic concerns. As these programs are for independent migrants for permanent, there is no requirement for a sponsoring employer and the migrant's skill set is generally assessed by an independent authority.

There is currently no permanent residency planning levels, no independent skills verification agency, and no direct to permanent residency permits in the Czech Republic. Without this supporting policy infrastructure, the traditional supply side model for points-based migration currently appears ill suited to the Czech Republic.

Alternatives to human capital include narrowing the focus of the PBS to just consider job characteristics such as salary and occupation. The UK points-based model is a system of salary concessions based on having a research degree or being sponsored in a shortage occupation. The model only offers limited flexibility and does not consider the full range of human capital factors (including different levels of education, age or experience) of a migrant when determining eligibility for the Skilled Worker Route visa.

In the data simulations below (see Data simulation results) we also find that changing points thresholds in a PBS with only job characteristics would have little effect on the volume of migrants that would be eligible for an enhanced permit through the PBS – limiting the PBS as a tool to manage migration. Additionally, migrants that would score highly due to their integration potential (Czech Language skills and years of experience in the Czech labour market) would not qualify for an improved permit conditions as these factors would not be considered under a 'job characteristics only' model. This would limit the ability of the PBS to identify and retain migrants that are likely to be successful in the labour market over the long term.

We propose a **hybrid points** based system that has both human capital characteristics and job characteristics. The hybrid PBS will build on the current programs of economic migration and will continue to allow legitimate economic migrants to fill immediate vacancies, while also providing conditions that will better retain high human capital migrants for the long term.

In addition to the points test, migrants will be required to meet mandatory assessments – the national security check, criminal history check and the health check. These assessments focus on protecting the national security and public order of the Czech Republic. In addition to these three criteria, economic migrants will need to demonstrate that they have a valid job offer in the Czech Republic. Failure to meet any of these criteria will result in a refusal of the permit application

## How points-based systems are currently used in OECD countries

There are different approaches to points-based systems across countries that have implemented them.

PBS are used to select candidates for immediate permanent residence in countries where the objective is to use skilled migration to increase the long-term resilience of the labour force to adapt to future changes in the economy. Admission is not contingent on a job offer. In supply-driven programs in Australia, Canada and New Zealand migrants with high human capital (such as education, language skills, and professional experience) are selected for migration. Studies have shown that highly educated workers create a workforce with greater potential to engage productively with innovation (Toner, 2011<sup>[13]</sup>), and evidence from Canada suggests that the initial job offer is not as important to long term salary growth as high levels of human capital (Bonikowska, Picot and Hou, 2015<sup>[14]</sup>). Programs that preference younger migrants over older migrants tend to maximise fiscal contributions over the migrant's lifetime in the host country (Productivity Commission, 2016<sup>[15]</sup>) (See also Box 4).

Australia, Canada and New Zealand set planned permanent intake quotas (known as migration planning levels) including for points-based human-capital driven immigration programs. Selection uses an Expression of Interest (Eoi) system since the number of places is limited and the number of potential applicant is high (OECD, 2019<sup>[16]</sup>). PBS are used to rank and prioritise applications in an Eoi pool, with the highest scoring applicants invited to apply first. These PBS models, which do not require job offers as a condition to apply, are not designed to be responsive to employer concerns regarding immediate business needs. Applicants may therefore have to wait a long time, spending 6 to 24 months in the Eoi pool before selection, after which processing may take up to two years<sup>6</sup>.

The pathways to qualify for a permit through the PBS are numerous and provide a holistic assessment of the migrants education, age, work experience, occupation, family situation and other factors. While a job offer is not a pre-requisite to apply under these PBS systems, it may contribute to the points score. PBS in these three countries (Australia, Canada and New Zealand) provide immediate permanent residency for successful applicants, and work in conjunction with a range of other immigration programs – including other programs that offer alternative ways to qualify for immediate permanent residence including through employment, business skills or exceptional achievements.

Vacancy-driven programs (i.e., those that require a job offer) aim to fill the immediate needs of the economy. While such programs usually consider only the job offer and whether the candidate has suitable characteristics to fill the position, some countries use PBS to offer concessions and advantages to younger, highly educated migrants in an effort to better attract and/or retain this talent over the long-term. The United Kingdom, Austria and Japan have all established PBS which require a job offer as a basic eligibility requirement. The Austrian and UK models are used primarily to restrict migration to only high skilled migrants. The Japanese model instead offers a long-term stay and fast-tracked permanent residency to highly skilled migrants that meet the points threshold, while other temporary migration pathways with less advantageous permit conditions remain available.

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<sup>6</sup> As of July 2022, <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/skilled-independent-189>, <https://www.canada.ca/en/immigration-refugees-citizenship/services/application/check-processing-times.html>

The UK has a PBS that has very limited flexibility and is based on the granular analysis of salaries at the occupational level. There is no consideration of human capital characteristics. The program determines who is eligible for a five-year temporary permit. After five years, migrants may apply for a settlement (permanent) residence permit.

The Austrian PBS uses a hybrid approach that considers job characteristics and human capital factors to determine eligibility for migration. Generally, those that pass the points based test are provided permits for up to 2 years. Holders of this permit (the 'Red-White-Red' card) can apply for a further three-year stay with unrestricted access to the labour market at the end of their first temporary stay.

Japan also has a hybrid PBS that considers both job and human capital characteristics. The points categories consider a range of factors, including education, age, professional experience, and salary level. Migrants that qualify under the PBS receive a five-year permit. Holders of this permit are eligible to apply for permanent residence after three years, instead of the standard five years for other permit holders.

Points based systems were initially developed to simplify assessments of large pools of migrants and, later, to rank migrants according to indicators of successful labour market integration over the long term. There are some processing efficiencies associated with PBS, but these are primarily related to the establishment of an expression of interest and the setting aside of applicants that are not competitive in the EoI pool.

To operate effectively and to ensure that the points tested economic migration programs are achieving their goals, the government must be confident that the migrant has the skills they have claimed in their application. Skills and qualification recognition processes in Australia, Canada and New Zealand are carried out by independent foreign qualification and skills recognition agencies. The onus is on the migrant to demonstrate to that their skills are recognised by these official assessing authorities. This is in contrast with many employer-based temporary migration programs, where the employer determines if the migrant is suitable for the position and the permit can be granted without further verification. In such cases, the employer must pay the migrants has the incentive to select effective and productive workers. In temporary economic migration programs, migrants must generally depart the territory if they are not able to maintain employment.

#### **Box 4. Positive outcomes for skill-selected migrants in Australia**

A study conducted by the Australian Treasury and the Department of Home Affairs found that 42% of skilled migrants had earnings in the top 30% of incomes, compared to 20% of Australian-born workers. This is not to say that migrants earn more than non-migrants in the same job, but rather that they tend to work in more skilled jobs on average.

The 2014-15 skilled migrant cohort is calculated to have a net positive fiscal impact (AUD 9.8 billion, approx., EUR 6.34 billion) over the primary migrants' lifetimes. The net contribution of secondary applicants in the skill stream (that is, family members, predominantly partners) was negative (AUD 2.8 billion, approx. EUR 1.8 billion), in part because a more gradual entry into the labour market. However, the small negative impact of secondary applicants was more than outweighed by the large positive impact delivered by the primary applicants.

Source: (The Treasury and the Department of Home Affairs, 2018<sup>[17]</sup>)

### ***Demand driven points-based migration – United Kingdom and Japan***

Below are some examples of immigration programs that have relatively complex interactions among criteria and use a points based approach to determine if the applicant is eligible for the permit. In both the UK and Japanese models of points based systems a job offer is a mandatory criteria and all migrants that meet the 'pass mark' are eligible. There is no differentiation of permit based on a migrants points score – scores above the pass mark do not make the migrant eligible for better permit conditions. However, the permits provided by both systems are long-term (up to five years), spouse applications are processed simultaneously, and there are clear pathways to permanent residency.

In both the United Kingdom and Japan the PBS are **demand driven - the employer determines who is eligible to migrate**. Without a confirmed job offer a migrant cannot submit a valid application. These models of points based selection add further conditions on who can be selected to fill a fixed number of vacancies in the economy. The number of vacancies available is determined by the employers that are willing, and able, to conduct international recruitment.

The UK model is primarily a system of salary thresholds and concessions. Vacancies are eligible to be filled if they meet salary requirements, with concessions to salary levels permitted for the highly educated or skill shortage occupations. However, human capital characteristics do not play a role in the migrant selection process.

Salaries also play a central role in the Japanese model, but it also has some features of long term migration system – including human capital based points categories for migrants to boost their score, including education levels, age, language ability, local qualifications, or prior research achievements. While the Japanese model is primarily driven by immediate vacancies, it also encourages points tested migrants with high human capital to remain in Japan for longer periods through early access to permanent residence.

It is recommended that the PBS be a demand driven employer sponsored system. The model will maintain the central role of the employer as the key decision maker on whether or not the migrant is qualified to perform the role. In vacancy driven temporary economic migration systems, employers determine if a migrant has the required skills to perform their occupation effectively. Migrants without the required skills will either not be offered initial employment, or have their employment terminated by the employer. Migrants that do not have employment in the Czech Republic are required to depart the country or find a new employer within 60 days if they are an Employee Card holder, or 90 days if they are a Blue Card holder. These conditions would also apply to permits issued through the PBS

#### United Kingdom

The United Kingdom applied a 'points based' approach in their Tier 2 (General) visa introduced in 2008 – a job offer awarded 30 points, 20 points for an appropriate salary, 10 points English language skills and 10 points for having enough funds available for maintenance on arrival in the UK. A total of 70 points were required to meet the 'pass mark', and the only way to get that many points was to meet all the criteria - there was no flexibility in how an applicant could qualify for a Tier 2 (General) visa. The points categories acted as a checklist of requirements to be granted a Tier 2 visa.

In December 2020, the UK replaced the Tier 2 visa with the new Skilled Work visa which includes some limited trade-offs between points categories. The 'pass mark' remains 70 points. A full 50 points from meeting mandatory criteria: a job offer with an approved employer (20 points) at an appropriate skill level (20 points), and being able to speak English (minimum of B1 on the Common European Framework of Reference for Languages scale) (10 Points). Additionally, the salary for the job cannot be below EUR 23 720.

The remaining 20 points must be made up in the 'tradable' points section. A full 20 points are given to an applicants that has a salary of EUR 30 300 or the 'going rate' for that occupation - whichever is

higher; or has a job offer in a specified shortage occupation, or has a PhD in a STEM subject relevant to their job offer. Alternatively, the applicant may hold a PhD in a subject relevant to their job offer (10 points) and earn a salary of at least EUR 27 270 or 90% of the 'going rate' (10 points).

There is no benefit for scoring above 70 points (e.g., a migrant with a STEM PhD and a job offer in a shortage occupation would have 90 points). Therefore the 'tradeable points' section of the skilled work currently operates as a system of concessions for salary requirements for migrants with PhDs or in shortage occupations. The UK Home Office is reportedly looking at introducing further flexibility to the Skilled Worker visa, including allowing additional attributes (qualification levels, age, or UK study experience) to contribute to points.

A full breakdown of the UK's points grid can be found [here](#).

### Japan

In 2012 Japan introduced a points-based system for the selection of highly skilled workers in three main categories: Advanced academic research, Advanced specialised/technical and Advanced business management. If the total points reach 70, the foreign nationals are recognised as 'highly skilled foreign professionals'. A job offer in Japan is a mandatory requirement.

Education and salary are the main points categories. Applicants who meet the top requirements for these categories (30 points for a PhD and 40 points for an annual salary of JPY 10 million, equivalent to about EUR 70 000) in the Advanced Academic Research Activities and Advanced Specialised/Technical Activities programs) are eligible to migrate to Japan without scoring points in other categories. Further points are awarded for professional experience, age (except the Advanced Business Management Category), and bonus points - which include Japanese language proficiency or a degree or work qualifications from a Japanese institution.

Migrants who achieve at least the pass mark (70 points) are provided with a five-year work permit, faster permanent residence (eligible after three years, instead of five), priority processing of their visa and resident permit, permission for the spouse to work, and permission for parents of the skilled migrant to accompany under certain conditions. There is no additional benefit for scoring above the pass mark. Migrants that are unable to meet the pass mark of the PBS may still be eligible for standard work permits.

A full breakdown of the Japan's points grid can be found [here](#).

## ***Human Capital characteristics***

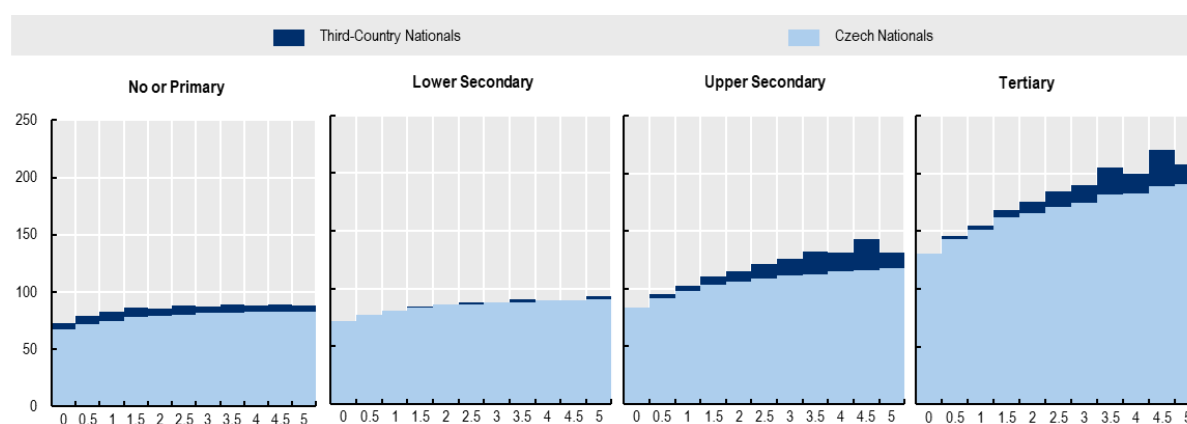
### *Education*

Highly educated workers create a workforce with greater potential to engage productively with innovation. Evidence from the Czech Republic shows that higher education levels are correlated to a higher starting salary and strong salary growth over time. Wages of highly educated migrants also tend to be higher than an equivalent Czech worker, indicating that they are highly sought after by employers.

The Project conducted a comparative analysis of migrants and Czechs to determine the influence of education on wages in the Czech Republic. Both Czech nationals and migrants with a tertiary education start with higher wages and have stronger wage growth than migrants with lower education levels (Figure 15). Indeed, experienced tertiary educated workers in the Czech Republic earn around double the average wage after five years. Secondary educated workers achieve and exceed averages after maturation in the labour market. Both exceed the average Czech worker with a similar education. Workers with lower than secondary education have only marginal wage growth over the long term and do not reach even average wages.

**Figure 15. Mean wages by job tenure, by nationality and education**

Hourly wage as a % of mean, by nationality, duration of employment spell (years), and education



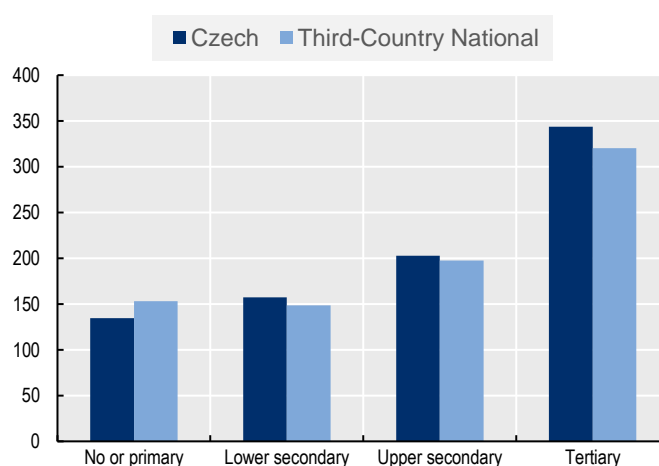
Note: Mean wages in each year account for inflation. EU Nationals are excluded. Employment spells starting 1/1/2015-31/12/2018.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

This analysis suggests that medium and highly educated workers in the Czech Republic are in high demand in the Czech Republic, evidenced by their ability to demand higher wages. Duration in the labour market, a proxy for experience, also appears to have a clear positive effect on wage growth across all occupation skill and education levels for both migrants and Czechs.

An analysis of education qualifications also show that tertiary educated Czechs and migrants enjoy significant benefits in terms of wages compared to counterparts educated at the secondary level (Figure 16). However, tertiary educated Czechs have a slight advantage over tertiary educated migrants.

**Figure 16. Education and hourly wage, Czechs vs third country nationals**



Note: Sample of employees from ISPV data limited to Czech nationals and third country nationals with hourly wage below 3,000.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

As such, the project recommends that **education be included as a heavily weighted points category** in the PBS. To protect the integrity of the immigration project we also recommend **that only education that is relevant to the job offer** be eligible to be counted in the PBS.

### *International perspectives - Education*

Education is a key indication of human capital and is a feature of points based systems in Australia, Canada, New Zealand, Japan and the United Kingdom and are associated with higher levels of potential earnings potential. Education is also an important indicator of skill competence and is a common requirement of skilled visa programs. Higher educated migrants are often subject to preferential treatment – including being awarded more points through points based systems, faster access to permanent residency or long stay permits. There is also a tendency for countries to provide advantages for migrants that have been awarded educational qualifications from domestic institutions. Advantages in migration programs for international graduates support the international student recruitment activities of local higher education institutions. International graduates may be of particular interest to the Czech Republic, noting that there is not a large pool of Czech language speakers outside of the country

Evidence from a number of countries shows that a migrant's level of education is a strong indicator for success in the labour market in the long term. In Australia, on average, most immigrants tend to work in higher skilled occupations than the Australian-born workforce – reflecting their higher level of educational attainment (Productivity Commission, 2016<sup>[15]</sup>). In Canada, studies that look at the outcomes of migrants over the long term have found that migrants with higher education earned little more than those with less education immediately following their arrival. However, earnings of highly educated migrants increase quickly; in Canada highly educated migrants have a significant earnings advantage 5 to 10 years after arrival compared to less educated migrants (Bonikowska, Picot and Hou, 2015<sup>[14]</sup>). In Australia, Canada and New Zealand, a high proportion of immigrants have been educated to tertiary level: an average of 53% have a tertiary degree, a level well above those in other countries and higher than among the local-born (37%). These high levels of educational attainment have been linked to immigration policies that have, for many years, attracted large numbers of highly skilled labour migrants (OECD/European Union, 2018<sup>[18]</sup>).

#### Australia

In the points tested Skilled Independent visa, Australia provides more weight to higher-level degrees and additional points for degrees earned through research at domestic institutions. Doctorate degrees are awarded 20 points and bachelor degrees 15. A further 10 points are available to holders of research degrees (either doctorates or masters level degrees) earned in Australia. An additional five points is available to migrants that have completed at least one two-year degree, diploma or trade qualification from an Australian education institute. Total points available for education account for around 20% of total points, and more than 50% of the points required to enter the EoI pool.

#### Canada

In Canada's Comprehensive Ranking System points are awarded to potential migrants according to their level of education, ranging from 30 points for a high school diploma, through to 150 for PhD holders. Points for education account for 25% of total points available in the human capital section of the Comprehensive Ranking System.

Points are awarded to migrants who undertook their post-secondary education in Canada; 15 points are awarded to credentials of 1 or 2 years and 30 points for credentials that required more than 2 years. These additional points for Canadian qualifications are in the bonus point section (maximum of 600 points) and do not count towards the total if the potential migrant has been nominated by a province. Points available in this category offer a competitive advantage to local graduates – all other factors being equal a bachelor degree earned in Canada (120 points for the degree plus 30 points for a

qualification from a Canadian institution) provides the same amount of points as a doctorate degree earned outside of Canada (150 points). Research in Canada has shown that education and age at the time of arrival are two key variables that predict long-term success in the labour market. In the longer term (5-10 years), highly educated migrants see a significant earnings advantage (Bonikowska, Picot and Hou, 2015<sup>[14]</sup>).

### New Zealand

In the Skilled Migrant points tested visa points are awarded for the migrant's level of education - masters and doctorate degree holders receive 70 points, bachelor degree holders receive 50 Points and other tertiary qualifications receive 40 points. Additional points are awarded if the migrant has degree earned in New Zealand – two-year postgraduate degree holders receive 15 points and one-year postgraduate and bachelor degree holders receive 10 points. The pass mark to enter the Expression of Interest pool is 100 points.

### United Kingdom

The points based Skilled Migrant visa provides 10 points to migrants with a doctorate level education relevant to their job offer, or 20 points for points if the doctorate is in a Science, Technology, Engineering or Mathematics. The effect of these 'tradable points' allows migrants holding doctorate degrees to be eligible for a Skilled Migrant visa at lower salary thresholds.

### Estonia

Generally, migrants that have been resident in Estonia for three of the last five years are eligible to apply for permanent residence. However, migrants who hold a doctorate degree may apply for permanent residence directly, and are not required to meet the usual residency requirements. To be eligible for this fast-tracked permanent residency arrangement, the migrant's doctorate degree must be assessed by the Estonian ENIC/NARIC centre and the migrant must have also been previously been granted a temporary residence permit on another basis (e.g. work or study).

### Germany

In individual cases, highly qualified professionals can receive a permanent residence straight away without having to first spend a set amount of time in Germany. For example, a scientist with special technical knowledge or a teacher in a high-level position, can obtain a settlement permit immediately upon entering Germany. The highly qualified migrant must be able to provide proof of academic training, the ability to integrate into a German way of life and that their living costs will be covered without having to use public funds.

### *Language*

While no data has been collected on migrant language ability in the Czech Republic, there is reliable evidence from other countries and OECD studies that show that better language skills improve migrant employment outcomes and position migrants for better social integration. Immigrants who speak the host-country language have significantly higher employment rates than those who report language difficulties – independent of the reason for migration and the level and origin of qualifications.

As such, the project recommends that **Czech language skills be heavily weighted in the PBS**. In line with feedback with a range of stakeholders, we also recommend that English language skills be included in the PBS with a light weighting due to the usefulness of this language in highly skilled occupations, such as those in the IT sector.

### *International perspectives - Language*

Language is a frequent, but not universal, feature of migration systems. Immigrants who speak the host-country language have significantly higher employment rates than those who report language difficulties – independent of the reason for migration and the level and origin of qualifications (Zorlu and Hartog, 2018<sup>[19]</sup>). How well immigrants master the host-country language also determines whether and to what extent they can use their qualifications. Migrants that have difficulty with the host country language have over-qualification rates that are 17% higher than similar immigrants who speak the host-country language well (OECD/European Union, 2014<sup>[20]</sup>).

Australia, Canada, and New Zealand all feature the language as a key point's category in their points based visas. All three of these countries require a minimum standard of the national language, and award points to migrants that have higher levels of language proficiency. The UK's points based Skilled Migrant visa also has a mandatory English requirement. The Japanese PBS includes Japanese language proficiency which contributes maximum 15 points to the migrant's score, 21% of the points required to achieve the pass mark.

Language skills are relatively easy to verify through existing standard tests (e.g. standardised testing delivered currently overseen by public universities in the Czech Republic and Czech Centres overseas) and are easy to adopt into points based models for ranking migrants.

### *Age*

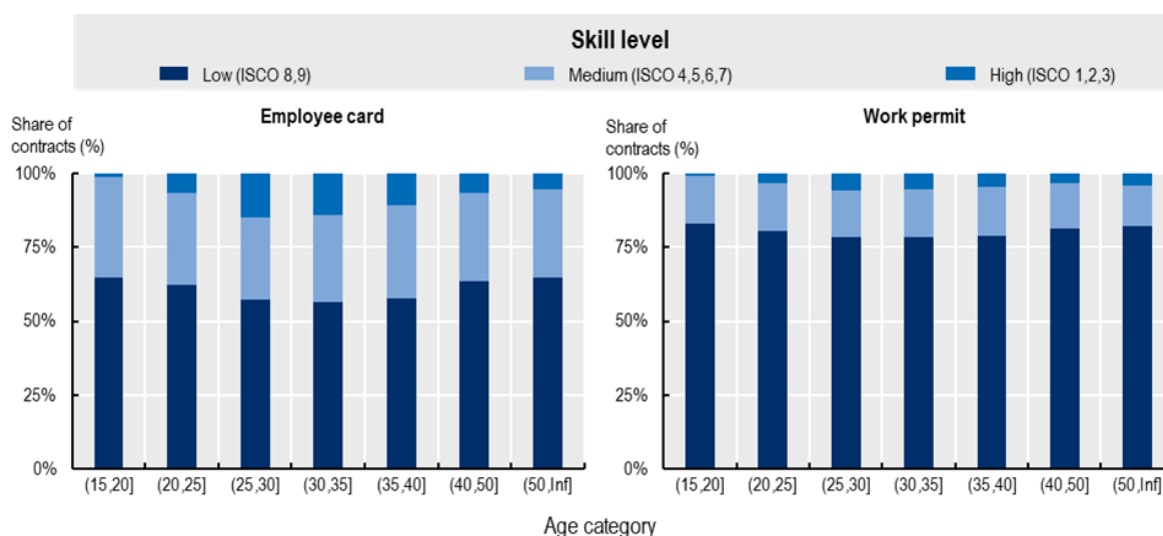
Noting that the PBS awards higher points for migrants in high skilled occupations and with higher levels of educational attainment, we recommend that the PBS target workers in their wage 'growth' period between 25 to 35 years of age. The intention is to skew the selection of migrants through the PBS towards younger migrants that have completed their tertiary education and are building experience in their career. Recruiting younger migrants will allow the effects of gaining this professional experience in the Czech Republic to result in full labour market integration before these workers reach their peak earning capacity. Providing higher points to younger migrants will also balance out the implicit bias of the PBS to select, through the emphasis on salary level and experience, older migrants.

Findings from our analysis of migrants to the Czech Republic show that migrants who started their employment spell in their prime productive age are more likely to be in higher skilled occupations

(Figure 17). The migrants who started employment between the ages of 25 and 35 were the most likely to be employed at the end of 2020 in in high skilled occupations. This may reflect an effect of graduates of university, or that employers recruiting higher skilled workers from abroad tend to favour younger recruits. It may also reflect a greater propensity of workers who first start employment in the Czech Republic in their 20s or 30s to remain longer.

**Figure 17. Age at the beginning of the first contract and job qualification in 2020**

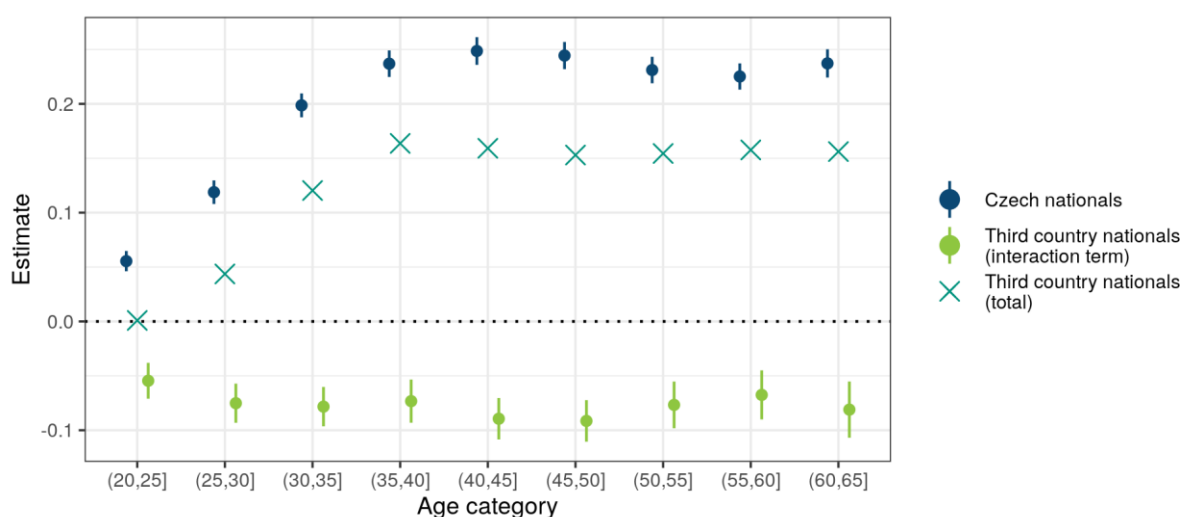
ISCO major group employment, by age group at first contract and type of permit, 31 December 2020



Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Analysis of age cohorts of both migrants and Czech nationals show that, on average, wages steadily increase by age group from 25 through to 45 and then hold steady at that level. Our regression analysis (Figure 18) shows that wages of both migrants and Czech nationals increase relative to their pre-work life (i.e., under the age of 20 years old).

**Figure 18. Age category and hourly wage**

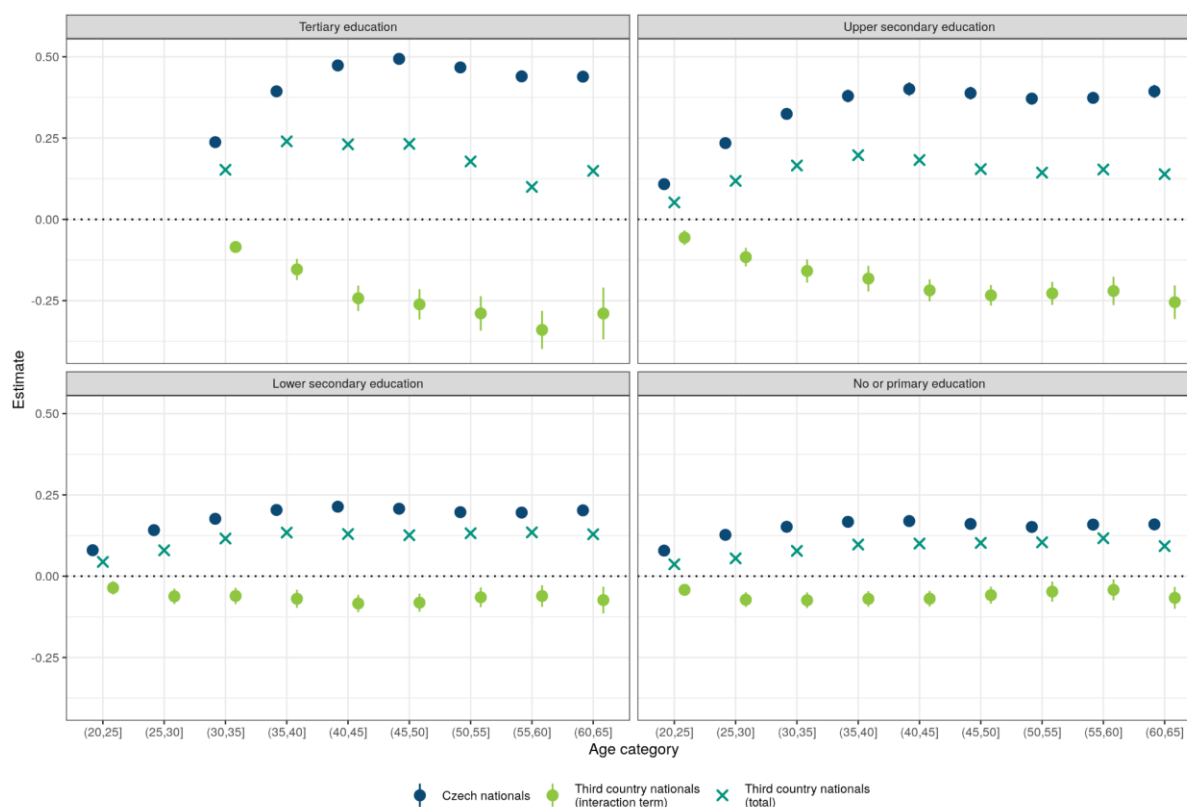


Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  and  $\lambda$  from regression  $\log(w_{i,y}) = \alpha_i + \gamma a_i + \lambda f_i + \beta X + \epsilon_{i,y}$ , where  $w$  is hourly wage of a worker  $i$  in year  $y$ ;  $f$  is an indicator variable for third country national;  $a$  is a vector of age categories,  $X$  is a vector of fixed effects (employer FE, year FE, ISCO cat. 1 FE, and gender), and  $\epsilon$  is an error term. Standard errors are clustered by individual and employer. Regression is estimated using ISPV data limited to Czech nationals and third country nationals with hourly wage below 3,000 CZK ( $n = 14,067,384$ ). Workers younger than 20 years are a reference group.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

However, de-compiling the data by skill level and educational attainment reveals a different story for different groups of workers. Analysis shows that higher levels of educational achievement are correlated to strong wage growth from the ages of 20 to 45 years old, and sustained high wages in workers older than 45 years of age (see Figure 19). Similarly, older workers in higher skilled occupations also experience the same strong wage growth early in their career and high wages after the age of 45, compared to workers in lower skilled occupations (Figure 20).

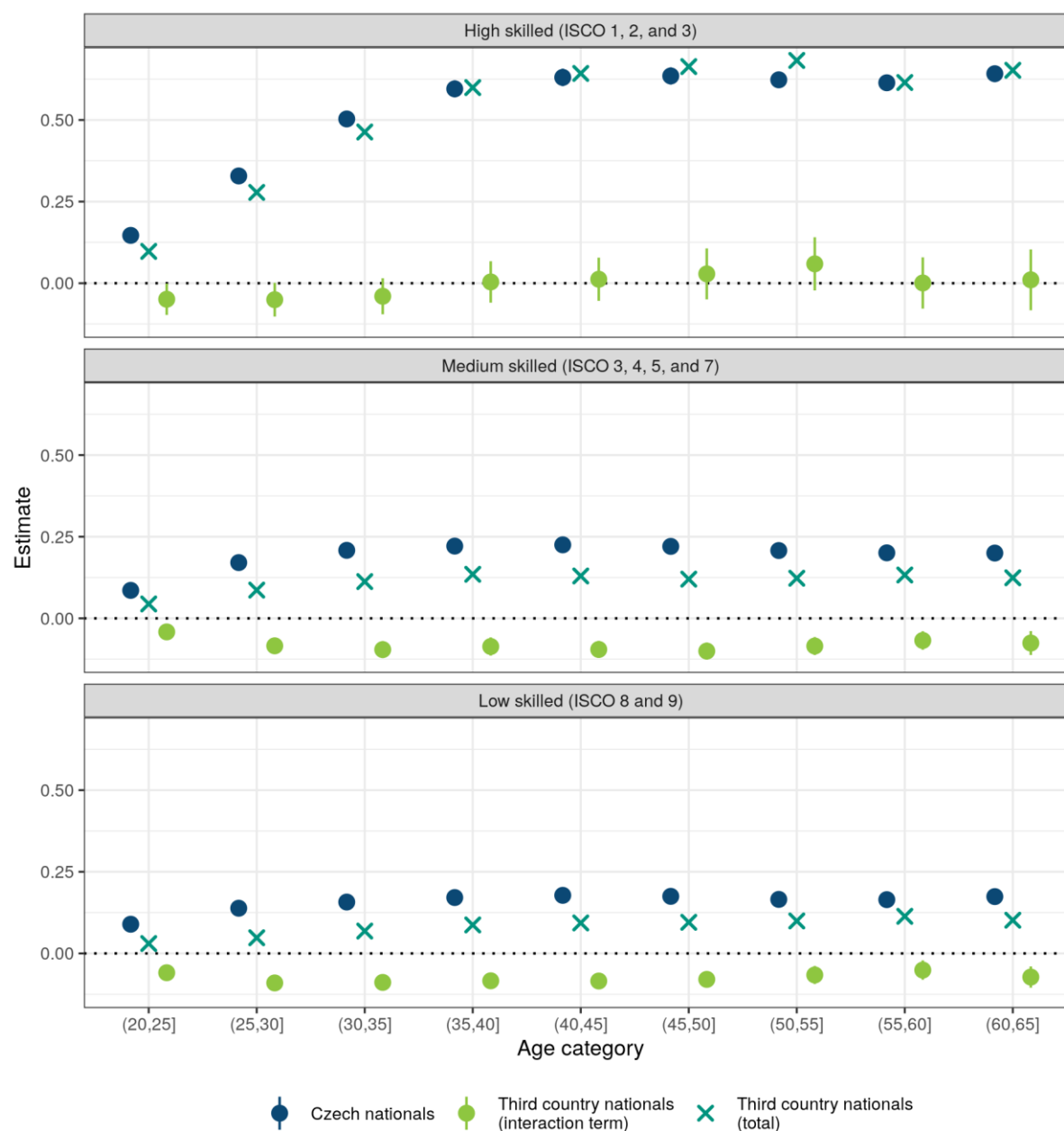
**Figure 19. Age category and hourly wage by education**



Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  and  $\lambda$  from regression  $\log(w_{i,y}) = \alpha f_i + \gamma a_i + \lambda a_i * f_i + \beta X + \varepsilon_{i,y}$ , where  $w$  is hourly wage of a worker  $i$  in year  $y$ ;  $f$  is an indicator variable for third country national;  $a$  is a vector of age categories,  $X$  is a vector of fixed effects (employer FE, year FE, and gender), and  $\varepsilon$  is an error term. Standard errors are clustered by individual and employer. Regression is estimated using ISPV data limited to Czech nationals and third country nationals with hourly wage below 3,000 CZK ( $n = 2,338,061; 5,063,028; 5,166,990; 1,182,807$ ). Workers younger than 20 years are a reference group.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Figure 20. Age category and hourly wage by skill level



Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  and  $\phi$  from regression  $\log(w_{(i,y)}) = \alpha_i + \gamma_i + \phi_i \times f_i + \beta X_i + \varepsilon_{(i,y)}$ , where  $w$  is hourly wage of a worker  $i$  in year  $y$ ;  $f$  is an indicator variable for third country national;  $\alpha$  is a vector of age categories,  $X$  is a vector of fixed effects (employer FE, year FE, and gender), and  $\varepsilon$  is an error term. Standard errors are clustered by individual and employer. Regression is estimated using ISPV data limited to Czech nationals and third country nationals with hourly wage below 3,000 CZK ( $n = 4,911,084; 5,031,176; 4,120,432$ ). Foreign workers younger than 20 years are a reference group. Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Further, analysis also shows that better labour market integration is associated with younger long-term migrants. Employee Card holders between 25 and 45 are more likely to achieve above average wages in the Czech Republic (Figure 21).

**Figure 21. Likelihood of reaching average and above average wage, by age and type of labour migrant**

Coefficient and 95% confidence intervals, likelihood of reaching 100%, 120% and 140% of average wage, by five-year age groups (age at start of employment spell). Employment starting 1/1/2010-31/12/2018.

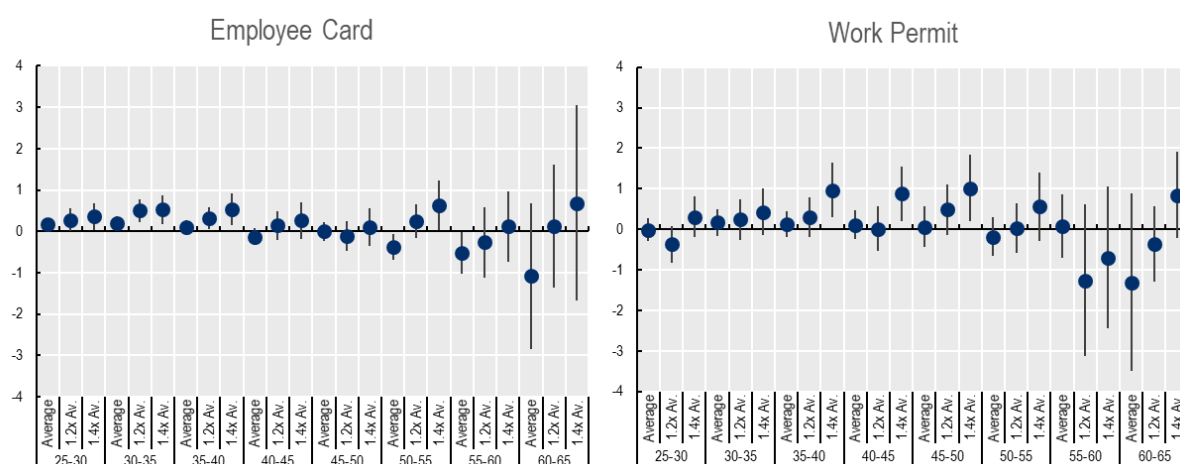


Figure depicts 95% confidence intervals and estimates of regression coefficients  $\rho$  from logistic regression  $WS_i = \gamma S_i + \rho A_i + \beta X_i + \varepsilon_{(i,y)}$ , where  $WS$  is an indicator variable for reaching average hourly wage, 120% or 140% of average hourly wage within the employment spell;  $S$  is a occupation skill level and  $A$  is age category at the beginning of the employment spell;  $X$  is a vector of fixed effects (employer FE, year FE, gender), and  $\varepsilon$  is an error term. Standard errors are clustered by employer. Regression is estimated using matched LO and ISPV data limited to stays below six years and hourly wage below 3,000 CZK. Low skilled jobs and age group below 25 are reference categories. Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

In the Czech Republic migrants aged between 25 and 35 are observed to be associated with periods of salary growth, higher skilled occupations and a greater likelihood of earning above average wages. We recommend that this age group be awarded the highest points in the age category, with fewer points awarded to migrants younger than 25, or aged between 35 and 45 years. For migrants aged 45 or over, we recommend that there be no points awarded for age as these migrants are likely to have reached their peak, or near peak, for earning potential, educational attainment and professional experience. Older migrants should be therefore required to demonstrate high levels of education, experience or salary in order to be granted a longer duration permit.

Overall, the **age category should be given a medium weighting**. However, the age of migrants at entry into the Czech Republic and the transition of economic migrants to permanent residence should be a focus of future evaluations to determine the effect of these factors on lifetime fiscal contributions. By extending durations of permits in the Czech Republic, the pool of temporary migrants that may become eligible to apply for permanent residence may increase. As such, the average age of long-term permit holders becomes a relevant consideration in their long-term fiscal contributions to the Czech Republic. This factor further reinforces the importance of selecting younger migrants that will remain in the workforce for longer periods, and thereby increase average fiscal contributions to the Czech Republic over their lifetime.

### *International Perspective - Age*

Australia, Canada, Japan and New Zealand all have points based systems that include a category for age, however, approaches differ by country. Strong evidence from Australia and OECD studies show that recruiting migrants early has a positive impact on their fiscal contributions over the long term. In Australia, the age category has a heavy weighting with the highest points for age contributing around 46%

of the points required to reach the eligibility threshold. In comparison, the maximum age score in Canada only contributes 18% of the points required to meet the eligibility threshold in the Federal Worker program. In Japan, the maximum age score is 15 points, just over 20% of the points required to meet the qualifying score in the Advanced Specialized/Technical category.

### OECD research

The fiscal gap between prime-aged immigrants and native-born workers is driven by immigrants' lower contributions rather than by higher government expenditure on the foreign-born, and is larger for the highly educated (OECD, 2021<sup>[21]</sup>).

Generally, immigrants contribute more in taxes and social contributions than they receive in benefits and services. The net fiscal contribution of immigrants remains positive in all countries, with the exception of the Baltic countries, once expenditure on congestible public goods and the remaining items of the government's revenue are included. This implies that, in almost all countries, immigrants fully finance their share of expenditure on congestible public goods and contribute to the financing of pure public goods.

Age differences between immigrants and native-born workers drive part of the observed differences in government expenditure. In many OECD countries, immigrants are substantially younger than the native-born, particularly so in recent immigration countries (OECD, 2021<sup>[21]</sup>).

### Australia

Australia provides significant advantages to younger migrants in their points based visas. Migrants in the age range of 25 to 33 years of age are awarded the most points (30 points) of any single category, almost half the required points to qualify for a 'pass mark'. Most skilled permanent residence visas have an age limit of 45 years of age – an exemption to this limit is available to employer sponsored migrants in selected occupations (e.g., academics and medical doctors) with extended training times before the worker is fully effective.

Points awarded for age and strict eligibility cut offs are in line with recommendations from Australia's Productivity Commissions review of migrant outcomes *Migrant intake into Australia* published in 2016. The Productivity Commission found that migrants who arrive at a relatively young age, particularly those who are highly educated, generally contribute more tax revenue over their lifetime and make comparatively lower use of government funded services. In general, migrants that arrive in Australia after the age of 45 have a negative fiscal contribution over their lifetime (Productivity Commission, 2016<sup>[15]</sup>).

### Canada

In the Comprehensive Ranking System, Canada awards the most points (110 points out of a total of 600 possible points for human capital factors) to migrants aged between 20 to 29 years of age. These points steadily decline until the age of 45, where no points are awarded. While being over the age of 45 does not disqualify a migrant from being eligible for the program, the points based ranking system means that older applicants will need to score very highly in other areas to remain competitive in the EoI pool.

These age thresholds are in line with findings of research supported by Canada's immigration authority, which found that the older an economic immigrant at landing, the less well that person does in the labour market (Bonikowska, Picot and Hou, 2015<sup>[14]</sup>). Education and age at the time of arrival are two key variables that predict long-term success in the labour market. In the longer term (5-10 years), highly educated migrants see a significant earnings advantage.

### New Zealand

Under New Zealand's points tested Skilled Migrant visa, the most points are awarded in the age category are to migrants aged 20 to 29 (30 points). Points steadily decrease for older migrants, with five points awarded for migrants aged between 50 and 55. Points tested permanent migration is capped at 55 years of age, and there are no exemptions to the age limit for this visa. Migrants that are aged over 55 years of age may be eligible to apply for permanent migration, though other visa options such as the Investor 1 Resident Visa.

Research from New Zealand points to the demographic profile of migrants, including their relatively young age, as the main cause for their greater net fiscal impact in comparison to the New Zealand-born population (Hodgson and Poot, 2011<sup>[22]</sup>)

### Japan

In both the Advanced Academic Research Activities and the Advanced Specialised/Technical Activities points based programs (for further details see *Short term skilled migration* below). Migrants up to the age of 29 are awarded 15 points, migrants between 30 and 34 are given 10 points, and migrants between 35 to 39 are awarded 5 points. No points are awarded to migrants aged 40 and above. Age is not considered in the Advanced Business Management Activities program, which places greater weight on salary and professional experience.

To be eligible to apply for the Advanced Academic Research and Advanced Specialised/Technical Activities applicants are required to have annual salary of more than EUR 22,650. Points for salary levels are related to the age of the applicant. The older applicants are, the higher their salary must be to score points (see *Salary Thresholds* section below). This is an approach that ensures that that younger migrants, who have less experience and are less likely to have higher salaries, are eligible to migrate to Japan.

### Germany

Germany's work visa for qualified professionals requires that migrants over the age of 45 coming to Germany for the first time must have a gross salary over EUR 46 860 (approximately equal to the average annual salary), or must provide proof of adequate old age pension provisions.

### *Experience*

In the Czech Republic, as elsewhere, wage levels are correlated with age (See above Age). A likely explanation for this is that wages increase as workers gain more experience in their roles, learn occupation and company specific skills, become more efficient and take on increasing amounts of responsibility. We also find that time spent in the profession (Figure 15) and longer duration stays in the Czech labour market (Figure 21 and Figure 22) contribute to wage growth.

We recommend providing a **medium weighting for experience gained in the Czech Republic**. This will provide an avenue for international graduates and well-integrated medium skilled workers to improve their scores with professional work experience with the aim of being eligible for a longer term permit at renewal.

The project also recommends establishing a **foreign experience category with a light weighting**. Evidence, both in the Czech Republic and internationally, shows that experience has a positive effect on the long-term labour market outcomes of migrants. However, there is currently no data available on migrant's professional experience before they arrive in the Czech Republic. Establishing a foreign experience points category will enable data collection on this variable and lead to a better understanding of its effect in future analyses. Additionally, experience categories will offset the lower points available in the age category for older highly experience skilled workers.

Once more data on the professional experience, both in the Czech Republic and abroad, of migrants has been collected the experience categories of the PBS should be targeted for review. With better data, future evaluations will be able to build a more nuanced view of how professional experience contributes to labour market success over the long term.

To protect the integrity of the immigration program we also recommend that **only experience that is relevant to the job offer** be eligible to **be counted in the PBS**.

### *International perspective – Experience*

Experience is a common requirement for both temporary and permanent migration. Experience is an indicator that a worker has gained sufficient practical knowledge of their chosen occupation to operate effectively. In many standard employer sponsored visa programs, a minimum level of experience is a basic criterion (e.g. all applicants in Australia's Temporary Skill Shortage visa must have a minimum of two years of experience), and the location of where this experience was earned is not a factor to consider. However, in a points based systems different weightings can be established to ensure that migrants that have local work experience have a relative advantage over migrants with foreign work experience.

Evidence from Australia and Canada, suggests migrants in their direct to permanent residence programs with local work experience have higher initial employment rates than migrants that were admitted directly from abroad with no local work experience (Productivity Commission, 2016<sup>[15]</sup>) (Hou, Crossman and Picot, 2020<sup>[23]</sup>)

#### Australia

For the points tested Skilled Independent visa experience gained in Australia is weighted more heavily than experience gained outside of Australia. Eight years of experience overseas is worth 15 points, compared to 20 points for eight years of experience gained inside of Australia. The experience category is capped for a total of 20 points (local and foreign experience combined). An additional 5 points is available to migrants that are in accounting, ICT/Computing or engineering profession and that complete a year of training and experience with a recognised organisation<sup>7</sup> in Australia. In total, experience categories can account for 38% of the eligibility threshold (i.e., 25 points out of 65 points to be eligible to be invited to apply for a Skilled Independent visa)

#### Canada

In Canada's points based Comprehensive Ranking System, experience gained in Canada is valued more highly than experience gained abroad. 40 points are awarded for potential migrants with a year of experience, increasing gradually for each year of experience through to 80 points for five years or more of Canadian experience. Further points are awarded for migrants with a post-secondary degree and Canadian work experience.

Foreign experience is not a standalone category in the human capital section of the Comprehensive Ranking System. Points are available for foreign experience only if the migrant also has a high degree of official language proficiency (maximum of 50 points) or their foreign work experience is also combined with domestic work experience (maximum of 50 points). As such, migrants that have not had accrued professional experience in Canada and only have foreign experience can be awarded a maximum of 50 points. A migrant that has significant Canadian work experience, is highly educated (e.g., master's degree), and has a high level of proficiency in an official language is eligible for up to 180 points more than a migrant of a similar profile that does not have Canadian work experience.

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<sup>7</sup> the Australian Computer Society, CPA Australia, Chartered Accountants Australia and New Zealand, the Institute of Public Accountants, or Engineers Australia.

## New Zealand

New Zealand's points tested Skilled Migrant Category Resident visa awards points on the basis of experience, with 2 years of experience required to score the minimum 10 points, and 50 points awarded for 10 years of experience or more. A further 10 points are awarded to applicants that have at least one year of experience in New Zealand. In total, experience categories can account for 60% of the eligibility threshold (i.e., 60 points out of 100 points to be eligible to be invited to apply for a Skilled Migrant Category Resident visa)

## **Job characteristics**

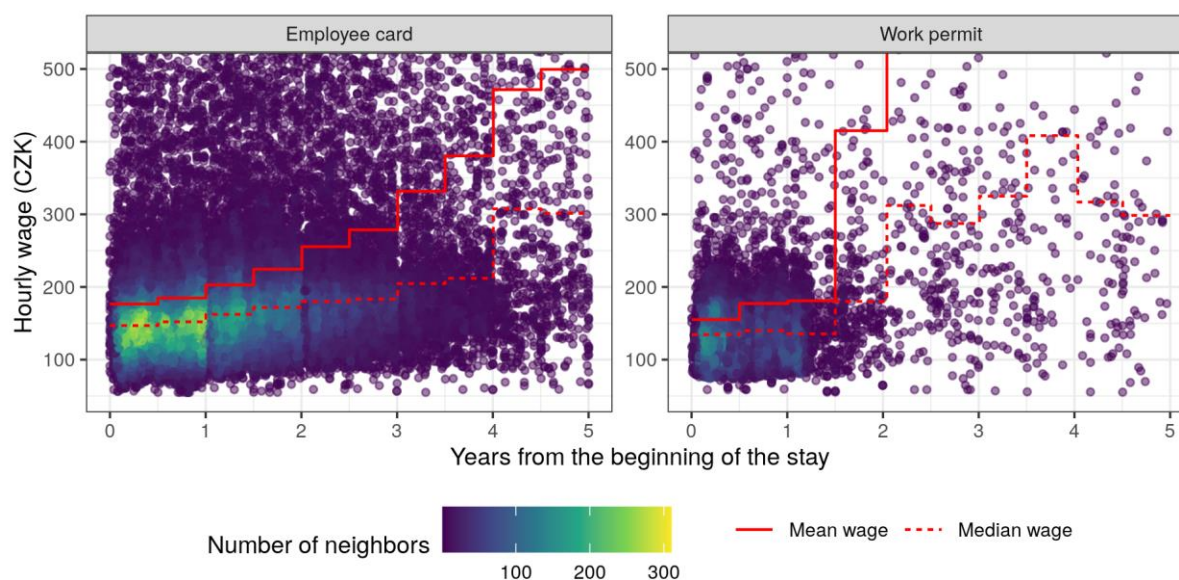
### *Salary*

Salary is a key indicator of how skilled, in-demand or productive a migrant is according to individualised assessments by employers. Salary thresholds are commonplace throughout European migration programs and provide an easily verified assessment point. Salary thresholds may also offer a pathway for highly paid workers that do not demonstrate high levels of human capital in other categories, such as those that work in the IT sector.

Matched Labour Office and ISPV data allow us to observe the correlation between job stay duration and hourly wage of third country nationals in the Czech Republic. Figure 22 shows that median as well as mean wages increase with the duration of stay in the Czech Republic. This is in the line with the observation that workers initially employed at positions requiring high skills tend to stay longer.

**Figure 22. Hourly wage and duration of employment spell**

Observations of hourly wage (CZK) by years in the Czech Republic



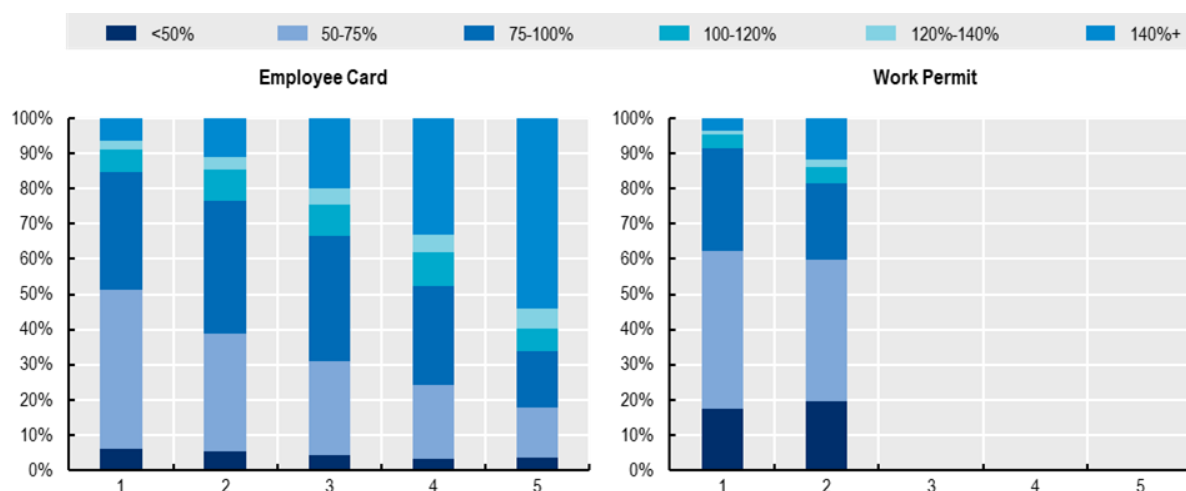
Note: Figure is based on a subsample of matched LO (stays and stays duration) and ISPV (hourly wage) data covering stays that started in 2015-2018. Observations with hourly wage below minimum wage are excluded from the sample as well as hourly wages above 3,000 CZK (~EUR 120). Mean and median wage is calculated for 6-months long periods. Higher number of neighbours indicates higher concentration of observations in the close proximity.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Further to this finding, the analysis shows that higher wages are correlated to longer duration stays of third country nationals. Migrants that earn more than the average wage in the Czech Republic represent around 15% those that stay for only a single year. This proportion steadily increases to more than 60% of migrants that stay for a duration of five years (Figure 23). Of Employee Card holders employed in the same job for five years, 54% earn more than 140% of the average wage.

**Figure 23. Hourly wage relative to the mean and duration of employment spell**

Distribution of foreign workers by earnings relative to average wage, by years of employment spell and type of permit



Note: Figure is based on a subsample of matched LO (stays and stays duration) and ISPV (hourly wage) data covering stays that started in 2015-2018. Observations with hourly wage below minimum wage are excluded from the sample as well as hourly wages above 3,000 CZK (~EUR 120). Data for work permit holders for 3rd to 5th year of the stay are not plotted due to low number of observations.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Wages for third country national in the Czech Republic increases over time and migrants with high wages are also more likely to remain. As such, the PBS will award points to migrants with above average wages to increase the likelihood that these migrants receive extended duration permits and reduce their barrier to further stay in the Czech Republic. Noting that **salary is a complex and highly individualised assessment** by an employer of a workers productivity, skill level and labour market value **this category should be weighted heavily in the PBS**.

#### *International perspectives – Salary thresholds*

Salary thresholds are a common feature of immigration programs. Salary thresholds may be determined by labour market analysis or by strategic policy goals set by the government. Determining salary thresholds for individual occupations by analysis is complex and requires significant data holdings. Salaries vary for the same occupation due to a range of factors including age, geographic location, or company size. As such strict salary thresholds may unintentionally disadvantage certain employers and migrants. Salary thresholds also need to be reviewed regularly to account for changes in the labour market, stakeholder views and government priorities.

Internationally, analysis of labour market conditions used to determine salary thresholds is usually conducted by experts from outside the immigration service, particularly when the thresholds are set at the occupation level. However, it is also common to use simpler methodologies - such as setting the

skilled migrant threshold at or above the median or average wage. These simpler approaches are often clearer for users of the program and easier to update but may exclude some highly skilled/high demand occupations with lower salaries.

A salary threshold requires verification and number of countries actively monitor payment of salaries to migrants, including through data sharing arrangements among government agencies, to ensure that any salary threshold continues to be met after the migrant arrives.

The Czech Republic already uses a number of different salary thresholds to determine eligibility for certain permits or entrance into fast track programs. This includes a high-income threshold (1.5 times the average national salary) for Blue Card applicants and a medium income threshold (1.2 times the guaranteed wage) for entry into the fast track Program for Qualified Workers (ISCO 4-8 skill level occupations).

### Australia

Since 2009, the Temporary Skilled Migration Income Threshold (TSMIT) has been used by the temporary skilled migration programs in Australia as an entry-level salary threshold to protect lower paid Australian jobs and to ensure that temporary skilled workers have reasonable means of support while in Australia. The TSMIT is currently AUD 53,900 (EUR 34 200), while the national minimum wage in Australia is around EUR 24,900 for a full time worker (38 hours a week).

Employers are required to pay migrants the equivalent of what they would pay an Australian worker (either determined by an enterprise agreement or by a comparable local worker in the same workplace). Salary thresholds are also applied to certain occupations to ensure that the migrant is actually performing a skilled role. For example, Recruitment Consultants are only eligible to apply for short-term permits (up to 2 years) if they have a salary of over EUR 51,000. It is important to note that the employers must meet the TSMIT requirement as well the annual market salary rate. In effect, this means that positions in Australia that pay below the TSMIT are not able to be filled with a temporary foreign worker, even if the salary is what would be offered to an Australian worker.

The Global Talent visa provides permanent residency for highly talented migrants in 10 target sectors. Candidates must demonstrate that they are internationally recognised, prominent in their field of expertise (e.g. through senior roles in organisations, patents, or professional awards), will have no difficulty finding employment in Australia and will attract a salary at or above the 'Fair Work' high income threshold (EUR 102 560)<sup>8</sup>.

### Denmark

One channel for labour migration in Denmark is the 'Pay limit scheme' which offers 1 month standard processing times for migrants that have been offered jobs with an annual salary above DKK 455 000 (EUR 61 170). Migrants with job offers that meet this salary threshold are not required to provide any further evidence of educational qualifications, and there is no restriction on the occupation that the migrant can undertake. The salary threshold was set according to the strategic judgement of the government as to what salary would be generally accepted for a skilled worker in Denmark. The current average annual salary in Denmark is around EUR 70 170.<sup>9</sup>

To access the pay limit scheme a company must be registered as a certified employer.

### Estonia

<sup>8</sup> The 'Fair Work' high-income threshold is determined by Australia's Fair Work Commission and is updated annually.

<sup>9</sup> The average Dane: <https://www.dst.dk/en/Statistik/nyheder-analyser-publ/Publikationer/gennemsnitsdanskeren>

Estonia also applies salary thresholds for skilled migration that are tied to average wages in Estonia published by Statistics Estonia. The average monthly wage is currently EUR 1,553.<sup>10</sup> Under the Residence Permit for Employment category, the minimum wage for top specialists is EUR 2,896 (2 times the monthly average) per month. For all other specialists, including advisors, experts and consultants, the salary threshold is EUR 1,448 per month. A threshold of EUR 1,796 (1.24 times the average wage) applies when the migrant is employed as a highly qualified specialist in certain fields, including health services, business or information and communication (as allowed by the relevant EU directive). There are some exemptions to these salary thresholds, including for skilled migrants in fields that are experiencing a labour shortage and for recent graduates of Estonian academic institutions. The base salary threshold for EU Blue Card holders is EUR 2,172 each month (1.5 times the average wage).

### Finland

Highly skilled migrants ('specialists') in Finland must have a gross monthly salary of EUR 3000. Taxable fringe benefits provided by the employer can be counted towards the specialist's salary.

Applicants for an EU Blue Card must have a gross monthly salary of at least EUR 4,929 per month. This salary threshold is reviewed annually. Potential employee benefits and daily allowances do not count as salary.

Migrants (non-specialists) that apply for a residence permit on the basis of full-time gainful employment, must have a salary at least equal to the salary specified in the relevant collective agreement. If there is no collective agreement, the gross salary must be at least EUR 1,252 per month in 2021.

### Netherlands

The Netherlands uses a salary threshold as the principal criterion for skilled workers. Salary thresholds are set above the average gross monthly income and make concessions for younger migrants. Highly skilled migrants 30 years or older must earn more than EUR 4,752 gross per month, and highly skilled migrants younger than 30 years EUR 3,484 gross per month. The EU Blue Card salary threshold is set at EUR 5,567 gross per month. The average gross month income in the Netherlands in 2020 was around EUR 5,800 per month (OECD, 2021<sup>[24]</sup>). Sponsors must be recognised employers (see below *Approved sponsors*)

### New Zealand

In July 2020 New Zealand replaced skill levels with a median wage threshold (2020: EUR 15 per hour) in the Essential Skills visa – a temporary work visa for migrants with a job offer. This new threshold determines how long a migrant can stay on an Essential Skills visa and their options to sponsor family.

Migrants that earn less than the median wage are only eligible for a two-year visa, may support their partners for visitor visas, and may support their children to apply for visitor or student visas.

Migrants that earn more than the median wage are eligible for a three-year visa, may support their partner for a work visa, and may support their children to apply for visitor or student visas.

Separately, applicants in the points based Skilled Migrant visa (permanent residence visa) are awarded an additional 20 points if the salary in their job offer meets or exceeds the High Remuneration Salary Threshold (EUR 30 an hour).

### United Kingdom

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<sup>10</sup> <https://www.stat.ee/en/find-statistics/statistics-theme/work-life/wages-and-salaries-and-labour-costs/average-monthly-gross-wages-and-salaries>

In line with advice from the UK Migration Advisory Council (MAC), the general salary threshold for the Skilled Work visa is currently set at GBP 25 600 (EUR 29 700) per annum. The MAC also undertakes labour market analysis to determine the 'going rate' (the expected standard salary) for any occupations in the United Kingdom.

Migrants coming to the UK under the Skilled Worker visa program need to be paid above either the general threshold, or the 'going rate' – whichever is higher. Some concessions to the 'going rate' salary are permitted if the migrant holds a PhD or is in a skill shortage occupation.

### Japan

In Japan's points based system, the largest points category is for salary. In the Advanced Academic Research Activities program and the Advanced Specialised Technical Activities program, applicants are awarded 40 points (70 points are needed to qualify for the program) for having an annual salary of 10 million yen (EUR 75,480). As illustrated in Table 8, points for lower salaries are only awarded to younger migrants.

The advanced specialised technical activities program requires all applicants to have a minimum salary of 3 million yen (EUR 22,650) to be eligible to apply.

**Table 8 Annual salary points allocation table - Japan**

Salary (Yen, annual)	Younger than 30	Between 30-34	Between 35 and 39	40 years or older
10 million	40	40	40	40
9 million	35	35	35	35
8 million	30	30	30	30
7 million	25	25	25	-
6 million	20	20	20	-
5 million	15	15	15	-
4 million	10	-	-	-

Source: <https://www.lb.emb-japan.go.jp/Points-Based-Immigration-Treatment.PDF>

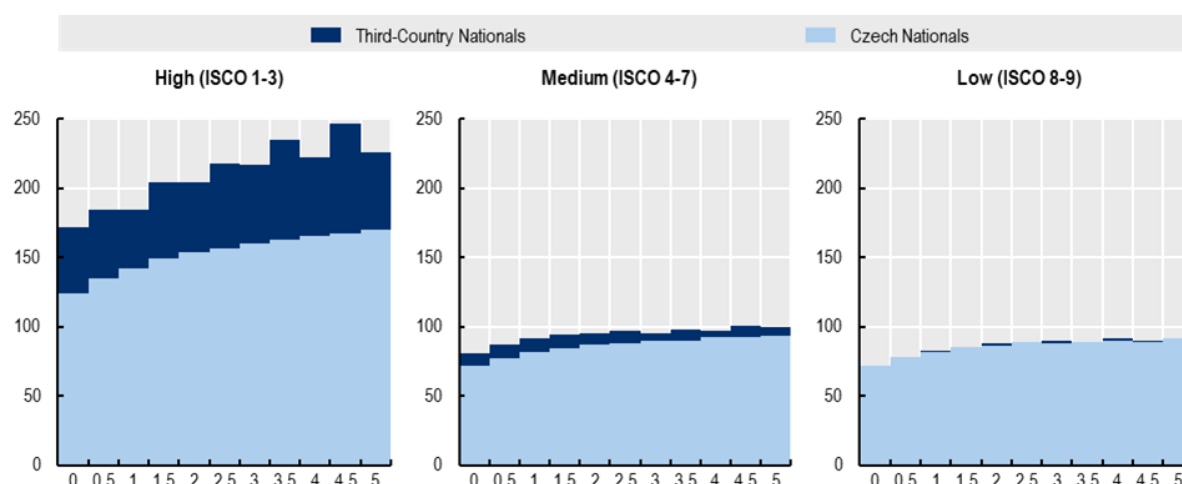
### *Occupation skill level*

Evidence from the Czech Republic shows that the starting salary of migrants is closely correlated to the skill level of their occupation – the higher the skill level the higher the salary.

The project used Czech data holdings to track wages of Czechs and migrants over time (Figure 24). Migrants in high skill occupations tend to earn higher wages relative to a similar Czech workers. This wage premium may indicate that they are highly sought after by employers. Czechs and migrants in high skilled occupations unsurprisingly start off with above-average wages, and experience strong wage growth in each subsequent year. For medium and lower skilled occupations there is only marginal wage growth in comparison, and the majority of this growth is realised within the first two years of entering the labour market for both Czechs and third country nationals.

**Figure 24. Wage by duration in employment, nationality and occupation group**

Hourly wage (% of mean wage), by duration in the Czech labour market, by nationality and occupation level

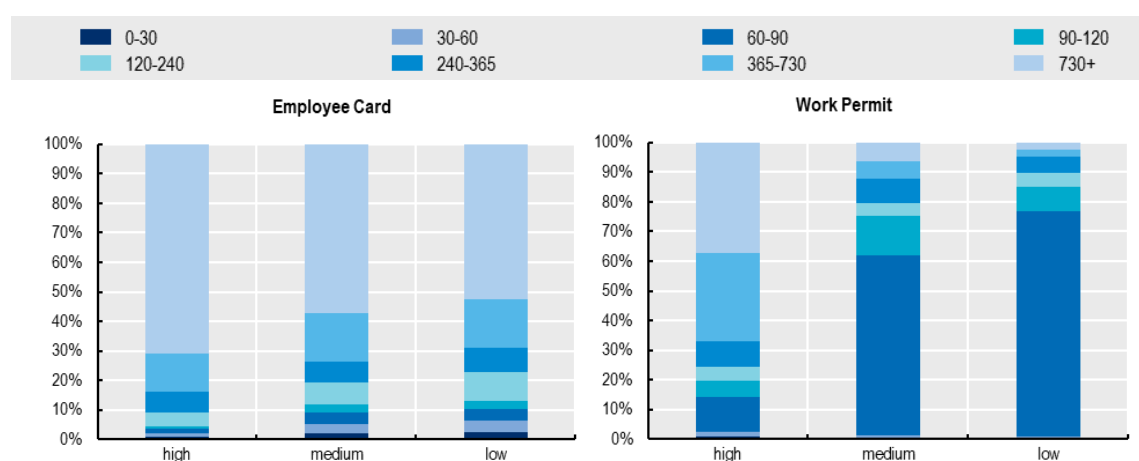


Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

To further complement these results, the analysis shows that migrants in higher skilled occupations are more likely to have longer employment spells than lower skilled migrants. Around 70% of high skilled migrants holding Employee Cards stayed for more than 2 years (Figure 25), and regression analysis shows that working in a high skilled occupation is highly correlated to remaining in the Czech Republic for longer periods.

**Figure 25. Workers who enter with higher skill occupations stay longer**

First job qualification and overall duration of the stay in the Czech Republic as of December 31st, 2020

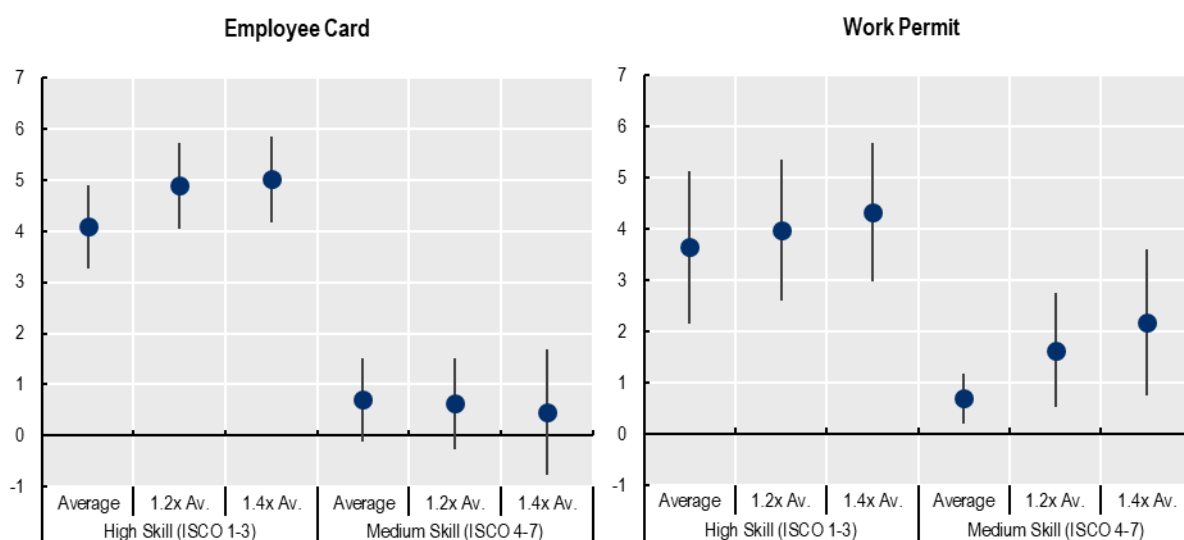


Note: Sample is limited to contracts with starting date from 1 January 2015 to 31 December 2018. Occupation by ISCO code: High (1-3), Medium (4-8) and Low (9).

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Migrants in higher skilled occupations are also more likely to achieve labour market integration. An analysis of available data shows that migrants in high skill occupations are more likely to achieve above-average wages in the Czech Republic (Figure 26).

**Figure 26. Success in reaching average wage, Occupation skill level**



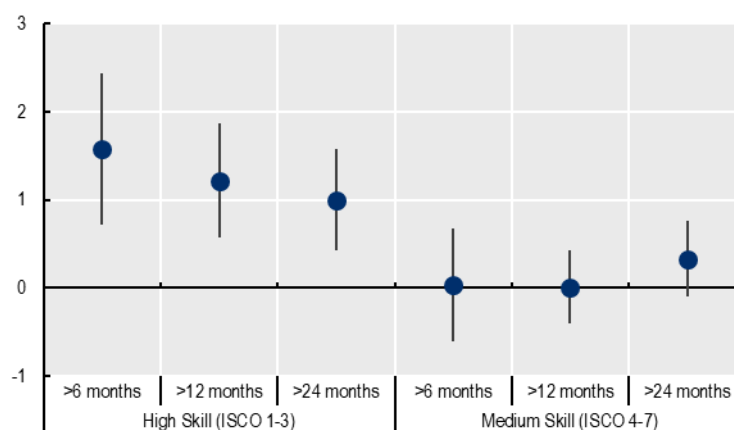
Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  from logistic regression  $WS_i = \gamma S_i + \rho A_i + \beta X_i + \varepsilon_i$ , where  $WS$  is an indicator variable for reaching average hourly wage, 120% or 140% of average hourly wage within the employment spell;  $S$  is a occupation skill level and  $A$  is age category at the beginning of the employment spell;  $X$  is a vector of fixed effects (employer FE, year FE, gender), and  $\varepsilon$  is an error term. Standard errors are clustered by employer. Regression is estimated using matched LO and ISPV data limited to stays below six years and hourly wage below 3,000 CZK. Low skilled jobs and age group below 25 are reference categories.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Further, our regression analysis shows that higher occupation skill level is associated with a longer duration of stay in the Czech labour force for third country nationals (Figure 27). The same effect is not found for medium-skill workers.

**Figure 27. Likelihood of staying beyond 6, 12 and 18 months, by occupation skill level**

Coefficient and 95% confidence interval, duration of stay in the labour force



Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  from logistic regression  $WS_i = \gamma S_i + \rho A_i + \beta X_i + \varepsilon_i$ , where  $WS$  is an indicator variable for reaching employment spell longer than 6, 12, and 24 months;  $S$  is a occupation skill level and  $A$  is age category at the beginning of the employment spell;  $X$  is a vector of fixed effects (employer FE, year FE, gender), and  $\varepsilon$  is an error term. Standard errors are clustered by employer. Regressions are estimated using matched LO and ISPV data limited to stays below six years and hourly wage below 3,000 CZK. Low skilled jobs and age group below 25 are reference categories.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

Higher skill level occupations are clearly associated with higher wages, better labour market integration and longer duration stays. On this basis, it is recommended that the **skill level of an occupation be heavily weighted** in the PBS.

## Strategic alignment

### Czech Qualifications

Providing bonus points for Czech qualifications will boost the attractiveness of Czech institutions recruiting international students, and better retain international graduates – a valuable source of skilled migrants (Box 5). The Czech National Agency for International Education and Research has indicated strong support for this category to assist in their recruitment activities. Recent evidence from Canada indicates that qualifications earned in-country provide benefits to the migrants over the long term (Crossman and Hou, 2022<sup>[25]</sup>).

The analysis shows that tertiary educated Czechs have an advantage in earning power over tertiary educated migrants (see Figure 16 above). This may indicate that Czech issued qualifications are more highly valued by employers than other qualifications issued by other countries. Indeed, a survey conducted by the Czech National Agency for International Education and Research (DZS) found that 90% of international graduates reported that studying in the Czech Republic contributed to improving their career. Around 80% of graduates reported that it was either easy or very easy to find a job (DZS (Czech National Agency for International Education and Research), 2022<sup>[26]</sup>).

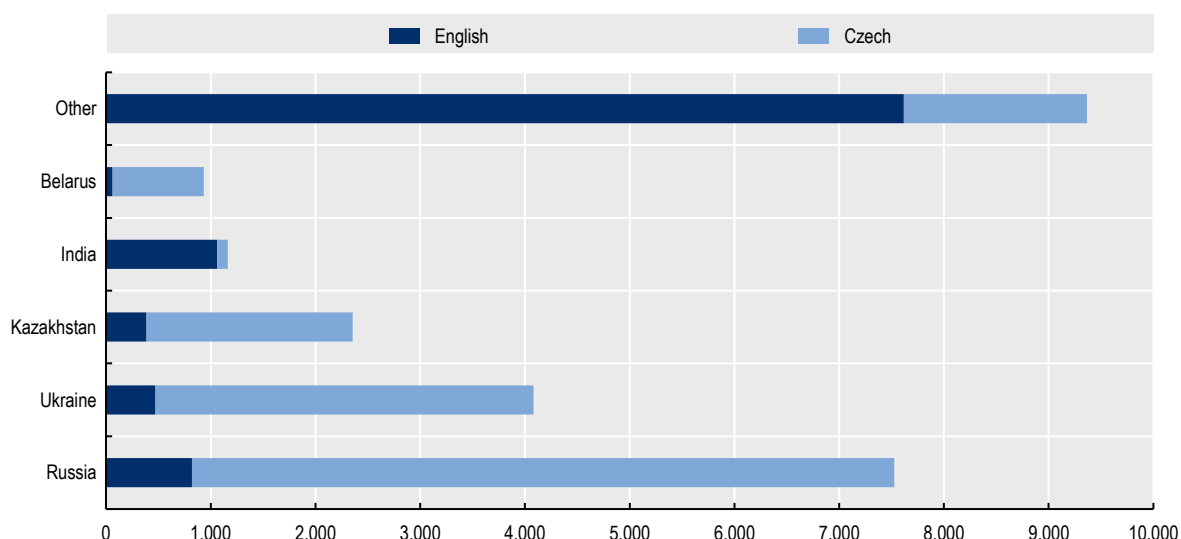
There also strong growth in the number of international students in the Czech Republic, and DZS has adopted a number of future focused strategies to grow the number and quality of international students studying in Czech institutions. The share of foreign students rose from 9% to 13% of enrolment between 2013 and 2017 (OECD, 2019<sup>[27]</sup>). In 2019, more than 80% of foreign students were from Europe, and the largest international student group comprised nationals of Slovakia. However, the volume of third

country national international students is growing. In 2019, more than 14 000 permits were issued to third country nationals who were coming to the Czech Republic to study – 19% more than in 2018, and more than double the figure of 2014<sup>11</sup>.

The Czech Republic does not charge tuition to international students who study in Czech-language programmes, while it charges fees to those studying in English-language programmes. This is a strong incentive to enrol in Czech programmes, or to transfer from English-language to Czech-language programmes. The benefits to the migrant for studying in the Czech language is clear – tuition is free and there is greater likelihood of finding employment in the Czech Republic after graduation. To be eligible to study at the tertiary level requires the student to have at least at B1 level of Czech, though some course may require a higher language level.<sup>12</sup> This is higher than the level required for permanent residency, which is set at A2. There is very strong uptake of Czech based courses among the international students from four of the top five non-EU source countries (Figure 28).

**Figure 28. International Students from Eastern Neighbours tend to study in Czech language**

Language of course by nationality of student, international students in the Czech Republic, top five nationalities for non-EU international students and other (excluding Slovak nationals), 2020



Note: Extrapolation from survey respondents (N=8 400) to general student population (46 500). Excludes Slovak nationals, who comprise 45% of total enrolment and are assumed to almost all study in Czech language.

Source: OECD elaboration using data from (Kudrnáčová et al., 2020<sup>[28]</sup>)

Despite the free education that is provided to international students that study in Czech and their valuable Czech language skills, pathways to retain these skilled workers are limited. The Czech Republic was relatively late among European countries to introduce a post-graduation job-search extension. Until 2018, there was no such extension. A 9-month post-graduation extension for third-country nationals was introduced in 2018, to satisfy the minimum requirements of the recast EU Directive on Students and Researchers.

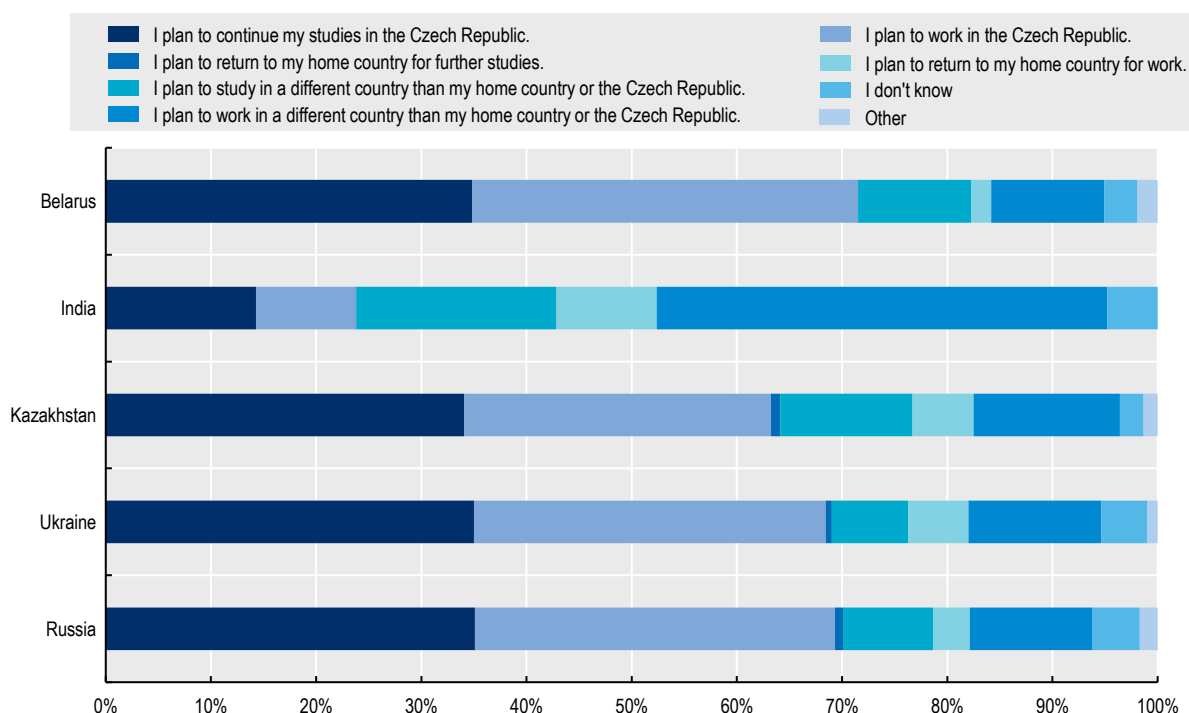
<sup>11</sup> EUROSTAT, First permits issued for education reasons by reason, length of validity and citizenship

<sup>12</sup> <https://cuni.cz/UKEN-1161.html>

Yet, of the top five nationalities for non-EU international students in the Czech Republic that study tertiary degrees in Czech, there is a strong propensity to want to remain in the Czech Republic, either for study or work, after graduation (Figure 29).

**Figure 29. Most non-EU international students plan to remain in the Czech Republic after graduation**

Post-graduation intentions of international students in the Czech Republic, top five nationalities for non-EU international students



Source: results from DZS Survey among international alumni of Czech universities 2020 (Kudrnáčová et al., 2020<sup>[28]</sup>)

**International graduates** with Czech language skills have the highest potential out of all sources of skilled migration to the Czech Republic. They are young, primed for success in the labour market and well placed for deep social integration. The Czech Republic should consider this group a **high priority target group for retention efforts**. Providing additional points for Czech qualifications and Czech language in the PBS establishes an approach to retain these international graduates over the long term and supports the student attraction efforts of the Czech National Agency for International Education and Research (DZS).

### Box 5. International Students and Skilled Migration

International Student graduates are a valuable source of high skilled migration: they often speak the national language and hold recognised qualifications. Many have links with potential employers due to internships and part-time work undertaken during studies - giving them a valuable head start integrating into the domestic labour market. In the longer term, these international students are also likely to contribute to innovation and economic performance (OECD, 2021<sup>[15]</sup>). The competition for international students is fierce and many education institutions are actively recruiting abroad. The number of international and foreign tertiary students grew globally on average 4.8% per year between 1998 and 2018 (OECD, 2021<sup>[15]</sup>).

In 2020 there was an estimated 400 000 international students enrolled at higher education institutions in Germany. However, retaining international students after graduation is as important as attracting them. Germany has been increasing its attractiveness by opening the labour market to students and graduates. Third country nationals can work for 120 full days or 240 half-days while studying and they may remain and work in Germany for up to 18 months after graduation with the possibility to apply for further residence, in line with EU directives. In 2018, 49% of all foreign students worked alongside their studies and almost 56% of former international students who had held a residence title for study purposes between 2005 and 2012 had stayed in Germany (Hoffmeyer-Zlotnik and Grote, 2019<sup>[16]</sup>). In 2018, Germany was ranked fourth OECD destination for international students with 6% of the global education market share, after the USA, Australia and the UK (OECD, 2021<sup>[15]</sup>), making it the top choice among countries where the official language is not English.

In Germany, insufficient knowledge of German constitutes an important challenge to labour market integration for international graduates (Hoffmeyer-Zlotnik and Grote, 2019<sup>[16]</sup>). Work during studies is key for language acquisition and establishing contact with employers and 'tends to have positive labour market effects' if related to the field of study (OECD, 2014<sup>[17]</sup>).

International graduates can fill demand in the labour market that cannot be met by local workers, and have the advantage of being immediately available when compared to migrants outside the territory. According to a survey by McKinsey and Stifterverband for the Hochschul-BildungsReport 2020, 50% of companies in Germany are already dependent on foreign graduates to meet their skilled labour needs and two-thirds of employers expect labour shortages to grow (Stifterverband, 2015<sup>[18]</sup>).

International graduates also have the advantage of already being in the host country, have local language skills and recognised qualifications – which simplifies the recruitment process for employers. Additionally, international graduates are often qualified in fields that are in high demand, such as IT or engineering (Hoffmeyer-Zlotnik and Grote, 2019<sup>[16]</sup>). In the winter semester of 2019-2020, more than one third of international students in Germany studied engineering.

Large employers increasingly recruit highly qualified international staff from two thirds of southern German higher education institutes, many medium-sized companies have become active in this field as well (Hoffmeyer-Zlotnik and Grote, 2019<sup>[16]</sup>). Positions filled by international graduates are exempt from the labour market test – further incentivising employers to recruit them.

Source: <https://www.daad.de/de/der-daad/was-wir-tun/zahlen-und-fakten/mobilitaet-auslaendischer-studierender/>

### *Strategic occupations*

The PBS could also include additional points for occupations that align with broader strategic economic aims of the Czech Republic. However, there is currently no reliable data based methodology for

producing such a list of occupations. KOMPAS is a model that forecasts demand for, and supply of, skills in a five-year horizon. It then matches the predicted supply and demand to determine whether there is an excess demand or excess supply of workers with a certain type of education. However, the KOMPAS output is difficult to transpose into a format that would be easy to administer in an immigration program (e.g. CZ-ISCO codes).

Shortage occupation lists can be determined through labour market analysis, often by experts that are independent of the immigration service, such as the Migration Advisory Committee in the UK or the National Skills Commission in Australia (Box 6). Occupation lists that define which occupations are eligible for skilled migration require both in-depth data analysis and extensive consultation with relevant stakeholders. The analysis of labour shortages in a country are usually a compound of a number of indicators. Data sets that contribute to this analysis may include: reliance of an occupation or sector on temporary visa holders, inflows of new workers from education and training, employment growth projections, vacancy trends, movements in salary for an occupation or modelling based on the age of incumbent workers in an industry or profession.

Occupation lists can also be developed to align with the by the strategic aims of government. Such lists may identify high value occupations in strategic sectors for exemption from labour market testing, priority processing other benefits. These kinds of lists have been used most recently in the COVID-19 pandemic to prioritise the recruitment of health workers. The Czech Republic may wish to pursue this option. If so, MOLSA could work with the Ministry of Industry and Trade and CzechInvest to identify occupations that would support their strategic investment and development aims. A summary of occupation lists in selected countries and their function can be found in Table 9.

**Table 9. Occupation lists in selected countries**

Country	Occupation List	Number of occupations	Determining authority	Exempted from LMT	Other Treatment
United Kingdom	Shortage Occupations	30	Migration Advisory Committee	N/A	Occupations on the list can be paid 80% of the job's usual 'going rate' to qualify for a Skilled Worker visa.
	Healthcare and Education	15			Occupations on the list can qualify at the lowest salary threshold GBP 20,480 (approx. EUR 24,500)
Denmark	The Positive List for People with a Higher Education	41	Danish Agency for International Recruitment and Integration (SIRI)	No	Eligible for long term permits (up to five years)
	The Positive List for Skilled Work	47		No	
New Zealand	Long term skill shortage list	68	Ministry of Business, Innovation and Employment	<b>Yes</b>	Eligible for long term and permanent migration. LMT exemption applies if salary is at least the median wage
	Regional skill shortage list	Approx. 42 for each of the 15 regions		<b>Yes</b>	LMT exemption applies if salary is at least the median wage
	Construction and Infrastructure skill shortage list	40		<b>Yes</b>	LMT exemption applies if salary is at least the median wage

Australia	Priority Migration Skilled Occupation List	44	National Skills Commission	No	Priority processing of applications
	Medium and Long-term Strategic Skills List	212		No	Eligible for long term and permanent migration
	Short-term Skilled Occupation List	215		No	Eligible for short term migration
	Regional Occupation List	77		No	Eligible for long term and permanent migration in regional areas
Canada	Eligible Occupations for the Federal Skilled Worker Program	347	Immigration, Refugees and Citizenship Canada	No	Eligible for long term and permanent migration
Poland	<i>Occupations identified in relevant legislation</i>	200~	Ministry of Family and Social Policy	<b>Yes</b>	-

Source: OECD research

## Box 6. Independent Advisory Committees and occupation lists

### The Migration Advisory Committee (MAC)

The Migration Advisory Committee (MAC) is an independent body sponsored by the UK Home Office. It was established in 2007 to provide ‘transparent, independent and evidence-based advice’. The original mandate for the MAC was to develop an evidence based list of occupations that would be exempt from labour market testing. The Committee consists of a chair and four other independent members appointed by the Office of the Commissioner for Public Appointments (OCPA), as well as of representation of the Home Office. The MAC is responsible for reviewing Shortage Occupation Lists and determining ‘going rates’ – standard salaries - for occupations.

The MAC responds to commissions from the Home Secretary by publishing data tables, research papers and annual reports. The process of publishing reports involves a call for evidence from the public, industry or representative bodies, stakeholder consultations; data gathering; analysis and modelling; and sometimes also contracting third parties. Apart from using government datasets, discussions with stakeholders are one of the key methods of obtaining data.

The MAC represents a cost to MAC annual funding in 2018-19 was EUR 1.67 million and around EUR 1.2 million in 2019-20. The remit of the Committee has gradually expanded and the MAC is now allowed to set its own agenda apart from responding to commissions from the Home Secretary.

### National Skills Commission

The National Skills Commission (NSC) in Australia is an advisory body sponsored by the Department of Education, Skills and Employment (DESE). It was established in July 2020 following a recommendation of the Expert Review of Australia’s Vocational Education and Training System and submissions, workshops, and roundtables. The Commission has three main areas of focus, namely: collecting labour market information, improving the Vocational Education and Training (VET) system and matching the demand for skills on the labour market with relevant training and education. The NSC obtains data through surveys of employers and labour market research and processes it through its own data engine – the Jobs and Education Data Infrastructure (JEDI) project. The 2020 Australian Government Budget confirmed a commitment of AUD 141.1 million over five years from 2019-20.

The NSC is led by a National Skills Commissioner who is appointed by the Minister for Employment, Workforce, Skills, Small and Family Business for a five-year period, and who oversees the work of around 150 members of staff. The NSC’s work includes sharing data on vacancies through the Internet Vacancies Index, publishing a monthly Recruitment Insights Report based on the Recruitment Experiences and Outlook Survey, and developing the Australian Skills Classification framework to improve skills transferability and unify skills assessments. The National Skills Commission provides the analysis required to develop the occupation lists used in Australia’s immigration programs, as part of its larger remit to provide advice to government about the skills needs of the Australian economy.

Source: <https://www.nationalskillscommission.gov.au>; <https://www.gov.uk/government/organisations/migration-advisory-committee>

### *International Perspective – occupation lists*

Occupation lists can be used in a variety of ways, including: restricting the eligibility of an immigration program; differentiating skill shortages between regions; awarding points or benefits (such as priority processing), defining shortage occupations or in strategic sectors; providing concessions or exemptions to salary thresholds; determining the length of stay; or providing an exemption from labour market

testing. A benefit advantage of an occupation list is that it creates a link between the selection of the migrant, the vacancy in a firm and the needs of the economy or the strategic intent of the immigration program.

Shortage occupation lists can be determined through labour market analysis, often by experts that are independent of the immigration service, such as the Migration Advisory Committee in the UK or the National Skills Commission in Australia. Occupation lists that define which occupations are eligible for skilled migration require both in-depth data analysis and extensive consultation with relevant stakeholders (Box 7). The analysis of labour shortages in a country are usually a compound of a number of indicators. Data sets that contribute to this analysis may include: reliance of an occupation or sector on temporary visa holders, inflows of new workers from education and training, employment growth projections, vacancy trends, movements in salary for an occupation or modelling based on the age of incumbent workers in an industry or profession.

Occupation lists can also be determined by the strategic judgement of government decision makers. Such lists may identify high value occupations in strategic sectors for exemption from labour market testing, priority processing other benefits. These kinds of lists have been used most recently in the COVID-19 pandemic to prioritise the recruitment of health workers.

### Box 7. Australia – Public commentary on occupation lists

Demand for occupations differs depending on the region, employers, and sectors and over time, making it difficult to establish exhaustive lists that cover all occupations that are in demand in the labour market at any given time. Australia has established a number of purpose specific lists, including short-term migration, medium or long-term migration, and regional migration. Establishing multiple evidence based lists also requires substantial data resources with a high degree of granularity to ensure they accurately reflect labour market demand.

In February 2021, Australia's Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs referred an inquiry into Australia's skilled migration program to the Joint Standing Committee on Migration (JSCoM). Subsequently, the Committee invited submissions on the current skilled migration policy settings from the public. A number of these submissions have criticised the occupation lists as being too complex and confusing.

According to the Committee for Economic Development of Australia (CEDA), one issue with occupation lists is that they only reflect already existing shortages in the economy and do not respond quickly to emerging shortages and occupations. The slow speed of updating occupation codes to reflect labour market needs 'hinders the ability to leverage the rapid digitalisation undertaken by many businesses during COVID'.

The Grattan Institute, a leading think tank in Australia, recommended that the government consider abolishing occupation lists for points-tested visas as most skill shortages are temporary, and longer-term skill shortages are better addressed by education and training rather than migration. In a points-based system, where workers are already obliged to demonstrate their human capital potential and contribution to the host economy, shortage occupation lists can overcomplicate the application process for all sides. The Grattan Institution recommended that employer sponsorship should be available for workers in all occupations with an offer of a high-wage job (EUR 51,805).

In August 2021, the JSCoM recommended combining the short-term skilled occupation list and the medium and long-term strategic skills list into a single list and to provide all employer sponsored migrants with a pathway to permanent residence, regardless of occupation.

The Australian Government has not yet responded to the recommendations of the JSCOM inquiry into Australia's Migration Program

Source: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Migration/SkilledMigrationProgram/Report\\_2](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Migration/SkilledMigrationProgram/Report_2)

## The Output of the Czech PBS

The PBS points grid and categories attribute a score that indicates the likelihood of long-term labour market integration. This score is a tool that enables the identification of different groups of migrants for different policy treatments. PBS in other countries are currently used to determine eligibility for standard permit, prioritise applications, or to determine better permit conditions. While the Czech Republic committed to developing the PBS in 2019, the exact function of the PBS was not a subject of consideration. How the PBS delivers the strategic outcome of skilled migrant attraction, selection and retention is a fundamental question.

Once they have been ranked according to characteristics, what are the policy treatments for different groups of migrants? A number of options have been considered including priority processing, eligibility for immediate permanent residence, increasing the requirements for eligibility to migrate, improved family reunification and extended duration permits.

Identifying high value migrants for priority processing is possible under a PBS. However, the PBS would only identify who could be processed *first* and could not ensure *rapid* processing. Rapid processing is more likely to be achieved by through risk identification and management and may be an outcome of other policy initiatives, such as a recognized employer program. Additionally, as administrative efficiency increases (through digitization, automation, better risk assessment, more staffing, etc.) the priority processing indication provided through a PBS may lose utility. If all applications are processed in a timely manner, priority processing offers only a marginal benefit.

In countries with immediate permanent residency determined by a points-based test (Australia, Canada and New Zealand), there are significant independent skills testing and verification infrastructure, including foreign qualification recognition. The Czech Republic does not currently have an equivalent process to verify foreign qualifications and migrant skills. This presents a significant hurdle to implementation to an immediate permanent residence PBS model in the PBS and is outside of the project to address. Further, there have been no calls from Czech partners to establish a direct-to-permanent-residence immigration pathway.

Increasing the requirements for eligibility for a work permit is not being currently considered as the Czech Republic is facing labour shortages across the skills spectrum. Unemployment is persistently low. Labour shortages for highly educated workers are forecast to increase in the medium and long term. The PBS is a sophisticated tool to better select migrants that will have positive labour market integration outcomes. Restricting eligibility of low skilled and low educated workers for migration would likely be better achieved through simple salary thresholds. However, this would not have any positive effects on attracting or retaining skilled migrants.

There is very little difference in the permits available to economic migrants of differing skill, salary and education levels in the Czech Republic. All permits are capped at a two-year maximum duration and there are significant delays to family reunification. There are limited advantages for the Blue Card – primarily improved family reunification conditions and intra-EU mobility. Permit duration and family reunification are the major policy gaps that should be addressed by the PBS. Both duration and family reunification are important factors in talent attraction and retention. They determine how stable a migrant will be, the confidence they will have to establish themselves permanently, bring accompanying family, commit to educating their children in the host country, and devote their energies to learning the host country language. They also provide employers with certainty that they will be able to continue to invest in the migrant employee, after what is often a difficult and expensive process of international recruitment. Permit conditions are significantly worse than the conditions of neighboring countries and

affect the Czech Republic's competitive standing in the region. This is where the PBS can make a difference.

Stakeholders in the Czech Republic have suggested that the PBS be primarily used to improve processing times. However, the PBS would only have limited utility as a priority processing framework in a vacancy-driven system. The primary efficiency gain from using a PBS in other countries comes from its pairing with an EOI pool, where migrants with lower scores are not invited to apply for a permit and therefore do not have an impact on processing resources. However, the Czech Republic is committed to maintaining the vacancy-driven system and job offers will continue to be mandatory for all economic migrants. It would be difficult to justify to employers why the arrival of a migrant in demonstrated *immediate* demand has been delayed due to receiving a low score in the PBS (based on indicators of labour market success in the *long-term*). Many large employers in the Czech Republic are recruiting a high volume of workers in medium and lower skilled positions who are not likely to be competitive in terms of human capital through the PBS. There are other policy tools better suited to reduce processing times, including recognised employer programs, digitisation and labour market test exemptions.

## Duration

The Czech Republic should focus on identifying and retaining migrants that are more likely to contribute to national prosperity over the long term and provide these migrants with extended duration permits. This includes highly educated, highly skilled, and younger migrants that have high potential for labour market and social integration and greater fiscal contributions over the long term. All labour migrants currently eligible to receive an Employee Card would continue to be eligible for at least the conditions to which they are currently entitled.

Analysis of the labour market has revealed persistent labour market shortages, low employment, high workforce participation, and an anticipated increase in demand for educated workers (see Forecasts of demand for skills). Extensive consultation in the Czech Republic has revealed challenges by employers to fill ongoing vacancies and an increasing propensity to look beyond the EU for skilled workers.

Despite the forecast demand and feedback from employers, the current permit conditions in the Czech Republic do not reflect the expected needs of the labour market. As noted, duration of periods of stay for third country nationals is capped by legislation at two years, labour market testing is conducted for each renewal of the work permit, and family reunification is delayed.

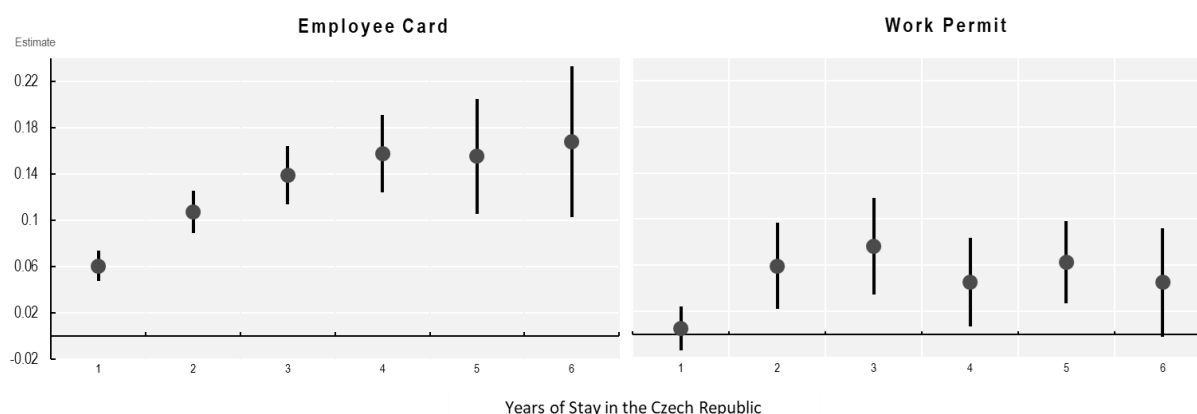
The Czech Republic currently has very few policy barriers to the entry of migrants. Migrants must only meet the requirement to have a confirmed job offer that pays at least the minimum wage. There are no skill or qualification requirements for the flagship economic migration program – the Employee Card. While there are many areas of administration that could be improved, including processing arrangements, risk triage and digitization there are clear opportunities to establish differentiated policy treatments based on the skill level, salary and human capital of migrants.

An initial long-term stay permit of at least five years would create a link between a highly skilled migrant's temporary stay and the potential for them to remain permanently. This approach, with a 'provisional' initial stay followed by potential permanent residency mitigates the risk of selecting unsuitable migrants. Temporary migrants that do not integrate into the labour market (i.e., do not maintain employment) would be expected to depart. Similarly, migrants that do not integrate into Czech society (e.g., do not meet the language requirement for permanent residency) would be expected to extend their temporary stay or depart.

Evidence shows that the longer labour migrants stay, the more productive they are. Migrant wages increase over time in the Czech Republic, relative to their first year of stay. Figure 30 shows the results

of regression analyses which indicate that migrants are likely to already reach their full earning potential by the fifth year of stay. The steady increase in wages over time indicate that migrants gain skills and experience that are valuable to Czech employers.

**Figure 30. Wage growth over time, Employee Card and Work Permit**



Note: Figure depicts 95% confidence intervals and estimates of regression coefficients  $\gamma$  from regression  $\log(w_{i,y}) = \gamma d_i + \beta X + \epsilon_{i,y}$ , where  $w$  is hourly wage of foreign worker  $i$  in year  $y$ ;  $d$  is duration of job stay in the Czech Republic,  $X$  is a vector of fixed effects (employer FE, year FE, ISCO cat. 1 FE, age category FE, gender, citizenship FE), and  $\epsilon$  is an error term. Standard errors are clustered by individual and employer. Regression is estimated using matched LO and ISPV data limited to stays below six years and hourly wage below 3,000 CZK ( $n = 170,167$ ). Stays shorter than one year are a reference category.

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs

The Czech Republic is seeking to attract and retain skilled migrants. While many factors of talent attractiveness are not related to immigration policy, the duration of permits sets clear boundaries on who is expected and encouraged to remain long term and who is expected to depart after a short stay. Longer duration permits will send a clear signal to employers and potential migrants that the Czech Republic welcomes highly skilled migration. Increasing permit duration It would also remove artificial 'decision points' where a highly skilled migrant may consider migrating elsewhere rather than undergo a permit renewal process, e.g. leveraging their experience in the Czech Republic to migrate to Germany.

Longer duration permits provide confidence to employers that they will be able to fill vacancies permanently, without having to go through additional administrative processes to renew the work permits of highly qualified workers. Longer periods of stay, streamlined renewal processes and pathways to permanent residency present highly skilled migrants with lower barriers to remain and may improve retention. Any migrant who leaves their employer, or whose employment is terminated, will remain subject to the existing deadline to find a new employer or to depart the country (60 days for Employee Cards and 90 days for Blue Cards).

A **five-year permit** will create a direct link between the initial temporary stay and the potential to meet the requirements for permanent residence for highly skilled migrants. This extended duration permit will maximise the potential returns to the Czech economy by taking advantage of salary increases and labour market integration of highly skilled migrants. **Three-year permits** will remove some barriers for high-potential migrants to remain and contribute to the Czech economy over the medium term. In both cases, extended duration permits also provide greater confidence to employers that they will be able to retain their skilled workers.

Importantly, the **permit duration would not be determined by the contract length** between the employer and the migrant. The permit duration would be solely determined by the verified points score

through the PBS. The migrant, however, would be required to maintain legal employment for the duration of their temporary stay in the Czech Republic, as per current arrangements.

### *International perspective – Permit duration*

Generally in economic migration the most highly skilled migrants are offered the longest period of stay (including permanent residence) and shorter periods are provided to medium and low skilled migrants. Longer periods of stay, streamlined renewal processes and pathways to permanent residency present highly skilled migrants with lower barriers to remain and may improve retention. These conditions also improve the competitive position against countries with similar economic and social conditions and support migrant attraction efforts.

Migrants that have successfully integrated into the labour market, by maintaining employment for long periods or by having their contracts renewed by the sponsoring employer, are a valuable resource – they have a greater likelihood of achieving functional language skills and connections to local communities, and are likely to require less training than a ‘new’ migrant.

The benefit of longer periods of stay are not just accrued by migrants and their employers – longer stay periods can also have a significant administrative benefits. By increasing the length of stay for highly skilled migrants that are likely to be successful in the labour market, the immigration administration reduces the number of work permit renewal applications that these migrants submit for processing before they gain permanent status or depart the country. Immigration programs with high volume, high growth caseloads, with relatively short term stay periods for migrants filling persistent labour shortages may lead to backlogs and delayed processing times.

Shorter permit durations and more frequent labour market testing may also lead to poor retention of skilled migrants. It takes the migrant about the same effort to file a renewal application in the Czech Republic as it does to file an application for a first residence permit in a number of European countries. Migrants who have gained valuable experience in the Czech Republic may choose onward migration to other western European nations rather than submit an application to renew their permit in the Czech Republic.

Highly skilled migrants are likely to have a choice of where they migrate, and may consider economic circumstances, career opportunities, and social conditions. How long a migrant is able to stay in the target may be one of the key factors in their final decision-making, and the offer of a long-term permit may enhance the attractiveness of the country.

Australia, New Zealand, and Canada offer direct permanent residence for highly skilled migrants. Additionally, there are programs in these countries that are designed to allow qualified temporary migrants to remain for extended periods or transition to permanent residence.

To reduce barriers to further stay, with the aim of increasing the retention of skilled migrants, many countries match the duration of the first temporary stay to the residence requirement for permanent residence. The United Kingdom, Denmark, Germany, the Netherlands, and Japan offer long stay visas (between 4 to 5 years) and with the option to apply for permanent residence during or at the end of this initial temporary stay.

Japan also offers a fast track to permanent residency for migrants that are selected for economic migration through a points based system. This allows highly skilled migrants to transition to permanent residency after three years in Japan instead of the usual five years.

Germany offers periods of four years for highly skilled migrants through a work permit for qualified professionals and the EU Blue Card. EU Blue Card holders, which are subject to salary requirements, are eligible to for earlier access to permanent residence. EU Blue Card holders can apply for permanent

residence after 33 months, or 21 months if the migrant has language skills of at least B1 under the CEF. Qualified professionals are eligible to apply after 48 months.

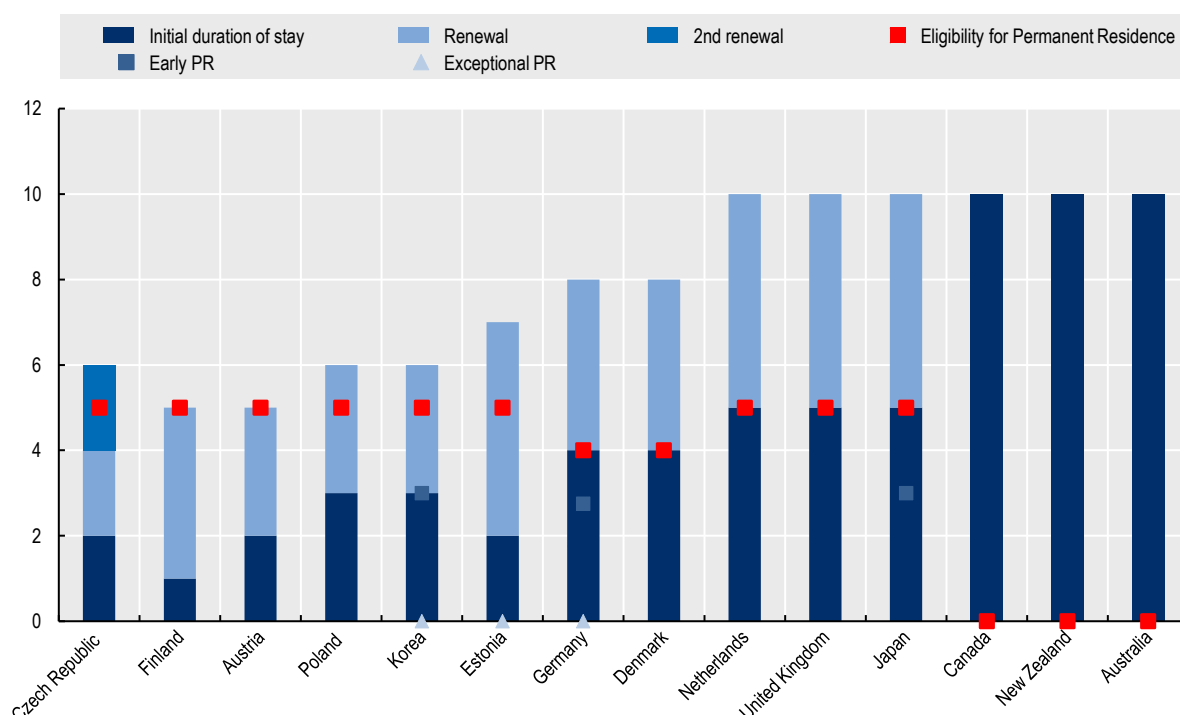
Some other countries reserve the opportunity to apply for permanent residence until the migrant has undergone at least one permit renewal process in the host country. While Finland's initial stay period is only one year (for both high skilled and lower skilled workers), the period of stay available at renewal after this initial year is four years and provides a clear opportunity for these migrants to meet the requirements for permanent residence (five years). Poland provides initial stays of up to three years for highly qualified professionals. The basic requirements are that the migrant have five years of experience, relevant qualifications and have a salary of at least 1.5 times the national average annual wage. Similar to Finland, these temporary skilled migrants become eligible to apply for permanent residence only after they have undergone at least one permit renewal process.

As noted, the Czech Republic has limited differentiation between permits in terms of length of stay. Both the Blue Card and the Employee Card both have a maximum duration of two years. Highly skilled migrants are likely to seek a country that provides stability and security over the medium to long term, and the period of stay offered to migrants may affect its overall attractiveness – particularly when the economic and social conditions are comparable. Near neighbours of the Czech Republic all offer more competitive durations of stay for highly skilled migrants (Austria: two year initial stay with three year renewal, Poland: three years, Germany: four years)

Figure 31 shows the relationship between initial permit duration, renewal periods and eligibility for permanent residence. Among selected countries, the Czech Republic is the only country that requires highly skilled migrants to hold (at least) three temporary work permits before they are eligible to apply for permanent residence.

**Figure 31. Duration of initial permit and eligibility for permanent residence, selected countries**

Maximum permit duration, initial and renewals, and first possible eligibility for permanent residence



Source: OECD analysis

A more detailed comparison of initial periods of stay and renewal durations can be found in Table 10. Most countries included in the table offer longer permits and faster eligibility for permanent residence.

**Table 10. Permit Conditions by Country**

Country	Maximum duration of initial stay	Duration of stay on renewal	Period of residence required for permanent residency	Spouse work rights	Salary threshold
Czech Republic	2 years	2 years	5 years	<b>Blue Card:</b> available immediately <b>Employee Card:</b> available on separate authorisation, after granted residence	<b>Blue Card:</b> 1.5 times the average annual wage <b>Employee Card:</b> wage must be equivalent to Czech worker in the same position.
Germany	4 years	N/A	<b>Blue Card:</b> 33 months; 21 months if migrant has B1 German <b>Highly qualified professionals:</b> 4 years	immediate, no labour market test	Blue Card: EUR 56 800. EUR 44 304 for workers in the fields of mathematics, computer science, the natural sciences, engineering and human medicine.
Poland	3 years	3 years	5 years	Permitted on temporary residence permit for family reunification, no labour market test	150% of the national average annual wage
Netherlands	5 years	5 years	5 years	immediate, no labour market test	Gross monthly income for highly skilled migrants: EUR 4 752; Under 30 years: EUR 3 484.
Denmark	4 years	4 years	4 years	immediate, no labour market test	DKK 445,000
Finland	1 year	4 years	4 years	immediate, no labour market test	Gross salary (2021) must be at least EUR 1 252 per month, EUR 3 000 for specialists, EUR 4 929 for Blue Card holders.
Estonia	2 years; permanent for PhD holders	5 years	5 years, some exceptions	immediate, no labour market test	At least recent average yearly wage in Estonia, or double the average for top specialists.
United Kingdom	5 years	5 years	5 years	immediate, no labour market test	'Going rates' determined by the MAC for each occupation; some exception categories can be paid 10-30% less if the salary is at least GBP 20 480 per year.
Canada	Permanent residence	N/A	N/A	immediate, no labour market test	
Australia	Permanent residence	N/A	N/A	immediate, no labour market test	
New Zealand	Permanent residence	N/A	N/A	immediate, no labour market test	Bonus points for meeting salary requirement of the NZ median wage: NZD 27/hour
Japan	5 years		3 years	immediate, no labour market test	Points awarded in line with salary level
Korea	3 years; permanent residence in exceptional cases	Permanent residence (PBS assessment)	N/A	must be authorised to work	

Note: Only the longest stay permit has been included for each country.

Source: OECD research

## Conditions for family

The OECD considers family environment to be a key indicator of talent attraction. Factors considered in this indicator include the right for spouse to join a migrant, the possibility for the spouse of the migrant to work; ease of citizenship acquisition for children of migrants. Having a transparent process that enables the spouse of a highly skilled migrant enter the country and begin working without delay may significantly influence the destination for highly skilled migrant couples (Tuccio, 2019<sup>[29]</sup>). There is ample evidence that allowing skilled migrants to be accompanied by family members, and granting those family members unrestricted labour market access, helps with both retention and positive integration outcomes (Box 8).

Programmes geared towards highly-skilled labour migrants typically offer generous rules for family members. In most OECD countries, highly skilled temporary migrant workers are entitled to bring their spouse and children with them. At least 200 000 temporary migrants are entitled to bring their family members to OECD countries each year (OECD, 2017<sup>[30]</sup>), although this figure also includes some accompanying migrants of lower-skilled and non-economic migrants.

Integration outcomes of migrant children can be strongly affected by long delays. Children who arrive at pre-school age can have substantially more favourable integration outcomes as adults than children who arrive at school age, in terms of educational attainment, employment, wages and especially host-country language proficiency. Once the spouse has arrived, principal migrants might not only have more incentives to invest in skills recognition, building experience, or further education but the spouse might also support them in the implementation (OECD, 2019<sup>[12]</sup>). This phenomenon is well documented in the literature, known as the family investment hypothesis (Long, 1980<sup>[31]</sup>) and (Cobb-Clark and Crossley, 2004<sup>[32]</sup>).

The current arrangements for family reunification in the Czech Republic are relatively restrictive for the bulk of skilled migrants. The Employee Card, the flagship program of economic migration, only permits the primary migrant to request family reunification after the primary migrant has been resident in the Czech Republic for six months. There are exceptions for participants in the Key and Research Staff and Highly Qualified Worker streams of the Programs of Economic migration. A separate authorization is required to gain work rights. The delay in processing, residence and work rights for spouses create a significant barrier to highly skilled migrants that might otherwise select the Czech Republic, putting it at a competitive disadvantage with other countries in the region.

We recommend that all qualifying recipients for an enhanced permit through the PBS be eligible to submit an application for their accompanying spouse and dependent children at the time of the primary application. The application for the spouse and dependent children should be processed alongside the primary application and permits granted simultaneously. Further, we recommend that spouses of PBS enhanced permit holders be granted immediate work rights and be given free access to the labour market. In line with findings internationally, these policy settings will contribute to better labour market and social integration of the primary migrant and increase the overall attractiveness of the Czech Republic as a migration destination.

How the PBS would improve conditions for family is shown in Table 11. For High and Medium scoring migrants, family would be able to accompany workers and would receive immediate full access to the Czech labour market.

**Table 11. PBS points scores and permit conditions, overview**

Migrant score	Duration	Family
High	5 years	Immediate, with full access to labour market
Medium	3 years	Immediate, with full access to labour market

Baseline	2 years	No change from current practice
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### *International perspective – Conditions for Spouses and points-based migration*

Canada, Australia and New Zealand have all implemented additional points in their PBS for economic migrants that have spouses with high levels of education and language abilities. In Australia and Canada equal points are awarded to single migrants and migrants with highly skilled spouses with English language skills. In function, the points structures of Australia and Canada penalise economic migrants who have spouses with low levels of education or language ability.

New Zealand offers significant additional points for skilled migrants whose partner speaks English, has a job offer in New Zealand, or has a qualification that is recognised in New Zealand. As such, highly skilled couples have a higher likelihood of being selected through the PBS than a single highly skilled migrant, or migrants with a lower skilled spouse. A comparison of conditions for spouses is included in the permit conditions in Table 10.

#### **Box 8. The contribution of spouses of skilled migrants to retention and positive outcomes**

##### **Evidence from OECD countries**

Many skilled migrants bring their families with them, around 94% of married migrants are accompanied by their spouse in OECD countries. Many highly skilled migrants have ‘dual-career families’ (OECD, 2017, p. 155<sup>[33]</sup>), meaning that both partners pursue highly specialised and qualified jobs that enrich the economy. Immediate access to the labour market for spouses may lead to the attraction of these highly skilled couples. In the Netherlands, the probability of highly skilled labour migrants staying five years after arrival is 18% higher if the spouse is working (OECD, 2017, p. 155<sup>[33]</sup>). Labour migrants are less likely to leave Norway if they have an accompanying employed partner instead of an inactive one, and this is true independent of the country of origin and gender (OECD, 2017<sup>[33]</sup>).

In Canada, a significant number of partners indicated that their spouse “helped them settle in Canada (43%) and work more hours” (40%); and two-thirds said that the spouse contributed to household income (OECD, 2019<sup>[12]</sup>), and improved the overall stability and productivity of the primary applicant. Migrants unable to bring their family with them may have their sense of belonging in the host country negatively affected (Bragg and Wong, 2015<sup>[34]</sup>). This may have negative effect for the migrant’s social integration and their incentives to remain (OECD, 2019<sup>[12]</sup>).

Research from Australia shows that not having a network of family and friends is a factor in some skilled temporary migrants’ intention to return home. Skilled immigrants who have sponsored parents and siblings for migration to Australia are more likely to settle permanently. These findings suggest that countries that have more liberal family reunion policies may have a competitive edge in attracting and retaining skilled migrants for whom the sponsorship of family members is important (Khoo, 2013<sup>[35]</sup>).

#### **Administrative benefits of longer duration permits**

The benefit of longer periods of stay are not just accrued by migrants and their employers – longer stay periods can also have a significant benefit for the Ministry of the Interior. By increasing the length of stay for highly skilled migrants that are likely to be successful in the labour market, the number of work permit renewal applications that these migrants submit before they gain permanent status or depart the country will also be reduced.

Immigration programs with high volume, high growth caseloads, with relatively short term stay periods for migrants filling persistent labour shortages, may lead to backlogs and delayed processing times. In part this is due to the repeat applications from migrants that are seeking to stay for longer than the maximum duration of a single permit. Indeed, recent trends in the Czech Republic already suggest that the Employee Card permit renewals are growing at a significant rate. Between 2019 and 2021, applications for the renewal of a long-term residence permit (which are maximum two-year duration permits) have more than doubled, to almost 40 000, while refusal rates remained low, below 5% in both 2020 and 2021 (Table 12). Noting the growth in the number of first time applications for an Employee card, Czech authorities may be facing increasing challenges to manage the size of the caseload while maintaining acceptable processing times.

**Table 12. Decision on extension of long-term residence permit and change of purpose**

	2017	2018	2019	2020	2021
Granted	7561	9978	16350	28508	38565
% growth y.o.y.	-	32.0%	63.9%	74.4%	35.3%
Refused	-	715	1201	1322	1965
Refused %	-	6.7%	6.8%	4.4%	4.8%

Source: Czech Ministry of Interior, annual report, 2017-2021.

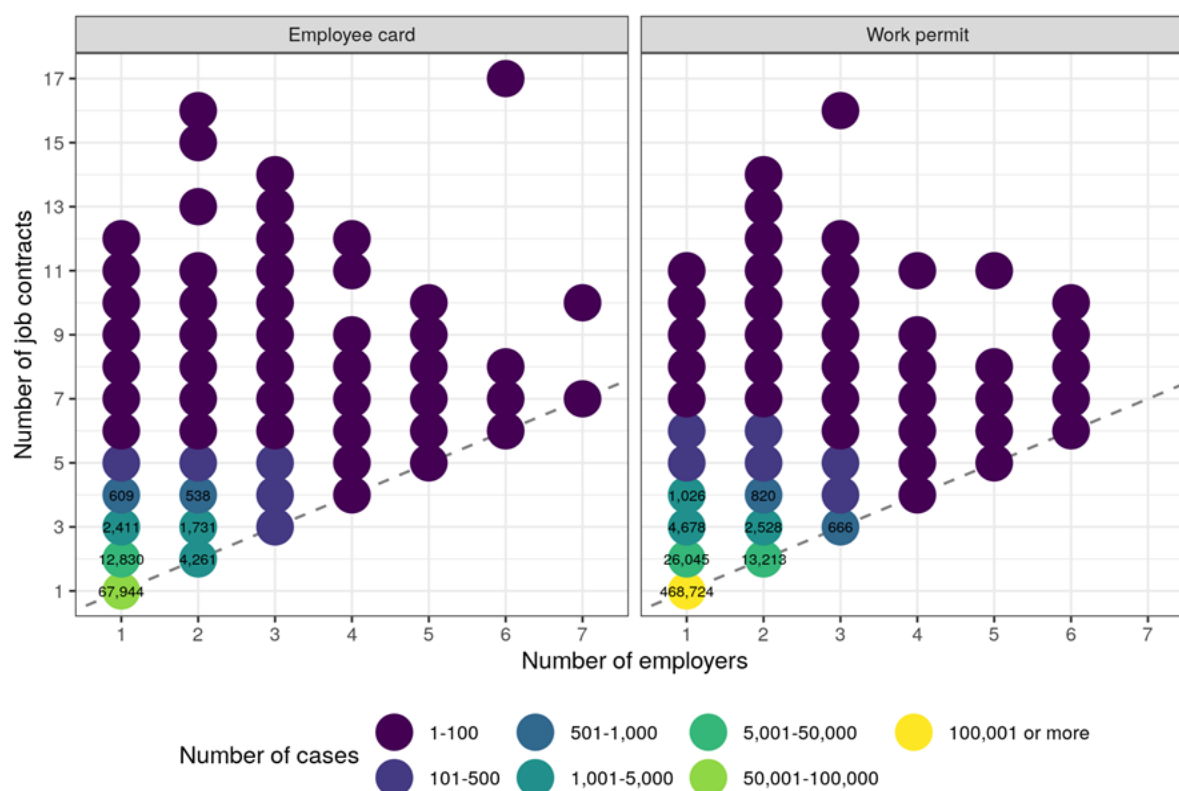
The PBS in the Czech Republic will determine **permit conditions** – longer duration permits will be awarded to skilled migrants with high levels of human capital. The greater the contribution and integration of the migrant, the easier it will be for them (and their immediate family) to stay.

The points-based system will not exclude any migrant with an appropriate job offer from coming to the Czech Republic. Migrants that do not achieve enough points for an enhanced permit, will remain eligible for a work permit of up to two years. Our analysis shows that many migrants engage in repeated contracts with the same employer.

By constructing ‘job stays’ we are able to observe job changes within a stay. For instance, on the subsample of stays that started in 2015 or later we see that foreign workers rarely change the occupation toward more qualified positions. At ISCO 1-digit (major group) level only 2.4% of employee card holders switched to more qualified positions (position with a lower ISCO major group) during their stay. This share is even lower for work permit holders as it reaches only 1.6% for them.

However, changes of an employer or job contracts bring additional administrative costs. Figure 32 shows that it is not uncommon for a foreign worker to have multiple employers or even multiple contracts with one employer during one stay. In both cases, the need to report each contract can be seen as an unnecessary act of the civil service and thus as efficiency loss. Having multiple job contracts with one employer during one stay is an extreme example that constitutes a lower bound for possible efficiency gains. In the subsample containing job stays that started on January 1st or later there are 71 819 contracts (i.e., 10% of all contracts) repetitively concluded with the same employer within one job stay. The highest reduction and upper bound for the efficacy gains could be brought by issuing one permission for the whole stay. If such a policy was applied the number of civil service activations (administrative procedures) would have declined by 17% in 2015-2020. Future gains would be more significant, given the growing stock of employees and the growing number of renewal applications.

Figure 32. Number of employers and job contracts within one job stay



Note: Figure is constructed using Labour Office data from 1 January 2015 to 31 December 2020

Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs.

# Weighting Points in the Grid

## Categories and weightings

The suggested initial points grid for implementation of the PBS in the Czech Republic (Table 13) is based on different simulations. In line with the findings from the analysis above (see Human Capital characteristics and Job characteristics) it provides a heavy weighting for education and the skill level of the occupation - both positively correlated with labour market integration over the long term in the Czech Republic. The points grid assigns a heavy weighting for salary reflecting the importance of this factor in determining labour market value. Czech language skills are also heavily weighted due to the established value of native language skills in labour market and social integration. These four indicators set a strong narrative around which migrants are prioritised through the PBS: migrants who are well remunerated, highly skilled, educated, and who can speak Czech.

The grid also provides a medium weight to age and provides more points for migrants in their prime productive age. This aligns to findings from analyses in the Czech Republic that younger workers experience higher wage growth than older workers (see Figure 18) and are more likely to achieve labour market integration through higher than average wages (see Figure 21). The weighting for this category provides consideration for the relative disadvantage that younger workers have when being assessed on wage and experience levels – categories that implicitly favour older workers (as can be seen in the *Job characteristics only* simulation at Annex A – PBS Grid, Simulations and Migrant Profiles, which shows a higher retention of older workers compared to other simulations). It also ensures that the PBS will favour economic migrants that will remain in workforce for longer durations, resulting in greater fiscal contributions over the long term.

**Table 13. Initial Points Grid categories, measures and general weightings**

Suggested initial points grid

Points scale	Measure	Weighting
Salary	Relative to average national salary	Heavy
Skill Level	CZ-ISCO	Heavy
Language: Czech	CEFR rating	Heavy
Education	Degree attainment	Heavy
Age	Prime productive age	Medium
Experience: Czech	Maximum 2 years, with 6 month increments	Medium
Language: English	4.5 IELTS, no increments	Light
Experience: Foreign	Maximum 4 years, 2 year increments	Light
Strategic Occupation	Defined list	Light
Qualification: Czech	Graduate of Czech institution	Light

For each of these points categories we propose *points bands* (i.e., possibility of scoring a range of points) to introduce flexibility in how a migrant might meet the eligibility threshold. Salary, skill level, education and experience all have a relatively linear relationship with the points band. Both Strategic Occupation and Czech qualification are binary categories – no partial points are available.

The maximum points available in the age category are for migrants aged between 25 to 35 years old, reflecting the significant wage growth potential during these ages and that these workers can be expected to have at least 10 years of high productivity even after meeting current permanent residency

requirements. Additionally, migrants between the ages of 25 and 35 also associated with better labour market integration (See Figure 18).

Workers in these age ranges are the most likely to have a mix of education and experience, rather than younger workers who have yet to be tested in the labour market, and are less likely to have completed their education. Older workers, while they may be more experienced or demand high wages, are closer to exiting the workforce and are likely to have lower fiscal contributions on average over their lifetime if they remain in the Czech Republic permanently. The points for younger workers account for this expected lifetime bonus to the Czech Republic.

**Table 14. Points bands within points categories**

Points scale	Top	High	Medium	Low	Zero
Salary - National Average	>1.4	-	1.2 - 1.39	1.0 - 1.19	>1.0
Skill Level (ISCO)	1 to 2	-	3 to 4	5 to 7	8,9
Language: Czech	CEF B1 and above	-	A2	A1	NIL
Education	PhD	Masters	Bachelor	Secondary with post secondary training	Secondary and below
Age	25 to 35	-	21 to 24 OR 36 to 39	<21 OR 40 to 44	Over 45
Experience: Czech	2 years	18 months	1 year	6 months	0
Language: other	4.5 IELTS and above	-	-	-	-
Experience: Foreign	4 years	-	2 years	-	-
Strategic Occupation	Yes	-	-	-	-
Qualification: Czech	Yes	-	-	-	-

In order to operationalise these points categories and bands, the project recommends the following points assignment to each category and band.

**Table 15. Point band scores by category**

Points scale	Top	High	Medium	Low	Zero
Salary - National Average	60	-	30	15	0
Skill Level	60	-	30	15	0
Language: Czech	60	-	30	15	0
Education	60	45	30	5	0
Age	30	-	15	5	0
Experience: Czech	40	20	10	5	0
Language: other	15	-	-	-	-
Experience: Foreign	15	-	5	-	-
Strategic Occupation	15	-	-	-	-
Qualification: Czech	15	-	-	-	-

## Points Thresholds

### *Points grid simulation*

To determine the potential effects of the PBS on migration to the Czech Republic we conducted simulations of points grids applied to observed long term migration in the Czech Republic from 2017 to 2020. Not all potential points categories were able to be identified in the data sets held by the Labour Office and the Average Earnings information system (ISPV). Data was matched across registries to provide a holistic analysis of the characteristics of migrants, and figures below are presented as proportional effects rather than as volume.

Simulations provide an indication of the proportion of migrants that came to the Czech Republic in the three years between 1 January 2017 and 31 December 2019 that would have qualified for an enhanced permit. Three points grids were simulated, with different weightings for each points category in line with findings on indicators of potential labour market integration. Points categories were also graded; for example, doctorate degree holders were awarded more points than a master's degree holder, and high skill occupations were awarded more points than lower skilled occupations (see Table 14 and Table 15 above). The first simulation provided heavy weighting to salary and skill level, and education level and medium weighting for age, and professional experience in the Czech Republic and minor bonus points for holding a Czech education qualification. The second simulation provided the same settings for points categories except for education, which was increased, and the same nominal point threshold. The third simulation only awarded points for job characteristics, in order to determine if human capital characteristics were already being imputed into the salaries and skill levels of skilled migrants. The fourth simulation accounted only for human capital characteristics. A full break down of the points available in each category and each grade is at Table 18.

In each scenario two points thresholds were applied to meet different policy aims – to increase or decrease the proportion of migrants that would have been eligible for an enhanced permit. This first is an aggressive strategy with a points threshold of around 20% of the total available points for the medium term permit and 45% for a long term permit. Higher thresholds were set for the conservative strategy, with around 33% of available points for a medium term permit and 50% for the long-term permit. These thresholds are in line with PBS settings in Australia, Canada, New Zealand and Japan.

Simulations show that job characteristics alone do not provide a sufficient level of control to manage the volume of skilled migrants receiving enhanced permits. Undesired policy outcomes are produced, as explained below.

Both the thresholds and points categories, including the introduction of new categories over time can be adjusted to better shape the characteristics of skilled migrants that will be targeted for retention in the Czech economy or become eligible to apply for permanent residence.

### *Policy simulation*

Points grids under a proposed policy framework were applied using theoretical profiles of migrants. Nine economic migrant profiles were developed with various strengths and weaknesses to 'stress test' the policy concept of the PBS. A further nine profiles of actual international student graduates were provided by the Czech National Agency for International Education and Research (DZS). To develop the points grid we simulated three different scenarios to better understand how different points categories would affect the eligibility of different migrant profiles. Graded points were awarded according to the Table 14 above Table 15 above.

Three different points grids were used for both the policy and data simulations:

- **Human Capital and Job Characteristics:** This scenario provides points for all desirable migrant and job characteristics.
- **Job Characteristics only:** This scenario provides points only for characteristics that relate to the job vacancy and does not assess the migrant's human capital such as education level, language ability or experience.
- **Human Capital Characteristics only:** This scenario provides points only for human capital characteristics but does not provide points for job characteristics such as salary or skill level

The full results of this policy simulation are available at Annex A – PBS Grid, Simulations and Migrant Profiles, including descriptions of migrant characteristics and the points awarded under each category.

Under the *Human capital and Job characteristics model* young, highly educated, high skilled workers are the most likely to earn enough points to be eligible for a five-year permit. A broader range of highly experience and medium skilled workers are most likely to qualify for the medium-term permit, particular when they can demonstrate Czech language skills. Both the *Job characteristics only* and *Human Capital Characteristics only* models produce unintended policy outcomes. In a *Job Characteristics only* model, a highly experienced migrant with proficiency in the Czech language receives the same treatment as a lower skilled migrant with no language skills despite the advantages the experience migrant would have in long-term labour market integration. In the *Human Capital only* model, highly paid migrants in high skilled occupations may only receive medium tier permits due to their non-research degree educations (e.g. Bachelor or below), which may affect some high value industries such as the IT sector who often recruit employees with unconventional backgrounds.

An overview of these results for skilled migrants are below at Table 16, and results of international graduate profiles are at Table 17.

**Table 16. Overview of points scores for skilled migrant profiles, Human Capital and Job Characteristics**

Policy simulation for when points are awarded for both human capital and job characteristics.

Maximum Points Available	370	Aggressive	Conservative
Threshold	High Scoring	150	165
	Medium Scoring	65	110
Candidate	Total Points	Aggressive	Conservative
Candidate 1 The Foreign Expert	210	High	High
Candidate 2 The Former International Student	195	High	High
Candidate 3 The Highly Paid	165	High	High
Candidate 4 The Highly Educated	180	High	High
Candidate 6 The Prospect	150	High	Medium
Candidate 7 The Experienced	135	Medium	Medium
Candidate 3 The White Collar worker	135	Medium	Medium
Candidate 8 The Near Miss	105	Medium	Standard permit
Candidate 9 The Employee	35	Standard permit	Standard permit

**Table 17. Overview of points scores for international graduate profiles, Human capital and Job Characteristics**

Policy simulation for when points are awarded for both human capital and job characteristics.

Maximum Points Available	370	Aggressive	Conservative
Threshold	High Scoring	150	165
	Medium Scoring	65	110
Candidate	Total Points	Aggressive	Conservative
Student 1	225	High	High
Student 2	150	High	Medium
Student 3	210	High	High
Student 4	225	High	High
Student 5	180	High	High
Student 6	165	High	High
Student 7	120	Medium	Medium
Student 8	150	High	Medium
Student 9	105	Medium	Standard permit

## Data simulation results

### *Data and Principal data sources*

PBS evaluate prospective foreign workers based on characteristics observable at the time of their entry into the country: individual characteristics (such as education or language skills) or first job characteristics (economic sector, required skills or wage).

Data on these characteristics are scattered across multiple datasets in the Czech Republic, which lack a system of reliable individual IDs that would allow straightforward matching of administrative records.

The Employment Act sets an obligation for employers to register all job contracts with foreign nationals (including EU citizens) at the Labour Office (LO). The LO collects data on registered contracts in a comprehensive database that includes information on an employee, employer, vacancy and the job contract. Using the individual ID available in the LO data, we match data on job contracts to individuals and construct “job stays” – i.e., strings of job contracts with unemployment spells no longer than 100 days. PBS simulations are based on first job contracts in job stays – i.e. those that would be considered in the evaluation process. We must note that individual IDs available in the LO database are not reliable. A foreign worker is likely to have multiple IDs in the database if working (registered) in more districts or repeatedly coming to the Czech Republic.

However, the LO database does not contain data on wages and Czech nationals. Therefore we combine the LO database with matched annual employer-employee data from the Average Earnings Information System (ISPV). ISPV is a survey conducted by a consultancy Trexima on behalf of the Ministry of Labor and Social Affairs of the Czech Republic (MOLSA). As the ISPV uses a different system of IDs we combine datasets using exact and coarsened exact matching of individual characteristics. Due to sampling of the ISPV survey, the matched dataset represents mainly the population of foreign workers employed by large employers.

### *Simulation overview*

Simulation of PBS outcomes using a database of job stays of third-country nationals: students and graduates, employee card holders and work permit holders. Work permits are primarily meant for short-term stays. However, foreign workers often use them to enter the country where they wait for an

employee card application processing. Data suggests that 16% of employee card holders who entered the country between 2015 and 2020 started to work in the Czech Republic as work permit holders. Some work permit holders, therefore, come to the Czech Republic with an intention to stay in the country for longer periods.

Simulation evaluates the eligibility for a PBS-backed stay based on first contracts and observable individual characteristics at entry to the Czech Republic. The simulation assumes perfect compliance. If a prospective foreign worker is eligible for a program, the simulation assumes that the foreign worker accepts and stays in the country for the full period of 3 or 5 years. The sample is limited to stays that began between 2012 and 2020. The period is determined by data availability. Data on wages are available from 2012 onwards, and available export of the LO data ends by 31 December 2020. Impacts of the PBS are evaluated using the observed and simulated population to the last day of the observation period.

### *Simulation settings*

The baseline setting uses observed values from matched LO and ISPV data. The LO database includes all registered contracts of foreign workers but ISPV is available merely for the sample of companies that is dominated by larger employers. The necessity to use wages from the ISPV, therefore, reduces the number of job stays by 92.5% from 891,047 to 66,182.

We use imputed wages in an alternative setting to avoid such a large loss of observations. Using ISPV data limited to third-country nationals we estimate the following regression with OLS:

$$\log w_{iy} = \beta_0 + \beta_1 age_{iy} + \beta_2 age_{iy}^2 + \gamma\theta + \varepsilon_{iy}, \quad (1)$$

where  $w$  is an hourly wage of a foreign worker  $i$  in year  $y$  which is explained by age and a vector of fixed effects  $\theta$  that includes fixed effects for year, education (measured at national KKO scale), profession (defined at ISCO 3 level), gender, citizenship, and sector (defined at NACE 2 level). Variable  $\varepsilon$  is an error term. The list of regressors is limited to variables available in both datasets (i.e., LO and ISPV). Estimated coefficients from the regression (Adjusted  $R^2 = 63\%$ ) are used to predict hourly wages in the LO data. The alternative simulation uses predicted hourly wages exclusively.

Last set of simulations reflects the composition of foreign workers in the Czech Republic. Majority of them are coming from Ukraine. Russia as well as Belarus are also important source countries. Migration from these countries will be affected in the foreseeable future by war in Ukraine and international sanctions imposed on aggressor states and their citizens. Therefore, we also simulate the impact of PBS on the population of foreign workers with the exclusion of Ukraine, Russia, and Belarus citizens. This setting uses imputed hourly wages.

The following section contains simulation results for three possible PBS settings based on:

- Human capital and job characteristics
- Job characteristics
- Human capital characteristics

Eligibility for a PBS product (a three or five year permit) is evaluated in two scenarios:

- Aggressive: 20% of total points for a three year permit and 45% for a five year permit.
- Conservative: 33% of total points for a three year permit and 50% for a five year permit.

Scenarios yield numeric thresholds presented in Table 18. These thresholds take into account only currently available data - i.e., points for language skills and other currently unobserved characteristics are deducted from maximum total points and disregarded for the simulation.

Table 18. Points thresholds for simulation scenarios

Setting	Scenario	Lower threshold (3 year permit)	Upper threshold (5 year permit)
Human capital and job characteristics (maximum = 265)	Aggressive	53.00	119.25
	Conservative	87.45	132.50
Job characteristics (maximum = 120)	Aggressive	24.00	54.00
	Conservative	39.60	60.00
Human capital characteristics (maximum = 145)	Aggressive	29.00	65.25
	Conservative	47.85	72.50

Note: Maximum available points and point thresholds are adjusted to reflect only available data.

The simulated population from each specification is compared to the observed population as of 31 December 2020, using percentage changes between the simulated and observed population.

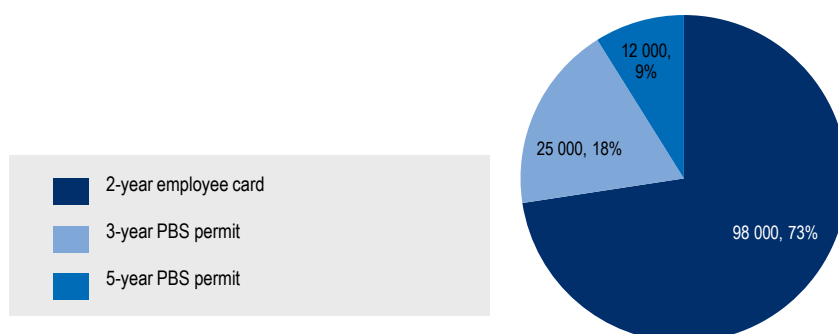
All tested settings affect the number of foreign workers as well as the composition of their population in terms of education, skills, and age. An increase in numbers must be interpreted with caution as the simulation procedure assumes perfect compliance. However, the evaluation based on job characteristics shifts the structure of the foreign migrant population towards better-educated workers in highly skilled professions. The key role is played by inclusion of wages as the wage represents a complex evaluation of workers' productivity by their employers. The shift toward educated, highly skilled workers is more pronounced in the case of a PBS setting that jointly evaluates human capital and job characteristics. This setting also rewards age groups associated with the most qualified jobs with the highest earnings – i.e., population groups between 25 and 40 years of age. These positive impacts are stronger in the aggressive scenario, which makes the evaluation based on human capital characteristics and job change in the aggressive point scheme the preferred PBS setting.

These properties of the preferred PBS setting are stable across testing samples, including those excluding citizens of Ukraine, Russia and Belarus. This is an essential finding as the PBS is meant to be country-agnostic and the simulation should not rely on just today's principal origin countries – especially since future migration from these countries is highly uncertain.

In the sample with imputed wages this PBS setting yields (as of December 31st, 2020) a population of 98 thousand workers that do not meet the criteria for the PBS products, 25 thousand were eligible for a three-year permit, and 12 thousand of the most-qualified workers eligible for a five-year permit (see Figure 33 below). Around 27% of valid permit holders would have been eligible for a PBS enhanced permit. Under this scheme the civil service might save up to 17 thousand activations between 2015 and 2020 – i.e., 42% of activations related to employee card and work permit holders who meet the criteria for a PBS products.

**Figure 33. Migrant population by permit types, *Human Capital and Job characteristics* PBS model, December 2020**

Permits issued between 2015 and 2020 if the *Human Capital and Job Characteristics* PBS model had been in place would result in the following migrant population as at 31 December 2020



Source: Masaryk University analysis of Labour Office and ISPV data from Ministry of Labour and Social Affairs.

The simulation of the recommended model, which includes both human capital and job characteristics is below at Figure 34. Full simulation results for all three scenarios and both selection strategies (aggressive and conservative) are at Annex A – PBS Grid, Simulations and Migrant Profiles.

#### *Simulation results – Recommended model*

The recommended model for the PBS combines both human capital and job characteristics to provide a holistic assessment of a migrants potential for labour market integration in the Czech Republic. The model uses key indicators of success as identified by our analysis in the Czech Republic. The fields below were identifiable in our constructed data sets for the simulation

**Table 19. Points Categories – data simulation**

Points categories and bands used in the simulations are as below.

Points scale	Characteristic type	Top	High	Medium	Low	Zero
Salary - National Average	Job	>1.4	-	1.2 - 1.39	1.0 - 1.19	>1.0
Skill Level	Job	1 to 2	-	3 to 4	5 to 7	8,9
Education	Human capital	PhD	Masters	Bachelor	Secondary with post secondary training	Secondary and below
Age	Human capital	25 to 35	-	21 to 24 OR 36 to 39	<21 OR 40 to 44	Over 45
Experience: Czech	Human capital	2 years	18 months	1 year	6 months	0
Qualification: Czech	Human capital	Yes	-	-	-	-

Note: Not all points categories that were used in the policy simulation could be identified in Czech data holdings.

**Table 20. Point values – data simulation**

Points values in the recommended model, combining human capital and job characteristics.

Points scale	Top	High	Medium	Low	Zero
Salary	60	-	30	15	0
Skill Level	60	-	30	15	0
Education	60	45	30	5	0
Age	30		15	5	0
Experience: Czech	40	20	10	5	0
Qualification: Czech	15	-	-	-	-

There are a total of 265 points available to an applicant in this model. For the points thresholds in this simulation we utilised an aggressive strategy, awarding **3 year permits** to applicants that could score **53 points** (20% of total available points), and **5 year permits** to applicants that scored **above 119 points** (45% of total available points). Table 14 below outlines selection strategy points thresholds.

**Table 21. Selection strategy – simulated model**

Permit duration	Percentage of total points required	Numerical points threshold
5 years	<50%	<119
3 years	49 - 20%	118 - 53
2 years	>20%	>53

Under the simulated model, we see significantly improved retention of tertiary educated skilled workers in their prime productive age. Indeed, there would be up to 50% more tertiary educated migrants and 40% more migrants working in high skilled occupation in the Czech Republic as at 31 December 2020 if the PBS had been implemented on 1 January 2015. Further, the modelling also shows an increase in retention of between 12 and 18% of prime working age migrants (25 to 25 years old).

Under the simulated model there was a general increase of retention of migrants regardless of firm size, but with larger firms more likely to benefit from retention than smaller firms. In terms, of country of origin, the PBS would have led to a greater retention of migrants from outside of Europe or Asia.

This model retains more educated and skilled workers than either the *Job characteristics only* or the *Human capital characteristics only* models. The *Job Characteristics only* model, would increase the retention of tertiary educated migrants by around 22% and highly skilled workers by around 48%. However, the retention of these workers would be spread across the age spectrum and not concentrated among the younger workers more likely to make greater long term fiscal contributions. In the *Human Capital characteristics only model* there would be a 51% increase in the retention of tertiary educated workers and a 24% increase in highly skilled workers. However, the retention is much more focused in the age range of migrants between 25 and 45.

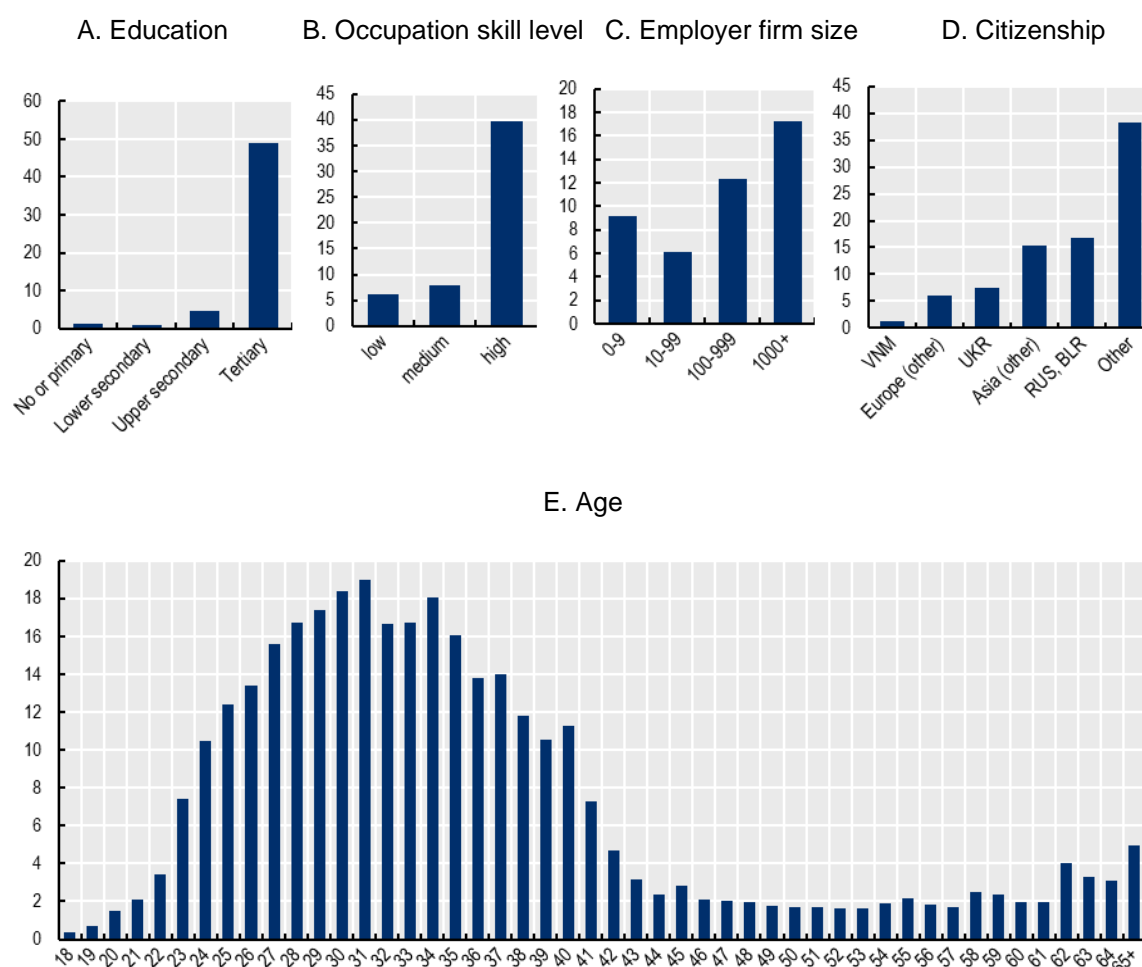
The preferred model combines the benefits of job characteristics and human capital characteristics selection to arrive at a balanced selection framework that results in a younger, better educated and higher skilled migrant population. Awarding this target group of migrants better permit conditions would remove barriers to their further stay in the Czech Republic, increasing the chances of retention, and improve the attractiveness of Czech Republic in comparison to like countries in the region.

Figure 34 shows the relative increase or migrants of selected characteristics if the PBS had been in place from 1 January 2015 to 31 December 2020, with the Human Capital and job characteristics points grid, with an aggressive selection strategy, instead of the current policy settings. It shows how many more migrants would be holding valid residence permits for employment, by different characteristics.

For example, Panel A below indicates that there would be 50% more tertiary educated migrants in the Czech Republic as of 31 December 2020. Panel B shows that the number of high-skill occupation migrants would be 40% higher. In terms of changes in firm composition (Panel C), labour migrants working in smaller firms are included in the PBS effect, which is stronger for larger firms. In terms of nationality (Panel D), the PBS would have a smaller effect on past migrants from nearby countries and a stronger effect on those from more distant origins, such as North America.

**Figure 34. Simulated effect of the PBS on Labour Migrants, Simulated/Observed Change (%)**

Relative increase of migrants with selected characteristics if the PBS had been in place from 1 January 2015 to 31 December 2020 instead of the current policy settings. Human capital and job characteristics points grid, aggressive selection strategy



# Evaluating and Monitoring the PBS

Evaluation is a cornerstone of evidence-based policy making. To date, there has been little analysis in the Czech Republic of the link between immigration policy settings and the outcomes of economic migrants. The PBS offers an opportunity to better understand which characteristics lead to successful labour market and social integration. The importance of characteristics may change over time, or new characteristics may be identified. **The PBS is not intended to be static.** Points categories and weightings should be reviewed regularly to ensure that they continue to meet the policy aim of the program.

Analysis undertaken in the project has been constrained by data scarcity and the difficulties associated with matching data holdings held by various Czech agencies. The data collected has been for expressly administrative purposes. The PBS offers an opportunity to pivot towards collecting data for the purposes of evaluating policy settings with the view to create an immigration framework that is able to more effectively serve the long-term strategic goals of the Czech Republic.

A better understanding of the characteristics of migrants and what contributes to their success in the Czech Republic is needed. This includes the effects of initial job characteristics and human capital characteristics such as education, age, language, and experience on the career trajectory of migrants to the Czech Republic. These characteristics will be collected by the PBS at the time of application. However, it will also be important to track the outcomes of migrants that remain in the Czech Republic long term and those that transition to permanent residency. We recommend that Government funded agencies be tasked with a regular review of economic migrants to the Czech Republic, using the data collected through the PBS, the PBS cohort salary growth, language uptake, transition to permanent residence and other developments. These can also be supported by longitudinal surveys that follow the outcomes of migrant cohorts admitted through the PBS. A framework for assessment of the PBS is at Annex B – Practical guidance.

## Availability of data in the Czech Republic

The primary source of data on the labour market in the Czech Republic are registries that are meant to collect and keep data vital for public services and the execution of public policies. In general, these registries are not connected, and data are not provided to other branches of the government, limiting the ability of the public administration to holistically analyse the labour market and design and implement evidence-based policies using these data sets. Currently, the datasets can be used only to support targeted analysis of specific aspects of the labour market.

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Data on the labour market in the Czech Republic comes from three principal sources: registry data, surveys, and labour market analyses.

Registry data, collected by the public administration, contains information on employees organized in two major databases that differ in population and information covered. Social security data covers the entire population of employees and self-employed, but beyond the economic sector it provides only

aggregated data on annual income and days worked. Labour Office of the Czech Republic (LO) data on job contracts of foreign workers provides greater detail as it includes information on the contract and job such as occupation, education, and place of work. On the other hand, LO data does not contain data on wages and cannot be reliably matched with an individual foreign worker. In general, these registries are not connected, and data are not provided to other branches of the government, limiting the ability of the public administration to holistically analyse the labour market and design and implement evidence-based policies using these data sets. Beyond legal limitations, the registry matching would be technically demanding as there is no standard time-invariant personal ID - such as the national ID – “rodné číslo” assigned to all Czech nationals and, in principle, to resident foreigners - used across registries<sup>13</sup>.

Survey data sets overcome some of the shortcomings of registry data. The Average Earnings Information System (ISPV) biannual survey contains matched employer-employee data from a representative sample of employers. It contains detailed high-quality data on wages, hours worked, education, occupation, and other employee characteristics, as well as the employer's ID (ICO) and a number of firm characteristics. This survey cannot be directly matched with registry data as it does not include any personal ID. However, the rich set of individual characteristics is sufficient for proximity matching with the registry data.

Currently, the public administration does not have a representative data source on vacancies, which limits the possibility to estimate labour market needs, and demand for specific professions. The LO registry of vacancies tends to be skewed towards low-skilled professions. The CEDEFOP database of on-line job advertisements (OJVs) is a promising new data source under development that could be used to monitor vacancies in the future, in particular as CEDEFOP is adding more data sources all the time. At present, however, its coverage is partial and in any case OJVs do not represent the entire universe of job vacancies.

The Czech Republic also conducts standard surveys such as the labour force survey (LFS) or survey on income and living conditions (SILC). However, these cannot be used for a reliable analysis of labour market outcomes of foreign workers, as their share in the sample is low and the sample is not representative of the foreign residents in the Czech Republic.

The public administration also produces labour market analyses and reports. Most notably, the ongoing project KOMPAS aims to determine, which skills will be lacking in the labour market in the medium term. However, the project does not specifically focus on foreign workers. The aim of KOMPAS More is to determine which skills will be lacking on the Czech labour market and which types of education will be in shortage or over supply the medium term. However, there is a shortage of data on the educational attainment of migrants in the Czech Republic and the output of LEON is not easily translated into an occupation list (e.g. a list based on ISCO codes) that could be implemented in an immigration program. Broadly, however, LEON does indicate that the Czech Republic will need educated workers over the mid-long term.

High-quality individual-level data is a necessary condition for evaluating and designing efficient public policies. To obtain such a dataset, the Czech Republic could create a standardized time-invariant personal IDs of foreign workers across public registries to improve data matching; extend the social security data with detailed information on wages, hours worked, and education; and share data across public bodies. It is likely that to facilitate these changes there would also need to be changes in the current legal framework.

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<sup>13</sup> The national ID number is assigned to all persons born in the Czech Republic and is granted to Czech nationals who did not receive one. Foreigners with residence permits may receive a national ID number upon request. Other foreigners may request a national ID number to meet conditions specified under certain legal regulations.

## International perspectives – Evaluations

The Continuous Survey of Australia's Migrants measures the labour market outcomes of family and skilled migrants who have recently arrived in Australia or been granted a permanent or provisional visa since 2009. Migrants taking part in the survey are surveyed on three occasions (at the 6-month, 18-month and 30-month stages of settlement) to capture changes in their labour market status and measure how migrants have integrated into the Australian labour force. Australia also links Australian Census of Population and Housing data to Permanent Migrant Settlement Data to create The Australian Census and Migrants Integrated Dataset. These data sets provide valuable insights into the outcomes of migrants from skilled, family, and humanitarian visa programs and support research on how to improve Australia's immigration programs, including Australia's Productivity Commission 2016 report *Migrant Intake into Australia*.

Canada publishes audits, research reports and evaluations on various aspects of its immigration programs. These include long-term surveys of labour market outcomes, analysis of two step migration, and which human capital characteristics of migrants are indicative of future success in the Canadian labour market. Evaluation and reports are prepared by an in-house research team from the Ministry of Immigration, Refugees and Citizenship.

The United Kingdom's '*Migrant Journey*' is an annual publication of statistics and analysis of migrants' visa and settlement trends. The '*Migrant Journey*' provides evidence on the behaviour of migrants and is based on UK Visas and Immigration (UKVI) administrative data sources. The purpose of this document is to promote understanding of the processes that migrants go through when they decide to stay in the UK or change their visa status. It also supports the development and monitoring of policy on temporary and permanent settlement of migrants in the UK. *The Migrant Journey* was first published by the UK Home Office in 2010.

## Developing an On-Line Application System

Online application platforms support data collection and processing efficiency. Reducing the reliance of processing models on paper applications allows processing caseloads to be transmitted easily between processing centres, and improves the client experience. Even if there is no further improvement in the time taken to process a single application, the reduction in transmission times can result in improved processing times. Online application processes also reduce the need for data entry from physical forms, improves data accessibility and reduces the administrative burden on the processing authority.

Application processes that rely on paper applications require an application centre to receive the application in country, or potentially a near neighbour. In practice, this results in a limitation in the number of people that are able to apply for a work permit based on their proximity to an application centre. Currently the Czech employee card application process is paper based, with limited ability to submit documents electronically. Electronic submission is only available for supporting documentation for economic migrants through Databox<sup>14</sup> accounts.

Indeed, PBS work best with digital platforms that can automatically tally points associated with an applicant's responses. The online application platform in the Czech Republic should also facilitate data sharing between the Ministry of Labour and Social Affairs, the Ministry of the Interior and the Ministry of Foreign Affairs to facilitate decision making on permit and visa application. Practical guidance on required fields is at Annex B – Practical guidance.

### *International perspective – Online applications*

Online application platforms expand the scope of locations for migrant recruitment, supports migrant attraction by lowering barriers to international recruitment, and improves the user experience of applying for migration. Australia, Canada, New Zealand, the United Kingdom accept the majority of their work permit and visa applications through online platforms. Online application platforms and expression of interest systems also facilitate the automatic tally of points and ranking of migrants in points based systems. Paper application channels may be preserved to facilitate the submission of an application where online platforms are not accessible (or required by legislation).

Online application platforms require that immigration authorities be able to receive scanned documents, and requires that they have the capacity to determine the veracity of non-original documents. Education and language qualifications may be verified by a third party (such as verification of language results with IELTS or TOEFL, or education equivalency through the ENIC NARIC). Immigration authorities may also reserve the right to request original physical documentation for further assessment if there is an indication of immigration risk.

Digitization, and particularly data sharing among relevant government agencies, is a key element of modernising economic migration systems. Capturing key characteristics of migrants, enables the establishment of databases that can be used to monitor and analysis application trends and provides a key snapshot of migrants at the time of application and any subsequent renewals. This includes data sharing between the tax and immigration authorities to ensure that salary levels of migrants are appropriate (above minimum levels, or continuing to meet certain thresholds that were the basis for their admittance to the host country).

Digitisation can also be used to support the some processes in visa and work permit assessment, particularly for low risk applications or employers that have a good record of recruiting migrants that

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<sup>14</sup> Databox is a business analytics platform that permits document management and tracking.

comply with the conditions of their work permit (e.g. approved employers). This allows a greater level of processing efficiency and frees administrative resources to focus on higher value work, such as investigating patterns of fraud or developing low risk profiles to further improve processing efficiency.

## Parallel Measures to Support Reform

As the Czech Republic progresses with immigration reform there are opportunities to improve the overall efficacy of immigration programs, including through enhanced data sharing, improved management of migration sponsors and streamlining of the labour market testing process.

Enhanced monitoring of salaries and occupations of economic migrants is required realise the benefits of the points based system. Without efficient post-arrival monitoring of migrant conditions, immigration programs that offer enhanced permits (longer duration, better labour market mobility, labour market test exemptions) on the basis of job characteristics (salary or occupation) will be vulnerable to misuse.

These complementary reforms would allow the authorities to better manage immigration risk and, consequently, to be more facilitative for low risk migrants and employers. This is likely to result in processing efficiencies for Czech authorities and a reduction in processing times – a key issues for all immigration stakeholders in the Czech Republic.

### Salary and occupation monitoring

Sophisticated selection tools that offer benefits to migrants with certain characteristics require mechanisms to monitor the conditions of migrants on these permits. To protect the integrity of the system, conditions claimed at the time of application need to be confirmed post arrival. As the Czech Republic proceeds with immigration reform, including the PBS, the ability to determine that the migrant is undertaking the role they were admitted to do, or that employers are paying salaries at the expected level.

For example, the Czech Republic may in the future wish to establish a long term permits to work in the Czech Republic for migrants to undertake agricultural work, provided that their salaries are at least 1.5 times the national minimum wage. To administer this program effectively, Czech authorities would need to be able to determine quickly and efficiently if migrants brought in under the program were actually working in the agricultural sector and were receiving the appropriate salary. Alternatively, the Czech Republic may at some point wish to exempt positions from labour market testing on an occupational or salary basis. Protecting program integrity would require ensuring that migrants continue to meet the conditions for this exemption (i.e, working in the occupation in the initial application or meeting the salary threshold).

As noted, there is currently a ‘one size fits’ all approach to long term immigration in the Czech Republic. All occupations (except ISCO 9) and salaries above the minimum wage are eligible for a two-year permit. Salary levels generally do not determine permit conditions. The EU Blue Card, the only case where salary determines conditions, the difference between the conditions of the EU Blue Card and the Employee Card is so small that there is no incentive for employers or migrants to mislead authorities.

Under current policy, there are few opportunities to confirm that migrants are receiving the salary claimed in their initial application. Detection of underpayment may occur either through investigation by the labour office or through the permit renewal process.

The Labour Office has broad responsibility to investigate all workplace malpractice, not just malpractice involving migrants. Furthermore, while information about how to report workplace malpractice is available in a range of languages there are only limited staff with language skills that would enable them to engage in-depth investigate of alleged infringements. This system relies on migrants being well informed and willing to engage with the Labour Office, or the Labour Office having sufficient resources and cause to investigate employers.

Relying on the renewal process to detect the misuse of immigration programs also has a number of drawbacks. First, Czech authorities already have to accept the risk that misuse may occur immediately from the arrival of the migrant and go undetected for up to two years when the renewal application is submitted. Second, this process relies on the migrant or employer self-reporting adverse information to authorities. This is problematic if migrants intend to remain in the Czech Republic and are willing to accept poor work conditions in order to do so. Third, deliberately setting permit durations so that a renewal process will be a prerequisite for a long stay increases the number of permit applications that the authorities will be required to process.

Without a method of independently verifying a migrant's working conditions implementing **new policy initiatives** that select migrants on the basis of job characteristics, such as **salary thresholds or occupation lists**, would be **challenging** and **open to misuse**. An alternative to data sharing would be to boost the capacity of the labour office to conduct more investigations on employers that sponsor migrants. However, this approach would likely not be cost effective and would be unlikely to be as effective.

By extending the data collection performed by the Czech Social Security Administration (CSSA) to include indicators currently available only in the ISPV survey, exploring the possibility of reporting data directly from accounting systems, and the possibility of adding unique personal ID ("rodné číslo") via which the registries of different could be merged for purposes of analyses and policy evaluations. Additionally, this would enable Czech authorities to monitor migrant working conditions (salary, occupation, employer, location etc) efficiently and accurately.

Data sharing will assist the Czech government to undertake more streamlined, targeted and effective immigration compliance activities. For example, in the context of the employer sponsored skilled migration program, information obtained from social security will assist the immigration authorities to identify employers who underpay migrants, as well as migrants who work for an employer or occupation that was not included in their original application. The ability to independently verify migrant working conditions has applications and benefits beyond the PBS.

Data sharing also will enhance immigration authority's ability to match and access data held by the other government departments. This improved data matching will improve the Czech Republic's ability to undertake research and trend analysis, which will provide an evidence base to develop future immigration policy. We recommend that the PBS capture a broader range of details during the application process, including:

**Table 22. Data fields to capture for evaluation**

Field	Reason
Age	Understanding fiscal impacts and salary growth by age
Education	Effect on labour market integration and future earning potential
Language ability	Effect on social integration and labour market outcomes
Professional experience (Czech and Foreign)	Effect on labour market outcomes
Salary	Key indicator of present labour market value
CZ ISCO code to 6 digits	Tracking demand in occupations
Work hours per week	Track utilisation of migrant labour
Location of employer	Track location of demand
Length of initial contract	Understand anticipated demand length
Spouse details - Education, age, language, regular occupation	Understand factors of spouse's labour market and social integration

### *International perspective – Salary monitoring*

#### Australia

Australia's data matching program aims to strengthen the integrity of temporary skilled visa program by protecting foreign workers who are working in Australia from exploitation by business sponsors, and by ensuring that visa holders comply with their visa conditions. Data matching allows Australia to identify which temporary skilled visa holders are not working in the occupation for which they were sponsored or sponsors who are breaching their sponsorship obligations by incorrectly paying (i.e. underpaying) temporary skilled visa holders. The data sharing arrangement includes biographical details of the migrant (name, date of birth and address), details of the sponsoring business and tax file numbers. This arrangement is directly between the Department of Home Affairs and the Australian Tax Office – no other agencies or entities are involved.

Source: <https://www.homeaffairs.gov.au/commitments/files/data-matching-program-ato.pdf>

### Denmark

In Denmark data matching is applied to the foreign workers within Pay Limit Scheme (see above *Salary Thresholds*) or the Positive List scheme. Foreign workers applying for a work permit under these programs are required to establish a Danish bank account and must receive their full salary to this account. This measure increases compliance of both the employer and the migrant, makes it easier for the authorities to track payments and taxes and also ensures that foreign workers are treated fairly according to national standards.

Source: <https://www.fragomen.com/insights/danish-bank-account-required-for-positive-list-among-other-minimum-salary-and-work-requirement-changes.html>

### United Kingdom

Sponsors of skilled migrants in the UK are subject to regular checks to ensure that they are complying with their duties and responsibilities. This includes physical visits to their business location and checks between the Home Office and other government agencies. The Home Office conducts regular checks with Her Majesty's Revenue and Customs the Home Office to ensure that skilled migrants are being paid appropriately.

Migrants are also monitored through the National Fraud Initiative, a data sharing practice which assists public and private sector organisations to prevent and detect fraud. This exercise compares sets of data (such as payroll or benefits records) of an organisation, against other records held by the same or another organisation. All 1,300 participating private and public sector establishments follow a transparent Code of Data Matching Practice allowing them to identify eventual inconsistencies and to put them under further investigation which may reveal instances of fraud, over or under-payment and other errors.

## Recognised employer program

Monitoring compliance is not sufficient to protect the integrity of immigration programs – there needs to be consequences for those that misuse them. Recognised employer programs provide a framework for compliance enforcement.

1. Establish a recognised employer program to improve accountability of users of immigration programs. This would require separate policy development outside the PBS.
2. The recognised employer program could include features to disincentivise the misuse of immigration programs, including temporary or permanent suspension from hiring migrants and financial penalties.
3. The recognised employer program could include features to provide incentives for employers to use immigration programs correctly, including reduced documentary requirements, priority processing, access to premium permits and labour market testing exemptions.

Once misuse of an immigration program has been established (i.e. the employer has intentionally inflated the salary in the permit application) through monitoring, there needs to be a proportionate consequence for the employer. Fines are only a partial solution to this issue as employers may just impute fines into the 'cost of doing business'. Furthermore, the consequences of misuse of immigration programs cannot be borne by the migrant alone (e.g., cancellation of the visa), as this may be used by unscrupulous employers as leverage to force migrants to accept sub-standard conditions.

A recognised employer program would provide the framework required to sanction employers that have misused an immigration program, or have engaged in exploitation of migrant workers. This includes barring them from using the immigration program temporarily or permanently. Recognised employer programs can also be used to reward employers with fewer documentaries requirements, streamlined application processing.

By requiring employers to engage in this 'relationship management' style arrangement, with better data collection on employers and codified consequences for adverse behaviour Czech authorities will be able to better triage and manage risk. This would result in a better targeting of recourses to high risk cases and employers and allow Czech authorities to be more facilitative with low risk cohorts and improving processing times.

### *International perspective – Recognised employers*

Recognised employer programs can be used to manage the behaviour of users of immigration programs and to improve the integrity of labour migration programs. The extent of the benefits (e.g. priority processing, reduced documentary requirements, increased quotas of workers) offered through the approved sponsor program are generally commensurate to the level of confidence that the immigration service, or other relevant authority, has in the recognised employer.

Approved sponsorship frameworks have basic requirements of admission, a benefit of participating in the program and a number of enforcement mechanisms to ensure that the employer upholds a certain standards – including some that go beyond what usually applies under standard workplace laws. Common compliance methods include civil penalties, financial penalties, court action, public registers of employers who have breached their obligations, and removal of the employer from the approved sponsor program. It can be difficult and costly to prove non-compliance of the employer, which has led some countries to establish more objective measures of non-compliance. This leaves less space for interpretation by inspectors but lowers the likelihood of a successful legal challenge by the employer.

### Australia

Becoming a standard business sponsor is a mandatory requirement to sponsor temporary skill shortage workers in Australia – there are no further benefits for being part of this program. Employers are subject to a framework of obligations which ensures that temporary migrants in Australia are protected from exploitation. To become a standard recognised employer in Australia, a business must be legally established and currently operating. There must not be any history of adverse behaviour of the business, or persons associated with the business, including a history of discrimination, industrial relations, or health and safety issues. Businesses should also have a strong record of, or a demonstrated commitment to, employing local labour. Temporary skilled migrants may only be employed by a standard business sponsor, but may change between these employers freely (provided salary and occupation requirements are maintained).

Employers that have joined standard business sponsor may obtain 'Accredited Status' if they are an Australia government agency, have been assessed against the World Customs Organisation Standards (i.e. an Australian Trusted Trader), are undertaking a major investment in Australia, or meet thresholds on the proportion of Australian workers in their business. Businesses that gain 'Accredited status' are able to access a number of benefits including providing character references for migrants in-lieu of foreign penal clearance certificates and priority processing for all applications.

Sponsors of Temporary Skill Shortage visa holders are subject to the sponsor obligation framework, which includes remunerating overseas workers appropriately, keeping records, and not engaging in discriminatory recruitment practices (including against Australian workers), and paying for the removal of a sponsored migrant if their visa status becomes unlawful.

Sponsors who do not meet their obligations in Australia may be barred completely or suspended from sponsoring additional visa holders for a specified time (including for periods lasting years), not approve their application for sponsorship for this or any other visa, cancel all of their existing sponsorship approvals, or be permanently barred from sponsoring overseas workers. Civil penalties may also apply, with fines of up to EUR 863 for individuals and EUR 4,315 for bodies corporate per obligation breach for a first notice, or EUR 1,726 for individuals and EUR 8,630 for bodies corporate per obligation breach for subsequent notices.

Additionally, the Australian Border Force maintains a publicly available register of sponsors (see Box 9) who have breached their sponsorship obligations. Public disclosure aims to deter other sponsors from breaching their obligations and protects foreign workers from exploitation by enabling them to inform themselves about working for a potential sponsor.

Enforcement activities are supported by significant efforts to educate employers regarding their obligations when employing foreign workers. Between 1 July 2014 and 31 March 2021, the Australian Border Force conducted 6 747 employer awareness activities, focusing on ensuring employers know their legal obligations and that they only employ foreign workers who hold valid visas with appropriate work rights.

### Canada

In Canada, employers that recruit migrants through the Temporary Foreign Worker Program or the International Mobility Program, must comply with a range of conditions aimed at protecting the domestic labour market and the rights of temporary foreign workers. Conditions include submitting Labour Market Impact Assessment; keeping all relevant records for 6 years from the day the work permit is issued; informing the immigration service of changes to the conditions of employment of the foreign worker; and remediating any compliance issues.

In July 2020, Canada introduced measures to prevent employers with a history of negative workplace practices from participating in skilled migration programs. These measures strengthen the assessment of applications from new employers and defer the processing of a Labour Market Impact Assessment (LMIA) if non-compliance is suspected.

Employers that do not comply with the conditions of employing foreign workers may be subject to fines (up to CAN 1 million per year – EUR 695,600), banned from using the Temporary Foreign Worker Program or the International Mobility Program for up to 2 years, or publication of their business name and address on an official website with details of the violation (see Box 9).

### New Zealand

New Zealand will introduce a new system of employer accreditation in 2022, alongside their new Accredited Employer Work visa. This new visa will replace six existing work visas, and only employers that have been accredited will be able to sponsor migrants. The new accreditation levels will be:

- Standard accreditation — for employers who want to have up to 5 migrant workers on Accredited Employer Work visa at any one time
- High-volume accreditation — for employers who want to have 6 or more migrant workers on Accredited Employer Work visa s at any one time.

To qualify for accreditation both standard and high-volume users of the Accredited Employer work visa will need to demonstrate that they are a genuinely operating business, not have a recent history of regulatory non-compliance, and must take steps to minimise the risk of exploitation.

High volume users will need to meet additional criteria. Employers need to ensure all jobs either pay a salary of 10% above the minimum wage, or are covered by a collective agreement. Franchisees will need to demonstrate that they have been in operation for at least 12 months and have a history of employing New Zealand workers.

### Denmark

Danish companies with a certification from the Danish Agency for International Recruitment and Integration (SIRI) can use the Fast-track Scheme (with a guaranteed processing time of 1 month) to employ highly qualified workers from countries outside the EU EEA and Switzerland. With the certification, highly qualified migrants can begin working in Denmark before their work permit application has been finalised. Certification is valid for 4 years and can be extended.

Companies that seek certification must already have at least 20 full-time workers, participate in a guidance meeting with SIRI, comply with the Danish Aliens Act, not be involved in a legal labour dispute and have no serious issues with the Danish Working Environment Authority. Companies that have been certified are listed the New to Denmark website.<sup>15</sup> There are currently almost 500 certified companies on the list.

SIRI conducts regular checks to verify that the conditions to hold the work permit continue to be met by both the employee and the company. The companies are obliged to inform SIRI if they cease to meet the conditions and may be subject to civil penalties or removed from the Fast-track program if they breach their obligations. In addition, if the company is subject to a fine at least EUR 8,090 (if it employs less than 250 full-time employees) or at least EUR 13,450 (if it employs more than 250 full-time employees) or is convicted more than twice within the last year, the certification will be revoked and the company will be issued a 1-year ban during which it cannot be renewed.

### United Kingdom

In the United Kingdom, to employ a worker from outside UK, companies usually need to apply for a sponsor licence through an on-line platform. Migrants may change employer, provided that their new employer also holds a sponsor license. To get a licence as an employer, companies must not have criminal convictions for immigration offences or certain other crimes, such as fraud or money laundering. Guidance on immigration related offences is published on by the UK. Sponsors who do not meet these

<sup>15</sup> <https://www.nyidanmark.dk/en-GB/Words%20and%20Concepts%20Front%20Page/SIRI/List%20certified%20companies>

obligations, or fail to remediate issues identified by the immigration service, have their licenses revoked and are no longer able to sponsor migrant works. Migrants who are sponsored by employers that have their licenses revoked must apply for a new visa with a new employer or depart the UK.

A sponsor is responsible for checking if a foreign worker has necessary skills and qualifications to perform their work, keeping copies of relevant documents and to report changes in the business or migrants circumstances. The licence fee ranges between EUR 633 for small or charitable sponsors and EUR 1,744 for medium or large sponsors. There are currently close to 50 thousand companies holding immigration sponsor licences in the UK.<sup>16</sup>

### Netherlands

In the Netherlands, a company must be recognized by the Immigration and Naturalisation Service (IND) to hire highly qualified migrants from third countries (exception for nationals of Turkey nationals). The recognition is voluntary in case of employing migrants for the purpose of Intra Corporate Transferee, work in paid employment, European Blue Card, work experience and seasonal work. The application costs EUR 4,125 (or EUR 2,062 under further specified conditions). After recognition, the organisation is registered in the Public Register for Recognised Sponsors – there are currently approximately 8600 registered sponsors on this list.<sup>17</sup>

Recognised sponsors must be listed in the Commercial Register in the Netherlands, the company must be solvent and not bankrupt and the directors and the other natural persons/legal entities involved must be of good character. They are obliged keep and maintain records and to provide this information to the immigration service if requested.

Recognised sponsors have the right of an independent position under the Aliens Act and to submit residence applications on behalf of employees and have the option to apply for review and appeal. They also have access to priority processing (a complete application is usually decided within 2 weeks), there are fewer supporting documents required with an application and a declaration from the potential employer that the employee meets the conditions is usually sufficient, sponsor companies have also access to the Business Portal to submit digital application and notify changes in the company or the migrants employment conditions.

The IND checks if the sponsors and foreign nationals comply with the rules and may impose sanctions in case of violation. These include warnings and an administrative penalty (maximum of EUR 3 000 per violation for legal entities), suspension or withdrawal of the recognition as sponsor, withdrawal of the migrant's residence permit, and recovery of the costs for the foreign national's removal from the Netherlands.

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<sup>16</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1029711/2021-10-29\\_-\\_Worker\\_and\\_Temporary\\_Worker.csv/preview](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029711/2021-10-29_-_Worker_and_Temporary_Worker.csv/preview)

<sup>17</sup> Public register of recognised companies: [Public Register Recognised Sponsors | Immigration and Naturalisation Service \(IND\)](#)

### Box 9. Enforcing Obligations and Public Registers of Employers

A list of employers who have breached their obligations in regards to the employment of migrants can serve as an effective enforcement mechanism in an approved sponsor framework. Australia and Canada both publish an online public register with information about employers who breach their obligations.

#### **Australia: public register of sanctioned sponsors**

The public register of sanctioned sponsors indicates when the sanction was imposed when it will end, and why the sanction was imposed. The register also contains the sponsor name, trading name, state and postcode and the Australian Business Number of the employer. The register indicates whether the any relevant fine have been paid or not.

The public register contains 1 311 entries for infringements between March 2015 and March 2022. Fines ranged from EUR 816 to 53 340. Currently, barring an employer from hiring migrant workers is the most common sanction in the register, but sanctions are often combined.

#### **Canada: list of non-compliant employers**

Non-compliant employers may be subject to monetary penalty and/or a ban from hiring temporary workers. The Canadian list of non-compliant employers gives reasons for the breach linked to relevant provisions, business operating name and legal name, address, date of the decision and the amount of penalty, as well as the current status of the employer (eligible or ineligible to hire temporary workers). Penalties range from EUR 350 to 145 777.

In case of an unpaid monetary penalty, the employer is shown as ineligible to hire temporary workers. Both one-year bans, two-year bans and permanent bans are used; between 30 June 2016 and 2 May 2022, there were 587 sanctions imposed including two permanent bans, 1 ten-year ban, 4 five-year bans, 62 two-year bans and 10 one-year bans.

The most common reasons for non-compliance are failures to provide inspectors with required documents and to uphold promised working conditions and pay, not hiring or training Canadian citizens or permanent residents and the disengagement of the employer in the business for which the temporary worker was hired. All obligations of employers are enshrined in the Immigration and Refugee Protection Regulations. The employer remains listed on the public register even after the period of the ban has elapsed and they have paid the penalty.

Source: <https://www.abf.gov.au/about-us/what-we-do/sponsor-sanctions/register-of-sanctioned-sponsors>  
<https://www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/employers-non-compliant.html>

### Exemptions to the labour market test

Currently, all positions in the Czech Republic are labour market tested prior to allowing international recruitment, despite widespread and persistent labour market shortages. While there is no systematic monitoring of the outcome of labour market tests, it rarely leads to positions being filled. In January 2022, for example, 1 512 vacancies were notified for labour market testing, 164 jobseekers were sent to employers by the Labour Office and 5 of them were hired. There were no candidates for any of the ISCO 1-4 vacancies. Providing exemptions for labour market testing would streamline the international

recruitment process for exempted positions. The labour market test exemptions could be implemented either through a list of occupations or through a salary threshold.

The KOMPAS project has a potential to be a useful tool for estimation of future education shortages or excess supply on the labour market. This in turn could guide the design of shortage occupation lists by looking at which occupations will be potentially hit the hardest by a lack of a certain education profiles available in the Czech labour force. However, there are significant difficulties with operationalising the output of the KOMPAS project into a selection criteria for an immigration program (e.g. an ISCO code). A broader approach could also be taken by exempting all high skilled (e.g. ISCO 1-3) occupations from labour market testing, noting that around 13% employee card holders were working in high-skilled occupations as at 31 December 2019. However, this broad approach would likely exempt some high skilled occupations that are not in genuine shortage in the Czech Republic or force labour market testing for occupations that are in genuine shortage at lower skill classification levels.

Alternatively, as most genuine shortages are likely to occur in high wage jobs labour market testing could be exempted for positions that are highly remunerated. This is arguably a fairer approach to labour market testing as it allows for flexibility to exempt any position, regardless of the occupational definition or ISCO classification, if the salary meets the exemption threshold. This appears to be a preferable approach, as it has a sound conceptual basis, is easy to communicate to employers and migrants, and is straightforward to administer and change when required.

In either case, post arrival monitoring would be required to protect the integrity of the immigration programs. If monitoring of the salary or occupation of the migrant is not performed, then there would be an incentive for unscrupulous employers to provide incorrect information at the time of application. The next opportunity to review the details of their employment would be at the renewal stage of the permit – potentially 2 years after the initial application. Furthermore, it would not be enough to just discover that false information had been provided by an employer. A recognised employer program would provide the framework necessary to support labour market testing exemptions.

#### *International perspective - Labour market testing*

Labour market tests are a way to ensure local workers' are prioritised in the labour market over recruits from abroad. Many countries require employers to advertise vacancies, usually with public employment services, for specific periods of time so that potential local workers have an opportunity to apply. Advertisements may also require that the salary and working hours and set a standard that is open to scrutiny from regulatory agencies. Labour market tests are one tool among many to ensure that local workplace conditions, such as wages, are protected. A comparative table of labour market testing requirements is below at table 16.

**Table 23. Labour market testing requirements, selected countries**

Country	Agency responsible	Description of the test	Duration (days)	Exemptions
Czech Republic	Ministry of Labour and Social Affairs, Ministry of Industry and Trade	The vacancy is reported to the Labour Office and it is advertised on a central register of vacancies, EURES ( <a href="http://ec.europa.eu/eures">http://ec.europa.eu/eures</a> ) and on physical notice boards for a period of up to thirty days.	30 days 10 days in exceptional circumstances	None
Germany	Bundesagentur für Arbeit (Federal Employment Agency)	The BA checks that there is a concrete job offer with no preferential workers available for it, and that the conditions of employment are comparable with those of German workers.	7-14 days	Shortage occupations
Poland	Public Employment	Regional employment service authorises an	Maximum 14 days if	Shortage Occupations

	Service	employer company once it has advertised with the public employment services and local media.	local unemployed or job seekers are available, otherwise 7 days.	work as a domestic worker or a caregiver from a country bordering Poland.
Netherlands	Netherlands Employees Insurance Agency (UWV)	UWV examines if there is no employee with Dutch, EU/EEA or Swiss nationality that is qualified for the job	5 weeks	Intra-company transferees who receive an annual salary of at least EUR 50 000
Denmark	Danish Agency for International Recruitment and Integration (SIRI)	The SIRI and other expert bodies, such as regional labour market councils, assess the terms of employment including working hours (37 hours per week), and salary. A confirmation of shortage from social partners may also be required.	No fixed period	-
Finland	Labour Office	The LO collects information on working contract details (wages, collective agreement, working hours etc.) and makes a partial decision determining the professional field, salary level, relevant collective agreement, type of permit and its validity.	14-28 days	Foreign citizens already in Finland transferring to another sector (since 1 June 2019)
Estonia	The Estonian Unemployment Insurance Fund	The Estonian Unemployment Insurance Fund assesses if the vacant position cannot be filled by employing an Estonian or EU citizen or a permanent resident in Estonia, and that filling the position with an alien is justified considering its data and the situation in the labour market. The 'consent' of the Estonian Unemployment Insurance Fund is valid for six months.	No fixed period	international agreements, teachers or members of academic staff, workers in performing arts institutions, sports people and sport officials, Executives and managers, start-up workers, top specialists and scientific researchers.
United Kingdom	From 1 January 2021, the resident labour market test is no longer required. It was abolished in favour of a 'genuine vacancy test', by which the employer has to 'check that the job cannot be done by a worker who does not need sponsoring.' However, the exact process is not codified.			
Canada	Employment and Social Development Canada (ESDC)	The Labour Market Impact Assessment (LMIA) determines the impact that the hiring of a foreign worker could have on Canada's labour market. In case of a positive assessment, the employer has six months to use the outcome to accompany their application. There are variations in the process depending on whether the position is high-wage, low-wage or seasonal agricultural.	Minimum 4 weeks	Workers covered by international agreements (including the CPTPP, Canada-Chile FTA, Canada-Colombia FTA, Canada-Korea FTA, Canada-Peru FTA, WTO GATS) Provinces may exempt workers in in-demand occupations.
Australia	Department of Home Affairs	The employer has to advertise the position, keep records of the advertisements, copies of all applications received and has to justify why local applicants were not accepted.	4 weeks on two national level advertisers	A range of international trade obligations: including LMT exemptions for citizens/nationals of China, Japan, Mexico, Thailand or Vietnam, or citizens/nationals/permanent residents of Canada, Chile, South Korea, New Zealand or Singapore.
New Zealand	Immigration New Zealand	Immigration New Zealand considers the employer's reasons for not employing a New Zealander to do a job based on evidence of the employer's recruitment attempts, like newspaper and internet advertising, and advice from Work and Income as well as of advice from industry groups, like unions. For jobs paying below the median wage, the labour market test includes checking with the Ministry of Social Development.	No fixed period, 10 days in practice	Jobs paying 200% of the median wage or jobs paying at or above the median wage in regions. In cities, jobs on a skills shortage list and paid above or at the median wage.
Korea	PES	14 days of recruitment efforts through public	In principle at least 14	

		employment service; or 7 days if participating in a job Festival or there is a job placement through employment service centres or regional governments, when the employer conducts a job interview after posting a vacancy. When employers advertise vacancies in newspapers, magazines or broadcast media, the duration can be 3 days.	days; 7 days in exceptional cases, 3 days when advertised in traditional media	
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Source: OECD Research

In many countries, not all positions are subject to labour market testing, and these settings may change over time depending on the labour market conditions in the country. Some nationalities, occupations and categories of employees are exempted through international agreements (such as the World Trade Organisation General Agreement on Trade in Services, or bilateral free trade agreements). There may be further exemptions to labour market testing due to skill level of the occupation, salary level, labour market analysis, or to facilitate the entry of emergency workers during a crisis (e.g. fire fighters, specialist search and rescue teams, or natural disaster relief workers).

In July 2018, Poland created a list of around 200 shortage occupations. Employers filing vacancies with migrant workers (on work permit, single permit or EU Blue Card) are exempt from conducting a labour market test for positions in these shortage occupations.

In December 2020, the United Kingdom removed the requirement for employers to conduct labour market testing. However, salary thresholds have been established for occupations (See International perspectives – Salary thresholds) and are a key application requirement for economic migration to the UK.

## **Annex A – PBS Grid, Simulations and Migrant Profiles**

## Points Grid

To develop the points grid we simulated three different scenarios to better understand how different points categories would affect the eligibility of different migrant profiles. Graded points were awarded according to the following definitions:

**Table 24. Points bands within points categories**

Points scale	Top	High	Medium	Low	Zero
Salary - National Average	<1.4	-	1.2 - 1.39	1.0 - 1.19	>1.0
Skill Level	1 to 2	-	3 to 4	5 to 7	8,9
Language: Czech	B1 and above	-	A2	A1	NIL
Age	25 to 35	-	21 to 24 OR 36 to 39	<21 OR 40 to 44	Over 45
Education	PhD	Masters	Bachelor	post secondary training	Secondary and below
Experience: Czech	2 years	18 months	1 year	6 months	0
Language: other	4.5 IELTS and above	-	4	-	-
Experience: Foreign	4 years	-	2 years	-	-
Strategic Occupation	Yes	-	-	-	-
Qualification: Czech	Yes	-	-	-	-

Three different points grids were used for both the policy and data simulations:

- **Human Capital and Job Characteristics:** This scenario provides points for all desirable migrant and job characteristics.
- **Job Characteristics only:** This scenario provides points only for characteristics that relate the job vacancy and do not assess the migrant's human capital such as education level, language ability or experience
- **Human Capital Characteristics only:** This scenario provides points only for human capital characteristics but does not provide points for job characteristics such as salary or skill level

These scenarios allowed us to predict the profiles of migrants that would be selected by each points grid and to simulate the effects the points grid would have on historical migration to the Czech Republic.

**Table 25. Points values Scenario One: Human Capital and Job Characteristics**

This scenario provides points for all desirable migrant and job characteristics.

Points category	Top	High	Medium	Low	Zero
Salary	60	-	30	15	0
Skill Level	60	-	30	0	0
Language: Czech	60	-	30	15	0
Age	30	-	15	5	0
Education	60	45	30	5	0
Experience: Czech	40	20	10	5	0
Language: other	15	-	5	-	-
Experience: Foreign	15	-	5	-	-

Strategic Occupation	15	-	-	-	-
Qualification: Czech	15	-	-	-	-

**Table 26. Points values Scenario Two: Job Characteristics only**

This scenario provides points only for characteristics that relate the job vacancy and do not assess the migrant's human capital.

Points category	Top	Near Top	Medium	Low
Salary	60	-	30	15
Skill Level	60	-	30	-
Language: Czech	-	-	-	-
Age	-	-	-	-
Education	-	-	-	-
Experience: Czech	-	-	-	-
Language: other	-	-	-	-
Experience: Foreign	-	-	-	-
Strategic Occupation	30	-	-	-
Qualification: Czech	-	-	-	-

**Table 27. Points values Scenario Three: Human Capital Characteristics only**

This scenario provides points only for human capital characteristics but does not provide points for job characteristics such as salary or skill level

Points category	Top	Near Top	Medium	Low
Salary	-	-	-	-
Skill Level	-	-	-	-
Language: Czech	60	-	30	15
Age	30	-	15	5
Education	60	45	30	5
Experience: Czech	40	20	10	5
Language: other	15	-	5	-
Experience: Foreign	15	-	5	-
Strategic Occupation	0	-	-	-
Qualification: Czech	15	-	-	-

## Hypothetical migrant profiles

### Skilled migrants

Below are seven hypothetical profiles of economic migrant and their potential scores according to the indicative points grid above. The profiles are grouped as high, medium or low scoring. The discussion of each profile demonstrates how the total score was reached.

### High scoring

High scoring migrants will have clear long-term value to the Czech Republic, due to their highly developed skill sets, experience, education and language skills.

### *The Foreign Expert:*

The migrant has a very high salary (CZK 52 000, around 1.4 x the average salary) but still not high enough to qualify the migrant for an EU Blue Card (CZK 56 759). This migrant is in a managerial position with significant responsibility (e.g., Director of Marketing) and holds a master's level degree relevant to their occupation (e.g., M.B.A). The migrant is relatively young (38) and has a several years of experience in their field in their home country. The migrant speaks English well.

**Table 28. The Foreign Expert – Points table**

Points Category	Migrant	Points contribution
Salary	52 000 CZK	High
Skill Level	ISCO level 1	High
Language: Czech	None	None
Age	38	Low
Education	Master's degree	Medium
Experience: Czech	None	none
Experience: Foreign	4 years	Low
Qualification: Czech	No	None
Strategic Occupation	No	None
Language: English	IELTS 6	Low

### *The Former International Student*

This migrant has graduated with a Bachelor degree from a Czech university, and is just starting out their career in a highly skilled profession (e.g., pharmacologist). This migrant has reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. Their starting salary is below the Czech national average, as they have been offered an entry-level position, and they are 26 years old.

**Table 29. Former international student – Points table**

Points Category	Migrant	Points contribution
Salary	34,000 CZK	None
Skill Level	ISCO level 2	High
Language: Czech	Proficient	High
Age	26	Medium
Education	Bachelor degree	Low
Experience: Czech	None	None
Experience: Foreign	None	None
Qualification: Czech	Yes	Low
Strategic Occupation	No	None
Language: English	No	None

### **Medium scoring**

Medium scoring migrants will have some characteristics of highly skilled workers (well educated and well remunerated) or will have **demonstrated** their ability for **social and labour market integration** in the Czech Republic (language skills and/or in-country professional experience). Medium scoring migrants will usually have at least one renewal of their work permit before they are eligible to apply for

permanent residence. This will allow the immigration authorities to verify that the migrant has achieved their potential in the Czech Republic.

### *The White-collar worker*

This migrant is a mid-career white-collar employee (e.g., electrical engineering technician or nurse) aged in their late 30s. They are an experienced university educated professional (B.A. or B.S. level) and are able to demand a relatively high wage in the Czech labour market (45 000 CZK). The candidate speaks English well.

**Table 30. White-collar worker Points table**

Points Category	Migrant	Points contribution
Salary	45,000 CZK	Medium
Skill Level	ISCO level 3	Medium
Language: Czech	No	None
Age	39	Low
Education	Bachelor degree	Low
Experience: Czech	None	None
Experience: Foreign	4 years	Low
Qualification: Czech	No	None
Strategic Occupation	No	None
Language: English	IELTS 5	Low

### *The Prospect*

A young migrant just starting off their career and has a job offer in the Czech Republic with a salary below the national average (CZK 32 000). However, their occupation is highly skilled (e.g., bioengineer) and is a strategic occupation identified by the Czech government (e.g., advanced life sciences). The migrant holds a Bachelor degree and has a proficient level of English.

**Table 31. The Prospect – Points table**

Points Category	Migrant	Points contribution
Salary	32,000 CZK	None
Skill Level	ISCO level 2	High
Language: Czech	No	None
Age	26	Medium
Education	Bachelor degree	Low
Experience: Czech	None	None
Experience: Foreign	None	None
Qualification: Czech	No	None
Strategic Occupation	Yes	Low
Language: English	IELTS 5	Low

### *Highly Experienced*

This migrant works in a lower skilled occupation (e.g., machine-tool setter, butcher or tailor), but owing to their extensive experience both in their home country and in the Czech Republic (e.g., through temporary work in the past) has become a skilled and sought-after worker. The migrant has completed

secondary school and vocational training for their profession. This migrant is proficient in the Czech language and is 40 years old.

**Table 32. Highly Experienced – Points table**

Points Category	Migrant	Points contribution
Salary	33 000 CZK	None
Skill Level	ISCO level 7	None
Language: Czech	Proficient	High
Age	40	Low
Education	Secondary and vocational	Very low
Experience: Czech	2 years	Medium
Experience: Foreign	4 years	Low
Qualification: Czech	No	None
Strategic Occupation	No	None
Language: English	No	None

### **Low scoring**

Low scoring migrants will be eligible for standard work permits of up to 2 years, as are currently issued. Migrants in this category have will generally be in lower skilled occupations, and have limited experience and education. However, these migrants may be able to qualify for a three-year permit if their points scores have improved when they renew their work permit.

#### *The Near Miss*

This applicant has a standard salary (but below the national average) in a medium skill occupation (e.g., data-entry operator or travel guide) and speaks some basic Czech. The candidate has a Bachelor degree and some experience in their home country.

However, this migrant may be able to improve their score by increasing their salary, gaining experience in the Czech Republic, or improving their Czech language skills before they renew their work permit. If so, after 2 years, upon renewal, they might score enough points to qualify for a 3-year permit.

**Table 33. Near Miss – Points table**

Points Category	Migrant	Points contribution
Salary	29,900 CZK	None
Skill Level	ISCO level 4-5	Medium
Language: Czech	Basic	Low
Age	36	Low
Education	Bachelor	Low
Experience: Czech	No	None
Experience: Foreign	4 years	Low
Qualification: Czech	No	None
Strategic Occupation	No	None
Language: English	No	None

#### *The Employee*

This migrant is in a lower-skilled occupation (e.g., bus driver or rolling-mill operator) and has a salary that meets the legal requirements for minimum salary (17 000 CZK). They have completed secondary

education and some vocational training, but have no notable language abilities or qualifications. The migrant is in their mid-30s and has some experience in their occupation in their home country. This migrant does not qualify for any better conditions than are currently offered.

**Table 34. The Employee – Points table**

Points Category	Migrant	Points contribution
Salary	17,000 CZK	None
Skill Level	ISCO level 8	None
Language: Czech	No	None
Age	34	Medium
Education	Secondary and vocational	Very Low
Experience: Czech	No	None
Experience: Foreign	2 years	Very Low
Qualification: Czech	No	None
Strategic Occupation	No	None
Language: English	No	None

### ***International graduates of Czech universities***

The profiles of students in this section were developed together with the DZS. All of these students have received a job offer following graduation and are applying for their first residence permit for employment.

#### *Student One*

This student has a **Doctoral degree in Czech from a Czech university**, and is just starting out their career in a highly skilled profession (e.g., science). This migrant has reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. His/her starting salary is low, as it is an entry-level position, and he/she is 28 years old.

**Table 35. Points table – Student 1**

Points category	Migrant	Points contribution
Category	Migrant	Points contribution
Salary	34,000 CZK	Zero
Skill Level	ISCO level 2	Top
Language: Czech	Proficient	Top
Age	28	Top
Education	Doctoral degree	Top
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero

#### *Student Two*

This student has a **Doctoral degree in English from a Czech university**, and is just starting out their career in a highly skilled profession (e.g. science). This migrant has reached a high level of proficiency

in the English language but does not speak Czech. His/her **starting salary is low**, as it is an entry-level position, and he/she is 28 years old.

**Table 36. Points table – Student 2**

Points category	Migrant	Points contribution
Salary	34,000 CZK	Zero
Skill Level	ISCO level 3	Medium
Language: Czech	No	Zero
Age	28	Top
Education	Doctoral degree	Top
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	Yes	Top

#### *Student Three*

This student has a **Master degree in Czech from a Czech university**, and is just starting out their career in a high skilled profession (e.g. medical doctor). This migrant has reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. His/her **starting salary is low**, as it is an entry-level position, and they are 25 years old.

**Table 37. Points table – Student 3**

Points category	Migrant	Points contribution
Salary	34,000 CZK	Zero
Skill Level	ISCO level 2	Top
Language: Czech	Proficient	Top
Age	25	Top
Education	Master degree	High
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	No	Zero

#### *Student Four*

This student has a **Master degree in Czech from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. engineering). This migrant has reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. His/her **starting salary is high**, as it is an entry-level position, and they are 24 years old.

Table 38. Points table – Student 4

Points category	Migrant	Points contribution
Salary	60,000 CZK	Top
Skill Level	ISCO level 3	Medium
Language: Czech	Proficient	Top
Age	24	Medium
Education	Master degree	High
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	No	Zero

*Student Five*

This student has a **Master degree in English from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. engineering). This migrant has a reached a high level of proficiency in the English language. His/her **starting salary is high**, as it is an entry-level position, and they are 24 years old.

Table 39. Points table – Student 5

Points category	Migrant	Points contribution
Salary	60,000 CZK	Top
Skill Level	ISCO level 3	Medium
Language: Czech	No	Zero
Age	24	Medium
Education	Master degree	High
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	Yes	Top

*Student Six*

This student has a **Master degree in Czech from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. business). This migrant has a reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. His/her **starting salary is low**, as it is an entry-level position, and they are 24 years old.

Table 40. Points table – Student 6

Points category	Migrant	Points contribution
Salary	34,000 CZK	Zero
Skill Level	ISCO level 3	Medium
Language: Czech	Proficient	Top
Age	24	Medium
Education	Master degree	High

Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	No	Zero

### *Student Seven*

This student has a **Master degree in English from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. business). This migrant has reached a high level of proficiency in the English language. His/her **starting salary is low**, as it is an entry-level position, and they are 24 years old.

**Table 41. Points table – Student 7**

Points category	Migrant	Points contribution
Salary	34,000 CZK	Zero
Skill Level	ISCO level 3	Medium
Language: Czech	No	Zero
Age	24	Medium
Education	Master degree	High
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	Yes	Top

### *Student Eight*

This student has a **Bachelor degree in Czech from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. nursing). This migrant has reached a high level of proficiency in the Czech language, owing to their studies at a Czech institution. His/her **starting salary is low**, as it is an entry-level position, and they are 22 years old.

**Table 42. Points table– Student 8**

Points category	Migrant	Points contribution
Salary	29,000 CZK	Zero
Skill Level	ISCO level 3	Medium
Language: Czech	Proficient	Top
Age	22	Medium
Education	Bachelor degree	Medium
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	No	Zero

### Student Nine

This student has a **Bachelor degree in English from a Czech university**, and is just starting out their career in a medium skilled profession (e.g. nursing). This migrant has reached a high level of proficiency in the English language. His/her **starting salary is low**, as it is an entry-level position, and they are 22 years old.

**Table 43. Points table – Student 9**

Points category	Migrant	Points contribution
Salary	29,000 CZK	Zero
Skill Level	ISCO level 3	Medium
Language: Czech	No	Zero
Age	22	Medium
Education	Bachelor degree	Medium
Experience: Czech	None	Zero
Experience: Foreign	None	Zero
Qualification: Czech	Yes	Top
Strategic Occupation	No	Zero
Language: English	Yes	Top

## Policy simulation results

To estimate the effect of the points grid, the 18 profiles (9 skilled migrants, and 9 international graduates) were assigned points according to the three different points grids above (Human Capital and Job Characteristics, Job Characteristics only, and Human Capital Characteristics only). The results show, based on the different profiles, whether the applicant would qualify for an enhanced permit. There are three outcomes for each scenario: high scoring (5-year permit), medium score (3-year permit), and standard permit. In each simulation two selection strategies were employed: aggressive and conservative.

### Skilled migrants

**Table 44. Human Capital and Job Characteristics**

Policy simulation for when points are awarded for both human capital and job characteristics.

Total Points Available	370	Aggressive	Conservative
Thresholds	High	150	165
	Medium	65	110
Candidate	Total Points	Aggressive	Conservative
Candidate 1 The Foreign Expert	210	High	High
Candidate 2 The Former International Student	195	High	High
Candidate 3 The Highly Paid	165	High	High
Candidate 4 The Highly Educated	180	High	High
Candidate 6 The Prospect	150	High	Medium
Candidate 7 The Experienced	135	Medium	Medium
Candidate 3 The Whitecollar worker	135	Medium	Medium
Candidate 8 The Near Miss	105	Medium	Standard permit
Candidate 9 The Employee	35	Standard permit	Standard permit

**Table 45. Job Characteristics only**

Policy simulation for when points are awarded for job characteristics only.

Total Points Available	150	Aggressive	Conservative
Thresholds	High	70	75
	Medium	30	50
Candidate	Total Points	Aggressive	Conservative
Candidate 1 The Foreign Expert	120	High	High
Candidate 2 The Former International Student	60	Medium	Medium
Candidate 3 The Highly Paid	90	High	High
Candidate 4 The Highly Educated	75	High	High
Candidate 6 The Prospect	90	High	High
Candidate 7 The Experienced	0	Standard permit	Standard permit
Candidate 3 The Whitecollar worker	60	Medium	Medium
Candidate 8 The Near Miss	45	Medium	Standard permit
Candidate 9 The Employee	0	Standard permit	Standard permit

**Table 46. Human Capital Characteristics only**

Policy simulation for when points are awarded for human capital characteristics only.

Total Points Available	235	Aggressive	Conservative
Thresholds	High	105	120
	Medium	45	80
Candidate	Total Points	Aggressive	Conservative
Candidate 1 The Foreign Expert	90	Medium	Medium
Candidate 2 The Former International Student	135	High	High
Candidate 3 The Highly Paid	75	Medium	Standard permit
Candidate 4 The Highly Educated	105	High	Medium
Candidate 6 The Prospect	75	Medium	Standard permit
Candidate 7 The Experienced	135	High	High
Candidate 3 The Whitecollar worker	75	Medium	Standard permit
Candidate 8 The Near Miss	75	Medium	Standard permit
Candidate 9 The Employee	35	Standard permit	Standard permit

### ***International graduates of Czech universities***

**Table 47. Human Capital and Job Characteristics**

Policy simulation for when points are awarded for both human capital and job characteristics.

Total Points Available	370	Aggressive	Conservative
Thresholds	High	150	165
	Medium	65	110
Candidate	Total Points	Aggressive	Conservative
Student 1	225	High	High
Student 2	150	High	Medium
Student 3	210	High	High
Student 4	225	High	High
Student 5	180	High	High
Student 6	165	High	High
Student 7	120	Medium	Medium
Student 8	150	High	Medium
Student 9	105	Medium	Standard permit

**Table 48. Job Characteristics Only**

Policy simulation for when points are awarded for job characteristics only.

Total Points Available	150	Aggressive	Conservative
Thresholds	High	70	75
	Medium	30	50
Candidate	Total Points	Aggressive	Conservative
Student 1	60	Medium	Medium
Student 2	30	Medium	Standard permit
Student 3	60	Medium	Medium
Student 4	90	High	High
Student 5	90	High	High

Student 6	30	Medium	Standard permit
Student 7	30	Medium	Standard permit
Student 8	30	Medium	Standard permit
Student 9	30	Medium	Standard permit

**Table 49. Human Capital Characteristics only**

Policy simulation for when points are awarded for human capital characteristics only.

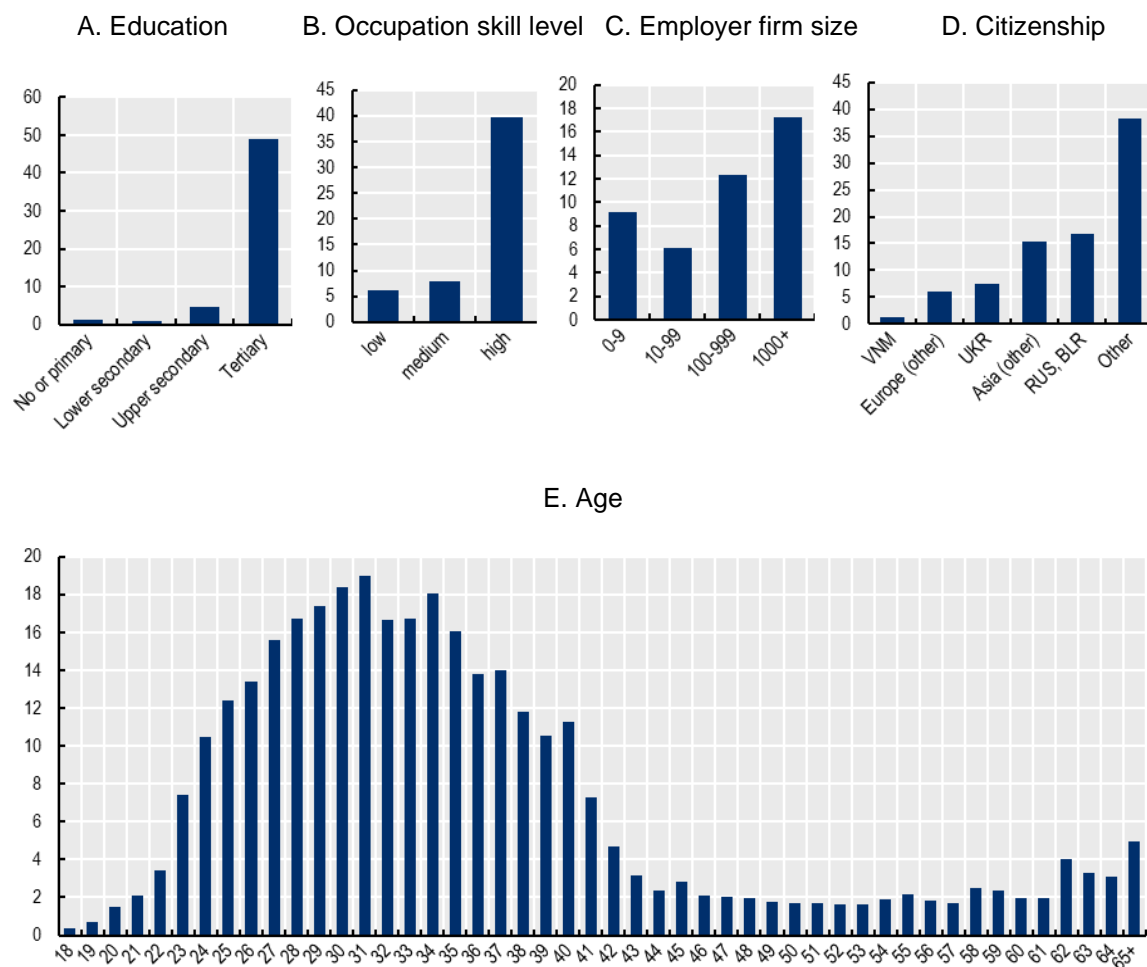
Total Points available: 235

Total Points Available	235	Aggressive	Conservative
Thresholds	High	105	120
	Medium	45	80
Candidate	Total Points	Aggressive	Conservative
Student 1	165	High	High
Student 2	120	High	High
Student 3	150	High	High
Student 4	135	High	High
Student 5	90	Medium	Medium
Student 6	135	High	High
Student 7	90	Medium	Medium
Student 8	120	High	High
Student 9	75	Medium	Medium

# Data simulations

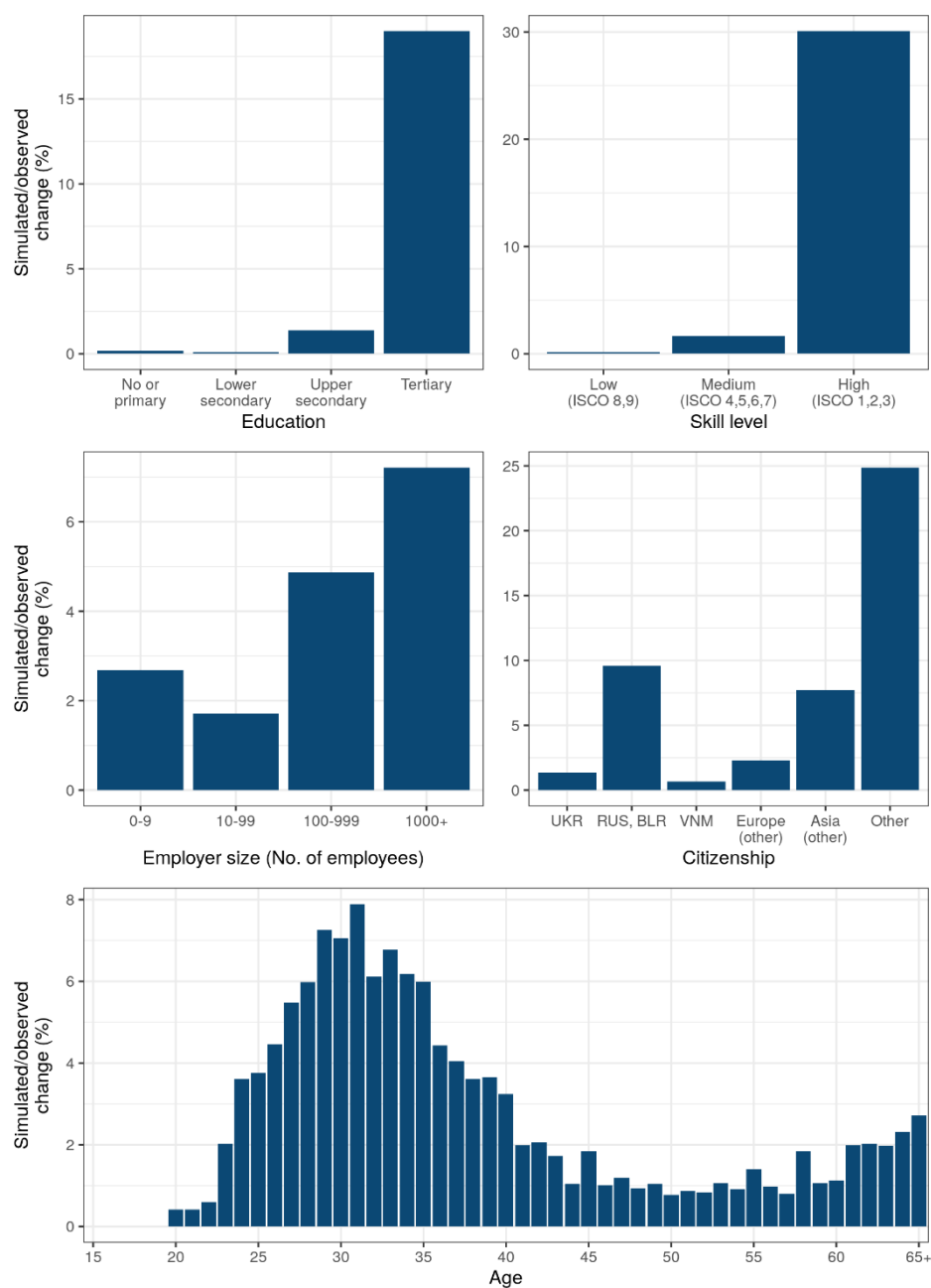
## Simulations with imputed data on wages

Human capital and job characteristics: Aggressive (**Preferred model**)



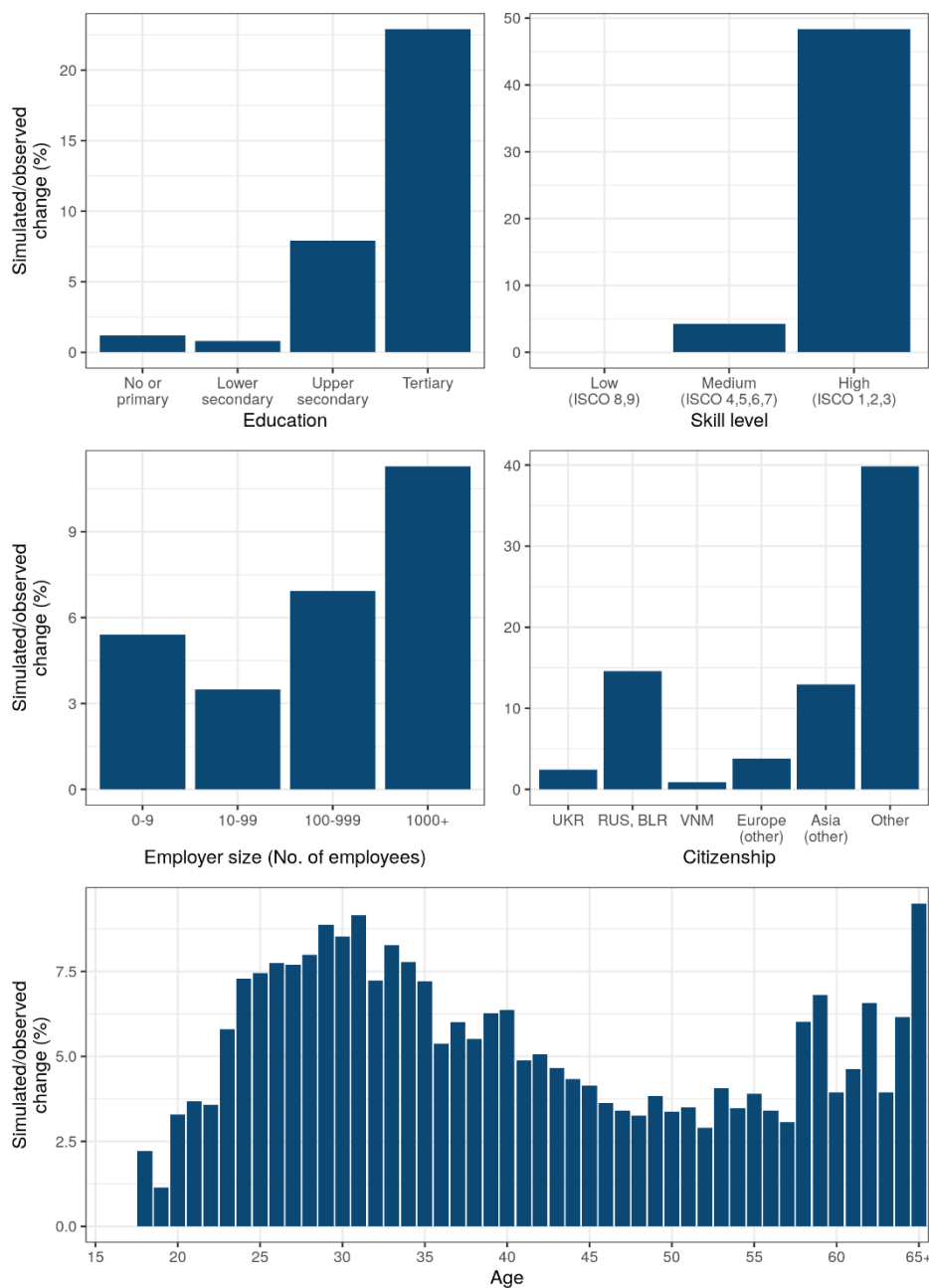
Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Human capital and job characteristics: Conservative*

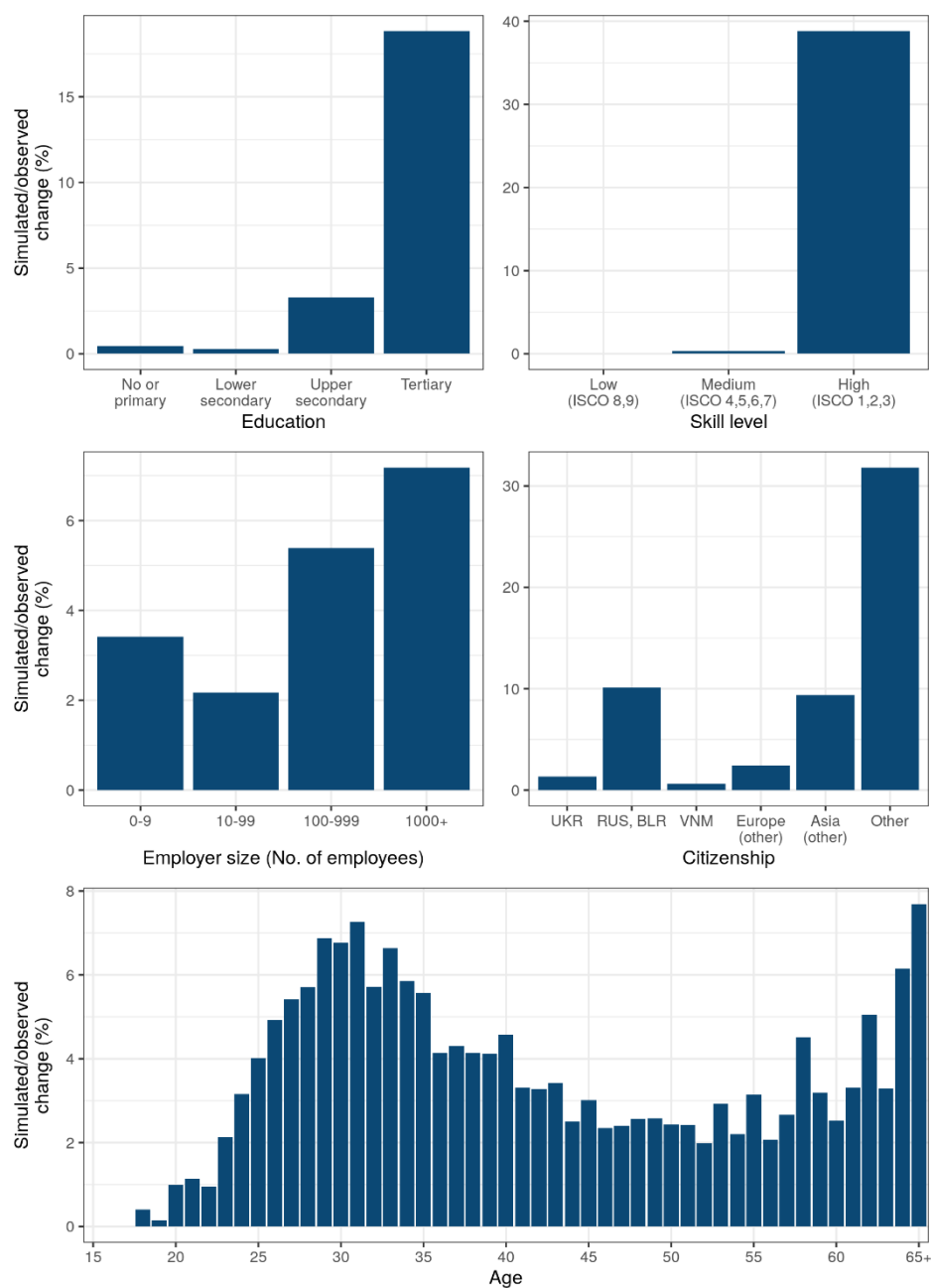


Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Aggressive*

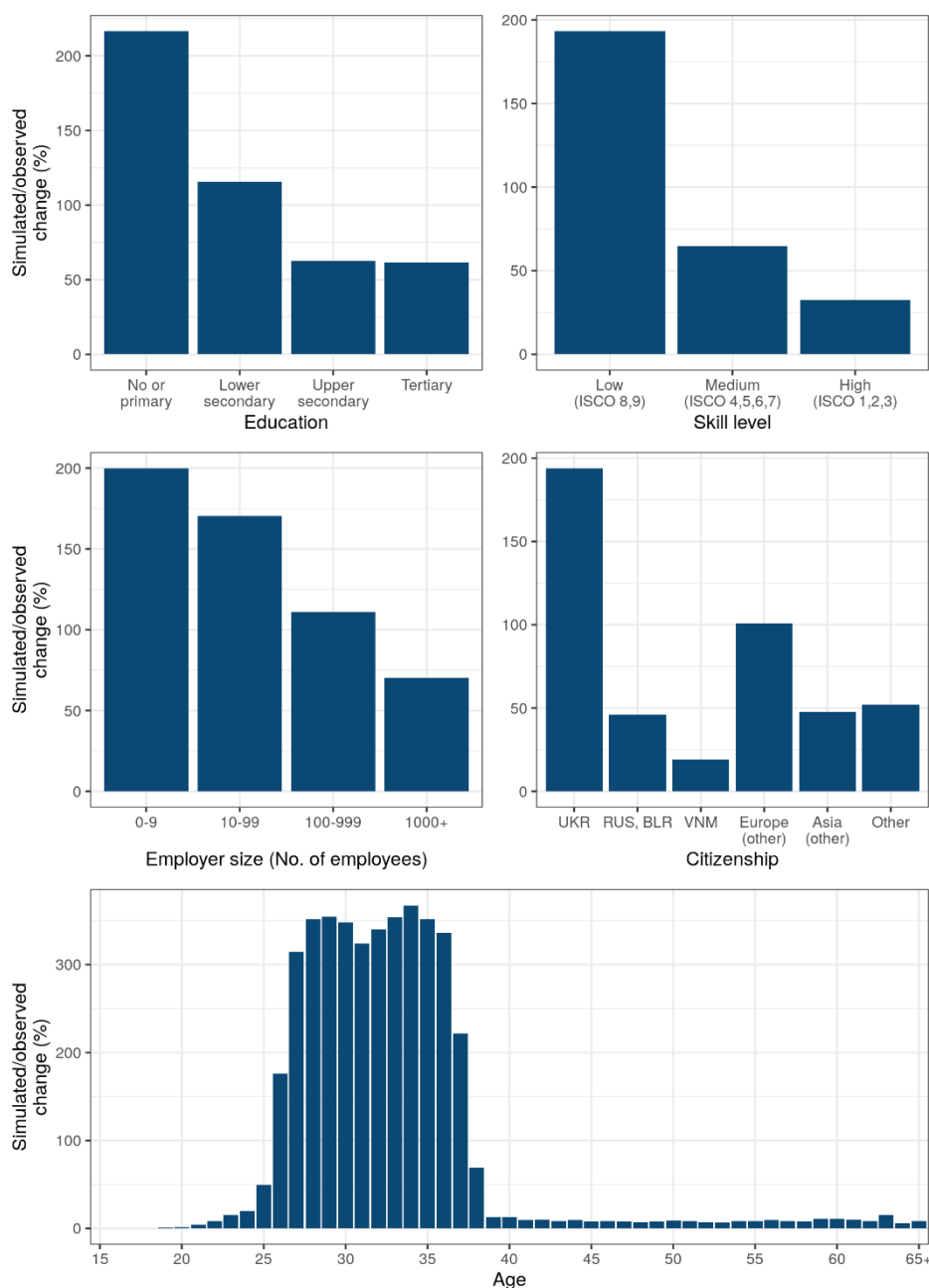


Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Conservative*

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

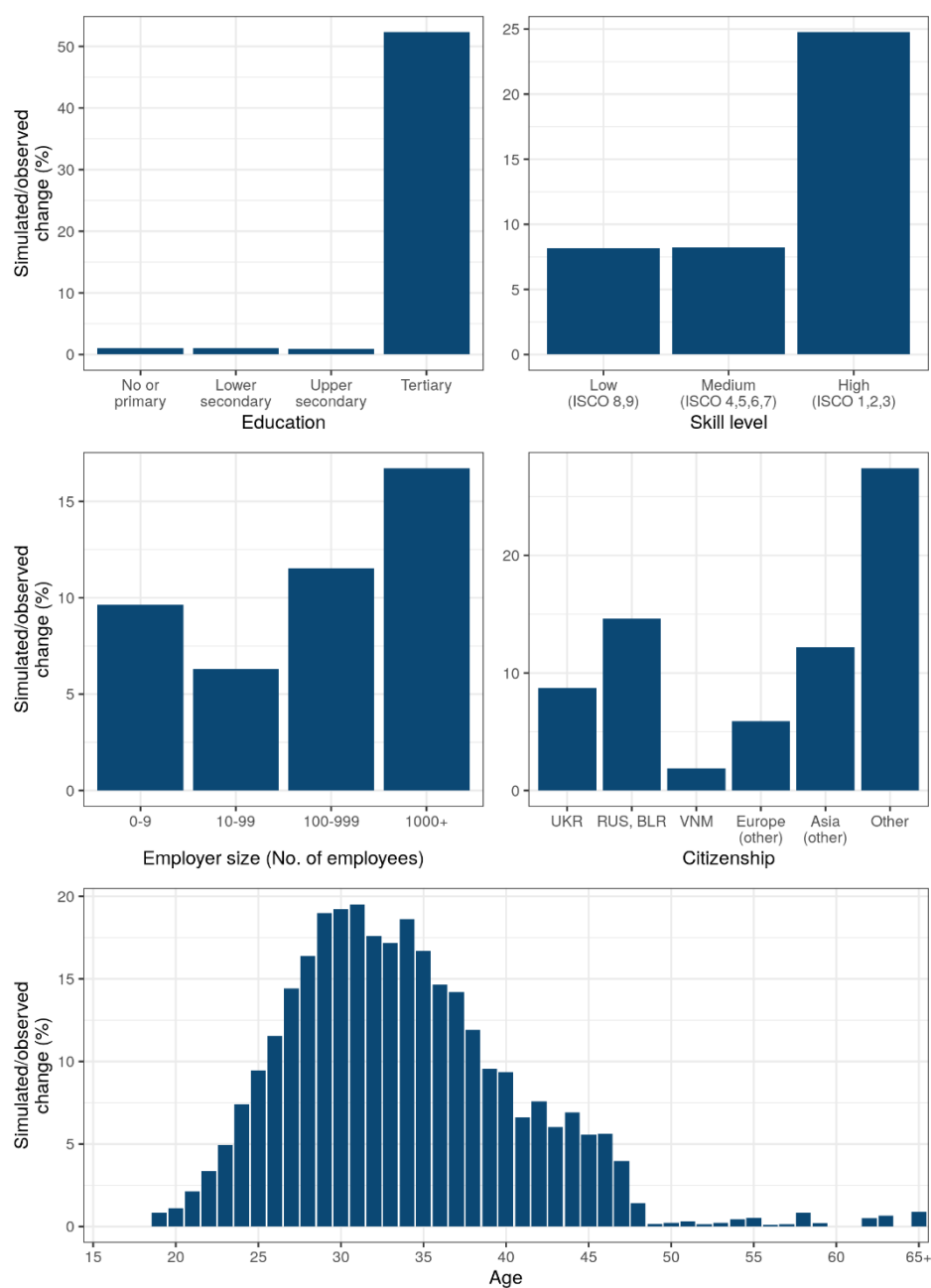
# Human capital characteristics: Aggressive



Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

### Human capital characteristics: Conservative

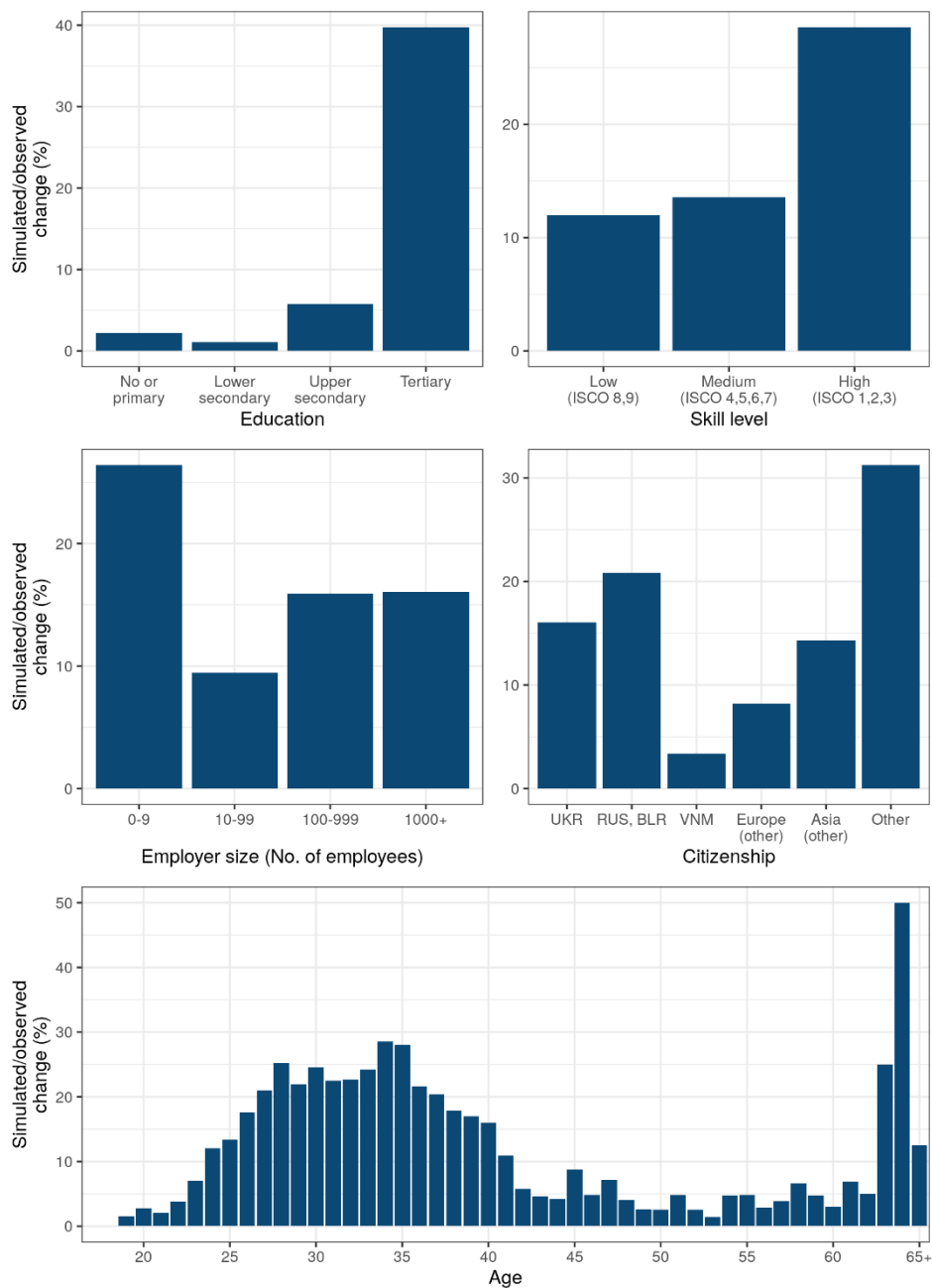


Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

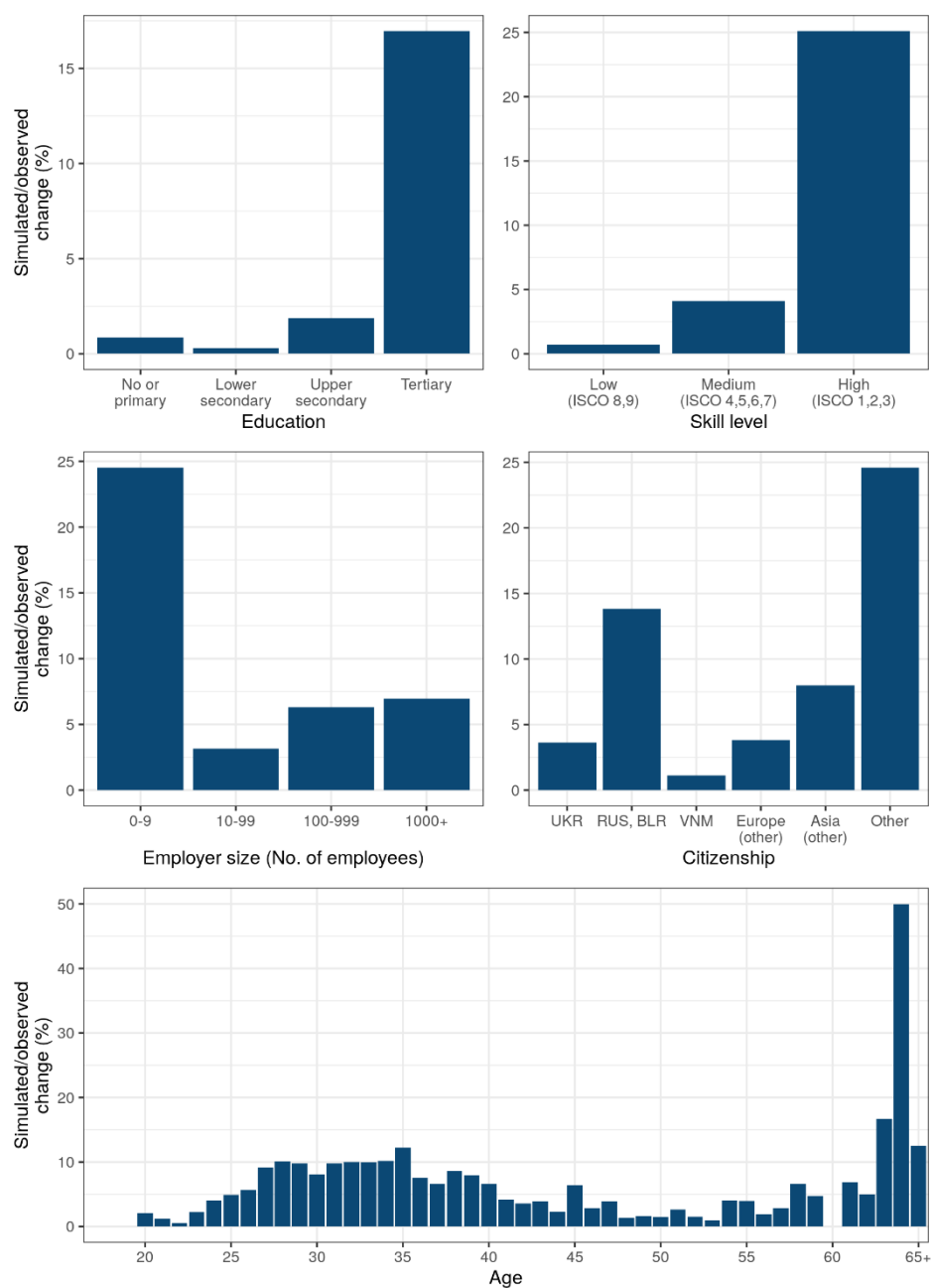
## Simulations with observed data on wages

### *Human capital and job characteristics: Aggressive*



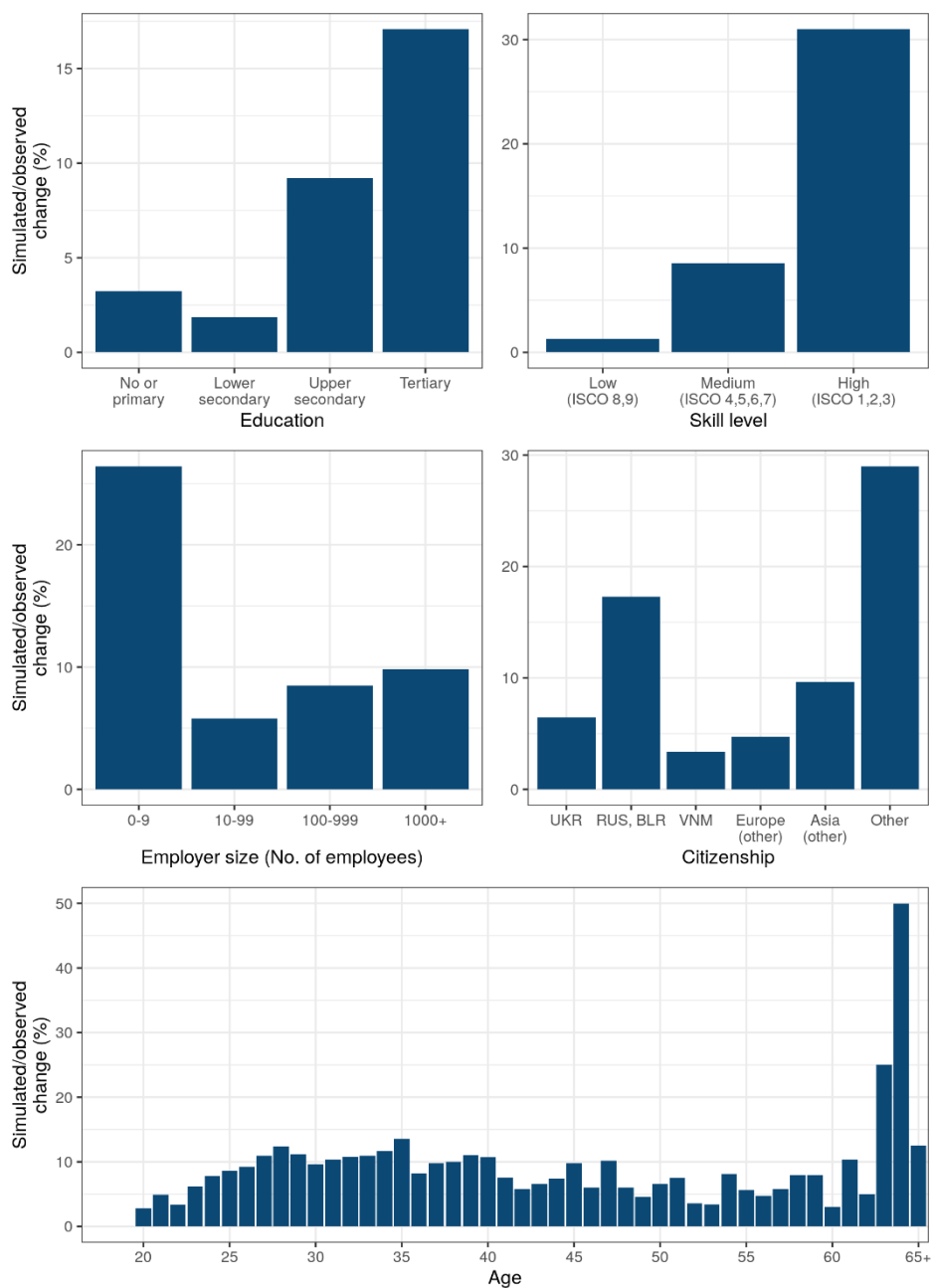
Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

### Human capital and job characteristics: Conservative

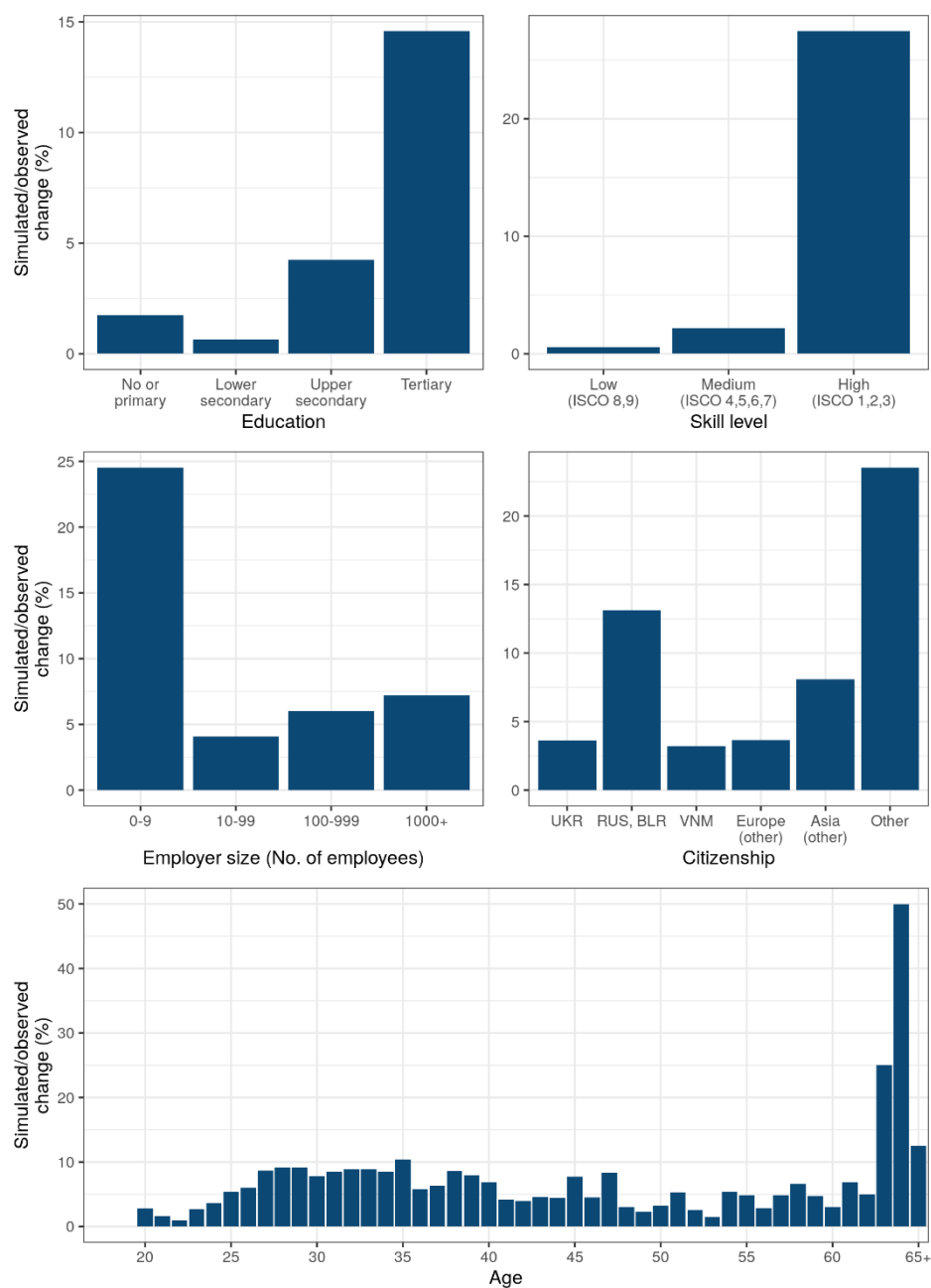


Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Aggressive*

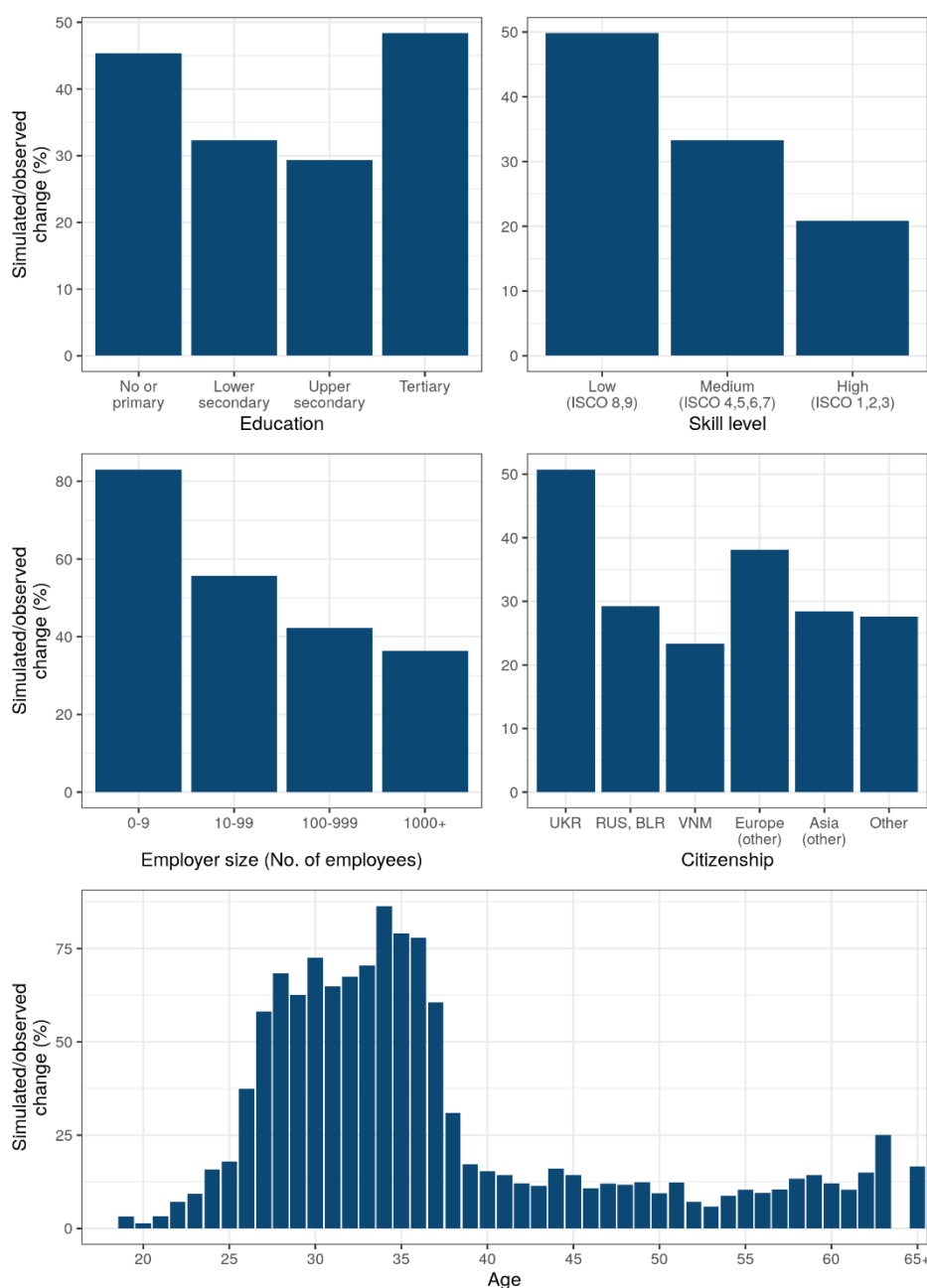


Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Conservative*

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

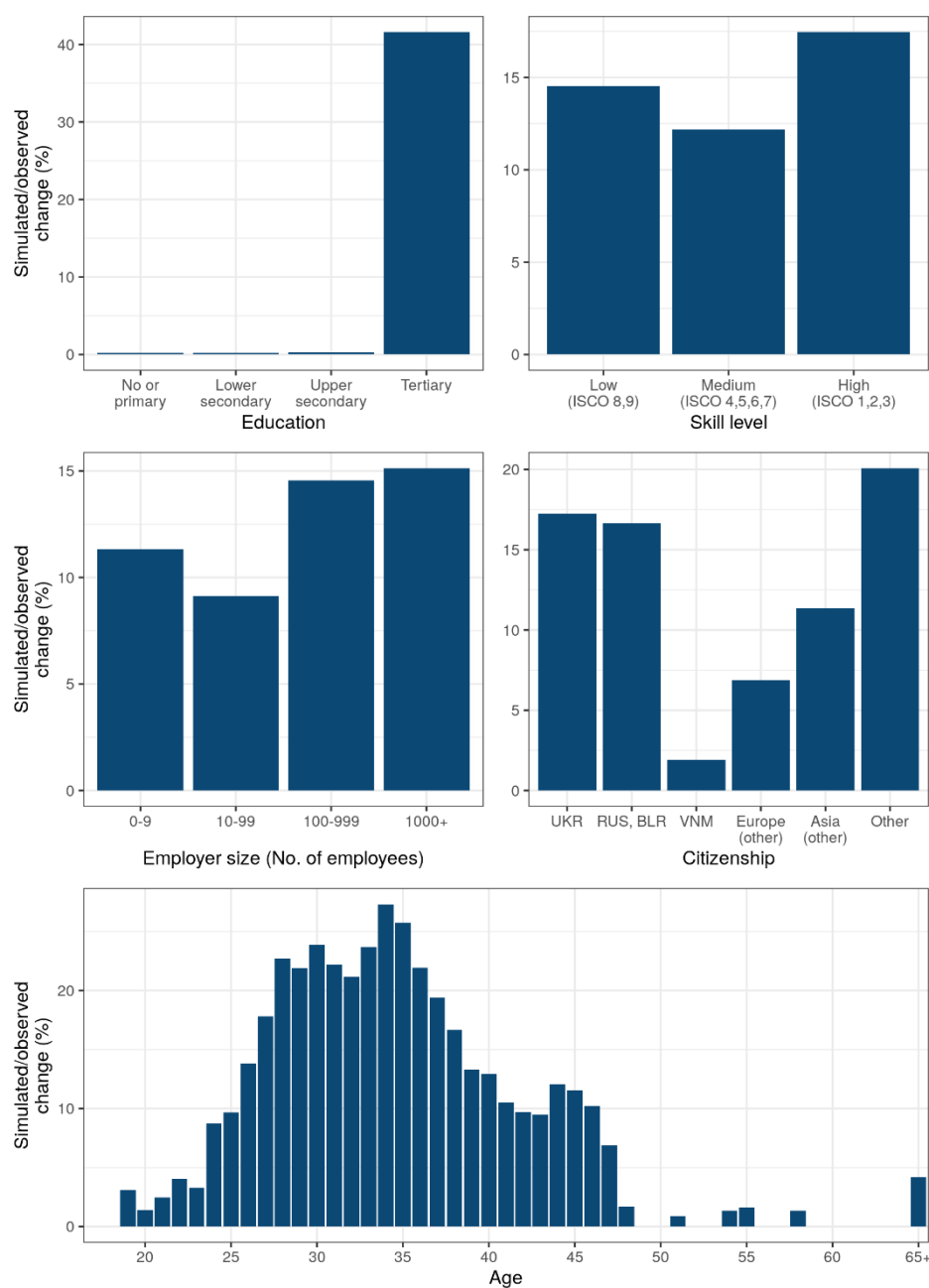
# Human capital characteristics: Aggressive



Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

### Human capital characteristics: Conservative

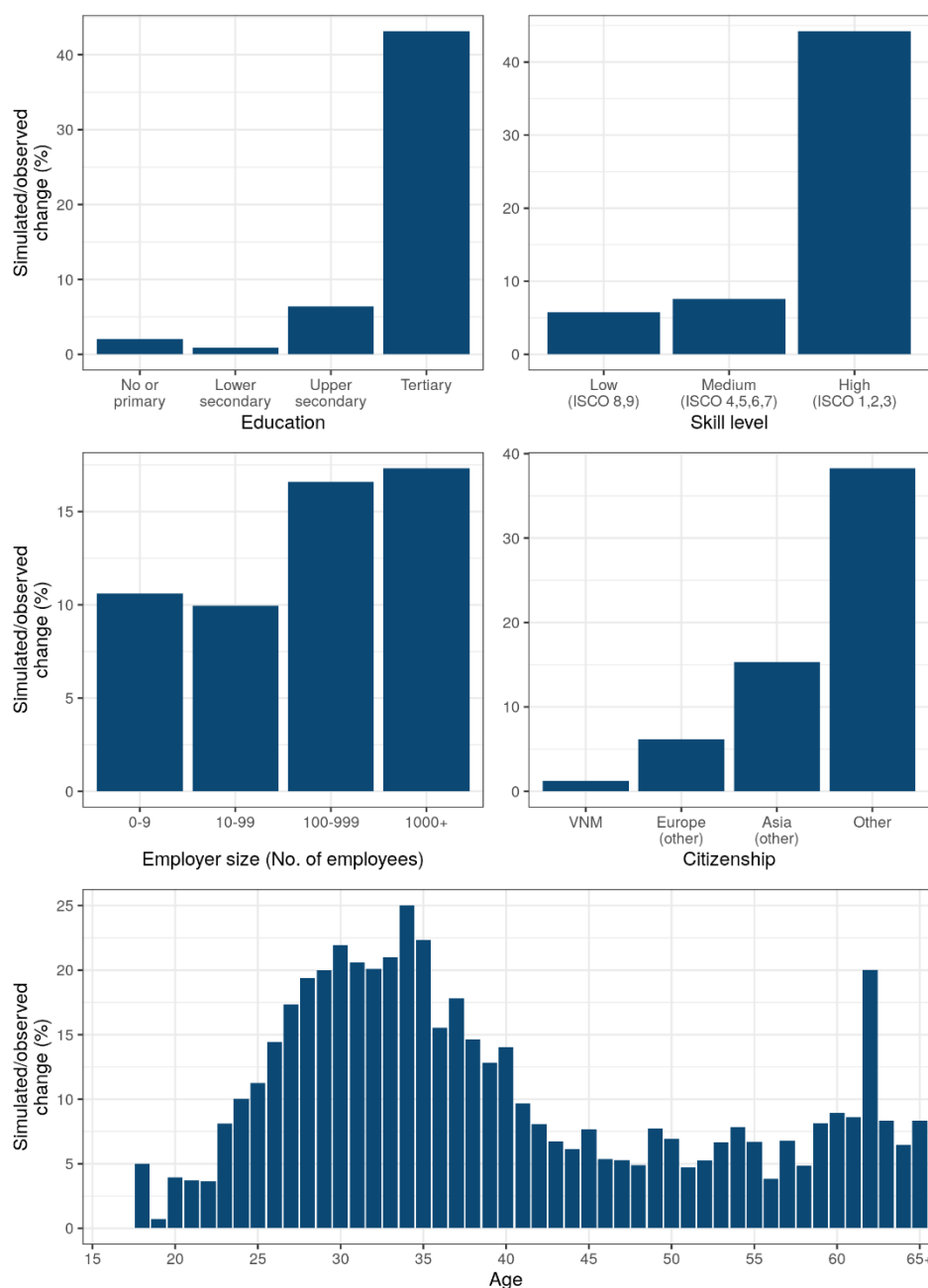


Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of 31 December 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

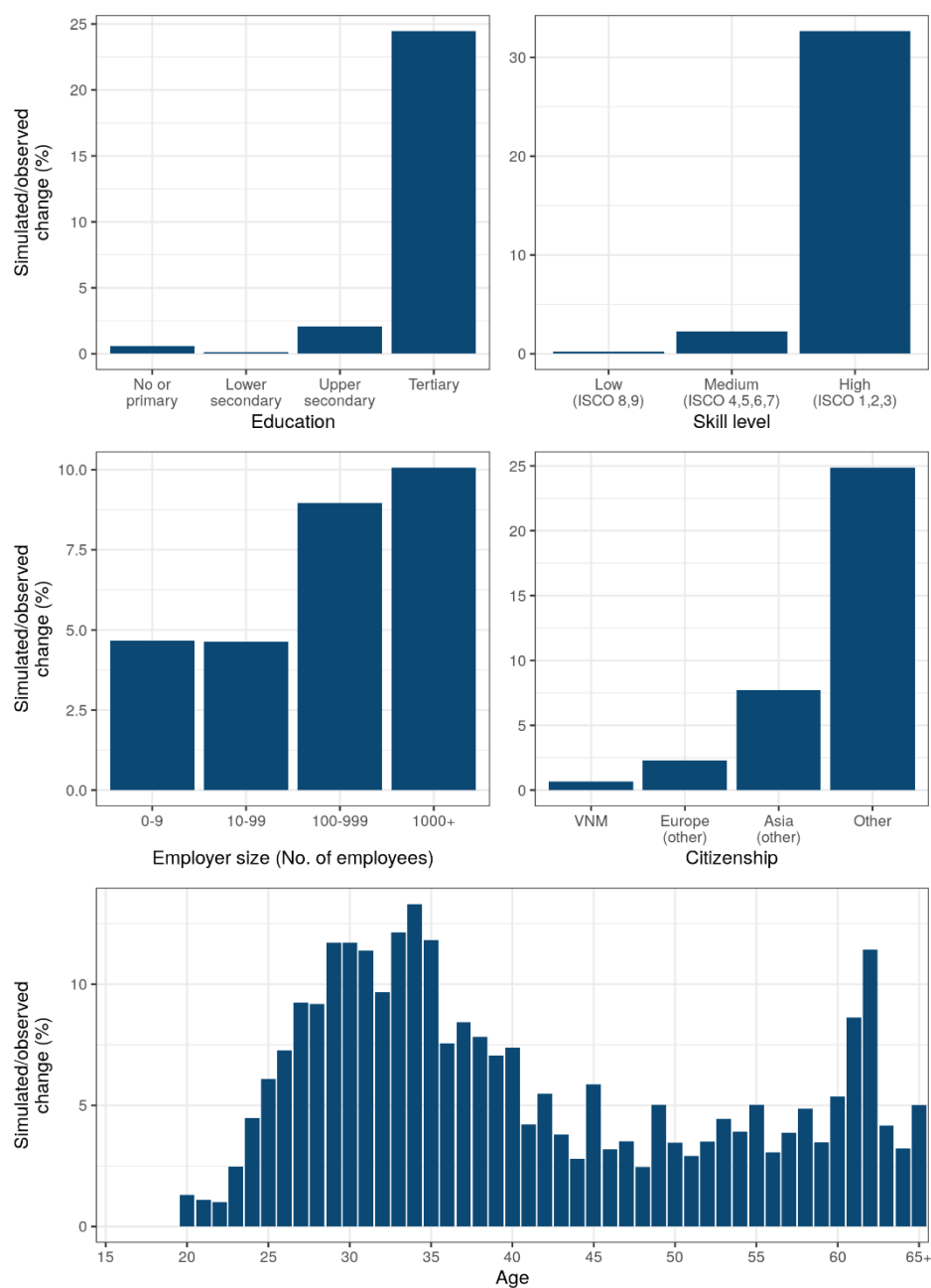
## Simulations with imputed data on wages and exclusion of foreign workers from Ukraine, Russia, and Belarus

### *Human capital and job characteristics: Aggressive*



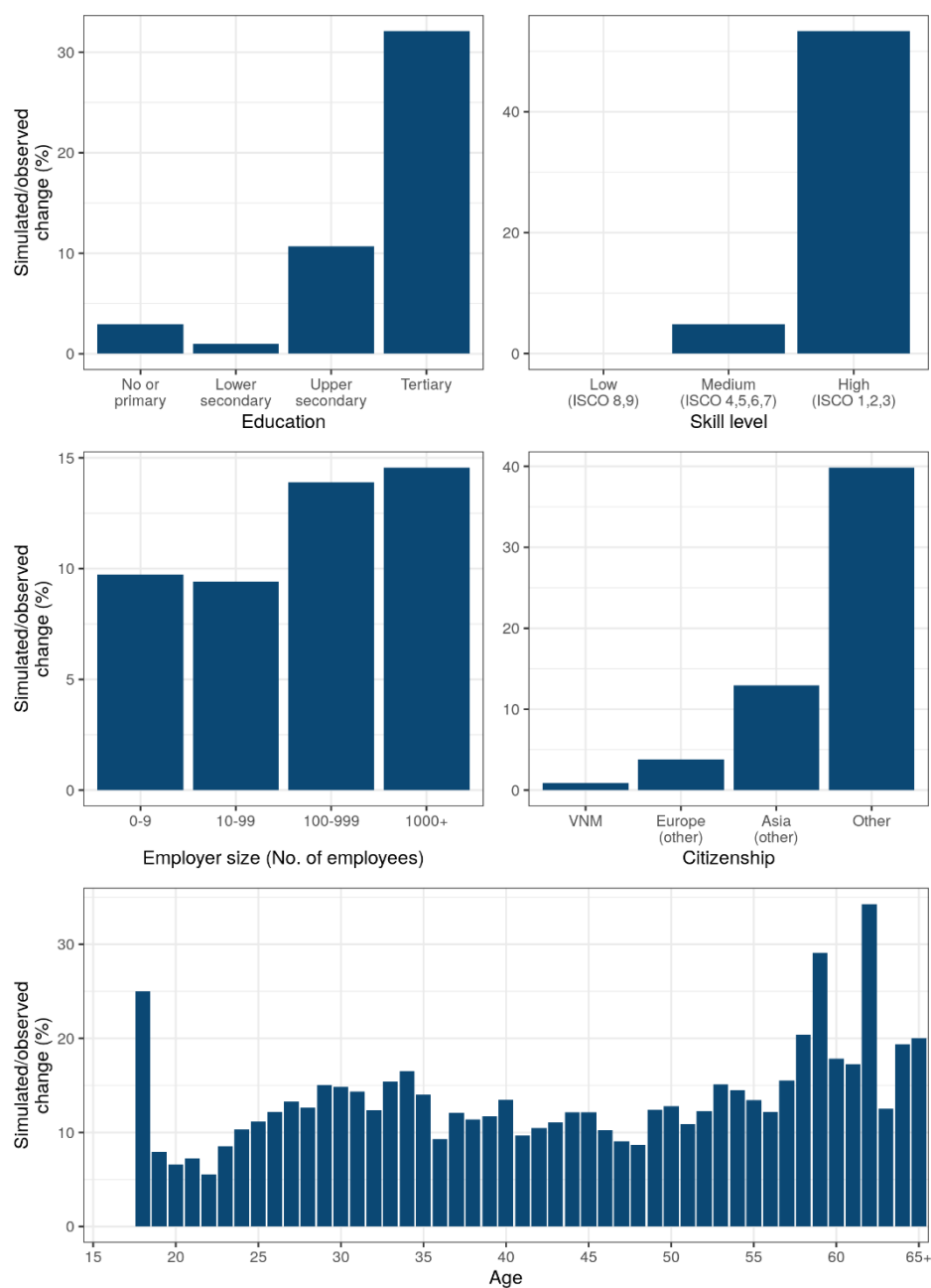
Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31<sup>st</sup>, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

### Human capital and job characteristics: Conservative

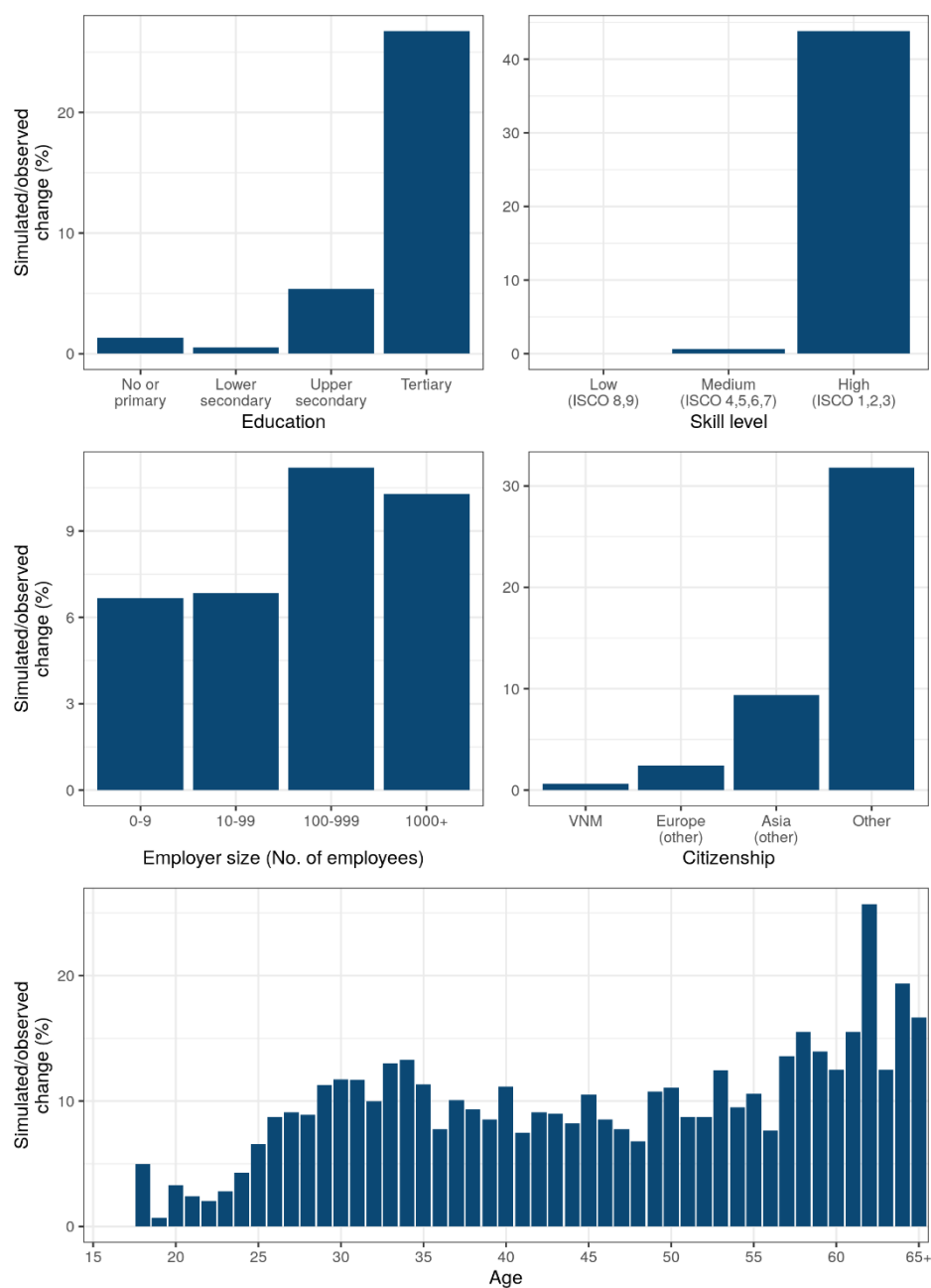


Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31<sup>st</sup>, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Aggressive*

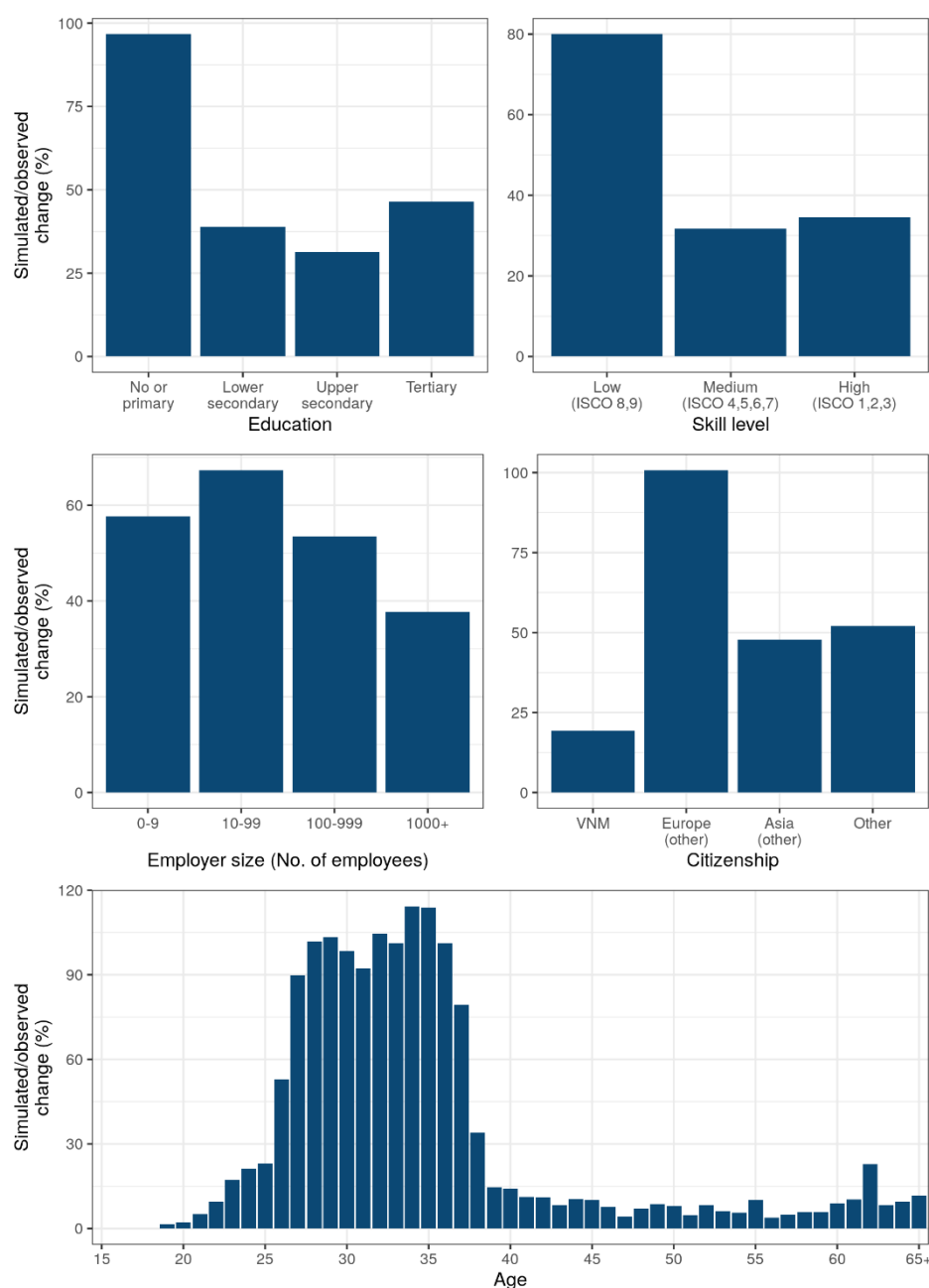


Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31<sup>st</sup>, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

*Job characteristics: Conservative*

Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31<sup>st</sup>, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

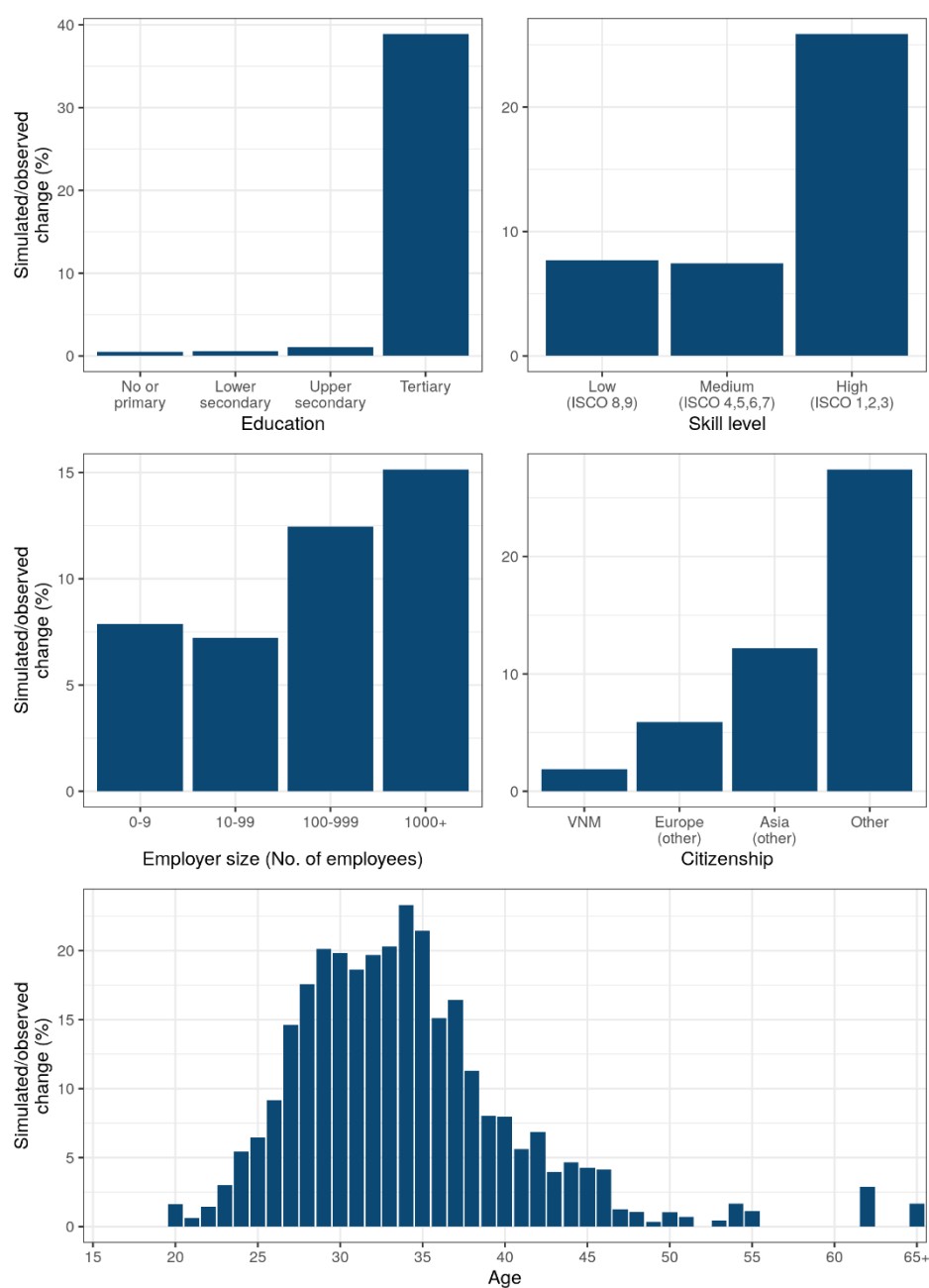
# Human capital characteristics: Aggressive



Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31<sup>st</sup>, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

### Human capital characteristics: Conservative



Note: Observations with missing data on wages are excluded from the sample.

Note: Figures depict percentage differential between observed and simulated population of migrants as of December 31st, 2020. Positive values indicate that simulated population is larger than observed one and vice versa.

## Annex B – Practical guidance

## Practical Guidance - Workflow and division of responsibilities

The PBS proposes a new approach to the assessment of economic migrants in the Czech Republic. The new PBS policy and platform will be managed by the Ministry of Labour and Social Affairs (MOLSA), and will require an expansion in their capacity to assess the claims of migrants in regards to their education and experience. There are four basic criteria that all economic migrants are required to pass in order to be eligible to be granted a long-term work permit. Failure of any of these criteria result in a refusal of the application. The PBS will determine the migrant's permit conditions, including length of stay and family reunification conditions. **Only migrants that have attained an initial points score that is prima facie eligible for at least a three year permit will undergo the full document verification process** (e.g., assessment of supporting documentation of education, language, and experience), see *Applicant Assessment* below.

Czech government agencies will need to build capacity within their organisations to undertake the new process established for the PBS, once legislation has been passed through parliament. Some assessments will replicate what is currently done for the Employee Card (job contract verification, salary) and the EU Blue Card (education qualifications). Some processes will be new, such as verifying Czech language and professional experience (both in the Czech Republic and abroad). In order to minimise disruption to administrative procedures, agencies should continue under the PBS to be responsible for assessment processes that are currently undertaken as per Figure 35 below.

MOLSA will conduct verification of points score to determine permit conditions and advise the Ministry of Interior (MOI) on which applications should be subject to assessments of the veracity of the applicants' documents. Modelling indicates that this subset of PBS applications may be around 27% of the entire long-term migration caseload.

**Figure 35. Overview of responsibilities**

Split of responsibilities for PBS assessments

Ministry of Labour and Social Affairs	Ministry of the Interior	Ministry of Foreign Affairs
<ul style="list-style-type: none"> <li>Primary manager of PBS policy and platform</li> <li>Stores documents and profiles of migrants</li> <li>Verify points score</li> <li>Evaluate relevance of experience and education to nominated job</li> <li>Issue work permit according to points scores</li> <li>Advise MoI/MFA of outcome of assessment through PBS platform</li> </ul>	<ul style="list-style-type: none"> <li>Assess migrant national security risk and criminal history</li> <li>Verify supporting documentary evidence (education, language proficiency etc)</li> <li>Advise MoLSA/MFA of outcome of the assessment through PBS platform</li> <li>Grants residence permit duration in line with MoLSA assessment.</li> <li>Advise clients of outcome of assessment</li> <li>Collection of biometric details</li> </ul>	<ul style="list-style-type: none"> <li>Receive physical copies of documents at initial application</li> <li>Preliminary review of documents</li> <li>Facilitate requests for further information requests from MoI and MoLSA.</li> <li>Issue visa once work and resident permit has been granted.</li> </ul>

Note: A flowchart of the proposed assessment process for these responsibilities is below

### **Initial pilot for five-year permits**

Further, we recommend establishing a pilot phase for the project to manage any unforeseen risks arising from the issuance of five-year permits. A maximum quarterly, or yearly, quota would be set through consultation among MOLSA, MOI, the Ministry of Industry and Trade (MOIT) and the Ministry of Foreign Affairs (MFA) to establish a ceiling for the maximum number of five-year permits that could be granted. This would ensure that numbers of migrants that may potentially qualify for permanent residence in the long term stay low while the PBS assessment process is still in development.

The pilot would initially run for one year, after which demand for the five-year visa and any potential issues could be reviewed before extending the quotas or removing them to allow the PBS to function as designed.

We recommend that three-year permits be granted to all eligible applicants, and that no quota be imposed noting that these skilled migrants would undergo at least one renewal before they would be eligible to apply for permanent residence in the Czech Republic.

### **Workflow**

To establish a new workflow, a specialised unit in MOLSA that would verify the points scores of migrants that applied through the PBS online application platform. MOLSA would assess the relevance of previous work experience (both Czech and experience abroad) and educational qualifications. The Ministry of the Interior would continue to determine the veracity of documents provided in support of the clients application, such as academic degrees and language qualifications.

The online application platform would collect the full range of client details and facilitate the submission of scanned copies of documents to support the clients application. While Ministries are acclimatising to the digitised work environment, the MFA would continue to receive key original documents at embassies and consulates and facilitate their transmission to the Czech Republic for assessment.

This transitional phase would allow the Czech Republic to continue making assessments largely as they are done currently, while building familiarity with a new digitised process and implementing points based assessments for permit duration.

Practical guidance on assessing applications can be found in the section below *Practical Guidance – Applicant assessment*.

### **Timing of assessments**

Points based and mandatory assessments **will occur in parallel** in both phases. Information of relevance collected through the PBS platform (see Data collection and monitoring of employment of workers from abroad) will be available for review by the Ministry of the Interior. This includes biographical details of the applicant, work history, contact details, family, intended address in the Czech Republic and electronic copies of criminal record extracts.

The verification of genuineness of an applicant's documents by the MOI would only be strictly required after MOLSA had confirmed that their points score justifies the assessment. The Ministry of Interior still may wish to conduct fraud assessments on suspected documents to further gather information to developing risk profiles, even when MOLSA has not recommended the application for an extended duration permit.

Once the Ministry of the Interior has completed its assessments, MOLSA will provide advice on the appropriate permit duration for the applicant.

### ***Looking forward***

To further consolidate the skilled migration process as a function under a single Ministry, which has the potential to improve processing efficiency and to create a more agile policy environment, the full points and document verification process could be housed solely within MOLSA in the future.

MOLSA would verify applicant points scores and assesses qualifications (education, employment history, language proficiency etc) for genuineness. The Ministry of the Interior would continue to conduct the security-focused checks – these are fundamental to maintaining national security and public order.

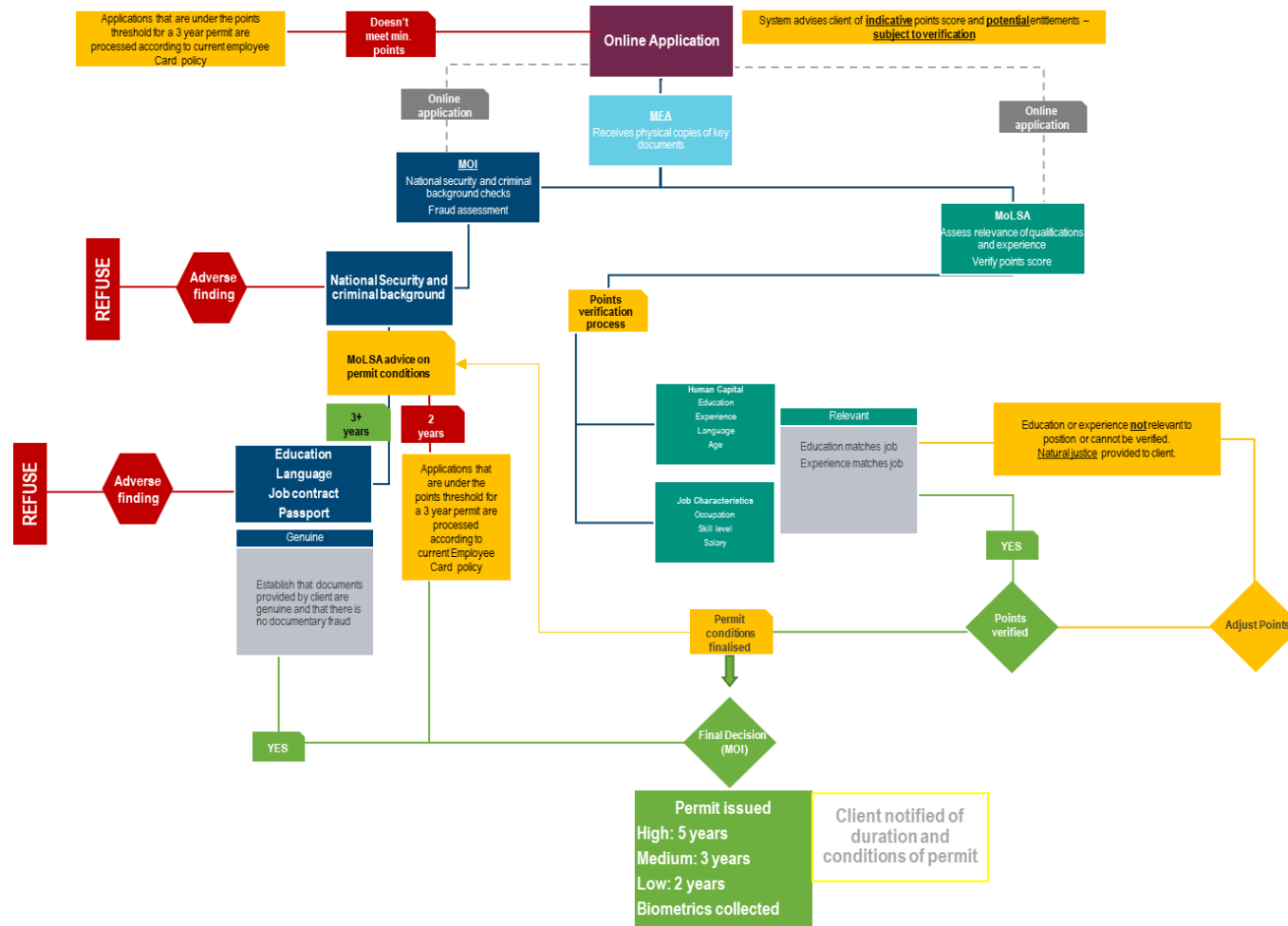
There would be an expanded role for the Ministry of Labour and Social affairs. MOLSA would own the PBS policy framework and would be responsible for commissioning evaluations and adjusting policy settings. MOLSA would also undertake key assessments of claims made by applicants during the application process. This includes determining the veracity of the job offer (e.g. salary is commensurate with the position), academic degrees, professional work experience, and language qualifications. MOLSA would make a determination as to whether or not the applicants qualifications and experience are both genuine relevant to the position on offer.

The assessments of academic degrees would be to determine that the claims of the migrant are *genuine*, rather than determining if they are *equivalent* to Czech qualifications. This assessment process would be focused on detecting fraud in the caseload – ensuring that documents presented to MOLSA in support of a PBS application are what they appear to be. Detection of fraud (either document fraud or a fraudulent issuing institution) would result in a refusal of the application.

Additionally, if an education qualification was found to be genuine but determined to be otherwise not relevant to the position through no fault of the migrant or employer, MOLSA would make an adjustment to the points score of the migrant to discount the qualification. This would include qualifications that are clearly not relevant to the position - e.g., a Master of Business Administration for a metal turner position.

The entire application process would be online and MFA would only receive physical documents when MOLSA or MOI have specifically requested originals due to a risk indicator in the client's application.

## Workflow diagram – PBS assessments



## Practical guidance – Applicant assessment

### ***Initial score***

The indicative score that is generated by the claims of the applicant in their initial application should be considered an estimate only. It should not be considered a 'verified' score for the purposes of determining an applicant's permit conditions. This should be communicated to the applicant in clear terms.

### ***Verified score***

The assessing officer will need to be satisfied that each claim put forward by the applicant is genuine and relevant. A verified score should be given only when a final score for each relevant category has been determined.

Once the assessment is complete, and pending the completion of mandatory checks by the Ministry of the Interior and the Ministry of Health, the client can be notified of the final verified score and associated permit conditions.

For applicants that **do not meet the points threshold** for an enhanced permit under the PBS there is **no need** to assess or verify their points score. The applicant should be provided with the duration requested in the labour market tested vacancy, provided they meet the other standard criteria such as meeting minimum salary requirements and mandatory national security and criminal history checks undertaken by the Ministry of the Interior. A diagram of this assessment process is above in *Practical Guidance – Workflow and division of responsibilities*. The majority of applicants that apply for long term employment and residence permits are unlikely to qualify for a PBS enhanced permit. According to modelling, the recommended *Human Capital and Job Characteristics* model would lead to around 27% of applications (see Figure 33) requiring document assessment to validate their points score.

### ***Establishing the veracity of documentation***

Advice on the detection of fraudulent documents, either physical or digital, is not within scope of this project. Assessing officers will need to be satisfied with the bona fides of the supporting documents presented in making their decision to award points through the PBS. For all factors, if it is suspected that bogus documentation or false or misleading information has been provided, assessing officers should follow procedures established by government authorities, including standard procedural fairness procedures, before considering refusing the application on the basis of fraud.

### ***Experience***

The heavier weighting of points awarded for skilled experience in the Czech Republic recognises the value that first-hand experience and understanding of the Czech Republic's work environment can have in assisting migrants to establish themselves in the labour market and settle into life in the Czech Republic.

The project recommends that periods of past employment should not have to be continuous, as it is the accumulated period of relevant employment experience. Applicants should be eligible for points even if their relevant skilled employment alternates with periods of non-related employment or other activities such as study.

For example, if prior to applying for their points-tested visa, an applicant whose job offer is for the role of a financial advisor. Previously, the applicant worked as a financial advisor for two years, and followed this period of employment with postgraduate studies for two years. After graduating, the individual worked as

a bartender for a period of one year before resuming work as a financial advisor for a further three years. This applicant would be eligible for points based on their five years skilled employment experience as a financial advisor. The one year working as a bartender would not be counted. The applicant would be eligible for 15 points in the foreign experience category, due to having four or more years of experience.

Applicants may also be eligible for points for the employment factor if they have both experience in the Czech Republic and overseas skilled employment experience. For example, if prior to applying for their points-tested permit, an applicant with a job offer as a chef had worked short periods in the Czech Republic – e.g., two six-month periods working in fine dining establishments in Prague. The applicant had also worked for a period of five years as a chef in their home country. The applicant would be eligible for 20 points for the total of one year of experience in the Czech Republic and a further 15 points for their five years of professional experience in their home country.

However, it should not be possible for applicants to combine shorter periods of skilled employment gained while working **in and outside** of the Czech Republic in order to meet one of the Czech Republic or foreign skilled employment experience factors. For example, an applicant cannot claim two years' Czech professional experience by adding together six months of foreign employment experience and 18 months of Czech employment experience.

The term 'employed' may also need to be defined in regulations for the purpose administering the experience category of the points test. Employment should be generally defined as 'engaged in an occupation for remuneration for at least 20 hours a week.' Assessing officers should be granted discretion to applying this definition in relation to applicants employed on a casual basis who, because of illness or other compelling and compassionate reasons, may have fallen short of the 20-hour benchmark periodically during the relevant period.

Assessing officers may need to ask applicants to provide detailed evidence of their previous terms of employment and salary payments.

Only paid experience should qualify. For example, the following scenarios would not be eligible for points for experience:

- A postgraduate student whose income is derived from living allowances or scholarships designed to cover their expenses but who engages in occasional tutoring for the university.
- Unpaid skilled work experience undertaken as part of an internship. Internships should be considered development opportunities rather than skilled employment.

However, assessing officers may need to exercise discretion in individual cases where employment as an intern includes substantive work at a professional level.

When assessing periods of skilled employment for the purpose of awarding points, the following should be taken into account:

- the Czech-International Standard Classification of Occupations (CZ-ISCO) including any pre-requisite qualifications/work experience relevant to the claimed skilled employment, and
- any other relevant information, such as employment records and references.

Points should be awarded for professional experience that has led to career advancement or changes in occupation but in the same field. In these circumstances, to be awarded points, the claimed employment will need to be in a skilled occupation closely related to the applicant's nominated skilled occupation.

Career advancement would usually take the form of promotion to a senior role or higher level that relates to a field of expertise and incorporates greater responsibility. For example, it is possible that over their career an accountant or engineer could advance to a Chief Accountant or Chief Engineer, or a Chief Executive Officer.

Changing occupations but remaining in the field may allow workers to apply highly developed skills and knowledge in a new context. For example, if an applicant receives a job offer for the occupation of Accountant and the applicant has provided evidence of skilled employment as a financial advisor and as a financial analyst, assessing officers should consider these periods of employment as closely related for the purpose of awarding points. Furthermore, there may be other reasonable instances, for example, an industrial chemist could transition to a position that teaches chemistry.

### ***Education qualifications***

Employers will continue to play a central role in determining if a migrant is qualified to undertake the nominated occupation. That the migrant has been offered a position in the occupation is a strong indication that the employer believes that they have the ability to perform the occupation effectively. Assessing officers are not experts in the requirements of all occupations in all sectors and are not best placed to make assessments of the suitability of the migrant for a particular vacancy. However, the assessing officer should be satisfied that the qualifications are consistent with the work that will be undertaken in the Czech Republic.

Assessing officers should confine their consideration to whether the documents presented are both **genuine** and **relevant** to the occupation that will be performed in the Czech Republic. The considerations are:

- is the document a **genuine** document issued by a **genuine** education institution?
- is the education **relevant** to the occupation that will be performed in the Czech Republic?

In assessing a document to determine if it is genuine, the officer may request verification from the issuing institute or consult with expert document examiners to detect fraud. If there are no prima facie concerns, the assessing officer may accept the document as presented.

Assessing officers will also need to determine if the education qualification is relevant to the work they will be undertaking. For example, an accountant that holds a master's degree in accounting has a clear connection between their education and their work and the points would be awarded to the migrant. In other cases, the education may be patently unrelated to the work that will be undertaken. For example, an assembly worker with a bachelor's degree in biology would generally not be awarded points for their education. However, the connection between employment and education will not always be so clear-cut. For example, a migrant with a job offer as a public relations manager might hold a Master of Physics. While the connection between the occupation and degree is not immediate, an assessing officer may consider that the general education level, critical thinking and analytical ability is relevant to the position and award the points to the migrant for the master's degree. Generally, the higher the skill level of the occupation the more likely that a high level of education will be relevant. The Czech Republic will need to develop detailed procedural advice on these matters for assessing officers, centered around fair and reasonable discretion.

The assessing officer should consider the highest degree first and determine if it is relevant to the job offer in the Czech Republic. If the highest degree is deemed to not be relevant, an assessing officer may still award points for lower degrees. For example, if an applicant presents evidence of having attained a doctoral qualification and a bachelor level qualification, decision makers should first consider the doctorate for the purpose of awarding points. Only one degree can be recognised and awarded points in this category. For example, if eligible for points for the doctoral qualification, the applicant cannot also claim points for another educational qualification.

### ***Czech qualifications***

The project recommends awarding points to applicant that holds Czech qualifications. Applicants should be awarded points for Czech qualifications if they met the requirements for the award of a doctorate, bachelor's degree, master's degree, diploma or trade qualification by an Czech educational institution. For

diploma and trade qualifications the period of study should be no less than two years. Only qualifications that have been accredited by the Czech Ministry of Education, Youth and Sports should be awarded points.

In the education category, only the highest level of qualification is counted towards the points score. However, points for a Czech qualification will be awarded regardless of whether or not the qualification is the highest qualification the migrant holds or not. For example, an applicant has a master's degree from Charles University, then goes on to do a PhD at Tokyo University. Under the PBS, the applicant would be awarded 60 points for holding a PhD qualification, and a further 15 points for holding a Czech qualification.

It is also recommended that the points are awarded for the Czech qualification regardless of whether or not the qualification is relevant to the nominated occupation.

### ***Occupation skill level***

A job offer can be taken *prima facie* that the employer believes that the migrant has the skills required to perform the occupation. However, as a migrant brought in under the PBS will require a job offer to enter the territory and to maintain employment to ensure they maintain a legal status in the country, employers can be relied upon to make assessments on the skills and capabilities of migrants. Further checks by the Czech authorities would not supplant the employer's right to hire and fire workers, and would only increase the delays and administrative burden for recruiting workers of all skill levels from abroad.

However, assessing officers will need to establish that the **salary** of the position is commensurate with the **occupation skill level** and with the **duties described in the job contract**, which should align with the occupational description in the CZ-ISCO. The salary level may differ from region to region and across sectors and companies. The assessment of whether a salary is appropriate may rely heavily on the expertise of the Labour Office. Further guidance on salary assessments can be found below.

The Czech Republic, according to its own internal data on non-compliance, may wish to establish a mandatory skills assessment list. This would be based on known trends of occupations where the risk of malpractice resulting in public harm is significant and not already under regulation. Applicants with job offers in these occupations, from countries with known low training standards, would be required to undertake a skills assessment by a recognised Czech authority before beginning work. The project notes that this policy consideration would affect all immigration programs in the Czech Republic, not just the PBS. The establishment of this independent skills assessment process would also contribute to the necessary policy infrastructure for an eventual or possible inclusion of channels for migration without a confirmed job offer (supply side migration).

### ***Salary assessment***

To protect the Czech labour market, assessing officers will need to determine if the salary in the application is what would be offered to an equivalent Czech worker. The labour market testing procedure in the Labour Office may fully or partially address this part of the assessment process.

Where there is an equivalent Czech worker, the appropriate salary for the migrant is salary the salary that the Czech worker receives. If the Czech worker's salary is based on an enterprise agreement or industrial award, the name of the agreement or award as should be provided as part of the application. If there is no relevant agreement or award, or the employer is paying Czech employees above the award rate, the employer should provide copies of relevant employment contracts and pay slips for this employee.

It should be the responsibility of the employer to provide evidence of how the migrant's salary has been determined. Relevant information for consideration could be job survey data, advertisements in the same location (regional vs urban) in a recent period, remuneration surveys completed by a reputable organisation or written advice from trade unions or employer associations.

After the arrival of the migrant in the Czech Republic, it is important for the integrity of the immigration program that the **salary level** of the migrant **be monitored** to ensure that it remains at least at the level which was the basis for the admittance of the migrant. Salaries that fall below this level may be indicative of fraud or misleading information in the initial application.

## Language

For the assessment of English there are a range of reputable tests that can establish a migrants language skills. It is recommended that points in the English language category be awarded to any applicant that is able understand overall meaning in most situations and should be able to handle basic communication in their field of expertise. Scores in selected tests that equate to this level are below in Table 50.

**Table 50. English tests scores for assessment**

Test	Score
International English Language Testing System (IELTS Academic or General Training)	At least 5 for each of the 4 test components
Test of English as a Foreign Language internet-based Test (TOEFL iBT)	At least 4 for listening, 4 for reading, 14 for writing and 14 for speaking
Pearson Test of English Academic (PTE Academic)	At least 36 for each of the 4 test components

Source: OECD Secretariat review.

It is also recommended to award points for English language to individuals who are nationals and hold a valid passport issued by the United Kingdom<sup>18</sup>, the United States of America, Canada, New Zealand or the Republic of Ireland.

Czech language tests are less prevalent than English language tests. However, Czech Centres have been established in 26 countries including the key migration source countries including Ukraine, Russia, Japan and South Korea. Czech Language centres offer Czech language courses (up to CEFR B2 in Kiev), supervised examinations and certificates of language attainment. The Czech language category should rely on language certificates issued by Czech Centres, or other officially recognised assessors, as the primary evidence of language attainment.

For migrants applying within the Czech Republic that wish to demonstrate Czech language skills, results issued by a recognised examiner such as public universities should be required. For example, the Institute for Language and Preparatory Studies conducts regular examinations of the Czech language from levels A1 through to C1 both in Czech Republic and internationally.

To ensure currency, the certificate of language proficiency should have been issued no more than three years prior to the date of application through the PBS.

The onus will be on the migrant to produce the required document. There is no reason to consider establishing a new language assessment process at embassies and consulates abroad, since significant resources may be needed to organise and proctor these exams effectively. Depending on demand from new source countries, the existing network of language assessment providers may need to be expanded – including through a ‘fee for service’ model.

<sup>18</sup> British National (Overseas) passports should be not acceptable as evidence of English language ability, as these individuals may not come from a majority English speaking country.

***Mandatory assessments***

Economic migrants apply under the points-based system will be assessed against two parallel sets of criteria: mandatory criteria and points based criteria. The **mandatory criteria** are basic requirements focused on **protecting the national security and public order** of the Czech Republic. Three of these criteria (national security check, criminal history check and the health check) are common across all immigration programs.

Mandatory assessments will continue as per current practice for all applicants through the PBS.

## Practical guidance – PBS platform

The PBS platform will be the central point of data collection for all long-term economic migration (Employee Cards) to the Czech Republic. All key actors, including applicants, will have access to the system – though the extent of their access will vary (Table 51).

Applicants will complete a dynamic online form and be prompted to upload electronic evidence to support their claims. The online platform will clearly indicate the points awarded for each category, the total score, and the permit conditions that would apply if the score is verified by the assessment process.

The aim of the platform is to create a digital application platform which facilitates decision making on permit applications and communication between government agencies.

**Table 51. Platform users and managers**

Actor	Level of access	Reason for access
Applicant	User Profile	Provide key details to support application
Employer	Details of employment	Verify employment details
Ministry of Labour and Social Affairs	Manager - Full	Assessment of evidence to support PBS score
Ministry of the Interior	Manager - Full	Assessment national security and criminal history
Ministry of Foreign Affairs	Manager - Full	Confirmation of details as required, visa issuance

Source: OECD Secretariat

### ***Login IDs***

Applicants will be required to create a PBS log-in ID and password associated with an electronic mail address. Applicants will provide basic biographical information including, given name and family name, date of birth, country of birth, gender, passport and citizenship details, place of residency and relationship status. After entering their biographical details, the PBS platform will create an account with a unique client identification number and request the creation of a password. This number will be sent to the email address provided and will be required to login.

After the applicant has created an account and completed the application form, which includes details of the employer and occupation, the PBS system will send a link to their nominated employer's verified email address provided when the employer registered the vacancy, held by the Labour Office. The employer will verify basic details of the application and employment details – such as name of the applicant, salary, occupation and location.

### ***Information fields***

The applicant should input all relevant fields and provide all the necessary document to support their application. Scanned copies of evidence to support these claims should be uploaded to the PBS platform, noting that government agencies may require the **presentation of original documents** at a Czech consulate for verification **if there is suspicion of fraud or risk indicators**.

Table 52 below summaries the types of documents and evidence that should be uploaded to the PBS platform alongside the initial application.

Table 52. Required fields in the online platform

Category	Type of field	Type of evidence to upload	Points assessed	Used by
Name	Free text field	Passport	No	Mol/MOLSA
Age	Date of birth field	Passport	Yes	Mol/MOLSA
Sex	Drop down list	Passport	No	Mol/MOLSA
Nationality	Drop down list	Passport	No	Mol/MOLSA
Marriage status	Drop down list	Marriage certification, civil union certification etc	No	Mol/MOLSA
Employer details	Free text field: employer name Restricted field: business registration number	Job contract Business registration number confirmed against database	No	Mol/MOLSA
Contact details	Free text field	As reported	No	Mol/MOLSA
Intended address in the Czech Republic	Free text field	As reported	No	Mol/MOLSA
Education	Drop down list: level of education Free text field: Name of institution Number: year of graduation	Diploma	Yes	MOLSA
Vacancy	Number	Vacancy number in the central record of job vacancy	No	MOLSA
Occupation	Drop down with search (CZ ISCO standard), with optional free text field	Job Contract	Yes	MOLSA
Strategic occupation	Identified automatically by occupation code	Job Contract	Yes	MOLSA
Salary	Number	Job Contract	Yes	MOLSA
Experience: Foreign	Free field: Details of employer Drop down list: years of experience	Reference letters and contact details	Yes	MOLSA: PBS Mol: Background check
Experience: Czech	Free field: Details of employer Drop down list: years of experience	Internal records	Yes	MOLSA: PBS Mol: Background check
Language: Czech	Drop down list	Czech Centre or official exam results	Yes	MOLSA
Language: English	Drop down list	IELTS/TOEFL/PTE	Yes	MOLSA
Penal clearance	Declaration box and free text field	Criminal record extracts	No	Mol
Spouse	Free text and drop down lists	As reported	No	MOLSA: PBS Mol: Background check
Family	Free text and drop down lists	As reported	No	Mol: Background check

Source: OECD Secretariat

Czech agencies should seek to retain documents and information collected through the PBS for the maximum legal duration. Information contained in the PBS application may merit review depending on the behaviour of the migrant once they have arrived in the territory – even years after the initial permit application. Having the documents of the original application may lead to better risk and fraud identification as new information becomes available to Czech agencies.

Regarding storage capacity, it is possible to establish the order of magnitude of requirements based on the assumption that files can be stored for up to five years. The current quota for the Employee Card program is 56,810. Assuming modest growth (10% year on year) in application and quota numbers over the next five years, and a 100% retention of applicant profiles (both approved and refused), the system capacity for storage should be at least 350 000 full applications, including scanned documents.

## Visibility

Different users will have different levels of access as outlined above. Ministries should also have visibility of which assessments have been complete to ensure officers are aware of when the application is ‘decision ready’ (Table 53).

Applicants should have the ability to review submitted documents and details and submit further information.

Employers should be provided access through a link sent to a verified email address. Employers will confirm or edit job details, including occupation, salary and location of work and view basic biographical details.

**Table 53. Visibility of application details by user**

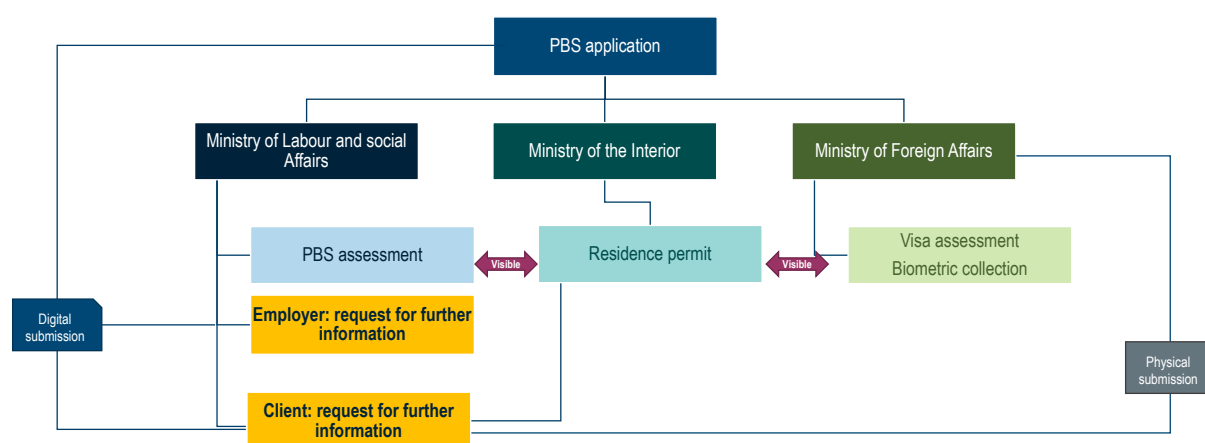
Actor	Visibility	Purpose
Applicant	<ul style="list-style-type: none"> <li>All biographical details</li> <li>submitted documentation</li> </ul>	Review submitted details
Employer	<ul style="list-style-type: none"> <li>Basic biographical details of applicant (name, DOB)</li> <li>Details of job (occupation, salary, location)</li> <li>Details of employer</li> </ul>	Confirm job details provided by the applicant
Ministry of Labour and Social Affairs	<ul style="list-style-type: none"> <li>All submitted details and documents</li> </ul>	Used to assess applicants claims for a work permit
Ministry of the Interior	<ul style="list-style-type: none"> <li>All submitted details and documents</li> </ul>	Used to assess applicants claims for a residence permit
Ministry of Foreign Affairs	<ul style="list-style-type: none"> <li>All submitted details and documents</li> </ul>	Used to assess applicants claims for a visa

## System functionality

The PBS platform should also go beyond being an online application platform that sits in front of a paper-based process. It should also facilitate communication about an applicant between relevant government department – the Ministry of Labour and Social Affairs, the Ministry of the Interior and the Ministry of Foreign Affairs. It should facilitate the data collection for all three processes – work permit, residence permit and visa applications.

All three ministries should have visibility of the full package of documents and details collected through the PBS (Figure 36). For the Ministry of Labour and Social Affairs, functionality should support requests for further information from both the employer and the applicant, with the option to provide this information digitally through the PBS application platform. Similarly, the Ministry of the Interior should have the capacity to request further information from the applicant to facilitate background checks as part of the national security and criminal history checks. In the case where the applicant must present physical documents or appear for interview, this would be facilitated through consulates and embassies as per current practice.

Figure 36. Workflow, requests for further information



Source: OECD Secretariat Analysis

### Compatibility with broader digitisation strategies

The DG Reform project on “Support for a feasibility study of the new Integrated Foreigners Administration System (IFAS)” funded by DG REFORM and delivered by Deloitte (Framework Contract SRSS/P2017/FWC001) in partnership with the Ministry of the interior has identified a number of different shortcomings of the current information system used to manage applications for migration and residence from third country nationals. This includes a lack of functionality to support the automation of tasks, the use of digitised documents and the use of electronic workflow management. All three of these shortcomings would need to be addressed in order to support a well-functioning PBS online application system.

The feasibility study has identified the following areas that would need significant attention in the design of the new future-state digital system:

- **Contactless and paperless administration** – The aim is to achieve a maximally digitalised solution – a streamlined process, digitalised from the beginning. This, however, entails many risks and limitations that need to be considered, e.g. protection against abuse, conclusive identification of the foreigner, verification of the legally required information and documents, etc.
- **Digital workflow** – In order to ensure a completely digital workflow, IFAS must be prepared in full cooperation with the methodological experts of DAMP to ensure 100% compliance.
- **Interoperability** – As many as 29 related information systems were identified in the analysis. It will be crucial to ensure especially (but not exclusively) a link to visa systems (Ministry of Foreign Affairs), the labour market evidence system (Ministry of Labour and Social Affairs), eGovernment systems (e.g. Citizen Register) and many others.
- **System migration** - Another important part of the solution is a link to the existing CIS, because on one hand it will be necessary to migrate the relevant part of the data, and on the other to ensure a functional communication interface. This is because CIS will remain functional and will manage data under the responsibility of the Police of the Czech Republic.

- **Foreigners' identity** – Data on foreigners are processed in several independent systems. It will be key to create a functional reference system so that the foreigner can be uniquely identified.
- **Security** – IFAS will be part of the so-called critical infrastructure of the state, and it is essential to ensure maximum cyber security of the system.

# Practical guidance – legislative reform

[Current as at 8 June 2022 – translated from Czech]

This annex summarizes the legislative changes leading to the reform of labor migration to the Czech Republic consisting in introducing a points based system, based on the OECD recommendations arising from the project "Multi-criterial points based system for labor migration management in the Czech Republic" implemented under the National Reform Program of the Czech Republic coordinated by the Ministry of Labour and Social Affairs and funded by the European Union through the Structural Reform Support Program.

It is proposed to introduce:

1. A single platform for applying for dual residence and work permits (blue card, new five- and three-year dual residence and work permits, employment card). This would be an adjustment of the existing central records of vacancies available to holders of an employee card and Blue Card, i.e. part of the Unified Portal Solution of the Ministry of Labor and Social Affairs. This would evaluate whether the applicant is entitled to apply for three, five or more-year employee cards. However, the proceedings themselves would not be initiated until the application at the embassy or at the Ministry of the Interior (only for recognized ones);
2. Evaluation of applicants on the basis of their human capital (qualifications, skills and expected time of productive work in the Czech Republic) and characteristics of vacancies they plan to uptake (salary, ISCO) with a link to labor market needs determined on the basis of strategic government priorities and data obtained from prediction tools (KOMPAS);
3. New dual residence and work permits issued on the basis of the results of the evaluation of migrants - five or more years (high score) three-year (medium score) and two-year (low score) residence and work permits;
4. Link the functioning of the points based system with existing economic migration programs;
5. The definition of a recognized employer; only allow recognized employers to employ migrants on untested Blue Cards and five- and three-year dual residence and work permits.
6. Lists of shortage professions.
7. The changes can be summarized in the following amendments to the Employment Act and the Alien Act:
8. Recognized employer (new title in Employment Act);
9. Data collection and monitoring of employment of workers from abroad (new powers of the Ministry of Labor and Social Affairs in the Employment Act);
10. Administration of vacancies (comprehensive amendment to Sections 34 to 38 of the Employment Act, Government Order on Exceptions to the Labor Market Test);
11. Adjustment of point evaluation of applicants for residence and work permits, incl. determination of the areas of the evaluated areas, the number of points awarded and the minimum thresholds for the relevant residence and work permits;
12. New residence permits (three-year, five-year or multi-year).

## ***Recognized employer***

### **Recommendations Nos. 15, 16, 17**

Description of changes:

13. The new residence legislation (the Act on the Residence of Foreigners) counts with the creation of a so-called guarantor. The aim is to strengthen the responsibility of entities that are interested in the arrival and stay of a foreigner (third-country national) in the Czech Republic and actively participate in the legal migration process, especially by enabling foreigners to fulfil and confirm the purpose of their stay. The amendment of the guarantor in the new Act on the Residence of Foreigners will apply to the recognized employer in the alternative.
14. Only a recognized employer will be able to employ a Blue Card holder without labour market testing.
15. Only a recognized employer will be able to employ holders of three and five or multi-year residence and work permits.
16. The institute will also be linked to changes in the central vacancy records. Only those places that are notified to the Labor Office by a recognized employer will be able to apply for three- and five-year or multi-year residence permits. The list of recognized employers will be public.
17. Criteria for employer recognition will be established, including tax compliance, health and social insurance contributions, compliance with labor law and other regulations, based on data from non-public registers (fines will be final decisions). However, data on the subject of business and statutory bodies of legal entities may also be checked.
18. However, the fulfilment of the conditions under which labor law permits were issued (wages, professions, etc.) will also be monitored.
19. At the same time, the conditions for sanctioning an employer by a ban from the list of recognized employers in case of non-compliance with the above will be adjusted.
20. Both the recognition of employers and sanctioning will be supported by automated collection and evaluation of data from state administration information systems.
21. In this context, public authorities will be able to use administrative data (tax administration, health insurance companies, social security administration, labor inspection authorities, labor office).
22. In case of sanctioning the employer, the foreigner will be allowed to look for a new employer during the validity of the original permit.

Legislation:

23. Modification of the guarantor in the new Act on the residence of foreigners.
24. Insert a new title into Part IV of Act No. 435/2004 Coll., On Employment "RECOGNIZED EMPLOYER" containing the definition, conditions of recognition, application requirements and the procedure of the MOLSA.

## ***Data collection and monitoring of employment of workers from abroad***

### **Recommendations Nos. 12, 13, 14**

Description of changes:

25. Authorization of the Ministry of Labor and Social Affairs to obtain information from public authorities related to the employment of foreign workers (taxes and compulsory levies, fines imposed, authorization to perform activities). These would be primarily the Czech Social Security Administration, the State Labor Inspection Authority, health insurance companies, the General Finance Directorate, the Ministry of the Interior.

26. Power to monitor and evaluate the functioning of the system on the basis of the collection of individual data on holders of, and applicants for, work and residence permits.
27. Sharing data with the Ministry of the Interior in order to withdraw dual work and residence permits for migrants who have ceased to meet the conditions for issuing them.

Legislation:

- Insert new letters in Section 6, Paragraph 1 of Act No. 435/2004 Coll., On Employment, defining the competence of the Ministry of Labor and Social Affairs.

### ***Vacancy Management (VPM – vacancies)***

#### **Recommendations Nos. 2, 18**

Description of changes:

28. Exemptions from the VPM from labor marketing test for highly qualified (education level or ISCO) and above-average paid positions (1.5 average wages), Blue Cards, three- and five-year residence and work permits. Only recognized employers will be able to enter these untested VPMs.
29. Authorization to issue a government order for setting exemptions from the labor market test for VPMs for holders of three- and two-year dual residence permits based on a strategic government decision and a lack of positions in the labor market. Only recognized employers will be able to enter there VPMs. However, they will not have to meet the wage threshold condition.
30. The power of the Labor Office to control the VPMs of employers who have not been recognized. In the case of VPMs of recognized employers, the Labor Office will be able to refuse to publish them only in the case of a conflict with labor law.

Legislation:

- Amendment of Sections 34 to 38 of Act No. 435/2004 Coll., On Employment, regulating the registration and publication of vacancies and conducting a labor market test.

### ***Scoring system for applicants for dual residence and work permits***

#### **Recommendations No. 1, 2, 3, 4, 5, 8, 9**

Description of changes:

31. Determination of the evaluated characteristics of applicants (salary in relation to the average, required skills according to ISCO, language skills, expected length of economic activity in the Czech Republic, education).
32. Authorization to issue a government order for determining point values in individual categories and the minimum point limits necessary for entitlement to a given residence permit.
33. Definition of eligible applicants for dual residence and work permits:
  - a. Applicant entitled to apply for a five-year or multi-annual dual residence and work permit;
  - b. Applicant entitled to apply for a three-year dual residence and work permit;
  - c. Applicant entitled to apply for a two-year residence and work permit.
34. Anchoring central registers of vacancies for holders of Blue Cards and dual work and residence permits (new three-year and five or multi-year) and rules for their management.
35. The central registers will serve as a single database for submitting preliminary assessments of applicants for dual permits, regardless of their length.
36. After the evaluation, the applicant will submit the application itself at an embassy.

37. Legislation:

38. Insert a new title into Part IV of Act No. 435/2004 Coll., On Employment, "POINT SYSTEM OF LABOR MIGRATION".

### ***Dual residence and work permits for the highly qualified and their family members***

#### **Recommendations No. 6, 7, 10, 11**

Description of changes:

39. Standard two-year dual permit (employee card);
40. New three-year dual residence and work permit;
41. New five- or multi-annual dual residence and work permit;
42. Residence and work permits for family members of holders of three- and five-year dual residence and work permits.
43. Modification of the authorization to issue a government order to determine the number of applications for the issue of residence and work permits.
44. System of verification of submitted documents.
45. Rules for withdrawing issued permits.

Legislation:

- Insert new provisions into Act No. 326/1999 Coll., on the residence of foreigners in the territory of the Czech Republic / new Act on the Residence of Foreigners.

#### ***Related adjustments***

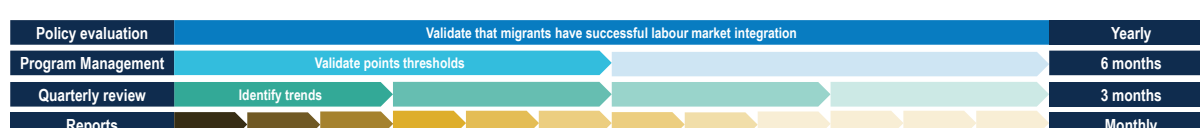
46. List of other legislative regulations that will need to be amended in connection with the introduction of the preferential migration points based system. The list below is illustrative only:
  - a. Amendment to the Labor Code (Section 48, Paragraph 3) consisting in adjusting the termination of employment of a foreigner (addition to new residence and work permits).
  - b. The employer's registration obligation in Section 102 of Act No. 435/2004 Coll., on Employment (supplementation of documents of holders of dual permits held by the employer).
  - c. Amendment to Act No. 582/1991 Coll., on the organization and implementation of social security, consisting in the regulation of the obligation of social security authorities to provide data on the insurance of migrants of the Ministry of Labor and Social Affairs.

# Policy Evaluation

Policy evaluation cycles are essential in ensuring that the PBS continues to support the economic and social integration expectations of the Czech Republic. With improved data collection through the PBS platform the Czech Republic will be able to build a clearer picture of the profile of migrants characteristics, their employers, and the factors that lead to success.

The policy evaluation cycle should be split into different phases, with regular review of data generated from the points based system (Figure 37).

**Figure 37. Evaluation cycles**



## Develop monthly reports on the characteristics of migrants coming through the PBS

Using data collected through the PBS platforms should be used to develop a granular view of migrants coming to the Czech Republic. MOLSA should produce monthly reports on migrants coming through the PBS according to all characteristics collected for lodged, granted and refused applications. These reports will form the basis of quarterly reviews of the caseload. Examples of reports to be produced are shown in Table 54.

**Table 54. Monthly reports**

Report	Description	Purpose
Basic descriptives	nationality, occupation ISCO code, age, sex, employer location, salary, working hours, education level, language ability, years of experience, points score	Generate statistics to monitoring changes in the case load, trend identification, workforce planning, and support analysis of changes in caseload characteristics
Permit duration issuance	Volumes of migrants receiving enhanced PBS permits	Ensure that proportion of migrants receiving enhanced permits is appropriate.
Minimum and maximum 'pass' marks	Determine the minimum and maximum pass marks for the 2 year, 3 year, and 5 year permits.	Better understand how to adjust points thresholds in the future and the affect this may have on volumes.
Further information requests	Volume of migrants that are requested to submit further information to their initial application, either digitally or physically	Assist to plan targeted communications plans to educated prospective migrants and employers about how to lodge a 'decision ready application'
Employer reports	Volumes, permit durations, salary levels according to employer characteristics (size, location, sector)	Understand which employers are selecting highly skilled and highly educated migrants for long term migration.
Processing times	Time before initial lodgment and date of decision	Manage processing
On-hand caseload	Number of applications yet to be finalized	Manage processing

## Quarterly reviews will ensure early identification of trends

Quarterly reviews will ensure that trends in the caseload are identified early and appropriate action can be taken. These quarterly reviews will be based on the data collected through the standard month reports.

Trends may include changes the volume, proportion and average points scores for migrant cohorts (2-, 3-, or 5-year permits), emerging occupation trends, sectoral trends.

**Review programmatic settings, such as points thresholds, to ensure profiles of migrants are meeting the policy intent and that volumes remain appropriate**

Half-yearly reviews of key program settings based on administrative and processing data by the PBS policy owners will ensure that the programs are being well managed. This includes reviewing the lowest ranked profiles of each enhanced permit category to ensure that permits are being issued to the cohorts appropriately. For example, if the half-yearly review finds increasingly high proportions of migrants that have only just met the 'pass mark' for the permit category, MOLSA may wish to raise or lower the points thresholds accordingly. This should be considered in the context of other caseload management prioritise, including volume of permits issued or instances of fraud.

**Determine the indicators of long term labour market success**

Long-term comprehensive evaluation of economic migrants, and the key indicators that led to success will form the foundation of reviewing, removing and creating new points categories in the PBS. It should be noted that the data and results produced for the PBS project would not be easily to replicate on an ongoing basis. Instead, new methodologies based on robust data collection and planned analysis should be undertaken through:

- **Longitudinal surveys** following a selected group of high skilled migrants, their social integration outcomes, long term success in the labour market, transition to permanent residence and qualitative responses on their experience in the Czech Republic, including quality of life, experience of integration, and reception.
- **Analysis of administrative data**, provided that better data sharing in the Czech Republic will allow complete job, salary and permit histories to be established. This may include extending the data collection performed by the Czech Social Security Administration (CSSA) to include indicators currently available only in the ISPV survey and exploring the possibility of reporting data directly from accounting systems.

Given the highly technical nature of these surveys and analysis, the Czech Republic may wish to engage with researchers and specialist government agencies to assist in the design of the longitudinal survey and analysis of administrative data.

## Annex C – Sources of data analysis and background

Data collected in the Czech Republic is collected in disparate datasets and there are significant barriers to conducting regular and reliable policy evaluations of immigration policy settings. This section reviews the data sources in the Czech Republic and identifies obstacles to use of these data for analyses.

### Registry data

The primary source of data on the labour market in the Czech Republic are registries that are meant to collect and keep data vital for public services and the execution of public policies. In general, these registries are not connected, and data are not provided to other branches of the government, limiting the ability of the public administration to holistically analyse the labour market and design and implement evidence-based policies using these data sets. Currently the datasets can be used only to support targeted analysis of specific aspects of the labour market.

Public administration collects data on the labour market in three major databases that differ in population and information covered and data accessibility. This section provides an overview of registries that contain primary data on labour market activity of foreign nationals.

### Social security data

Social security data collected by the Czech Social Security Administration (CSSA, “*Česká správa sociálního zabezpečení*”) covers information on all employed and self-employed individuals, regardless of citizenship, who pay social security contributions. That covers the entire population of employed individuals except for temporary contracts (“*Dohoda o provedení práce*” and “*Dohoda o pracovní činnosti*”) with wages below CZK 10 000 CZK (about EUR 380)/month and 3 499 (about EUR 130)/month respectively. All standard employment contracts are covered. Employers report data on employees using two forms: Announcement of start/termination of a job contract and Annual reports. The Announcement contains an identification of employer (company ID) and employee (personal ID, gender, citizenship, day and place of birth, and address), but apart from a place of work and job starting and ending date, it does not contain any detailed information on the job (such as wage, position, etc.). Data on wages are covered in Annual reports, which include total (annual) wage and days worked, but do not contain information on a person (e.g., citizenship). Social security data does not allow for hourly wage calculation. Data on self-employed individuals are comparable to data available on employees and can be matched with employment data.

To our knowledge, detailed individual-level social security data are not routinely provided to third parties or other government bodies for analysis. Only some anonymized social security data are available to the Ministry of Labour and Social Affairs (MOLSA). The technical possibility of matching records for foreign nationals is unlikely as (a) CSSA uses its own ID system for individuals which does not correspond to

standard personal IDs in other government data sets, and (b) employer ID is anonymized in the data set provided to MOLSA.

## Public Employment Service data on foreign workers

The Employment Act sets an obligation for employers to register all job contracts with foreign nationals (including EU citizens) at the Labour Office (LO). The LO collects data on registered contracts in a comprehensive database that includes information on an employee, employer, vacancy and the job contract.

The employee is identified by name, citizenship, date of birth and personal ID (if available). The system also contains a personal ID assigned by the LO. However, due to the database's regional fractionalization, this ID is a unique identifier of an individual only within a single district (*okres*) – sub-regional administrative units, of which there are 76. Therefore, it cannot be used for tracking a worker across regions or time. As an additional characteristic, the database contains unverified data – reported by the employer – on the education of the employee, using the National Classification of Educational Qualification Types (KKOV), which corresponds to the International Standard Classification of Education (ISCED). The employer is identified by a standard company ID that allows for matching with other registries. Contract-specific data covers start and termination dates, ISCO and NACE classification and place of work coded at the district level. Every record also contains information on a work permit or other title that enable the foreign worker to work in the Czech Republic.

The database does not contain reliable personal IDs. Individual names could be an alternative identification method of individuals in this data set, but these are also potentially unreliable for matching due to transcription and spelling errors. In any case, individual names cannot be used for the purpose of analysis due to protection of personal data. However, the rich set of contextual variables allows for constructing individual employment histories in the Czech Republic and for (proximity) matching with other registries. Data covering 2000-2020 will soon be available to the MOLSA. There is no comparable database for Czech workers.

## Public Employment Service data on vacancies

The LO publishes a database of vacancies registered at the LO. The database contains information on vacancies such as employer (company ID), NACE, ISCO and required education. There is also a flag for vacancies suitable for foreigners, workers with disabilities, graduates, etc.

The publicly available database contains full (not anonymized) records from 2014 on. However, this database should be used with caution as it suffers from self-selection as employers are not obliged to register vacancies.

## Surveys and other data sources

The Czech Republic conducts standard surveys such as the labour force survey (LFS) or survey on income and living conditions (SILC). However, these cannot be used for a reliable analysis of labour market outcomes of foreign workers, as their share in the sample is low and the sample is not representative of

the foreign residents in the Czech Republic.<sup>19</sup> This section presents two large-scale surveys focused on earnings and vacancies that can be used to complement registry data and provide a more detailed picture of the labour market.

## Average Earnings Information System

The Average Earnings Information System (ISPV) is a survey on wages collected by a private consulting company, Trexima, on behalf of the Czech Ministry of Labour and Social Affairs (MOLSA). The data aggregated at the company level (file MI on economic subjects) is collected quarterly, whereas the detailed information on individual employees is collected twice a year (file MP on employees). The sampling strategy used by Trexima is to survey all private firms with more than 250 employees every year, whereas a rotating random sample is adopted for smaller private firms (approximately 15% of all firms between 50 and 249 employees and 4.5% of firms between 10 and 49 employees). Every four years, Trexima also runs a special survey of small private companies with fewer than 10 employees. Further, the entire public sector is obliged to report data. Data used in ISPV are exported from accounting systems. Thus, the ISPV contains administrative-level quality data covering the entire public sector and a large portion of workers working in the private sector – including all of those working in larger firms. Trexima has developed over time a precise weighting strategy to cover the entire working population. The dataset exists for years 1998-2021 (to the present).

The ISPV dataset contains information about the age, gender, citizenship, education (ISCED and national classification KKO), and a detailed information on education (OBORVZD). The OBORVZD allows for identification of the year of graduation, the particular school and the field of education for employees with secondary and higher education completed in the Czech Republic. However, this information is available only for employees in the private sector.<sup>20</sup> For foreigners a gross measure of field of education is collected – no detailed info on particular schools if completed abroad is available. Data contains detailed information on the job and earnings, including occupation (ISCO), firm tenure, hourly wage, total annual compensation, wage and bonus components, absence and compensation, hours worked, overtime, etc. It is important to note that the data are longitudinal with respect to firms but not with respect to individuals. For confidentiality reasons, we are not able to follow individuals over time, as the individual identifier is not necessarily the same every year. However, the data contains firm ID number (ICO) allowing us to follow a panel of firms, whereas the employee ID is less reliable and it is not possible to construct a panel of individuals and follow their mobility patterns. However, one may construct a so called “pseudo-panel” of individuals based on individuals’ demographic and human capital characteristics to track them over time within a firm, but not across firms in to follow their employment histories.

From the ISPV dataset, we can learn about foreign and domestic workers and their jobs, their occupation, wages, hours worked, overtime, absenteeism, career advancement within one firm, and about the

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<sup>19</sup> Workers with foreign nationality constitute around 2.2% of the sample in the Czech 2019 LFS. The sampling technique captures primarily foreigners who have been residing in the Czech Republic for a long period, and predominantly EU nationals, especially Slovaks.

<sup>20</sup> The ISPV data is actually composed of two parts: so-called “wage sphere” and “salary sphere”. The wage sphere broadly corresponds to private sector plus some public, but non-state institutions, such as public universities. The salary sphere is composed of state employees: public servants, teachers at public primary and secondary schools, medical doctors and nurses in state-owned hospitals, police, firemen etc. While the field of education for the “wage sphere” is the responsibility of Trexima, and is filled out for a vast majority of observations, the data for the “salary sphere” are the responsibility of the Ministry of Finance, the Ministry of Defense, and the Ministry of Interior, and Trexima only merges this information with the wage sphere. These ministries have so far not expanded the data to include information about education.

economic outcomes of foreigners and firm. The ISPV contains identification of employer and individual incomes and other characteristics that allow for (proximity) matching with registry data collected by LO and CSSA. Such a matching would enrich the registry data with detailed ISPV data on hourly wages, wage composition, hours worked, compensation and its wage and bonus components, absenteeism and detailed worker's education. Presence of firm ID in ISPV data further allows for matching with various datasets covering company-level variables such as sales, profits, type of ownership, presence of unions/bargaining agreement, industry (NACE) and the region (NUTS3) where the workplace of a given firm operates, type (private, public/state, communal, international, etc.) and country of ownership. Foreign nationals constitute around 7% of employees in the ISPV (predominantly private sphere) wage sector sample.

## Vacancy data collected by CEDEFOP

Registry data on vacancies covers only vacancies registered at the LO. As reporting vacancies is not mandatory, the registry data are likely to be biased. For vacancies, an alternative to registry data is provided by the CEDEFOP in Skills-OVATE tools. CEDEFOP scrapes online job advertisements (OJAs) from job advertising websites (including LO portal) and categorizes them by occupation (ISCO-08 at up to 3-digit level), sectors (NACE), and regions (NUTS-2). For instance, in 2020, according to CEDEFOP data the OJAs in the Czech Republic were strongly dominated by manufacturing (46.9% of OJAs) and office associate professionals (ISCO 33, 10.6% of OJAs). According to the 2020 skills forecast for The Czech Republic by CEDEFOP, the highest demand occupations for the period 2018-2030 will be in Business & Administration, Science and Engineering Associate Professions, and in Drivers and Mobile Plant Operators. Most job openings over 2018-2030 are expected to require a high-level qualification (CEDEFOP, 2020<sup>[10]</sup>).

At the moment, the CEDEFOP system is still under development and the data collection is based on a couple of large online vacancy platforms, which might be problematic with respect to coverage. Further, it does not provide long or consistent time series. However, as more vacancy data sources are added into the CEDEFOP data<sup>21</sup>, improving data collection over time, the CEDEFOP data might potentially serve as a useful source of foreign labour demand forecasts in the Czech Republic in the future. In general, it makes data collected by CEDEFOP a promising source for future analysis of labour market needs, however, its use for assessment of the current situation or in the analysis of historical data is limited.<sup>22</sup>

## Labour market analyses and reports

The Czech labour market is being analysed by a number of subjects including private companies as well as public institutions. There are also at least two research institutions that publish ad-hoc policy analyses of different aspects of the Czech labour market: IDEA think-tank (Institute for Democracy and Economic Analysis), which is a project of CERGE-EI ([idea.cerge-ei.cz/seznam-publikaci/vystupy](http://idea.cerge-ei.cz/seznam-publikaci/vystupy)), and the Research Institute for Labour and Social Affairs ([www.vupsv.cz](http://www.vupsv.cz)). RILSA is a public research institution founded by the MOLSA, but formally an independent organization. However, these studies are not published with regularity. This section focuses on analyses and reports regularly published by the government and public authorities as these are readily available to policy makers. In particular, we describe analyses produced by MOLSA, Ministry of Finance, and the Czech National Bank.

<sup>21</sup> [https://www.cedefop.europa.eu/files/4172\\_en.pdf](https://www.cedefop.europa.eu/files/4172_en.pdf)

<sup>22</sup> In addition, it is not clear if CEDEFOP has access to the principal private OJAs operating in the Czech market.

## Ministry of Labour of the Czech Republic (MOLSA)

MOLSA is developing the system of mapping and forecasting labour market development and needs in KOMPAS, which is described elsewhere (see Forecasts of demand for skills).

MOLSA publishes semi-annual descriptive reports about the situation on the Czech labour market.<sup>23</sup> In the first section, these reports summarize recent developments in employment structure by sector, industry and classification of occupations. The structure of employment is analysed by age, economic status (employees, self-employed, employed pensioners etc), time spent in work (full-time vs part-time), length of the contract (temporary vs permanent), sector, industry, and occupational group, and education. They also look at regional differences in employment. The structure of employment is extracted from the LFS data.

The second section of these reports describes unemployment, including its level and recent developments, vacancies, flows from and to unemployment. It also contains a description of structure of job seekers: by age, length of unemployment spell, and level of education. This section also shows regional differences in unemployment. A limitation of this section is that it covers only unemployed persons and vacancies that are registered at the LO.<sup>24</sup>

The third section summarizes the Czech government's labour market policies: its goals, expenditures, active labour market policies, system of incentives for investors, and projects financed through the European Social Fund.

The reports also compare Czech employment and unemployment with those of other countries. The last part contains summary of GDP and employment forecasts of different government institutions (Ministry of Finance, Czech National Bank).

## Ministry of Finance of the Czech Republic

Ministry of Finance publishes quarterly macroeconomic forecasts of macroeconomic variables. A part of the forecasts consists of description of recent trends in employment, unemployment, labour costs, and wages. It also contains a brief description of a structure of employment and unemployment that is similar to the analysis of the MOLSA. The structure of employment is based on the LFS data, while the structure of unemployed persons is taken from the MOLSA.

There is no regular forecasting of labour demand and supply by the Ministry of Finance.

## Czech National Bank

A short description of trends in the Czech labour market is published regularly as part of the Czech National Bank quarterly inflation reports.<sup>25</sup> In addition to recent development of prices, exchange rates, money supply and interest rates, these reports contain information about employment, number of vacancies, productivity, labour costs and wages, often by broadly defined sectors (such as agriculture, construction, industry, market services). They also include number of unemployed persons. The numbers of employed and unemployed are combined to track recent developments in the Beveridge curve. The source of data

<sup>23</sup> <https://www.mpsv.cz/web/cz/situace-na-trhu-prace>

<sup>24</sup> For example, the number of registered unemployed persons at the end of 2020 based on the MOLSA data was 291 997, while the average number of unemployed persons based on the LFS methodology was 137 000.

<sup>25</sup> <https://www.cnb.cz/en/monetary-policy/monetary-policy-reports/index.html>

is again the LFS, and MOLSA data about unemployed. However, the report is not focused on skills structure of unemployed.

There is no regular forecasting of labour demand and supply by the Ministry of Finance.

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