Jobs for Immigrants

VOLUME 2

LABOUR MARKET INTEGRATION IN BELGIUM, FRANCE, THE NETHERLANDS AND PORTUGAL



OECD

Jobs for Immigrants

VOLUME 2

LABOUR MARKET INTEGRATION
IN BELGIUM, FRANCE, THE NETHERLANDS
AND PORTUGAL



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The Commission of the European Communities takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

This work is published on the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

Also available in French under the title:

Les migrants et l'emploi

VOLUME 2

L'INTÉGRATION SUR LE MARCHÉ DU TRAVAIL EN BELGIQUE, EN FRANCE, AUX PAYS-BAS ET AU PORTUGAL

Corrigenda to OECD publications may be found on line at: *www.oecd.org/publishing/corrigenda*.

© OECD 2008

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to *rights@oecd.org*. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at *info@copyright.com* or the Centre français d'exploitation du droit de copie (CFC) *contact@cfcopies.com*.

Foreword

Integration policy for immigrants and their children is high on the policy agenda in many OECD countries. This is due to a number of factors. Firstly, many immigrants have arrived in OECD countries over the past decade, often for reasons other than employment. Facilitating their integration into the labour market has become a key policy priority. At the same time, many OECD countries expect that a greater recourse to immigrants may be necessary to tackle labour shortages in the context of demographic ageing. For this to be a feasible and sustainable policy option, immigrants have to be well integrated into the economy and society in the host countries. Labour market integration, in the sense of good employment and career prospects, plays a crucial role here. Finally, there is growing concern over the education and labour market outcomes of their children, who are now entering the labour markets in larger numbers.

This volume, the second one in the OECD's *Jobs for Immigrants* series, describes and assesses the experiences of four OECD countries (Belgium, France, the Netherlands and Portugal) with respect to the integration of immigrants and their children into the labour market.

The introductory chapter compares the situation in the four countries to that of other OECD countries, and highlights some key findings from the analyses of the four countries. It includes a special section with comparative data on the wages of immigrants, presented here for the first time. The opening chapter is followed by the four country reviews. All four country chapters start with an overview of the framework for integration, before providing in-depth analysis of some key issues. The findings shed light on important questions such as the impact of naturalisation on labour market outcomes, the role of the public sector, the design of introduction programmes, the impact of active labour market policy, and the discounting by employers of foreign qualifications.

In all four countries, mainstream labour market services bear the main responsibility for the labour market integration of immigrants, but are complemented by additional services and programmes, directly or indirectly targeted to immigrants and their children. Often, these are embedded in a broader effort to integrate disadvantaged groups in the labour market – the diversity policies in Belgium (and in the Netherlands in the past) and the programmes targeting "sensitive urban areas" in France are examples of such a strategy.

Three of the countries covered in this volume – Belgium, France and the Netherlands – are longstanding countries of immigration that now attach special attention not only to new arrivals and resident migrants, but also to their children. Successful outcomes for the latter group are arguably the best benchmark for the long-term success of integration policy. Results, however, show that the labour market outcomes for the children of immigrants are unfavourable when compared with the children of natives, even after controlling for their generally lower educational attainment. Early intervention policies seem to have the best return, showing that integration policy is above all an investment in the future. In contrast to the other three countries, Portugal has a more

recent experience with large-scale immigration, providing it with the possibility of taking a fresh look at the issue of integration. As a result, it has taken an innovative approach to welcoming and providing services to immigrants. Each of the country reviews concludes with a summary and recommendations.

This publication was prepared by the Non-Member Economies and International Migration (NEIM) Division in the OECD Directorate for Employment, Labour, and Social Affairs (DELSA). The principal authors are Thomas Liebig and Georges Lemaitre.

John P. Martin
Director,
OECD Directorate for Employment,
Labour and Social Affairs

ACKNOWLEDGEMENTS

These studies would not have been possible without the support of the national authorities involved.

The OECD Secretariat would like to thank these authorities and all of the persons in the countries visited who gave freely of their time to inform the project team about developments in their respective countries and to respond to the numerous questions raised.

The individual country reviews were presented at conferences and press events in the member countries concerned. Draft versions were discussed at the OECD Committee for Employment, Labour, and Social Affairs (ELSAC) and the OECD Working Party on Migration. The OECD Secretariat wishes to thank the participants of these conferences, as well as the members of ELSAC and the Working Party, for their helpful comments.

Table of Contents

Summaries of country chapters 15

CHAPTER 1. SUMMARY OF THE MAIN FINDINGS ON THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN

1. Overview of the four countries covered 25
2. Key issues and findings 29

References 41

CHAPTER 2. THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN BELGIUM

Introduction 43

1. The framework for integration 44
   - 1.1. Overview of employment outcomes 44
   - 1.2. The history of immigration to Belgium 47
   - 1.3. Evolution of integration policy 51
   - 1.4. Labour market access of immigrants 54
   - 1.5. Distribution of responsibilities among the key actors 56
   - 1.6. Main programmes and policies in place 59

2. Key issues 65
   - 2.1. Integration of immigrants 65
   - 2.2. Integration of the offspring of immigrants 77

Summary and Recommendations 91

References 99

Annex 2.1. Supplementary tables 102

Glossary 107

CHAPTER 3. THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN FRANCE

Introduction 109

1. A preliminary diagnosis 110

2. A historical overview of immigration to France since 1945 115
   - 2.1. Migration movements 115
   - 2.2. The crisis of the 1970s and its repercussions: an immigration that was more regulated and oriented towards family reunification 116

3. Migration and integration policy 117
   - 3.1. The access to nationality: integration by citizenship 117
   - 3.2. The opening up to immigration and the organisation of reception policy after World War II 118

3.3. Since the 1970s: the economic crisis, the slowdown in immigration, and the reinforcement of the objective of integration ... 118
4. Recent French integration policy ... 119
4.1. Government and institutional actors with respect to integration policy ... 119
4.2. Reception policy ... 121
4.3. The Reception and Integration Contract (CAI) ... 123
4.4. Integration measures following the post-arrival period ... 126
4.5. Naturalisation policy ... 127
5. A closer look at labour market outcomes of immigrants ... 128
6. The offspring of immigrants ... 139
6.1. Educational policies for immigrant children ... 143
6.2. Policies to address unfavourable educational outcomes ... 145
6.3. Labour market outcomes of the children of immigrants ... 148
7. The policy response to the inadequate labour market outcomes of the offspring of immigrants ... 152
7.1. City Policy (*Politique de la ville*) ... 152
7.2. ZUS-targeted programmes ... 154
7.3. The city contracts (*Contrats de ville*) ... 155
8. Labour market agents and programmes and the children of immigrants ... 156
8.1. The "*Missions Locales*" and PAIO ... 156
8.2. Employment programmes for youth ... 158
8.3. Youth access to mainstream labour market programmes in ZUS areas ... 164
9. Discrimination and selective hiring practices ... 167
Summary and Recommendations ... 171
References ... 181
Glossary ... 185

CHAPTER 4. THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN THE NETHERLANDS

Introduction ... 189
1. Overview of the labour market outcomes of immigrants in the Netherlands ... 190
2. The background for integration ... 194
2.1. The evolution of immigration to the Netherlands and the main origin groups ... 194
2.2. The evolution of integration policy ... 200
2.3. Key actors ... 206
3. Key issues in immigrants' integration ... 208
3.1. Immigrants' characteristics and their impact on labour market outcomes ... 208
3.2. Specific aspects of the Dutch labour market and economy and their links with immigrants' integration ... 217
3.3. The impact of integration policy on labour market outcomes of immigrants ... 232
3.4. The integration of the children of immigrants and the issue of education ... 236
3.5. Discrimination ... 247
Summary and Recommendations ... 250
References ... 259
Annex 4.1. Supplementary figures and tables ... 265
Glossary ... 267

CHAPTER 5. THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN PORTUGAL

Introduction 269
1. A first glance at the labour outcomes 270
2. The framework for integration 274
2.1. Portugal's evolution as a country of immigration 274
2.2. Key actors and the services provided to migrants 283
3. Key issues related to the labour market integration of immigrants and their children 288
3.1. Labour market indicators of the principal migrant groups 288
3.2. Outcomes of recent arrivals 289
3.3. The qualifications of migrants 292
3.4. The issue of "overqualification" 294
3.5. The sectors and occupations in which immigrants work 297
3.6. The wages of migrants 299
3.7. The working conditions of migrants 300
3.8. Immigrants and the informal economy 302
3.9. Immigrants and the Portuguese language 304
3.10. The role of the public employment service 305
3.11. Immigrants' self-employment 306
3.12. The housing of immigrants 307
3.13. The integration of the children of immigrants 310
3.14. Discrimination 313
3.15. New developments 314
Summary and Recommendations 316
References 323
Annex 5.1. The ten main origin countries of foreigners with legal presence in Portugal, 1986, 1996 and 2006 328
Annex 5.2. Regression results for the employment of immigrants 329
Annex 5.3. Regression results for the unemployment of immigrants 329
Annex 5.4. Analysis of the overqualification of foreigners. 330
Annex 5.5. Analysis of the wages of foreigners 330
Glossary 331

List of Boxes

Box 1.1. Analysing labour market outcomes of highly-qualified immigrants with the International Adult Literacy Survey (IALS) 33
Box 2.1. Immigrants from Morocco and Turkey and their labour market integration 49
Box 2.2. Statistics on ethnic background and the definition of "migrants" 55
Box 2.3. Data on immigrants' integration in Belgium 56
Box 2.4. Activities of the social partners in Flanders 58
Box 2.5. Diversity plans 61
Box 2.6. Adaptation classes 83
Box 2.7. Activation for persons beyond the reach of employment services: the Work-Up project 87
Box 3.1. New data on the children of immigrants and those of persons born abroad as French nationals 141

Box 3.2. NS-EJ (New services – youth jobs/ *Nouveaux Services – Emplois Jeunes*) 159
Box 3.3. Evaluation of Labour Market Programmes 160
Box 3.4. Vocational platforms (*Plates-formes de Vocation*) 162
Box 3.5. Recent policies towards youth from ZUS areas 166
Box 4.1. The definition of "migrants" in the Dutch context 192
Box 4.2. Immigrants from Morocco and Turkey and their labour market integration 196
Box 4.3. The *Wet Samen* 205
Box 4.4. Data and research on the labour market integration of immigrants and their children in the Netherlands 208
Box 4.5. The diversity concept of the Dutch police 228
Box 4.6. Non-governmental initiatives to help disadvantaged children: the Weekend School project 242
Box 5.1. Data on immigrants' labour market integration in Portugal 272
Box 5.2. Integration services under a single roof: the National Immigrant Support Centres (CNAI) 285
Box 5.3. Overcoming barriers: the role of intercultural mediators in the SEF 286
Box 5.4. From construction workers to medical doctors: recognition and bridging courses 297
Box 5.5. The *Escolhas* programme 312
Box 5.6. Recent policy developments related to immigrants' labour market integration 315

List of Figures

Figure 1.1. Composition of the foreign-born population in the four countries reviewed, 2006 26
Figure 1.2. Median wage levels of immigrants, employed persons aged 15-64, 2005/2006 28
Figure 1.3. Educational attainment of the native- and foreign-born populations in OECD countries under review, persons aged 25-54, 2006/2007 average 30
Figure 1.4. Children of native-born vs. children of foreign-born, percentage without upper secondary degree and not in employment, persons aged 20-29 and not in education 31
Figure 2.1. Evolution of the employment/population ratios of nationals, foreigners and foreign-born, by origin, in Belgium since 1983, 15-64 years old 47
Figure 2.2. Evolution of foreign (F) and foreign-born population (FB) in Belgium by main origin groups, 1970-2005 51
Figure 2.3. Evolution of the five main foreign-born populations in Belgium compared to the corresponding nationalities 54
Figure 2.4. Overrepresentation of the foreign-born among the low-qualified, 25-64 years old, 2004/2005 average 65
Figure 2.5. Differences in employment rates between foreign- and native-born and the impact of the qualification structure, 2003-2004, 15-64 years old 66
Figure 2.6. Gaps in the employment rates of immigrants compared to the native-born (*i.e.* rates of native-born *minus* rates of foreign-born) by duration of residence, 15-64 years old 70
Figure 2.7. Employment in the public administration in OECD countries, 2004/2005 75
Figure 2.8. Distribution of pupils by sex, nationality and stream, students in 12th grade 79
Figure 2.9. Success rate at the end of the secondary education by linguistic community, sex, nationality and stream, around 2005 79
Figure 2.10. Gaps in employment rates between the native-born children of immigrants and the children of natives, 20-29 and not in education, latest available year 86

Figure 3.1. Employment-population ratios and unemployment rates of native- and foreign-born men and women aged 15-64, 2005 111
Figure 3.2. Employment-population ratios and unemployment rates of recent arrivals, all foreign-born persons and native-born persons, 1994-2004, three-year averages, France 113
Figure 3.3. The foreign-born population as a percentage of the total population, by age group, selected OECD countries, 2005..... 129
Figure 3.4. Educational attainment of the native- and foreign-born populations aged 25-64, annual average, 2001-2005 130
Figure 3.5. Employment-population ratios and unemployment rates, native-born persons and foreign-born persons by duration of residence, 2003-2005 average, selected OECD countries 132
Figure 3.6. Difference between the employment-population ratios and the unemployment rates of native-born and foreign-born persons, by sex, educational attainment and duration of residence in France, 2003-2005 averages 138

Figure 4.1a. Evolution of the employment/population ratios of native- and foreign-born populations since 1992 (two-year moving averages), by origin country, 15-64 years old..... 193
Figure 4.1b. Evolution of the unemployment rate (national definition) of native Dutch and "non-western ethnic origin", 15-65 years old..... 194
Figure 4.2. Evolution of the immigrant population since 1972..... 195
Figure 4.3. Composition of permanent-type migration to OECD countries, 2006..... 199
Figure 4.4. Inflows of foreign nationals and unemployment rate in the Netherlands 200
Figure 4.5. Percentage points differences in employment rates between foreign- and native-born and the impact of the qualification structure, 15-64 years old, 2005/2006..... 210
Figure 4.6. Percentage-point gaps in the employment rates of immigrants compared to the native-born (*i.e.* rates of native-born *minus* rates of foreign-born) by duration of residence, 15-64 years old, 2005/2006..... 215
Figure 4.7. Employment rates of the 1997 immigrant cohort in the years after arrival, by migration category 216
Figure 4.8. Incidence of part-time and full-time employment for native- and foreign-born women 15-64 years old, 2006 217
Figure 4.9. Wage and employment of immigrants relative to the native-born, 15-64 years old, 2005/2006..... 220
Figure 4.10. Distribution of wage classes for the native- and foreign-born in the Netherlands, 15-64 years old and not in education 221
Figure 4.11. Percentage of employed earning no more than the minimum wage per hour, different groups of native- and foreign-born aged 15-64, by gender and not in education 221
Figure 4.12. Sources of income for native Dutch and selected foreign-born groups, men and women aged 15-65, 2004 223
Figure 4.13. Employment of foreign-born in the public administration in selected OECD countries, 15-64 years old, 2005/2006 228
Figure 4.14. Main sectors of activities of foreign- and native-born self-employed, 15-64 years old, 2005/2006..... 230
Figure 4.15. Annual naturalisations as a percentage of the foreign population, selected European OECD countries, 1992-2006..... 232

Figure 4.16. Gaps in employment-population ratios *vis-à-vis* native-born, for naturalised and non-naturalised immigrants aged 15-64 from non-OECD countries with ten years or more residence, 2005/2006 233
Figure 4.17. Employment of the second generation and the impact of educational attainment, by gender, selected OECD countries, latest available year 244
Figure 4.18. Employment rate of native Dutch, immigrants and the second generation one year and a half after leaving school, 2001-2006 average 246
Figure 5.1. Evolution of the employment rate of the native-born and of foreign-born foreigners in Portugal since 1992 272
Figure 5.2. Evolution of the unemployment rate of Portuguese and foreign nationals since 2001 274
Figure 5.3. Evolution of the foreign population with valid residence papers in Portugal, by main nationality groups since 1980 279
Figure 5.4. Composition of the (legal) permanent-type migration inflow into OECD countries by category of entry, standardised definition, 2004/2005 average 290
Figure 5.5. Index of sectoral disparity between native- and foreign-born employment for various OECD countries, 2005/2006 average 298
Figure 5.6. Percentage of employed women and men working in elementary occupations or as service workers in Portugal, by origin, 2005 299

List of Tables

Table 1.1. Main labour market indicators of the native and foreign-born populations in the countries surveyed, 15-64 years old, 2007 28
Table 1.2. Percentage points differences in the probability of employment for persons with tertiary education, foreign-born compared to native-born, by origin of the diploma, persons aged 15-64 34
Table 1.3. Percentage points differences in the probability of being in the highest income quintile for persons with tertiary education, foreign-born compared to native-born, by origin of the diploma 35
Table 2.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2004/2005 average 46
Table 2.2. Distribution (in %) of the population by place of birth and nationality, 1995 and 2005 53
Table 2.3. Employment-population ratios for native-born and immigrants by sex, educational attainment and origin of degree, 2001 66
Table 2.4. Employment rates of women by qualification level and origin of the highest qualification, 15-64 years old 68
Table 2.5. Share of employment in the public sector among total employment in Belgium, by nationality, country-of-birth and job type, 2001 75
Table 2.6. Self-employment of immigrants and native-born in various European OECD countries, 1995 and 2005 76
Table 2.7. Educational attainment of children of natives and the second generation, 20-29 years old and not in education, 2003-2005 average 80
Table 2.8 PISA 2003 results for the children of immigrants 81
Table 2.9. Employment rates for children of natives and the second generation, by origin countries, region, gender and qualification level, 20-29 years old and not in education, 2003-2005 average 85
Table 2.10. Estimated average duration of unemployment (in months) of young persons after school-leaving in Flanders 86

Table 3.1. Employment and unemployment rates of immigrants, second generation, native-born aged 20-29 and not in education, by gender and educational level ... 114
Table 3.2. The immigrant population by country of origin, 1975-2005 ... 117
Table 3.3. Employment and unemployment outcomes for the native- and foreign-born population by country/region of origin, 2001-2005 pooled data ... 131
Table 3.4. Labour force indicators, foreign-born by duration of residence, differences relative to the native-born, 2003-2005 averages, France ... 133
Table 3.5. Odds of employment and of unemployment of the foreign-born relative to the native-born, by nationality status, educational attainment, duration of residence and origin, men and women, France, 2005 ... 135
Table 3.6. Odds of employment of foreign-born relative to native-born persons aged 15-64, selected OECD countries, 2004 and 2005 ... 139
Table 3.7. Distribution of the population aged 15+ and of the population of working-age by origin, France, 2005 ... 140
Table 3.8. Labour market outcomes of immigrants and their children according to the parents' place of birth and the nationality at birth, 2005 ... 142
Table 3.9. Student performance in reading at age 15 of foreign- and native-born children of immigrants, 2003 ... 143
Table 3.10. Labour force outcomes for children of immigrants and of the native-born, France, 2005 ... 149
Table 3.11. Odds of being employed and unemployed for native-born children of immigrants relative to children of the native-born, France, 2005 ... 151
Table 3.12. Employment situation of native-born children of immigrants and of the native-born, France, 2005 ... 151
Table 3.13. Rate of access to subsidised jobs and traineeships of non-employed youth under 25 ... 165
Table 4.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2005/2006 average ... 191
Table 4.2. Employment rates by migration category in the Netherlands and Australia, one year and three years after arrival, 15-64 years old ... 199
Table 4.3. Population by education level, 25-54 years old, 2005/2006 ... 209
Table 4.4. Gap in the employment rates between native and foreign-born, by gender and educational attainment, 15-64 years old, 2005/2006 ... 210
Table 4.5. The labour market outcomes of highly-educated migrants in selected OECD countries, 15-64 years old, 2005/2006 ... 212
Table 4.6. Overqualification among the foreign-born and its determinants (odds ratios) ... 213
Table 4.7. Determinants of women's employment (odds ratios) ... 218
Table 4.8. Determinants of log hourly wages for native and foreign-born in the Netherlands, 15-64 years old employed and not in education ... 222
Table 4.9. Share of self-employment among the employed immigrants and native-born aged 15-64, various European OECD countries, 1995 and 2005/2006 ... 229
Table 4.10. PISA 2006 results for the children of immigrants and education of their parents ... 236
Table 4.11. Evolution and composition of employment native Dutch and the second generation, aged 15-39 and not in education ... 246
Table 5.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2005/2006 average ... 271
Table 5.2. Labour market indicators of natives and foreign-born foreigners in Portugal, by origin group and gender, 15-64 years old, 2001 ... 289

Table 5.3. Employment rates of recent arrivals and longer-term immigrants in Portugal, by nationality group, 15-64 years old, by gender, 2001 291
Table 5.4. Unemployment rates of recent arrivals and longer-term immigrants in Portugal, by nationality group, 15-64 years old, by gender, 2001 census 291
Table 5.5. Distribution of qualification levels of immigrants and native-born in various OECD countries, 25-54 years old, 2005/2006 292
Table 5.6. Distribution of qualification levels of foreign-born foreigners, by origin group, 25-54 years old, 2001 293
Table 5.7. Percentage of highly-qualified working in low- and medium-skilled jobs in private enterprises in Portugal, 15-64 years old, 2005 294
Table 5.8. Percentage of highly-qualified employed who are working in low-and medium-skilled jobs, 15-64 years old, 2005/2006 average 294
Table 5.9. Key indicators of working conditions, 15-64 years old, 2005/2006 301
Table 5.10. Key channels for employment search (% of channels used to obtain current employment), all employed persons (excluding self-employed) aged 15-64 years, 2005-2006 305
Table 5.11. Self-employment rates of foreign- and native-born populations aged 15-64 years in selected OECD countries, 2005/2006 306

Summaries of country chapters
BELGIUM, FRANCE, THE NETHERLANDS AND PORTUGAL

Summary Chapter 2: The Labour Market Integration of Immigrants and their Children in Belgium

The labour market integration of immigrants in Belgium is characterised by a significant heterogeneity regarding the origin and distribution of the immigrant population and their labour market outcomes. With more than 12% foreign-born in the population, Belgium has one of the larger immigrant communities in Europe.

Labour market outcomes for immigrants in Belgium are poor. Employment rates are low in international comparison, particularly for immigrants from non-EU-15 countries and for women. Only one third of immigrant women from non-EU-15 countries are in employment, and this appears to be linked with the disincentives of the Belgian tax and benefit system which result in high net replacement rates for second earners in couples with a low income. This disproportionately affects immigrant women from non-EU-15 countries as these tend to have lower qualifications than the native-born, and the foreign qualifications of those with higher levels of educational attainment seem to be largely discounted on the labour market.

Unemployment is also high, and immigrants' unemployment is almost two and a half times higher than that of the native-born. These unfavourable outcomes are not a recent development. Immigrants have been disproportionately affected by the longstanding, high structural unemployment in Belgium's industrial centres, especially in Wallonia, where many earlier immigrant cohorts settled.

A complicating factor in the Belgian case is the complex federal structure of the country. Powers related to integration are mainly at the sub-federal level, and approaches vary significantly. There is little interaction between the key actors, both within but especially between government levels, and this needs to be improved. Policies would benefit from more transparency and better co-ordination and experience-sharing. One way of doing this could be the regular elaboration of a national integration report, with a view to the identification of good and bad practices.

Testing in the past has pointed to the existence of discrimination against immigrants in hiring. The persistence of unfavourable labour market outcomes for immigrants from non-EU countries and their children, even for those with education obtained in Belgium, suggest that this is still an issue. Indeed, there has been a strong focus on anti-discrimination policies for more than a decade. In recent years, attention has gradually shifted towards a more pro-active, comprehensive diversity policy, notably in Flanders and Brussels. To achieve equal opportunity, incentives and measures with strong indirect targeting have been implemented, such as providing more weight to immigrant children in the distribution of school funding, higher refunds on social security contributions for employers when employing children of immigrants, and the exclusive opening of certain job vacancies to disadvantaged groups in the labour market (including immigrants) for a specified period. Among the countries which have been under review thus far, Belgium is the country which has the strongest policies along these lines. However, there has been no evaluation of these measures thus far. It is recommended to do this urgently in order to provide the grounds for mainstreaming of effective measures.

Belgium's provisions for naturalization are among the most liberal in the OECD, and access to citizenship is already possible for migrants after three years of residence. This has been an explicit measure to promote integration, and indeed, there is some evidence that this has contributed to a higher employment of immigrants. The effect seems to be

largest for immigrants from non-EU countries. One area where this appears to have had an impact is the public administration, which accounts for a larger share of total employment in Belgium than elsewhere. Immigrants appear to be better integrated in the public administration than in other countries, and there are a variety of measures in place which target this.

In contrast to the situation for established migrants, outcomes of recent arrivals seem quite favourable in international comparison. It is not entirely clear whether the less favourable outcomes for immigrants who have been in the country longer reflect a lack of improvement as the duration of residence increases or whether they are an indication of improved outcomes for recent arrivals.

An issue which raises particular concern are the poor outcomes for the children of immigrants. Results from the OECD PISA study have shown that the disadvantage of the second generation is larger in Belgium than elsewhere. The disadvantage of the second generation is also observed in the labour market, even after controlling for education and parental background. Language spoken at home has a strong impact on these results (particularly in Flanders), and this appears to be more pronounced than in other OECD countries. Evidence from other OECD countries suggests that much could be gained by early intervention policies, such as language stimulation for the children of immigrants at the beginning of kindergarten.

Summary Chapter 3: The Labour Market Integration of Immigrants and their Children in France

The 1950s saw the arrival in France of substantial numbers of labour migrants from Italy, Spain, Portugal and North Africa to satisfy generally lower skilled labour needs in the post-war industrial expansion. These movements largely came to halt after the first oil crisis in 1973 but family and humanitarian migration continued. The French experience with migration dates back earlier than this and integration services for migrants were introduced on an as-required basis as early as the 1920s. However, the elements of a systematic introduction policy for new arrivals were only put in place in the 1990s and formalised in the Reception and Integration Contract for new arrivals in 2005.

Perhaps because of the recency of the introduction programme, the outcomes for recent arrivals (those having arrived within the past five years) in France have been among the least favourable in OECD countries. However, after ten years of residence, the situation becomes much more positive, with employment rates that compare favourably with those of the native born, in particular for men. The problem is thus a slow integration process, which is a structural feature of the French labour market for new entrants generally, especially youth. This is especially the case for more highly educated persons. Qualifications recognition procedures are weak and need to be considerably reinforced, along with the initial introduction to the French labour market provided at the time of arrival. As in other countries, a recourse to subsidised jobs may help to overcome employer hesitancy in the face of foreign qualifications and experience.

In contrast to the labour market outcomes for immigrants, those for their children are on the whole much less favourable, even for those who were born and educated in France. This is especially the case for persons of African origin. In part this is due to poor educational attainment levels, which are themselves associated with low parental education and large families. The ability of immigrant parents to invest in the education of their children is more limited and the educational system has not been able to counteract the influence of cumulative background disadvantages. School support structures therefore need to be reinforced, especially at early ages, and sustained throughout compulsory schooling.

However, attainment levels are not the only explanation. The labour market outcomes of the children of immigrants trail those of the children of native-born persons of the same educational attainment. Discrimination testing studies have shown that youth with African names must make at least three times as many applications as those with a "French profile" to obtain a job interview, all other things being equal. However, there are a number of indications that some of this selective screening may be "soft" and amenable to policy intervention.

A number of policies appear to be yielding positive results. These include mentoring, personalised accompaniment in job search, the use of intermediaries and the demonstration of job skills in workplace situations. All of these should be expanded. In addition, youth from disadvantaged areas appear to be underrepresented in many labour market programmes, especially those oriented to the market sector. This needs to change.

Despite the prevalence of selective screening by origin revealed by the testing results, children of immigrants are almost as well represented in the private sector as children of the native-born. This suggests a greater job-search effort on their part. The gap in employment rates is thus largely accounted for by the underrepresentation of the children

of immigrants in public-sector employment. Some of this may be due to lack of information, but some may also be attributable to structural features of the recruitment process. A high priority needs to be given to addressing this imbalance.

All stops are being pulled out to address the problem of the inadequate labour market outcomes of the children of immigrants. The policy response is omnipresent, but lacks a strong focus. More concerted action on some major issues, such as early school performance, selective hiring practices and public sector recruitment is required.

Summary of Chapter 4: The Labour Market Integration of Immigrants and their Children in the Netherlands

The labour market integration of immigrants is an issue that has been high on the policy agenda in the Netherlands for almost three decades. Indeed, the Netherlands was among the first European OECD countries to develop a formal integration policy. The severe economic recession of the early 1980s and its disproportionate impact on immigrants, including many recent arrivals, was an important impetus for the development of integration policies.

Since then, labour market outcomes for immigrants have been well below those of the native-born, and less favourable than in other OECD countries, for both genders. It is true that there has been significant progress between the mid-1990s and the early 2000s. However, since then, no further improvement has been observed on the aggregate, and the employment rates of immigrants with less than ten years of residence in the Netherlands are below those observed in other OECD countries. Indeed, the overall labour market outcomes of immigrants in Netherlands have fallen further behind other OECD countries over the period 2002-2006, and no single factor seems to be responsible. Only now there are some tentative signs that immigrants are disproportionately benefiting from the currently favourable labour market conditions.

The current immigrant population is a diverse group, and labour market outcomes differ significantly by country of origin. The most important origin country is Turkey, followed by Morocco. Both of these countries were the source of low-qualified labour migration until the mid-1970s, followed by family reunification, often also with very low-educated spouses. This latter group has the most difficulties on the labour market, especially immigrant women – particularly in the important market for part-time work, where they often have to compete with higher skilled natives.

Another significant group of immigrants have come from the former Dutch colony Suriname, and from the Netherlands Antilles and Aruba. The latter are Dutch citizens by birth but are nevertheless regarded as immigrants in Dutch statistics because they originate from outside of the Netherlands, and their labour market outcomes are also well below those of the native-born.

The Netherlands has also been an important destination country for humanitarian migrants since the fall of the Iron Curtain, particularly for refugees from Iraq, Afghanistan and Iran. This group, which did not primarily arrive for employment, tends to have lower labour market outcomes in all countries. Their relatively high qualifications are largely discounted on the labour market.

The most pronounced differences in employment rates *vis-à-vis* native-born with similar education levels are observed for the low-qualified, in contrast to other OECD countries where differences are largest for the high-educated. More attention needs to be paid to those with a low education – notably regarding measures to overcome employer hiring reluctance and to bring immigrants into contact with potential employers. This particularly concerns low-educated women, who have a very low labour market attachment. Past policy has tended to neglect such migrants with a large distance from the labour market, especially when they were not dependent on any benefits – which is often the case. With the current tightening of the labour market, more attention is now being paid to this group.

One measure where careful expansion could be considered in this context are wage subsidies, since there is some tentative evidence that these can facilitate labour market

insertion of less-qualified immigrant groups, if they are well designed and implemented. This should be done on the basis of a thorough evaluation of this instrument and of alternative labour market measures, which is currently lacking.

The primary focus of current integration policy, particularly for recent arrivals, is essentially on language skills and not on labour market access. There is evidence that employment levels for immigrants could be significantly raised if integration efforts were targeted at supporting *early* labour market entry. Some initial steps in this direction have been taken, and it is important to pursue this direction further. For this, incentives for language course providers to include vocational elements in their training should be introduced.

There has been considerable effort over the past 10-15 years to raise employer awareness of the specific obstacles facing immigrants and their children, to monitor hiring practices, and to diversify recruitment channels. This appears to have borne some fruit, notably with respect to discrimination, which seems to have declined. Many of these policies have been abandoned recently, since they were seen as placing an excessive administrative burden on employers. If the tentative signs that immigrants are profiting less from the current upswing than from previous ones concretise, reintroduction of these measures should be considered – perhaps on a voluntary basis, linked with financial and other incentives for companies that have introduced measures to diversify their staff. This should be done in close co-operation with the social partners, who have successfully contributed to labour market integration in the past.

Particular attention has been paid for many years to the underrepresentation of immigrants and their children in the public sector. There is some evidence that this has had a beneficial impact. The share of the public sector in immigrant employment is larger than in other OECD countries, particularly when compared to the native-born. For the second generation, employment in the public sector has increased by about four percentage points over the past five years, compensating for a worrisome parallel decline in private sector employment. Likewise, immigrant self-employment has increased significantly over the past decade, and this may be a strategy to escape marginalization on the labour market.

Major investment has been made to improve the educational attainment of the children of immigrants. The beneficial impact does not appear to have been very large to date, and for supplementary bilingual education, there was no return at all. Little attention was devoted to early intervention, although this is an area where the return to investment seems to be most pronounced. While more attention is now being paid to pre-school education and childcare, additional efforts seem warranted for the children of low-educated immigrants, through language stimulation in formal institutions at very early ages.

One shortcoming of the current statistical infrastructure is that immigrants and their native-born offspring are generally considered as one group. This can produce misleading results and should be changed, since the issues involved differ. For immigrants, at least part of the education may have been obtained abroad, posing questions concerning the recognition and equivalence of schooling from countries that have an education system that largely differs from the Dutch one. This is not the case for the second generation, making them an important benchmark for the success of integration policy.

Nevertheless, the labour market outcomes of the children of immigrants still lag behind those of the children of natives, even when they have the same educational attainment. The gap is most pronounced for those with a low education, and more attention should be paid to this group, including company-based training, temporary employment agency work, and mentorship programmes. Special emphasis should be

placed on promoting apprenticeship as an option for the children of immigrants. While this seems to be a particularly effective school-to-work transition pathway, it is an education stream where the children of immigrants are currently largely underrepresented.

Summary of Chapter 5: The Labour Market Integration of Immigrants and their Children in Portugal

The labour market integration of immigrants in Portugal is characterised by rather favourable outcomes in international comparison. The employment rates of immigrants are higher than those of the native-born, for both genders. Indeed, employment and labour market participation of immigrant women is higher in Portugal than in any other European OECD country. The picture is less favourable with respect to unemployment, and immigrants have been disproportionately affected by the less favourable labour market situation in recent years.

The high labour market participation of immigrants is attributable to the predominance of labour migration to Portugal. The number of foreigners has more than doubled over the past decade, and this growth has been linked with large-scale irregular migration of persons coming to Portugal for employment, particularly at the end of the 1990s in the context of a construction boom. This acceleration of migration flows has been associated with a strong diversification of origin countries. Whereas past migration was predominantly from lusophone countries (*i.e.*, Portugal's former colonies in Africa – the PALOP – and Brazil), a large part of migration over the past decade has been from eastern and south-eastern Europe, countries with no apparent ties to Portugal.

Many of the more recent immigrants are quite qualified, but labour demand has been mainly in low-skilled occupations, particularly in construction. Partly as a result of this, a large part of high-qualified migrants work in jobs for which they are formally "overqualified". This is the case for more than 80% of high-qualified migrants from eastern and south-eastern Europe. In this context, there have been two rather effective projects for the recognition of foreign health professionals. A mainstreaming of these projects should be considered, particularly for occupations in which there are current or expected future shortages. Likewise, a harmonised and simplified process for academic recognition would facilitate migrants' entry into jobs which are more commensurate with their qualification levels.

Linked with the "overqualification" are large wage-gaps between immigrants and the native-born, in spite of the fact that immigrants tend to be higher qualified than the native-born (who have very low educational attainment levels in international comparison). Foreigners earn on average 20% less than the Portuguese. A wage-gap in the order of 10% or above persists even after controlling for a wide range of other factors that can influence wages such as gender, age, education, occupation and sector. At a particular disadvantage in this respect are immigrants from the PALOP, who also tend to have less favourable outcomes than other migrant groups regarding unemployment.

With the diversification in the origin countries, a need for language training for migrants and their children has evolved. Until now, however, the offer has been rather limited. In the framework of the introduction programme *Portugal Acolhe* ("Portugal Welcomes"), some basic (50 hours) language training is available. This is much below the training provided in other OECD countries which is generally in the range of 250 to 900 hours. In addition, only employed migrants benefit from the programme. There are some further language training offers, but these also tend to be small in scale and scope. There thus seems to be a clear need for more targeted, vocation-specific language training; and more language training for un- and non-employed migrants.

Notwithstanding this, given the recent nature of much immigration, the infrastructure for integration is rather developed. The Portuguese approach to integration policy is marked by a strong focus on the welcoming of immigrants, and by a close co-operation with the stakeholders concerned. This co-operation has been facilitated by the High Commission for Immigration and Intercultural Dialogue – the ACIDI – which acts, among other functions, as an interdepartmental support and advisory structure of the government with respect to the integration of immigrants. It has *inter alia* created two National Centres for the Integration of Immigrants (CNAIs) which provide a broad range of integration services under a single roof.

Because of strong links between irregular migration (which accounted for the bulk of entries in the past), the informal economy and rather unfavourable working conditions for migrants, it should be an urgent priority to direct migration to legal channels. There is some progress on this front with the new immigration law which facilitates legal immigration and enhances transparency of the immigration system, but it remains unclear whether this will be sufficient. This should go hand-in-hand with a further strengthening of the tools to combat illegal employment and exploitation, including by a reinforcement of labour inspection.

Regarding the children of immigrants, it seems that their integration does not compare unfavourably with other European OECD countries. However, with growing numbers of children of non-lusophone migrants in the education system, more attention needs to be paid to bridging the transition in terms of language learning and other measures. Special emphasis should be placed on pre-school education. This is an area where the children of immigrants currently seem to be most underrepresented, despite the fact that experiences from other OECD countries demonstrated the particular importance of pre-school education for this group.

Chapter 1.

SUMMARY OF THE MAIN FINDINGS ON THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN

This introductory chapter summarises some of the key themes covered and lessons learned in the second round of OECD reviews on the labour market integration of immigrants and their children. The topics below have emerged as common themes in the four countries covered, in addition to those that were already highlighted in the first summary publication (OECD, 2007a).[1]

I. Overview of the four countries covered

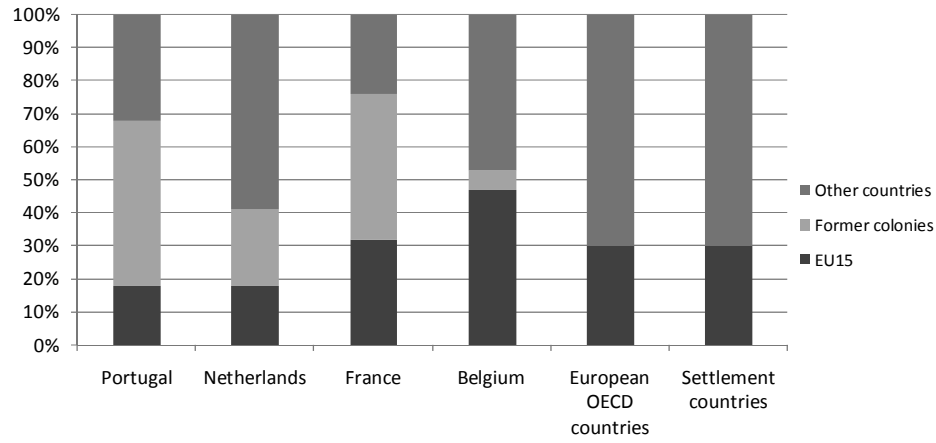
The four countries covered in this report (Belgium, France, Portugal and the Netherlands) differ with respect to their migration history and labour market integration record. Three of them, Belgium, France and the Netherlands, have been longstanding countries of immigration. Portugal's experience with immigration is more recent, and shaped by its traditional status as a country of emigration. In many ways, the picture in Portugal mirrors that observed in the other three countries in the late 1960s and early 1970s – relatively recent, large-scale labour immigration, now followed by family reunification.

At the same time, there are also several common traits regarding the current picture of the immigrant population (Figure 1.1). All four countries are members of the European Union. In Belgium, immigrants from other EU countries account for almost 50% of the stock of working-age immigrants in 2006. In Portugal, which is the country with the smallest share of EU immigrants among the foreign-born in the four countries under review, the figure is still around 20%.

All four countries also have had significant post-colonial-type migration. This is most pronounced in France and Portugal, where about half of immigrants were born in a former colony. A priori, one might expect that immigrants from former colonies would have some advantages in the labour market compared with immigrants from other non-OECD countries. They tend to have some mastery of the language of the host country, and ready access to networks of family and friends. In addition, the education system in the origin country is often similar to that of the host country.

1. Updates on recent developments in the four countries that were covered in the first round of OECD reviews (Australia, Denmark, Germany and Sweden) are available under *www.oecd.org/els/migration/integration*. These summaries, which have been provided by national authorities, provide further evidence of the continuing importance attached by many OECD member countries to the labour market integration of immigrants and their children. Some of the new developments they describe echo the recommendations presented in the prior OECD reviews.

Figure 1.1. Composition of the foreign-born population in the four countries reviewed, 2006



Note: The OECD average is calculated over the total population with all nationalities foreign-born. The average excludes Iceland. The stock of immigrants for Portugal is identified by nationality. "Settlement countries" include Australia, Canada, New Zealand and the United States. Data on averages of European OECD and of settlement countries are from around 2000.

Source: *OECD International Migration database* (2005), data for the Netherlands: Central Bureau of Statistics (2005), data on averages of European OECD and of settlement countries: *OECD database on Immigrants and Expatriates*.

The outcome evidence on this point is, however, rather mixed. In the Netherlands, immigrants from the former colony of Suriname indeed fare better than the other main migrant groups, but the picture is less favourable regarding immigrants from the Netherlands Antilles.[2] In Portugal, immigrants from the former colonies in Africa and from Brazil have labour market outcomes that are below those of other migrant groups, but nevertheless do not appear unfavourable when compared with the labour market outcomes of immigrants in other OECD countries. In France, labour market outcomes of immigrants from the former colonies lag behind those of the native-born, and of southern European migrants.[3]

The post-colonial migration waves in the four countries under review were also accompanied by large-scale repatriation of former emigrants and their children. The migration of repatriates from North Africa in the early 1960s was largest in France in absolute size (an estimated 1.5 million, or about 3% of the population at the time), although in relative terms the migration of the "retornados" to Portugal was larger (depending on the estimate, between 500 000 and 1 million – that is, 6-10% of the population). Although also non-negligible, the post-colonial repatriation flows to the Netherlands and Belgium were much smaller. Many repatriates were already born in the former colonies as children of former emigrants, and thus "foreign-born". Since they are indistinguishable in most labour-market-relevant aspects from the native-born population in the countries under review, repatriates should not be considered "immigrants" for the purpose of these studies. Wherever possible, they have thus been excluded from the analysis in the country chapters.

2. Migration from the Netherlands Antilles (and Aruba) is not truly post-colonial, as these territories are still part of the Kingdom of the Netherlands (see the chapter on the Netherlands for more detail).

3. In Belgium, the number of immigrants from the former colonies has been much more limited than in the other three countries. In addition, they cannot be easily distinguished in the data from the foreign-born children of repatriates. This paragraph thus refers to the other three countries.

As noted above, France, Belgium and the Netherlands are longstanding countries of immigration, and experienced significant flows of "guestworker"-type migration between the 1950s and the early 1970s. Much of this earlier labour migration and subsequent family reunification – which still accounts for a large part of immigration to the three countries – was from Morocco and Turkey. Indeed, these two are among the main origin countries in all three countries. Immigration from Morocco and Turkey has been heavily weighted towards the low-educated, and employment rates of women from these countries are low in all major reception countries. The low educational attainment of these and other key migrant groups has also affected the native-born children of immigrants, both with respect to their educational attainment and their labour market outcomes.

Portugal's experience as a country of large-scale immigration is more recent, and most immigrants have come for employment. At the same time, Portugal has been a longstanding country of emigration – and some outflows are still occurring. This very different situation makes Portugal a somewhat special case *vis-à-vis* the other three countries, with outcomes that often differ significantly.

A common challenge facing all four countries is the recent diversification of migration *flows*, with larger shares of new immigrants coming from non-traditional source countries. This has been most apparent in Portugal, where past immigration was predominantly from the former colonies, but recent immigrants often came from countries with no apparent ties with Portugal. This diversification has provided new challenges for integration policy, notably with respect to language training, but also regarding the recognition of foreign qualifications and knowledge about available jobs.

Table 1.1 shows the key labour market indicators of the native- and foreign-born populations in the four countries under review. With the exception of Portugal – where this is linked with the recent and labour-market-oriented nature of most immigration to that country – immigrants have lower employment rates than the native-born. This is particularly the case for women. The relatively unfavourable employment situation of immigrants in Belgium, France and the Netherlands also holds when comparing these countries with other European OECD countries and with the OECD settlement countries.

A second key observation is that in all four countries and for both genders, the unemployment rate of immigrants is significantly higher than that of the native-born. This result is not limited to the four countries under review. Indeed, a higher probability of being unemployed is also observed in most other OECD countries, including the settlement countries.[4]

For France, the Netherlands and Portugal, data on the wages of immigrants are also available.[5] As Figure 1.2 shows, in most countries, immigrants tend to earn less than the native-born. This also holds for the three countries under review, with the exception of immigrant men in Portugal. Among the three countries, the overall gaps are smallest in Portugal, and largest in the Netherlands – only immigrants in the United States face larger wage differentials *vis-à-vis* the native-born.

4. One exception is the United States, where the low unemployment of immigrants nevertheless seems to be linked with the fact that many immigrants are labour migrants with an irregular status for whom unemployment is generally not an option. It seems that irregular migrants are being covered by the American Community Survey and respond in a significant way (see OECD, 2008). This appears to be also the case for the Current Population Survey which has been used for the calculation of the labour market indicators.

5. For a more complete overview of wage differentials between immigrants and the native-born, see OECD (2008).

Table 1.1. Main labour market indicators of the native and foreign-born populations in the countries surveyed, 15-64 years old, 2007

		Belgium	France	Netherlands	Portugal	Average of European OECD countries[1]	Average of settlement countries[2]
Employment-population ratio							
Men	Native-born	69.7	69.2	82.9	73.4	75.7	81.5
	Foreign-born	60.9	67.7	70.9	79.5	75.0	82.7
Women	Native-born	57.2	61.3	70.9	61.4	62.9	70.4
	Foreign-born	41.5	50.1	54.6	67.1	57.1	62.9
Unemployment rate							
Men	Native-born	5.5	7.2	2.7	6.9	4.8	5.4
	Foreign-born	15.8	11.9	7.5	7.3	8.5	4.9
Women	Native-born	7.5	7.6	3.6	9.9	6.3	5.2
	Foreign-born	17.2	15.1	7.7	12.1	10.8	6.0

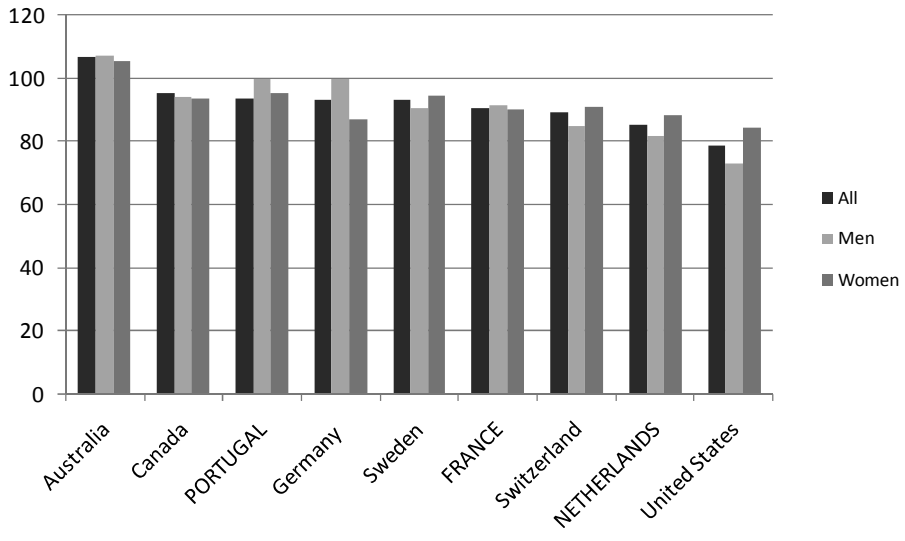
1. Hungary, Poland and the Slovak Republic are excluded from the average of the European OECD countries because of small sample size.

2. "Settlement countries" include Australia, Canada and the United States for 2006 (Canada for 2000).

Source: European OECD countries: European Union Labour Force Survey (2007); average of settlement countries: OECD (2008), *International Migration Outlook.*

Figure 1.2. Median wage levels of immigrants, employed persons aged 15-64, 2005/2006

(native-born = 100)



Source and *Note*: OECD (2008), *International Migration Outlook.*

2. Key issues and findings

The economic situation remains key to labour market integration

In all four countries under review, the national economic situation has been one of the most important factors in shaping the labour market outcomes of immigrants. Immigrants' labour market indicators tend to be disproportionately affected by an economic downturn, and also show stronger improvement (at least in absolute terms) than those of the native-born when the economy is performing well. There are a number of possible reasons for this, including the types of jobs which immigrants perform – often less stable, low-skilled employment at the margin of the labour market. Such employment tends to be more affected by the economic situation.[6] Likewise, immigrants are more often employed in cyclically-sensitive sectors such as construction.

An economic downturn can have a *long-lasting* negative impact on the aggregate outcomes of immigrants, particularly when many immigrants arrived just prior to an economic downturn and when the downturn is linked with a fundamental structural change affecting sectors with strong immigrant employment.[7] Belgium, Denmark and the Netherlands experienced strong recessions in the early 1980s. In all three countries, these recessions seem to be the source of the low aggregate employment outcomes of immigrants. In countries where the recession was somewhat less pronounced, such as in Germany, Sweden and France, immigrants' labour market outcomes did not compare unfavourably with those of the native-born until the early 1990s.

The (past) economic situation has also been the key factor in explaining the more favourable labour market outcomes of immigrants in Portugal. Much of immigration has been recent and linked with employment opportunities; immigration was also often of an irregular nature with employment being a precondition for regularisation.

Integrating very low-qualified immigrants remains a key policy challenge

One decisive factor in the labour market integration of immigrants is their educational attainment, since the employment probability increases with the educational attainment – albeit generally less than for the native-born.[8] Belgium, France and the Netherlands all have immigrant populations that have on average a lower educational attainment than the native-born.[9] As Figure 1.3 shows, large numbers of immigrants have not even completed the lower secondary level that is often considered necessary for full participation in the labour market and society. In addition, structural change is shifting demand towards more high-skilled employment (see *e.g.* Acemoglu, 2002), although demand for certain low-skilled occupations is also rising.

Integrating low-skilled immigrants into the labour market is also hampered by the disincentives of the tax and benefit system, which often result in high marginal effective

6. It is also possible that employers are more likely to lay off immigrants than natives during a downturn.

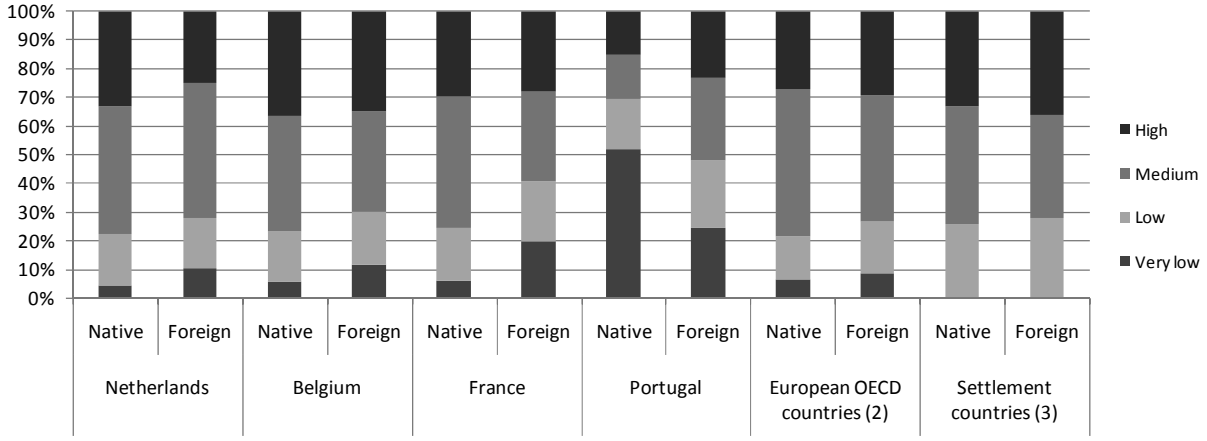
7. In addition, when new immigrants arrive during adverse economic conditions, they take longer to find work and this weakens their longer term integration process (see OECD, 2007a).

8. The Netherlands is a noteworthy exception in this respect.

9. The educational attainment of immigrants in Portugal is also very low, but not on the aggregate lower than that of the native-born population which is, however, among the lowest in the OECD. Nevertheless, even in Portugal, immigrants are overrepresented among those who are illiterate.

tax rates at typical entry jobs for immigrants, which make low-skilled employment unattractive for them. There can also be institutional demand-side barriers to immigrants' employment, for example, strict employment protection legislation and/or relatively high minimum wages. Such obstacles apply in principle to both immigrants and the native-born, but immigrants tend to be disproportionately affected since their employment is more often low-skilled. In addition, these barriers can amplify employer hiring reluctance and information asymmetries that disfavor immigrants. There are a number of policy options to tackle these challenges, such as cuts in benefits; lower taxes at the bottom end; reductions in minimum wages; the introduction of in-work benefits or wage subsidies; easing employment protection; or a combination of the above. The appropriate policy mix depends on the country setting, but equity considerations would seem to imply that any measure should not make immigrants worse off than natives who are in a comparable situation. Because of this, and since the objective of a better labour market performance of immigrants is generally not seen as an argument for substantive changes in the overall policy framework for the entire population, policy makers have tended to opt for indirectly targeted measures. One such measure that has been applied in a number of countries under review thus far, in particular in Denmark (see *Jobs for Immigrants*, Vol. 1), but also in the Netherlands, has been wage subsidies. The evidence to date suggests that such subsidies can have a disproportionately beneficial effect on immigrants, if carefully designed.

Figure 1.3. Educational attainment of the native- and foreign-born populations in OECD countries under review, persons aged 25-54, 2006/2007 average[1]



1. Very low (ISCED 0-1), low (ISCED 2), medium (ISCED 3-4), high (ISCED 5+).

2. European OECD countries: category "very low" not available for Norway and the United Kingdom.

3. Settlement countries average for 25-64 population, only three education levels are available (low: ISCED 0-2). Settlement countries include Australia, Canada, New Zealand and the United States. Data refer to around 2000.

Source: European Union Labour Force Survey (2006/2007), Settlement countries: *OECD database on Immigrants and Expatriates*.

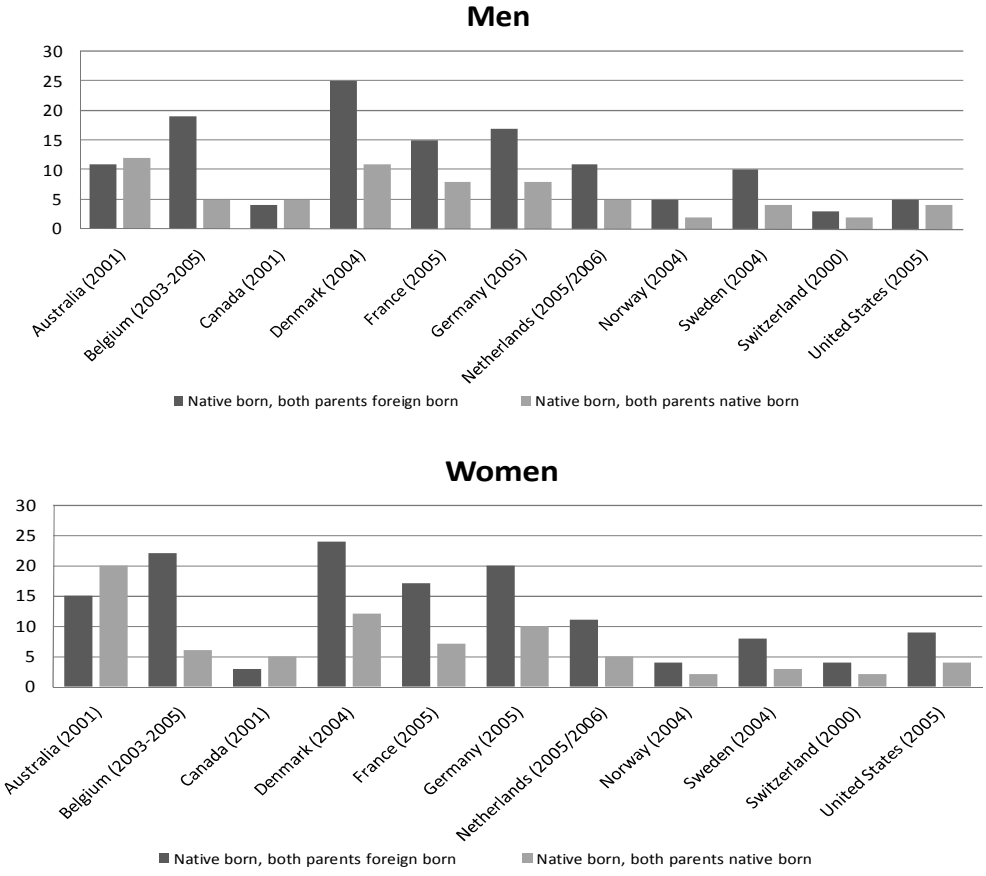
The situation of the children of immigrants is often unfavourable, and a high percentage is at the margin of the labour market

Knowledge of the labour market integration of the native-born children of immigrants – the so-called "second generation" – is increasing, in part because in many countries, they are now entering the labour market in greater numbers. The available evidence thus far shows persisting difficulties for them in integrating into the labour market. This is a

key challenge in all three countries with a longstanding immigration experience, *i.e.* Belgium, France and the Netherlands.

Among the native-born children of immigrants in the three countries, a high percentage has both low education and is not in employment (Figure 1.4). This figure is highest in Belgium and Denmark, and the differences between children of natives and children of immigrants are also larger in Belgium than in any other country for which data are available. The group of youth with low education and not in employment, which includes significant numbers of school dropouts, has been the target of several policy measures in the countries that have been reviewed thus far. For example, Belgium, France and Denmark have introduced specific targeted (or indirectly targeted) measures. This has often required significant special efforts as these youth at the margin of the labour market are often out of the reach of the mainstream labour market and social services.

Figure 1.4. Children of native-born vs. children of foreign-born, percentage without upper secondary degree and not in employment, persons aged 20-29 and not in education



Note: Data for France excludes native-born children of those foreign-born parents who had French nationality at birth. Adjustments were also made for Australia, Denmark and Switzerland (see OECD, 2007a).

Source: Belgium: Labour force survey linked with register data (data provided by INS), Netherlands: data provided by Statistics Netherlands, Switzerland: Census (2000); Denmark, Norway and Sweden: Population register (2004); Germany: Microcensus (2005); Australia and Canada: Census (2001); France: European Union Labour Force Survey (2005); United States: Current Population Survey March 2005 supplement; United Kingdom: Labour force survey (third quarter 2005).

The "Work-up" project in Belgium (Flanders) provides an example. Specialised consultants, a large share of whom have a migration background themselves, have been employed to activate native-born children of immigrants. These consultants are "fieldworkers" who provide individual support and guidance for young persons with a migrant background who are out of the labour market. They also communicate to the mainstream services the specific obstacles of these migrants and thereby help to improve those services. The project is publicly funded, but carried out with the support of migrant associations which conduct complementary actions such as intensive individual counseling and group sessions, which are services generally not offered by the mainstream public employment agencies.

Foreign qualifications are often discounted on the labour market

Integration efforts have focused not only on low-qualified immigrants, but also on the high-skilled. All OECD countries favour high-skilled immigration, and France and the Netherlands in particular have recently introduced a series of measures to promote immigration of the highly-skilled. For this to be a successful and sustainable strategy, it is important to ensure that adequate use is made of immigrants' skills. However, in all eight countries which have been reviewed thus far there is ample evidence that foreign qualifications and work experience are largely discounted on the labour market. Immigrants enjoy lower returns in terms of employment probabilities and wages when their diploma has been acquired abroad, particularly in a non-OECD country (see also OECD, 2007b).

Whether this is due to information asymmetries, discrimination or actual non-equivalence of foreign degrees is difficult to ascertain. Some light on this issue can be shed by surveys which include objective measures of skills in addition to information on the origin of the degree (Box 1.1). Table 1.2 provides some information on this with data from the International Adult Literacy Survey (IALS).

In the aggregate, before controlling for the literacy score, the employment of highly-qualified immigrants is much lower than that of the native-born (model 1). There seems to be a large discount on the labour market for foreign qualifications (models 2 and 3), but none if immigrants have domestic qualifications. The observed discount for foreign qualifications is only significant if they are earned in non-OECD countries. In the aggregate, after controlling for literacy, immigrants' employment chances are no longer different from the native-born for men – this is also observed for women after accounting for country effects. Only immigrants with a degree from non-OECD countries still remain at a large and significant disadvantage, but the effect is reduced by about half compared to the specification that does not control for the IALS score.

This suggests that some of the discount is due to lower literacy – which in turn indicates that foreign degrees from non-OECD countries may indeed not always be fully equivalent to those acquired in OECD countries (see also Ferrer *et al*., 2006). The generally much higher employment probability of immigrants with foreign education when they are in settlement countries gives a tentative indication that recognition problems may be less pronounced in these countries.[10] This could be because employers in these countries have more exposure to immigrants with good qualifications.

10. Note that the probability shown in Table 1.2 is an interaction effect between foreign education and settlement country, that is, the general effect of being a highly-qualified immigrant in a settlement country is already controlled for.

Box 1.1. Analysing labour market outcomes of highly-qualified immigrants with the International Adult Literacy Survey (IALS)

Foreign degrees are frequently discounted in the labour market, both in terms of access to employment and wages. Do the observed lower returns to foreign degrees reflect a lower skill level of immigrants relative to natives, or do they reflect uncertainty or discrimination of employers with respect to foreign degrees? Controlling for objective skills measures allows one to shed some further light on this important question. If controlling for objective skills measures reduces observed differences in the return to foreign *vis-à-vis* domestic qualifications, then at least part of the observed discount would seem to be attributable to the fact that immigrants' (foreign) degrees are associated with lower skills.

With the International Adult Literacy Survey (IALS), objective measures of literacy, defined as "the ability to understand and employ printed information in daily activities, at home, at work and in the community, to achieve one's goals and to develop one's knowledge and potential", are available. The IALS considers three categories of literacy: prose literacy, document literacy and quantitative literacy. In each category, tasks are assigned (understanding of prose text, interpreting a document, etc.) and rated according to difficulty on a scale from 0 to 500.

In 1994, the survey was conducted in English- and French-speaking Canada, in France, Germany, Ireland, the Netherlands, Poland, Sweden, French- and German-speaking Switzerland and the United States. In 1996, Australia, Belgium, Great Britain, New Zealand and Northern Ireland were added, followed in 1998 by Chile, the Czech Republic, Denmark, Finland, Hungary, Italy, Norway, Slovenia and Italian-speaking Switzerland, bringing the number of countries participating in the survey in 1998 to a total of 21.

For the analysis of the impact of having foreign qualifications on employment (Table 1.2) and wages (Table 1.3), IALS samples of highly-educated (ISCED 5 or above) native- and foreign-born persons of age 15-64 are used. The sample for the earnings analysis contains only employed individuals. Data on earnings are not available for all countries. Included are Belgium, Canada, Switzerland, Denmark, Finland, Great Britain, Germany, Ireland, Italy, Netherlands, Norway, New Zealand, Sweden and the United States. For each country the sample weights were normalised. This ensures that each country is represented in proportion to its sample size. Across all countries, the sample contains an average of about 9% foreign-born. The average score over all three literacy categories – prose, document and quantitative – was used as the skill measure.

Three different models are included in the analysis, separately by gender, and both with and without controlling for country-specific effects. Model 1 examines whether there is a significant employment or earnings gap between immigrants and natives. Model 2 tests whether the observed gap is related to the fact that immigrants may have foreign degrees. In Model 3, controls for settlement countries are included to investigate whether foreign qualifications are valued higher in these countries. The settlement countries included are Canada, the United States and New Zealand. Model 4 in Table 1.2 further distinguishes between foreign degrees obtained in OECD countries and in non-OECD countries.[11] All regressions are first conducted without controls for the IALS score, and subsequently with controls.

Results are reported as percentage point differences in the probability to be employed compared to being not in employment (Table 1.2); and to be in the highest income quintile compared to the (combined) probability of being in other income quintiles than the fifth (Table 1.3). These figures correspond to marginal effects in a logistic regression (Table 1.2) and an ordered probit regression (Table 1.3), calculated at the sample means of the respective variables.

11. It was assumed that immigrants educated abroad obtained their education in the country of birth.

Table 1.2. Percentage points differences in the probability of employment for persons with tertiary education, foreign-born compared to native-born, by origin of the diploma, persons aged 15-64

		Men							
		Without controls for individual countries				With country dummies			
	Control variables	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Without IALS score	Foreign-born	-6***	-	-	-	-6***	-	-	-
	-highest education in host country	-	-5	-5	-5	-	-4	-4	-4
	-highest education abroad	-	-7***	-10***	-	-	-7***	-11***	-
	-highest education in OECD country	-	-	-	-9	-	-	-	-9
	-highest education in non-OECD country	-	-	-	-14***	-	-	-	-13***
	-residing in settlement country	-	-	3*	-	-	-	3**	-
	(reference: native-born)								
With IALS score	Foreign-born	-2	-	-	-	-2	-	-	-
	-highest education in host country	-	-2	-3	-2	-	-2	-2	-2
	-highest education abroad	-	-2	-3	-	-	-2	-4	-
	-highest education in OECD country	-	-	-	-4	-	-	-	-5
	-highest education in non-OECD country	-	-	-	-3	-	-	-	-3
	-residing in settlement country	-	-	2	-	-	-	2	-
	(reference: native-born)								
		Women							
		Without controls for individual countries				With country dummies			
	Control variables	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Without IALS score	Foreign-born	-15***	-	-	-	-12***	-	-	-
	-highest education in host country	-	-9	-6	-9	-	-4	-4	-4
	-highest education abroad	-	-20***	-23***	-	-	-17***	-23***	-
	-highest education in OECD country	-	-	-	-17	-	-	-	-17**
	-highest education in non-OECD country	-	-	-	-31***	-	-	-	-32***
	-residing in settlement country	-	-	5	-	-	-	6	-
	(reference: native-born)								
With IALS score	Foreign-born	-9***	-	-	-	-6**	-	-	-
	-highest education in host country	-	-9	-6	-9	-	-4	-4	-4
	-highest education abroad	-	-9***	-13***	-	-	-8**	-13***	-
	-highest education in OECD country	-	-	-	-11*	-	-	-	-13**
	-highest education in non-OECD country	-	-	-	-14***	-	-	-	-17***
	-residing in settlement country	-	-	6	-	-	-	7*	-
	(reference: native-born)								

***/**/* significance 1%/5%/10% level, respectively. Shaded estimates are not significant at the 10% level.

1. Countries include Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States.

2. Total sample size is 10 783.

3. The native-born are the reference group. All regressions include controls for age (ten-year age groups). Models 3 and 4 also include controls for settlement countries.

4. Model 4 includes a category "missing" for countries where detailed information on the country of birth was not available. This is the case for Canada, Denmark, New Zealand, Norway and the United States.

Source and *Note*: See Box 1.1.

Table 1.3 shows that there is also some wage discount for foreign degrees,[12] as measured by the probability of being in the highest income quintile. Again, this effect disappears once differences in literacy are taken into account. For men, there is even some indication of a slight wage premium for immigrants with domestic qualifications after including the IALS score in the regression.[13]

12. Because of sample size problems, no distinction has been made between OECD and non-OECD origin of the diploma for those with education abroad.

13. Note that this may partly reflect stronger positive selectivity for immigrants who are in employment.

Table 1.3. Percentage points differences in the probability of being in the highest income quintile for persons with tertiary education, foreign-born compared to native-born, by origin of the diploma

		Men					
		Without controls for individual countries			With country dummies		
	Control variables	(1)	(2)	(3)	(1)	(2)	(3)
Without IALS score	Foreign-born	-4	-	-	-5	-	-
	-highest education in host country	-	3	7	-	4	5
	-highest education abroad	-	-9**	-14***	-	-11***	-16***
	-residing in settlement country	-	-	15**	-	-	10
	(reference: native-born)						
With IALS score	Foreign-born	1	-	-	1	-	-
	-highest education in host country	-	7	12*	-	9	10
	-highest education abroad	-	-2	-4	-	-4	-6
	-residing in settlement country	-	-	10	-	-	5
	(reference: native-born)						
		Women					
		Without controls for individual countries			With country dummies		
	Control Variables	(1)	(2)	(3)	(1)	(2)	(3)
Without IALS score	Foreign-born	-3	-	-	-1	-	-
	-highest education in host country	-	4	6	-	3	3
	-highest education abroad	-	-4	-4	-	-5*	-4
	-residing in settlement country	-	-	1	-	-	-1
	(reference: native-born)						
With IALS score							
	Foreign-born	0	-	-	0	-	-
	-highest education in host country	-	2	5	-	1	1
	-highest education abroad	-	-2	-3	-	-1	-3
	-residing in settlement country	-	-	6	-	-	4
	(reference: native-born)						

***/**/* significance 1%/5%/10% level, respectively. Shaded estimates are not significant at the 10% level.

1. Countries include Belgium, Canada, Denmark, Finland, Ireland, Italy, Germany, New Zealand, Norway, Sweden, Netherlands, Switzerland, the United Kingdom and the United States.

2. The total sample size is 8 227.

3. The native-born are the reference group. All regressions include controls for age (ten-year age groups). Model 3 also includes controls for settlement countries.

Source and *Note*: See Box 1.1.

Accreditation of prior learning would seem disproportionately advantageous to immigrants, but they rarely benefit from it

Because of information asymmetries[14] regarding immigrants skills and formal qualifications, one would a priori expect that they would benefit disproportionately from measures which certify skills (acquired both formally and informally). Such accreditation of prior learning (APL) exists in many OECD countries, and Portugal, the Netherlands and France have recently introduced measures related to this. Data on the effectiveness of such measures and/or on the participation of immigrants in them are rarely available. Where they exist, they indicate that immigrants tend to be underrepresented in APL-type measures, suggesting that the scale and scope of this tool for the labour market integration of immigrants is not yet fully exploited, and that awareness of this may be lacking on both sides (*i.e.* both the administration providing such measures and the migrants themselves).

14. This is an economic term meaning that employers will generally have less knowledge about immigrants' skills than the immigrants' themselves.

Naturalisation is often seen as promoting integration, and there is some evidence that this is actually the case

A common theme in the four reviews is the impact of having the host country's citizenship on the labour market outcomes of immigrants. The Netherlands and France had for many years been among the frontrunners within the European OECD countries regarding ease of access to citizenship. Naturalisation had been seen as a way to foster integration, although in the Netherlands, policy became somewhat more restrictive over the past decade. In Belgium, successive liberalisations in the citizenship law have resulted in what is currently, together with Canada, the most liberal access to citizenship in the OECD. Portugal also used to have a rather restricted access to citizenship – with the exception of immigrants from its former colonies – but this has changed recently, to reflect the new immigration picture in the country.

Naturalised immigrants generally have better labour market outcomes than foreign-born foreigners, even after controlling for other factors such as education, country of origin, and length of stay. While there is some positive selectivity in the decision to apply for citizenship – those who are better integrated tend to be more inclined to naturalise – improvements in labour market outcomes for those who became citizens are also observed in longitudinal studies following the same people over time (*e.g.* Bratsberg *et al.*, 2002). The favourable impact of naturalisation on labour market outcomes for immigrants may be linked with doubts by employers about the permit duration, and more generally about the eventual length of stay, for those who have not naturalised. Likewise, employers may be reluctant to make the effort of verifying foreigners' papers and/or the labour market access related with these. Such doubts may hamper labour market integration. Employers may also take naturalisation as a sign of a positive commitment to integration and/or motivation. Finally, it is also possible that the migrants themselves, once they make the decision to naturalise, invest more in host-country specific human capital. The improved labour market outcomes observed in longitudinal studies may thus not necessarily be linked with citizenship per se, but rather reflect a return to this enhanced investment. Which of these explanations is the driving factor behind the improved outcomes is difficult to ascertain from the available data. This is unfortunate since they can have different and potentially important policy implications. It is also not clear whether a more lenient access to citizenship may impact on the strength of these factors. If that were the case, there may be a trade-off regarding more generous access to citizenship – persons who would not have accessed citizenship otherwise could benefit, while the overall labour market premium for having the citizenship of the host country may decline. In any case, for whatever reason, one clear result is that naturalisation has a favourable impact, and this needs to be made more widely known to immigrants and the general public.

The public sector can be a motor for integration through its hiring choices

One sector where access to citizenship promotes integration is the public sector, which accounts for an important part of employment in all four countries under review.[15] Although many non-statutory positions are open to non-citizens, there is often some

15. Due to different definitions, it is difficult to estimate the full size of the public sector in OECD countries. Data from the 2007 European Union Labour Force Survey show that in Belgium and France, about 10% of total employment is in the public administration – which nevertheless only accounts for part of the public sector. In the Netherlands and Portugal, this figure is 7%, which is around the average for European OECD countries.

uncertainty regarding this.[16] The more limited career perspectives for non-citizens may also prevent them from entering the public sector. As a result, in virtually all OECD countries immigrants are underrepresented in the public sector.

This is unfortunate, since the public sector can be a motor for integration. Firstly, employment in the public sector provides the government with a lever to aid immigrants' labour market integration, as it has a more direct influence on its own employment decisions than on those in the private sector. Secondly, by employing immigrants, the public administration acts as a role model for the private sector. In addition, if in fact immigrants find employment in the public administration, this can also increase the visibility of immigrants in daily life. Finally, employment of immigrants in the public sector can contribute to enhancing the understanding of immigrants' needs by public institutions. When immigrants are employed in certain key occupations such as teaching, they can also serve as a role model for others, notably immigrant youngsters.

Because of this, OECD countries have introduced policies aimed at enhancing the share of immigrants and their children in public sector employment, both overall and with respect to higher-level functions. Belgium and the Netherlands in particular have longstanding comprehensive policies in this respect, and these seem to have met with some success.[17] The policies in place tackle the different points in the recruitment process where immigrants are at a structural disadvantage. This has included the broad-based introduction of anonymous CVs, special apprenticeship places for young people with a migration background to give them a first step into the labour market, and special training to help them pass the recruitment tests.[18]

More controversial have been specific target quotas for the employment of immigrants and their children in the public sector. These require the registration of persons with a migration background, which is a contentious issue in many countries. They have also met with skepticism since quotas, where stringently applied, may raise questions concerning the quality of the chosen candidates.

Discrimination is a problem in all countries, and new testing methods for discrimination shed more light on the driving factors behind it

Part of the less favourable labour market outcomes of immigrants is undoubtedly due to discrimination. However, its presence and therefore the extent to which it presents an obstacle to employment (and subsequent career advancement) is difficult to quantify. Even after controlling for observable differences in socio-economic characteristics, remaining gaps in employment or earnings may be due to other factors that affect productivity or access to employment. One way of overcoming this problem is to conduct testing studies on the basis of random applications to job offers by natives and immigrants (or their native-born children) with similar characteristics. Such studies have demonstrated the prevalence of significant discrimination in hiring in three of the four countries under review (Belgium, France and the Netherlands).[19]

16. EU legislation also obliges EU member countries to give EU nationals access to most jobs in the public sector.

17. By contrast, in France, the low employment of immigrants and their children in the public sector accounts for all of the difference in employment rates between these two groups.

18. Note that these policies can, in principle, apply to the private sector as well as to the public sector.

19. Portugal has not been the object of such testing thus far.

In recent years, a number of new and often elaborate methods have emerged that allow for alternative ways of testing for discrimination. For example, in the Dutch testing study by De Graaf-Zijl *et al*. (2006), candidates differed with respect to ethnic background, but also regarding other randomised characteristics such as job-search channel, language mastery, and appearance. Speaking with an accent lowered the chances of being offered a job only somewhat, but for severe language difficulties there was a large penalty. Using data from a vacancy database in the Netherlands in the context of low unemployment, Altinas *et al.* (2007) found that the CVs of persons with a non-Dutch sounding name were downloaded as often as those of persons with a Dutch-sounding name. Earlier studies that were conducted under less favourable labour market conditions did, however, provide rather strong evidence for discrimination (Bovenkerk *et al.*, 1995). This seems to suggest that under tight labour market conditions, employers may no longer be able to afford the costs of strongly discriminating in hiring.

Recent studies also seem to indicate that employers are looking for signs of integration, such as taking up the host country's nationality or changing one's name to acquire a "domestic" name. In France, having French nationality significantly reduced the number of applications necessary to obtain a job interview (Cediey and Foroni, 2007). However, the magnitude of the effect differed strongly by occupation – it reduced the number by a factor of about five for an accounting position, but only by about a quarter for a job as a waiter. In general, discrimination was stronger in services, and in high-skilled occupations. The study also indicated that having a French-sounding name seems to have a stronger impact on improving candidates' chances of being called for an interview than having French nationality, although this also has a significant and positive impact.

Similarly, Arai and Skogman Thoursie (2006), using longitudinal data on name changes for Sweden, demonstrate that immigrants experience greater earnings growth once they have changed their name to a Swedish one.

To combat persisting disadvantages in access to employment, affirmative action and diversity measures have been introduced

In light of the prevalence of discrimination, many OECD countries have developed comprehensive antidiscrimination legislation in recent years. It is difficult, if not impossible, to isolate the effect of such anti-discrimination legislation on immigrants' labour market outcomes from other factors. It is often argued that anti-discrimination legislation has raised awareness of the issue and led to a decline in overt discrimination, but that *de facto* discrimination has not declined. In other words, discrimination now may be more "hidden". One example is high language proficiency requirements for jobs where such proficiency is not actually necessary.

The perceived lack of effectiveness of anti-discrimination legislation and the persistence of other structural obstacles to immigrants' employment have prompted governments to take more pro-active measures to combat discrimination, particularly of the implicit kind. A new policy line emerging in OECD countries in this context is known as *diversity policy*. Belgium in particular has recently become a frontrunner in this, inspired by earlier Dutch policies of the 1990s. Diversity policies aim at achieving equal opportunities for disadvantaged groups in the labour market (including immigrants and their children) by incentives and measures with strong indirect targeting. Practices in Belgium (notably in Flanders) included, for example, the exclusive opening of certain job vacancies to disadvantaged groups in the labour market for a limited period, and financial

and administrative support for companies who try to diversify their staff both in the hiring and promotion process. It is often difficult to distinguish such measures from affirmative action, notably when financial incentives are in place that intend specifically to favour disadavantaged groups such as immigrants in the hiring process. In Belgium, for example, there are higher refunds on social security contributions for employers when hiring the children of immigrants. Whereas diversity policies are generally based at the level of the individual enterprise, affirmative action tends to have a broader scope and/or focuses on other areas, notably the schooling system. Elements of affirmative action in education also exist in all four countries with the exception of Portugal, and in the Netherlands and France they are longstanding.

Diversity measures have almost never been subject to in-depth evaluation, making it difficult to judge their effectiveness. This is an area where it would be useful to invest in evaluation in order to determine whether such measures are effective or not.

OECD countries benefit from enhanced sharing of experience

One might expect that countries with a more recent immigration experience such as Portugal would lag behind with respect to integration policy and infrastructure when compared with longstanding countries of immigration such as France. However, it is also true that they can benefit from the past experiences of other countries regarding effective practices, and have the opportunity to take a fresh new look at integration. Because of inertia in the political process, it may also be easier to create new structures than to transform long-established ones.

Portugal's system of immigrant support centres at the local and national level provides an example of new and innovative practices that have not only benefited from the experiences in other OECD countries, but also from the experiences that Portugal's large expatriate community has had abroad.

"Civic integration" policies are becoming widespread, although it is not clear whether they have a beneficial impact on labour market integration

To facilitate the integration of immigrants, a number of OECD countries have introduced special introduction programmes. In France, the Netherlands and Belgium (Flanders), these have taken the form of "civic integration" policy. "Civic integration" is generally not primarily targeted at labour market integration, but rather at integration in the society, measured by language mastery and knowledge of the host country's institutions and history. Participation in civic integration courses tends to be obligatory for most new arrivals, and basic language knowledge is sometimes even required prior to entry for family reunification migrants.

Mastery of the host country's language and some basic knowledge of its institutions are prerequisites for integration, not only in the labour market but also in the society as a whole. However, there is a balance to be achieved between the duration of such programmes or the linguistic mastery required of participants, on the one hand, and the objective of early labour market entry. There is evidence that such measures can retard labour market entry, which is a critical element for labour market integration - not only in the short run, but also in the longer term. As a result, the scarce evidence on their effectiveness shows a rather mixed picture.

Monitoring of outcomes and evaluation of policies is still too often neglected

One common theme in the reviews has been the lack of evaluation of policy measures. This is particularly important when they have ambiguous effects, or when the effects differ from those on the native-born. Language training, for example, can enhance immigrants' labour market prospects, but may also prevent them from entering the labour market quickly since it may postpone job search. In addition, the effect may differ by migrant group. For highly-skilled immigrants, for example, the nature of the employment sought may require better language mastery. Regarding active labour market policy instruments, the scarce available evidence suggests that they can have different impacts on immigrants than on the native-born. Since such instruments can be costly, proper evaluation is a prerequisite to better targeting and, thereby, enhanced effectiveness. Thorough monitoring and evaluation generally have to be planned upfront, and can be costly, in particularly when the necessary data infrastructure is lacking.

Whatever the reasons for this lack of evaluation, the unfavourable labour market outcomes of immigrants in countries such as Belgium, France and the Netherlands, all of which have for many years invested significant amounts in integration, raises the issue of programme effectiveness. Either the programmes are not effective, or they are too small, or the situation would be even worse in their absence. In spite of the clear merits of monitoring and evaluations, their absence leaves the important question of effectiveness largely unanswered.

There is a trend towards putting responsibilities for integration in specialised ministries or agencies

The integration of immigrants and their children is a challenge that affects many different public services and policies at all government levels. In all four countries under review, new specialised entities in charge of immigration and/or integration policy have emerged in recent years, reflecting the growing importance of the topic. In France and the Netherlands, separate ministries with responsibility for immigration and/or integration policy have been created, following the longstanding example of the settlement countries. While such ministries do not have formal power over all policy fields related to integration, they typically co-ordinate the activities of the other ministries that are involved in the integration process. This type of "policy concertation" is also apparent in Portugal, through the High Commission for Immigration and Intercultural Dialogue.

References

Acemoglu, D. (2002), "Technical Change, Inequality and the Labour Market", *Journal of Economic Literature*, Vol. 40, No. 1, pp. 7-72.

Altintas, N., W. Maniram and J. Veenman (2007), *Discriminatie van hogeropgeleide allochtonen?*, Erasmus University, Rotterdam.

Arai, M. and P. Skogman Thoursie (2006), "Giving up Foreign Names: An Empirical Examination of Surname Change and Earnings", Linnaeus Center for Integration Studies, SUCLIS Working Paper No. 2007:1, Stockholm University.

Bovenkerk, F., M.J.I. Gras and D. Ramsoedh (1995), "Discrimination against Migrant Workers and Ethnic Minorities in Access to Employment in the Netherlands", International Migration Papers, No. 4, International Labour Office, Geneva.

Bratsberg, B., J.F. Jr Ragan and Z.M. Nasir (2002), "The Effect of Naturalization on Wage Growth: A Panel Study of Young Male Immigrants", *Journal of Labor Economics*, Vol. 20, No. 3, pp. 568-597.

Cediey, E. and F. Foroni (2007), "Les discriminations à raison de l'origine dans les embauches en France", International Labour Office, Geneva.

De Graaf-Zijl, M. *et al*. (2006), "De onderkant van de arbeidsmarkt vanuit werkgeversperspectief", SEO, Universiteit van Amsterdam, Amsterdam.

Ferrer, A., D.A. Green and C.W. Riddell (2006), "The Effect of Literacy on Immigrant Earnings", *Journal of Human Resources,* Vol. 41, No. 2, pp. 380-410.

OECD (2007a), *Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden*, OECD, Paris.

OECD (2007b), *International Migration Outlook*, OECD, Paris.

OECD (2008), *International Migration Outlook*, OECD, Paris.

Chapter 2.

THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN BELGIUM

Introduction

Immigration to Belgium is characterised by a significant heterogeneity regarding the origin and distribution of the immigrant population and their labour market outcomes. With more than 12% foreign-born in the population, Belgium has one of the larger immigrant communities in Europe. Belgium is a country with a long immigration history with successive migration waves of immigrants coming for different reasons and from different countries. Until the early post-war period, immigration was work-related, with immigrants mainly coming from the neighbouring countries and from Italy. Over the following decades, inflows gradually shifted to a more diverse set of origin countries, and towards family and humanitarian migration.

The recent history of immigration in Belgium has to be viewed against the specific characteristics of the Belgian labour market. The Belgian working-age population has low employment rates – especially for women. There is relatively high structural unemployment in key industrial areas which experienced significant immigration during the post-war economic boom. Net unemployment benefit replacement rates are among the highest in the OECD, in particular for second earners in the middle- and low-income ranges. Employment protection legislation is also relatively strict, and temporary and interim work have only been liberalised recently. The country also has a complex federal structure. Both the three regions (Flanders, Wallonia and Brussels) and the three linguistic communities (Flemish, French, German) have substantial powers with respect to integration policies. The industrial structure, labour market conditions, the immigrant population, and the policies in place all differ substantially across the regions and linguistic communities. Regional disparities in economic conditions tend to be more pronounced in Belgium than in other OECD countries. A further element in the picture is Belgium's linguistic diversity with three official languages. Where appropriate, the present chapter will thus take a regional/community perspective.

There is a general perception that the overall labour market outcomes of immigrants are well below those of the native-born, in particular for women, and a first glance at some key indicators confirms this. Although lower employment of immigrants is not a new phenomenon in Belgium, there has been a heightened policy interest in integration in recent years.[1] Anti-discrimination and diversity measures, as well as relatively easy

1. The assessment underlying this chapter took place in the first semester of 2007.

access to citizenship – Belgium's provisions are among the most liberal in the OECD – have been the principal pillars of integration policy.

The target population considered in this chapter is the *foreign-born* population, particularly those from non-EU-15 countries, together with the native-born children of foreign-born parents, the so-called "second generation". Although the second generation has not itself immigrated, it is included in this chapter because the outcomes of this group are viewed as problematic in many European countries, including Belgium. The second-generation population is relatively large in Belgium, due to the country's long immigration history. This study generally limits itself to integration into the labour market, although education outcomes – in particularly for the second generation – are also discussed, as they have an important impact on employment.[2] For the immigrant population, a distinction will generally be made between those coming from the EU-15 – who enjoy full freedom of movement – and non-EU-15 countries. This distinction is motivated by the fact that not only do these two groups have a different migration history and context with respect to Belgium, but they also have different labour market outcomes.

The structure of this chapter is as follows: Section 1 presents the framework for integration in Belgium, including the evolution of the immigrant population and of integration policy; the key actors involved in the labour market integration of immigrants; and the main measures taken to promote integration of immigrants and their children. Section 2 analyses some key issues, such as the outcomes of recent arrivals; the labour market integration of women and of the second generation; self-employment; integration into the public sector; the recognition of foreign qualifications and experience; and discrimination.

1. The framework for integration

1.1. Overview of employment outcomes

A first glance at the labour market outcomes shows a rather unfavourable picture. Immigrants' employment rates[3] are lower than in all other countries depicted in Table 2.1. This is true for both men and women. Although these figures have to be seen in the light of generally low employment in Belgium,[4] they are among the lowest in the comparison group even relative to the native-born, particularly for women.

Unemployment is a particular concern. For both immigrant men and women, unemployment rates are among the highest in the comparison group. Unemployment is

2. To limit the study to manageable proportions, the analysis is generally confined to employment and unemployment as the key indicators of labour market integration. A comprehensive description of the sectors in which different groups of foreign origin work, as well as the respective wages, is given by Vertommen *et al.* (2006).

3. The term employment rate is used in this chapter synonymously with the employment-population ratio. It is not the ratio of persons employed to persons in the labour force.

4. In this context, it is worthy to note that Belgium is among the few countries that have actively embraced the Lisbon strategy of the European Union which, among other objectives, sets the target of an employment rate of 60% for women. Attainment of the Lisbon goals partly hinges on increases in the employment of immigrants and their offspring. Accordingly, persons of foreign origin are a key target group of Belgium's Lisbon strategy (see Chancellerie du Premier Ministre, 2006).

also very high in relative terms, with the unemployment rate of immigrants being about 2.5 times as high as among the native-born.

Looking separately at the different regions, one observes a number of important differences. In absolute figures the situation seems more favourable in Flanders. There is significantly higher employment of immigrant men, and a lower gap *vis-à-vis* native-born men than in Wallonia. Nevertheless, unemployment of immigrant men in Flanders is high, despite favourable labour market conditions. In contrast, the situation for immigrant women appears to be slightly more favourable in Wallonia, with the gaps in employment rates being at the lower end of what is observed in comparable European countries – albeit at very low employment levels.

In Belgium, a distinction is often made between immigrants from EU-15 and non-EU-15 countries, and integration policy focuses on the latter. Indeed, as can be seen in Table 2.1, outcomes for immigrants from non-EU-15 countries are well below those for immigrants from the EU-15. For men, both employment and unemployment of immigrants from EU-15 countries are roughly at par with those of the native-born. This is noteworthy as about 45% of working-age immigrants are from the EU-15 – a higher share than in all other countries in Table 2.1, with the exception of Switzerland.

The situation for immigrant women from the EU-15 is less favourable, but outcomes are still well above those of foreign-born women from non-EU-15 countries. High unemployment is mainly a problem which affects immigrants from non-EU-15 countries. Indeed, for this group, unemployment tends to be higher than in the other countries in the comparison group for both genders, both in absolute and relative terms (figures not shown in Table 2.1). Labour market participation of immigrant men from non-EU-15 countries almost matches that of the native-born. For these reasons, this chapter will, where possible and appropriate, distinguish between immigrants from EU-15 and non-EU-15 countries.

Large differences between the employment rates of immigrants and native-born are not a recent phenomenon in Belgium. Already in the early 1980s, gaps in the employment rates exceeded 10 percentage points for men and were about 15 percentage points for women (Figure 2.1). These differences have remained broadly constant since then.[5] However, there are some significant differences between non-EU-15 and EU-15 immigrants. Whereas the employment rates of immigrants from the EU-15 have converged towards those of natives, the gaps have remained constant for migrants from outside of the EU-15. In the case of women, they have even widened as the foreign-born women from third countries benefited less from the general upward trend in the employment of women. Figure 2.1 also shows that the employment rates for the foreign-born population are significantly higher than those of the foreign population, for both genders. This is of interest, since most Belgian statistics only distinguish along nationality lines (see Box 2.2 "Statistics on ethnic background and the definition of 'migrants'").

5. Data for the foreign-born are only available since 1992. These statements thus refer to the foreign population.

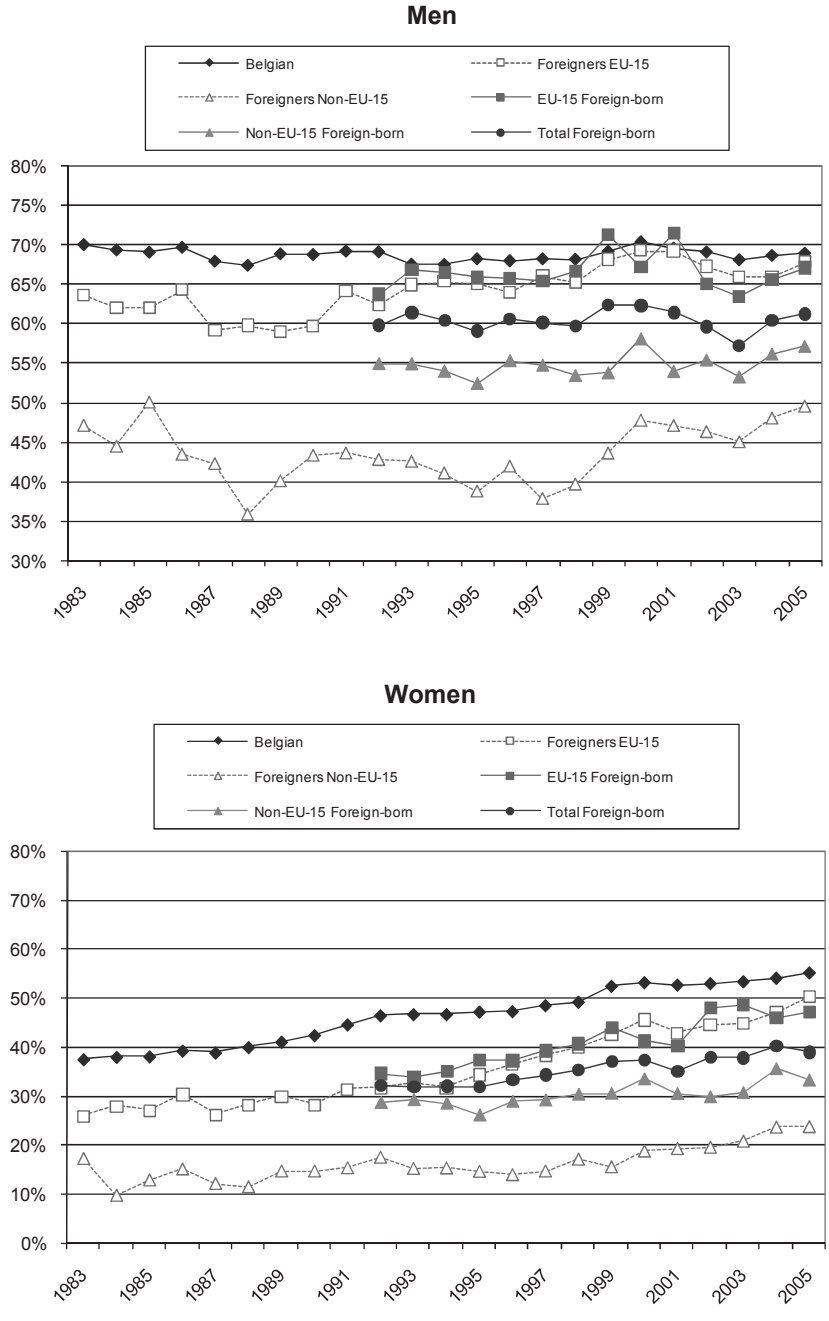
Table 2.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2004/2005 average

	Employment rate		*Difference*	Unemployment rate			Participation rate	
	Foreign-born (FB)	Native-born (NB)	*(NB-FB) % points*	Foreign-born (FB)	Native-born (NB)	*Ratio FB/NB*	Foreign-born	Native-born
Men								
Australia	75.1	79.6	*4.5*	6.0	5.8	*1.0*	80.0	84.5
Belgium	**60.7**	**68.8**	***8.1***	**14.8**	**5.9**	***2.5***	**71.3**	**73.2**
Brussels	***59.7***	***62.1***	***2.3***	***21.1***	***12.8***	***1.6***	***75.8***	***71.2***
Flanders	***66.3***	***72.2***	***5.9***	***11.9***	***4.1***	***2.9***	***75.3***	***75.2***
Wallonia	***56.7***	***64.5***	***7.7***	***15.4***	***9.9***	***1.5***	***67.0***	***71.6***
EU-15	***66.4***	***68.8***	***2.4***	***5.9***	***5.9***	***1.0***	***70.6***	***73.2***
Non-EU-15	***56.0***	***68.8***	***12.8***	***22.0***	***5.9***	***3.7***	***71.8***	***73.2***
Canada	75.6	77.2	*1.6*	7.8	6.5	*1.2*	82.0	82.6
Denmark	66.0	81.1	*15.1*	11.3	4.2	*2.7*	74.4	84.6
France	66.3	68.9	*2.5*	13.6	8.0	*1.7*	76.8	74.9
Germany	64.8	71.3	*6.5*	17.9	10.5	*1.7*	78.9	80.0
Netherlands	69.0	81.8	*12.7*	11.0	3.6	*3.1*	77.5	84.8
Sweden	63.9	76.0	*12.0*	14.8	7.1	*2.1*	75.1	81.8
Switzerland	80.9	85.4	*4.5*	7.8	2.8	*2.7*	87.5	87.8
United Kingdom	72.6	78.0	*5.4*	7.4	4.7	*1.6*	78.4	81.9
United States	81.0	73.1	*-7.8*	5.4	6.6	*0.8*	85.6	78.3
Women								
Australia	61.3	69.1	*7.8*	6.0	5.9	*1.0*	60.4	69.9
Belgium	**39.4**	**55.8**	***16.3***	**17.8**	**7.5**	***2.4***	**48.0**	**60.3**
Brussels	***39.5***	***53.3***	***13.8***	***21.5***	***12.9***	***1.7***	***50.4***	***61.2***
Flanders	***40.2***	***58.8***	***18.6***	***15.9***	***5.8***	***2.8***	***47.8***	***62.4***
Wallonia	***38.1***	***49.1***	***11.0***	***16.8***	***13.4***	***1.3***	***45.7***	***56.7***
EU-15	***46.7***	***55.8***	***9.1***	***10.8***	***7.5***	***1.4***	***52.4***	***60.3***
Non-EU-15	***33.6***	***55.8***	***22.2***	***24.5***	***7.5***	***3.3***	***44.5***	***60.3***
Canada	59.2	68.8	*9.6*	9.9	5.9	*1.7*	65.7	73.1
Denmark	54.1	73.0	*18.9*	11.4	5.1	*2.2*	61.1	76.9
France	48.0	58.4	*10.4*	16.9	9.6	*1.8*	57.8	64.6
Germany	47.3	61.1	*13.9*	15.8	9.9	*1.6*	56.1	67.8
Netherlands	51.7	68.3	*16.6*	9.9	4.4	*2.3*	57.4	71.5
Sweden	58.8	72.9	*14.1*	13.1	6.6	*2.0*	67.7	78.0
Switzerland	63.4	72.9	*9.5*	9.4	3.5	*2.7*	70.0	75.5
United Kingdom	55.5	66.9	*11.4*	7.2	3.8	*1.9*	59.9	69.6
United States	56.3	65.3	*9.0*	6.0	5.3	*1.1*	59.9	69.0

Note: Data refer to 2003/2004 for Australia and to 2003 for Canada.

Source: European Union Labour Force Survey, except for Australia (Survey of Education and Work), Canada (Survey of Labour and Income Dynamics) and the United States (Current Population Survey March supplement).

Figure 2.1. Evolution of the employment/population ratios of nationals, foreigners and foreign-born, by origin, in Belgium since 1983, 15-64 years old



Source: Belgian Labour Force Survey, data provided by the National Statistical Institute (INS).

1.2. The history of immigration to Belgium

Belgium is a country with a relatively long history of immigration. The first major migration movements were oriented towards Wallonia. With its heavy industries (in particular mining), Wallonia attracted a significant number of immigrants prior to World War II – mainly from neighbouring countries. Even today, neighbouring countries

(France, the Netherlands and Germany) account for about 30% of both the immigrant population and of new arrivals in Belgium – a proportion that is significantly higher than in most other OECD countries. Annex Table 2.1A shows the ten most important origin countries of the current immigrant population.

Already in 1930, about a quarter of all workers in mining were foreign nationals (Caestecker, 2006). Almost immediately after World War II, there was a need for more labour in these industries. Most new migrants came from Italy, with which Belgium signed a recruitment agreement as early as 1946, one of the first formal recruitment treaties in western Europe. More than 100 000 Italian immigrants arrived over the following decade. Following an accident in one of the mines which resulted in the death of 136 Italian migrants, and a subsequent dispute between the Belgian and Italian governments regarding working conditions in the mines, labour immigration from Italy ceased. Belgium then negotiated a series of new recruitment treaties with Spain (1956) and Greece (1957). Following a cyclical recession in the late 1950s, recruitment was temporarily halted. A new upswing in the early 1960s encouraged further recruitment of foreign labour, and new treaties were concluded with Morocco (1964), Turkey (1964), Tunisia (1969), Algeria (1970), and former Yugoslavia (1970).[6] Whereas Italian immigration was largely oriented towards mining and other Wallonian heavy industries, the later labour migration waves gradually shifted to the industrial centres of Flanders (Grimmeau, 2004). Immigrants began to find employment in other parts of the industrial sector, as well as in construction and menial jobs in services.

A significant proportion of labour migrants who arrived during the second wave of post-war labour immigration were hired through informal channels. In the early 1960s, when labour demand was strong, the requirement of a work permit prior to arrival in Belgium was abolished. Many labour migrants arrived as tourists and only applied for a residence permit after having already secured a job. This practice was tolerated by the immigration authorities. Survey data suggest that the majority of immigrants from Morocco and Turkey – which were the most important recruitment countries in the 1960s – migrated through unofficial channels and did not have a job upon entry in Belgium (Reniers, 1999). In contrast to the Moroccan immigration to France, immigration from Morocco to Belgium was mainly from the rural and mining areas of Northern Morocco (the so-called Rif region), where colonial links with France were less strongly developed. An overview of immigration from Turkey and Morocco and the resulting labour market integration record is given in Box 2.1.

A distinguishing factor in the Belgian "guestworker" recruitment policy was the relatively generous provisions for family reunification. Such provisions were already included in the first recruitment treaties. Under certain conditions, even part of the travel cost for a worker's family coming to Belgium was reimbursed. The reasons for this were threefold (Martiniello and Rea, 2001). As the wage level in Belgium was lower than in the industrial centres of neighbouring Germany, the measures to facilitate family reunification were seen as partly compensating for the lower earnings possibilities. Secondly, already in the 1960s, immigration was considered to be a means to counter future demographic stagnation – which was already foreseeable at that time. Finally, having a family in Belgium was supposed to reduce worker mobility and therefore to be beneficial to enterprises dependent on immigrant labour.

6. For a comprehensive overview of the early post-war labour migration to Belgium, see Martens (1975).

As in other European OECD countries, a stop to recruitment of labour migrants outside of the European Community was introduced in 1974, following the first oil crisis. The subsequent closing of coalmines and the decline of the industrial sector, particularly in Wallonia, affected immigrants disproportionately. The recruitment ban only concerned unskilled labour – immigration for skilled occupations remained possible. Therefore, some labour immigration from countries outside of the European Community continued. Some of these new, more qualified labour immigrants were from Morocco – in contrast to qualified Turkish nationals who did not immigrate under this provision.[7] More important for both groups, however, were the channels of family reunification and, to a much more limited extent, asylum seeking.

Box 2.1. Immigrants from Morocco and Turkey and their labour market integration

Immigrants from Morocco and Turkey are the largest immigrant groups from non-EU countries in Belgium. They currently account for 12 and 7%, respectively, of the foreign-born population (see Annex Table 2.1A). Following the end of Italian labour immigration in the 1950s, these two countries were the main origin countries of labour immigration to Belgium in the 1960s and early 1970s. Despite the recruitment stop in 1974, immigration from these countries continued to grow, mainly by means of family reunification. In 2005, about 40% of all visas for family reunification were given to nationals from these two countries. Since 1990, the immigrant population from these two countries has grown by almost 80%, which accounts for 30% of the total growth in the immigrant population in Belgium since then.

The table below shows the labour market outcomes of immigrants from Turkey and Morocco in comparison with the other main destination countries of Turkish and Moroccan "guestworker"-type immigration (Germany, France, the Netherlands). As can be seen, the labour market outcomes of immigrants from Morocco are very similar to those of immigrants from Turkey, for both genders, in Belgium and abroad. However, the labour market outcomes of these immigrants in Belgium are well below those observed elsewhere. This is particularly striking with respect to unemployment, especially for immigrant women from these countries.

Labour force characteristics of immigrants from Morocco and Turkey in Belgium and in other main European host countries, 15-64 years old, around 2000

	Employment rates (ER)		Gap in ER compared to the native-born		Unemployment rates (UR)		*Unemployment rates relative to native-born*	
Total	Morocco	Turkey	Morocco	Turkey	Morocco	Turkey	*Morocco*	*Turkey*
Belgium	34.4	32.8	26	28	34.2	35.7	*3.6*	*3.8*
Europe*	49.2	48.0	16	18	12.5	10.6	*1.4*	*1.2*
Men								
Belgium	47.6	47.6	20	20	28.6	28.1	*4.0*	*3.9*
Europe*	63.4	63.4	9	9	13.5	12.9	*1.7*	*1.7*
Women								
Belgium	18.5	16.9	34	36	47.3	51.3	*3.8*	*4.1*
Europe*	35.5	30.3	23	28	11.4	7.7	*1.2*	*0.8*

* Europe = Germany, France, Netherlands.

Source: *OECD database on Immigrants and Expatriates*.

7. As a result, later labour migration from Morocco came from more urban areas and concerned better qualified people. The Moroccan labour immigration to Belgium has thus been quite heterogeneous, in contrast to Turkish labour migration which was more homogenous and concerned low-educated persons from the rural areas of central Anatolia (Reniers, 1999).

After the recruitment ban, family reunification and subsequently also humanitarian immigration developed, eventually accounting for a significant part of immigration to Belgium. In the 1980s, Belgium became one of the main destination countries for asylum seekers. Since 1980, more than 360 000 people have requested asylum in Belgium, which is twice the number – in per capita terms – observed over the same period in, for example, France and the United Kingdom. A significant proportion of these have been granted residence in Belgium, either as refugees or in regularisations of asylum seekers for whom the review process has been particularly long. In 2000, about 52 000 persons (*i.e.* 6% of the foreign population) concerned by this were regularised, a significant proportion of whom had been waiting for a decision for more than four years. From a labour market integration perspective, such long procedures are a problem as they may hinder early labour market access, which has proved to be a crucial factor for integration in a number of other countries (see the companion chapters on Sweden, Australia and Denmark).[8]

Belgium is, next to Portugal and the United Kingdom, the OECD country with the largest proportion of immigrants from sub-Saharan Africa. This is linked with Belgium's colonial past. In 1908, today's Democratic Republic of the Congo became a Belgian colony (it was already a so-called "private possession" of the Belgian King since 1885). The then-called "Belgian Congo" was also administering what is today Rwanda and Burundi in 1924, a territory which it had already occupied in the course of World War I. Congo gained its independence in 1960, and Rwanda and Burundi became independent in 1962. Although post-colonial immigration was very limited, Belgium became a favoured destination for asylum seekers from these countries, particularly since the 1980s. Currently, these countries account for about 75 000 immigrants, *i.e.* about 7% of the immigrant population. Some of these have been repatriated former emigrants – *i.e.* they should not be considered immigrants as they had Belgium nationality at birth. The exact size of this population is unknown, but the majority of immigrants from these countries – about 50 000 – now hold Belgian nationality.[9] The actual number of repatriated former emigrants is likely to be well below this, as some of the humanitarian migrants from the former colonies have acquired citizenship thereafter.[10]

Figure 2.2 shows the evolution of the immigrant and foreign populations by geographical origin since 1970. Despite the formal ban on (less qualified) labour immigration from non-EU countries, the immigrant population has increased considerably over the past two decades, and this increase has been associated with a diversification in the

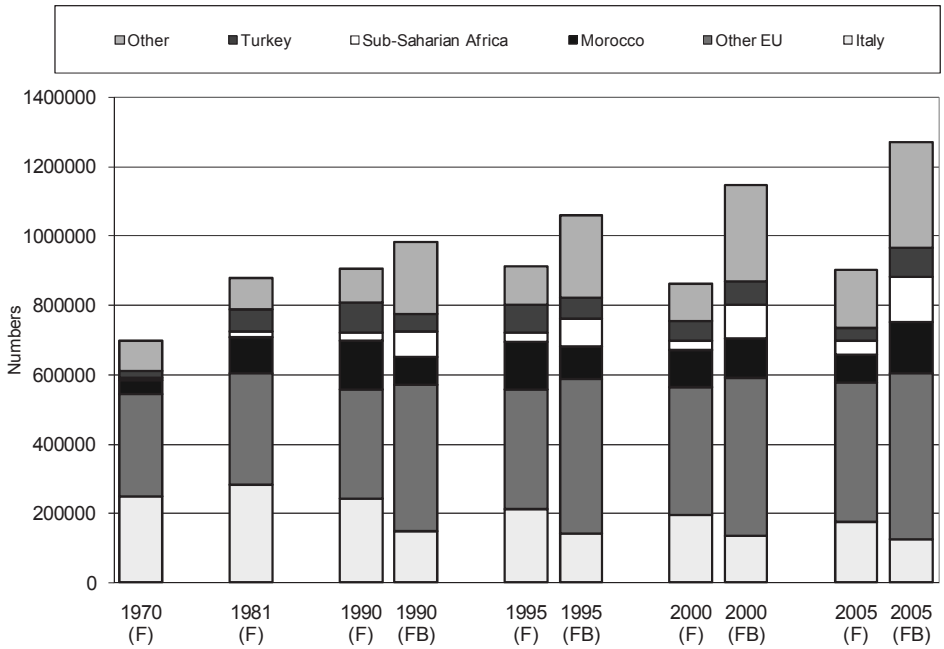
8. Note, however, that asylum seekers in Belgium nevertheless have permission to work during the second stage of the review of their asylum request (see below).

9. In principle, identification of this population is possible with data from the Belgian National Register, as the latter has information on the nationality at birth.

10. Finally, Belgium hosts a significant number of international organisations, notably the European Commission and the North Atlantic Treaty Organisation. Exact figures on the number of migrants concerned by this are not known, but it is estimated that there are in total about 30 000 employees of international organisations in Belgium (*i.e.* including native-born employees). This figure – which is an upper bound – accounts for about 2% of the immigrant population. Although non-negligible, this is unlikely to influence the aggregate labour market outcomes for immigrants, except for the region of Brussels where these organisations are based. Note that there are also many expatriates employed in the embassies, representations and non-governmental organisations related to the international organisations which are not included in the figure above. The evolution of the European institutions in particular has contributed to maintaining a large share of EU-15 in the immigrant population, in addition to the guestworker-type migration in the post-war labour recruitment period.

origin countries and the type of migration (*i.e.* from labour to family reunification and humanitarian migration). An estimate on the basis of the Belgian Labour Force Survey indicates that almost half of the immigrant population of working-age from EU-15 countries has been in Belgium for more than 35 years. In contrast, only about one quarter of the immigrants from non-EU-15 countries has had such a long period of residence in Belgium, and 35% of that population has arrived over the past ten years.

Figure 2.2. Evolution of foreign (F) and foreign-born population (FB) in Belgium by main origin groups, 1970-2005



Source: Data provided by the National Statistical Institute (INS).

1.3. Evolution of integration policy

With the relatively generous family reunification policy in Belgium, awareness of the non-temporary nature of "guestworker" migrants appears to have developed earlier than in other European OECD countries (for the following, see Ouali, 2006). Already in the early 1960s, for example, there were calls to pay more attention to the integration of the children of immigrants. In 1969, special language training in French and Dutch was introduced – albeit initially only on an experimental basis. There was, however, no comprehensive integration policy – any measures applied to immigrants were embedded in mainstream policies. In 1973-1974, special "adaptation classes" were introduced for students who were judged to be capable of following regular schooling but could not do so because of learning difficulties, for example due to language deficiencies. In 1981 – the earliest year for which figures are available – more than 23% of pupils in primary Francophone schools, but less than 6% of pupils in the Dutch linguistic system had a foreign nationality. In 1988, education policy was transferred to the linguistic communities, and the approaches have differed since then (see below).

After the second oil crisis of 1979, the remaining mines in Belgium closed down. Many migrants had been working in this sector. Particularly affected were Turkish

immigrants, who often had acquired mining-related skills and who had only attained primary education in rural Turkey.[11] At the same time as the growing difficulties of immigrants to find employment, the low educational attainment of their children became a matter of growing policy concern. In addition to schooling and language training, the few targeted measures of integration policy concerned "social integration", mainly through subsidies to associations working with immigrants.

In 1985, the government established a first tentative commission to study immigration to Belgium. As a result of this work, it was decided to put more emphasis on the issue of integration, and a "Royal Commission for Immigrant Policy" was created in 1989. The Commission was charged with examining and proposing measures to improve labour market integration, housing, education and language knowledge of immigrants and to co-ordinate the different policies in place by the actors at the federal, regional, linguistic community, and local levels.

The Commission was established for a period of four years and proposed a variety of measures to enhance employment of immigrants, such as an opening of the public service to employment of foreigners, special placement services and training measures. Several of these measures were subsequently taken by the government. Indeed, the 1989 Royal Commission is now generally regarded as having laid the foundation for the current integration framework in Belgium (see, for example, Bousetta *et al.*, 2005).

In 1991, following violent incidents in a Brussels suburb with a large immigrant population, a special fund for promoting integration (*Fonds d'Impulsion à la Politique des Immigrés*) was created. This fund financed programmes aimed at the integration of the children of immigrants and at promoting diversity.

When the Royal Commission ended its mandate in 1993, the *Centre pour l'égalité des chances et la lutte contre le racisme* was established. In contrast to the rather broad mandate of the Royal Commission, the Centre's activities mainly focus on measures against discrimination, which has subsequently become the prime focus of integration policy at the federal level. Discrimination was also the key focus of action by the regions during the 1990s, although there is now a tendency to tackle integration from a broader angle, particularly in Flanders. The tendency to approach labour market integration via anti-discrimination policy was further reinforced by the publication of the results of the ILO testing study (Arrijn *et al.*, 1998) which demonstrated the prevalence of discrimination against immigrants in hiring across Belgium.

In 2002, comprehensive anti-discrimination legislation was passed, which, among other measures, enlarged the power of the Centre to promote equal opportunity and opposition to racism. In July 2004, the federal government established a comprehensive action plain against racism, which included further strengthening of anti-discrimination policies. Equally in 2004, a website was established (*www.newintown.be*) which contains ample immigration- and integration-related information in nine languages.

The evolution of integration policy in Belgium over the past 20 years is perhaps best mirrored by the changes in citizenship law, which has increasingly been seen as a factor of integration. Until 1984, Belgium had a relatively restrictive citizenship law, and annual naturalisations on average concerned only about 0.25% of the foreign population. This situation changed with a new citizenship law which gradually introduced the principle of

11. It also appears that the subsequent elementary skills training to which the former Turkish miners were oriented was less successful in labour market integration than other measures (Denolf and Martens, 1990).

ius soli in Belgium. Starting in 1985, all children below the age of 12 who had at least one native-born parent could obtain Belgian nationality.[12] Further successive liberalisations of the citizenship law took place in 1991, 1995 and 1998. In 1999, a new government took office, and the governmental accord explicitly mentioned the important role of Belgian nationality for better integration of immigrants. Until 2000, a condition for naturalisation was that immigrants could prove their "willingness to integrate" via their answers to a questionnaire.[13] This provision was abandoned in 2000, and a further easing of requirements was introduced. Currently, Belgium has one of the most liberal naturalisation provisions in the OECD: already after three years of residence, immigrants may obtain Belgian citizenship, and the naturalisation process is free of charge. For persons with at least seven years of residence (among other groups), a simple declaration suffices. The 2000 citizenship law led to a large increase in naturalisation rates.

In 1995, two thirds of the immigrant population had a foreign nationality. At the moment, this figure stands at about half of the immigrant population. Due to naturalisation, the population share of foreigners has declined slightly over the past decade, despite significant growth in the population share of the foreign-born from 10% in 1995 to 12% in 2005 (see Table 2.2).

Table 2.2. Distribution (in %) of the population by place of birth and nationality, 1995 and 2005

2005	Place of birth			**1995**	Place of birth		
Citizenship	Born in Belgium	Born abroad	Total	Citizenship	Born in Belgium	Born abroad	Total
Belgians	86.3	5.1	91.4	Belgians	87.6	3.5	91
Foreigners	1.6	6.9	8.6	Foreigners	2.6	6.4	9
Total	87.9	12.1	100 (=10.5 millions)	Total	90.1	9.9	100 (=10.1 millions)

Source: National Statistical Institute (INS).

The proportion of immigrants having taken up Belgian citizenship varies. 31% of immigrants from other EU-15 countries, and 54% of immigrants from non-EU-15 countries have Belgian nationality.[14] For example, as Figure 2.3 illustrates, the number of persons of Turkish and Moroccan nationality has declined by 40 to 50% over the past decade, despite a parallel increase in the immigrant population from these countries of roughly the same order of magnitude.

With the naturalisation of immigrants, and with many native-born children of immigrants still having a foreign nationality, the traditional distinction between nationals and foreigners on which most statistics in Belgium are based seems more and more obsolete. There is an ongoing debate in Belgium regarding the introduction of so-called

12. As already indicated, the policy with respect to family reunification in Belgium has historically been rather generous (see Hullebroeck, 1992). With the 1984 citizenship law, family reunification became somewhat more restrictive. In 2006, new legislation was adopted which further restricted family reunification by raising the minimum age for the resident spouse from 18 to 21.

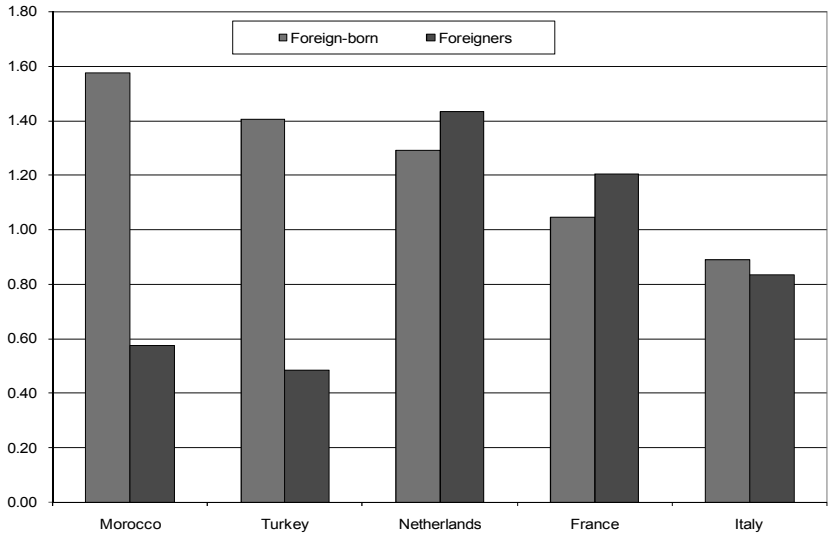
13. Questions related to this included contacts with native Belgians, language spoken at home and interest for the general political and social situation in Belgium (Lambert, 1999).

14. This is partly linked with the fact that citizenship of another EU country conveys many the rights of Belgian citizenship via EU law. This is not the case for non-EU countries so people born in the latter have a much stronger incentive.

"ethnic statistics" (Box 2.2). The fact that many statistics distinguish only along nationality lines has hampered the evolution of research on labour market integration in Belgium, which up to now has been rather limited (Box 2.3).

Figure 2.3. Evolution of the five main foreign-born populations in Belgium compared to the corresponding nationalities

Ratios 2005/1995



Source: National Statistical Institute (INS).

1.4. Labour market access of immigrants

In contrast to the other countries that have been reviewed to date (Sweden, Germany since 2005, Australia and Denmark), Belgium has a separate system of work and residence permits. Work permits are required for all non-EU residents who do not have a permanent residence permit. In principle, however, all groups who do not have a potentially permanent residence in Belgium also obtain a work permit which gives them unrestricted access to the labour market. Full and immediate labour market access, for example, is given to newly arriving foreign spouses, except in cases where the principal migrant him/herself has only a restricted work permit (*i.e.* a permit which is linked to a certain occupation and employer).

Asylum seekers have access to the labour market in the second stage of their request, that is, once their request has been deemed to be receivable. However, since the first stage of the asylum process is often long, giving access during the second stage does not necessarily facilitate *early* labour market integration which, as many studies have shown, is an important correlate with successful labour market integration in the long-term. As a consequence, a proposal is currently under discussion to give all asylum seekers access to the labour market six months after the initial request.

It thus appears that, in contrast to Germany under the pre-2005 arrangements (see OECD, 2007b), the work permit system provides few obstacles for resident immigrants' labour market access.

Box 2.2. Statistics on ethnic background and the definition of "migrants"

The term "migrant" refers to very different concepts, depending upon the OECD country concerned. Whereas the traditional immigration countries (Australia, Canada, New Zealand and the United States) talk about the *foreign-born* population – *i.e.* people who actually migrated – most European countries refer to *foreign nationals* when speaking about "migrants" and their labour market performance.

The reliance on the nationality criterion hampers international comparisons, as citizenship laws and citizenship take-up vary greatly across OECD countries (see OECD, 2005a). More than 40% of the immigrant population have acquired Belgian nationality. This has blurred the line between "nationals" and "foreigners" with respect to the issues that are of interest in the present study. It should also be noted that naturalisation appears to be selective: individuals who have acquired Belgian nationality tend to be higher educated and to earn more than other immigrants who have not taken out Belgian citizenship. This may lead to a situation in which integration figures for "foreigners" appear to worsen over time, even though the actual integration results for the foreign-born population remain constant or even improve.

An estimation on the basis of the Belgian Labour Force Survey suggests that the native-born children of the foreign-born account for about 3% of the working-age population in Belgium. When also including native-born children with only one foreign-born parent, the figure amounts to 5%.[15] Among the 20-29 year old, the share of the native-born children of immigrants is even twice as large. It is important to identify this "second generation", as their labour market outcomes also tend to lag behind those of native Belgians. Since they have been born and educated in the host country, however, integration problems related to matters such as the recognition of foreign qualifications and experience should not *a priori* play a role.

The problems associated with the statistics on the basis of nationality are now acknowledged in Belgium. There is an on-going discussion on "ethnic statistics", but the registration of "ethnicity" is prohibited in many contexts. Although information on an individual's and his parents' and grandparents' nationality and place of birth is available from the National Register, linking it with other data sources is a difficult procedure, and there are legal impediments to such linkages.

More statistics on the basis of place of birth and on the place of birth of parents would permit a better monitoring of migrants' and their childrens' employment outcomes, enabling better design and evaluation of integration measures. It is not clear along which lines "ethnicity" would best be defined, notably whether the place of birth (or nationality) of the grandparents should be considered as well or only that of the parents.

Proponents of "ethnic statistics" advocate their use as a means of measuring and combating discrimination, whereas opponents argue that the mere notion of statistics on ethnicity lines is discriminatory. Indeed, the term is an unfortunate one, as it suggests that even naturalised immigrants and their children are in some sense "outsiders" in the society.

In any case, existing possibilities for analysis on the basis of "migration background" seem to be rarely exploited. Current attempts to provide a more accurate picture of the Belgian population with a migration background do not distinguish between native Belgians, immigrants and the second generation. For example, a recent comprehensive "topography of the Belgian labour market" (Vertommen *et al.*, 2006) distinguishes between "native Belgians" (persons who have always had Belgian nationality), "foreigners" and "naturalised foreigners". Both of the latter groups can include persons born abroad and persons born in Belgium, and integration policy measures for these two groups may not be identical.

15. The actual figures are likely to be even larger, since recent estimations by the Federal Statistical Institute (INS, 2008, forthcoming) indicate that the Belgian Labour Force Survey tends to underestimate the number of both immigrants and their native-born children.

Box 2.3. Data on immigrants' integration in Belgium

At the national level, there are three main sources of microdata that have information on a person's labour market status. The first is the database of the *Banque Carrefour de la Sécurité Sociale*, a data warehouse compiling administrative data on labour market and social security record. It contains a large range of information, including the sector of employment, the work volume, occupation, salary and a range of firm-level variables. For those not in employment, information is available, for example, on the duration of unemployment and payments of the social security system. As Belgium has personal identifiers, this information can be linked with the National Register, which was established in 1968 and contains socio-demographic characteristics such as nationality, place of birth, age, sex, the composition of the household and the place of residence. This combination should give rise, in principle, to a rather rich dataset. However, the data warehouse does not contain information on educational attainment, which is a key determinant for the labour market outcomes.

Information on educational attainment – including the type and origin of the highest educational degree – is available from the 2001 census (*Enquête Socio-économique Générale*), again in combination with the National Register. The census also has information on professional status and housing. However, the data is only now gradually becoming accessible.

The third source is the Belgian Labour Force Survey (*Enquête sur les Forces de Travail*), containing rich, up-to-date information on the place of birth, labour force status, wages, training and education. Although it is in principle accessible to researchers, it has been very rarely used. Linking the labour force survey with register data makes it a unique dataset for comprehensive analysis of immigrants and their offspring. Such a link has been established, in co-operation with the National Statistical Institute (INS) and the National Register, for the analyses in this chapter.

A comprehensive longitudinal database (SONAR) has recently been established in Flanders to monitor the school-to-work transition of young adults. This database contains rich socio-demographic information on parental background and place of birth. It has been used in this chapter in the analyses of the children of immigrants, in close co-operation with the TOR research team of the Free University of Brussels.

1.5. Distribution of responsibilities among the key actors

In most OECD countries, responsibilities for integration are shared by several actors, which has often resulted in a certain complexity of the structures for integration. In Belgium, this complexity is particularly pronounced due to the federalist structure of the country. As a result of constitutional reforms in the 1970s and 1980s, Belgium is now a federal state which consists of three regions – Flanders, Wallonia, and Brussels-Capital – and three linguistic communities (the Flemish, French, and German Communities). All of these entities have their own area of power and their own governance structure (government, parliament, etc.). The Flemish region, however, has no institutions, all of its powers have been transferred to the Flemish community.[16] About 58% of the population live in Flanders, whereas 33% and 10% live in Wallonia and Brussels, respectively. The immigrant population is more equally distributed across the regions, with 37% living in Flanders, 34% in Wallonia and 29% in Brussels. The immigrant population is thus overrepresented in Wallonia and Brussels. In turn, recent immigration has disproportionately gravitated towards Flanders and Brussels. Annex Table 2.1B provides an overview of the distribution of the immigrant population by key origin countries and the evolution over the past 15 years. There are no figures on the distribution of the

16. The linguistic communities differ from the regional boundaries. The Flemish Community encompasses Flanders and the Flemish-speaking part of Brussels. The German Community is located in Wallonia. The French Community contains the non-Germanophone part of Wallonia and the French-speaking part of Brussels.

population (native- or foreign-born) by linguistic community, and indeed, this is a sensitive issue, particular with respect to the bilingual region of Brussels.

Integration policy is an area where the complex interconnection and co-existence of the different levels of government is most apparent. Immigration policy (admission, stay, expulsion and naturalisation) is a federal power, whereas the *linguistic communities* are, in principle, since 1980 in charge of integration and education policies.[17] The French Community has transferred the responsibility for integration to the Walloon region. However, it remains an important actor through its responsibilities in the area of education.

Immigration policy is under the control of the Federal Ministry of the Interior, implemented by the *Service Public Fédéral (SPF) intérieur*. It is also in charge of the foreigners' offices. However, specific integration measures are not within the power of the *SPF intérieur*.

Active labour market policy is, in principle, a domain of the *regions*. Accordingly, the three regional labour market offices – VDAB (Flanders), FOREM (Wallonia) and ORBEM (Brussels) – design and implement active labour market policy measures with substantial discretion. Thus, regional approaches towards the labour market integration of immigrants can differ significantly. However, the federal government also has a series of powers which have a direct impact on the labour market, including general labour legislation and social security. The federal authorities are also in charge of anti-discrimination policy, which has become the principle targeted integration measure at the federal level.

Labour market matters in Belgium are dealt with in concertation between the government and the social partners. The federal public service for employment, labour and social co-operation (*SPF Emploi, Travail et Concertation Sociale;* in short: *SPF Emploi*) co-ordinates these relations and is in charge of general labour market legislation, including the legal provisions for immigrants' access to the labour market. It also collects statistics and conducts analyses regarding the labour market integration of immigrants. A further key pillar is the promotion of equality of opportunities in employment. In 2001, a section "multicultural enterprise" was created in the *SPF Emploi* which aims at the mobilisation of employers regarding the employment of persons with a migration background. It also mediates collective labour market agreements regarding equality of treatment.

Given the strong tradition of consensus-based decision making in co-operation with the social partners, and the importance of the regions in integration activities, the regional tripartite co-ordination bodies play a pivotal role. This is particularly apparent in Flanders, where the Flemish Economic and Social Consultative Committee, VESOC, defines the principle axes of labour market integration. An overview of the activities of the social partners in Flanders is given in Box 2.4. The principal body to co-ordinate policies in concertation with the social partners in Wallonia is the *Conseil Economique et Social.*

The limited direct powers of the federal government with respect to integration mainly concern anti-discrimination. A key actor in this is the *Centre pour l'Egalité des Chances et la Lutte contre le Racisme*, founded in 1993. The Centre is an autonomous public service under the Federal Ministry for Social Integration, which is in charge of anti-discrimination matters. It monitors and reports on discrimination and co-ordinates a

17. This is due to the fact that these issues are seen to be linked with language and culture, which are the constituent elements of the communities.

variety of projects aimed at labour market integration. The annual budget for these activities is EUR 6 million. The Centre also serves as a secretariat for the federal *Fonds d'Impulsion à la Politique des Immigrés* (FIPI).

Box 2.4. Activities of the social partners in Flanders

A key feature of the Belgian integration policy is the strong involvement of the social partners. One example is the *Jobkanaal* project which is jointly run by the Flanders' Chamber of Commerce and Industry (VOKA), the Flemish Confederation of Social Profit Enterprises (VCSPO) and the Organisation for the Self-employed and Small- and Medium-sized Enterprises (UNIZO). Twenty-eight job consultants promote the recruitment of disadvantaged groups on the labour market (handicapped, persons aged 50 and above and immigrants) by soliciting vacancies for which candidates from the target groups are considered to be eligible. These vacancies are accessible exclusively for candidates from target groups during a period of three weeks. Third parties such as the VDAB, temporary employment agencies, migrant associations, etc. refer persons to the database. Most referrals are mediated by the VDAB, which committed itself to provide four referrals per vacancy to the *Jobkanaal*.

Jobkanaal has been operational since June 2003 and the annual objective is to collect 5 000 vacancies, of which 40% are to be filled by persons from the target groups. Although the number of vacancies has largely exceeded this figure, the number of placements has not. In 2006, about 12 000 persons were referred to more than 7 400 vacancies. About half of the vacancies were specifically targeted towards immigrants. More than 1 900 persons – of whom more than 900 had a migration background – entered employment by this means in that year.

In addition to *Jobkanaal*, several initiatives to promote diversity in enterprises have been undertaken by the social partners. A number of employers' associations have jointly created a "platform of entrepreneurs on diversity", co-financed by the Flemish government and the European Social Fund. In the framework of the platform, a "declaration for diversity" was elaborated which has been signed by 540 companies. There is also an information campaign to sensitise employers to the issue of diversity. In addition, an online "diversity test" has been developed which enables employers to check for intrinsically discriminatory practices, *e.g.* in the use of recruitment channels and job interviews. Finally, a "pioneer award on diversity" has been established.

UNIZO established a so-called "service point on diversity" to support diversity management in SMEs and to raise awareness of the issues involved. The organisation is also currently developing an appropriate methodology for on-the-job (Dutch) language learning in small organisations. In partnership with the regional training centre for SMEs in Flanders (SYNTRA), UNIZO also offers special training programmes for candidate immigrant entrepreneurs, including guidance in establishing a business plan. The courses are given in Dutch, but support in the migrants' mother tongue is made available for key groups. Thus far, 68 persons have started their own business following such courses.

There is also a strong involvement of the trade unions. In total, the three main unions (ABVV, ACLVB and ACV) employ 25 diversity consultants to introduce and promote the notion of diversity and proportional participation in the labour market to the local union representatives, with a view to fostering openness of co-workers to disadvantaged labour market participants, and to promote diversity plans on the shop floor.

Since 2000, the *King Baudouin Foundation* has been working on the integration of immigrants. The Foundation commissions and finances integration projects and integration-related research. Among the key activities in recent years were immigrant-run projects to support new arrivals. One of these projects financed by the Foundation, the intercultural platform Kif Kif (the Arabic word for "the same"), recently developed a joint job website with the Flemish employment service VDAB for job seekers with a migration background.[18] The website shows job vacancies with employers who have indicated their commitment to the notion of "diversity on the work floor". This element is

18. The VDAB has two joint websites for job applicants: Kifkif (*http://site.kifkif.be/kifkif/vdab_jobs.php*) and Minderhedenforum (*www.minderhedenforum.be/vacaturebank.htm*) which both have the same content.

linked with the VDAB vacancy database. If an employer opts to favour diversity in the enterprise, the vacancy becomes automatically available on the Kif Kif website. The platform is thus similar to the *Jobkanaal* (Box 2.4), but exclusively targeted at immigrants and job offers are not initially reserved for the target group. On the website, there is also information on best practices, hints for job search and on the experience of role-model employers and job seekers. The website has been established mid-March 2007. Within the first three weeks, more than 2 200 vacancies were posted.

1.6. Main programmes and policies in place

Federal level

Due to the limited federal powers in this domain, there are relatively few measures in place which target the labour market integration of immigrants. Measures are mainly oriented towards combating discrimination and promoting diversity in the workplace. A comprehensive action plan against racism was established in 2000, which resulted in strengthened anti-discrimination legislation in 2003.[19] In 2003/2004, employer's social security contributions were lowered by 0.10%, with the same amount to be spent on measures targeted at the recruitment and training of persons who have difficulties in the labour market. A further recent initiative concerns the nationwide introduction of a diversity label (see Box 2.5).

Policies are generally not exclusively targeted towards immigrants, but on disadvantaged groups in general. The definition of "disadvantaged" groups to be targeted by diversity and anti-discrimination polices is not uniformly applied by the different actors. It may comprise – in addition to persons with a migration background – the low-qualified, the handicapped, older workers and women. As most integration policy is formulated and implemented at the sub-national level, approaches differ.

Flanders

Over the past ten years, Flanders has developed a rather comprehensive integration policy. There are two pillars of this policy: a general introduction programme for new arrivals and a broader-based "diversity policy" for disadvantaged groups on the labour market, which includes immigrants and their children.

Following pilot projects in 2001/2002, and inspired by the Dutch model, integration courses are offered to all new arrivals since April 2004. In 2006, the target group was expanded to include already resident immigrants who are receiving social assistance. Eight "welcome offices" organise a personalised integration programme for each migrant, the content of which is specified in formal integration contracts to be signed by the migrants. On average, about EUR 1 500 are granted to the welcome offices for each integration contract.

The entire programme is scheduled to last for a maximum of one year, but provision of the elements is organised flexibly – language training can be provided in the evening, for example. Participation in the course is obligatory, but the fines for non-participation are symbolic. For migrants who have attended at least 80% of the course, an integration certificate is issued. An evaluation on the effect of the obligatory nature of the courses is currently in place, and first results are expected by mid-2007.

19. A comprehensive revision of this legislation passed parliament in March 2007, which resulted in further strengthening of the anti-discrimination framework – including cash compensation for victims.

During the initial integration programme, 60 hours are dedicated to "social guidance lessons", including information on the political system and social life. This is followed by Dutch language courses, which typically take between 90 and 180 hours, depending on the specific needs of the participant. The refund for this training to the organisations carrying out the training varies with the skills level of the immigrant. For low-skilled, course providers are refunded about EUR 100 per hour for a class size of about 10-12 students (*i.e.* about EUR 8-10 per student hour). For high-skilled with an academic perspective, a lump sum of EUR 630 per student is granted for 90 hours (EUR 7 per student hour). For the remainder, about 70 EUR is refunded per class hour for classes with 12 to 15 students (EUR 5-6). It is currently being discussed to expand the language courses to 240 hours. In a third step, "career guidance courses" help newcomers to choose their future options in Belgium: employment, education, training, voluntary work, etc. This provides the transition to the secondary integration programme in which other institutions – such as the VDAB – take over. Further, job-oriented language training is available in this secondary programme. About 70% of the participants chose to be oriented towards employment.

With respect to the labour market integration of resident migrants and their children, Flemish policy has also evolved quite rapidly over the past decade. Until 1997-1998, Flanders' labour market policy aimed at equality in employment, without specific targeting towards immigrants. Following concerns about the low employment of immigrants and their children and an ILO study which demonstrated the prevalence of discrimination in hiring in Flanders (Arrijn *et al.*, 1998), an agreement was reached in 1998 between the Flemish government and the social partners (the so-called VESOC agreement) to foster integration. Inspired by the Dutch diversity policy and the Canadian Employment Equity Act, and building on Flanders' previous experiences with affirmative action plans for women, an action plan for the employment of immigrants was introduced (see Van de Voorde and De Bruijn, 2006 for an overview).

With the 2001 Pact of Vilvoorde, concluded between the government, the social partners and representatives of the civil society, integration policy became embedded in a comprehensive diversity policy aimed at achieving "employment equity" for disadvantaged groups in the labour market: older workers, disabled and persons with a migration background. The latter are referred to as *allochtonen* in the Flemish context. The VESOC defines an *allochtoon* as a legal resident in Belgium, whether of Belgian nationality or not, who has at least one parent or two grandparents who are nationals of a non-EU country. However, the definition is not uniform (see Martens and Verhoeven, 2006).[20] The VDAB uses a combination of voluntary self-declaration and a name recognition programme to identify persons of migrant origin.

A representation of people with a migration background in employment roughly proportional to their population share was defined as a key objective in the Pact of Vilvoorde, to be realised by 2010. This benchmark was later translated into a "growth scenario" by calculating the number of extra jobs to be created each year in order to significantly reduce the employment gap by 2010. The key element in the Flemish policy to achieve this goal is the so-called diversity plans (Box 2.5).

20. The notion of *allochtoon* for a person with a migration background was introduced in the Netherlands in 1989 (see Chapter 4). The Dutch Central Bureau of Statistics (CBS) defines as *allochtonen* residents in the Netherlands who have at least one foreign-born parent.

Box 2.5. Diversity plans

Following an agreement between the government and the social partners, the first diversity plans for disadvantaged labour market groups (persons aged 50 and above, handicapped and immigrants) were established in 1999. The intention of these plans is to incite concrete actions at the organisation level (companies, local authorities, NGOs, etc.) with a view to gradually raising the employment rate of various disadvantaged groups (immigrants, persons aged 50 and above, disabled persons, unskilled) to the same level as that of the native Flemish population.

Forty-three consultants are funded to support interested organisations in establishing diversity plans for the target groups. After a relatively slow evolution in the first two years, the measure is now becoming increasingly popular, and about 2 100 organisations have introduced diversity plans in Flanders since 1999.

There are four different types of diversity plans among which interested organisations may chose, including so-called "cluster plans" under which several organisations can participate in a common plan. Depending on the type of plan, in addition to the support by the consultants, subsidies are available to cover up to 2/3 of actual, plan-related costs – up to a maximum of EUR 10 000 per organisation (EUR 3 000 in the case of a company participating in a cluster). Each applicant organisation can be funded only once.

Depending on the type, diversity plans can run from 6 to 24 months and may comprise a range of measures such as training programmes focused on the horizontal or vertical mobility of members of disadvantaged groups within the organisation; coaching and internal guidance for new staff from the disadvantaged groups; language instruction; training sessions or programmes on intercultural communication; the management of diversity; supervised placements and traineeships for persons from one of the disadvantaged groups. Initially, organisations implemented relatively few measures related to the diversification of recruitment channels in the framework of the diversity plans. An evaluation (Lamberts *et al.,* 2005) showed that diversity plans had not significantly contributed to increase recruitment of immigrants, since referrals by the VDAB (and related channels) and personal contacts – of which migrants tend to have less – remained the main forms of entry into companies with diversity plans. As a consequence, since 2002, such measures are required for all diversity plans, and organisations are obliged to set target figures for the recruitment of target groups. However, the target level remains at the discretion of each organisation. About half of the companies surveyed by Lamberts *et al*. (2005) stated that they had implemented diversity plans because of labour shortages. Eighty percent also mentioned that social responsibility was among the factors motivating the implementation, but further qualitative interviews with the actors involved have indicated that this was of second order compared to the importance of labour shortages.

In order to be eligible for government subsidies and counselling support, a diversity plan must formulate concrete objectives (numbers or percentages) for hiring and subsequent internal mobility or training to prevent premature exodus. In organisations with more than 50 employees, the diversity plan must be supervised by an internal working party (composed of representatives from the management and the trade unions). The participating employing organisations must make provisions to ensure the sustainability of the diversification policy after the period of subsidy.

For 2006, the Flemish government provided a budget of about EUR 3 million for a total of about 500 new plans. A centralised diversity fund is currently being developed to co-ordinate all diversity efforts, *i.e.* the diversity plans and further structural projects such as *Jobkanaal* (see Box 2.4) and Work-Up (Box 2.7).

Since 2002, the Brussels Capital Region has implemented its own system of diversity plans. Three diversity consultants have been employed to help companies in the implementation of the plans. In contrast to the broad-based approach taken in Flanders, diversity plans in Brussels are particularly focused on migrants and young persons. In addition, there is only one type of plan available, which is deemed to be applied more flexibly. Wallonia is now gradually following the route pursued by the other two regions, and has established an annual "diversity award" and a "Charter for Diversity".

At the federal level, the introduction of a so-called "diversity label" is planned which is inspired by the experiences of the diversity plans in Flanders and Brussels. In order to obtain a label, an organisation has first to make an analysis concerning diversity. Subsequently, an action plan has to be proposed on the basis of 11 suggested fields of action which involve fellow employees. At least four of these 11 fields have to be covered, and two concrete anti-discrimination measures need to be undertaken. Diversity consultants will be available to companies to support them in the implementation of the action plans.

An evaluation of the contribution of the diversity plans to the "growth scenario" is currently under way. Only a small fraction of all enterprises have participated thus far.[21] In addition, participating enterprises are likely to be those most open to employing disadvantaged groups in the labour market. On the aggregate, their impact thus appears to have been limited.

There are also a variety of other measures in place which are targeted at immigrants. For example, there are special language courses organised by the VDAB which combine language training with shop-floor experience. The VDAB has also set itself the target to have 40% overrepresentation of persons of migrant origin (see above) in personalised accompaniment: the current figure stands at almost 30%. In this context, the VDAB provides a team of 25 consultants (job coaches) for individual guidance of newly employed immigrants at the workplace.

Wallonia and the French Community

The government of Wallonia has chosen to implement a universal policy based on equal opportunity and mainstreaming of diversity. Migrants (those who are legal, as well as those who have requested regularisation or those whose asylum request is admissable) have thus access to all policy measures, and are indeed sometimes prioritised as are the weakest and most susceptible groups in the labour market. This is the case for the legislation regarding socio-professional integration, which is the backbone of employment policy in Wallonia. In this framework, job seekers are taken care of pathways between employment placement operators and those in charge of opportunities for professional formation, and can benefit from a contract of "credit insertion" (contrat crédit insertion *contrat crédit insertion*) that guarantees them personalised accompaniment by a counsellor from the public employment service FOREM for a period of two years. These groups are equally prioritised in the *jobcoaching* implemented by the regional missions for employment, in the actions taken by the public Centres of Social Action (*Centres Publics d'Action Sociale*), and in the sectoral conventions for training and integration. On 26 April 2007, the governments of Wallonia and of the French community decided to implement a series of measures favouring youth employment, particularly for those who are low-qualified, among which the children of migrants are over-represented. This process involves better adapting the training and integration programme (*Programme Formation Insertion*) to low-qualified youth, to intensify the accompaniment process by the FOREM for these youngsters (taking charge of them as soon as they leave the educational system if they are less than 25 years old and have few or no qualifications), and to mobilise the youth in difficult neighbourhoods by regularly presenting them employment offers. Since there is at the moment no monitoring of employment policy by place of birth or nationality, it is not possible to evaluate these programmes. Nevertheless, the general approach of providing employment equity does not *a priori* prevent the introduction of policies which are more likely to affect one group than another such as, for example, language courses.

In recent years, measures have been introduced which target more directly immigrants and their children. In July 1996, a decree on the integration of foreigners and persons with foreign background was passed, providing the authorities with a legal

21. There are about 50 000 enterprises in Flanders which employ more than five people. Taking this as the base, less than 5% of these enterprises have a diversity plan. However, the leverage of the plans is somewhat larger, as larger companies are more likely to implement such plans than small enterprises. It is estimated that about 15% of employment in Flanders is covered by diversity plans.

instrument to promote the integration of these populations. The approach towards more targeted integration remains rather pragmatic and mainly concerns the financing of local projects to promote the integration of persons of foreign background into the labour market. The parallel creation of seven regional centers for the integration of foreigners and persons of foreign background (*Centers Régionaux d'Intégration des Personnes Étrangères et d'Origine Étrangère* – CRI) has been a major step towards a more co-ordinated approach. The role of the CRI is a multiple one, encompassing not only activities related to education and labour market integration, but also to provide social advice and general information, and to promote cultural and social exchanges between persons with a migration background and native Belgians. In an effort to achieve better targeting, funding for associations was revised at the end of 2005, and the criteria for the target populations were more clearly defined. General funding for the CRI was increased in the framework of the strategic transversal plan for social inclusion. In parallel, in 2003, a consultative council for the integration of foreigners or persons with a foreign background was put in place. The council consists of representatives of labour unions, employers' associations, local associations, of the CRI and of the government of Wallonia. The aim of the consultative council is to provide advice regarding foreigners' access to rights (social an political) and on the actions of the CRI as well as on the reception and integration policy in Wallonia.

As no specific introduction program is offered to new immigrants, their first contacts with Belgian society depend generally on their links with local migrants' associations close to their place of residence, where available. The *Lire et Écrire* network is an example of the actions of such local associations which are available across Wallonia. Even though the network is not explicitly designed for persons with a migration background, by the very nature of the measure about 90% of the beneficiaries are of foreign origin. A significant proportion of these were already resident in Belgium for many years, but recent arrivals are also among the participants.

In August 2005, the government adopted its *Actions Prioritaires pour l'Avenir Wallon*, more commonly known in Wallonia as the "Marshall plan". This global plan is aimed at the development of activities that create employment and is based on three specific transversal plans: one in favor of job creation and entrepreneurship; a second plan to enhance training and research; and a third plan for better social cohesion which targets persons who are rather far from the labour market (again, persons with foreign background are among the target groups).

In the context of the social integration plan, additional funding has been attributed to the main actors working towards the insertion of disadvantaged groups into the labour market. For example, the government fosters the actions of the CPAS (public centers for social action) by financing 50 additional agents to support labour market integration. Almost 1 000 persons will benefit from this plan. Further measures in the social inclusion plan include additional funding for the MIRE (*Missions Régionales pour l'Emploi*). These obtain an additional EUR 450 000 for job coaching (*i.e.* personalised accompaniment), which corresponds to the accompaniment of 750 additional job seekers per year. Finally, an additional EUR 2.1 million have been allocated to the CRI for local initiatives which target labour market integration of immigrants and their children. Finally, there is a possibility for subsidised employment of highly-skilled persons from disadvantaged labour market groups in not-for-profit organisations in the framework of a diversity plan. Under certain conditions, this may also apply to other enterprises if they are small- and medium sized.

In addition, Wallonia is evolving towards a more pro-active diversity policy. In parallel to its anti-discrimination policies, the region has established a "Charter for Diversity" to be signed by enterprises who engage in a process of diversity management. In addition, the region has put in place an annual prize to reward the most significant diversity management initiatives. The region also recently engaged with authorities at the federal level in the project to introduce a federal diversity label (see above). Also in a spirit of pragmatism, since 2006 seminars have been held with employers, human resources directors, social partners, job-coaches and representatives of temporary agencies to raise their awareness of the issue of diversity in the workplace. Finally, financial support for consultancy is available for companies which implement a human resource policy that accounts for diversity (these specialised consultants are to be recognised by the region of Wallonia).

The public employment service FOREM offers language training for the unemployed, and the scope of such training offers has recently been expanded. In addition, since 2003, the access of foreign nationals to FOREM services (*i.e.* access to job offers and places in active labour market policies) has been extended to those who apply for regularisation or asylum. Wallonia has opted to "mainstream diversity", which means that the integration of certain groups (such as migrants) should be better taken into account in mainstream policies, but targeted measures are still avoided. This has been translated into a program to sensitise the employment officers to intercultural questions and the problem of discrimination in the recruitment process. An equal project is currently in place which aims at providing the framework for this mainstreaming.

With co-financing by the European Social Fund, a number of further projects have recently been started which deviate from the general principle of non-targeting. Out of these projects, a joint initiative by the FOREM, the CRI and the *Lire et Ecrire*, aims at the socio-economic integration of recent arrivals. 282 trainees have participated in one of the 29 sessions organised; out of these 53% have found employment. A second project that has also been put in place by FOREM aims at the better utilisation of the multicultural competences of migrant employment seekers in international-related jobs; in other words, to transform their differences into a possible advantage in the employment market. 273 trainees have participated in 17 sessions, of which 87% found employment or became self-employed.

Brussels

The integration structure in the Brussels region can best be described as being mid-way between that in Flanders and the structure in place in Wallonia. Integration efforts have developed quite rapidly over the past decade. In the framework of the *Pacte Territorial pour l'Emploi*, the fight against discrimination has become a key policy objective since 1998. Recently, policy has evolved from mere anti-discrimination policy towards a comprehensive diversity policy. In 2002, a tripartite diversity pact was concluded, which aims at adapting existing structures in enterprises to favour diversity, and to get the commitment of the company councils to promote measures related to the issue. Organisations are encouraged to define – on a voluntary basis – their own target "quotas" for the employment of immigrants. Partnerships are conducted with the company councils to get them committed to the concept of diversity. Finally, in the framework of diversity policy, training sessions for the candidates in the social elections are planned. As in Flanders, the key policy instrument are diversity plans (see Box 2.5). Although the Brussels policy encompasses other groups (handicapped, older persons, women) as well, there is a focus on persons with a migration background, in particular young persons.

Brussels has no labour market measures which are particularly targeted at immigrants, but they are largely overrepresented among participants in measures such as personalised accompaniment (*Guidance et Recherche Active d'Emploi* – GRAE, RAE). Aggregated data (*i.e.* not controlling for socio-economic characteristics) show that these services are more often successful in helping jobseekers with a nationality other than EU-15 to leave unemployment than Belgian nationals. In addition, there is a system of "language cheques" to overcome employment obstacles which are due to lack of language proficiency (see below).

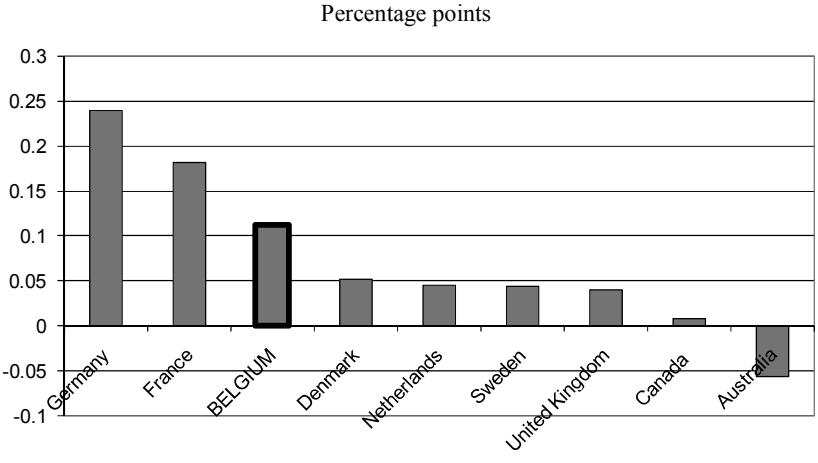
2. Key issues

2.1. Integration of immigrants

Immigrants' educational attainment and the recognition of foreign qualifications and experience

One important determinant of employment outcomes is the educational attainment of the immigrant population. Here one observes that the foreign-born population in Belgium is relatively low-qualified in international comparison. Among the countries in Figure 2.4, only in Germany and France is the difference between the educational attainment of native- and foreign-born larger than in Belgium.[22]

Figure 2.4. Overrepresentation of the foreign-born among the low-qualified, 25-64 years old, 2004/2005 average



Note: Data for Australia refer to 2004 and for Canada to 2001. "Overrepresentation" is calculated as the difference in the population share of low-qualified between the foreign- and native-born. "Low-qualified" refers to below upper secondary education.

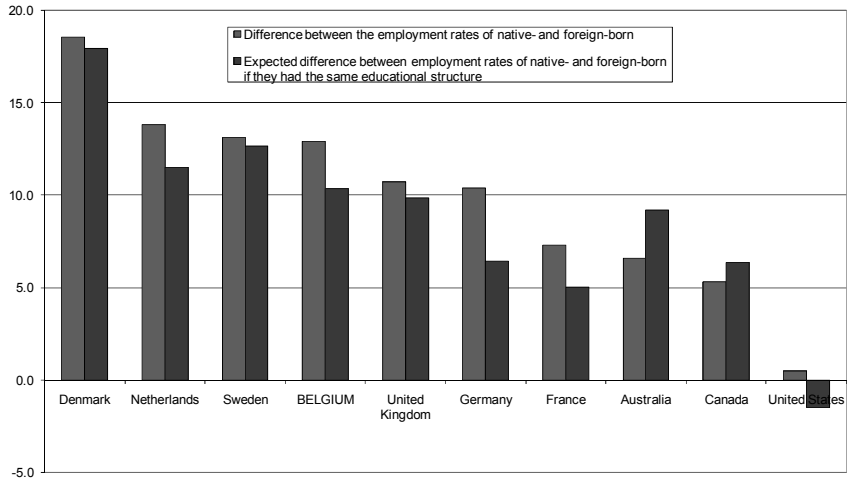
Source: European countries: European Union Labour Force Survey. Australia: Household, Income and Labour Dynamics Australia Survey. Canada: Population census.

Indeed, as can be seen in Figure 2.5, if the immigrant population in Belgium had an average educational attainment similar to that of the native-born, the gap in employment rates would narrow somewhat. Nevertheless, the employment-rate gaps remain large even after controlling for the differences in average educational attainments.

22. Interestingly, there is virtually no difference in the distribution of educational attainment (high/medium/low) between immigrants from the EU-15 and immigrants from non-EU-15 countries.

Figure 2.5. Differences in employment rates between foreign- and native-born and the impact of the qualification structure, 2003-2004, 15-64 years old

Percentage-points



Note: Data refer to 2002 for the Netherlands, and to 2004 for Australia and Canada. The expected differences are calculated using the employment rates by three levels of educational attainment for the foreign-born. The three levels are "low" for below upper secondary; "medium" for upper secondary and post-secondary non-tertiary; and "high" for tertiary and above.

Source: Australia: Household, Income and Labour Dynamics Australia Survey; European countries: European Union Labour Force Survey (data provided by Eurostat); United States: Current Population Survey March supplement; Canada: Survey of Income and Labour Dynamics.

However, the educational qualifications of immigrants have usually been acquired in countries where the educational systems are different from the Belgian ones. Such qualifications may be of limited transferability, and evidence from a number of OECD countries (OECD, 2007c) suggests that foreign qualifications, particularly when obtained in countries where there is uncertainty about the setup and quality of the educational system, tend to be discounted on the labour market. There has been no rigorous study on this in Belgium thus far, but Table 2.3 provides some descriptive evidence. Overall, gaps in the employment rates of immigrants *vis-à-vis* the native-born diminish a bit with higher education if the latter has been obtained in Belgium, but widen if that qualification was obtained abroad. However, there are important differences between immigrants from the EU-15 and other immigrants, and by gender.

Table 2.3. Employment-population ratios for native-born and immigrants by sex, educational attainment and origin of degree, 2001

		EU-15 foreign-born		Non-EU-15 foreign-born	
	Native-born	Qualifications obtained in Belgium	Qualifications obtained abroad	Qualifications obtained in Belgium	Qualifications obtained abroad
Men					
Low	60.1	60.0	61.0	49.6	53.1
Medium	76.5	73.5	76.7	65.0	63.0
High	86.3	85.3	86.9	79.7	70.3
Women					
Low	36.4	36.5	33.0	27.5	25.2
Medium	59.9	54.2	51.5	45.0	34.1
High	80.2	77.5	66.7	72.6	43.9

Note: For the classification of educational attainment, see note to Figure 2.5.

Source: Enquête socio-économique générale.

For persons born in the EU-15, based on this descriptive evidence, there is little difference in employment rates compared with native-born even when their qualification has been obtained abroad – except for women, with the employment gap being particularly large for the high-education group. In contrast, for immigrants from non-EU-15 countries, employment is significantly higher with a Belgian qualification, especially for women. The sole exception is low-skilled males. Foreign qualifications from non-EU-15 countries thus appear to be significantly discounted on the labour market.[23] Whereas the employment rate is 30 percentage points higher for highly-qualified than for low-qualified non-EU-15 immigrant men who have obtained their degree in Belgium, the increase for foreign qualifications is 12 percentage points. For women, differences are even much higher. This issue will be discussed in more detail below.

There are two possible explanations for the apparent discount of foreign qualifications. The recognition of foreign qualifications appears to be relatively burdensome in Belgium, with approaches differing between the three linguistic communities (see Participation Fund, 2006). Services for the validation of competences have been introduced only very recently. In Wallonia, certification of professional skills is available for all employed and unemployment residents since 2003. A network of so-called "validation centres", jointly organised by a range of governmental and semi-governmental actors (including the labour market services), is in charge of this task. Since 2006, recognition of professional skills on the basis of practical examinations is also possible in Flanders, at the moment for a range of 25 occupations.

In addition, there are significant gaps in employment rates of non-EU-15 migrants both compared to the native-born and to EU-15 migrants at all education levels even when the qualifications were obtained in Belgium. This even holds in econometric analysis after controlling for other socio-economic characteristics such as age and marital status. However, the gap is lower among those with high qualifications.

Not all immigrants in employment are working in jobs that match their qualification levels. This is also the case for the native-born, but chances to be working in a job that would only require a lower qualification level are higher for immigrants. Nevertheless, in international comparison, the degree of so-called "overqualification", *i.e.* high-skilled immigrants working in occupations below their education level, does not appear to be high in Belgium.[24] The incidence of highly-qualified immigrants working in less-skilled jobs is only 1.2 times higher than among the native-born, which is in the lower range of overqualification observed across the OECD (see OECD, 2007c). Even though the figure is somewhat higher for migrants from non-EU-15 countries (1.4), this is still not high when compared with other countries. These results also broadly hold after controlling for other factors (Annex Table 2.1C.b).[25] In sum, it is difficult for migrants from non-EU-15 countries to find work, but work when found broadly corresponds to their educational qualifications.

23. There is also some evidence that this differs by region (Feld *et al.*, 2006).

24. In general, overqualification is defined as individuals working in jobs which are below their level of educational attainment. Here, it is measured by the proportion of highly-qualified persons in employment who are working in medium- and low-skilled occupations.

25. The results in Annex Table 2.1C.b also show that having a diploma in Belgium not only increases the chances of being employed as shown above, they also lower the probability to be overqualified once in employment.

The integration of immigrant women

Among the OECD countries for which data are available, Belgium is the OECD country where the employment of immigrant women is lowest. This is partly attributable to the fact that even for the native-born, employment of women is very low in international comparison. However, even allowing for this, the gaps in the employment rates between immigrant and native-born women are high.

Part of the explanation lies in the fact that Belgium is one of the OECD countries where employment of women differs most by educational attainment. This appears to be linked with the strong presence of so-called "unemployment traps" for spouses in couples where both partners earn below-average wages. Indeed, in no other OECD country (with the exception of Iceland) are the *net* replacement rates for the second earner of a married couple with both earning about two-thirds the average production wage as high as in Belgium (OECD, 2004; see also OECD, 2005b). As a result, incentives to work are very limited for less-qualified married women – whether they are native- or foreign-born. To the degree that foreign qualifications are discounted on the labour market (see above), this could also explain low employment for somewhat more qualified immigrant women.

Indeed, as Table 2.4 shows, gaps in the employment rates of native-born *vs*. immigrant women are significantly reduced once adjustments are made for the average qualification level and the origin of the degree. Employment rates of immigrant women with foreign qualifications are close to those of native-born women who have an educational attainment that is one level lower. As the majority of women have obtained their qualifications abroad, and given the lower educational attainment levels of foreign-born women, educational attainment and a discount on the labour market for qualifications obtained abroad thus appear to explain a substantial part of the lower outcomes of foreign-born women. However, having a foreign qualification may also be correlated with less proficiency in the host-country language and with lower duration of stay in Belgium.

Table 2.4. Employment rates of women by qualification level and origin of the highest qualification, 15-64 years old

Percentage distribution of women by educational attainment in parentheses

	Native-born		Foreign-born			
			Belgian qualifications		Foreign qualifications	
Low	36.4	(33.3)	33.1	(16.4)	29.4	(24.4)
Medium	59.9	(35.4)	49.6	(14.7)	42.9	(14.9)
High	80.2	(31.2)	74.6	(13.8)	56.5	(15.8)
Total	**58.5**	**(100)**	**51.4**	**(44.9)**	**40.9**	**(55.1)**

Note: For the classification of educational attainment, see note to Figure 2.5.

Source: Enquête socio-économique générale 2001.

A survey of 750 recent arrivals (Krzeslo and Hamzaoui, 2006) revealed that unemployment and overqualification are widespread among immigrant women. Only 26% were in employment, with the large majority working in domestic services.

Despite the very low employment rates for immigrant women, there are relatively few measures targeted at this group. One recent measure of federal employment policy which targeted non-employed women – both native- and foreign-born – has been the

introduction of the so-called service cheques (*chèques service*) in 2004. Under this measure, households can buy "cheques" corresponding to 1 hour of domestic services for EUR 6.70 each. The services are provided by registered companies, who are reimbursed EUR 21 for each cheque. At the end of 2005, almost 30 000 persons were in employment under this measure. Given the nature of the work concerned, one would expect immigrant women to be overrepresented in the programme participants (see above), but this does not appear to be the case. A survey (Peeters *et al.*, 2006) indicated that less than 5% of the domestic workers employed under the system were nationals of non-EU-15 countries.[26] In Brussels, however, persons with an immigration background accounted for more than half of all domestic workers employed by means of the service cheque system. This suggests that there is still significant scope to include immigrant women in the programme, particularly in the urban areas of Wallonia and Flanders.

The key recruitment channels for the service-providing enterprises were spontaneous applications, followed by the databases and websites of the employment services. The underrepresentation of immigrant women and the importance of spontaneous candidatures suggest that immigrant women may be less informed about the measure, and that an active encouragement targeted at immigrant women via the employment services, interim agencies or NGOs/immigrant associations could facilitate their participation in this measure. This would be particularly important since more than half of the women employed under the service cheque system consider it as a route into regular employment. The degree to which this is actually the case, however, in particular for immigrant women, is not known.

Outcomes of recent arrivals

The convergence concept of integration suggests that gradually, over time, as immigrants acquire host-country specific human capital such as language skills and knowledge about the general functioning of the labour market, their labour market outcomes should approach those of the native-born. To foster this convergence, *early employment* has proved crucial in the other countries under review.

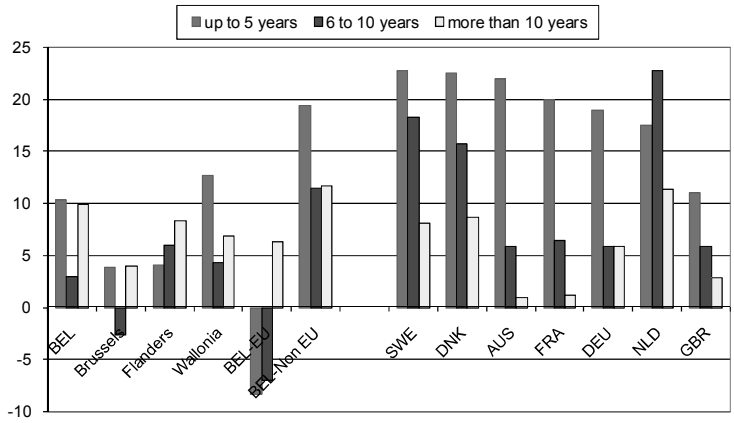
Currently, there is no information available in Belgium on the impact of early labour market entry on labour market integration in the longer term. Nevertheless, in contrast to the rather unfavourable picture for the immigrant population as a whole, the gaps in the employment of persons with less than five years of residence compared to the native-born are smaller than elsewhere. Of the countries shown in Figures 2.6a and 2.6b, only the United Kingdom – where much immigration in recent years has been labour-market oriented – has similarly favourable outcomes for these recent immigrants. This is particularly noteworthy since overall labour market conditions in Belgium have not been better than in other OECD countries. The downside of this observation is that, in contrast to what is observed in other countries, immigrants who have been longer in Belgium do not have significantly higher employment. In other words, there is little difference between the outcomes of recent arrivals and those of long-term residents – contrary to the prediction of gradual convergence. Note, however, that this observation is not based on longitudinal data following immigrants over time, but on cross-sectional data on immigrants' employment by length of stay.

26. However, these figures have to be taken with a certain caution as only 482 out of 1 602 contacted persons actually participated in the survey.

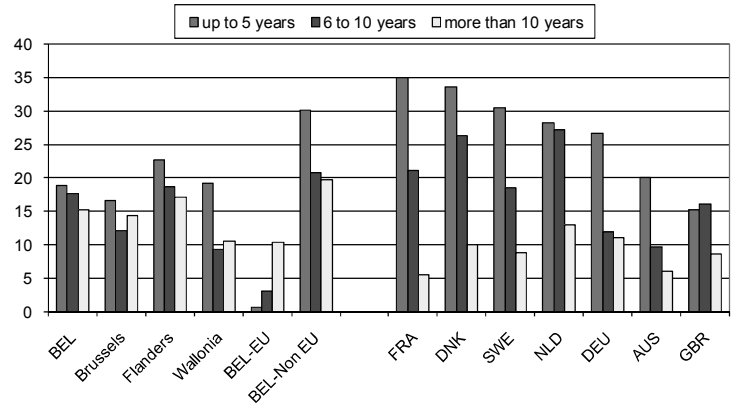
Figures 2.6. Gaps in the employment rates of immigrants compared to the native-born (*i.e.* rates of native-born *minus* rates of foreign-born) by duration of residence, 15-64 years old

Percentage-points

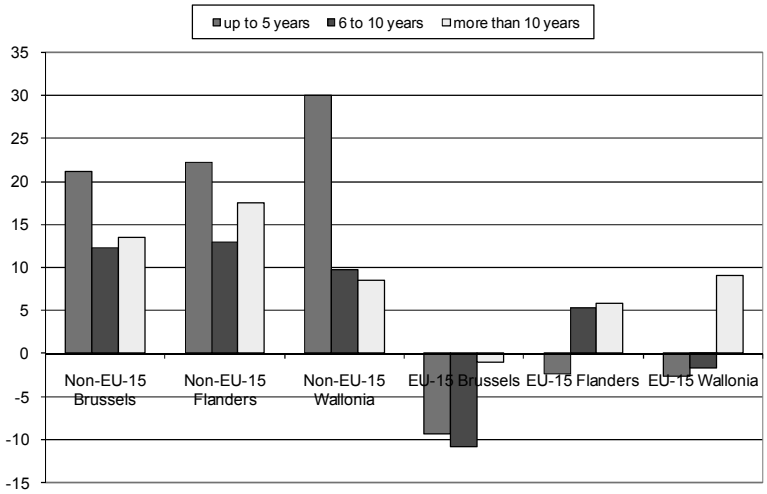
2.6a. Men (2003-2005 average)



2.6b. Women (2003-2005 average)



2.6c. All migrants, by region and country-of-origin (2001-2005 average)



Source and Note: See Table 2.1.

The more favourable outcomes for recent arrivals appear to be partly linked with a favourable shift in the qualification structure, as recent cohorts are more qualified than former ones. Yet, even in econometric analysis, *i.e.* after controlling for these factors, one still observes a relatively favourable picture for recent arrivals in international comparison.[27] In parallel, however, there remains little improvement with duration of residence. Indeed, again after controlling for socio-economic characteristics, only in Sweden and the United Kingdom is the impact of length of residence on the employment of immigrants as small as in Belgium.

There are two possible explanations for these cross-sectional results. A first would be that this observation could mirror the fact that there is little improvement over time, which would in turn suggest that the process of convergence is much slower in Belgium than elsewhere. A second explanation could be that more recent cohorts are indeed doing better than past ones. If this is the case, the current large gaps could be expected to narrow over the coming years.

In the absence of longitudinal data, it is difficult to ascertain which of these two explanations holds. One indication that convergence may indeed be relatively slow in Belgium is given by the fact that a replication of the above analysis with data from the 1995 labour force survey (which, however, is again cross-sectional) gives similar results, *i.e.* that there is little change in the employment probability by duration of residence: Gaps of similar magnitude for recent arrivals and immigrants with a longer stay have thus existed for more than ten years.

Some further light on this issue is shed by Figure 2.6c, which looks separately at the outcomes by region and country-of-origin group. In the case of EU-15 migrants, there seem to be cohort effects at work, as recent arrivals have higher employment (shown in the figure as negative employment gaps) than both immigrants with longer residence and the native-born.[28] For immigrants from non-EU-15 countries one observes a picture which more closely resembles the convergence pattern observed elsewhere, particularly in Wallonia. The employment gap compared to the native-born for immigrants from non-EU-15 countries declines sharply after they have been in Belgium for more than five years though convergence almost comes to a halt after 6-ten years of residence. For non-EU-15 immigrants, there seems to be significant convergence up to ten years, but this comes to a halt thereafter. This mixed evidence on outcomes by migration cohorts thus may reflect the fact that immigrants who have been in the country for a long time have been in occupations and sectors strongly affected by structural change, particular for immigrants from the EU-15. Confirming whether or not this is indeed the case should be investigated more closely.

A further explanation for the observed pattern of small differences in employment by duration, notably in Flanders, could be that recent policies – such as the introduction programme and the diversity plans – may be more effective in integrating new arrivals than established migrants. It is unfortunately too early to assess the impact of recent policy measures on the outcomes, and there is little data available to permit a preliminary assessment. Recent programme data from Flanders show that persons in the secondary part of the introduction programme (*i.e.* recent arrivals) who followed

27. Again, these results have been obtained using cross-sectional data from the European Union Labour Force Survey.

28. This also holds in econometric analysis controlling for other factors, see Annex Table 2.1C.a.

personalised accompaniment by the VDAB have a higher chance of being employed 12 months later than resident migrants who have followed the same training.[29] This is one sign that labour market integration may in fact be smoother for recent arrivals than was the case in the past for former migrants. It is currently planned to introduce a database which links data on newcomers and programme data, which should help shed more light on this important issue.

Effectiveness of language training and the challenges of bilingualism

Language training is an area where the complex distribution of responsibilities between the different levels of government and among the actors at each level is most apparent. Language training is most advanced in Flanders, where new arrivals benefit from the introductory language courses. In addition to these general introductory courses with 120 to 180 hours of basic language training, there are language courses provided by the VDAB, which link language training with workplace experience. These are available for both new arrivals who have finished the first part of their integration programme (*i.e.* after having obtained basic language training) and for established migrants in need of this. This work-related language training ranges from 120 to 400 hours, depending on an individual's needs. Recently, a special language training "Dutch in the workplace" has been introduced. This is for persons in employment at small and medium-sized enterprises, where lack of language proficiency is deemed as an obstacle to communication. In Wallonia, there is a rather *ad hoc* approach to language training, and there is a range of offers in place, according to the individual's needs. In general, however, language training does not appear to be very intensive, except in certain specific projects, for which there is nevertheless a long waiting list. Unfortunately, there are no data available which would enable one to study the effectiveness of language training in Belgium.

A particular issue in Belgium is the language barrier between the communities, which also acts as a mobility barrier for employment search – particularly along the linguistic border. Immigrants seem to be particularly affected by this barrier for two reasons. Firstly, they tend to be less fluent in the respective second national language. Secondly, immigrants are overrepresented in Wallonia – where the labour market conditions are much less favourable than in Flanders. As Flemish is not as widely spoken as French, incentives to invest in Flemish-language knowledge may be limited. This will be particularly the case for those migrants who have some uncertainty regarding their duration of stay or their place of residence within Belgium.

These difficulties are especially pronounced in the bilingual Brussels region, where the dominant language can differ from one street to another.[30] Knowledge of both French and Dutch is often required, particularly under the current rather slack labour market conditions in the Capital area. To cope with this problem, Brussels has introduced a system of "language cheques" (*chèques-langues*) for those unemployed jobseekers whose lack of knowledge of Dutch, French, German or English constitutes the only employment obstacle. This measure should be seen in the context of the exchange of vacancy information between the three regional employment services, which has been implemented in 2006.

29. Note, however, that these are descriptive results which are not adjusted for different observable characteristics of recent *vs*. resident immigrants.

30. The majority of the population in Brussels belongs to the French linguistic community, but exact figures on this are lacking.

The language cheque allows jobseekers who have a promise for employment that is conditional on improvement of language knowledge to obtain up to 60 hours of one-to-one, job-targeted language training. Language cheques are also available for persons intending to become self-employed. More than 70% of the training is related to the Dutch language, and a further 20% concerns English. The exact duration of the training, as well as the targeted language, are determined in an interview with the employment services. The unemployed then receive the training from recognised providers, which are reimbursed EUR 38 per hour of training by the ORBEM. The measure was first introduced in May 2002 and been constantly expanded. 88% of the participants were still in employment 12 months after having followed that training. However, relatively few foreigners from non-EU-15 countries benefited from the measure – only 18 out of 413 participants in 2005 (*i.e.* just over 4%). In contrast, this group accounted for 15% of all unemployed in the Brussels-Capital region. Aggregating outcome figures for the entire duration of the programme reveals that the percentage of non-EU-15 migrants who were in employment 12 months later was not significantly different from that of Belgians.[31]

Due to the growing success of the measure, a special young person's cheque (*chèque langue – Jeunes*) has been created for unemployed young people below the age of 30. The training is aimed at preparing them for job interviews or language exams. Contrary to the ordinary cheque, a conditional job offer is not required for access to the cheque for youngsters.

The impact of naturalisation

As already mentioned, Belgium is among the OECD countries with the most liberal provisions for citizenship. Since the first liberalisation of citizenship law in 1984, naturalisation has been seen as a means of promoting integration.

At first glance, in most OECD countries, naturalised immigrants have higher employment than non-naturalised immigrants, and Belgium is no exception in this respect.[32] It is not clear, however, whether this finding is linked with the positive self-selection observed for naturalised immigrants (for example, due to the naturalisation requirements such as years of residence, *etc*.) or whether citizenship actually fosters integration. However, for Belgium, the positive impact also holds after controlling for a range of observable socio-economic factors such as age, gender, marital status, education, region and duration of residence in Belgium (see Annex Table 2.1C.a). The impact is particularly large for non-EU-15 migrants. After controls it is also significant and pronounced for immigrants from the EU-15. Given the relatively easy access to citizenship, this relatively strong and robust result suggests that the easing of naturalisation laws over time may indeed have contributed to facilitating immigrants' labour market outcomes, for example by limiting discrimination (see below).

31. Again, this does not account for any differences in characteristics between these two groups.

32. See also Tielens (2005) who shows with longitudinal data from Flanders that naturalised immigrant men from Turkey and Morocco have higher chances of moving from unemployment to employment and a lower probability to move into unemployment than immigrant men from these countries who maintained their nationality. However, these are descriptive results which do not control for factors such as educational attainment, etc. A similar observation could not be made, however, for women.

Integration into the public administration

Harmonised data from the European Union Labour Force Survey show that employment in the public administration (excluding international organisations) accounts for a larger share of total employment in Belgium than in most other countries. This provides the government with a lever to aid immigrants' labour market integration, as it has a more direct influence on its own employment decisions than those in the private sector. If in fact immigrants find employment in the public administration, this also increases the visibility of immigrants in daily life and can contribute to enhancing the understanding of immigrants' needs by public institutions. Furthermore, by employing immigrants, the public administration acts as a role model for the private sector.

In most OECD countries, immigrants are underrepresented in the public administration. The reasons for this are many, including legal obstacles (as some jobs require citizenship of the host country) and specific qualification requirements of the public administration. There are no fully internationally comparable statistics on the share of immigrants and native-born in the public sector as a whole, but an approximation on the basis of the European Union Labour Force Survey on the employment in the public administration indicates that the degree of under-representation tends to be lower in Belgium than elsewhere (see Figure 2.7).

The relatively favourable picture with respect to public sector employment seems partly linked with the fact that access to citizenship is easier in Belgium than in other OECD countries. Indeed, a closer look at employment in the public sector on the basis of the 2001 census reveals that immigrants who have obtained Belgian nationality are almost as often found in the public sector as native Belgians (Table 2.5).[33] Foreign nationals from EU-15 countries, who have easier access to the statutory functions in the public service than foreigners from non-EU-15 countries, are also more often found in the public sector than the latter. Native-born foreigners are the group which is least likely to be employed in the public sector. However, it is difficult to ascertain on the basis of these descriptive figures whether there is indeed a problem of access of the "second generation" (in this case, native-born foreigners) in the public sector or whether this is linked to other socio-demographic factors.

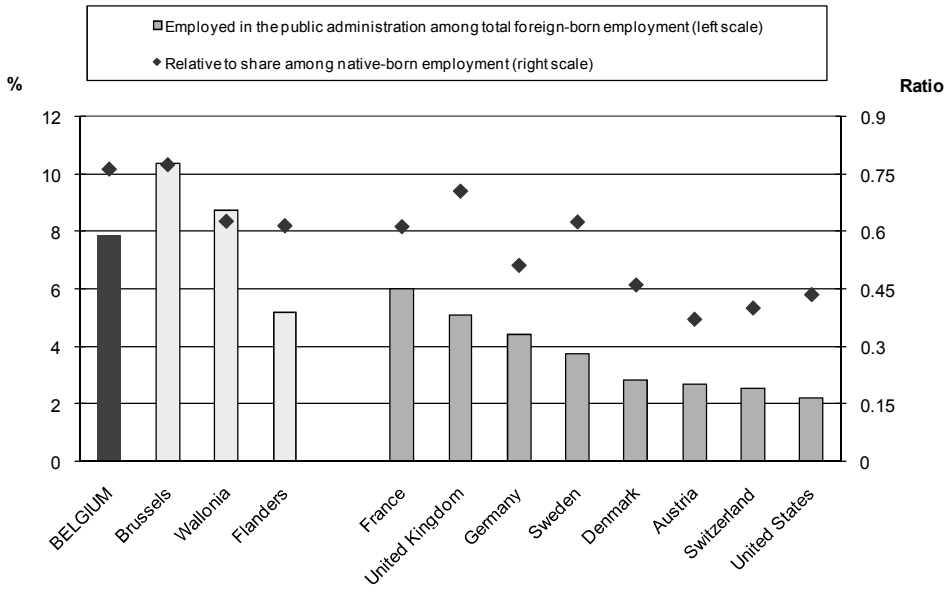
The picture seems somewhat less favourable with regard to the federal public service, where only 0.5% of the employees have a foreign nationality (Ceulemans *et al.*, 2004).[34] This, however, is largely linked to the fact that statuary positions – which account for a large part of employment in the federal public service – are only accessible for nationals of an EU country.[35]

33. Note that the public sector is more broadly defined than public administration. It encompasses, for example, employment in public schools and hospitals. The figures in Table 2.5 are thus not directly comparable with those in Figure 2.7.

34. Note that only mastery of either French or Dutch is required for employment in the federal public service.

35. For a comprehensive overview of the provisions and obstacles for employment in the federal public service, see Ceulemans *et al.* (2004).

Figure 2.7. Employment in the public administration in OECD countries, 2004/2005



Note: Data for the United States refer to the year 2005. Public administration is defined as NACE Code 75 for the European countries and as CPS Industry Classification 13 for the United States.

Source: European countries: European Union Labour Force Survey. United States: Current Population Survey March supplement.

Table 2.5. Share of employment in the public sector among total employment in Belgium, by nationality, country-of-birth and job type, 2001

Percentage

	Country of birth					
	Native-born		EU-15		Non-Eu-15	
	Foreigners	Nationals	Foreigners	Nationals	Foreigners	Nationals
Civil servants	4	16	10	16	4	10
Employees	4	8	5	8	5	8
Total share of public sector employment	8	24	16	23	9	18

Source: Enquête socio-économique générale 2001.

Promotion of employment in the public sector has been a focus of federal integration policy since the 1980s, and the effort was enhanced recently.[36] In 2005, an action plan for diversity in the federal public service has been launched, and persons with an immigration background are one of the target groups. In this context, an information campaign has been started in co-operation with 72 local associations, which are supposed to act as channels for the diffusion of vacancies. In addition, an "open house day" has been conducted which allows persons with a migration background to simulate the recruitment procedure for the public administration. A further measure has been the

36. There are also several measures in place at the regional level, notably in Flanders, which has set a target of 4% of persons with a migration background in the public administration by 2015. To reach this aim, a special database with migrant (and handicapped) jobseekers is envisaged by late 2007, accessible to public administration human resource officers with a view to favouring hiring of this group.

expansion of the anonymous CV – which has already been put in place for statuary positions – to contractual positions. Recruitment juries are being sensitised to the particular problems which disadvantaged groups face. In addition, a pilot project is planned to offer special apprenticeship places for young people with a migration background to give them a first step into the labour market. The registration of persons with a migration background with a view to better monitoring their share in total employment in the federal public service is also under discussion. Finally, a diversity section has been created in the federal personnel and organisation service which monitors and co-ordinates the employment diversity efforts in the different areas of the federal public service.

Self-employment

In spite of some decline over the past decade, self-employment is still relatively frequent in Belgium, for both immigrants and the native-born (Table 2.6). In addition, immigrants are overrepresented among the self-employed. Evidence from a number of OECD countries (*e.g.* Clark and Drinkwater, 2000; Blume *et al.*, 2003) indicates that self-employment is one way of escaping marginalisation on the labour market.

There are some indications that this is also the case in Belgium.[37] When looking at those who exited from unemployment to employment, immigrants from non-EU-15 countries are more likely to be self-employed than the native-born or migrants from the EU-15.[38] Moreover, after controlling for age, sex and education, one finds that immigrants from non-EU-15 countries are somewhat overrepresented among those in microenterprises (*i.e.* no further employees).

Table 2.6. Self-employment of immigrants and native-born in various European OECD countries, 1995 and 2005

	Belgium	Germany	Denmark	France	Netherlands	Sweden	United Kingdom
	2004-2005 average (as a % of total employment)						
Total foreign-born	**14.9**	9.4	7.7	10.9	10.2	11.0	14.5
Non EU-15 immigrants	**15.1**	9.4	6.5	10.2	9.1	11.3	14.7
Natives	**12.6**	10.8	7.7	9.5	11.3	9.3	12.0
	1994-1995 average (as a % of total employment)						
Total foreign-born	**19.6**	7.3	12.2	12.3	9.8	11.6	16.3
Non EU-15 immigrants	**19.4**	..	12.1	13.0	8.7	..	16.6
Natives	**17.3**	8.2	9.4	13.7	12.3	10.9	12.7

Note: 1992 instead of 1994-1995 average for Germany.

Source: European Union Labour Force Survey.

There is a general perception that legal access to self-employment in Belgium is relatively restrictive (see Participation Fund, 2006 for an overview), but self-employment of both immigrants and the native-born is still higher in Belgium than in the other European OECD countries in the comparison group.

37. For a case study on the links between self-employment and marginalisation in the Turkish immigrant community, see Manço and Manço (1995).

38. The regression results are available upon request.

To create an enterprise, registration at the Crossroads Bank for Enterprises is obligatory for both native- and foreign-born persons. Key requirements to be able to register include proof of "basic management skills" and "professional capacity". Particular requirements have to be fulfilled to exercise one of the 34 regulated professions. Those who wish to work in one of the latter have to fulfill specific conditions which vary with the occupation and to prove that they have the corresponding professional competences. Restrictions concern many sectors of activities in which immigrants are often found, such as the building sector (joiner, plumber, etc.), car services (garage owner, used car business), food business (cooks, bakers, butchers) and personal care (hair dresser, etc.). One may suspect that these restrictions create informal jobs, although the exact extent of this is unknown. Proving professional skills is generally possible by obtaining the recognition of the respective diploma. However, only officially recognised diplomas are considered, which implies in most cases a process of formal recognition of foreign qualifications (see above).

For non-EU nationals, a "professional card" is generally required in order to register as self-employed. To obtain such a card, among other requirements, a business proposal for an activity of economic or other general interest needs to be presented. Professional cards are issued to persons who can prove that their activity is in the economic interest of Belgium. Some additional conditions may be imposed regarding the duration of stay. For example, a professional card for door-to-door salesmen is only accessible to immigrants who have stayed in the country for ten years or more. In 2003, many immigrant groups – including all residents with an unlimited (permanent) residence permit were excluded from the requirement of having a professional card. This considerably facilitated the access to self-employment.

There are no measures at the federal or regional level in place which are targeted at the self-employment of immigrants. However, there are several support organisations which help immigrants to become self-employed both in Flanders and Wallonia. In Flanders, for example, the organisation of the small- and medium-sized enterprises runs a special training programme for prospective immigrant entrepreneurs (see Box 2.4). In addition, Antwerp has established an advisory office for immigrants who are interested in becoming self-employed. The office provides them with mentoring and financial support.

The key microfinance institution in Belgium is the participation fund (*Fonds de Participation*), a public institution which encourages entrepreneurial activities by providing loans of up to EUR 30 000. Immigrants from non-EU-15 countries are significantly overrepresented both among applications and among granted loans. However, the percentage of applications that were successful was somewhat lower among immigrants from non-EU-15 countries than it was among native-born and immigrants from the EU-15.

In recent years, encouragement of entrepreneurship has been an objective of labour market policy in Belgium. Intensive accompaniment for those unemployed pursuing this route is provided, as well as subsidised counselling. Unfortunately, there are no figures available on the participation of immigrants in this measure nor any rigorous evaluations of the effectiveness of such measures.

2.2. Integration of the offspring of immigrants

The integration of the children of immigrants is of particular importance in the Belgian context, since about 25% of the 15-year-olds have at least one parent who is foreign-born – one of the largest shares among the European OECD countries. Focusing

on the second generation (*i.e.* native-born children with two foreign-born parents), one observes that the relative size of this population varies considerably between Flanders and Wallonia. Whereas 4% of the 15-year-olds (*i.e.* those participating in the OECD's Programme for International Student Assessment – PISA) in Flanders are second generation, the corresponding figure for Wallonia is 10%.[39]

Children of immigrants in the Belgian education system

Belgium is one of the countries with the highest percentage of schools per inhabitant. Although education is a domain of the linguistic communities, the education systems are broadly similar. In a market-like context, parents may choose between three different types of school organisation (community-level, local-level and private). More than 70% of students in secondary education in the Flemish community, and about 60% in the French community, are in private-type education. In the Flemish community, students with a foreign nationality are underrepresented in such private education whereas this does not seem to be the case in Wallonia. There is, in principle, free choice of school in Belgium. Nevertheless, schools have some discretion over admissions (see Hirtt, 2005).

Education is compulsory from the age of 6 to 18 years.[40] Participation in kindergarten is optional from the age of two and a half years. Available data indicate a lower participation in the non-compulsory education system for foreign pupils at the age of 2 and 3 years. Thereafter, participation rates seem to be roughly at par with those of young Belgians. Regular primary education takes six years, *i.e.* from the age of 6 to 12.

Secondary education is divided into three stages of two years each. During the first year, most of the pupils follow the same general education. However, those who left primary school with difficulties in the respective language or in mathematics (about 15% of all students at age 12) are directed to a vocational stream, the so-called B-stream. Students who prove to be successful during or at the end of this first year can switch again to the main A-stream. However, the majority of these students remain in the vocational stream. Students with a foreign background are largely over-represented in the B-stream. Available data for the French Community show that in 2004/2005, more than 30% of the pupils recorded in this stream were of foreign nationality, compared to 8% in the A-stream.

From the second stage of secondary education (*i.e.* generally at the age of 14), students are divided into three main tracks. In addition to the general education which prepares for tertiary education and the vocational stream, there is also a technical stream.[41] As Figure 2.8 shows, students with a foreign nationality are largely over-represented in the vocational track.

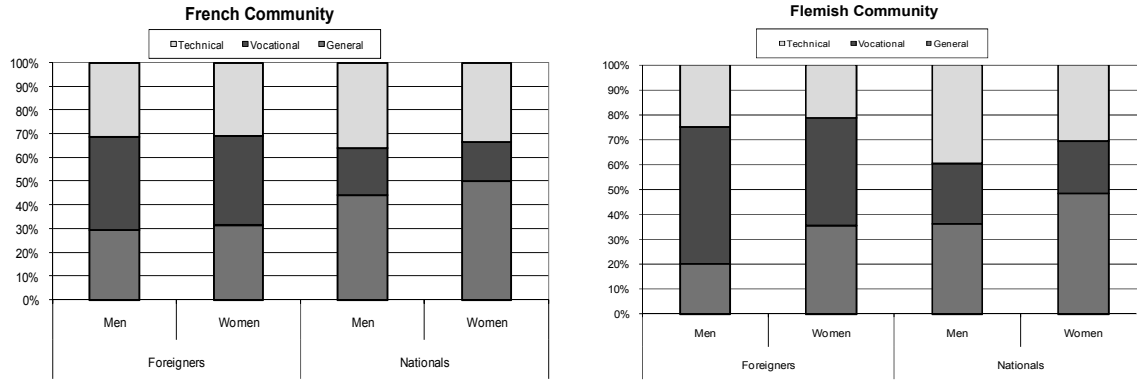
The significant over-representation of foreigners in vocational education is a cause for concern as this track is seen as a dead-end and seems to be less valued in the labour market (OECD, 2007b). In Belgium, the technical and professional tracks are not well integrated into the productive sector and are too often streams of relegation rather than of deliberate choice – as witnessed by the fact that students with difficulties (B-stream) are directly referred to the vocational track at the beginning of secondary education.

39. There is a relatively high proportion of children who have one native-born and one foreign-born parent.

40. In Flanders, it is currently discussed to lower the age of compulsory participation in education from six to five (*i.e.* to make the last year of kindergarten obligatory).

41. There is also an arts stream, but its importance is negligible.

Figure 2.8. Distribution of pupils by sex, nationality and stream, students in 12th grade

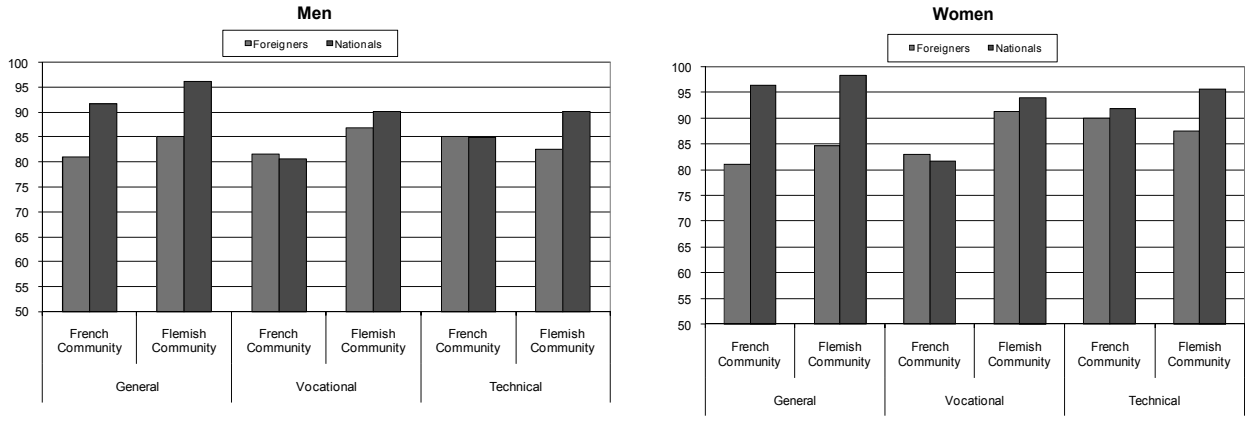


Source: Flemish Ministry of Education and Training; Gouvernement de la Communauté française de Belgique.

There have been some recent efforts to promote the vocational track, especially in the French community. In the framework of the *Contrat pour l'Ecole*, advanced technology centres have been created in some schools to better confront students with the reality of enterprises. In this context, practical trainings towards the end of secondary schooling have been developed. Further measures include better training of teachers and stronger involvement of enterprises.

After successful completion of six years of general, technical (or artistic) education or after seven years in the vocational track, students obtain a certificate. Except for the vocational track in the French community, young Belgian nationals tend to have much higher success rates than young foreign nationals (see Figure 2.9). In general, the French community records a better performance with respect to the success of foreign students in school – but only relative to native Belgians, not in absolute success levels which are similar in both regions. The exception here is the general education, where the differences are large for both linguistic communities, and where the success rates are lower in the French community.

Figure 2.9. Success rate at the end of the secondary education by linguistic community, sex, nationality and stream, around 2005



Source: Flemish Ministry of Education and Training; Gouvernement de la Communauté française de Belgique.

A different look at the educational attainment of the children of immigrants is given in Table 2.7 which shows the educational attainment of the second generation compared to the children of natives on the basis of labour force survey data linked with the national register. The figures confirm that in all regions and for both genders, children of immigrants have a lower educational attainment than children of the native-born. The gaps are smallest in Wallonia, and for children whose parents came from EU-15 countries.

Table 2.7. Educational attainment of children of natives and the second generation, 20-29 years old and not in education, 2003-2005 average

	Men			Women			Total		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Belgium									
Native-born, both parents native born	19	50	31	12	42	46	16	46	38
Native-born, both parents foreign-born	38	51	11	32	50	18	35	51	15
Native-born, both parents foreign-born in EU-15	27	54	19	23	48	29	52	51	24
Native-born, both parents foreign-born in non-EU-15	34	50	16	27	49	24	30	49	20
Brussels									
Native-born, both parents native born	15	35	51	14	26	60	14	31	55
Native-born, both parents foreign-born	37	51	12	32	49	18	35	50	15
Flanders									
Native-born, both parents native born	17	52	31	10	44	46	14	48	38
Native-born, both parents foreign-born	42	49	-	41	48	11	42	48	10
Wallonia									
Native-born, both parents native born	25	48	27	16	42	43	21	45	35
Native-born, both parents foreign-born	35	54	12	23	52	25	29	53	18

Note: Shaded estimates indicate that the number of individuals represented by the sample is less than 4 500. "-" means that the that the number of individuals represented by the sample is less than 2 500. Since several of the regional figures for the second generation by education level are based on small samples, they should be interpreted with caution. Foreign-born parents who had Belgian nationality at birth are excluded.

Source: Secretariat calculations on the basis of data provided by INS (labour force survey data linked with the National Register).

In Flanders, a large dataset – the SONAR database – has recently become available which allows for an identification of the native-born in Belgium who have a migration background.[42] An analysis with this dataset (Duquet *et al.*, 2006) shows that school drop-out rates about twice as high for the second generation as for natives. Differences in the socio-economic background (measured by the education and the occupational status of the father) explain only about 40% of the higher drop-out probability.

A comprehensive survey of children with a migration background is currently under way in the French community, to identify the distribution of such children in the school system and to identify their language mastery.

Educational outcomes of the second generation in international comparison

The results of the OECD PISA study have shown that in no other country are differences in educational outcomes between the children of immigrants and native students as large as in Belgium (Table 2.8). The situation appears to be particularly worrisome in the Flemish Community, where the gap in educational outcomes is about twice as high as in the French Community.[43] However, gaps are also relatively high in the French Community.

42. For the definition of native-born persons with a migration background, see below.

43. However, the overall outcomes for natives are much higher in the Flemish community. Yet, even in absolute terms, the second generation tended to have a higher PISA score in the different test subjects in the French Community, but the differences were generally not significant.

Table 2.8. PISA 2003 results for the children of immigrants

	Points differences compared to children of natives							
	Mathematics				Reading			
	Unadjusted		Adjusted		Unadjusted		Adjusted	
	2nd. gen.	Immig. students	2nd. gen.	Immig. students	2nd. gen.	Immig. students	2nd. gen.	Immig. students
Australia	(5)	(2)	(-4)	(1)	(4)	12	(5)	11
Canada	(-6)	(7)	-8	10	10	19	12	22
United States	22	36	(-1)	(10)	22	50	(-1)	23
New Zealand	32	(5)	16	9	22	25	(5)	29
Sweden	34	92	15	66	20	89	(0)	63
France	48	72	14	40	48	79	(12)	45
Austria	56	63	26	40	73	77	31	46
Netherlands	59	79	26	54	50	61	22	40
Switzerland	59	89	36	60	53	93	32	64
Denmark	70	65	36	40	57	42	(26)	19
Belgium	**92**	**109**	**47**	**73**	**84**	**117**	**40**	**81**
- Flemish Community	***122***	***95***	***73***	***66***	***103***	***93***	***58***	***65***
- French Community	***56***	***94***	***15***	***56***	***55***	***109***	***13***	***69***
Germany	93	71	45	22	96	86	48	37

Note: The figures show the points differences in the PISA 2003 scores for mathematical and reading literacy between native-born on the one hand and immigrant and second generation students on the other. "Immigrants" are students who are foreign-born and whose parents are also born in another country. "Second generation" are native-born students whose both parents were foreign-born. "Unadjusted" refers to the point differences in the raw scores, "adjusted" to the differences after controlling for the socio-economic background of students. The socio-economic background was created on the basis of the following variables: the International Socio-Economic Index of Occupational Status (ISEI), the highest level of education of the student's parents, the index of family wealth, the index of home educational resources and the index of possessions related to "classical culture" in the family home. For each test, the mean score across all OECD countries was set at 500 points, with a standard deviation of 100 points.

Source: *OECD PISA database*.

One reason for the low educational attainment of the children of immigrants may be the above-mentioned low educational attainment of the immigrant parents. Empirical data from many countries show some tendency towards the intergenerational transmission of human capital (see OECD, 2006b and 2007b). School systems may be able to offset this tendency somewhat, but this moderating effect appears to be weaker in Belgium than in other countries. The impact of parents' background on the outcomes of children tends to be higher in Belgium – especially in the Flemish Community – than in other countries (de Meyer *et al.*, 2005). The education system thus seems to be less capable of providing equal opportunities than elsewhere. This is noteworthy since streaming is relatively late in Belgium. Although, as seen above, children of immigrants tend to be overrepresented in the vocational tracks, the gaps in the outcomes remain persistent even after controlling for school type, as shown in a recent in-depth comparison of the PISA results for the French and Flemish Communities (Jacobs *et al.*, 2007).

Particularly worrisome is the fact that, even after controlling for the lower socio-economic background of the children of immigrants, gaps are larger than in any other country with the exception of Germany. In Flanders, they are even higher than in Germany. Children of immigrants are thus disadvantaged even when compared to native Belgians who also come from a disadvantaged background. This provides a case for more targeted policy intervention and, as will be seen below, such policies have been implemented in both linguistic communities.

Further analysis of the factors influencing the PISA outcomes shows that there is a large impact of age at immigration on the results (OECD, 2006b). The observation that immigrant children who arrived at later ages tend to fare less well holds particularly for the Flemish community, where the effect is larger than in any other OECD country (with the exception of Denmark). This makes a case for acceleration of family reunification.

A further factor which has a much larger effect in Belgium than abroad is language spoken at home. Again, the impact is even more pronounced in the Flemish community, where the coefficient is almost three times larger than in the OECD average.[44] There are a number of possible explanations for this. Firstly, students may spend fewer hours in schools than elsewhere. But this does not appear to be the case, as instruction time in Belgium exceeds the OECD average (OECD, 2006a).

Secondly, the contact with the host-country language for the children of immigrants may be later than elsewhere. Indeed, as seen above, early kindergarten attendance seems to be less common for the children of immigrants than for the children of natives. Although kindergarten attendance of the children of immigrants after the age of four appears to be relatively high in international comparison, the results for the children of immigrants suggest that much could be gained by *early intervention* policies which counter the disadvantages of the children of immigrants, particularly regarding language and socio-economic background, well before they enter primary school. Evidence from France (Caille, 2001) has demonstrated a strong influence of kindergarten attendance at the age of 2 on elementary school success. Likewise, recent evidence from the United States (Ludwig and Miller, 2007) indicates that so-called "head start" policies which *inter alia* provide preschool training for children from a disfavoured background have a beneficial effect on educational attainment. However, as will be seen below, current policy initiatives do not focus on the crucial role of early childhood education.

A third explanation for the strong impact of language spoken at home could be that language training in school may be insufficient. Finally, contact with the native language in school beyond the formal teaching hours may be more limited in Belgium than elsewhere, and the relatively large segregation of immigrant children in schooling reported above could be one factor contributing to this.

Policies to improve the educational outcomes of the children of immigrants

The latter two points – language training in school and measures against school segregation – have been key target areas of recent policy initiatives. In general, there are two main sets of measures to improve the educational outcomes of the children of immigrants. The first concerns so-called adaptation or reception classes for newly arrived children (see Box 2.6).

44. This very large effect could in part be attributable to the fact that part of the second generation has parents who were born in the Netherlands.

Box 2.6. Adaptation classes

In both the Flemish and French communities, there are special reception classes in place for students who arrived in Belgium during the past year.

In the Flemish community, reception classes in primary and secondary schools have been organised since 1991 for children with a foreign mother tongue. During a "reception period" of one school year, these pupils attend special classes in which they get the necessary language skills and provide them with information about the Flemish education system with a view to their integration into regular classes. For pupils who have not taken the reception course for a full year or who do not have a sufficient command of Dutch, the school may justify a proposal for the pupil to remain in the reception class for (part of) a second school year. After having concluded the reception class, pupils in secondary education can subsequently benefit from a one-year tutorial. The annual budget dedicated to these activities is around EUR 5 millions. Schools which organise reception classes get funding for additional teachers. To qualify for this, the school has to meet a number of conditions. These include drafting individual work plans that keep track of the progress in learning and social integration of non-Dutch-speaking newcomers, and implementing a training programme (training in language education and courses on dealing with social and cultural differences) in which all the school's staff may participate.

All secondary schools that have 25 non-Dutch-speaking foreigners enrolled may organise reception classes. It is also possible that several schools together organise such classes. In 2005, 133 primary and 38 secondary schools organised reception classes (which corresponded to 1 450 and 1 750 pupils, respectively).

In nursery and primary schools, focus is put on improving language capabilities but also social integration with other pupils. In secondary education, non-Dutch-speaking newcomers are grouped in separate reception classes. There is a strong, indeed almost exclusive, emphasis on learning Dutch. Only a limited part of reception education is for other subjects.

Since 2001, the French Community organises specific classes (called *Classe passerelle*) designed to better integrate newcomers. Access to these classes is restricted to children enrolled in a primary or secondary school who have arrived in Belgium less than one year ago, aged between 2 and a half and less than 18 and who are either an asylum seekers, a child of an asylum seeker or a citizen of a developing country. The duration of stay in the class vary a lot according to the needs from a few weeks to six months, extended to one year in exceptional cases. In 2006, 43 schools (of which 24 in Brussels) were authorised to open one or several *classes passerelle*. The global allocated budget (about EUR 2.3 million in 2006, an increase by more than 20% over 2005) corresponds to the recruitment of 35 additional teachers in the secondary education plus 30 teachers in the primary education. Schools which are authorised to open such a class are given additional teaching resources to integrate the newcomers. As the classes tend to be organised in schools close to reception centres, many children who fulfil the criteria cannot attend such classes. In these cases, they are counted as 1.5 students for the calculation of funding for teaching in the (regular) classes/schools which they are attending.

A second set of measures relates to equal opportunities in schools and, thereby, to preventing segregation. Following some pilot projects after 1989, the French community adopted a decree in 1998 which implemented a funding system favouring schools with students from disadvantaged backgrounds. There was a major discussion about such (indirectly) targeted measures as these tend to conflict with the traditional notion of equality generally adhered to in the French Community. Schools are labelled as "positively discriminated" (D+) if their students tend to come from disadvantaged areas. For each student, a socio-economic indicator for his/her living area is calculated which accounts for the average wage per habitant, the unemployment rate, the level of diploma of the population, and other characteristics. An average indicator is calculated on the basis of the individual coefficients for each pupil. Schools which have a lower average may benefit from additional resources if they have established an approved action plan which specifies how the funds will be invested. For 2006-2007, more than EUR 8.2 million additional funding was attributed to secondary schools defined as D+, the majority for additional teachers and social mediators. About 13% of all students were enrolled in schools benefiting from this measure.

On the Flemish side, the government approved the so-called decree for "equality of opportunities in education" in 2002, which envisages a series of measures targeted at children from disadvantaged backgrounds. Among the target groups are children who do not have permanent residence, children whose mother does not possess a secondary education diploma, and children from families who receive social benefits. Particular emphasis is on children whose language spoken at home is not Dutch and who fulfil one of the fore-mentioned criteria. Several measures have been implemented to assure that students from these categories can access equally schools considered to be of "better" quality and to prevent school segregation. In particular, schools which have 10% of more of students from the target groups can benefit from funding for additional teaching hours. To be able to benefit from this, schools are required to conduct an evaluation regarding their students, strengths and weaknesses, and to identify areas of improvement.

In addition, schools are no longer allowed to accept a student if another student has been declined admission before. This is expected to lead to a more transparent admission policy. However, there appears to be a lack of information among foreign or family with foreign background about the possibilities available to them, which reduced the effectiveness of the measure. Since 2003, there is an observation body in place to monitor the impact of the measures which consists of the main actors involved, including schools, migrant representations and the local authorities.

Labour market outcomes

The labour market outcomes of the second generation are below those of the native-born in most OECD countries, and Belgium is no exception in this respect.

Unfavourable labour market outcomes for the children of immigrants are not a recent phenomenon in Belgium. Descriptive data from the 1991 census (Phalet and Swyngedouw, 2003) show that native-born foreigners aged 18-50, particularly those with Turkish and – to a lesser extent – Moroccan nationality, had lower labour market participation and significantly higher unemployment than native Belgians. For men, there were even indications of divergence across generations, as the native-born foreigners had lower outcomes than the foreign-born – but this may reflect differences in the age structure between these groups. The opposite was observed for women, with significantly better outcomes for native-born foreigners across all major origin groups. Although a significant gap in participation and employment rates *vis-à-vis* native Belgians remained, it was lower among women than among men.

There are relatively few measures in place which specifically target the children of immigrants. At the federal level, on 23 December 2005, a so-called solidarity pact between the generations was established which envisages a variety of measures aimed at better labour market integration of young persons. Children of immigrants with low qualifications (see OECD, 2007a) are a special focus group of the pact. Among the measures that have been taken in this respect is an adaptation of the "Plan Rosetta" which provides a refund on social security contributions for employers who commit to having at least 3% young persons below the age of 26 employed, with children of immigrants counting for twice for the quota.

Some basic information on the labour market integration of the native-born children of immigrants is presented in Table 2.9. It shows that the employment rates of the second generation are particularly low for children of immigrants whose parents came from non-EU-15 countries, for women, and in the region of Brussels. The employment rates of the

second generation increase more along educational attainment than for the children of natives. Among women, the increase is more than twofold, albeit from a very low level (from 31% to 78%).[45] Low-qualified second generation women thus seem to be a particularly disfavoured group in the Belgian labour market.

Table 2.9. Employment rates for children of natives and the second generation, by origin countries, region, gender and qualification level, 20-29 years old and not in education, 2003-2005 average

	Low			Medium			High			*Total*		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	*Men*	*Women*	*Total*
Belgium												
Native-born, both parents native-born	73	50	64	84	74	80	88	89	89	*83*	*78*	*81*
Native-born, both parents foreign-born	49	31	41	68	53	61	78	78	78	*62*	*51*	*57*
Native-born, both parents foreign-born in EU-15	66	46	57	83	63	74	85	81	82	*79*	*65*	*72*
Native-born, both parents foreign-born in non-EU-15	48	30	40	66	52	59	79	83	81	*62*	*53*	*58*
Brussels												
Native-born, both parents native-born	69	51	60	73	65	70	85	86	85	*79*	*75*	*77*
Native-born, both parents foreign-born	35	26	31	59	47	53	77	63	69	*52*	*43*	*48*
Flanders												
Native-born, both parents native-born	81	61	74	88	80	85	90	91	91	*87*	*83*	*85*
Native-born, both parents foreign-born	64	35	49	77	64	70	-	90	81	*71*	*55*	*63*
Wallonia												
Native-born, both parents native-born	59	33	50	75	59	68	83	84	84	*73*	*66*	*70*
Native-born, both parents foreign-born	51	-	45	72	51	62	85	85	85	*66*	*55*	*61*

Note: Shaded estimates indicate that sample sizes are less than 4500. "-" means that the sample size is less than 2500. Since many of the regional figures for the second generation by education level are only marginally more than 4500, they should be interpreted with caution. Foreign-born parents who had Belgian nationality at birth are excluded.

Source: Secretariat calculations on the basis of data provided by INS (labour force survey data linked with the National Register).

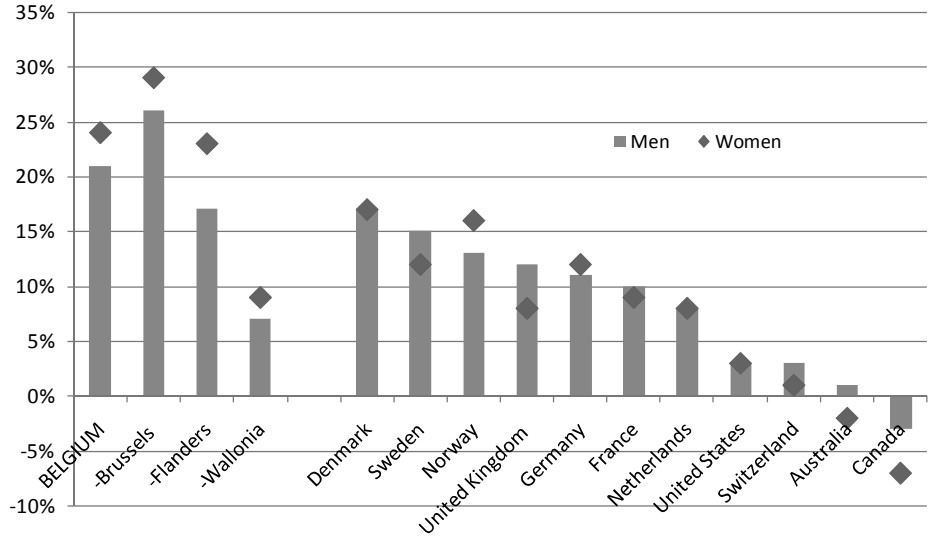
The gaps in employment rates of the children of immigrants *vis-à-vis* the children of natives are also high in international comparison, as Figure 2.10 shows. Only in Wallonia are the gaps comparable to those observed in other OECD countries. However, these figures should be seen in the context of very low overall employment levels for youth in Wallonia. Nevertheless, there is some indication that these somewhat more favourable figures for Wallonia also hold after controlling this and other factors (see Annex Table 2.1D.b).

Empirical analysis with the above-mentioned SONAR database from Flanders reveals that there are large and significant differences for the children of immigrants not only in the probability of being in employment, but also in the duration of job search until finding employment (see Table 2.10).[46] In both cases, the "second-generation" disadvantage is broadly of the same magnitude as the gender one. Differences remain even after including controls for the school stream, the individual's (subjective) ranking in class, the work position of the father, and the educational attainment of the mother. Introducing interaction effects between migration background and schooling reveals that there is in general no different impact of having a higher degree for the second generation or for young immigrants than for native Belgians. A notable exception in this respect is completion of the technical stream of secondary schooling (TSO/KSO), which seems to have a higher impact on the chances of finding an employment for the second generation.

45. In logistic regression analysis after controlling for age, region and marital status, a stronger impact *vis-à-vis* children of natives is nevertheless only observed for men (see Annex Table 2.1C.b).

46. The regression results on the basis of the SONAR data which are referred to below are available upon request.

Figure 2.10. Gaps in employment rates between the native-born children of immigrants and the children of natives, 20-29 years old and not in education, latest available year



Note: Data for France and Belgium excludes native-born children of those foreign-born parents who had French/Belgium nationality at birth. Adjustments were also made for Australia, Denmark and Switzerland (see OECD, 2007a).

Source: Belgium: Labour force survey linked with register data (data provided by INS), Netherlands: Data provided by Statistics Netherlands, Switzerland: Census (2000); Denmark, Norway and Sweden: Population register (2004); Germany: Microcensus (2005); Australia and Canada: Census (2001); France: Labour force survey (2005); United States: Current Population Survey March 2005 supplement; United Kingdom: Labour force survey (third quarter 2005).

Table 2.10. Estimated average duration of unemployment (in months) of young persons after school-leaving in Flanders

Group	Mean duration - men	Mean duration - women
Native Flemish	3.1	4.3
Second generation	4.5	18.9
Immigrants	9.9	33.7

Note: Kaplan-Meier Censored Estimates for the duration of unemployment. "Second generation" also includes persons who immigrated before the age of 5. Because of multiple response options, the second generation also includes persons who are native-born and whose grandparents have immigrated.

Source: SONAR database.

Looking separately at men and women, one observes that the differences between the second generation and native Belgians are much larger for women. An interesting observation in this context is that marriage enhances the duration of inactivity for young women of Moroccan origin to a greater extent than for Belgians. Such an effect, however, is not observed for comparable women with a Turkish background.

Both before and after controls, native-born with some migration background (*i.e.* the second generation) fared significantly better than persons who arrived as immigrants after the age of 6 (but before the start of secondary schooling). This suggests that the first years of schooling have an important impact on labour market integration, even when students have the same educational attainment and socio-economic background. This finding is particularly noteworthy in the context of the above-mentioned results from the PISA assessment which point to a strong influence of age when migration occurs on educational outcomes.

Language spoken at home also appears to exert a strong and robust influence on the labour market outcomes of the children of immigrants. After controlling for cohort effects, gender, educational attainment, position in class and parental background characteristics, there is no significant difference between the children of immigrants who speak Dutch at home and native Belgians. In contrast, a large and significant effect is observed for those who speak another language at home. This suggests that language proficiency may have an important impact on employment of the children of immigrants.[47] Indeed, in Flanders with its large service sector, full language mastery may be particularly valued by employers. Evidence from Norway (Rosholm *et al.*, 2006) suggests that immigrants have more difficulties entering into jobs that require certain skills commonly required in the service sector – such as understanding social and cultural codes, unwritten rules, implicit communication, norms, etc.

There is a widespread perception that the general labour market services do not do a good job in integrating the second generation into the labour market. This has been a prime motivation for projects such as the Work-Up project (Box 2.7). There is, however, little empirical evidence available to ascertain whether or not this is actually the case. Descriptive evidence from the SONAR database shows that young people with a migration background are as likely to find their first job via the VDAB as children of natives. For second-generation women, there are even indications that the VDAB is somewhat more often the channel for finding employment than for native Belgian women.[48] There are also indications that recourse to temporary work agencies to find a job a channel that is more often taken by young persons with a migration background than by native Belgians.

Box 2.7. Activation for persons beyond the reach of employment services: the Work-Up project

To facilitate the labour market integration of people with a migration background, Flanders has established a network of activation consultants to provide a bridge between job seekers on the one hand and mainstream employment services on the other. Eight consultants are currently employed to activate persons of migrant origin (particularly young immigrants and the second generation). The principal aim is to bring those persons who are generally far from the labour market into contact with the mainstream employment services, with whom co-operation agreements are concluded. The aim is to bring 75 persons annually into the mainstream accompaniment.

The task of the activation consultants is two-fold: on the one hand they operate as "fieldworkers" to provide individual support and guidance to persons with a migrant background who are out of the labour market; on the other hand, they communicate to the VDAB the specific obstacles of these migrants and thereby help improve mainstream services.

The project is publicly funded, but carried out in the framework of the Forum for Ethnic and Cultural Minorities which is the (publicly financed) secretariat of nine key migrant associations. These associations serve as co-operation partners and carry out complementary actions (such as individual counselling, group sessions) which mainstream public employment services may not offer. These actions are aimed to stimulate migrant participation in the mainstream accompaniment and training programmes, and thus to facilitate their entry into the labour market, and to prevent premature departure from the accompaniment programme.

Through the formal secretariat structure of the Forum for Ethnic and Cultural Minorities, the project also involves the participating migrant associations in the development of integration policy by giving them a voice in the Diversity Commission of the Flanders Social and Economic Council (SERV).

47. However, speaking Dutch at home may also be linked with a range of other, non-observable factors that affect integration.

48. Since many of the native-born children of immigrants also have Belgian nationality since birth, they are thus literally also "native-born Belgian". Nevertheless, to avoid confusion, the term "native Belgian" below will only refer to the native-born children of natives.

Effects of work practice measures

Experiences from the other OECD countries that have been reviewed to date suggest that measures which bring immigrants and their adult children into contact with employers are particularly effective, as they help to overcome information asymmetries. This is also likely to be the case for Belgium.

One key transition pathway from school-to-work which links training, work experience and employer testing is the dual system of apprenticeship. The recent OECD study on the employment of young people in Belgium (OECD, 2007a) suggests that apprenticeship, although it is currently a transition pathway which is seldom pursued in Belgium, may be a promising way of better integrating youngsters into the labour market. Indeed, empirical analysis bears this out.[49] In the companion review on the labour market integration of immigrants in Germany (OECD, 2007b), the effect of apprenticeship on the chances getting employment was much stronger for the second generation than for comparable children of natives. In Belgium, following an apprenticeship has about the same, positive impact on the chances of getting into employment on the children of immigrants and on the children of natives in Belgium. This result also appears to hold for traineeships during secondary education.

Another pathway to work is via temporary employment agencies. Experiences from Sweden (OECD, 2007b) have shown that work in temporary employment agencies can be a springboard for more stable employment, and that this effect is much stronger for immigrants than for the native-born. Indeed, empirical analysis with the SONAR database for this chapter shows that in Flanders, this type of work is more often used by children of immigrants than by the children of the native-born. About one fourth of the children of immigrants had as their first job a contract via temporary employment agencies, slightly more than in the case of natives (20%). However, there is no evidence that such work has a more beneficial impact on the children of immigrants' chances to get into a more stable job than on the children of natives. Control variables for temporary employment agency work indicate a negative effect of this type of work on the chances of getting more stable employment, which suggests that there may be some negative, unobserved selection among those who take such employment. The interaction effect between migration background and work in temporary employment agencies had the expected positive sign, but was statistically insignificant, suggesting that the impact of this type of work is basically the same for persons with and without a migration background.

A separate set of regressions was run only for those people who had taken jobs in temporary employment agencies. For men, chances of getting a stable job thereafter remained significantly lower for those with a migration background than for those without. In contrast, however, the "migration background" effect disappeared for women. Similar findings (now for all men and women) held for analysis with VDAB training and with internships during secondary education (although not for apprenticeship). These are tentative indications that measures which provide young people with some first labour market experience may be particularly beneficial for second-generation women.

49. The results are based on an analysis with the SONAR-Database and are available upon request.

Discrimination

Without a common measure of human capital, it is difficult to assess the incidence of discrimination in the labour market. Even for persons with equal socio-demographic characteristics, remaining differences in employment and earnings probabilities may be due to unobservable characteristics such as access to networks or tacit knowledge about the functioning of the labour market. Discrimination remains as a third possibility and can take two forms. The first is statistical discrimination, which occurs in the presence of information asymmetries, *i.e.* when the employer judges an applicant not on the basis of his/her expected individual marginal productivity, but rather on preconceptions about the *average* productivity of the group to which the person belongs. Outright and conscious discrimination on the basis of race, *etc.* – the second form – may be less common.

Using a large dataset from the Central Social Security Bank, Vertommen and Martens (2006) find that across most origin groups, naturalised foreigners earn more than foreigners from the same origin countries. Even the naturalised foreigners, however, generally earn less than native Belgians. Nevertheless, there is little evidence that this is due to discrimination, as most of the earnings gap is accounted for by observed socio-economic differences. After controlling for a range of other variables which determine wages (sector, occupational status, age, gender, region and company size), they find that having a foreign origin has a significant, but small influence – it explains only 1.5% of differences in wages, whereas differences in the sector of employment explain more than 9%.[50]

The ILO has conducted a series of discrimination studies on the basis of random applications to job offers by natives and immigrants with similar characteristics, and Belgium was among the countries under study. The ILO testing of labour market discrimination in Belgium (Arrijn *et al.*, 1998) showed that discrimination is a significant impediment to the employment of immigrants and their children in Belgium. Although the results are in line with those observed in the other countries that were subjected to the ILO testing, it appears that the results have had a stronger impact in Belgium than elsewhere. This seems to be linked to the fact that the results were published at a time when both the political and economic contexts were favourable.[51]

The study is now somewhat dated, and there is no other empirical evidence available that would be equally pertinent. One indication of possible discrimination is given by the fact that there are large and persistent gaps in the employment of immigrants compared to native-born, even for those who have obtained their education in Belgium and after controlling for other socio-demographic characteristics.[52] For immigrants from non-EU-15, the disadvantage is of the same magnitude as the gender gap. Indeed, the clear ranking in the labour market position – native Belgians, naturalised immigrants from the EU-15, EU-15 foreigners, naturalised immigrants from non-EU-15 countries and immigrants with a foreign nationality from non-EU countries indicates that discrimination plays a role. The findings on the positive impact of naturalisation for immigrants from

50. This dataset does not contain information on educational attainment.

51. Since 1993, the Centre for the equality of chances had the explicit mandate to combat discrimination. The favourable economic conditions around 1998 also made the public and employers more receptive to the issue (see Adam, 2006).

52. Indeed, even the native-born children of immigrants have a lower employment than comparable children of natives.

non-EU-15 countries suggest that having Belgian citizenship may limit discrimination against persons from more distant cultural backgrounds.

Further indirect evidence on potential discrimination is given by the observation reported above that even after controlling for degree, performance in school and parental background, a significant gap in the employment probability one year after leaving school remains between young people with a migration background and native Belgians. To the degree that parental background, notably the occupation of the father, controls for personal networks, this is a strong indication that discrimination remains a significant impediment to employment. A further indication in this direction is given by the observation that differences remain significant in most specifications even for those young people with a migration background who do not speak a foreign language at home.[53]

Given these results, it is conceivable that part of the explanation for the unfavourable labour market position of both immigrants and the second generation may lie in discrimination in the labour market. Awareness of this seems to be more pronounced in Belgium than in other OECD countries, as shown by an ample set of measures and initiatives aimed at combating discrimination. However, at least with respect to migrants who have been in Belgium for a longer period and their children, there is little evidence that this had a significant effect on improving their labour market outcomes thus far.

The likely on-going prevalence of discrimination in hiring does not exclude alternative explanations for the unfavourable situation of migrants and their children, such as less developed personal networks and uncertainty on the side of employers regarding immigrants' and their childrens' skills. In practice, it is difficult to disentangle these as the former have the effect of excluding equally skilled persons with a migration background from certain jobs even where there is no ostensible discrimination. The recent shift in policy attention away from mere anti-discrimination to promotion of diversity seems to reflect awareness of this.

53. This concerns more than 50% of the young persons with a migration background covered by the SONAR database which has been used for this analysis.

Summary and Recommendations

Labour market outcomes in Belgium are not favourable...

The first and salient observation with respect to the labour market integration of immigrants in Belgium are the large gaps in the employment of immigrants compared to the native-born in international comparison. Likewise, the unemployment rate of immigrants is about 10 percentage points higher than that of the native-born, a gap that is significantly higher than in other OECD countries.

...although the picture varies widely across regions and migrant groups.

Belgium is a country with a long migration tradition, and the immigrant population is a rather heterogeneous one. Outcomes vary widely among immigrant groups, with immigrants from EU-15 countries – who account for about 45% of all working-age immigrants – having outcomes that broadly match those of the native-born. In contrast, employment rates for non-EU-15 migrants are low, particularly for women. Outcomes are generally best in Flanders, followed by Brussels and Wallonia in that order. More recent immigration waves, particularly from non-EU-15 countries, have tended to settle in Flanders and Brussels.

Employment of immigrants has been low for many years…

Low employment and high unemployment of immigrants are not recent phenomena. Indeed, in contrast to what has been observed in other European OECD countries, employment of immigrants has been well below the employment of native Belgians for more than two decades. This is linked to the fact that the industrial areas which have been in decline since the 1970s, especially in Wallonia, are also those where the bulk of post-war labour migrants were employed. Indeed, outcomes of immigrants from EU-15 countries have improved compared to those observed in the early 1980s. At the same time, immigration flows have changed towards a larger proportion of non-EU-15 immigrants.

…but past policies have not paid much attention to the issue.

In spite of the longstanding gaps in employment of immigrants compared to the native-born, a comprehensive integration policy was virtually absent until the late 1980s. In the 1990s, labour market integration has been almost exclusively tackled from a discrimination angle. Only very recently has attention shifted to a broader based integration policy in the context of diversity and indirectly targeted policies, although there remains a strong focus on anti-discrimination measures.

Responsibilities for integration are shared by many actors…

Integration policy in Belgium is shaped by a complex structure of responsibilities, which are shared between the federal level, the (geographic) regions and the (linguistic) communities, all of which have their own governmental structure. This complexity raises serious governance and accountability questions and makes analysis of policy effectiveness a challenging undertaking.

…and there is need for more effective co-operation and experience sharing between them, both within and between government levels.

There is a certain lack of co-ordination between the different policies in place, and very little interaction between the different actors, particularly between the regions. Policies would benefit if transparency, policy co-ordination and experience-sharing could be improved. This could include a regular monitoring and comparison of the measures that have been put forward by the different actors, focussing on the outcomes. The regular publication of a national integration report should be considered in this context.

Outcomes of recent arrivals appear to be quite favourable.

Contrary to the situation for earlier immigrant cohorts, outcomes of recent arrivals in Belgium do not appear to be unfavourable in international comparison. This is partly due to the fact that more recent cohorts tend on average to be higher educated than previous ones. Yet, even after controlling for such factors, recent cohorts have a relatively high employment probability when compared to established migrants. For non-EU-15 immigrants, there seems to be significant convergence over 5-10 years, but this comes to a halt thereafter. Because this is cross-sectional data, however, it is not certain that this means that there is no further improvement. It could simply reflect the fact that immigrants who have been in the country for a long time have been in occupations and sectors strongly affected by structural change. There is some tentative evidence that recent arrivals are more easily integrated into jobs by the employment services, notably in Flanders. This important issue merits further analysis in the context of the ongoing programme evaluations in that region.

The low labour market attachment of immigrant women is a particular concern…

The labour market situation of immigrant women, particularly of those from non-EU-15 countries, is worrisome. Only one third of the latter are in employment, and unemployment rates are higher than in all other OECD countries in the comparison group. The situation is particularly unfavourable for immigrant women from Morocco and Turkey, which are the two most important countries of origin in this group. Employment outcomes are significantly below those observed in other European countries which had large-scale immigration from these countries, such as France, Germany and the Netherlands.

…and their educational structure, linked to significant unemployment/ inactivity traps, seems to be part of the explanation.

Belgium is among the OECD countries where employment of women differs most by educational attainment. This appears to be linked with disincentives in the tax and benefit system which result in high net replacement rates for couples with second earners and a low income. This is also an issue for integration, as foreign-born women are overrepresented among those with low education. In addition, the majority of foreign-born women have obtained their degree abroad, and the above-mentioned discount on the labour market is particularly pronounced for women from non-EU-15 countries. As a result, the latter tend to have relatively low expected wages and are thus affected by the unemployment/ inactivity traps resulting from the high net replacement rates for low earners. These factors seem to explain a significant part of the gaps in the employment of foreign-born women *vis-à-vis* the native-born.

"Service cheques" should be better promoted to low-educated immigrant women.

One measure to increase (regular) employment of women has been the introduction of so-called domestic service cheques. Although one would expect, by the nature of the work concerned, this to be a measure to insert low-educated immigrant women into the labour market, they are underrepresented among the beneficiaries. There thus seems to be scope for providing more information on the service cheques among this group of immigrant women, in co-operation with the registered companies concerned.

There is scope for more training for immigrants, as well as a more harmonised and flexible recognition of foreign qualifications and skills…

One factor contributing to the low employment of immigrants is their rather unfavourable qualification structure. This could be tackled by more active training for immigrants, and this would also help in overcoming demand-side barriers to their employment arising from the relatively high wages. In addition, foreign qualifications, particularly from non-EU-15 countries, seem to be largely discounted on the labour market. Whether or not this is due to discrimination or to other factors such as actual non-equivalence is not known. In any case, the recognition of foreign qualifications appears to be relatively burdensome, and approaches differ between the three linguistic communities. Services for the validation of competences have developed only recently. Thus, there is a strong case for a more co-ordinated approach to the recognition of foreign qualifications, linked with a strengthening of certification of more practical competences and bridging offers.

…which could benefit from a greater involvement of the social partners in this.

Labour market policy in Belgium is determined in close co-operation with the social partners. Both employers associations and labour unions are quite actively involved in the integration process. One way of tackling the issue of the recognition of foreign qualifications and experience could thus be to provide more possibilities for the validation of competences in co-operation with the social partners.

Better targeting of wage subsidies and reductions to social security contributions would seem to disproportionately benefit immigrants.

In addition to unemployment/inactivity traps, there are also significant demand-side barriers to employment in Belgium. Labour costs are relatively high in international comparison. Because immigrants are overrepresented among those with a very low education, the high labour cost in Belgium which adversely affect employment prospects for this group will have a stronger effect in the aggregate on immigrants. There are a range of reductions on employers' social security contributions to incite hiring, but these are generally not targeted. Given their lower expected wages, immigrants would seem to disproportionately benefit from targeting of wage subsidies and reductions of social security contributions to low-wage earners. There has been some progress on this recently, but there still remains large scope for more targeting.

The large public sector plays an important role-model function, but the apparent low representation of the second generation merits further attention.

The public sector accounts for a relatively large part of total employment in Belgium. For a variety of reasons – notably access restrictions for foreign nationals to certain parts of the public administration – immigrants tend to be underrepresented in public sector employment in all countries. Improving access to employment in the public sector has been a key lever of integration policy in the past and, as a result, Belgium is among the OECD countries where the generally observed underrepresentation is least pronounced. This also seems to be partly linked with the relatively liberal naturalisation policy, as naturalised immigrants who are employed are almost as likely to be in the public sector as native Belgians. Several targeted measures have been implemented to increase employment of immigrants in the public administration, such as the introduction of anonymous CVs in the federal public service. It should be evaluated whether this had an effect on hirings. Finally, there are some indications that the second generation is less likely to be employed in the public sector than immigrants. This is an issue which merits further investigation and could make a case for policies to better integrate the second generation into the public sector, for example by targeted information campaigns and internships.

Naturalisation is viewed as a means of promoting integration, and access to citizenship has been significantly eased in recent years.

Following a series of successive liberalisations in citizenship access since 1984, access to Belgian nationality is currently available for most migrants after three years of residence. Given this, Belgium is among the most liberal OECD countries regarding naturalisation, and this policy is seen by the Belgian authorities as a factor contributing to integration. This view is supported by empirical evidence showing that naturalised immigrants have higher wages and a higher employment probability than immigrants with a foreign nationality. Although it is difficult to fully control for positive self-selection among those who have opted for Belgian citizenship, the positive impact is strong and holds even after controlling for a large range of socio-economic characteristics, including age, country-of-origin, educational attainment, region and duration of residence. Naturalisation thus seems to be a significant

determinant of employment outcomes. The impact is largest for immigrants from non-EU-15 countries, which could indicate that the labour market values the presumed (personal) attachment to Belgium for those who have naturalised.

More statistics on place of birth are thus needed…

With the easier access to citizenship in recent years, more and more immigrants have obtained Belgian nationality. Since administrative data only distinguish along nationality lines, it is impossible to identify naturalised immigrants. This hampers analysis of integration, particularly since citizenship take-up has been selective. There is thus a clear need for more statistics on the foreign-born. At the same time, it is also important to identify the native-born children of foreign-born parents, as these have lower outcomes than comparable natives without a migration background. However, this can only be done with information on the parents' country of birth – and not on the basis of nationality of the native-born.

…but this does not necessarily imply the introduction of "ethnic statistics".

To tackle this, there is an ongoing discussion on the implementation of "ethnic statistics" in Belgium. From an integration perspective, the term of "ethnic statistics" is a rather unfortunate one, as it seems to imply that even naturalised immigrants and their offspring are in some sense "outsiders" in the society. In addition, it is not always clear along which lines "ethnicity" should be defined. The issues at stake for the foreign-born and for their native-born children differ substantially, as the latter have been raised and educated in Belgium, which is generally not the case for persons who have immigrated themselves. Analysis of the integration of these two groups should thus be separated.

Overcoming the current significant deficit in research and evaluation is key, and existing data should be better exploited

Given the contentiousness of statistics based on migration background in Belgium, it is important to note that there is already large scope for research and analysis under the current conditions. The introduction of new statistics may not be necessary when there is other information, such as from surveys, in place which can compensate for this. Indeed, there are a number of datasets like the labour force survey (linked with register data) which in principle already allow for research regarding integration of the foreign-born, naturalised immigrants and even the second generation, but these are rarely exploited. With surveys and similar information, policy evaluation does not necessarily hinge on broad-based introduction of "ethnic statistics". For example, an evaluation of diversity plans could be done in a number of well-designed projects.

Language training in both national languages should be reinforced.

A particular obstacle in the Belgian context is the language barrier between Wallonia and Flanders, where relatively fewer migrants live but where labour market conditions are much more favourable. There thus appears to be some scope for enhancing geographic mobility – and thereby outcomes – by providing immigrants with language training if lack of knowledge of the second national language is the key employment obstacle. This

seems to be particularly important for occupations where relatively little, targeted training in the host community's language will suffice to be functional on the workplace. Preliminary evidence from Brussels suggests that such training might be an effective measure – but few immigrants benefit from it to date. There appears to be a case for more actively promoting this tool to immigrants, and to implement similar measures in the other regions – particularly around the linguistic frontiers.

There is a case for mainstreaming of effective language training practices in Wallonia.

Language training is a sub-federal competence, and approaches differ between the Flemish community and Wallonia. Language training is more co-ordinated in the Flemish community, where it is embedded in the introduction programme. In Wallonia, language training is mainly organised by local associations. Although there has been no evaluation to date, some of these training offers seem to be more effective than others, as witnessed by long waiting lists for certain programmes. This is problematic for recent arrivals, for whom early labour market access is crucial. There thus seems to be a case for better identification and mainstreaming of effective language training practices.

There are indications of discrimination in the labour market.

There are large and persistent gaps in the employment of immigrants even for those who have obtained education in Belgium. This is also observed for the native-born children of immigrants, even after controlling for educational attainment, position in class, and parental background. These are indications of discrimination in the labour market, and testing results have confirmed this.

This is mirrored in a focus on anti-discrimination and diversity policies…

There seems to be a large awareness of this problem. Indeed, Belgium appears to be among those OECD countries where the focus on anti-discrimination measures is strongest. However, these are difficult to implement, and legal provisions do not suffice. As a result, there has been a shift towards indirectly targeted actions in the context of "diversity" policies, which focus on pro-active measures to overcome discrimination, augment employers' training offers to disadvantaged groups and to diversify recruitment channels.

…whose effects need to be evaluated.

However, diversity plans are rather recent and cover only a fraction of actual employment. As of yet, there is no discernible impact on employment at the aggregate level. Given the strong and growing emphasis placed on such policies in the current integration framework, it is important to better investigate their effect, particularly in the long run. This would allow better targeting and mainstreaming of effective measures.

Other factors than discrimination could be at work as well, and need to be more clearly addressed.

Discrimination is only one possible explanation for the large and persistent gaps in the employment of immigrants and their children at all education levels. Less developed personal networks and information asymmetries are alternative explanations and it is

difficult to disentangle these from outright discrimination as they have the same effect. Anti-discrimination policies, however, do not address these issues. Other integration measures such as mentoring, traineeships, and (eventually subsidised) temporary work placements are relatively rare. Experiences from other OECD countries such as Denmark and Sweden suggest that these can be effective measures, and their broader implementation in Belgium should be considered. The related recommendations regarding the school-to-work transition in the framework of the recent OECD study on the labour market integration of youth in Belgium (OECD, 2007a) deserve particular attention from the aspect of integrating immigrant youth.

Differences in educational outcomes between the second generation and natives are higher than in other countries.

The OECD PISA study revealed that the differences in the educational outcomes between the second generation and the children of natives are larger in Belgium than in any other OECD country. Differences are high throughout the country, but particularly pronounced in the Flemish Community. This also holds for educational attainment, where the second generation – particularly those in Flanders and Brussels and with parents from non-EU-15 countries – is largely overrepresented among the low-qualified. This is partly attributable to the unfavourable socio-economic background of the children of immigrants. Indeed, the impact of parental background is larger in Belgium than elsewhere. Even after controlling for socio-economic background, the gaps *vis-à-vis* the children of natives remain very high. The Belgian school system – particularly in the Flemish Community – faces a particular challenge in overcoming the disadvantage of family background and any additional disadvantage associated with immigrant background (*e.g.* language problems).

Children of immigrants and their parents need to be better informed about their educational options.

Belgium has a market-like education system in which many schools are private. There are some indications that this has contributed to segregation in schooling, particularly in the Flemish Community. A variety of measures are in place to tackle this, but they do not seem to have had the desired effect. Thus, there is a case for more and better information dissemination to the children of immigrants – and to their parents – on the educational options available to them.

Differences in employment rates between the second generation and natives are also larger than in other OECD countries, particularly for the low-educated.

Differences in employment rates between the second generation and natives are also higher than in other OECD countries. Women of the second generation seem at a particular disadvantage. Among the three regions, gaps in employment rates of the second generation *vis-à-vis* the children of natives are largest in Brussels and smallest in Wallonia, albeit at low overall youth employment levels. Employment rates of the second generation increase stronger with educational attainment than for native Belgian, which suggests that much could be gained by an improvement in the education levels among the second generation.

The persistently lower probability of finding employment for the second generation calls for more targeted action.

The lower probability of being employed is strong and persists even after controlling for educational attainment, position in the class and parental background. This is particularly worrisome. Measures which facilitate the school-to-work transition such as apprenticeship appear to benefit the second generation, but no more than children of natives. For women from the second generation there are some indications that employment through temporary employment agencies and traineeships have a larger impact than on comparable natives. There may thus be a case for better targeting such instruments to this group, as part of a more comprehensive strategy that pays more attention to the second generation, particularly when they are low-educated.

Early intervention policies for the children of immigrants need to be strengthened.

There is a strong impact of language spoken at home both on the PISA results and on later labour market success. In addition, there is a strong impact of age at immigration on the educational outcomes of the foreign-born children of immigrants. There are some indications that this also holds for labour market outcomes, even after controlling for educational attainment. This suggests that – in the presence of children – delays in family reunification may be counterproductive and that early intervention policies need to be strengthened. Current measures focus largely on language training just before entering primary school and thereafter. Evidence from other OECD countries suggests that much could be gained by language stimulation for children at much earlier ages (*i.e.*, at the age of 2 or 3). This critical age is also the one where the gap in kindergarten participation between foreign and native children is largest. Measures should be introduced to incite early kindergarten attendance by the children of immigrants. This should be done in a pro-active way involving parents, for example by providing language training to the mothers in the same institution.

References

Adam, I. (2006), "La discrimination ethnique à l'embauche à l'agenda politique belge", *Formation Emploi,* No. 94, pp. 11-25.

Arrijn, P., S. Feld and A. Nayer (1998), "Discrimination in Access to Employment on Grounds of Foreign Origin: the Case of Belgium", International Migration Paper, No. 23. ILO, Geneva.

Blume, K.J., M. Ejrnæs, H.S. Nielsen and A. Würtz (2003), "Self-employment among Immigrants: A Last Resort?", Centre for Applied Microeconometrics, Working Paper No. 2003-08, University of Copenhagen.

Bousetta, H., S. Gsir and D. Jacobs (2005), "Active Civic Participation of Immigrants in Belgium", Mimeograph, Oldenburg.

Caestecker, F. (2006), "Histoire de la migration en Belgique", in B. Khader, M. Martiniello, A. Rea and C. Timmermann (eds), *Penser l'immigration et l'intégration autrement,* Bruylant, Brussels, pp. 13-28.

Caille, J.-P. (2001), "Scolarisation à 2 ans et réussite de la carrière scolaire au début de l'école élémentaire", *Éducation & Formations*, Vol. 60, pp. 7-18.

Ceulemans, E., H. Verhoeven, N. Ouali, A. Valmeneers and B. Cambré (2004), "Diversité dans l'administration fédérale : l'emploi des étrangers et des personnes d'origine étrangère dans la fonction publique fédérale", Report, Katholic University Leuven and Université Libre de Bruxelles.

Chancellerie du Premier Ministre (2006), "Stratégie de Lisbonne. Programme national de réforme 2005-2008", Rapport 2006, Belgique.

Clark, K. and S. Drinkwater (2000), "Pushed out or Pulled in? Self-employment among Ethnic Minorities in England and Wales", *Labour Economics*, Vol. 7, pp. 603-628.

De Meyer, I., J. Pauly and L. Van de Poele (2005), "Learning for Tomorrow's Problems in Flanders – First Results from PISA 2003", Ministry of the Flemish Community Education Department and Ghent University Education Department, Brussels and Gent.

Denolf, L. and A. Martens (1990), "Na de mijnsluiting loopbaanontwikkeling van jonge Turkse, Belgische en Italiaanse ex-mijnwerkers uit Genk", *Tijdschrift voor Sociologie*, Vol. 11, No. 5-6, pp. 363-400.

Duquet, N., I. Glorieux, I. Laurijssen and Y. Van Dorsselaer (2006), *Wit krijt schrijft beter*, Antwerpen/Apeldoorn : Garant.

Feld, S., M. Nantcho and S. Perin (2006), "Educational Factors in the Economic Integration of the Foreign Population in Belgium", Paper presented at the European Population Conference, Liverpool, June.

Grimmeau, J.-P. (2004), "Vagues d'immigration et localisation des étrangers en Belgique", in A. Morelli (ed.), *Histoire des étrangers et de l'immigration en Belgique de la préhistoire à nos jours*, 2nd edition, Couleur livres, pp. 109-121.

Hirtt, N. (2005), "Belgique – Finlande: le coût exorbitant du libéralisme scolaire", *L'école démocratique*, Vol. 24, Oct/Dec., pp. 1-17.

Hullebroeck, P. (1992), "La politique générale d'immigration et la législation des étrangers", in A. Morelli (ed.), *Histoire des étrangers et e l'immigration en Belgique*, Vie ouvrière, Brussels, pp. 119-140.

INS (2008, forthcoming), "En Belgique, 1 habitant sur 6 est d'origine étrangère. Les "nouveaux Belges" dorénavant intégrés dans les statistiques démographiques", INS, Brussels.

Jacobs, D., A. Rea and L. Hanquinet (2007), "Performances des élèves issus de l'immigration en Belgique selon l'étude PISA. Une comparaison entre la Communauté française et la Communauté flamande", King Baudouin Foundation, Brussels.

Krzeslo, E. and M. Hamzaoui (2006), "Embauches et obstacles dans l'accès à l'emploi des femmes primo arrivantes. Enquête auprès d'un groupe de femmes de diverses origines", Mimeograph, Université libre de Bruxelles, Centre de Sociologie du Travail, de l'Emploi et de la Formation.

Lambert, P.-Y. (1999), *La participation politique des allochtones en Belgique – Historique et situation bruxelloise,* Academia-Bruylant, Louvain-la-Neuve.

Lamberts, M., F. Pauwels, E. Schryvers and M. Van de Maele (2005), "De weg naar evenredige arbeidsdeelname via diversiteitsplannen op organisatieniveau. Onderzoek naar de (duurzame) effecten van positieve actieplannen allochtonen en diversiteitsplannen", HIVA, K.U.Leuven, Leuven.

Ludwig, J. and D.L. Miller (2007), "Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design", *Quarterly Journal of Economics*, Vol. 122, No. 1, pp. 159-208.

Manço, A. and U. Manço (1995), "Turcs de Belgique : la communauté comme logique d'intégration ?", *Les annales de l'autre Islam,* Vol. 3, pp. 111-124.

Martens, A. (1976), *Les immigrés : flux et reflux d'une main-d'oeuvre d'appoint : la politique belge de l'immigration de 1945 à 1970,* Presses universitaires de Louvain, Louvain.

Martens, A. and H. Verhoeven (2006), "Minorités ethniques sur le marché de l'emploi", in B. Khader, M. Martiniello, A. Rea and C. Timmermann (eds.), *Penser l'immigration et l'intégration autrement,* Bruylant, Brussels, pp. 271-298.

Martinello, M. and A. Rea (2001), *Et si on racontait…une histoire de l'immigration en Belgique*. Communauté française de Belgique, Brussels.

OECD (2004), *Benefits and Wages: OECD Indicators,* OECD, Paris.

OECD (2005a), *Trends in International Migration*, OECD, Paris.

OECD (2005b), *OECD Economic Surveys: Belgium,* OECD, Paris

OECD (2006a), *Education at a Glance: OECD Indicators,* OECD, Paris.

OECD (2006b), *Where Immigrant Students Succeed - A Comparative Review of Performance and Engagement in PISA 2003,* OECD, Paris.

OECD (2007a), *Des emplois pour les jeunes/Jobs for Youth – Belgique,* OECD, Paris.

OECD (2007b), *Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden*, OECD, Paris.

OECD (2007c), *International Migration Outlook,* OECD, Paris.

Ouali, N. (2006), "Politiques éducatives et immigration: pourquoi avons-nous tant tardé?", in B. Khader, M. Martiniello, A. Rea and C. Timmermann (eds.), *Penser l'immigration et l'intégration autrement,* Bruylant, Brussels, pp. 255-270.

Participation Fund (2006), *Migrant Entrepreneurship in Belgium. Context and Future Perspectives,* Participation Fund, Brussels.

Peeters, A., A. Gevers and D. Sanders (2006), *Evaluation du régime des titres-services pour les services et emplois de proximité 2005,* Idea Consult, Brussels.

Phalet, K. and M. Swyngedouw (2003), "Measuring Immigrant Integration: The Case of Belgium", *Studi Emigrazione/Migration Studies*, Vol. XL, No. 152, pp. 773-803.

Reniers, G. (1999), "On the History and Selectivity of Turkish and Moroccan Migration to Belgium", *International Migration,* Vol. 37, No. 4, pp. 679-705.

Rosholm, M., M. Røed and P. Schøne (2006), "Are New Work Practices and New Technologies Biased against Immigrant Workers?", IZA Discussion Paper, No. 2135, Bonn.

Tielens, M. (2005), "Eens allochtoon, altijd allochtoon? De socio-economische etnostratificatie in Vlaanderen", *Steunpunt WSE, Reeks De arbeidsmarkt in Vlaanderen,* 2005 edition. Leuven.

Van de Cryce, B. (2000), *Statistische discriminatie van allochtonen op jobmarkten met rigide lonen*, K.U. Leuven, Leuven.

Van de Voorde, M. and H. de Bruijn (2006), "Mainstreaming the Flemish Employment Equity and Diversity Policy: Opportunities and Threats", Paper Presented at the European Conference on Equal Opportunities.

Vertommen, S. and A. Martens (2006), "Ethnic Minorities Rewarded: Ethnostratification on the Wage Market in Belgium", Fondazione Eni Enrico Mattei Working Paper, No. 61/2006, Milan.

Vertommen, S., A. Martens and N. Ouali (2006), *Topography of the Belgian Labour Market,* Fondation Roi Baudouin, Brussels.

Annex 2.1.
Supplementary tables

Table 2.1A. Foreign-born and foreign populations in Belgium, 1995 and 2005

Top 10 countries of birth	Foreign-born		Foreigners			
2005	Number	%	Number	%	*Of which*: Foreigners born in Belgium	as a % of foreigners
France	156 192	*12.3*	120 600	*13.4*	17 465	*14.5*
Morocco	147 937	*11.7*	80 602	*9.0*	14 942	*18.5*
Italy	125 059	*9.9*	175 498	*19.5*	66 822	*38.1*
Netherlands	111 561	*8.8*	110 492	*12.3*	15 068	*13.6*
Turkey	83 847	*6.6*	39 664	*4.4*	5 668	*14.3*
Germany	83 567	*6.6*	37 007	*4.1*	3 794	*10.3*
Democratic Rep. of Congo	68 468	*5.4*	13 454	*1.5*	1 926	*14.3*
Spain	35 508	*2.8*	42 907	*4.8*	12 610	*29.4*
Serbia and Montenegro	29 829	*2.4*	12 378	*1.4*	1 147	*9.3*
Poland	28 966	*2.3*	18 026	*2.0*	1 929	*10.7*
Other countries	397 981	*31.4*	249 845	*27.7*	31 206	*12.5*
Total	**1268 915**		**900 473**		**172 577**	***19.2***
1995	Number	%	Number	%	Of which: Foreigners born in Belgium	as a % of foreigners
France	149 341	*14.9*	100 088	*11.0*	17 798	*17.8*
Italy	140 413	*14.1*	210 656	*23.2*	82 886	*39.3*
Morocco	93 945	*9.4*	140 303	*15.4*	60 882	*43.4*
Netherlands	86 336	*8.6*	77 157	*8.5*	13 980	*18.1*
Germany	83 013	*8.3*	31 818	*3.5*	3 747	*11.8*
Turkey	59 590	*6.0*	81 744	*9.0*	32 643	*39.9*
Democratic Rep. of Congo	53 446	*5.3*	12 210	*1.3*	2 150	*17.6*
Spain	39 076	*3.9*	48 322	*5.3*	14 762	*30.5*
United Kingdom	26 614	*2.7*	25 974	*2.9*	4 503	*17.3*
Portugal	20 486	*2.1*	23 925	*2.6*	3 849	*16.1*
Other countries	246 974	*24.7*	157 572	*17.3*	25 511	*16.2*
Total	**999 234**		**909 769**		**262 711**	***28.9***

Source: National Statistical Institute (INS).

Table 2.1B. Foreign-born population by country of birth and region, end of 1990, 1995, 2000 and 2005

	1990	1995	**2000**	2005	*Change 1990-2005 in percentage*
Brussels					
Morocco	43 129	49 078	**59 138**	75 347	*75*
France	29 519	31 271	**34 359**	38 371	*30*
Democratic Rep. of Congo	15 914	16 736	**19 486**	23 768	*49*
Turkey	14 470	16 459	**18 790**	21 849	*51*
Italy	20 713	19 857	**19 257**	18 327	*-12*
Spain	19 509	17 573	**15 943**	15 060	*-23*
Portugal	8 738	12 436	**12 343**	12 382	*42*
Poland	4 098	3 823	**4 387**	11 146	*172*
Germany	9 499	9 963	**10 474**	10 744	*13*
Serbia and Montenegro	4 549	5 382	**6 663**	9 023	*98*
Other	75 935	85 269	**98 160**	128 984	*70*
Total foreign-born	**246 073**	**267 847**	**299 000**	**365 001**	***48***
% of grand total foreign-born	*26.5*	*26.8*	***27.8***	*28.8*	
Non-EU-15 as a % of foreign-born	*54.1*	*55.7*	***59.2***	*66.1*	
Flanders					
Netherlands	64 412	74 082	**82 621**	98 552	*53*
Morocco	22 754	27 908	**33 458**	46 145	*103*
Turkey	22 795	28 648	**34 012**	42 835	*88*
Germany	36 143	36 593	**36 352**	35 733	*-1*
France	34 312	33 116	**31 466**	29 669	*-14*
Democratic Rep. of Congo	12 883	13 742	**14 825**	17 555	*36*
Italy	15 440	15 929	**16 289**	15 931	*3*
Serbia and Montenegro	2 529	5 744	**7 317**	13 537	*435*
Russia	1 842	2 494	**4 156**	13 216	*617*
United Kingdom	13 380	13 890	**13 525**	12 646	*-5*
Others	77 371	90 485	**107 801**	149 782	*94*
Total foreign-born	**303 861**	**342 631**	**381 822**	**475 601**	***57***
% of grand total foreign-born	*32,7*	*34,3*	***35,5***	*37,5*	
Non-EU-15 as a % of foreign-born	*39,9*	*42,9*	***46,6***	*54,3*	
Wallonia					
Italy	109 953	104 627	**98 294**	90 801	*-17*
France	84 842	84 954	**85 368**	88 152	*4*
Germany	34 517	36 457	**36 826**	37 090	*7*
Democratic Rep. of Congo	20 860	22 968	**23 963**	27 145	*30*
Morocco	14 270	16 959	**19 776**	26 445	*85*
Turkey	12 896	14 483	**16 098**	19 163	*49*
Spain	13 348	13 049	**12 337**	11 785	*-12*
Luxembourg	6 936	7 169	**7 290**	8 220	*19*
Netherlands	7 581	7 572	**7 486**	8 184	*8*
Algeria	4 559	5 240	**5 713**	7 586	*66*
Others	69 846	75 278	**81 555**	103 742	*49*
Total foreign-born	**379 608**	**388 756**	**394 706**	**428 313**	*13*
% of grand total foreign-born	*40.8*	*38.9*	***36.7***	*33.8*	
Non-EU-15 as a % of foreign-born	*28.1*	*30.4*	***33.1***	*39.1*	

Total					
France	148 673	149 341	**151 193**	156 192	*5*
Morocco	80 153	93 945	**112 372**	147 937	*85*
Italy	146 106	140 413	**133 840**	125 059	*-14*
Netherlands	76 596	86 336	**94 633**	111 561	*46*
Turkey	50 161	59 590	**68 900**	83 847	*67*
Germany	80 159	83 013	**83 652**	83 567	*4*
Democratic Rep. of Congo	49 657	53 446	**58 274**	68 468	*38*
Spain	40 765	39 076	**37 062**	35 508	*-13*
Serbia and Montenegro	9 863	14 950	**18 768**	29 829	*202*
Poland	18 776	17 995	**18 594**	28 966	*54*
Others	228 633	261 129	**298 240**	397 981	*74*
Grand total foreign-born	**929 542**	**999 234**	**1 075 528**	**1 268 915**	***37***
% of total population	*9.3*	*9.9*	***10.5***	*12.1*	
Non-EU-15 as a % of foreign-born	*38.8*	*41.5*	***45.2***	*52.6*	

Source: National Statistical Institute (INS).

Table 2.1C. Regression results on the labour market integration of immigrants

a) Logistic regression results (odds ratio estimates) on the determinants of the employment of immigrants, 15-64 years old

Variables	EU-15		EU-15		Non-EU-15		Non-EU-15	
	Men	Women	Men	Women	Men	Women	Men	Women
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Belgian nationality	1.099	1.026	1.353 ***	1.463 ***	1.605 ***	1.622 ***	1.486 ***	1.281 ***
(reference category: foreign nationality)								
Medium education			2.198 ***	2.042 ***			2.310 ***	2.467 ***
High education			4.544 ***	4.108 ***			4.903 ***	6.488
(reference category: low education)								
Duration of stay: 3-4 years			0.921	1.198			1.155	1.301
5-6 years			0.349 ***	0.771			1.352 *	1.320
7-8 years			0.617 *	1.015			1.257	2.060 ***
9-10 years			0.680	1.112			1.225	1.650 ***
11 years and above			0.557 ***	1.403 **			1.367 **	1.974 ***
(reference category: 1-2 years)								
Number of observations	6 177	6 600	6 177	6 600	7 065	7 497	7 065	7 497

Note: All models include a constant. Models 3, 4, 7 and 8 include control variables for age, marital status and residence region. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded.

Source: Secretariat calculations on the basis of pooled labour force data (2003-2005) linked with the National Register. Data were provided by the National Statistical Institute (INS).

b) Logistic regression results (odds ratio estimates) on the determinants of being overqualified for highly-qualified immigrants and native-born, 15-64 years old

Variables	Men	Women	Men	Women
	(1)	(2)	(3)	(4)
Born in EU-15 and Belgian	0.896	1.095	0.95	1.095
Born in EU-15 and foreigner	0.891	1.097	0.659 ***	0.65 ***
Born in non-EU-15 and Belgian	1.597 ***	1.101	1.646 ***	1.043
Born in non-EU-15 and foreigner	2.058 ***	2.12 ***	1.5 ***	1.17
(reference category: native-born)				
Diploma obtained in Belgium			0.72 ***	0.585 ***
(reference category: obtained abroad)				
Number of observations	22 670	23 502	22 232	23 091

Note: All models include a constant. Models 3 and 4 include control variables for age and sector. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded.

Source: Secretariat calculations on the basis of pooled labour force data (2003-2005) linked with the National Register. Data were provided by the National Statistical Institute (INS).

Table 2.1D. Regression results on the labour market integration of the second generation

a) Logistic regression results (odds ratio estimates) on the determinants of the employment of the second generation *vs.* children of natives, with interaction terms for education, 15-39 years old and not in education

Variables	Men	Women	Total	Men	Women	Total	Men	Women	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Second generation *(reference category: children of natives)*	0.340 ***	0.330 ***	0.335 ***	0.488 ***	0.563 ***	0.542 ***	0.408 ***	0.559 ***	0.498 ***
Medium education				2.376 ***	2.696 ***	2.498 ***	2.285 ***	2.710 ***	2.468 ***
High education *(reference category: low education)*				3.692 ***	7.726 ***	6.031 ***	3.551 ***	7.610 ***	5.874 ***
Medium education * second generation							1.349 **	0.947	1.095
High education * second generation							1.504 **	1.251	1.382 ***
Number of observations	29 052	28 450	57 502	29 052	28 450	57 502	29 052	28 450	57 502

Note: All models include a constant. Models 3, 6 and 9 include controls for gender; Models 4-9 include control variables for age, marital status and residence region. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded.

Source: Secretariat calculations on the basis of pooled labour force data (2003-2005) linked with the National Register. Data were provided by the National Statistical Institute (INS).

b) Logistic regression results (odds ratio estimates) on the determinants of the employment of the second generation *vs.* children of natives, with interaction terms for region and origin countries of the parents (EU-15/non-EU-15), 15-39 years old and not in education

Variables	Men	Women	Total	Men	Women	Total
	(1)	(2)	(3)	(4)	(5)	(6)
Second generation with parents from EU-15	0.965	0.478 ***	0.642 ***	1.178	0.717 *	0.898
Second generation with parents from non-EU-15 *(reference category: children of natives)*	0.279 ***	0.227 ***	0.248 ***	0.346 ***	0.400 ***	0.376 ***
Residence region: Flanders	1.819	1.327 ***	1.535 ***	2.380 ***	1.815 ***	2.033 ***
Residence region: Wallonia *(reference category: Brussels)*	0.883 *	0.578 ***	0.701 ***	1.000	0.737 ***	0.851 ***
Flanders*Second generation with parents from EU-15	0.779	1.024	0.882	0.452 **	0.846	0.652 *
Flanders*Second generation with parents from non-EU-15	1.387 ***	1.686 ***	1.551 ***	1.226	1.208	1.256 **
Wallonia*Second generation with parents from EU-15	1.039	1.969 ***	1.505 ***	0.787	1.352	1.064
Wallonia*Second generation with parents from non-EU-15	1.321 **	2.144 ***	1.718 ***	1.425 **	1.696 ***	1.583 ***
Number of observations	30 427	29 878	60 305	30 427	29 878	60 305

Note: All models include a constant. Models 3 and 6 include controls for gender; Models 4-6 also include control variables for age and marital status. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded.

Source: Secretariat calculations on the basis of pooled labour force data (2003-2005) linked with the National Register. Data were provided by the National Statistical Institute (INS).

Glossary

ABVV	*Algemeen Belgisch Vakverbond*
ACLVB	*Algemene Centrale der Liberale Vakbonden van België*,
ACV	*Algemeen Christelijk Vakverbond* (three main unions)
CPAS	*Centre Public d'Action Sociale* (Public centres for social action)
CRI	*Centres Régionaux d'Intégration des Personnes Étrangères et d'Origine Étrangère* (Regional Centres of Integration)
FIPI	*Fonds d'Impulsion à la Politique des Immigrés* (Incentive Fund for the Immigrants Policy)
FOREM	*Office Wallon de la Formation Professionnelle et de l'Emploi* (Regional Labour Market Office Wallonia)
GRAE	*Guidance et Recherche Active d'Emploi* (Guidance and Active Labor Search)
INS	*Institut National de Statistique* (National Statistical Institute)
MIRE	*Missions Régionales pour l'Emploi* (Regional Employment Missions)
ORBEM	*Office Régional Bruxellois de l'Emploi* (Regional Labour Market Office Brussels)
PISA	OECD's Programme for International Student Assessment
SERV	*Sociaal-Economische Raad van Vlaanderen* (Diversity Commission of the Flanders Social and Economic Council)
SPF	*Service Public Fédéral* (Federal Public Service)
SYNTRA	Regional training centre for SMEs in Flanders
TSO/KSO	*Technisch Secundair Onderwijs/ Kunstsecundair onderwijs* (Technical stream of secondary schooling)
UNIZO	*Unie van Zelfstandige Ondernemers* (Organisation for the Self-employed and Small- and Medium-sized Enterprises)

VCSPO	*Vlaamse Confederatie voor Social-Profit Ondernemingen* (Flemish Confederation of Social Profit Enterprises)
VDAB	*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding* (Flemish employment service)
VESOC	*Vlaams Economisch Sociaal Overlegcomit* (Flemish Economic and Social Consultative Committee)
VOKA	*Vlaams netwerk van ondernemingen* (Flanders' Chamber of Commerce and Industry)

Chapter 3.

THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN FRANCE

Introduction

The issue of labour market integration of immigrants in France evokes immediately the incidents of autumn 2005, which saw clashes between police and young persons of immigrant background and widespread burning of automobiles and damage to property, in areas with high concentrations of immigrants. The image conveyed in media outside of France about these events is often one of failed integration, of rootless youth with inadequate education and without employment. However, as was pointed out by numerous observers at the time, in many cases the persons involved in these incidents were not immigrants, but rather the offspring of immigrants, many of them born and educated in France and holding French citizenship. The classical economic view of integration (Chiswick, 1978) in which immigrants lacking country-specific human capital (especially language) acquire it over time and see their labour market outcomes converge to those of the native-born does not seem particularly relevant in this context.

Still, it would not be accurate to view this problem as one that has little to do with immigration and integration, in particular the migration experience of the parents, their differences relative to the native-born population, how the host-country society and institutions have addressed, if at all, these "differences", and ultimately the impact this has had on their offspring. If convergence of immigrant labour market outcomes to those of native-born persons with similar characteristics remains an important criterion of integration, it has been said that "the relative success of the second generation provides the best gauge of the extent to which their parents assimilated" (Card, 2004).

The aim of this chapter, therefore, is to examine not only the situation of the immigrant population in the labour market in France, but also that of the children of immigrants, with regard to both those born and educated in the country or having arrived in the country as children. In most countries, and here France is no exception, it is expected that labour market difficulties of immigrants, following the initial years of adaptation following arrival, can be addressed through mainstream policies and programmes available to the general population. In this regard, both immigrants and children of immigrants are similar in that they are not the object of specific policies or explicit targeting, except for immigrants at the time of entry and some time thereafter.[1] The absence of specific policies means in practice that integration issues are dealt with through general agencies or programmes addressed to

1. However, the ANAEM (see below) has in particular as its mission the integration of immigrants and their children as well as the prevention of any discrimination they may face on the basis of their origins.

the population at large, with immigrants being "preferentially" covered by virtue of their being over-represented in certain groups (*e.g.* long term-unemployed) or areas (high-unemployment neighbourhoods) that are the object of policies but that are not explicitly defined in terms of migration or ethnic criteria.

However, the reasons underlying the inadequate labour market outcomes of immigrants, on the one hand, and of their children, on the other, if indeed these exist, may not be quite the same. There may be some commonalities across the two generations, for example because of discrimination on the basis of ethnic or cultural origin or of physical characteristics, but the nature of the aspirations and human capital which each brings to the labour market is different. The two groups will thus generally be considered separately in this chapter.

The chapter opens with a preliminary diagnosis of the labour market situation of immigrants and their children compared to the situation in other OECD countries (Section 1). This is followed by a historical overview of migration movements and policies in France (Section 2). The subsequent sections deal in turn with outcomes and policies for immigrants (Sections 3 and 4) and those for the children of immigrants (Sections 5 to 8). Included in the latter are an overview of policies directed at "sensitive urban zones", which is how policies are (indirectly) targeted in France to persons of immigrant origin, and a description of discrimination results and policies. The chapter concludes with a summary and recommendations.

The chapter includes many acronyms for organisations groups or programmes, which are described when introduced and referred to thereafter by their acronyms. A glossary is provided at the end of the chapter.

1. A preliminary diagnosis

Before reviewing the history of migration in France and the past evolution of integration policy, an overview of the general labour market situation in France and some initial basic comparative results on labour market outcomes might be useful as a backdrop.

The French labour market is characterised by a high unemployment rate relative to most OECD countries (9.3% *vs* 6.7% for the OECD as a whole in 2005) and a low employment-to-population ratio (63% *vs* 68%). Activity is concentrated in the prime-age groups (25-54) with both younger and older persons having particularly low participation rates (less than 40% for the young and 44% for the 55-64). Employment protection (OECD, 2004) tends to be strong, which tends to favour job stability and training, but may retard enterprise adjustment and make employers more prudent about new hirings. This feature of the labour market affects youth but also immigrants, since they are by definition the new entrants least known to employers. In addition, the fiscal wedge in France is high, as is the minimum wage, both of which tend to make hiring less attractive relative to capital investment.

The situation of youth in the labour market is especially difficult with an unemployment rate for the 15-24 at 23%, which is more than twice the OECD average. The transition into stable employment tends to be a long process, punctuated by traineeships and temporary jobs. There have been numerous labour market programmes implemented to address the phenomenon of high youth unemployment, involving in particular either reductions in, or exemptions from, employer social security contributions, wage subsidies or special training initiatives, among which are special efforts to revive apprenticeships. However, unfavourable outcomes have nonetheless been persistent.

The current labour market situation of immigrants in France relative to other countries is shown in Figures 3.1a to 3.1d for the population aged 15 to 64. As is evident, the situation of immigrant men in France is relatively favourable compared to that in other European countries, especially with respect to employment. On the other hand, their unemployment rate is over one and one half times that of the native-born, still low in relative terms by European standards but high compared to Australia, Canada and the United States. The absolute unemployment rates, however, are among the highest in OECD countries. The situation for immigrant women is similar with regard to the unemployment rate but essentially mid-range with respect to employment. In addition participations rates of immigrant women tend to be both lower and higher than those of native-born women, depending on origin, but not substantially so in either case. According to the 1999 census, the participation of women born in North Africa stood at 60%, those of native-born women at 66% and those born in southern Europe at 70%.

Figure 3.1a. Employment-population ratios of native- and foreign-born *men* aged 15-64, 2005

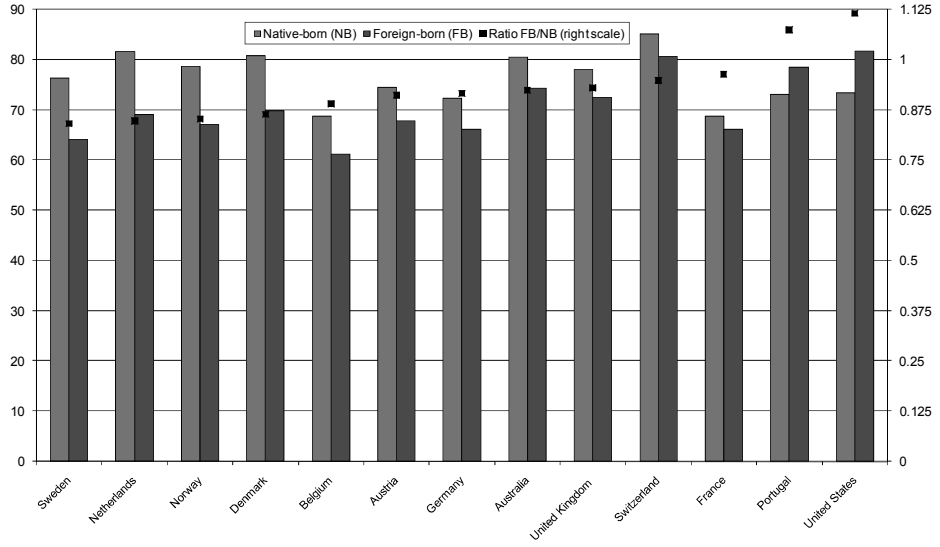


Figure 3.1b. Employment-population ratios of native- and foreign-born *women* aged 15-64, 2005

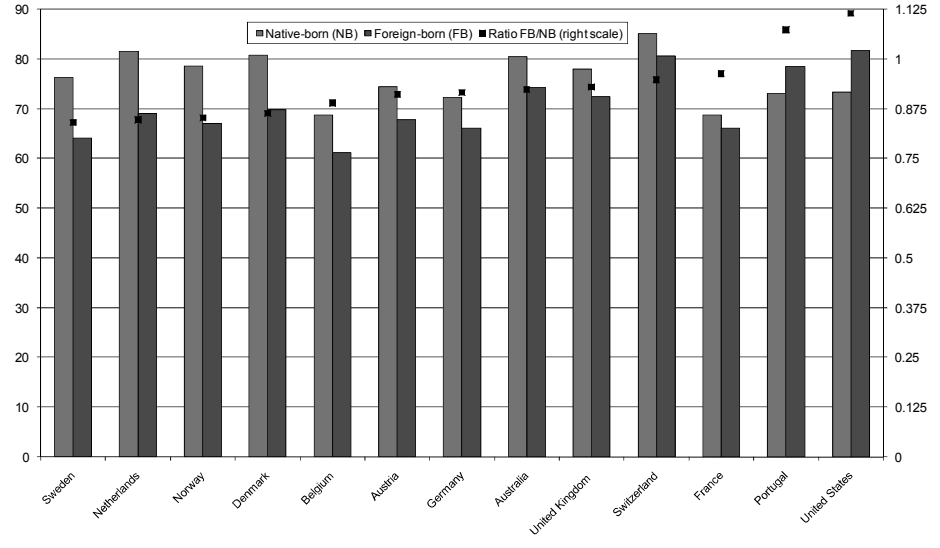


Figure 3.1c. Unemployment rates of native- and foreign-born *men* aged 15-64, 2005

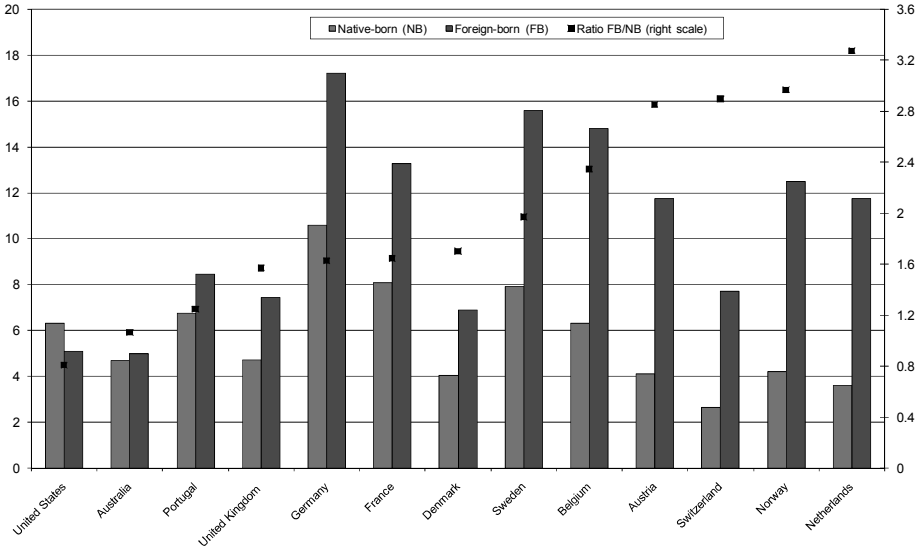
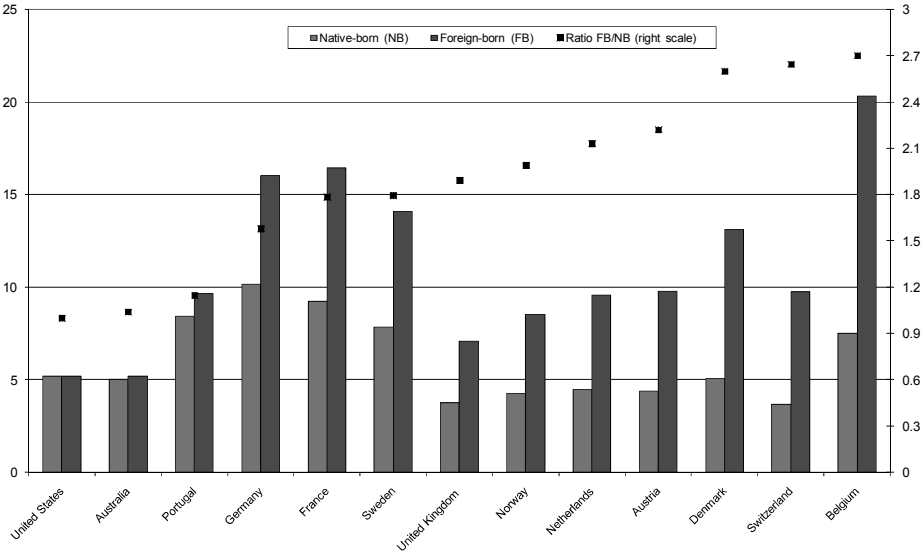


Figure 3.1d. Unemployment rates of native- and foreign-born *women* aged 15-64, 2005



Source: European Union Labour Force Survey for EU member countries, national labour force surveys otherwise.

Notwithstanding its position among European countries on the whole, France has seen an evolution over the past fifteen years that is a cause for concern, with employment-population ratios showing a falling trend and unemployment rates a rising one for recent arrivals (immigrants in the country for five years or less, see Figures 3.2a and 3.2b).[2] The employment and unemployment trends for the foreign-born as a whole, on the other hand, tend to follow those of the native-born.

2. There appears to be a turnaround in employment for recent arrivals starting in 2003, but it is too early to tell yet whether this will be lasting, especially since it coincides with a change in the labour force survey sample design starting in that year.

Figure 3.2a. Employment-population ratios of recent arrivals, all foreign-born persons and native-born persons, 1994-2004, three-year averages, France

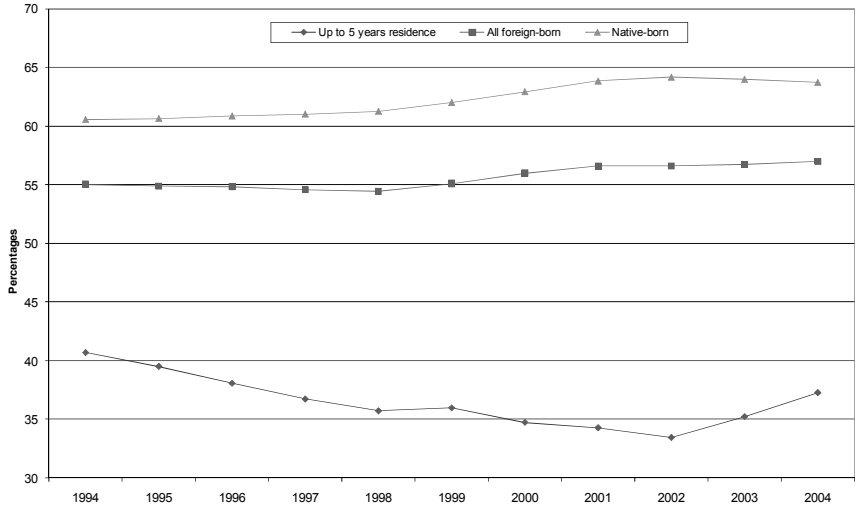
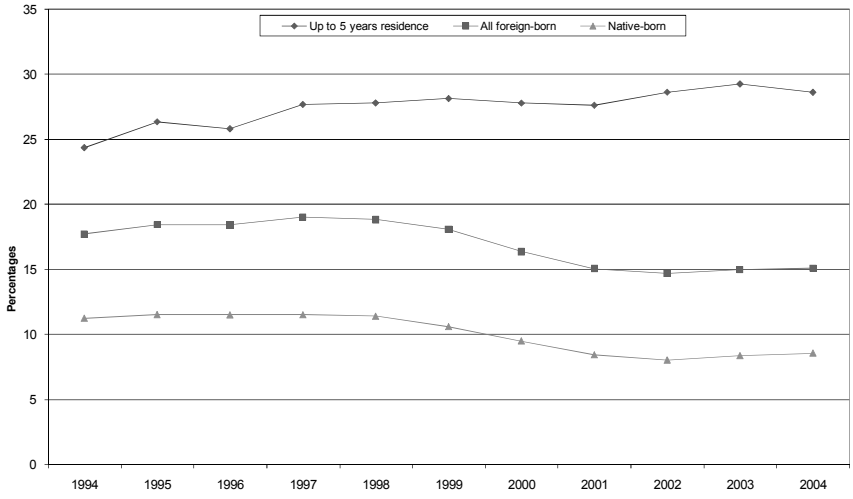


Figure 3.2b. Unemployment rates of recent arrivals, all foreign-born persons and native-born persons, 1994-2004, three-year averages, France



Source: European Union Labour Force Survey.

With respect to the second generation, that is, the native-born offspring of past immigrants, results for 20-29 year olds show large differences in employment-population ratios relative to those of the offspring of the native-born of the same age group in France.[3] However, this is true in all of the European countries shown except Switzerland (Table 3.1). The results for France are comparable to those for the United Kingdom (roughly 10 percentage-point differences relative to offspring of the native-born for both men and women), but the differences are smaller than in the Nordic countries. On the unemployment side, the absolute unemployment rates for the second generation are very high in France (about 30%) but low in relative terms compared to other European

3. The differences for France are understated because the data source used did not allow the exclusion from the second-generation of children of parents born abroad as French nationals (see Box 3.1).

countries, essentially because children of the native-born also have high unemployment rates (close to 20%). Once again results for Australia and the United States show good outcomes for the second generation, with unemployment rates even lower than those observed for offspring of the native-born.

Table 3.1a. Employment rates of immigrants, second generation, native-born aged 20-29 and not in education, by gender and educational level

		Low (below upper secondary)		Medium (upper secondary)		High (tertiary)	
		Men	Women	Men	Women	Men	Women
France	Native-born	67	45	84	68	88	85
	Immigrants[1]	63	32	66	50	83	72
	Second generation: both parents foreign-born	55	40	70	63	86	80
	Second generation: one parent foreign-born	69	49	78	67	85	81
Australia[2]	Native-born	76	61	89	75	91	82
	Immigrants	74	55	81	59	73	66
	Second generation[3]	77	67	88	76	89	82
Denmark	Native-born	62	49	90	85	87	87
	Immigrants	51	30	69	46	64	57
	Second generation	57	46	79	71	74	74
Germany	Native-born	57	42	81	73	90	86
	Immigrants	62	27	76	54	82	61
	Second generation: both parents foreign-born	52	43	76	69	78	74
Norway	Native-born	65	53	82	75	89	89
	Immigrants	55	40	66	63	75	74
	Second generation: both parents foreign-born	58	50	73	67	75	74
	Second generation: one parent foreign-born	59	54	75	71	82	82
Switzerland	Native Swiss	76	68	95	88	95	91
	Foreign-born	86	62	92	79	94	80
	Second generation[4]	78	71	94	89	93	89
United Kingdom	Native-born	56	29	84	70	87	87
	Immigrants	54	28	64	51	75	72
	Second generation[5]	49	…	66	55	80	79
United States	Native-born	58	39	73	66	85	84
	Immigrants	87	37	79	55	82	59
	Second generation: both parents foreign-born	62	41	72	68	77	75
	Second generation: one parent foreign-born	66	44	70	60	86	81

1. "Immigrants" for France excludes foreign-born with French nationality at birth. However, second generation may include children of persons born abroad as French nationals.
2. Qualification levels for Australia: Low: No (professional) qualifications; Medium: Certificate; High: Diploma and above.
3. Second generation is defined as having one or both parents born abroad.
4. Second generation is defined as born in Switzerland and not having Swiss nationality at birth.
5. Second generation for the United Kingdom is defined as born in the United Kingdom and belonging to a "non-white British" "ethnic group".

Source: Switzerland: 2000 census; Denmark, Norway and Sweden: Population register (2004); Germany: Mikrocensus (2005); Australia: 2001 Census; France: Étude de l'histoire familiale (1999); United States: Current Population Survey March 2005 supplement; United Kingdom: Labour force survey (third quarter 2005).

Table 3.1b. Unemployment rates of immigrants, second generation, native-born aged 20-29 and not in education

	Native-born	Immigrants	Second generation
Australia	10.5	12.1	10.3
Denmark	4.9	11.0	9.6
Germany	15.0	21.7	25.0
Norway	5.5	12.4	11.4
Switzerland	3.3	10.9	5.8
France	19.9	33.7	29.7
United Kingdom	7.1	8.5	14.8
United States	8.0	5.7	7.5

Source and Note: See Table 3.1a.

Thus, the overall picture is one where an at least partly favourable labour market situation for immigrants compared to other European countries in relative terms, especially for men and with respect to employment, gives way to unfavourable results for their children born and educated in France and a deterioration in those for recent arrivals over the past decade. A closer examination of these outcomes will figure later in this chapter.

2. A historical overview of immigration to France since 1945

2.1. Migration movements

Reconstruction after the war, growth and recourse to immigrant labour

The post-war period in France was marked by a strong need for labour. The state officially encouraged immigration, but wanted to better manage it. This is evidenced by the creation of a National Office for Immigration (*Office National de l'Immigration* – ONI) in 1946, which was set up to recruit foreign workers and, if necessary, to introduce their families. In actual fact, in the three following decades, it had above all the task of regularising immigrants who were already in France, as employers and immigrants often circumvented the introduction procedures. Different organisations such as the Planning Bureau (*Commissariat au Plan*), created in 1946, evaluated the needs for labour for recruitment policy purposes; however, the success of this exercise was rather modest (Le Moigne and Lebon, 2002). The conditions for the reception of refugees were specified in 1951 at the occasion of the signing of the Geneva Convention on asylum seekers, and subsequently by the creation of the French office for the protection of refugees and stateless persons (OFPRA). The new status of free movement which had been accorded to Muslims from Algeria in 1947 led to the entry of 740 000 persons into mainland France between 1947 and 1953, but there were also 561 000 returns to Algeria over the same period.

Nevertheless, immigration did not really take off until after 1956, as a result of strong economic growth, especially in industry, which had a sustained need for non-qualified labour. There was net migration of 1.1 million persons between 1956 and 1961 and many immigrants were regularised after entry. Italians were already numerous and continued to be so, with Spaniards and Portuguese gradually replacing them.

The end of the Algerian war in 1962 saw the massive return of French nationals from Algeria, about 900 000 in number, whose arrival did not appear to have slowed down the need for labour. With the reintroduction of free movement between Algeria and France after the end of the war, Algerian immigration resumed and was accompanied by movements from other Maghreb countries, from sub-Saharan Africa, and by family

reunification of Spaniards and Portuguese. The 1960s were characterised by important immigration flows: over the period 1962 and 1965 alone, the ONI introduced more than half a million permanent workers. By comparison, current entries of workers, including persons from the European Union, are at about 20 000 per year. The foreign population reached the level of 3 442 000 persons in 1975 (7.5% of total population). The period of growth saw a decline in certain traditional flows of labour migration (notably of Italians) and the reinforcement of flows from the Maghreb and Portugal.

2.2. The crisis of the 1970s and its repercussions: an immigration that was more regulated and oriented towards family reunification

The economic crisis following the oil shock of 1973 saw a new change: concerned by the slowing of growth and growing unemployment, the state suspended immigration for all motives other than asylum seeking. However, immigration for work reasons, although strongly reduced, continued. Not only could employers continue to request foreign workers under certain conditions (impossibility to employ a French worker for the same job), the restrictions were not applicable to workers from the European Economic Community, who benefited from free movement from 1968 on.[4]

Nevertheless, immigration for employment became of minor importance compared to immigration for family reunification, which was established as a right in 1976 (Kohler and Thave, 1999). This predominance of family-related migration entailed a disruption of the traditional figure of a migrant (male labour migration), as shown in the re-balancing between men and women in the foreign population (108 men for 100 women in 1990, compared to 149 for 100 in 1931, see Daguet and Thave, 1996). This phenomenon remains one of the main characteristics of contemporary migration towards France, together with a diversification of the nationalities of origin and the weight of the flows from Africa (the Maghreb and sub-Saharan Africa). The immigrant population grew continuously between the end of the Second World War and the 1980s. In relative terms, however, the percentage of persons born abroad with a foreign nationality at birth was at the same level in 1990 (7.5%) as in 1975.

The censuses of 1990 and 1999 showed a stagnation, indeed even a decline, in the number of foreigners (3 260 000 persons in 1999). This was partly due to naturalisations, whose number started to exceed the number of new entries (Le Moigne and Lebon, 2002). The number of "immigrants" according to the definition of the High Council for Integration (*Haut Conseil à l'Intégration* – HCI, 1991), *i.e.* of persons born abroad and having foreign nationality at birth, reached 4.9 million in 2004 (Borrel, 2004). This is an increase of 17% compared to 1990, whereas the total population grew by 7% over this period. Its distribution by region of origin and its evolution are shown in Table 3.2. The percentage of immigrants from Europe has declined steadily from about 67% in 1975 to 40% in 2005, while that from Africa and Asia has each increased by more than 10 percentage points to reach 42 and 14%, respectively.

With the restriction to worker migration in the seventies, irregular migration developed, although the extent of it is difficult to assess. A regularisation programme, first restricted to persons employed but later extended to other categories, resulted in 130 000 persons being regularised in 1981-1982 out of 150 000 who applied. A second programme in 1997-1998 was more restrictive, with 87 000 out of 150 000 applications

4. Note that only Italy among the traditional source countries for France was a member of the European Economic Community in 1968. Portugal and Spain became members in 1986.

being accepted, 85 % of which were family-related. In 1998, France also put a place a procedure (recently suppressed) that allowed unauthorised foreigners who have been resident in France for a specified period the possibility to regularise their status (Levinson, 2005). The irregularly resident population was estimated by the Ministry of the Interior to be in the range of 200 000 to 400 000 persons, an estimate which most observers would consider to be on the low side.

Table 3.2. The immigrant population by country of origin, 1975-2005

Percentages

	1975	1982	1990	1999	2004-2005
Europe	**67.1**	**57.3**	**50.4**	**45.0**	**40.2**
Spain	15.2	11.7	9.5	7.4	5.7
Italy	17.2	14.1	11.6	8.8	6.9
Portugal	16.8	15.8	14.4	13.3	11.5
Poland	4.8	3.9	3.4	2.3	..
Other Europe	13.1	11.8	11.5	13.2	16.0
Africa	**28.0**	**33.2**	**35.9**	**39.3**	**42.4**
Algeria	14.3	14.8	13.3	13.4	13.8
Morocco	6.6	9.1	11.0	12.1	12.6
Tunisia	4.7	5.0	5.0	4.7	4.5
Other Africa	2.4	4.3	6.6	9.1	11.6
Asia	**3.6**	**7.9**	**11.4**	**12.7**	**14.0**
Turkey	1.9	3.0	4.0	4.0	4.6
Cambodia, Laos, Vietnam	0.7	3.0	3.7	3.7	3.3
Other Asia	1.0	1.9	3.7	5.0	6.1
America, Oceania	**1.3**	**1.6**	**2.3**	**3.0**	**3.5**
Total	**100**	**100**	**100**	**100**	**100**
Number of persons (in thousands)	**3 887**	**4 037**	**4 166**	**4 306**	**4 926**

Source: INSEE, population censuses 1975-2005.

3. Migration and integration policy

3.1. The access to nationality: integration by citizenship

The question of the integration of immigrants arose in the context of the first massive migration of workers which took place in the 19th century.[5] The status of the new arrivals in relation to the national community had to be specified, as well as the status of the children of these immigrants who were born in France (a consequence of the more and more permanent character of the migration). The reform of the legislation on nationality was one of the important steps of integration policy. This development first concerned the third generation: the principle of the "double *jus soli*" was adopted in 1851, which stipulated that a child born in France of a foreigner also born in France had French nationality. The law of 1889 addressed the second generation: a person born in France who had foreign parents became French at the age of majority. Since 1889, a foreigner could demand naturalisation after ten years of residence; this delay was shortened in 1927 to three years.

5. This was a migration essentially of Belgians and Italians during the process of industrialisation.

3.2. The opening up to immigration and the organisation of reception policy after World War II

After World War II, reception policy was confronted with housing problems (the existence of shanty towns). Housing was provided for by the authorities through the creation of a National Society for the Construction of Housing for Algerian Workers (SONACOTRAL) in 1956. Social policy towards Algerian workers was also addressed through the creation of the FAS (Social Action Fund for Algerian Moslem Workers in Mainland France and their Families) in 1958. The purpose of the FAS was to promote social family measures in favour of Algerian workers whose children remained in Africa. It was financed by deductions from the contributions paid by employers and employees for family allowances (Cour des Comptes, 2004).

The scope of activities of these two institutions was extended to the entire immigrant population in 1962 regarding the first, which became SONACOTRA, and in 1964 for the FAS. The field of action of the FAS (see below) was enlarged at the same time as its clientele. This was to ensure housing aid, access to training, langue training, and cultural activities for all foreign workers coming to France on a permanent basis. Three years later, its competence was extended to temporary workers and to social groups with adaptation problems similar to those of foreign workers. Apart from the establishment of programmes involving social and health interventions, its mission was extended to reception. The 1950s and 1960s thus responded to mass migration by a reinforcement of integration policy for immigrant workers and their families.

The existence of the FAS and the SONACOTRA testify to a relatively early realisation in France in the post-war era of the need to "accompany" the migration of workers, although the policies in the first instance concerned workers that were already under French governmental authority in their homeland (Algeria) and for whom an "emigration" did not change the national governmental jurisdiction. With the independence of Algeria and the continuing movements of Algerian workers to France, the practice of financing the FAS from the "excess" of social security contributions withheld over family allowances paid for children in Algeria continued and was extended to other nationalities.

3.3. Since the 1970s: the economic crisis, the slowdown in immigration, and the reinforcement of the objective of integration

The right to family migration was recognised by a decision of the State Council (*Conseil d'Etat*) in 1978 which annulled a previous restrictive decree. The decision established the right of foreigners to lead a normal family life, and specified in addition that the government could not prohibit family members of immigrants from taking up employment (Cour des Comptes, 2004). This decision limited the possibility of the authorities to restrict the arrival of families according to the economic or social situation in the country, as had been the case in the 1930s. The situation thus changed from one where the primary initiative for migration came from employers to one where the request came from migrants themselves and where the question of human rights as embodied in the Constitution became more prominent.

At the beginning of the 1980s, the objective of integration was affirmed by granting new rights to foreigners: the right to create an association (1981), and access to positions in the administration and management of labour unions (1982). In 1983, the FAS became the Fund for Social Action for Immigrant Workers and their Families. The choice of the

word 'immigrant' transmitted the intention to take account of long-term settlement, and the mention of "family" that of including a generational dimension to migration. The last legal barriers separating persons naturalised French from those who were French by birth (ineligibility for certain professions for ten years) were removed in 1984.

Improvements in the social rights of foreigners followed the evolution of political rights: in the 1980s, foreigners from non-EU member countries progressively obtained access to non-contributory benefits, such as the minimum income provision (*Revenu minimum d'insertion*– RMI), granted by the law of 11 May 1998. Reception policy (that is, the services provided to new arrivals) for a long time focused essentially on procedures for considering and granting residence permits. Situations in which new immigrants were directed towards training programmes (*e.g.* language learning) or appropriate medical or social care were exceptional. The first elements of a formal national reception service were only put in place in the 1990s (see below).

In parallel, the fight against irregular migration was reinforced even if disagreement among political parties occasionally resulted in previous policies being reversed. For example, the obligation of a juridical decision for all expulsions (instead of making the latter a purely administrative act) had first been reintroduced in 1981 and then abolished in 1986. Since then, expulsion procedures have become more and more strict. The two last decades have thus been shaped by the double objective of integrating legal immigrants in a regular situation and introducing more restrictive measures against irregular migrants.

Recent years have been marked by a heightened interest in integration policy in France, as witnessed by several official reports on the question, such as the one by the Cour des Comptes (2004), which was critical of an integration policy judged to be not coherent enough, notably because of the dispersion of responsibilities across many institutions.

4. Recent French integration policy

4.1. Government and institutional actors with respect to integration policy

There has been considerable consolidation of both the actors and actions involved in integration measures in recent years. A new Ministry of Immigration, Integration, of National Identity and Co-Development was created in May of 2007, with the mandate to prepare and implement governmental action with respect to immigration, asylum, integration of immigrant populations, promotion of national identity and co-development. This in principle will result in a centralisation of most if not all governmental activities concerning immigration and immigrants. With the exception of the latter two attributions, this is similar to the centralisation of responsibilities which exists in Australia. Given the recency of this change, it is impossible to assess as of yet whether this has resulted in the implementation of more effective integration measures.

Until recently, the governmental programme on the reception and integration of foreign citizens was the formal responsibility of the Directorate for Population and Migration (DPM) of the Ministry of Employment, Social Cohesion and Housing. The main public actors at the operational level are now only two in number, namely the ANAEM, the National Agency for the Reception of Foreigners and Migration, created in April 2005 and responsible for the new arrivals, and the ACSE (the National Agency for Social Cohesion and Equality of Opportunity), established in March 2006, responsible for

implementing measures addressed to resident immigrants and persons of immigrant background, as well as contributing to actions against discrimination. In addition, a highly visible public authority, the HALDE (High Authority in the Fight against Discrimination and for Equality) has been created to deal with individual cases of discrimination and to promote equality. Other actors include numerous NGOs, associations and organisations that intervene in the reception and social accompaniment of immigrants and of persons of immigrant background, as well as union and employer groups.

Much government attention has being directed at integration issues in recent years, in particular with respect to monitoring and assessing more closely the integration of immigrants and their offspring, with a view to developing and implementing appropriate policies for improving what is generally viewed as a delicate situation and indeed one of some urgency. Some of the formal structures in place actually date back to the early nineties but have been resurrected and activated. With September 11th as a backdrop, there is a concern that discontented and disoriented segments of the population of France who are poorly integrated into society could pose serious risks that could go significantly beyond petty criminality, sporadic violence and urban disorders.

Among the institutions which have been reinvigorated is the High Council for Integration (HCI), an independent body of reflection established in 1989 which has the mandate of making proposals, at the request of the Prime Minister, on matters related to the integration of immigrants. It submits an annual report to the Prime Minister on issues related to integration and has been called upon on several occasions to give advice on specific issues. Most recently, it has produced a report on the outcomes of integration policy over the period 2002-2005 (HCI, 2006).

The Interministerial Committee on Integration, established at the same time as the HCI and which had not met since 1990, was reconvened in 2003 to build and co-ordinate a programme of action on integration covering measures in some 30 ministries. It is presided by the Prime Minister. The programme of action had three main objectives: *i)* to design integration pathways for new arrivals, and in particular a formal reception programme; *ii)* to promote individual social and occupational mobility for immigrants and their children; and *iii)* to act against intolerance and for equality of rights. This was specified through "55 measures in favour of integration" which ranged from the establishment of the ANAEM itself to a doubling of beneficiaries of mentoring programmes to preventing forced marriages. It has met annually since then and continues to have a significant role with respect to the development and implementation of integration policy.

As noted above, labour market integration problems of immigrants following the initial period of settlement and of persons of immigrant background are addressed through mainstream agencies and programmes addressed to the general population, as is generally the case in most OECD countries. It has always been the formal position of the French State that it does not deal with its population on the basis of ethnic or national origin or membership in particular groups, but rather as individuals equal under the law and uniformly subject to the same rules and regulations. This is especially the case for offspring of immigrants born and educated in the country, who in France become French nationals when they attain the legal age of adulthood. It has generally been assumed that the institutions of French society, namely, the legal framework, the courts, the educational and health systems and the regulation of the labour market were both formal and implicit guarantors of general equality and opportunity and in particular, of the

smooth integration of new members into French society. As will be seen, the reality in practice has been somewhat different.

There are numerous bodies and policies in France (as in other countries), some national and some regional and local, which target disadvantaged groups and areas or neighbourhoods, including many where immigrants and their offspring are overrepresented. Although the targeting may not refer specifically to immigrants or their offspring, in many cases they are a priority group. The amount spent on immigrant integration through generic mainstream programmes of this kind that may involve indirect targeting is difficult to estimate, but is almost certainly more important than the funds directly targeted towards integration (see below). It is beyond the scope of this study to cover all such programmes and expenditures. Rather what will be done is to consider those that are commonly if not formally considered to have persons of immigrant background as a priority target group. Often these are identifiable by the fact that targeted participants are said to include persons residing in a "sensitive urban zone" (ZUS), which is a geographic designation for an area with a high unemployment rate deemed to be "at risk". Such areas tend to include a significant concentration of (disadvantaged) immigrants and their children.

Policies involving ZUS-type areas are grouped under the rubric of "City Policy" and there is now an implicit recognition of the immigrant targeting of such policies in the fact that their funding will be administered as of 2007 by the new ACSE agency, along with the activities which this agency is also taking on from the FASILD (see below), which were explicitly directed at the integration of immigrants and their offspring.

Although none of the mainstream agencies, such as the ANPE (National Employment Agency), deal exclusively with an immigrant clientele, one perhaps merits a mention and will be described in more detail because it is geared to young persons with no or low qualifications, a category where the offspring of immigrants tend to be overrepresented, and because it is heavily implicated in the referral of immigrant youth and children of immigrants for certain government programmes, such as TRACE/CIVIS, SEJE and mentoring programmes (see below). This is the network of Local Missions and PAIO (Welcome, Information and Orientation Centres).

Because the ANAEM and the ACSE, the new public actors in the sphere of integration policy, are such recent creations, it will be difficult to give any assessment of their effectiveness. However, neither represents a complete break with the past, since each consists of a regrouping of former existing agencies.

4.2. Reception policy

In addition to its responsibilities for the recruitment and introduction into France of foreign workers, the Bureau of International Migration (OMI) since 1945 and until recently had the mandate to participate in administrative, health and social interventions related to the control, reception and stay of foreigners in France. However, until 1993, although there had been financing and, as required, measures in place to deal with the integration of immigrants, there was little in the way of formal, precisely defined public policy with respect to the reception of new arrivals. However, two associations with a long history of assisting new immigrants were prominent in on-the-ground integration measures. These were the SSAE (Social Service Assistance for Emigrants), dating from 1924, and the ASSFAM (the Association of Family Social Services for Migrants), originally established in 1951 to assist arriving families of Algerian immigrants and transformed in 1979 to cover off all immigrant groups. The two associations operated on

a broad front, providing general information about life in France, legal assistance, mediating with the school system and public institutions, family assistance, basic adult education, etc. Since the 1950s, they have been under contract to the Social Action Fund (FAS, predecessor to the FASILD) for immigrant workers and their families, mandated to facilitate at national and local levels the social and occupational integration of immigrant workers and their families (see below).

1990 saw a first attempt to establish regional programmes for the integration of immigrant populations, by giving prefects[6] the responsibility for setting up a programme to facilitate the integration of immigrants and persons of immigrant origin and for assessing previous efforts. However, few regions actually had a concrete and operational plan. In 1993, the first formal reception plans, for family reunification immigrants, were set up at the departmental level in response to a governmental directive. This specified that the reception needed to be prepared prior to arrival with the immigrant already in France, the family needed to be greeted upon arrival, integration measures were to be proposed to facilitate settlement, a follow-up was to be made and the organisation of all of this was to be formalised in the departmental reception plan. In the following year, a further directive specified that language teaching was to be an integral part of the departmental reception plans. All adult family reunification migrants were granted a credit of 200 hours of language courses and these were given priority in any language teaching financed by the FAS.

In 1995, the FAS was asked to review the system of language training for immigrant adults in general. It carried out an evaluation of levels and requirements on the basis of an INSEE/INED survey of geographic mobility and social integration and estimated that 45% of all adult foreign citizens had an insufficient mastery of French, either oral or written or both, and 450 000 or about 29% had inadequate mastery of both oral and written French. On this basis, the FAS estimated that the number of places offered to trainees each year covered only about 3 to 10% of potential needs, if the criterion of both written and oral competence was retained. Nothing concrete seems to have come out of this assessment, however.

In 1999, the departmental plans were extended to arriving foreign members of French citizens and to family members of refugees not living in temporary housing centres, with due attention being given to their need for protection. A strong emphasis was placed on the fact that the reception measures needed to be initiated as soon as the request for settlement was made, with the immigrant present to be informed of the measures to be undertaken upon the arrival of his/her family and an emphasis placed on the learning of French. Reception initiatives were to be broadened, deepened and individualised, with the implication of family social services when deemed necessary. At the organizational level, the main actors involved were to be the Departmental Directorates of Health and Social Services, the FAS, the Office for International Migration and specialised social services, in particular the SSAE and the ASSFAM. All departments were required to have in place a departmental reception plan defining the modalities of action; the role of each actor; an assessment of needs, existing means and additional requirements; and finally a plan for follow-up and monitoring.

6. Prefects are the representatives of the state in the departments, of which there are 100. They are responsible for representing the state to local governments, for safety and security, for official documents and immigration rules and for ensuring respect for legality by local government.

The actual reception, organized on the same day and place as an obligatory medical visit was to include, a presentation of French society (lifestyle, rights, obligations) in the immigrant's own language if necessary, an individual interview to establish a social audit, a language assessment if necessary, and a first interview with a qualified social worker if necessary.

The first step in the formalisation of the reception process thus involved a precise specification of the measures to be taken by the actors already involved in immigrant reception, each with its responsibilities and expertise, but extended to a broader category of immigrants and generalised across all departments. The exact specification of the measures to be undertaken was left up to the local level. In practice, however, because the services required were not available in all regions, only about one fifth of arrivals were effectively covered.

4.3. The Reception and Integration Contract (CAI)

The next step was taken in 2005 with the establishment of the National Agency for the Reception of Foreigners and for Migration (ANAEM), which merged the main operational players with respect to immigrant reception and integration (the OMI and the SSAE). The introduction programme in place was given a more official and visible status by means of the Reception and Integration Contract (CAI), as well as extended to all departments following a piloting in a limited number of departments in the first year.

This contract involves responsibilities on the part of both the state and the new arrival and is proposed to immigrants when they come to a local reception office. It was intended initially to be voluntary but is now compulsory (see below). The contract commits the immigrant in a number of respects. The signature of the contract gives the immigrant the right to a number of services (essentially training) but requires in return the respect of the fundamental principles and values of the French Republic and the commitment to follow the prescribed training. The contract is signed for a period of one year and is renewable once. There is no special introduction allowance associated with the contract and only refugees and immigrants resident for at least five years are eligible for social assistance (the RMI[7]). The amount disbursed to recipients as of January 2007 was about EUR 440 per month for a single person, EUR 660 for a couple with additional amounts for each child. This compares with the approximately EUR 1 250 minimum wage (SMIC) for a 35-hour-per- week job. Other social transfers such as family and schooling allowances are available to immigrants with a long-term (one-year) stay permit.

The initial half-day session includes the presentation of the contract, of life in France and of French laws and values; a medical exam; an interview with a social worker to identify specific needs, including a personalised accompaniment where required; and an assessment of French linguistic ability. The training received subsequently includes an obligatory one-day session on citizenship (*Formation civique*) and, depending on the immigrant's mastery of French, language training of from 200 to 400 hours. Complementary and optional information sessions include one lasting a day on "Living in France" dedicated to the presentation of public services and institutions and of daily life in France. As of 2008, the follow-up can include a skills assessment. Registrations for these various sessions and for various rendezvous are made directly at the local office, in

7. The RMI (Minimum Insertion Income) is a minimum guaranteed annual income available to persons who commit themselves to participate in actions defined with them and necessary for their social and occupational integration.

the presence of the immigrant, by an auditor of the ANAEM. The follow-up of the contract and an assessment of progress is ensured by the auditor.

The prescribed training sessions are obligatory and non-attendance could result in theory in the residence permit not being renewed or the ten-year residence card being refused. The law indicates specifically that the respect of the contract conditions will be taken into account at the time of attribution of the residence card and eventually in the acquisition of French nationality.

As of end-November 2006 (ANAEM, 2006), over 200 000 contracts had been signed, with a signature rate of 93% of persons to whom it is proposed. Persons from the Maghreb and sub-Saharan Africa constitute over two-thirds of the signatories and all nationalities had high signing rates. Eighty-five percent of these were under 40 years of age, with family members of French citizens being in the majority (56%). Refusals tended to be more common among older immigrants and among persons having difficulty communicating in French. Three fourths of refusals were reported as being due to a lack of interest, with child care, transport or scheduling problems making up the rest. The refusal by some persons with language difficulties, those considered most in need of language teaching, has led to the CAI being made compulsory from 2007 on.

The level of mastery of the French language has been higher than anticipated, with almost 70% of the signatories deemed to have sufficient language proficiency, reflecting the high proportion of persons from francophone Africa, as well as the fact that about 45% have been in the country for at least two years. The remainder, for whom communication in French was difficult (18%) or impossible (13%), were proposed language training, organised by the ACSE (see below). Actual attendance, however, was about 65% in 2004. The reasons for non-attendance (which could, for example, include having found work) are not known.

Persons demonstrating the required level of French-language proficiency initially were issued a "ministerial attestation of linguistic competence" (AMCL), which dispenses foreign citizens from having to demonstrate the basic linguistic knowledge needed in everyday life that is required to obtain French nationality. However, this level of knowledge of French is not a high level and indeed, cannot for some persons be considered a sufficient level, that is, including both oral and written proficiency, for access to regular public labour market programmes involving work and/or training. The AMCL was replaced in 2007 by the Initial French Language Diploma (DIFL), which will henceforth be the reference level for assessment of mastery of the French language.

Funding for language training in 2006 was at approximately EUR 60 million in 2006 for roughly 30% of the 95 000 signatories and is expected to increase in 2007-2008. The actual hours of French-language learning (200-400 hours) are modest compared to what is available in some countries,[8] and the higher limit is somewhat less than what empirical results from other countries suggest is a level beyond which there are limited further returns with regard to access to employment (OECD, 2007). In any event, French language learning was recognised in 2004 as being relevant to continuing vocational education, which in practice means that such learning benefits from all the rights and

8. In Australia, immigrants can receive up to 1 300 hours of language training, in Denmark up to 2 000 hours. In Germany, on the other hand, it is 600 hours and in Belgium less than 200 hours.

advantages (leave, diplomas, financing) associated with this kind of education.[9] Salaried workers with language difficulties can now acquire the desired level of mastery under conditions compatible with their employment. This right, however, does not apply to job-seekers and other non-employed persons suffering from the same handicap, who can, however, be referred to the ACSE (see below) for language training if this is deemed necessary to their obtaining gainful employment.

With regard to aid concerning access to the labour market, the "Living in France" training session includes an optional module of 1½ hours addressed to job-seekers registered or intending to register with the national employment agency, as well as young persons 16 to 25 years of age likely to be followed by a Local Mission (see below). It can also apply to other new arrivals with a career perspective but likely to encounter certain difficulties in the labour market (unstable employment, overqualification, etc.). The aim of this module is to inform the immigrant about the various agencies and organisms that assist in finding employment and training, about the rights and responsibilities associated with being a job-seeker or worker and about the need to convey an accurate picture of his/her competencies and their worth in the labour market. The session from 2008 on includes an assessment of the skills or qualifications of new arrivals and their relevance to the French labour market and an evaluation of possible training or education needs.

The concern with recognition of foreign qualifications and experience that is so visible in many other countries seems to be less apparent in France, despite the importance of formal qualifications for employment in the French labour market. This may be because of the qualifications deficit of immigrants in the past, a situation comparable, however, to what existed in many other European countries. This is a situation which is changing, however, with recent immigrants having a higher proportion of tertiary qualifications (27%) than for the native-born population as a whole (22%), but lower than for recent French-born cohorts (39%). There are nonetheless procedures in place for a certain type of recognition, either by the regional educational authorities (*Rectorats d'académie*) or the ENIC-NARIC,[10] which is the French centre for information on the recognition of academic and professional qualifications. However, the centre does not seem to be widely accessed and in any event, appears to have a fairly limited scope. The notion of the equivalence of diplomas in France is viewed in a juridical sense, which in practice means that there is no formal equivalence either recognised or granted that is legally binding. What is issued to an immigrant wishing to have his/her diploma recognised is either an "assimilation" or an "attestation of recognition of the level of education". The first of these is proposed by administrations responsible for examinations or by educational establishments. A commission recognises a level of study and authorises the applicant to apply for a competition or a course of study at a level which it considers corresponds to the level obtained abroad with reference to that delivered in the establishment. There is no certificate or document issued. The level of French education to which the foreign qualification is deemed equivalent is essentially implicit.

The "attestation", on the other hand, is intended as an aid to an eventual user (in particular, an employer) in understanding the education pathway of the individual. It situates the foreign diploma in the educational system of the *country of origin* without

9. Under French labour law, enterprises in France must spend from 0.55% to 1.6% (the percentage varying according to the size of the enterprise) of their payroll on training. Language training now qualifies as eligible training under this law.

10. European Network of Information Centre – National Academic Recognition Information Centre.

reference to the French educational system. It specifies the number of years of study required and, to the extent possible, the jobs to which it leads in the country of origin. There is no reference to or comparison with a qualification in the French educational system. It is left to the employer to assess whether or not the diploma presented covers the education required for the position being applied for. For regulated professions, the attestation does not grant the right to exercise the profession in question. For this, the immigrant needs to obtain the required authorisation from the appropriate regulatory body (see *www.ciep.fr/enic-naricfr/equivalence.php)*.

4.4. Integration measures following the post-arrival period

With respect to the implementation of integration policies, the newly created ACSE (the national agency for social cohesion and equality of opportunity) is playing a pivotal role. It takes on all of the former responsibilities of the FASILD, as well as those related to City Policy, in order to better co-ordinate the measures and to reinforce the efficacy of the two policies.

Although the FASILD has been very recently absorbed into the ACSE, we continue to speak of it in the present tense in what follows, because many of its functions have survived within the ACSE, even if its formal place within the administrative apparatus has changed.

The FASILD (Action and Support Fund for Integration and the Fight against Discrimination) is a national public administrative body with a public service mission, under the supervision of the Ministry of social affairs, work and solidarity and the Ministry of the Budget. It has a long history going back to the establishment of the FAS, its predecessor, in 1958 (see above). Its mandate as of 1990 included reception, educational measures, training and employment, housing for families and single persons, social inclusion and anti-discrimination measures. In 2001, the FAS saw its mission explicitly redefined in favour of the integration of immigrants and of persons of immigrant background and the fight against discrimination and its name changed to the FASILD.

Its resources in 2005 came 95% from a state subsidy and amounted to EUR 181 million. The balance was essentially from the European Social Fund. Expenditures on interventions accounted for about EUR 157 million, the rest comprising the operating budget. About 4 500 associations and organisms were financed in 2004. Labour-market-related expenditures include those for language teaching (about 37% of the total), for new arrivals (3%), for the prevention of and fight against discrimination (3.5%) and about 7% for the promotion of cultural diversity. The average expenditure per adult new arrival by the FASILD amounted to roughly EUR 50, not counting language teaching. This does not include the amounts expended through mainstream labour market programmes not directly targeted at immigrants.

The FASILD is present throughout the regions of France, and its formally defined interventions, such as those involving language teaching and personnel training, are implemented regionally through calls for tender. It is managed by a national board of directors and 16 regional commissions, with representation from government bodies, union and employer groups and specialists in integration and the fight against discrimination. Persons of immigrant origin are strongly represented in its structures, providing for the possibility of mediating links between the central public administration and the targeted immigrant clientele.

The role of the FASILD is to relay national priorities regarding the integration of immigrants to the local level and to play a co-ordinating role among the many associations and groups active in the area through its subsidy capability and its formally assigned responsibility for immigrant integration. However, given its limited budget for labour market interventions and the fact that labour market integration problems are generally addressed through mainstream programmes, the co-ordinating and monitoring functions seem to have been its main *raison d'être* in this area, its budget assuring it of a presence and a voice at the local level. Its links to immigrants at the local level ensure, in the absence of formal immigrant associations recognised by the state, the transmission of immigrant concerns and difficulties regarding the labour market to central authorities.

The organisation of language teaching for new arrivals provided for in the CAI, which was initially organized by the FASILD, is now directly looked after by the ANAEM, the ACSE retaining the responsibility for language teaching for established immigrants on an as-required basis.

The second responsibility of the ACSE, namely the administration of the "social cohesion contracts", will be considered in the discussion of the second generation below.

4.5. Naturalisation policy[11]

French nationality law is something of a hybrid between the *jus soli* and *jus sanguinis* juridical concepts. Persons born in France have French nationality at birth if at least one of their parents was born in France. Otherwise they acquire it automatically at age 18 by right, if they have resided in France at least five consecutive years since the age of eleven. Persons born abroad can acquire it by declaration after four years of cohabitation if they marry a French national or by decree following application, subject to certain conditions. These conditions are: to be at least 18 years of age, to have lived in France for at least five years before the application is made, to be of good character and without a criminal record and to justify one's assimilation into French society, in particular by means of a sufficient knowledge of the French language and of the rights and responsibilities conveyed by French nationality.

As of 2004, 41% of immigrants in France had French nationality, a figure which is average by international standards. The percentage by country or region of origin varies considerably with Southeast Asians having the highest prevalence, followed by sub-Saharan Africans, Moroccans and east Europeans. At the other end of the spectrum, persons born in Portugal, Algeria, Turkey and western countries outside of southern Europe have relatively low rates. The low rates for European countries undoubtedly reflect the impact of European membership, nationals from EU countries having less incentive to take up French nationality than nationals of other countries. Generally, manual workers and inactive persons acquire French nationality much less than professionals and managers, technicians and other while-collar workers. Employment outcomes are more favourable for the latter but the connection with country of birth is less clear, with foreign-born persons with both favourable (Portuguese) and unfavourable (Algerians) labour market outcomes having low naturalisation rates.

Holding French nationality tends to favour better outcomes because of a better access to public sector jobs. In France, 22% of employment is in the public sector (including public enterprises and social security), but only 11% of immigrants are employed in that

11. This section draws heavily on Fougère and Safi (2007).

sector. French nationality also simplifies hiring procedures, or at least comforts employers in the belief that there are no irregularities. On the other hand, naturalisation may be a symptom of a better integration, with persons with better language proficiency and educational qualifications self-selecting themselves into French nationality and also having better employment outcomes. Examining the latter directly according to naturalisation status cannot distinguish the self-selection from the naturalisation effect.

However, after correcting for factors which can affect both naturalisation and employment outcomes (such as educational attainment), the acquisition of French nationality has been shown to have a strong employment premium of about 23 percentage points on average, for both men and women (Fougère and Safi, 2007). The data source used permits the comparison of changes in employment rates for persons naturalised over specific periods and changes for persons not having undergone naturalisation over the same periods. The naturalisation premium varies considerably by country or region of origin and sex, with men of sub-Saharan origins and Turkish-born women showing a premium of over 40 percentage points and Portuguese men and women as well as sub-Saharan women showing premiums of less than half this. This nationality premium is observed in other countries, in particular Belgium (see Chapter 2).

It would appear therefore that employers are using French nationality as a screening device in their hiring decisions. Whether they view the holding of French nationality as a guarantee of more highly motivated or productive workers or of better work-place integration among immigrants is not clear. It is improbable that real productivity increases or significant immigrant work-place behavioural changes occur as a result of naturalisation itself, although it may increase the likelihood of hiring into a higher productivity job. The measured impact is a strong one and suggests a systematic preference by employers for immigrant workers of French nationality. It is also a strong argument in favour of immigrants' taking out French nationality, if there are no impediments to doing so.

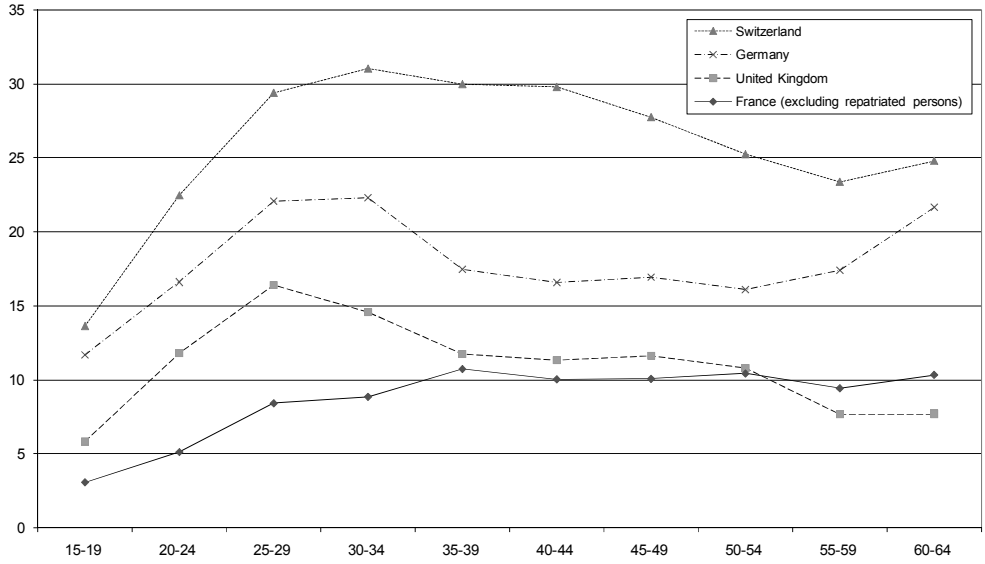
In summary then, integration measures upon, and shortly after arrival in France seem relatively weak in comparison to what exists in the Nordic countries, although perhaps not so different from what is seen in Germany. The reception measures in place do not seem extensive, although sufficient language training provision appears to exist. However, the services designed to address the particular requirements of immigrants, particularly with respect to knowledge of the French labour market, job search techniques and qualification recognition, are limited in scope and duration. As will be seen, the relative absence until recently of formal reception services , if it does not necessarily explain, may aid in understanding why labour market outcomes for new arrivals are relatively unfavourable and take a long time to improve. Whether the services that have been implemented recently will be enough to ensure a significant improvement in labour market outcomes remains to be seen.

5. A closer look at labour market outcomes of immigrants

The immigrant population aged 15-64 in France is an aging population, with those in older age groups accounting for a higher percentage of the age group than is the case for younger immigrants (Figure 3.3). For example, the foreign-born account for a little over 3% of 15-19 year olds but about 10% of all ages over 35, with the percentage increasing for each five-year age group in between. This is unique among traditional European migration countries, with most countries showing an age distribution similar to those observed for the other three countries in Figure 3.3, with a peak in the 25-34 age range.

This testifies to the low levels of migration in France compared to what was observed prior to the first oil shock in 1973 and to the absence of significant movements in the nineties. Although entries have increased in recent years, they have not been numerous enough yet to change this general picture.

Figure 3.3. The foreign-born population as a percentage of the total population, by age group, selected OECD countries, 2005

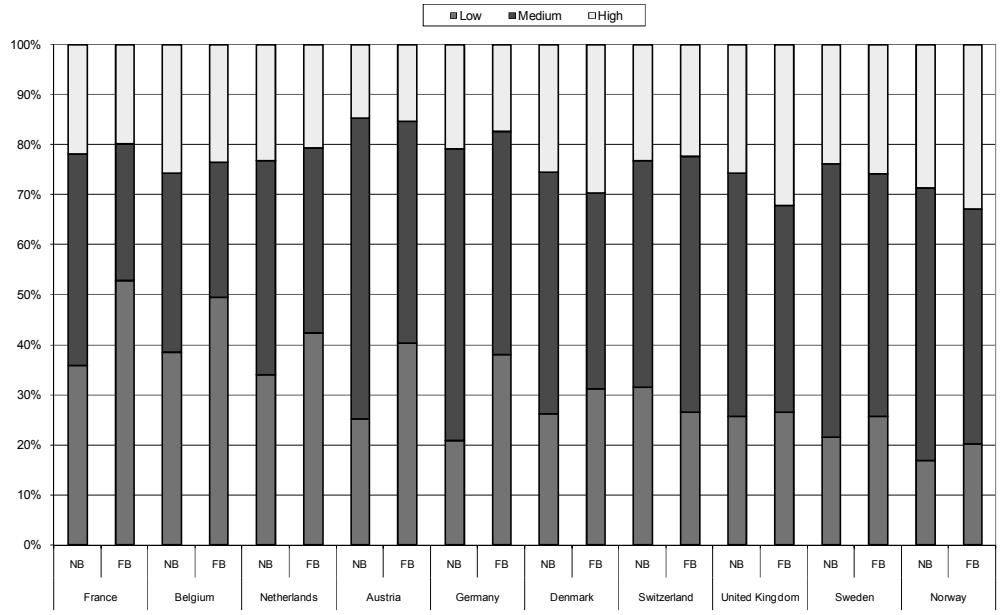


Source: European Union Labour Force Survey.

The educational attainment of the immigrant population is on average lower than that of the native-born population. Indeed, the foreign-born population in France has the highest percentage of persons with a less than upper secondary qualification (> 50%) among the ten immigration countries shown in Figure 3.4. However, the native-born population also includes a signification percentage of persons without an upper secondary qualification (about 36%), so that the difference in attainment levels between the native- and foreign-born populations is about the same as in Germany and Belgium. Recent arrivals tend to show both higher levels of lower attainment and similar levels of high attainment compared to native-born French, reflecting at once the growing attainment levels in origin countries, but also the persistence of movements of lower educated immigrants into well-established communities. Such immigrants are those that have the most to gain from a successful establishment in an OECD host country.

The differences in age structure and in educational attainment levels might be expected to have a statistical impact on the observed labour force performance of immigrants compared to the native-born, but the effects of age and education tend to be counterbalancing. The older age distribution tends to be associated with better-than-average labour market performance, the lower educational attainment with below-average performance. The net effect overall happens to be positive, that is to say, the employment and unemployment rates of the immigrant population are higher, respectively lower, than they would be if they had the same age and educational attainment structure as the native-born population.

Figure 3.4. Educational attainment of the native- and foreign-born populations aged 25-64, annual average, 2001-2005



Note: Countries are sorted in decreasing order of the percentage of foreign-born with low educational attainment.
Source: European Union Labour Force Survey.

The immigrant population, however, is not a homogeneous one with respect to labour market outcomes. Table 3.3 provides results averaged over a five-year period for a broad array of geographical countries and regions of origin, showing the observed values and those adjusted for differences in the age and educational attainment structure. Men from EU countries and Portuguese women tend to have favourable labour market outcomes compared to the native-born in France. All other origin groups show lower employment and higher unemployment rates than those of the native-born, with immigrants from the Maghreb area showing the least favourable results. The same is generally true for immigrant women. These are well-known results which the estimates produced here largely confirm. When the data are adjusted for differences in age and educational attainment, however, countries of origin that show favourable results (essentially those from southern Europe) appear in an even more favourable light, whereas the reverse is true for persons originating in the rest of the world.

In short, the observed labour market results for immigrants in France appear better than is in fact the case for most immigrant origins, because of the underrepresentation relative to other countries of persons whose outcomes in France tend to be not as good, namely younger and /or more recent immigrants. Moreover, many immigrants to France arrive for humanitarian or family reasons and few of them have jobs upon arrival. Indeed, current (2005) employment and unemployment rates for immigrants who have arrived within the past five years in France are the lowest and highest, respectively in Europe, which may reflect at once the nature of immigration to France but also the relatively difficult labour market conditions for new arrivals (Figures 3.5a and 3.5b) and indeed for new entrants in general.

Table 3.3. Employment and unemployment outcomes for the native- and foreign-born population by country/region of origin, 2001-2005 pooled data

Men

	Employment-population ratios			Unemployment rates		
	Observed	Adjusted for age and education	Difference	Observed	Adjusted for age and education	Difference
Native-born	69.8	--	--	7.3	--	--
Foreign-born	66.3	60.8	-5.5	13.7	14.9	1.2
Spain	71.6	74.1	2.5	5.5	7.0	1.4
Italy	63.9	71.1	7.1	4.5	5.6	1.1
Portugal	81.3	82.5	1.2	4.9	4.6	-0.3
Other EU15	71.2	65.0	-6.3	6.8	9.2	2.4
Other Europe	64.1	57.1	-7.0	13.1	15.3	2.2
Algeria	59.0	53.7	-5.2	18.2	21.5	3.3
Morocco	62.7	57.9	-4.8	18.2	19.0	0.8
Tunisia	63.4	55.7	-7.6	16.8	18.8	2.0
Other Africa	65.4	51.8	-13.6	18.6	20.2	1.6
Turkey	65.9	58.7	-7.2	18.8	14.4	-4.4
Other Asia	69.3	58.5	-10.8	10.8	11.4	0.6
Other	65.5	57.5	-8.0	14.4	15.3	0.9

Women

	Employment-population ratios			Unemployment rates		
	Observed	Adjusted for age and education	Difference	Observed	Adjusted for age and education	Difference
Native-born	58.2	58.2	--	9.5	9.5	--
Foreign-born	47.4	42.9	-4.5	16.4	17.1	0.7
Spain	54.1	56.1	2.0	8.0	9.8	1.8
Italy	47.1	49.4	2.3	11.1	13.9	2.8
Portugal	69.3	71.6	2.3	7.5	6.5	-1.0
Other EU15	52.3	44.0	-8.3	8.5	11.6	3.0
Other Europe	48.2	39.4	-8.8	16.1	18.7	2.6
Algeria	44.6	40.2	-4.3	18.5	21.7	3.2
Morocco	37.0	32.1	-4.9	24.8	24.5	-0.3
Tunisia	42.6	39.7	-2.9	14.4	15.5	1.1
Other Africa	47.8	42.0	-5.8	20.9	19.2	-1.7
Turkey	19.5	19.1	-0.5	38.4	26.8	-11.6
Other Asia	45.9	38.3	-7.5	18.9	19.3	0.4
Other	46.8	37.0	-9.8	19.5	21.7	2.2

Note: The adjusted rates were obtained by first calculating the odds ratios relative to the native-born in a logistic regression controlling for age and education and applying these to the odds for the native born.

Source: Labour force surveys.

Figure 3.5a. Employment-population ratios, native-born persons and foreign-born persons by duration of residence, 2003-2005 average, selected OECD countries

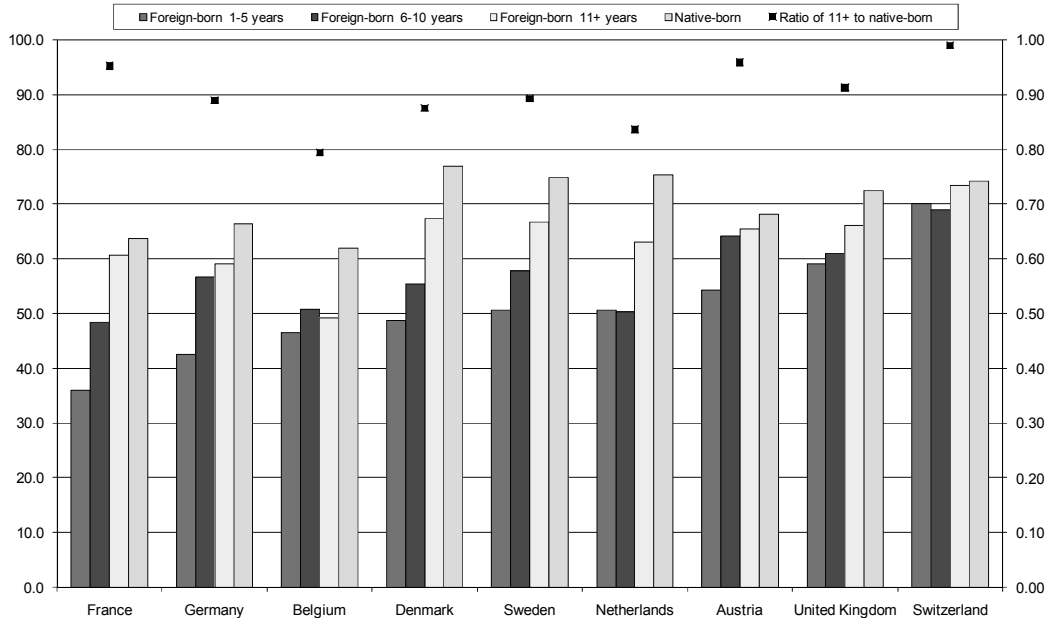
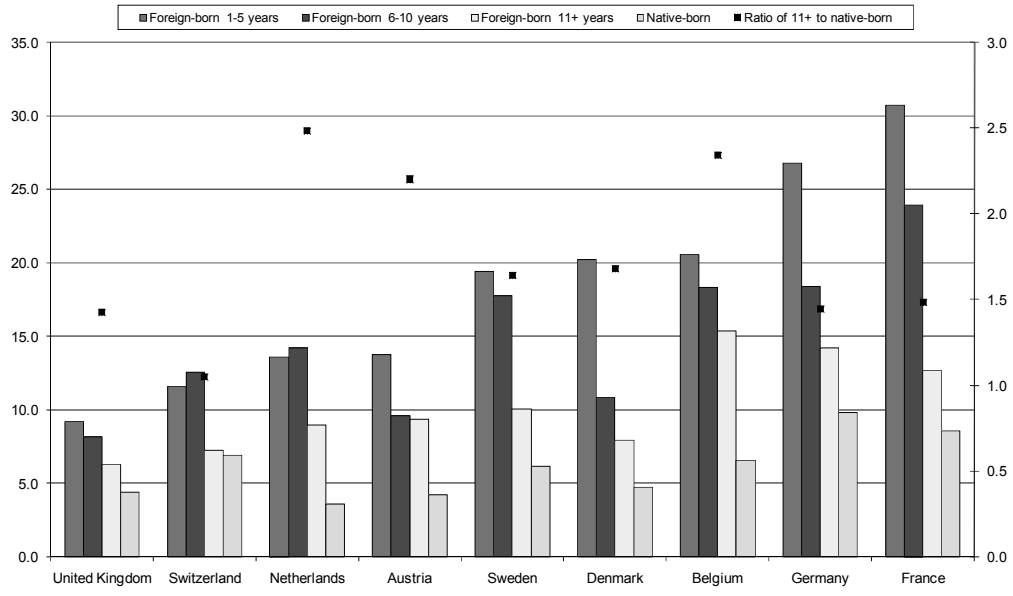


Figure 3.5b. Unemployment rates, native-born persons and foreign-born persons by duration of residence, 2003-2005 average



Source: European Union Labour Force Survey.

Table 3.4 shows that outcomes for non-OECD immigrants are especially unfavourable during the first ten years in the country. Immigrants from OECD countries, on the other hand, have more or less achieved at least parity and often better outcomes than the native-born on all counts after six to ten years in the country. Overall, because

immigrants from non-OECD countries are more numerous, employment and unemployment outcomes do not appear as good as those of native-born persons, even after more than ten years in France.

Differences between non-OECD immigrant men and women and native-born men and women tend to be similar except for participation rates, for which rates for immigrant women are initially much lower than those of their native-born counterparts and converge much slower to those of the native-born than those of their countrymen. This may reflect a household division of responsibility upon arrival, with immigrant men entering the work force while their spouses take on the responsibility of "organising" life in the new country.

Table 3.4. Labour force indicators, foreign-born by duration of residence, differences relative to the native-born, 2003-2005 averages, France

Duration of residence	Both sexes			Men			Women		
Employment-population ratio	Non-OECD	OECD	All	Non-OECD	OECD	All	Non-OECD	OECD	All
1-5 years	-34	-11	-28	-25	-4	-20	-41	-16	-34
6-10 years	-21	0	-15	-11	6	-6	-28	-3	-20
11+ years	-7	4	-3	-4	6	-1	-9	2	-5
All immigrants	-11	2	-7	-7	5	-3	-15	0	-10
Unemployment rate									
1-5 years	30	5	22	25	4	19	39	6	27
6-10 years	22	2	15	18	1	14	26	3	17
11+ years	7	-2	4	7	-3	4	8	-1	4
All immigrants	11	-1	7	10	-2	6	12	-1	7
Participation rate									
1-5 years	-21	-9	-18	-9	-1	-7	-31	-15	-26
6-10 years	-9	1	-6	4	7	5	-18	0	-13
11+ years	-2	3	0	2	5	3	-5	1	-3
All immigrants	-5	2	-3	1	4	2	-10	0	-7

Note: OECD excludes Korea, Mexico and Turkey which are in the non-OECD area for the purposes of this table.
Source: European Union Labour Force Survey.

With respect to other characteristics of employment, immigrants are much less likely to work in the public sector (12% *vs* 27%), a consequence of the requirement of French nationality for many public sector jobs. On the other hand, they are no more likely to be working in temporary jobs.[12] Immigrants are less likely to be working in atypical forms of employment, such as weekend, evening or night work, or with varying hours of work. They are especially underrepresented in continuous training (23% *vs* 43% participation over a five-year period), whether men or women, younger or older workers, of Maghreb or European Union origin. Immigrants are also about equally like to have had a promotion between 1990 and 1999. A higher percentage of immigrant women work part-time (39 % *vs* 29%) and twice as many in relative terms of those who work part-time

12. The results cited here are taken from *Les Immigrés en France*, INSEE Références (2005), a comprehensive overview of statistics on immigrants. The comparisons given are direct ones, that is, they do not control for age, education, etc.

would like to work full-time (16% *vs* 8%). Immigrant monthly wages differ from those of immigrants by about 13%, but much of this is due to the overrepresentation of immigrant women in part-time work and of immigrants in general in lower paid occupations. Wage levels of immigrant and non-immigrant full-time workers tend to be within 5% of each other for all socio-professional categories, whether professionals, office workers or blue-collar workers. In short, with the exception of access to public-sector jobs and to training, outcomes for employed immigrants tend to compare relatively favourably to those of non-immigrants.

There is room, however, for a strengthening of reception policy in order to speed up the transition into the labour market of new arrivals, which appears to be inordinately slow. This is all the more the case since evidence suggests that labour market entry soon after arrival has a favourable impact on employment outcomes over the longer term (OECD, 2007). The deterioration in results for recent arrivals over the past decade noted above (Figures 3.2a and 3.2b) is essentially concentrated among persons with higher levels of education (ISCED 5 and 6). However, it is true that even native-born new entrants in France have a slow transition period into employment, with especially employment rates of less than 50% one year after completing education for even the highly educated (OECD, 2008), and this, even in the absence of language and qualification deficiencies.

A broad synthetic overview of labour force outcomes for the immigrant population relative to the native-born is given in Table 3.5, as directly observed (first column of each panel), as well as controlling for differences in age and educational attainment and disaggregated by nationality status. Results are given by duration of residence, country or region of birth, educational attainment and whether or not educated in France. Whether or not an immigrant was educated in France was approximated by assuming that persons with less than secondary attainment who arrived in France before the age of eleven, with upper secondary attainment who arrived before the age of fifteen and with tertiary attainment level who arrived before the age of nineteen were all educated at these levels in France. The results shown in this table are based on the standard definition of "immigrant" used in France, namely foreign-born persons who were of foreign nationality at birth. Included among non-immigrants, therefore, are foreign-born persons who had French nationality at birth, of which there were approximately 1.5 million in 2005. These consist essentially of persons repatriated from former colonies in Africa.

The first thing to note (first column) is that immigrants with French nationality have the same relative odds[13] of employment as non-immigrants but that, as noted above for immigrants in general, this is largely due to their older age distribution. Taking age and educational attainment into account (second column) significantly reduces their employment outcomes relative to non-immigrants, essentially reducing it to what is observed for foreign-born persons of foreign nationality (odds ratio = 0.77). Controlling for age and educational attainment has much less effect on immigrant women's labour force outcomes, which, however, remain less favourable than those of non-immigrant women, with French nationality being associated with better results.

13. Then odds of employment is the ratio of the percentage of persons employed to the percentage not employed. An employment rate of 0.75 implies odds of employment of ¾ to ¼ or 3 to 1. Although a not entirely transparent measure, it is a convenient one for statistical modelling purposes. The odds are generally measured relative to the odds for a reference group; one then speaks of the odds ratio. An odds ratio of 1 means that the odds of employment and therefore the employment rates for the two groups are the same.

Table 3.5. Odds of employment and of unemployment of the foreign-born relative to the native-born, by nationality status, educational attainment, duration of residence and origin, France, 2005

Men

Controlling for:	Employment							Unemployment						
Age	N	Y	N	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y
Educational attainment	N	Y	N	Y	Y	-	-	N	Y	N	Y	Y	-	-
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
Men			(odds ratios)							(odds ratios)				
Foreign-born nationals	1.01	0.77						1.85	2.14					
Educational attainment														
Less than upper secondary						0.97							1.78	
Obtained in France							1.06							0.82
Obtained abroad							0.93							2.21
Upper secondary						0.75							2.03	
Obtained in France							0.83							1.27
Obtained abroad							0.62							3.39
Tertiary						0.45							3.33	
Obtained in France							0.66							2.07
Obtained abroad							0.32							5.06
Duration of residence														
0 to 5 years			0.28	0.22	0.22					7.86	7.36	7.39		
6 to 10 years			0.42	0.34	0.34					4.92	4.67	4.68		
More than 10 years			1.14	0.87						1.58	1.86			
Country/region of birth														
Maghreb					0.88							2.02		
Other Africa					0.86							2.27		
Southern Europe					0.89							0.95		
Other Europe					0.78							3.79		
Turkey					0.44							5.28		
All other countries					0.99							1.28		
Foreign-born foreigners	0.82	0.77						2.13	1.96					
Educational attainment														
Less than upper secondary						1.11							1.55	
Obtained in France							1.14							1.22
Obtained abroad							1.10							1.61
Upper secondary						0.50							2.83	
Obtained in France							0.80							1.96
Obtained abroad							0.37							3.71
Tertiary						0.39							2.54	
Obtained in France							0.49							0.72
Obtained abroad							0.37							2.90
Duration of residence														
0 to 5 years			0.46	0.46	0.46					3.12	2.39	2.40		
6 to 10 years			0.94	0.91	0.90					2.30	1.85	1.86		
More than 10 years			1.03	0.93						1.82	1.83			
Country/region of birth														
Maghreb					0.62							2.95		
Other Africa					0.59							3.25		
Southern Europe					2.43							0.35		
Other Europe					0.83							1.55		
Turkey					0.73							2.10		
All other countries					0.86							2.76		

Secondly, outcomes shortly after arrival (for persons having arrived within the past five-years) are poor and show little improvement with increases in duration of residence during the first ten years except for immigrant men of foreign nationality, who appear to achieve parity with non-immigrant men more rapidly (third and fourth columns). Thereafter, immigrant men as a whole show no significant differences in employment-population ratios with non-immigrant men.[14] Women show similarly weak results over the first ten years and continuing shortfalls even among those resident in France for more than ten years.

14. Although the coefficients underlying the calculated odds ratios are not significantly different from zero, they are all negative, which suggests that the employment outcomes may not be quite as good as those of non-immigrant men but that the survey sample sizes may not be large enough to ensure that the observed differences can be measured with sufficiently reliability. This is a going to be a recurrent theme in the results presented here.

Table 3.5. Odds of employment and of unemployment of the foreign-born relative to the native-born, by nationality status, educational attainment, duration of residence and origin, France, 2005 *(cont)*

Women

Controlling for:	Employment							Unemployment						
Age	N	Y	N	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y
Educational attainment	N	Y	N	Y	Y	-	-	N	Y	N	Y	Y	-	-
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
Women														
Foreign-born nationals	0.72	0.62						2.12	2.25					
Educational attainment														
Less than upper secondary						0.81							1.60	
Obtained in France							0.64							1.69
Obtained abroad							0.87							1.57
Upper secondary						0.56		0.54					2.92	
Obtained in France							0.68							2.53
Obtained abroad							0.34	0.31						3.80
Tertiary						0.51							3.19	
Obtained in France							0.68							1.97
Obtained abroad							0.29							5.02
Duration of residence														
0 to 5 years			0.22	0.24	0.24					6.50	5.29	5.32		
6 to 10 years			0.37	0.32	0.32					3.34	2.73	2.75		
More than 10 years			0.82	0.69						1.91	2.09			
Country/region of birth														
Maghreb					0.57							2.97		
Other Africa					0.90							1.81		
Southern Europe					0.82							1.43		
Other Europe					0.67							1.38		
Turkey					0.38							3.33		
All other countries					0.70							1.81		
Foreign-born foreigners	0.42	0.42						2.95	2.62					
Educational attainment														
Less than upper secondary						0.55							2.05	
Obtained in France							0.54							2.59
Obtained abroad							0.54							1.98
Upper secondary						0.37							2.87	
Obtained in France							0.54							1.66
Obtained abroad							0.31							3.73
Tertiary						0.24							4.66	
Obtained in France							0.39							4.10
Obtained abroad							0.23							4.78
Duration of residence														
0 to 5 years			0.23	0.25	0.25					5.19	4.00	4.02		
6 to 10 years			0.35	0.32	0.32					4.07	3.53	3.54		
More than 10 years			0.56	0.55						2.20	2.05			
Country/region of birth														
Maghreb					0.32							3.44		
Other Africa					0.73							2.67		
Southern Europe					1.55							0.75		
Other Europe					0.41							1.75		
Turkey					0.18							5.28		
All other countries					0.37							2.56		

Note: See footnote 13 in the text for an explanation of odds ratios. All odds ratios are relative to the native-born except for those involving educational attainment, where they are relative to native-born persons of the same educational attainment. The odds of employment are calculated with respect to the working-age population, those of unemployment with respect to the labour force. The odds ratios were estimated from logistic regressions with employed and unemployed, respectively as the dependent variables. Shaded cells are not significantly different from one. Underlined cells are significant with $p < 0.05$. All others have $p < 0.001$.

Source: Labour force survey.

Thirdly, employment outcomes by country of birth (fifth column) for immigrant men who have been in France for more than ten years and have French nationality show no significant differences with non-immigrant men for immigrants from all regions of origin except Turkey, whose outcomes are considerably below those of non-immigrant men. For immigrant men of foreign nationality, African men (both from the Maghreb and from sub-Saharan Africa) show less favourable results than non-immigrant men, whereas all other immigrant groups show either no significant differences or, in the case of immigrants from southern Europe,

employment outcomes that are significantly better than those of non-immigrant men.[15] Among women, favourable employment results are observed for women from sub-Saharan Africa and from southern Europe, whether they have French nationality or not.

With respect to unemployment, the picture is less nuanced, with only men from southern Europe showing favourable results compared to non-immigrant men, and immigrants from Africa and especially Turkey showing odds of unemployment that are at least two to three times those of non-immigrants.

With respect to educational levels, the results confirm those in Figures 3.6a and 3.6b, namely favourable labour market outcomes for lesser educated than for more highly educated immigrants, relative to non-immigrants of the same educational level in France (sixth column). Indeed, the relative outcomes for immigrants tend to decline with educational level. For jobs requiring higher levels of attainment, mastery of the French language and the nature of the qualifications and experience may be more significant criteria to employers, potentially placing immigrants at a disadvantage relative to native-born persons of the same age and qualifications. The result observed could in part be related to where qualifications were obtained, especially for medium and highly educated men. An education obtained in France tends to reduce differences in outcomes for immigrants relative to non-immigrants, especially for immigrants with French nationality (seventh column). However, strong differences persist even for men and women with tertiary degrees obtained in France. This latter group, given the way host-country education was identified, consists largely of persons who arrived in France as minors. Thus, although the limited scope of the qualification recognition procedures in place explain part of the difference in outcomes between immigrants and non-immigrants, it is far from being the whole story.

Although the employment rate of low-educated immigrants is low relative to more educated immigrants, it is nonetheless higher than that of low-educated native-born men. In addition, the employment rates of low-educated immigrants compared to those of their native-born counterparts are more similar than for more highly educated immigrants and this, at all durations of residence and for both men and women (Figures 3.6a and 3.6b). "Convergence" to native-born outcomes for the lower educated is much faster than it is for immigrants of medium or high attainment. The outcomes for men soon after arrival, for example, seem to be already as good as those of the native-born of the same educational level.

This is not a situation that is unique to France. Table 3.6 shows relative odds of employment of the foreign-born relative to the native-born by educational attainment for a number of OECD countries. The situation on average across all countries is the same as that observed in France, with Denmark, Germany, Spain Switzerland and the United States in particular showing employment outcomes that are, in relative terms better for the low- than for the high-educated.

15. Portuguese immigrants, the largest group among southern European immigrants, have particularly dense social networks which facilitate job search. In a survey, almost 60% reported having found their current job through their networks, compared to almost 30% for persons born in France or in Maghreb countries (Dos Santos, 2005).

Figure 3.6a. Difference between the employment-population ratios of native-born and foreign-born persons, by sex, educational attainment and duration of residence in France, 2003-2005 averages

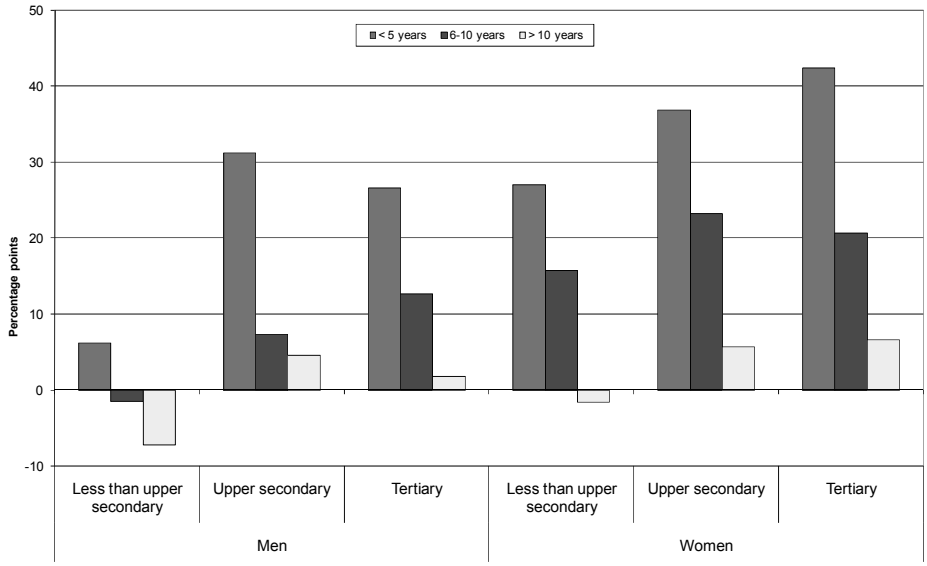
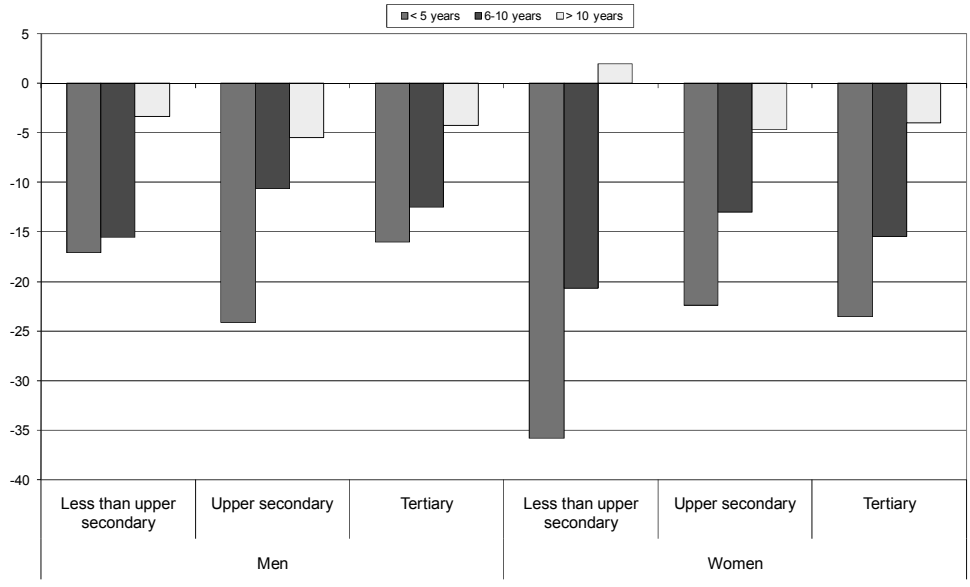


Figure 3.6b. Difference between the unemployment rates of native-born and foreign-born persons, by sex, educational attainment and duration of residence in France, 2003-2005 averages



Source: European Union Labour Force Survey.

Table 3.6. Odds of employment of foreign-born relative to native-born persons aged 15-64, selected OECD countries, 2004 and 2005

Controlling for :	Men					Women				
Age	N	Y	Y			N	Y	Y		
Educational attainment	N	Y	Not applicable			N	Y	Not applicable		
			Educational attainment					Educational attainment		
	All persons	All persons	Low	Medium	High	All persons	All persons	Low	Medium	High
Australia	0.72	0.67	0.69	0.48	0.72	0.72	0.60	0.64	0.54	0.65
Austria	0.81	0.60	0.79	0.57	0.75	0.73	0.61	0.54	0.72	0.46
Belgium	0.70	0.42	0.44	0.39	0.43	0.52	0.39	0.40	0.41	0.34
Denmark	0.46	0.38	0.66	0.34	0.22	0.44	0.34	0.36	0.39	0.25
France	**0.89**	**0.72**	**0.89**	**0.58**	**0.58**	**0.66**	**0.55**	**0.63**	**0.50**	**0.46**
Germany	0.69	0.64	0.84	0.61	0.31	0.44	0.42	0.50	0.45	0.22
Netherlands	0.51	0.33	0.32	0.32	0.37	0.52	0.40	0.39	0.38	0.46
Portugal	1.26	0.93	0.78	1.37	0.81	1.21	0.85	0.92	0.81	0.70
Spain	1.34	1.11	1.09	1.58	0.71	1.47	1.23	1.49	1.62	0.59
Sweden	0.52	0.38	0.40	0.39	0.34	0.50	0.41	0.44	0.45	0.32
Switzerland	0.73	0.57	0.58	0.63	0.44	0.65	0.55	0.62	0.59	0.32
United Kingdom	0.70	0.53	0.52	0.51	0.60	0.53	0.44	0.35	0.46	0.54
United States	1.55	1.59	2.61	1.28	0.87	0.68	0.72	1.06	0.69	0.55
Average	**0.84**	**0.68**	**0.82**	**0.70**	**0.55**	**0.70**	**0.58**	**0.64**	**0.62**	**0.45**

Note: The odds ratios are relative to native -born persons in all cases except for those by educational attainment, where they are relative to the native-born of the same educational attainment. Shades cells are those for which the underlying logistic coefficients are not significantly different from zero at conventional levels.
Underlined cells have $p < 0.05$. All others are significant at $p < 0.001$.

Source: Labour force surveys.

6. The offspring of immigrants

Although the employment and unemployment rates of immigrants in France, especially for recent arrivals, remain a cause for concern, it is unquestionably those of their offspring having arrived in France at a young age or having been born and educated in the country that have attracted the most media and policy attention in recent years. There are a number of reasons for this. The first is that offspring of immigrants are more numerous in relative terms than is their parent's generation, because the fertility rate of immigrant women has tended to be higher than that of non-immigrant women. Thus any labour market problems experienced by persons in this group are magnified by their larger numerical importance. Secondly, although one can always appeal to cultural or linguistic differences or to non-equivalent foreign qualifications and experience as underlying less favourable outcomes of immigrants in the labour market, the same reasons cannot be advanced for their offspring born and educated in the country. For this group, labour market disadvantage may point out rather starkly failures of domestic institutions and indeed, in society at large in dealing with the immigrant presence and its consequences. Thirdly, the offspring of immigrants in France generally do not look upon their disadvantaged status with equanimity. Their expectations are high and they are often strongly self-assertive in the face of perceived discriminatory behaviour, which testing results (see below) indicate are real.

How disadvantaged are the offspring of immigrants? In attempting a diagnosis, one is often faced in France with a statistical problem related to its colonial past. The foreign-born population in France includes a considerable number of persons who were repatriated as French citizens from former colonies. They number approximately 1.5 million and a high proportion of these consist of persons repatriated from Algeria, which before its independence was composed of several French departments (see Table 3.7). These persons were French nationals at birth and need to be excluded from

analyses of immigrants, because they tend to have educational attainment and labour market outcomes similar to those of the native-born and thus may tend to distort statistics on outcomes of immigrants, although not strongly so except for immigrants from North Africa. Their significant presence in the foreign-born population is the main reason why immigrants are defined in France as persons born abroad with a foreign nationality at birth. It also means that in order to identify properly the offspring of immigrants, it is not enough to know where the parent(s) was(were) born but also his/her/their nationality at birth.

Table 3.7. Distribution of the population aged 15+ and of the population of working-age by origin, France, 2005

	Persons 15+		Persons 15-60	
	Number	Percentage	Number	Percentage
Immigrants	4 409 000	8.8	3 360 000	9.1
of which arrived when 10 or under	925 000	1.8	780 000	2.1
Repatriated persons	1 534 000	3.1	944 000	2.5
Non-immigrants (native-born)				
Both parents immigrants (G1)	2 108 000	4.2	1 681 000	4.5
Both parents repatriated (G1R)	520 000	1.0	476 000	1.3
Mixed parentage				
G1/G3 parents	1 818 000	3.6	1 397 000	3.8
G1R/G3 parents	1 525 000	3.0	1 339 000	3.6
Native-born parents	36 927 000	73.8	27 020 000	73.0
Unknown (but native-born)	1 193 000	2.4	820 000	2.2
Total	50 034 000	100.0	37 037 000	100.0

Note: Repatriated persons are persons who were born abroad as French nationals.

G1: Immigrants.

G1R: Repatriated

G3: Native-born as French nationals.

Source: Labour force survey.

In practice the nationality at birth of persons born abroad is sometimes identified in French data sources, but rarely that of foreign-born parents of persons interviewed in surveys. In most data sources, therefore, the offspring of immigrants and that of repatriated French citizens are confounded, making it very difficult to establish an accurate picture of this population and its characteristics. This is especially the case for children of persons of Algerian origin, 55% of whom are offspring of repatriated French citizens (Borrel and Simon, 2005). Box 3.1 provides an indicative assessment of the impact of this group on the statistics, for data sources where the nationality at birth of immigrants or of immigrant parents of the native-born cannot be identified. For many published studies, this is the case.

Box 3.1. New data on the children of immigrants[16] and those of persons born abroad as French nationals

In France immigrants are defined as persons born abroad with a foreign nationality at birth. This is unusual compared to the definition used in other OECD countries and is intended to distinguish between immigrants and other persons born abroad but having French nationality at birth. The number of persons in the latter category is significant in the case of persons born in territories formerly administered by France, in particular Algeria. This group has a socio-economic background that is different from that of other persons born abroad. Alba and Silberman (2002) showed that, among persons born in Algeria, persons born abroad as French nationals had a higher level of education on average and were employed in more skilled occupations than immigrants who were Algerian at birth (that is, so-called "Algerian Muslims"). Thus, confounding the two groups may have an impact on the measured outcomes of their children, compared to the outcomes observed when the parental groups are identified separately. Until recently no data were available on a current basis separately for the two groups. Since 2005, the French Labour Force Survey (LFS) provides information both on the parents' place of birth and their nationality at birth. The aim of this box is to provide information on the effect of being able to distinguish between the two groups on the statistics of labour market outcomes for their children, especially for persons of North African origin. Some results are also given for children of mixed origin (one parent born in France, the other born abroad with French or foreign nationality at birth).

According to the 2005 LFS, 4.4 millions of immigrants (born abroad with a foreign nationality at birth) aged 15 and over live in France. More than 80% out of them were 10 or older on arrival; 1.5 million are foreign-born and French at birth, 44% from Algeria and 21% from Morocco or Tunisia. Some 2.1 millions are native-born with two immigrant parents (born abroad and foreign at birth), 520 000 are native-born children of two parents born abroad as French nationals. Moreover more than 1.6 million are born of mixed couples (one native-born parent, one immigrant) and 1.5 million of mixed repatriated couples (one native-born, one born abroad with French nationality at birth).

The immigrant employment rate (55.6% for the population aged 15 to 60) increases by 2 percentage points when repatriated French citizens at birth are included in the group; Their unemployment rate decreases by 2.5 points. On the other hand, when applying this calculation to immigrants from Algeria and repatriated French citizens born in Algeria the employment rate increases by 9 percentage points and the unemployment rate decreases by 10 points (figures presented in the Table 3.8 are for North Africa as a whole: Algeria, Morocco and Tunisia).

Concerning the immigrants' native-born children (the so called "second generation"), calculations were carried out on the 15-40 year age group, to limit age structure effects. All origins included, some 45% of persons aged 15-40 are employed. The outcomes of those who are born of mixed couples are much better. It is well known that for many reasons, being born of a mixed couple (one native-born parent, one immigrant) facilitates integration in the labour market, among other things, the children can benefit from the knowledge of their native-born parent regarding labour market structures. In addition, the immigrant parent living with a native-born spouse generally has a better level of education than immigrant parents on average.

All origins included, the "second generation" employment rate is not strongly affected when children of persons born abroad as French citizens are confounded with the native-born children of immigrants. Likewise, the employment rate of the mixed "second generation" (one native-born parent) is similar whether the second parent is an immigrant or a person born abroad as a French national. However there is a somewhat larger gap between the two groups in terms of unemployment (see Table 3.8).

If the calculations are restricted to the "second generation" with North African origins, the labour market outcomes can be strongly affected. Among persons aged 15-40, around one third of the "second generation" with North African origins are children of repatriated persons who were French citizens at birth. This is the case for 82% of persons aged 15-40 of mixed parentage with one parent born in North Africa. As a result, the

16. The term " immigrant" with no other specification refers to foreign-born persons with a foreign nationality at birth (whatever their nationality in 2005). The term « second generation » refers to their native-born children.

labour market outcomes of children with one or two parents born abroad as French nationals can have a significant impact on the statistics of outcomes for children with one or two immigrant parents born in North Africa. If persons born in France to two parents born French in Maghreb countries are included in the statistics, the employment rate of persons born in France to two immigrant parents increases from 38 to 44%. Likewise, if one confounds persons with one immigrant parent born in North Africa with persons with one parent born in North Africa as a French national, the employment rate for the group is 14 points higher than that for persons with one immigrant parent born in North Africa (see Table 3.8).

In summary, there can be a risk of distortion in the measured outcomes, if one confounds persons born abroad as French nationals and those born abroad as foreigners. The most serious distortion exists for persons of Maghreb origin and concern immigrants themselves who are born in North Africa or the children of mixed parentage, when one parent is born in France and the other is born in North Africa. Otherwise, a distortion can still exist in the outcomes, but the basic message conveyed by the statistics does not fundamentally change.

Definition of the groups identified in this box

Immigrant : Person born abroad with a foreign nationality at birth

"Second generation": Native-born persons with two foreign-born parents. In this box the labour market outcomes of persons with two immigrant parents are compared to those of persons with two parents born abroad as French nationals.

"Mixed second generation": Native-born with one parent native-born and the other foreign-born. The labour market outcomes of persons with one immigrant parent are compared to those of persons with one parent born abroad as a French national.

Table 3.8. Labour market outcomes of immigrants and their children according to the parents' place of birth and the nationality at birth, 2005

		Employment rate %	Unemployment rate %
IMMIGRANTS	**15-60**		
	Immigrants (foreign-born with a foreign nationality at birth)	55.6	20.3
	Foreign-born with French nationality at birth	66.1	9.3
	Total	**58.0**	**17.8**
	Immigrants born in North Africa	47.6	27.9
	Persons born in North Africa as French nationals	66.3	9.0
	Total	**53.5**	**21.5**
	Native-born with French nationality at birth	**67.9**	**9.0**
SECOND GENERATION	**15-40**		
	Two immigrant parents	45.3	20.6
	Two foreign-born parents with French nationality at birth	50.3	21.2
	Total	**46.3**	**20.7**
	Two immigrant parents born in North Africa	38.3	28.1
	Two parents born in North Africa with French nationality	55.3	18.5
	Total	**43.6**	**24.6**
	Mixed - One immigrant parent	57.2	16.1
	Mixed - One foreign-born parent with French nationality at birth	58.0	13.4
	Total	**57.7**	**14.4**
	Mixed - One immigrant parent born in North Africa	42.9	21.7
	Mixed - One parent born in North Africa with French nationality at birth	60.2	13.6
	Total	**57.1**	**14.8**
	Two native-born parents with French nationality at birth	**61.5**	**11.8**

Note: "Immigrant" (with no other specification) refers to foreign-born persons with foreign nationality at birth. The "second generation" are children of immigrant parents or of foreign-born with French nationality at birth.

6.1. Educational policies for immigrant children

As noted earlier, France has no directly targeted policies for children of immigrants, except those addressed to school-aged children with insufficient knowledge of French upon arrival. The measures for these children have been in place since 1970 (Kleinholt, 2006). They are enrolled in a regular class that corresponds to their level and follow instruction in that class for subjects where the mastery of French is not crucial (physical education, art and music). Otherwise, they are enrolled in special daily French classes for a period that varies according to pupils but rarely exceeds one year. In schools which are geographically isolated or where there are few immigrant pupils, teaching is assured in catch-up classes by itinerant teachers teaching several hours per week. In the 2004-2005 school year, the number of newly arrived non-francophone children in primary and lower secondary schools was almost 43 000 or about 0.4% of children in schools. They were about equally split between primary and lower secondary schools and about 80% required special assistance. For the 2006-2007 academic year, about 17 600 pupils at the primary level and 19 400 at the secondary level were enrolled in special classes.

In international PISA comparisons (OECD, 2006 and Table 3.9) of the outcomes of 15-year olds, immigrant children in France, that is children born abroad, had reading and mathematics results that were some 70 to 80 points lower than those of native-born children of native-born parents. This represents a difference equivalent to about two years of schooling, Accounting for the economic, social and cultural status of students reduced the difference by about one year of schooling (30 to 40 points). However, a more detailed analysis of mathematical performance indicated that the age of the child at immigration also had a significant influence and that taking this into account reduced the observed difference compared to native-born children of native-born parents by a further 30 points. This suggests that there are advantages to encouraging family reunification when children are quite young and that delays may have costs, at least in terms of educational outcomes.

Table 3.9. Student performance in reading at age 15 of foreign- and native-born children of immigrants, 2003

	Parents' immigrant status			Difference in reading score			
		Both parents foreign-born		As observed		Taking into account ESCS	
	At least one parent native-born (NN)	Native-born (NB)	Foreign-born (FB)	NN - NB	NN - FB	NN - NB	NN - FB
Australia	77	12	11	4	12	5	11
Austria	87	4	9	73	77	31	46
Belgium	88	6	6	84	117	40	81
Canada	80	9	11	10	19	12	22
Denmark	94	4	3	57	42	26	19
France	86	11	4	48	79	12	45
Germany	85	7	9	96	86	48	37
Luxembourg	67	16	17	47	69	27	39
Netherlands	89	7	4	50	61	22	40
New Zealand	80	7	13	22	25	5	29
Sweden	89	6	6	20	89	0	63
Switzerland	80	9	11	53	93	32	64
United States	86	8	6	22	50	1	23
Simple average	84	8	8	45	63	20	40

Note: Shades differences are not significantly different from zero.
ESCS: Economic, social and cultural status of students.

Source: Programme for International Student Assessment (2003).

The educational outcomes of second-generation students are more favourable, with observed differences with native students of about 48 points for both mathematics and reading, three quarters of which is attributable to family socio-economic background, in particular low parental education. These rather favourable results on the PISA evaluation appear to be accompanied as well by progress with respect to upper-secondary enrolments. Econometric results indicate that, all things being equal and in particular parental education and general occupation levels, young persons of most immigrant origins (the exception being children of Turkish origin) tend to be overrepresented in the general upper secondary stream and youth of Maghreb and sub-Saharan origin in the technological stream, both of which are considered the "prestigious" upper secondary streams. Moreover, almost all children of immigrant origin are underrepresented among apprentices and drop-outs relative to children of native-born persons (Caille, 2007). Note, however, that the situation of young persons of immigrant background in this study is examined in 2002 seven years after their entry into 6th grade, when 91% are still in school. The statistics thus measure programme enrolment rather than completed schooling at upper secondary level. However, an analysis carried out ten years after entry into secondary (there are in principle seven years in total of secondary education, if there is no redoubling) shows that the probability of leaving secondary school without a diploma is not significally different for children of immigrants compared to children of non-immigrants, if one controls for occupational status, diplomas of the mother and father, family size, family structure, birth order and sex (Coudrin, 2006 and personal communication). However the "penalty" for having a father with no diploma is a 7-percentage-point higher probability of leaving school without a diploma, of having a mother with no diploma 11 percentage points, of living in a four-children family another 7 points and of having a father who is a blue-collar worker roughly another 7 points. The estimated impact is the same for children of immigrants and children of the native-born who have each of these characteristics, but children of immigrants tend to cumulate them much more often than do children of the native-born.

In another study, an analysis of schooling levels three years following the end of initial schooling (up to upper secondary) by Lainé and Okba in 2005 uses a different data source and shows on the face of it what would appear to be a rather different picture than that conveyed by the Caille and Coudrin results.[17] Here the data show 24% of young men and 15% of young women of Maghreb origin with at best 1 year of vocational schooling, compared to about 8% and 6% respectively of the offspring of native-born persons.[18] If one includes young persons leaving school without a formal qualification because they dropped out later than this or failed the qualifying examination for a diploma, the percentages rise to 49% and 32% for young men and women of Maghreb origin, compared to 20% and 13% for young men and women who are children of non-immigrants. The data in this case are tabulations which do not adjust for education of the parents or occupational status of the father, as in Caille and Coudrin.

17. The survey data source used here (Generation 98) is able to distinguish between children of repatriates and children of "real" immigrants, unlike the Caille study.

18. Not all studies distinguish between persons who leave school "without a qualification" and those who leave "without a diploma". The former consist of persons who stopped their education before the final year of upper secondary (CAP, BEP or Bac), whereas the latter consists of all persons who did not obtain a formal upper secondary qualification or diploma. For 2004, persons without a qualification accounted for less than 9% of all those leaving secondary education, while those leaving without a diploma were twice this percentage (MEN-DEPP 2006). The former is the definition that is traditionally used in France to measure "drop-out" rates.

Clearly, the perceptions of educational achievement transmitted by these two studies are rather different. The first suggests an educational system that is doing its job of encouraging upward mobility, the second, one which is significantly failing children of Maghreb immigrants, with over half of young men and one third of young women of Maghreb origin completing their schooling without a recognized qualification, let alone the level considered the minimum required to function adequately in modern society. This is in contrast to the aspirations of parents of Maghreb origin, almost 60% of whom reported wanting to see their children with at least a *Bac*, a percentage equivalent to that expressed by non-immigrants parents as a whole (Brinbaum and Kieffer, 2005). Despite a more limited education, parents of Maghreb origin are more similar to average non-immigrant parents than to persons of similar socio-economic background with regard to attitudes towards education and ambitions for their children.

In all societies, there is a correlation between the education of parents and that of their offspring, which can be more or less tempered by the ability of educational systems to offset the effects of socio-economic background on outcomes. For youth of Maghreb origin, attainment levels are poor but, all things being equal, they are the same as those of the children of the native-born with similar characteristics. Although there is progress relative to their parents, whether it is enough for a population that is visibly and/or nominally identifiable, often geographically concentrated and with high educational aspirations is open to question. The low attainment levels have immediate consequences in the labour market while the perception of low returns for the group as a whole can have a disincentive effect on youth of the same background making their way through the school system. In addition, because of the widespread low attainment levels of persons from identifiable ethnic backgrounds, employers may tend to generalise about the expected productivity levels of persons in this group, a phenomenon which will affect hiring decisions. As will be seen, there is indeed considerable screening out by employers in the hiring process of young persons of African background, without regard to their formal qualifications.

6.2. Policies to address unfavourable educational outcomes

The unfavourable educational results of persons of immigrant background were already evident in the 1970s in France and in 1981, Priority Education Zones (ZEP) were set up to address the issue. The ZEPs are areas identified by regional educational rectors as having a high proportion of disadvantaged populations, according to a number of criteria (low socio-economic background, low completion with diploma, high foreign population, high unemployment rate, etc.) but including a number of schooling results criteria as well. Educational establishments in ZEPs were granted additional funding, with the possibility of implementing pedagogical methods adapted to the specific needs of the local population. The ZEPs in 1997 accounted for about 11% of enrolments in public elementary schools and 15% in public lower secondary. The percentage of foreign students varied considerably: in half of ZEP lower secondary schools, fewer than 14% of students were of foreign nationality, whereas in 10% of them, the proportion of foreign students was 35% or higher.

The additional funds allocated to ZEPs essentially covered additional teaching hours and salary supplements for personnel of ZEP institutions. In addition, teachers located in ZEPs had a relative advantage with respect to promotion and transfers. Otherwise there were no specific subsidies for ZEP institutions. Most of the additional resources went to additional remuneration for ZEP teachers. For the remainder, a large part of the additional hours in ZEP lower secondary schools was dedicated to reducing the class size, which

was reduced over time by roughly two pupils per class from an average of approximately 24. This seems a rather limited change and indeed, an assessment covering the 1982-1992 period showed no significant effect on student performance of a college being classified in a ZEP (Benabou *et al.*, 2004), whether measured by access to upper secondary, the obtaining of a secondary diploma in general or of the *Bac* in particular. Over the period, moreover, ZEP colleges saw a drop in the number of students and an apparent reduction in the social mix of students.

A study of the effect of class size on pupil performance by Piketty (2004), however, has shown a significant effect of class size on mathematics performance in third grade. The implication in the study was that the size reduction observed in the ZEPs would allow at best a narrowing of the performance gaps relative to the average of only about 10%. He suggested a stronger targeting of the funds to allow reductions to 18 students per class, which potentially could decrease the performance gap by 40%.

A more selective targeting of schools has been introduced in some new measures implemented in 2006 and aimed at about 30% of the ZEPs most at risk and labelled "*Réseaux ambition réussite*" (RAR).[19] The targeting is on the basis of parental socio-professional categories (more than two-thirds disadvantaged), an assessment of pupils at entry into lower secondary and the percentage of pupils who are at least two years behind at entry into lower secondary. Also to be considered are the proportion of pupils whose parents are recipients of the minimal annual income or who are non-francophone. It is likely that this will result in a significant targeting of lower secondary schools (and their associated pre-primary and primary schools) with a high concentration of the children of immigrants. The measures specified involve the assignment of additional pedagogical assistants and experienced teachers (1 000 additional teachers and 3 000 additional pedagogical assistants), with the possibility of experimentation and a regular assessment of the progress of pupils. The objective is to avoid grade repeating, by means of confidence-building measures and individual assistance. Because it is recognized that not all pupils have the same opportunity to be assisted with homework, all pupils from the third grade onward in the *réseaux* must be offered accompanied study.[20]

From 2007 on, high-level partnerships will be put in place in each RAR, with the objective of anchoring the RAR in the local environment, in collaboration with partners in culture, sports, science and with local authorities. The measures planned in the framework of agreements signed with the "grandes écoles", universities, enterprises, NGOs, sport or professional groups will be reinforced with the aim of contributing to the success of all pupils.

The ZEPs as a whole (which include the *réseaux*) are to benefit from a number of measures as well. Families from especially disadvantaged backgrounds are to be encouraged to enroll their children in the universal pre-primary system, open to all children aged 3 to 6. To ensure that schoolroom efforts continue outside the classroom, the "open school" initiative providing learning activities to children during school breaks

19. An approximate translation is "Objective-success networks".

20. Indeed, a survey has revealed that while 75% of children from non-immigrant families received help from their parents with homework, the percentage is only about 36% for children of immigrant families. This is partly offset by the help of older brothers or sisters, since 57% of children in immigrant families who have older siblings receive help from them (INSEE, 2006).

and the summer vacation was to operate in all ZEPs in 2006-2007.[21] The Education Ministry itself was to launch a project in collaboration with enterprises to ensure that youth who cannot find a traineeship at the various points of the educational system where these are required are provided one.[22] The total number of merit bursaries (EUR 800 per year) for upper secondary students was increased by a factor of 3.5 and one third of the total reserved for students from ZEP schools. Among the priority competencies to be included in specifications for teacher training are skills in dealing with schooling difficulties, in taking into account pupil heterogeneity and in exercising authority. Teachers having taught at least five years in ZEP schools are to receive priority treatment in career affectations. Young teachers in ZEP areas are to be given special assistance. Parents are expected to involve themselves more actively in the education of their children, with required periodic meetings with teachers, and interpreters to be provided if necessary. Students in universities and in "*grandes écoles*" (an objective of 100 000 is specified) are to be mobilised to assist ZEP pupils. Finally, one interesting initiative aimed at disrupting the common practice of using new school options (for example, second foreign language choices) to bypass geographical school assignment is to ensure that such options be implemented on a priority basis in ZEP schools.[23]

More generally, there exist measures in place within the Ministry of Education (the General Mission on Insertion, *Mission Générale d'Insertion* – MGI) which attempt to prepare for entry into the labour market youth over 16 who are without qualifications, early school leavers or who are without a diploma. The objective is to identify a solution for such persons, which can consist of a return to school with a certification as an objective or a work-study programme. There are some indications that the children of immigrants tend to be strongly over-represented among MGI clients (Bernard and Michaut, 2007). In addition, a module of "occupational discovery" is available to young persons with a fragile attachment to school at the beginning of upper secondary. The objective is to assist candidates in building an educational and occupational career plan by exposing them to the world of work and to make them aware of their training and educational options. 22 000 students were taking this module in the 2006-2007 school year. Whether all of these measures have been or will be implemented effectively and accompanied by concrete and beneficial effects is uncertain. The extent of the measures suggests that all stops are being pulled out to address what is seen as a high priority and critical issue, one whose importance was highlighted by the riots and urban disorders of October and November 2005. The annual evaluation to be carried out in RARs is intended to ensure that early assessments of effectiveness will be available and necessary adjustments made, if need be. The first such assessment is not yet available, however. Most of the efforts seem to be addressed to the lower secondary level, generally considered the weak link in the French initial education system.

21. This practice was initiated in 1991 and the number of *collèges* and l*ycées* participating has been increasing steadily and numbered close to 700 in 2006, including all those in ZEP areas.

22. A recent survey (Farvaque, 2007) revealed that 22% of upper secondary students both of whose parents were born in France reported having difficulty finding a traineeship, compared to 33% for persons one of whose parents was born abroad and 39% for students one of whose parents was born in an African country.

23. The geographical assignment of pupils to the school and college of their residence is being relaxed starting in 2007-2008.

However, a number of lines of evidence suggest that more efforts need to be directed at the early and very early stages of schooling, where the medium-term pay-offs are likely to be more significant. For example, results from a study by Caille (2001) suggest that it is children of immigrants who profit the most from entering pre-primary education at an early age (three years old). Further results by Caille and Rosenwald (2006) indicate that the results of competency assessments at entry to primary school are by far the best predictors of outcomes at national assessments during the first year of lower secondary. Half of the disparity between children of professionals and those of blue-collar workers observed at entry into lower secondary are already evident at that stage, the rest develop over the period between entry to primary and entry to secondary. Although this effect is evident for the children of both immigrants and non-immigrants, the percentage of children with parents who are blue-collar is considerably higher among immigrants, so that immigrants as a group are strongly affected by this characteristic of the French educational system. There is also substantial evidence that children who arrive in the host country at younger ages tend to have better schooling and labour market results than those arriving later.

The universal pre-school system in France, open to all children from the age of three onwards, should be a powerful integration mechanism. But only about half of immigrant children entering lower secondary in 1995 had three years of pre-primary schooling, in contrast to over 85% of non-immigrant children and over 90% of children born in France of immigrant parents.

About 60% of pupils from immigrant families entering lower secondary in 1995 had parents with no diploma and 63% had at least three siblings, compared to about 13% and 20%, respectively, for children in non-immigrant families.[24] Both of these suggest a more limited capacity to invest in the schooling of young children in the home environment, a deficiency for which the pre-primary system does not seem able as yet to significantly compensate. To the extent that educational pedagogy depends on parental help for lessons and homework, parents of lower educational attainment will be disadvantaged, all the more so if their mastery of the host-country language is limited or imperfect. In the light of this, it is clear that mechanisms for school support for children with difficulties need to be strengthened, if more children of disadvantaged immigrant background are to be brought into the mainstream.

6.3. Labour market outcomes of the children of immigrants

Table 3.10 presents some basic labour market results for native-born children of immigrants compared to children of the native-born. For convenience, the following will be using abbreviated generational designations (G2, etc.), due to Meurs *et al.* (2005). All generations concern native-born persons 15 to 40 years of age not in education. G2 refers to native-born children of immigrants, G3 to children of native-born persons and G2½ to children of mixed parentage.

24. Based on figures cited above, the cumulative effect of neither parent having a diploma and of having three or four siblings is to increase the probability of leaving school without a diploma by at least 25 percentage points.

Table 3.10. Labour force outcomes for children of immigrants and of the native-born, France, 2005

	Participation rate		Employment-population ratio		Unemployment rate	
	Men	Women	Men	Women	Men	Women
Origin of parents						
Native-born parents (G3)	95	84	85	73	11	13
Mixed parentage (G2 1/2)	95	81	82	65	13	20
Immigrant parents (G2)	91	77	72	60	21	22
Country of nationality at birth of the father						
Southern Europe	95	80	83	70	13	13
Africa	87	73	63	51	28	30
Rest of world	94	78	76	54	19	31
France	95	84	85	73	11	13

G2: Native-born children of immigrant parents; G2 1/2: Native-born persons with one immigrant parent; G3: Native-born persons with non-immigrant parents.

Source: Labour force survey.

Overall, as is well known (Meurs *et al.*, 2005), G3 persons show significantly better outcomes than G2, with G2½ being somewhere in between, close to G3 for men but to G2 for women. Note that, contrary to generally expressed opinion, results for women whose father had an African nationality at birth are no better in relative terms than those of men of the same parental origin. Generally, children of immigrants from southern Europe have a labour market performance that is similar to that of children of French-born persons, with immigrants from North Africa and from sub-Saharan Africa showing much less favourable results, even five years after completing their studies (Silberman and Fournier, 2006; Brinbaum and Werquin, 2004). These results covers matters as diverse as duration of unemployment, the incidence of part-time and temporary agency work, time before first job, percent having spent more than one year unemployed, etc. and they remain true for children of immigrants who have a university degree (Frickey and Primon, 2002; Frickey *et al.*, 2004). The differences remain even after taking into account characteristics such as educational attainment, marital status, the labour force or socio-economic status of the parents and the household size during infancy. One exception concerns salary levels for young persons of Maghreb origin, which show little differences with those of children of native-born persons of similar characteristics (Dupray and Moullet, 2004). The "similar characteristics" here include non only educational attainment, but also the situation and the profession of each parent at the time of completion of studies as well as the mention of traineeships in job applications, the experience (or not) of summer employment, the holding of a job during studies and the place of residence. These results suggest that the main obstacle seems to be access to employment and that the problems underlying this do not always persist in the workplace after hiring, at least with respect to wages if not necessarily with respect to the nature or stability of employment.

Table 3.10 shows that overall employment rates for G2 persons were some 10-15 percentage points lower than for G3 and unemployment rates some 10 percentage points higher in 2005. The differences for persons whose father had the nationality of an African country at birth are larger.[25] Outcomes for children whose father was from southern Europe tend to resemble closely those of children with French-born parents. Finally, women whose parents are from the rest of the world (other Europe, Asia, the Americas) tend to have outcomes similar to those of children with a father of African nationality.

25. Sample size constraints in the *Enquête Emploi*, from which these results were taken, made a finer breakdown of these results problematical.

Because educational attainment levels tend to be lower among children of immigrants, some of the differences in labour market outcomes could be attributable to this. Table 3.11 is intended to provide some measure of the extent to which this characteristic can account for the observed differences. They show that, even after controlling for educational attainment and whether or not an individual lives in a disadvantaged area, the odds of being employed or unemployed are significantly lower (respectively higher) for children both of whose parents are immigrants compared to children of the native-born and this, for both men and women. For example, the odds of employment for native-born women with immigrant parents are 0.62 times those of women with native-born parents, controlling for age and educational attainment. Their odds of unemployment, on the other hand, are 1.65 times those of women of native-born parents. Note that taking into account the fact of living in a disadvantaged area tends to compound the disadvantage observed for the children of immigrants in general.

For persons with only one immigrant parent, there are no significant differences relative to children of the native-born for both employment and unemployment in the case of men. For women, on the other hand, there are significant differences observed for children of "mixed" parentage in the case of unemployment and marginally significant differences in the case of employment.[26] In all cases, the differences between children of the native-born and of the foreign-born are largely attributable to persons whose father (or mother) had the nationality of an African country (including Maghreb countries) at birth. The more favourable results for women and for persons whose parents are from southern Europe suggest that the problem is not necessarily one linked to immigrant status *per se,* but rather to specificities of the various origin groups and of their interaction with French society and the French economy.

Note that educational attainment differences between children of immigrants and of non-immigrants do not explain much of the difference between their employment and unemployment rates and those of children of the native-born population, that the outcomes for both employment and unemployment are especially unfavourable for persons with less than upper secondary attainment and that living in ZUS areas has an adverse impact that appears to be largely independent of whether or not a worker is of immigrant origin. It is also somewhat stronger for men than for women.

The offspring of immigrants are also strongly under-represented in public sector employment (Table 3.12) They made up 5.8% of the population aged 15-40 not in education in 2005 but only 3.1% of public employment (including local government, hospitals and public enterprises).[27] Indeed, most of the difference in the employment rates between children of immigrants and children of the native-born is accounted for by the underrepresentation of the former in public sector employment. Offspring of immigrants have only a somewhat smaller share of private sector employment as they have of the population 15-40 not in education. Offspring of mixed parentage (one parent immigrant, one parent non-immigrant), on the other hand, are slightly overrepresented in public sector employment, while children of native-born persons are more strongly overrepresented.

26. The table shows no significant differences for employment at conventional ($p < 0.05$) levels, but the estimates have p values < 0.10.

27. From 2005 on, it is possible to identify the children of immigrants in the French Labour Force Survey, and to distinguish them from children of persons born abroad as French nationals.

Table 3.11. Odds of being employed and unemployed for native-born children of immigrants relative to children of the native-born, France, 2005

	Employment					Unemployment				
Controlling for:										
Age	N	Y	Y	Y	Y	N	Y	Y	Y	Y
Educational attainment	N	Y	NA	Y	Y	N	Y	NA	Y	Y
Men										
Immigrant parents	0.46	0.55		0.61		2.15	1.74		1.55	
Less than upper secondary			0.44					2.55		
At least upper secondary			0.63					1.28		
Mixed parentage	0.84	0.90		0.92		1.24	1.12		1.11	
Less than upper secondary			1.15					0.76		
At least upper secondary			0.78					1.43		
Ref=Native-born parents										
ZUS				0.45					2.17	
Ref=non-ZUS										
Nationality at birth of father										
Africa					0.38					2.23
Southern Europe					0.93					1.07
Rest of the world					0.60					1.79
Ref=French										
Women										
Immigrant parents	0.56	0.62		0.66		1.88	1.65		1.52	
Less than upper secondary			0.41					2.54		
At least upper secondary			0.69					1.44		
Mixed parentage	0.69	0.75		0.75		1.64	1.60		1.61	
Less than upper secondary			0.43					2.67		
At least upper secondary			0.96					1.30		
Ref=Native-born parents										
ZUS				0.66					1.66	
Ref=non-ZUS										
Nationality at birth of father										
Africa					0.49					2.25
Southern Europe					0.87					0.99
Rest of the world					0.53					2.36
Ref=French										

Note: Shaded cells are not significant. Underlined cells are significant with $p < 0.05$. All others have $p < 0.001$. Odds ratios are relative to the odds for the reference categories indicated except for educational attainment, where they are given relative to the odds for the native-born of the same educational attainment level.

Source: Labour force survey.

Table 3.12. Employment situation of native-born children of immigrants and of the native-born, France, 2005

	Employed				Employment-population ratio	Percent of employment in public sector
	Not employed	Public sector	Private sector	All		
G2	34.9	9.2	55.9	100.0	65.1	14.1
G2 1/2	28.6	18.6	52.8	100.0	71.4	26.1
G3	21.9	19.4	58.7	100.0	78.1	24.8
All persons 15-40 not in education	25.5	17.4	57.1	100.0	74.5	23.4

Note: The table concerns persons 15-39 not in education.
G2: Native-born children of immigrant parents.
G2 1/2: Native-born persons with one immigrant parent.
G3: Native-born persons with non-immigrant parents.

Source: Labour force survey.

The general picture, in contrast to those for educational outcomes, is thus of labour market results which are almost always less favourable than those of children of the native-born, both overall and compared to persons with the same characteristics. Already the lower educational attainment levels create difficulties in the labour market for offspring of immigrants. What the results described here show is an additional handicap, this one associated with their origin rather than their education level. How policy has reacted to these situations in the labour market is the subject of the next section.

7. The policy response to the inadequate labour market outcomes of the offspring of immigrants

As noted earlier, the new ACSE agency is responsible for on-going integration measures for resident immigrants and is an amalgamation of the former FASILD and of the portion of the Ministry of the City that managed policies directed at ZUS areas. This has traditionally been referred to as "City Policy" and is the keystone in France of the *indirect* social and labour market targeting of immigrants and their children. The targeting is territorial and not based on immigrant population concentrations *per se*.

7.1. *City Policy* (Politique de la ville)

As early as the 1980s, a succession of urban disorders revealed the distress in certain neighbourhoods and suburbs of large French cities. The areas concerned generally coincided with those of high-rise, low-budget housing that had developed in the 1950s and 1960s in response to growing urbanisation and the arrival of significant immigrant populations. These areas were originally mixed neighbourhoods including persons of different social background and origins. Over time, however, with the outflow of persons from mid-range categories and the deteriorating economic situation in France, the neighbourhoods tended to concentrate populations having particular difficulties. Among these were unemployed persons of foreign nationality or origin.

From the mid-1980s to the early 1990s, measures were introduced to revitalise these neighbourhoods, provide better public services and attempt to ensure a better mix of inhabitants. A Ministry of the City was established in 1991. However, a broad range of policies implemented by other ministries fall under the banner of City Policy, among them housing measures, employment policies, neighbourhood economic development, security and prevention of delinquency, schooling and promotion of equal opportunity, etc. Policies initially tended to focus on areas or neighbourhoods which had been involved in urban disorders, without any other explicit social criteria. The interventions to be undertaken were defined in formal contracts (*Contrats de ville*) between the central government and the municipalities containing the areas concerned and involved actions with respect to housing, the physical environment, education, transport, safety, culture, sport facilities and social services.

Following the introduction of the "*contrats de ville*", the areas to be targeted by city policy were formally defined in the *Pacte de relance pour la ville* (City Revival Pact) in 1996, which identified three geographical levels of intervention, which did not necessarily coincide with the geography of the already existing "*contrats de ville*", however. None of the three levels are defined on the basis of explicit immigrant-related characteristics.

The first level consisted of the Sensitive Urban Zones (*Zones Urbaines Sensibles* – ZUS), identified on the basis of difficulties experienced by their habitants in their daily

lives, among them inadequate housing, high unemployment and poverty and poor educational outcomes, formally defined as areas were there were large ensembles or neighbourhoods of degraded housing having a marked imbalance between the extent of housing and the available employment opportunities. The objective was to address the problem of exclusion in urban areas and to favour the occupational, social and cultural integration of the populations living in the ZUS. It was the first attempt to formalise the concept of "*quartiers en difficulté*" (neighbourhoods with difficulties). There are currently some 50 of these.

A subset (350) of the ZUS constitute "*Zones de Renouvellement Urbain*" (urban renewal zones – ZRUs), which were identified as having particular difficulties on the basis of a synthetic index taking into account the number of inhabitants, the unemployment rate, the percentage of the population under 25, the percentage of persons leaving the educational system without a diploma and the fiscal potential per inhabitant of the municipalities concerned. Enterprises in these zones are exempt from certain taxes and from payroll taxes (for one year) for new hirings which increase the number of persons employed in the enterprise.

Still another geographical subdivision consists of the "*Zones Franches Urbaines*" (Tax-free zones – ZFU), of which there were 9 in 2004 (100 in 2006), and which are urban tax-free zones generally included within the ZRUs but not necessarily consisting of entire ZUS areas. They are composed of neighbourhoods of more than 10 000 inhabitants in ZUS areas which are defined on the basis of largely the same criteria as for the ZRUs. Enterprises located in or planning to locate in these zones are exempt from fiscal and social charges for five years.

About 8% of the French population lived in ZUS areas in 1999 and the ZUS population has actually declined by about 5% since 1990 while the population of France increased by about 4%. Over 60% of ZUS households live in subsidised housing and about 27% of ZUS households are poor, almost three times the percentage found in the rest of the urban environment. In addition, some 45-59% (depending on the ZUS) of adult ZUS residents had no diploma in 1999 (ONZUS, 2006).

Almost one fourth of the ZUS population was of foreign nationality at birth in 1999 and two thirds of this consisted of persons of foreign nationality. This is almost three times the prevalence of persons of foreign nationality in the population at large, so that there is some significant indirect targeting of immigrants and persons of immigrant background through the ZUS areas, but it is not overly strong. In 2005, the ZUS areas contained 6.5% of the total working-age population and almost 17% of working-age persons of immigrant background.[28] About 23% of unemployed immigrants of working age and 21% of low-educated immigrants of working age lived in ZUS areas in 2005, only somewhat higher than the proportion of working-age immigrants in these areas. Low educated, unemployed or inactive second-generation immigrants, that is children of immigrants born in France, were overrepresented in ZUS areas to about the same extent as unemployed or low-educated immigrants as a whole.

The overrepresentation of persons of Maghreb or African immigrant origins in ZUS areas, however, is more substantial. The ZUS areas contain about 25 to 30% of all persons of Maghreb origin, 30% of other African immigrants and over 30% of the offspring aged 15-40 of African immigrants. The concentration of unemployment is slightly greater,

28. Estimated from the *Enquête Emploi* (Labour force survey).

with between 30 and 35% of unemployed persons of either Maghreb or sub-Saharan, whether first or second generation, living in ZUS areas.

The unemployment rate of ZUS areas was about 21% in 2003-2004, as opposed to over 8% in non-ZUS areas. For non-EU immigrant men / women in ZUS areas, it was about 26/38%, while it was about 15/24% in non-ZUS areas for the same populations. This suggests that living in a ZUS area itself may have a stigmatizing effect that compounds immigrant disadvantage in the labour market. This was already evident in the labour market outcomes presented in Table 3.11. It has been estimated that all things being equal, including broad region of residence, age group, family situation, number of children, educational attainment and origin, living in a ZUS adds some 5-6 points to the unemployment rate of men and a little over 7 points to that of women (ONZUS, 2005).

The odds of an immigrant man aged 25-60 living in a ZUS area is some six times that of a native-born man with non-immigrant parents having similar characteristics (age, education and labour force status).[29] For an immigrant man with immigrant parents, the relative odds are significantly lower at 3.4, which is still high, however. The situation for women is not so contrasted, with the odds of living in a ZUS for an immigrant woman being about 4.2 while that for an adult woman with immigrant parents is 2.8. Thus, the fact of being born and educated in France reduces, but not substantially, the likelihood that a person of immigrant origin lives in a deprived area. The geographical concentration of persons of immigrant origin weakens across generations but a significant concentration remains.

Generally, although ZUS areas do contain an overrepresentation of persons of immigrant origin, it is generally impossible to determine from the aggregate statistics on programme participation in ZUS areas what proportion of residents of these areas addressed by various policies are actually of immigrant origin. There do exist statistics by nationality on occasion but these by definition do not cover native-born children of immigrant parents. It is of course possible for actors in the field to target more directly than is formally provided for, in response to directly observed needs, but it is difficult to know to what extent this occurs. This lack of direct statistics on outcomes for children of immigrants should be kept in mind in what follows. Without such statistics, it is difficult to know if any conclusions with regard to ZUS residents in general also hold for the subset consisting of offspring of immigrants.

7.2. ZUS-targeted programmes

The government employment programmes targeted at the ZUS areas concern payroll tax exemptions in ZRUs (one-year exemption) and ZFUs (five years). There are no data available on the impact on ZRUs,[30] but the impact on ZFUs has been extensively examined. In the 79 ZFUs in existence in 2005, about 62 000 employees were exempted from payroll taxes (Bachelet, 2007). The exemption from payroll taxes, together with that on taxes to profits and on the professional tax, is estimated to amount to a public subsidy rate of 35-40% per job.

In 2004 and 2005, there were some 12-13 000 ZFU firm hirings per year that came with tax exemptions. About 90% of the hirings were into permanent jobs. Some 60% of

29. The analysis here is limited to persons who have completed their education.

30. In any event, general reductions in payroll taxes introduced in 2002-2003 make the one-year ZRU exemption less attractive.

the hirings were of persons with less than an upper secondary diploma (*Bac*) and about 30% of youth under 25. This is not very different from the hirings in the French labour market as a whole in 2005.[31] Moreover, actual residents of the ZFUs accounted for only about 30% of all ZFU firm hirings.

In addition, about 37% of ZFU firm hirings consisted of job-changers rather than of persons unemployed or inactive. Among residents of ZFUs themselves, about 31% of those hired were job-changers but about 45% were unemployed, which is significantly higher than the flow into employment from unemployment for the French labour market as a whole over one year (26%).

The tax exemptions have resulted in many establishments settling in the ZFUs (a growth rate of 37% in the number of establishments from 1999 to 2002), but over half of the establishments in ZFUs had only one employee. Although 45% of enterprises that were established in ZFUs are new creations, a further third consist of transfers from other areas to take advantage of the fiscal exemptions. About 44% of enterprises established increased their employment levels, 28% saw no change and a similar percentage reported declining levels. The net employment increase is unknown. Finally over one half of establishments indicated having recruitment problems, especially of qualified candidates from the ZFU areas themselves (see *www://ville.gouv.fr/pdf/dossiers/zfu/enquete-zfu-div.pdf*). Since up to 60% of recent subsidised hirings are at below the *Bac* level, however, the low educational levels in themselves would not appear to be the barrier with respect to candidates from ZFU areas.

On the whole, therefore, although helping to generate significant new economic activity in the ZUS areas, there would appear to be considerable deadweight costs associated with the ZFU tax exemptions.[32] In addition, the education and age profile of persons hired is not that different from what is observed outside the ZFUs, although ZFU residents who are hired are more often unemployed than for France as a whole. The 12 000 hirings per year are to be compared with the close to 300 000 persons in ZUS areas in employment for less than one year in 2005. In short, the ZFU hirings may be a boost to employment, but in all appearances a small one.

7.3. The city contracts (Contrats de ville)

The city contracts, as well as the numerous other programmes and existing contracts aimed at urban and social development, which up to 2006 were used to transfer funds to local areas in difficulty, were replaced in 2007 by a single "*Contrat Urbain de Cohésion Sociale*" (Urban Social Cohesion Contract – CUCS) to be signed for a three-year period renewable for a further three years by the mayor and the state, with actions to be undertaken in five areas:

- Improvement in housing and living conditions;
- Access to employment and economic development;

31. The corresponding percentages were 57 and 28%, respectively, in the French labour market as a whole. This was estimated from the labour force survey, by examining the characteristics of persons employed less than one year and not currently in education.

32. There are two types of deadweight costs associated with the ZFU exemptions: *i)* standard deadweight costs for hirings that would have been made anyway; *ii)* deadweight costs associated with hirings of persons in ZFUs who already had jobs in other areas.

- Educational measures (school success, sport, culture);
- Citizenship and prevention of delinquency;
- Improvement of health prevention and access.

In addition, in the negotiation of the CUCS, the state has accorded priority to combating discrimination on the basis of origins.

The contract between the state and territorial collectivities commits each party to concrete, concerted actions to improve the life of inhabitants of neighbourhoods having high unemployment or violence or significant housing problems and to prevent the risk of social and urban exclusion. The measures can be organized at the level of the municipality or several municipalities associated in the contract, in particular with respect to insertion and employment. It is difficult to obtain measures of effectiveness, because the content of the contracts vary from city to city, depending on the perceived needs identified by local mayors and because of the inherent difficulty of measuring outcomes that can be clearly attributed to the CUCS. The issue of the effectiveness of the ZUS targeting will be examined later in this chapter, after employment measures including those that have ZUS areas as a priority target have been considered.

8. Labour market agents and programmes and the children of immigrants

8.1. The "Missions Locales" and PAIO

In addition to the national employment agency (ANPE), one of the main institutional actors in the labour market, in particular with respect to youth having employment difficulties, consists of the national network of *Missions Locales* and PAIO (*Permanences d'Accueil*, *d'Information et d'Orientation* – Reception, information and orientation centres).

Established in 1981, these are local structures whose mandate is to assist youth aged 16 to 25 to overcome difficulties related to social and occupational insertion. They are intended to be a one-stop shop for youth in this respect. The accompaniment they offer consists of a personalised assistance with job search efforts as well as with access to training, health and housing services and rights and to citizenship. In particular, in co-operation with the national employment agency, they propose job-offer consultation and employer contact services; training in job-search techniques and action plans to establish contacts with employers for youth who are far from the labour market. They also direct mentoring networks and orient youth with regard to training possibilities put in place by regional authorities.

The offices providing these services are broadly distributed across France, with 403 local missions and 112 PAIO in total as of end-year 2004. Suboffices have been set up in 1 000 municipalities located far from the main local office, as well as an additional 3 000 relays providing weekly or monthly services. 250 of the ML/PAIO main offices cover ZUS areas or cater significantly to young persons living in ZUS areas. The total number of staff in 2004 was about 9 500, compared to about 25 000 for the national employment agency, of which less than 1 000 were dedicated to youth or youth-related programmes.

Almost 90% of the structures are set up as non-profit organizations[33] with the remainder being GIPs[34] or municipal or departmental services. They are presided over by a national council, which brings together representatives of the relevant ministries with regard to occupational insertion of youth, the heads of local missions as well as representatives of regions, departments and municipalities. The *Missions Locales* and PAIO network's activities are monitored by the DARES[35] as part of its mandate to monitor and evaluate the entire set of measures and policies related to employment, training and occupational insertion. A ministry department co-ordinates the implementation of the various measures and provides the legal framework in consultation with other ministries and the social partners.

Financing sources are diverse, with the national government, regions and departments, and municipalities each providing between 25 and 30% of the funds, the European social fund an additional 11% and the balance coming from other public and private sources (CNML, 2004). Total funding amounted to EUR 375 million, over four fifths of which was for its principal activity (among others for the TRACE programme, see below) and most of the remainder for specific activities.

Almost 1.1 million youth had at least one contact in 2004, which accounts for approximately 45% of not-in-education youth in the age bracket; 900 000 had at least one interview with a counselor, attended a workshop or a group information session. Almost 70% of youth having at best vocational upper secondary attainment called on this service during their first job-search effort. Youth with parents born in North Africa are some 60% overrepresented among the clientele (Mas, 2004).

The contact with the local mission or PAIO takes place within six months of leaving school for one third of the clientele, within a year for one half. Approximately 26% of youth in contact had no qualification, that is, had not even attended a vocational secondary institution, and a further 17% had attended but did not receive a vocational upper secondary diploma. But fully 27% had a *Bac* or better. By comparison the percentages of young persons aged 16-25 and not in education in France as a whole in 2005 in the above three groups were 25, 12 and 39%, respectively. Thus, the network of MLs and PAIOs services a clientele which is less educated than average but only somewhat less so with respect to the two lower categories of education.

In 2004, 440 000 youth had a *first* contact with a Local Mission or PAIO. By way of comparison, the number of persons aged 16-25 registering with the regular employment office over the same year as first entrants into the labour market was about 310 000. All told, 450 000 youth in contact in 2004 (out of 1.1 million) obtained a job or training during the year, of which 265 000 found standard jobs, 56 000 subsidised jobs and 190 000 entered training programmes.[36] Approximately the same proportion of young

33. Among other things, this allows for more flexible staff recruitment than would be possible in the public service, and in particular the hiring of counsellors who are knowledgeable about the specific problems of disadvantaged youth and who indeed may even come from the same background as their clientele.

34. A GIP (*Groupement d'Intérêt Public*) is a public entity endowed with a light operating structure and flexible management rules.

35. The DARES is the analytical, evaluation and research branch of the Ministry of Employment, Social Cohesion and Housing.

36. The total for all three adds up to more than 450 000 because some youth are in more than one of these.

persons 16-25 not in education moved into employment over one year (29%) in the ML/PAIO network as was the case overall in the French labour market but a lower percentage entered training (17 *versus* 27%).

Nineteen percent of those in contact with a ML/PAIO lived in a sensitive urban zone (ZUS) in 2004 and 40% of these had found a job or entered training, compared to about 47% for all youth in contact. While one fourth of youth in contact overall had found a standard job in 2004, the percentage was about 18% for youth from a ZUS.

Weakly qualified youth who called on a Local Mission were observed to be more frequent job-searchers than those who did not. If repeat use is any indication of perceived efficacy, some 75% of youth who contacted the ML (*Missions Locales*) during their first job-search experience also did so on a subsequent one. It is generally the less qualified youth who do so. The ML place proportionally as many of their weakly qualified clients in employment as the ANPE (about 6% in each case), but the low percentages suggest that youth do not rely mainly on these services to find work. Among youth with at best a vocational diploma placed by the ML in a job, about a third were on subsidised jobs, almost twice as many in relative terms as the ANPE for the same clientele.

The ML and PAIO network thus seems to be playing a useful role with respect to youth with employment difficulties, if the extent of use, the greater job-search effort undertaken by its users and the relative job placement success are any indications. However, based on the qualification level of its young users, the ML/PAIO network does not seem to be strongly oriented towards lower educational levels. Fully 45% of all youth not in education in the 16-25 age group are using its services, which may suggest that it has become a partial substitute for mainstream employment services for a broader subset of the youth population. To what extent this is affecting its principal mandate of addressing the problems of youth having particular employment difficulties is uncertain, but merits a review. It is undoubtedly difficult for it to turn away the more highly qualified youth who seek its services, but inevitably this dilutes the resources which it has available to deal with more disadvantaged youth.

8.2. Employment programmes for youth

The policies in favour of the employment of youth living in sensitive neighbourhoods were introduced in the "*Plan de Cohésion Sociale*" (Social Cohesion Plan) put in place following the urban disorders of October 2005. These include among others the CIVIS, SEJE and PACTE programmes, to be described below. The NS-EJ (*Nouveaux Services-Emplois Jeunes*), a programme discontinued in 2002, is also described here (see Box 3.2), because it was viewed as a potential pathway to durable employment for youth of immigrant origin. Note that none of these programmes had an explicit immigrant or offspring-of-immigrant orientation, but often generally had persons of immigrant origin among others in mind when they were conceived.

Box 3.2. NS-EJ (New services – youth jobs/ *Nouveaux Services – Emplois Jeunes*)

This disposition provided for wage subsidies for jobs in areas where there were deemed to be emerging or unsatisfied social needs of a sporting, cultural or educational nature, but also related to the environment, neighbourhood services and under certain conditions, public safety. The objective was to favour durable transitions into work for youth. The contracts were either open-ended or of five-years' duration, with a trial period of one month, renewable once. The wage subsidy was for approximately EUR 16 000 per year, somewhat higher than the minimum wage at the outset of the programme.

Training actions were in principle foreseen in the contracts between the employer and the state, one of the objectives being to "professionalise" the jobs proposed. The contract could be suspended to allow the worker a trial period on an outside job offer, with the possibility of a return in the event the hiring did not materialise. In all 310 000 youth jobs were created by this programme and 470 000 youth were hired into such jobs (counting successive hirings onto the same job).

Ten percent of persons hired (in the 2nd quarter 1999) left within three months and an additional 10% over the next two years. Of those staying on for at least two years with such a job, 45% were kept on by their employers once the subsidy period was over. An additional 18% were kept on with the aid of further subsidies. In 16% of the cases, the young persons left after at least two years, generally because they had found a job they considered more appropriate. Eighty percent were employed or in training after leaving the programme and almost 90% eighteen months later. But at best 17% of those employed by end-2005 were working in the market sector. Most of those who left within the first three years indicated having acquired professional skills and this was all the more the case the longer the period of employment and when the job incorporated a training component (Zoyem, 2004).

In short, the youth-job programme seems to have had a beneficial effect on the longer term employment outcomes of participants, although it seems to have channelled them into the non-market sector where most of the jobs were created in the first place. In addition, over time the qualifications requirements of employers increased steadily, to the point where almost 40% of the requests in 2001 were for youth with at least two years beyond upper secondary (Bellamy, 2002). And here as elsewhere (see below), residents of ZUS areas appear to have been strongly underrepresented among participants (odds ratio of 0.45 in 2003). The one notable difference with respect to participants from ZUS areas, if the data for 2002 and 2003 are any indication, is their lower level of education, with about 35 to 40% having at best a vocational secondary diploma compared to about 20% for youth-job entrants in France as a whole. The programme was cancelled in 2004, essentially because it was viewed as a very expensive programme, which did not respond to the needs of those who most required assistance.

The TRACE (Trajectories of access to employment) and CIVIS (Contract for insertion into society) programmes

One of the main programmes directed at youth experiencing employment difficulties was the TRACE programme, now replaced by CIVIS. Both have generally been implemented through the Local Missions and PAIO. Although the TRACE programme no longer exists, it will be described nonetheless because it was one of the first programmes to be addressed to youth with little to no qualifications, with youth from ZUS areas in mind. In practice about half of programme participants had immigrant parents[37] (see Box 3.3 on programme evaluation).

37. These results are based on a follow-up survey undertaken in 2002 of persons who entered the programme from September through December 1999.

Box 3.3. Evaluation of Labour Market Programmes

One of the recurring recommendations which have appeared in the OECD reviews of integration policies in member countries is the need for evaluations of programmes introduced by governments to favour the labour market integration of immigrants. Without such evaluations, it is difficult to assess the extent to which the programmes are having any impact. Governments are generally reluctant to engage in programme testing under experimental settings but other means are available.

In some countries, such as Denmark and Sweden, "post-mortem" studies are in principle easy to carry out because of the extensive administrative data infrastructure in these countries, making it possible to follow-up programme participants by linking together different databases relevant for the evaluation. However, permission must be obtained to carry out the linking and the databases may not contain all of the relevant information. For example, it may not be possible to identify offspring of immigrants if they were born in or have the nationality of the host country.

One alternative to file linking is the possibility of carrying out follow-up surveys of programme participants, based on a representative sample, and to administer a questionnaire whose content can incorporate matters of particular policy interest. France has a unique programme of follow-up surveys of programme participants of eight standard labour market programmes, including the TRACE programme described in the text, as well as of programmes related to subsidised jobs and work-study programmes. The interviews bear on the labour market situation at the time of entry into the programme, at the time of the interview and for the intervening period as well as on specific aspects related to the programme itself and to characteristics of participants that may not be available through the administrative data or which it would be difficult to collect through the administrative process. These surveys are the source of analyses of outcomes of programme participants that are published and provide valuable information related to the outcomes of the programmes.

The published analyses, however, do not always provide data on a comparison group of non-participants or of persons from the population at large with characteristics similar to those of programme participants. Either of these would be useful as a benchmark for programme effectiveness. For example, many programmes are addressed to persons having employment difficulties, among whom are persons with less than upper secondary vocational attainment. When a particular programme manages to place a certain percentage of such persons into employment over a certain period, for example, it would be useful to know what is the total percentage of persons with these qualifications who normally enter employment over a comparable period. This would provide at least a suggestive indication of programme success.

Likewise, the follow-up surveys do not seem to identify some (implicit) target groups of interest, such as persons of immigrants origin, unless they happen to be of foreign nationality. In practice, French rules do not allow the collection of data on origins in administrative files. However, with permission from the national confidentiality council, it is possible to collect such data in sample surveys or on the population census. It would be especially useful for programme evaluation to extend this practice to the programme follow-up surveys on a regular basis.

The TRACE programme, introduced in 1998, was addressed to youth aged 16 to 25 with family, social or cultural difficulties affecting their job prospects, in particular those from sensitive neighbourhoods or who leave the school system without a diploma or qualification. The objective was to reach 60 000 youth per year, a target attained in 2000. The programme proposed an accompaniment for up to 18 months, combining training measures (basic skills or a vocational qualification), employment measures (in the non-market sector in particular) and social benefits (for housing, health and financial assistance). Up to EUR 300 per month could be granted to participants (with a maximum of three months receipt per six-month period) during non-remunerated

portions of the programme period. The objective was to place 50% of participating youth in jobs of more than six months duration.

The programme rested on a contracted commitment between the young job-seeker and a "reference person" in charge of following the client. Early experiences indicated that over 60% had no diploma whatsoever and were 21 years of age on average. Generally several years had passed between school-leaving and their first contact with the TRACE reception service. The principal contribution of the programme is the one-to-one contact between the youth and his referent, with a high number of contacts and an intensification of the accompaniment measures. Before entry into the TRACE programme, about 9% of youth were employed, 15% in training and virtually all others unemployed. Results indicate that about one half of participants in 1999-2001 exited the programme into employment (whether subsidised (10%) or not (32%) or on a work-study contract (8%) (Mas, 2003). By contrast, overall about 36% of youth in the overall labour market with the same distribution of educational attainment and of labour market situation found themselves employed one year later in 2005, most of them (31%) in non-subsidised jobs.[38] Keeping in mind the different time-frames, persons in the TRACE programme thus seemed to be doing somewhat better than comparable persons overall in the labour market. Little information was available, however, on the quality or stability of the jobs obtained after 18 months. Enterprises seemed weakly mobilised and the limited presence of the private sector was the weak link in the chain of the TRACE programme.

Half of participating youth indicate having been strongly aided through TRACE to accede to employment, many also indicate having been assisted in obtaining training, financial assistance, housing or social security rights (Mas, 2003). A number of criticisms have been addressed at the implementation, in particular the alleged failure of the Local Missions to go beyond their own data files in identifying the target population, the difficulty in assessing the urgency and the priority accorded to various situations and the general lack of validated qualifications at the end of the programme.

The CIVIS, which replaced the TRACE programme in 2004, is more broadly targeted and concerns youth 16-25 years of age with a qualification of at most general, technological or vocational *Bac* or who have been registered as job-seekers for at least 12 out of the 18 previous months. The CIVIS is signed by the young candidate and for the state by the ML or PAIO. It specifies the actions to be taken to achieve the insertion plan and the obligation of the young signatory to participate. It also indicates the nature and periodicity of the contacts (at least monthly) between the ML and the beneficiary. The contract is for a period of one year, with the possibility of a one-year renewal if the objective is not yet achieved. For low qualified youth, the CIVIS can be renewed for successive periods of one year until the realisation of the plan. For such beneficiaries, assistance is provided by a single referent, who meets with the beneficiary on a weekly basis. Participants are oriented towards new occupations or occupations where there are shortages. Roughly 20% of CIVIS contracts were signed with youth from ZUS area in 2005 and 2006, a figure which exceeds their representation among youth accessing the ML/PAIO network (Bonnevialle, 2007).

The first period of three months is intended to result in the establishment of a pathway to labour force participation, based on proposals of jobs; vocational training, which can include a period in an enterprise for occupations for which there are identifiable job possibilities; specific actions for persons having particular difficulties; and reinforced

38. Estimated from the *Enquête Emploi*.

assistance with job search or enterprise creation. In all cases, the contract ends after a six-month trial period ending with a job of at least six months, six months after the beneficiary has started or taken up a non-salaried activity, or the beneficiary turns 26.

The contract can be cancelled if the beneficiary does not respect his/her contractual obligations. The beneficiary can receive an allowance from EUR 5 to 10 per day when he or she receives no other allowance, up to a maximum of EUR 900 per year.

CIVIS has been much more widely implemented than TRACE, with 194 000 entries during the first year (Mas, 2007), more than the entire TRACE programme during its first four years (1998-2002). One of the more interesting features associated with but not confined to CIVIS is the establishment of Vocational Platforms (*Plates-formes de Vocation*) by the national employment agency, allowing the assessment of the skills of youth with no formal qualifications relative to those expected in jobs in their local labour markets (see Box 3.4). There are as yet no data on the outcomes from the CIVIS programme that would allow an evaluation of its effectiveness.

Box 3.4. Vocational platforms (*Plates-formes de Vocation*)

This programme consists of a skill assessment based on a simulation of the work situation, as determined by the ANPE in collaboration with enterprises which are seeking workers. This method of recruitment by simulation constitutes a significant departure from the use of the usual criteria of formal qualifications (diplomas) and work experience used in hiring. It is applicable to some 15 to 20 occupations undergoing growth or where there are shortages, in particular construction, hotels and restaurants, sales and the large retail store sector, personal services but also, depending on the labour market basin, transport and logistics, industry, call centres and cleaning and security. It is based on the assumption that many employers will be willing to forego formal qualifications in the presence of demonstrated basic ability if there are serious labour shortages in certain occupations. The assessment is available to young persons who have signed a CIVIS contract and are followed by an ML/PAIO.

The candidates are tested by means of practical exercises encountered in the occupation (tasks to be accomplished, work relations, etc.). No technical expertise is required.

In the first half of 2006, some 52 000 such assessments had been carried out for the CIVIS target group. Over 60% were positive and the persons assessed considered for one or more job offers. However, only about one quarter were hired as a result of the assessment, which suggests that employers may not always be convinced by this kind of skill assessment in lieu of a formal qualification and/or that other candidates with a formal qualification were also available.

Persons successfully assessed, if unsuccessful in finding a job, are fast-tracked to employment by means of a professionalisation contract. This is a mainstream employment programme oriented towards youth, which involves a work-study programme with an enterprise geared towards providing the candidate with a recognised qualification.

SEJE (Soutien à l'emploi des jeunes en enterprise – Support for employment of youth by enterprises)

The SEJE is an initiative for private sector employment that is targeted to CIVIS participants or ZUS residents whatever their qualification. This is a contract with an enterprise which provides the latter with financial assistance for two years for the hiring on a full-time permanent contract of youth under 26 without a *Bac* or who are signatories of a CIVIS or are living in a ZUS. The amount of the subsidy is EUR 400 per month for a full-time job paid at the minimum wage during the first year and half this amount during the

second year. The actual amount can vary depending on the profile of the young person hired, the conditions of employment (pro-rated for a part-time job) and the hiring date. The enterprise cannot have laid off any worker in the six months preceding the hiring of the young candidate. The youth hired has the possibility of benefiting from a assessment of competencies and a validation of acquired skills according to the modalities fixed by the social partners for the specified occupations. The numbers here are rather limited, with about 8 000 hirings in ZUS areas in 2003, compared to an estimated 300 000 persons in ZUS areas in 2005 having a job which they had started over the year.

The PACTE

To improve the representation of persons from disadvantaged categories of the French population in the public service, the PACTE (Access way to public service careers) was set up as of September 2005. This concerns hospital, local and national civil services. The measure was intended to replace an already facilitated access programme set up in 2002 which allowed entry into the public service without examination for positions which did not require a specific qualification (*e.g.* administrative and technical service agents). The new programme is open to young persons 16 to 25 years old inclusively of EU nationality or in the process of obtaining French nationality and who do not have a diploma or qualification or do not have the *Baccalauréat.* It concerns positions of category C, many of which formerly required a vocational upper secondary diploma, generally obtained after 11 years of schooling.

The PACTE was designed to ensure a better representation of persons from disadvantaged backgrounds in the public service, but, as will be seen, does not begin to address this imbalance.

The PACTE sets up a one or two-year "professionalisation" contract, in which the candidate alternates formal training and traineeship, is paid at 55% to 70% of the public service minimum, depending on his/her age and with permanent status being accorded at the end of the period following an assessment of capability. In addition, the employer is exempt from social security contributions during the contract period.

From December 2005 to December 2006, 536 persons were recruited under the PACTE and it is expected that the numbers will range from 500 to 700 from 2007 on (see *www.fonction-publique.gouv.fr/IMG/12_Flux_personnels_3fp.pdf*). For 2006, the recruitments under the PACTE represented about 3.8% of all recruitments. If these consist entirely of children of immigrants, then the percentage increase in the proportion of children of immigrants in the public sector that can be expected over, say, ten years from this programme is about 6%. As the numbers suggest and with the expected reduction in the public service in coming years, it is unlikely that this measure will do very much to redress the under-representation of the children of immigrants in the public sector.

Mentoring ("parrainage")

This programme consists of bringing persons having difficulties integrating the labour market into contact with outside persons who can provide advice and information to the job-seeker on an as-required basis. The persons in question can but need not be employers but clearly need to be persons who know the world of work and business and have some credibility with the job-seeker. Mentoring was originally conceived as a means of giving contacts to persons who had none, where the mentor was perceived as someone who could intervene or mediate with potential employers with respect to candidates who had an unfavourable "image" or who might be the object of discrimination. Mentors are

volunteers so the programme tends to be at low cost to public authorities, at about EUR 300 per mentored youth, which includes the cost of recruiting mentors, basic training and follow-up. The programmes were first put in place in 1994 and seem to have shown early on rather favourable results: 53% of mentored youth in employment after six months of mentoring in 1996 and 8% in training, for a population consisting of 72% low qualified persons and 46% persons of immigrant background.[39] By contrast, only 37% of youth 16-25 overall not in employment and not in education one year earlier were in employment in 2005 and only 28% of youth with at best a vocational diploma. More recent data (2007) show 61% in employment and 12% in training following mentoring. Mentoring thus seems to be especially effective in easing the transition into employment.

Despite the stated objectives, in practice mentors seem to be reluctant to take on the role of mediation with employers, but rather see their role as informing their "pupils" about the expectations of employers with respect to behaviour and to appropriate job-seeking approaches. The role of mentoring has been described as one of helping to "defuse" the stress and uncertainty associated with job prospection and interviews for persons who are distant from the labour market. Young persons in mentoring programmes report seeking in mentoring a person who can be a sounding-board to inform them of their weaknesses and how best to adapt to the world of work. They report themselves as ambivalent about a possible "mediation" role for mentors, recognizing that they lack contacts with employers but reluctant to be seen by potential employers as being sponsored or favoured (Van de Walle, 2003). Neither see the role of mentoring primarily one of reducing discrimination, although this is viewed as a potential consequence of a successful mentoring.

8.3. Youth access to mainstream labour market programmes in ZUS areas

Other mainstream labour market programmes can be accessed by young persons of immigrant origin with employment difficulties as well, but are not specifically addressed to youth. They are described only in a general fashion here with one exception (see CES below). However, access rates for residents of ZUS areas are presented for these programmes below. Because the targeting of children of immigrants is indirect, it is difficult to know to what extent results for ZUS areas reflect those for the children of immigrants living in these areas. However, since the outcomes for this group are generally not as good as for the children of the native-born, one can probably safely assume that unfavourable results for ZUS areas means even less favourable ones for the young persons of immigrants background living in those areas.

Roughly speaking, under the Ministry of Employment LMP system, there exist parallel labour market programmes for the market and non-market sectors, with subsidised-job programmes for recipients of basic minimum income benefit or social assistance and other programmes for persons who are without work and having social or occupational difficulties with respect to access to employment. About 40% of jobs subsidised under the new programmes in 2005 (about 247 000 during the first three quarters of their introduction in 2005[40]) were in the market sector, a significant increase over the approximately 30% observed under the former programmes in 2003 and 2004.

39. See *www.social.gouv.fr/pointsur/parrainage/sommaire.htm*.

40. These are the new (revamped) labour market programmes introduced in the spring of 2005 and which replaced those formerly in existence. During the early part of 2005 and during the phase-in period for new programmes, there were 117 000 "old" programme entries as well.

However, only a little over 20% of jobs concerned persons without a qualification (below the vocational upper secondary level). Indeed, fully 35% involved persons having a qualification of at least upper secondary (*Bac*) and 15% had a tertiary qualification (Lamarche and Pujol, 2006). About 60% of participants were long-term unemployed (more than one year) before being placed in a subsidised job, about 35% for more than two years. The subsidy rate was about one third in the market sector and between 80 and 90% in the non-market sector.

There are as yet no data on access rates[41] of youth in ZUS areas for these new programmes, but results exist for the former programmes, which were fairly similar. Table 3.13 summarises the results (see document at the following address: *www.travail-solidarite.gouv.fr/IMG/xls/Tableaux_ZUS_2004.xls*).

Table 3.13. Rate of access to subsidised jobs and traineeships of non-employed youth under 25

	2003	2004
Subsidised jobs		
In ZUS areas	5.7%	4.4%
In Metropolitan France	4.3%	3.7%
Odds ratio	1.3	1.2
Traineeships		
In ZUS areas	..	0.7%
In Metropolitan France	..	0.7%
Odds ratio	..	1.0
Youth work-study contracts		
In ZUS areas	..	1.7%
In Metropolitan France	..	2.6%
Odds ratio	..	0.6
Youth employment contracts		
In ZUS areas	2.9%	1.8%
In Metropolitan France	4.0%	2.7%
Odds ratio	0.7	0.6
All measures		
In ZUS areas	..	8.8%
In Metropolitan France	..	10.2%
Odds ratio	..	0.9

Note: The rate of access is estimated as the ratio of entries into programme participation of non-employed youth under 25 to the total number of persons in the same group on 31 December of the reference year. Shaded areas indicate that the data are not available.

Source: DARES and Labour force survey.

In general, youth in ZUS areas are/were under-represented in youth and work-study contracts (0.60 relative odds), about equally represented in training programmes, and over-represented in subsidised jobs (1.2 relative odds). The subsidised job contract most in use in ZUS areas (covering 7.6% of ZUS unemployed, compared to 5.1% in non-ZUS areas) was one known as the employment solidarity contract (*Contrat Emploi Solidarité* – CES), which was a part-time work contract for up to 24 months (including renewals) at the minimum wage with an employer in the non-market sector, with a trial

41. The access rate is defined as the ratio of the number of programme entrants under 25 over the year to the estimated number of unemployed and inactive persons under 25 on 31 December of the previous year.

period of one month. It was intended for persons having particular difficulties finding work and is the "lightest" of the subsidised job programmes in terms of requirements and is heavily subsidised. The subsidy consisted of an exemption from payroll taxes and a wage subsidy varying from 65 up to 95% of the minimum wage depending on the situation. The worker was assigned a tutor by the employer who was to follow, guide and counsel the worker over the length of the contract. The latter could include a training component financed by the state, to take place in the half-time not worked. The CES accounted for almost half of subsidised job entrants in France in 2003 and 2004, over 60% in ZUS areas. However, the CES does not appear to lead to a durable transition; career paths often continue to be erratic and marked by a further recourse to subsidised jobs (Thélot, 2005).

Programmes for jobs in the market sector of the economy, on the other hand, were less commonly used in ZUS areas than in the economy as a whole. About 15% of non-market sector entrants were from ZUS areas, compared to about 10% of market sector entrants in both 2003 and 2004. In addition, market sector participants in 2003 were about half as likely to have less than a vocational qualification, twice as likely to have a qualification better than the *Bac* and half as likely to be young, compared to non-market participants. In short, the market sector would appear to be less mobilised in hiring labour market target programme candidates from the ZUS areas than the non-market sector. As was seen, however, the offspring of immigrants are better represented overall in private sector employment than they are in the public sector. Programme participation for ZUS residents thus amounts to a partial redressing of the imbalance.

Starting in 2006, the strategy towards youth in difficult neighbourhoods has been retargeted, involving less the development of new measures or programmes but rather a more operational organisation of the actors involved and a concentration of employment policy measures towards ZUS areas (see Box 3.5).

Box 3.5. Recent policies towards youth from ZUS areas

As of end-2007, a "*Groupe Solidarité Emploi*" (GSE) is to be set up in every ZUS consisting of the various stakeholders with a chair to be designated. The aim is to establish precise measurable objectives, in particular the reduction of the gap in unemployment rate between the ZUS and that of its surrounding area. These GSEs will have at their disposal all of the standard employment policy measures to address the specific situations of job seekers, in particular persons who are low qualified and require both vocational and social training, unemployed persons subject to discrimination related to their neighbourhood of residence and young persons who have never had personal or vocational counselling.

A few areas reinforced with specific funding are:

- The PACTE, with an additional EUR 1 000 subsidy per candidate for training;
- 20 000 additional places for basic knowledge fundamentals (literacy, personalised pedagogy);
- Systematic accompaniment by a placement agency for young graduates with a *Bac*+3 in the CIVIS programme;
- A redeployment of national employment agency resources towards the ZUS;
- An expansion of mentoring by salaried workers and young retirees.

Persons under a CIVIS contract also have priority with respect to the new Actions in Preparation for Recruitment (*Actions Préparatoires au Recrutement* – APR). This is geared to persons not in receipt of unemployment benefits and with skills close to those specified in a particular unfilled job vacancy. The programme consists of subsidised on-the-job training (EUR 3 per hour) for a maximum of EUR 450 (three months), at which point the enterprises hire the candidates on permanent contracts or temporary contracts of more than six months. The trainee is paid by the state as a vocational trainee during the three months (EUR 652 per month or 340 for those under 26). Some 50 000 APRs are expected for all of 2007.

The "*Espoir Banlieues*" (Hope for the Suburbs) plan, announced in February 2008, has a number of measures concerning employment and education.

Over the next five years, all channels including special preparation for exams will be explored in order to integrate and promote children of immigrants at all levels of the public service. For the private sector the "autonomy contract" will be tested in order to offer youth intensive personal support to allow them to obtain a stable job or training that yields a recognised qualification. Youth wishing to start a business will be accompanied by professionals over the entire process. 100 000 youth will be helped towards employment ever a three-period.

The national educational system has been mandated to identify young persons who have left the school system in order to channel them into "second chance schools". To do away with school ghettos, the requirement that pupils attend schools in their neighbourhoods has been abandoned. In addition establishments in poor condition are being closed and boarding schools aiming at educational success will be created. In addition, 30 sites of schooling excellence, including at least six vocational high schools, will be created.

There are as yet no data available on the effectiveness of these measures.

9. Discrimination and selective hiring practices

As was seen earlier, the relative odds of being employed / unemployed are respectively lower / higher for the offspring of immigrants, even after controlling for other characteristics such as education, age and indeed the education of their parents. For some origins, in particular the Maghreb, the difference in the outcomes relative to those of children of French-born persons is large. Since one cannot attribute the employment and unemployment differentials to deficiencies related to language proficiency or the equivalence of foreign qualifications or of foreign work experience, the issue of possible discrimination comes immediately to mind. In France, as in a number of other European countries, a body of empirical evidence is beginning to accumulate which helps to quantify the phenomenon (Amadieu, 2004 and 2005; Adia, 2006; Duguet *et al*., 2007; Cediey and Foroni, 2007). These come from "testing" experiments in which ostensibly equivalent CVs are sent to real job offers and the response to the applications tabulated and measured. The CVs differ essentially only with respect to characteristics, such as name, nationality, sex, *etc*., that are of interest in connection with employer screening decisions.

All such studies have shown that persons of African immigrant origin (as indicated by the first and last names) must make from three to as many as fifteen times the number of applications as a candidate with a French profile to obtain a job interview as well as generally receiving more outright refusals. The varying number of additional applications depends on the type of occupation and whether or not the candidate has French nationality. In one study, for example, having French nationality reduced the number of applications necessary by a factor of about five for an accounting occupation but only by

about a quarter for a job as a waiter (Cediey and Foroni, 2007).[42] If one assumes that both types of candidates (that is "minority" and "majority") make the same number of applications, that the number of job offers which applicants receive is proportional to the number of favourable responses and that the offer acceptance rate is the same for both groups, then the unemployment rate of the minority group would be at least three times that of the majority group (Carlsson and Rooth, 2006), all other things being equal. But children of immigrants have much lower educational attainment, so that the relative unemployment rates should be even higher. In practice, this is not the case, undoubtedly because children of immigrants are in fact compensating by making more applications.

The discrimination tests have varied in a number of ways, with respect to the occupations and origins tested and the means of contact with employers. They have revealed that the use of intermediaries, whether these be temporary employment agencies or "head-hunters" or the national employment agency (Adia, 2006) tends to reduce the extent of discrimination.[43] They have also shown that although "distant" means of application, such as sending CVs by e-mail or by ordinary mail make it easier for employers to discriminate with little risk, direct contact either by telephone or by depositing a CV in person does not seem to substantially reduce selectivity in hiring overall. The preference of many employers for candidates with a French profile is simply displaced further on in the application process, by asking the applicant to send a CV or to call back or by informing the applicant that he/she will be contacted. The tests also revealed a higher rate of discrimination for professional than for blue-collar occupations and a lower rate for young Maghreb women. There was little difference in discrimination rates between Maghreb men and black Africans of either sex, all of whom are selectively eliminated from consideration approximately three times out of four. The effects by establishment size appear to be small as are those by sector, with, however, somewhat more discrimination in services. One study (Cediey and Foroni, 2007) distinguishes between candidates according to nationality, last name and first name and shows that having French nationality and particularly a French first name have significant effects on reducing discrimination.

Although the term "discrimination" has been used throughout here, it is clear particularly from the measured impact on employer response cited above of having French nationality or a French first name but a last name of Maghreb or African origin, that certain employers are not systematically avoiding candidates of certain origins, but rather looking for signs that applicants are in some sense similar to "French profile" applicants, with perhaps workplace behaviour and a level of productivity that they consider more or less like what they are used to. There is no way to determine if employer screening behaviour is the fruit of past experience or the product of hearsay or of xenophobia. In practice, of course, whatever the reason, the impact on candidates for employment is the same: they are not being considered for jobs on the basis of their own merits but on preconceptions, whether based on fact or imagined, about the characteristics of their origin group. This sort of behaviour by employers is particularly insidious, because the selectivity in hiring often comes at the screening stage, is extremely difficult

42. Since both candidates had the same educational qualifications, the fact that one had foreign nationality meant implicity that he/she was born abroad and arrived at a young age.

43. The ESPERE programme, funded by the European Union, seeks precisely to reduce discrimination through training and sensitization measures addressed to the staff of the public employment service (see *www.femmes-egalite.gouv.fr/grands_dossiers/dossiers/egalite_en_entreprise/docs/espere.pdf*).

to detect and leaves applicants with no real signals as to the reason for their exclusion from consideration.

A number of measures have been introduced in France to combat this. The most visible is the establishment of the HALDE (*Haute Autorité de Lutte contre les Discriminations et pour l'Égalité* – High Authority in the Fight against Discrimination and for Equality) in late 2004. The HALDE is an independent authority that addresses all forms of discrimination, direct or indirect, and has two main mandates: *i)* to deal with individual cases of discrimination brought to its attention by the victim, members of the National Assembly or the European Parliament or jointly by the victim and an association and *ii)* to engage in actions to promote equality. The HALDE is being consulted more and more by victims of discrimination with 4 100 actual complaints in 2006 compared to 1 400 in 2005, and about 31 000 phone calls. About 35-40% of the complaints in 2006 concerned the origins of victims and about 43% were employment-related. However, only 12% of the complaints concerned hiring or recruitment issues, which perhaps reflects just how difficult these are to detect (HALDE, 2007).

In addition to the HALDE there are a number of on-going governmental initiatives to sensitise public and private stakeholders regarding the prevention of discrimination. The objective is to arrive at a shared diagnostic with managers of enterprises or other organizations concerning the nature of the problem and to implement tools for the prevention and the fight against discrimination. Priority targets are public and private intermediaries in the labour market (the ANPE, the temporary employment sector, chambers of commerce and artisan groups), unions and enterprises. A number of large enterprises such as Eiffage, SFR, MACIF and Air-France among others have been involved in this initiative.

The private sector has since 2007 been promoting the "diversity charter", in which signatories commit themselves to favour diversity through recruitment and career management as a strategy for greater efficiency and progress and to enhance their social relations. Temporary employment agencies as well as chambers of commerce and trade organizations have taken initiatives in this regard. As of March 2007, 1 500 enterprises had signed the charter, but without a precise follow-up of hirings and of career progress in signatory enterprises, it is difficult to have a precise idea of how effective this sort of measure is. There is undoubtedly a self-selection of already committed enterprises as signatories, although a formalization of the process may have its usefulness in disseminating norms throughout the enterprise.

In response to the discrimination testing results, the national association of human resource managers launched a diversity seal of approval ("label") in 2008, in order to verify what enterprises and administrations are doing concretely to encourage diversity. In order to receive the seal of approval, enterprises will need to satisfy six criteria: a formal commitment by the enterprise to diversity, an active role of the social partners within the enterprise, equitable human resource procedures, communication by the enterprise on the question of diversity, concrete public measures in favour of diversity and procedures to evaluate actual practices.

France since 2006 also has a law on the books requiring anonymous CVs for enterprises of more 50 employees. The application decree, however, has not been prepared and the procedures are intended to be piloted before any decree is envisaged. However, there is no sign that such a piloting is proceeding, although a number of enterprises (among them AXA, Siemens, Norsys, Casino, Veolia, IKEA, PSA) have already implemented anonymous CVs in their recruitment procedures. Preliminary

indications are that the anonymisation increases the number of women and young candidates on short lists, but there is no information on its impact on candidates of immigrant origin. In any event, as was seen in the testing experiments described above, when screening out of minority applicants is not done at the initial stages of the recruitment process, employers still seem able to do so later. In one study which actually proceeded to the interview stage (using trained actors) in cases where no decision had been made in favour of one or the other of the paired candidates at an earlier stage, the majority candidate was chosen three times more often than the minority one (Duguet *et al.*, 2007). Thus even the anonymous CV will not necessarily be a solution unless it is implemented as part of a broader strategy of equal opportunity to which enterprises and recruiters actively subscribe.

Finally, since 2002, regional plans to combat discrimination in hiring due to origins have been progressively implemented, with about 40 urban agglomerations being affected.

Summary and Recommendations

France has a long history of immigration…

Unlike most European countries, the French experience with immigration predates the post-World War II period. France in the nineteenth century saw itself as a haven for persons in search of freedom or persecuted for political reasons in their own countries. With industrialisation and growing labour needs, France became a destination country for labour migrants, especially from Belgium and Italy, a situation which continued after World War I. In 1931, France had already 2.7 million immigrants accounting for 6.5% of its population.

…and as in other countries, the extensive labour inflows of the post-war period ended after 1973.

The 1950s saw the beginning of substantial inflows of labour migrants from Italy, Spain, Portugal and North Africa to satisfy generally lower skilled labour needs in the post-war industrial expansion. These movements came to halt after the first oil crisis in 1973 but family and humanitarian migration continued.

Despite the long experience with migration, there was no formally defined integration policy until recently.

Because of the early experience with immigration, services for immigrants were developed early on in France and were provided mainly on an as-required basis. There was no systematic integration programme in place, however, and it was tacitly assumed that the institutions in place were adequate to deal with the long-term integration of immigrants and their families. Labour market integration was not perceived as a problem, since the early arrivals were workers and had jobs either prior to, or shortly after, disembarking. With the official stop to labour migration in 1974, however, many of the workers remained in France and brought in their families. The permanent nature of the migration was acknowledged early on, with the right of spouses to work being formally recognised in 1978.

Nevertheless, labour market outcomes for immigrants who have been in France for over a decade compare relatively favourably with those of the native-born of the same educational status.

With the trend rise in structural employment after 1973, immigrant outcomes worsened relative to those of the native-born, especially for men, in particular those of foreign

nationality. Beginning in the 1980s, new arrivals and new entrants to the labour market who had arrived in France as children also saw a deterioration in outcomes. Nonetheless, in comparison to many other countries, current labour market outcomes for immigrants who have been in France for some time (more than ten years) are generally favourable compared to native-born men of similar age and educational attainment and this for many countries of origin, both OECD and non-OECD. The situation for immigrant women, however, is less positive, except for women from southern Europe. However, current outcomes for *recent* arrivals (those having entered over the last five years) are among the poorest in Europe and have been like this since at least the mid-1990s.

New entrants, whether immigrants and/or youth, find it difficult to get a foothold in the French labour market. While many immigrants speak French upon arrival, integration appears to be especially difficult for the more highly educated among them.

This is symptomatic of a slow integration of immigrants into the labour market, a characteristic shared with other new entrants into the French labour market, namely youth. The difficult insertion for new entrants is a structural feature of the French labour market and any improvement in this area will undoubtedly help immigrants to some extent. However, the issue of the general functioning of the French labour market is beyond the scope of the review.

The slow integration of immigrants takes place despite the fact that language is less of a problem for new arrivals than in other countries. Indeed, fully two-thirds of persons signing the new integration contract (and almost all immigrants sign this) already have the level of proficiency required to obtain French nationality. The evidence indicates as well that it is the more highly educated immigrants who are having the most difficulties in the labour market in relative terms and that the situation has been slowly worsening over the past decade. Lower educated migrants (men in particular), on the other hand, rapidly achieve outcomes similar to those of persons of similar age and education born in France.

The services for new arrivals are limited in scope and need to be enhanced, especially with respect to basic information about the workings of the French labour market.

Given the difficulties encountered by recent arrivals in the labour market and the long integration process, the overview of the operations and institutions of the French labour market (a one and one-half hour optional session) provided to new immigrants at the time of the signing of the integration contract seems inadequate. More needs to be done here to better convey to immigrants the requirements and expectations of French employers, the institutions and agencies that are best equipped to deal with their particular difficulties and the means whereby their competences can be identified and certified. This is all the more necessary since immigrants are precisely the persons who are less likely to have the personal and labour market contacts that can help compensate for a limited knowledge of the labour market and that can facilitate finding work.

Procedures for the recognition of foreign qualifications and experience need to be significantly improved.

In addition, the current procedures in place to assess foreign qualifications and work experience are insufficient. The procedures that determine the equivalence of foreign qualifications do so largely in cases where the applicant is interested in pursuing further studies in France or where eligibility for competitions for entry to certain institutions is being determined. These procedures are not applied in cases when the applicant is interested in having his/her qualifications assessed for presentation to employers. It is unlikely that the current "attestation" situating immigrants' qualifications in the education system of the country of origin provides potential employers with the kind of information needed to have a reasonable idea of how the qualifications of potential job applicants compare to those with which they are familiar. The existing procedures need to be extended to cover broader situations, in particular persons seeking some assessment of equivalence for the labour market. Likewise, in cases where the immigrant has work experience (obtained abroad) of a nature that would be of value in the labour market, the means in place to validate such work experience in a French context ought to be extended.

Subsidised jobs should be a favoured labour market policy instrument in the face of employer mistrust of foreign qualifications and experience.

In other countries, subsidised jobs have been shown to be an effective tool to overcome employer hiring reluctance with respect to immigrants, especially when there is uncertainty about the value of foreign qualifications and experience, and to provide immigrants with the opportunity to demonstrate what they can do. These are particularly effective in reducing the hiring risk for employers *vis-à-vis* candidates whose future on-the-job performance is something of an unknown. Thus, France should give serious considerations to targeting recent immigrants under current or proposed wage subsidy programmes. There may be deadweight costs as a result, but they are worth the price if the wage subsidy programmes expand job opportunities for immigrants and speed up their transition into work.

Immigrants educated in France also have difficulties finding employment, so there are clearly other issues at stake.

The fact that immigrants who arrived when young and were educated in France also have initial difficulties in the labour market suggests that the early integration problems encountered by highly qualified immigrants are not purely due to the fact that employers are unable to evaluate their human capital. Many such immigrants may suffer from the discrimination and negative stereotyping which young native-born children of immigrants experience.

Language provision seems adequate for new arrivals, but the language learning rights accorded to employed persons should be extended to all persons of working age.

With regard to persons arriving with little to no knowledge of French, the Reception and Integration Contract provides up to 400 hours of language teaching. This is what empirical results from other countries show is close to the upper limit beyond which further language teaching does not yield additional returns. However, a recent change in the laws provides employed immigrants with the *right* to (further) language training, but no such provision exists for those not employed, although it is possible for the unemployed to obtain financed language training, subject to budgetary constraints. It would be advisable to recognise language-training rights for persons employed not in employment, whether or not they are looking for work. Given that knowledge of French contributes to integration generally, it is recommended that the 400-hour provision for new arrivals be made a permanent one, which if not used at time of entry, could be drawn upon at a later time, for example in the event of job loss, should the need for improving language proficiency arise, or prior to naturalisation, for which a minimum level of proficiency must be demonstrated.

The situation of the "second generation", on the other hand, is much less favourable, and their progress through the educational system, including pre-school, needs to be supported if their disadvantages are to be overcome.

The situation in France of the children of immigrants is much less favourable than it is for their parents, in particular for children of African and Maghreb origins. Their educational attainment levels are low, with significant numbers leaving school without an educational qualification. Generally, low-educated immigrant families are much less equipped to invest time and effort in the education of their children, a fact which penalises them in the French educational system. Their progress through the educational system, including the pre-primary period, needs to be much better accompanied if they are to make up for their handicaps and if the traditional role of the educational system in reducing socio-economic inequalities, is to be upheld.

The additional amounts targeted at schools in disadvantaged areas need to be directed towards measures that can yield concrete results, such as reductions in class size. Assistance at the pre-primary level needs to be improved and sustained throughout compulsory schooling.

The French educational system has in the past invested more in priority education zones where the children of immigrants are more concentrated but the impact of such investment has been weak. The funds have gone largely towards higher pay for teachers willing to teach in these areas, which may help but is not in itself a guarantee of better outcomes. The subsidies could also usefully be spent on measures which research suggests are likely to yield results, such as a significant reduction in class size or

pedagogical methods that are better adapted to the pupil population. Such changes are indeed already under way, with more human resources going into a more limited number of schools with disadvantaged populations, but it is too early to tell what the impact has been. What is clear, however, is that there is a need to intervene *much earlier*, indeed at the pre-primary level, and to sustain such investment over time. Studies have shown that the results of examinations at entry into lower secondary education are largely predictable by the results of examinations at entry into primary education. Children of immigrants have also been shown to profit the most from pre-primary education if they enter at an early age. A stronger focus on results at this level will be less costly and will avoid the difficult task of attempting to make up for lost time further on in the educational system, let alone following the completion of schooling.

PISA results suggest that delays in the family reunification of children has an adverse impact on their later educational performance.

With respect to immigrant children themselves, the OECD Programme for International Student Assessment (PISA) has shown unambiguously that every year spent in the country of origin has, on average, a negative impact on their assessment results observed at age fifteen. Children who arrive at age 10 are on average the equivalent of two years behind in assessment results at age fifteen. This suggests that family reunification needs to occur early, so that the children can be exposed as early as possible to the French educational system and French society.

School and homework support structures need to be enhanced.

The French educational system, moreover, places a premium on parental assistance with homework and educational motivation, which many immigrant parents having limited education themselves are much less able to provide. Older siblings may play a substitute role in this regard, but results suggest that this is not enough. Therefore, the plan to enhance the school and homework support structures currently in place is a welcome step in the right direction.

Labour market insertion is difficult for new entrants, particularly those with low attainment levels, but outcomes remain inadequate even after adjusting for this.

By the time the children of immigrants enter the labour market, many are already at a serious disadvantage with regard to educational attainment. This places them at a particular handicap in a difficult labour market which emphasises formal qualifications and work experience in hiring. The difficult conditions of entry for youth in general, with high unemployment, the multiplication of traineeships and the temporary character of many entry jobs, are even more difficult for children of immigrants. However, even after adjusting for educational attainment, outcomes for native-born children of immigrants remain inadequate compared to those of children of the native-born, so that there is clearly more than qualification deficiencies at play.

The children of immigrants have high unemployment rates, are strongly underrepresented in the public sector and are subject to discriminatory hiring practices.

Statistics show that the children of immigrants, in particular those of Maghreb and African origin, have much higher unemployment rates, longer durations of unemployment and are also strongly underrepresented in public sector employment compared to the native-born offspring of French parents with the same socio-economic characteristics. Evidence suggests that they are also subject to discriminatory hiring practices by employers and that this is relatively widespread.

Indirect targeting of children of immigrants does not seem to be working very well: residents of targeted zones are underrepresented in market-sector Labour Market Programmes.

The indirect targeting strategy for addressing the employment and unemployment difficulties of children of immigrants, from the point of labour market policy (as opposed to expenditures on infrastructure and on improvements of the physical environment), appears to have a limited impact, in the sense that it does not lead to better-than-average access to labour market programmes for disadvantaged youth, not even those designed specifically with this group in mind. Residents of "sensitive urban zones" (ZUS) tend to be underrepresented in many labour market programmes, especially those geared to the market sector, and this without even taking into account their characteristics. Priority should be given to ensuring that the ZUS share of participants in active labour market programmes represents at least its share of the target populations.

A direct monitoring of programme outcomes for persons of immigrant origin should be put in place in existing follow-up surveys and combined with a rigorous evaluation to establish what works.

In any event, if the programme targeting of the population of immigrant origin, for reasons of principle and tradition, cannot be direct, there is no reason for the assessment of the programme outcomes to omit a focus (among others) on the population of immigrant origins. It would also be useful if these surveys were to include more systematically a "control group". Without a better assessment of the impact of programme participation on outcomes, it is extremely difficult to determine whether programmes are working as designed for specific (implicit) target groups and whether progress is being made. It is vital to develop a culture of rigorous evaluation of programmes if progress is to be made in determining what works and what does not for immigrants and their children.

Exemptions in tax-free zones should be better targeted, in order to reduce the deadweight costs.

The payroll-tax exemptions for firms in tax-free zones have considerable deadweight costs, since many of the persons hired under the subsidies are job-changers rather than unemployed persons. In addition, the impact on employment and unemployment in the local area appears to be limited, with barely 30% of jobs going to residents in the zones, although more may be going to residents of the wider ZUS area. Unless the objective is indeed to bring more economic activity into deprived areas, there are some obvious loopholes here that could be closed and more encouragement provided to hiring unemployed persons from the surrounding area. A programme which provides smaller exemptions for hirings of job changers or of persons from outside the deprived area would introduce a better balance between the objective of encouraging economic activity and that of improving employment prospects for persons in the deprived areas themselves.

As in other countries, mentoring seems to work and is highly cost-effective. It should be strongly expanded.

A number of programmes appear to be yielding some positive results. The most obvious is that of *mentoring*, which here as in other countries appears to be a highly cost-effective way of helping young people of immigrant background into employment, as well as building links between them and the business community. Mentoring can provide job searchers with information about the "rules of the game", as well as the kind of behaviour at job interviews and in the workplace that can help reassure employers that they are in familiar territory. French participation in voluntary work is common and there is a large pool of persons who could be drawn upon to build bridges in this way between the French mainstream and the portion of children of immigrant background who are geographically and socially isolated.

Programmes which involve personalised accompaniment also yield good results and should be encouraged.

It also seems to be the case that labour market programmes that involve some form of regular accompaniment, such as the former TRACE and the current CIVIS, are effective in placing disadvantaged youth into jobs. Likewise, empirical results suggest that intermediaries such as the ANPE or temporary employment agencies tend to reduce the incidence of screening out by employers of applicants with immigrant backgrounds.

Children of immigrants are strongly underrepresented in the public sector, and remedial action in this area should be given a high priority.

The public sector, although used at times as a stop-gap to provide subsidised temporary jobs to youth with employment difficulties, is the sector in which children of immigrants are the most underrepresented in total employment, even after correcting for educational attainment. Indeed, their underrepresentation here accounts for much of the

employment-rate differences between children of immigrants and children of the native-born. Lack of knowledge about opportunities may be part of the answer. It would appear as well that the examination and competition procedures for public sector jobs, among them the French culture part of the examination as well as the oral interview, may be structural impediments to entry for offspring of immigrants., To address this, a better dissemination of information to persons of immigrant origin on public-service employment and on the centres set up to prepare public sector competitions is needed Although this is already part of the "55 measures in favour of integration" of the Interministerial Committee on Integration, the extent of underrepresentation would argue for attributing this a much higher priority. There is a precedent for such action: the public sector has been used in the past to favour integration of other "difficult" populations, such as residents of the French West Indies, who, like the children of immigrants, were also French nationals.

The PACTE is unlikely to have much impact on the public sector employment imbalance.

The PACTE programme, which facilitates entry into the public service for persons without qualifications or experience, is too small in scale to correct the imbalance in public sector employment, particularly since a reduction in the size of the public service is currently underway and promises to accelerate in the near future. And as is the case for other government programmes indirectly targeted at young persons of immigrant origin, there is no clear evidence that persons of immigrant background are actually getting a significant share of PACTE positions. The unequal outcomes in the public sector described above merit a much greater effort than the PACTE. The public sector is not only not serving as a model for private sector employers, it is a poor performer with regard to the employment of the children of immigrants.

Discrimination and / or selective hiring practices are common and this phenomenon needs to be monitored on a regular basis.

Given the scale of the selective hiring practices identified in "testing" studies, outright discrimination is necessarily an issue, but it is difficult to identify precisely. Current policy measures involve addressing specific cases when there is a complaint, promoting diversity and tolerance and sensitising key players to the problem, but it is hard to see what can be done that is demonstrably effective more generally. However, with the demonstrated extent of selective hiring practices in France and the negative effect this has on social cohesion, a formal and regular monitoring of the phenomenon would not be out of place. The kinds of testing procedures implemented in the several studies carried out up to now yield without question useful measures for monitoring both the scale of the phenomenon and, if repeated at regular intervals, its evolution over time.

The anonymous CV seemed like a potentially effective tool for reducing the frequency of selective screening, but little has come of it.

Although the anonymous CV has made its way into French law, there has been no application decree nor is there any indication that any experimentation is under way, as was promised at the time the law was passed. A number of enterprises have implemented this in their recruitment procedures, but there are no assessment data on the impact for persons of immigrant origin (although there are for women and youth), so that it is

difficult to say what impact this may have had on the hiring of persons of immigrant origin. Discrimination testing results suggest that certain employers selectively screen further down the recruitment process when they cannot or find it difficult to do so initially. However, these results do not take into account the possible impact of introducing the anonymous CV on behaviour and attitudes *within* the enterprise.

Some of the discrimination seems to be "soft" and thus especially amenable to policy intervention.

The discrimination testing results have revealed if not always outright racism, then at least a widespread mistrust by employers of young persons of African origin. There are a number of indications, however, which suggest that some such behaviour may be "soft", and thus amenable to policy intervention. Among these are the significant impact of naturalisation, of having a French first name and of the involvement of intermediaries in improving the employment prospects of youth of immigrant origin. The French labour market is in general a difficult one for young persons and the empirical results suggest that young persons of African origin must make at least three times the number of applications to obtain a job interview, let alone find a job, that youth with French-born parents do. This is a telling comparison and needs to be disseminated more widely, especially since empirical results suggest that private sector employers do eventually hire youth of immigrant origin almost to the same extent as those of non-immigrant origin, despite on-average lower formal qualifications. This suggests greater job-search efforts on the part of youth having immigrant parents.

Giving persons with low formal qualifications the chance to demonstrate what they can do is an excellent initiative, which should be expanded.

Unlike the case for immigrants, the situation with respect to their children is not unfamiliar qualifications, but often the lack of them or a mistrust by employers of persons with certain origins because of a negative public image. To deal with the lack of formal qualifications among the children of immigrants (or youth in the population at large for that matter), the Vocational Platforms (*Plates-formes de Vocation*) seem an excellent initiative, although it would be important to know why only about one third of those positively assessed move directly into employment, as well as the eventual outcomes for those directed into "professionalisation" contracts. This is an initiative that merits a closer follow-up and encouragement because it deals with that segment of the population for which it is difficult to turn back the clock.

For children of immigrants as well, subsidised jobs are the means to overcome employers' reluctance to hire persons of uncertain productivity.

As is the case for immigrants, subsidised jobs can an effective way of moving the children of immigrants into employment in the face of employers' reticence to take risks. The objective is not necessarily to create net jobs, but to offset the effects of demonstrated selective screening behaviour by many employers.

All stops are being pulled out to address the labour market difficulties of the children of immigrants.

Generally, recent government initiatives concerning the integration of immigrants and their children in the labour market leave the impression that all stops are being pulled out to address a problem that is seen as critical for the future of France, especially with the large cohorts of children of immigrants entering the workforce. The situation is viewed as a crisis and the policy reaction in response to social outbursts has been widespread.

A number of major issues need to be addressed more directly.

Although it is undoubtedly the case that efforts on a broad front ensure that nothing is neglected, there are a number of areas that deserve a more direct and concerted effort. Three such issues have been highlighted above:

- the already poor results at entry into primary schools, despite the almost universal pre-school system;
- the large under-representation of children of immigrants in the public sector;
- the widespread presence in the private sector of selective screening procedures during job recruitment.

Improvements in each of these areas would contribute significantly to enhancements in outcomes for persons of immigrant origin.

The issue of integration needs to be addressed in a co-ordinated fashion across policy areas.

Tackling immigrant integration and the inadequate labour market outcomes among many children of immigrants is a whole-of-government process, involving many diverse issues such as the functioning of labour markets, education policies, housing policies, immigrant concentration, and the efficacy of city policy. This is a major challenge for the machinery of government, at central, regional and local levels, and one which concerns interactions with the social partners and a wide range of NGOs dealing with immigrants and their children. The creation in 2007 of a ministry centralising responsibility for immigration and integration in one place should in principle help to ensure this.

The risk of disaffection by children of immigrants can be counteracted by appropriate policies in favour of integration.

French society is already paying a price in terms of disinvestment and disaffection by children of immigrants, in reaction to both past and current unfavourable outcomes, but this is not an irretrievable situation. Governments have a role to play in ensuring a positive view of immigration and a more effective integration. Appropriate policies, some of which are already in place and some which need to be reinforced or made more effective, can contribute significantly in this regard.

References

Adia (2006), "Le 1er Baromètre sur les discriminations à l'embauche", *www.adia.fr/pdf/BarometreDiscriembauche.pdf.*

Amadieu, J.-F. (2004), "Enquête 'testing' sur CV", Adia, Observatoire des discriminations, Paris I, see document at : *http://cergors.univ-paris1.fr/docsatelecharger/pr%E9sentation%20du%20testing%20mai%202004.pdf.*

Amadieu, J.-F. (2005), "Discriminations à l'embauche – de l'envoi du CV à l'entretien", Observatoire des discriminations, Paris I, *http://cergors.univ-paris1.fr/docsatelecharger/Discriminationsenvoientretien.pdf.*

ANAEM (2006), "Juillet 2003-Novembre 2006 : 200 000 contrats d'accueil et d'intégration signés", Direction des statistiques, des études et de la documentation, 30 novembre.

Bachelet, M. (2007), "Les zones franches urbaines en 2005", *Premières Synthèses – Premières Informations*, No. 26.1, DARES, Paris, June.

Bénabou, R., F. Kramarz and C. Prost (2004), "Zones d'éducation prioritaire: quels moyens pour quels résultats?", *Economie et Statistique*, No. 380, INSEE, Paris.

Bernard, P.-Y. and C. Michaut (2007), "La Mission Générale d'Insertion de l'Education nationale: des publics hétérogènes, une mission d'insertion ?", *www.crisalis-asso.org/article.php3?id_article=535.*

Bonnevialle, L. (2007), "L'activité des Missions locales et PAIO en 2005", *Premières Informations et Premières Synthèses*, No. 07.1, DARES, Paris, February.

Borrel, C. (2004), "Enquêtes annuelles de recensement 2004 et 2005", *INSEE Première*, No. 1098, Paris, August.

Borrel, C. and P. Simon (2005), "L'origine des français", in C. Lefèvre and A. Filhon (ed.), *Histoires de familles, histoires familiales*, Les cahiers de l'INED, No. 156, Paris.

Brinbaum, Y. and A. Kieffer (2005), "D'une génération à l'autre, les aspirations éducatives des familles immigrées: ambition et persévérance", *Education et Formations*, No. 72, September.

Brinbaum, Y. and P. Werquin (2004), "Des parcours semés d'embûches: l'insertion professionnelle des jeunes d'origine maghrébine en France", in L. Achy, J. De Henau *et al.* (ed.), *Marché du travail et genre. Maghreb - Europe*, Editions du DULBEA, Brussels.

Caille, J.-P. (2001), "Scolarisation à 2 ans et réussite de la carrière scolaire au début de l'école élémentaire", *Education et Formations*, No. 60, July-September.

Caille, J.-P. (2007), "Perception du système éducatif et projets d'avenir des enfants d'immigrés", *Education et Formations*, No. 74.

Caille, J.-P. and F. Rosenwald (2006), "Les inégalités de réussite à l'école élémentaire: construction et évolution", *France, Portrait Social 2006,* INSEE, Paris.

Card, D. (2004), "Is the New Immigration Really so Bad?", *The Economic Journal*, Vol. 115, No 507.

Carlsson, M. and D.-O. Rooth (2006), "Evidence of Ethnic Discrimination in the Swedish Labor Market Using Experimental Data", IZA Discussion Paper No. 2281, Bonn.

Cediey, E. and F. Foroni (2007), "Les discriminations à raison de l'origine dans les embauches en France", International Labour Office, Geneva.

Chiswick, B. (1978), "The Effect of Americanization on the Earnings of foreign-born Men", *Journal of Political Economy*, Vol. 86.

CNML (2004), "Bilan d'activité des missions locales et des PAIO", Conseil National des Missions Locales, Ministry of Employment, Social Cohesion and Housing.

Coudrin, C. (2006), "Devenir des élèves neuf ans après leur entrée en sixième", Note d'information No. 06-11, Ministère de l'Education Nationale, Paris.

Cour des Comptes (2004), "L'accueil des immigrants et l'intégration des populations issues de l'immigration", November.

Daguet, F. and S. Thave (1996), "La population immigrée : le résultat d'une longue histoire", *INSEE Première*, No. 458, June.

Dewitte, P. (ed.) (1999), *Immigration et intégration. L'état des savoirs*, La Découverte, Paris.

Dos Santos, M.D. (2005), "Travailleurs magrébins et portugais en France", *Revue économique*, Vol. 56, No. 2, March.

Duguet, E., N. Leandri, Y. L'Horty and P. Petit (2007), "Discriminations à l'embauche – Un testing sur les jeunes des banlieues d'Île-de-France", Rapports et documents, Centre d'analyse stratégique, Paris.

Dupray, A. and S. Moullet (2004), "L'insertion des jeunes d'origine maghrébine en France – Des différences plus marquées dans l'accès à l'emploi qu'en matière salariale", CEREQ, No. 05/2004, Marseille.

Farvaque, N. (2007), "Difficultés et discriminations dans l'accès au stage", Fédération Léo Lagrange, *www.leolagrange-fnll.org/00act_alaune.php?idrub=UNE.*

Fougère, D. and M. Safi (2006), "L'acquisition de la nationalité française: quels effets sur l'accès à l'emploi des immigrés", *France, Portrait social 2005-2006,* INSEE, Paris, pp. 163-184.

Frickey, A., J. Murdoch and J.-L. Primon (2004), "Les jeunes issus de l'immigration – De l'enseignement supérieur au marché du travail", *Bref No. 205*, CEREQ, Marseille, February.

Frickey, A., J.-L. Primon and N. Marchal (2002), "Jeunes issus de l'immigration: les diplômes de l'enseignement supérieur ne garantissent pas un égal accès au marché du travail", *Formation Emploi*, No. 79.

HALDE (2007), "Rapport Annuel 2006", Haute Autorité de lutte contre les discriminations et pour l'égalité, Paris.

HCI (2006), *Le bilan de la politique d'intégration 2002-2005,* Report of the Haut Conseil à l'Intégration, La Documentation française, Paris.

INSEE (2005), *Les Immigrés en France*, INSEE Références, Paris.

Kleinholt, S. (2006), "La scolarisation des élèves nouveaux arrivants non francophones au cours de l'année scolaire 2004-2005", Note d'information No. 06-08, Ministère de l'Education Nationale, Paris.

Kohler, C. and S. Thave (1999), "Un demi-siècle de regroupement familial en France", *Regards sur l'immigration depuis 1945*, under the supervision of S. Thave, INSEE, Paris.

Lainé, F. and M. Okba (2005), "Jeunes de parents immigrés : de l'école au métier", *Travail et Emploi*, No. 103, July-September.

Lamarche, P. and J. Pujol (2006), "Les contrats d'aide à l'emploi du plan de cohésion sociale: premier bilan", *Premières Synthèses – Premières Informations*, No. 37.3, DARES, Paris, September.

Le Moigne, G. and A. Lebon (2002), "L'immigration en France", *Que sais-je ?*, No. 2341, Paris.

Levinson, A. (2005), "Regularisation programmes in France", Centre on Migration, Policy and Society, University of Oxford, see document at *www.compas.ox.ac.uk/publications/papers/Country%20Case%20France.pdf*.

Mas, S. (2002), "Un jeune sur deux en emploi à la sortie du dispositif TRACE", *Premières Synthèses – Premières Informations*, No. 34.1, DARES, Paris, August.

Mas, S. (2003), "TRACE : un parcours accompagné vers l'autonomie", *Premières Synthèses – Premières Informations*, No. 44.4, DARES, Paris, October.

Mas, S. (2004), "Le réseaux des Missions Locales et Permanences d'Accueil, d'Information et d'Orientation", *Premières Synthèses – Premières Informations*, No. 46.1, DARES, Paris, November.

Mas, S. (2007), "Le contrat d'insertion dans la vie sociale (CIVIS)", *Premières Synthèses – Premières Informations*, No. 03.1, DARES, Paris, January.

MEN-DEPP (2006), "Les sorties aux faibles niveaux d'études", *L'état de l'École*, Ministry of National Education, Paris.

Meurs, D., A. Pailhé et P. Simon (2005), "Immigrés et enfants d'immigrés sur le marché du travail: une affaire de génération?", forthcoming in C. Lefèvre (ed.), *Ouvrage collectif sur l'enquête Histoire familiale*, INED, Paris.

Noiriel, G. (1988), "Le creuset français, histoire de l'immigration aux XIXe et XXe siècles", Points Seuil, Paris.

OECD (2004), "Employment Protection: The Costs and Benefits of Greater Job Security", OECD Policy Brief, Paris, September.

OECD (2005), *Trends in International Migration*, Paris.

OECD (2006), *Where Immigrant Students Succeed*, Paris.

OECD (2007), *Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden*, Paris.

OECD (2008), *Employment Outlook*, Paris.

ONZUS (2006), *Rapport 2005*, Observatoire National des Zones Urbaines Sensibles, Délégation interministérielle à la ville, Paris.

Peres, H. (2004), "L'accès aux fonctions publiques des jeunes d'origine immigrée", *Migration Etudes*, No. 122, April.

Piketty, T. (2004), "L'impact de la taille des classes et de la ségrégation sociale sur la réussite scolaire dans les écoles françaises: une estimation à partir du panel primaire 1997", *www.jourdan.ens.fr/piketty/fichiers/public/Piketty2004b.pdf.*

Pouget, J. (2006), "La fonction publique: vers plus de diversité?", *France, Portrait social 2005/2006*, INSEE, Paris.

Schnapper, D. (2007), *Qu'est-ce que l'intégration ?*, Folio, Gallimard, Paris.

Silberman, R. and I. Fournier (2006), "Jeunes issus de l'immigration – Une pénalité à l'embauche qui perdure…", *Bref No. 226*, CEREQ, Marseille, January.

Thave, S. (2000), "L'emploi des immigrés en 1999", *INSEE Première,* No. 717.

Thélot, H. (2005), "Les demandeurs d'emploi en zones urbaines sensibles", *Premières Synthèses – Premières Informations*, No. 39.2, DARES, Paris, September.

Tribalat, M. (with P. Simon and B. Riandey) (1996), *De l'immigration à l'assimilation. Enquête sur les populations d'origine étrangère en France*, La Découverte/INED, Paris.

Van de Walle, I. (2003), "Le parrainage comme outil de politique publique d'accès à l'emploi et de lutte contre les discriminations", *Migration Etudes*, No. 112, February-March.

Weil, P. (1997), "Mission d'étude des législations de la nationalité et de l'immigration", Official Report to the Prime Minister, Paris.

Zoyem, J.-P. (2004), "Les nouveaux services – emplois jeunes : bilan fin 2003", *Premières Synthèses – Premières Informations*, No. 20.1, DARES, Paris, May.

Glossary

ACSE	*Agence pour la cohésion sociale et l'égalité des chances* (Agency for Social Cohesion and Equality Opportunity)
AMCL	*Attestation ministérielle de compétences linguistiques* (Ministerial Attestation of Linguistic Competence)
ANAEM	*Agence nationale d'accueil des étrangers et des migrations* (National Agency for the Reception of Foreigners and Migration)
ANPE	*Agence nationale pour l'emploi* (National Employment Service)
APR	*Actions préparatoire au recrutement* (Actions in Preparation for Recruitment)
ASSFAM	*Association service social familial migrants* (Association of Family Social Services for Migrants)
Bac	*Baccalauréat* (Non-vocational upper secondary diploma)
CAI	*Contrat d'accueil et d'intégration* (Reception and Integration Contract)
CAP/BEP	*Certificat d'aptitudes professionnelles/Brevet d'études professionnelles* (Upper secondary vocational diplomas)
CES	*Contrat emploi-solidarité* (Employment-Solidarity Contract)
CIVIS	*Contrat d'insertion dans la vie sociale* (Contract for Insertion into Society)
CUCS	*Contrat urbain de cohésion sociale* (Urban Social Cohesion Contract)
DARES	*Direction de l'animation, de la recherche, des études et des statistiques* (Directorate for Research, Studies and Statistics)
DIFL	*Diplôme initial de langue française* (Initial French Language Diploma)
FAS	*Fonds d'action social* (Social Action Fund)

FASILD	*Fonds d'aide et de soutien pour l'intégration et la lutte contre les discriminations* (Action and Support Fund for Integration and the Fight against Discrimination)
GIP	*Groupement d'intérêt public* (Public Interest Group)
GSE	*Groupe solidarité emploi* (Employment Solidarity Group)
HALDE	*Haute autorité de lutte contre les discriminations et pour l'égalité* (High Authority for the Fight against Discrimination and for Equality)
HCI	*Haut conseil à l'intégration* (High Council for Integration)
INED	*Institut national d'études démographiques* (National Demographic Institute)
INSEE	*Institut national de la statistique et des études économiques* (National Institute for Statistics and Economic Studies)
ISCED	International Standard Classification of Education
MGI	*Mission générale d'insertion* (General Mission on Insertion)
ML	*Missions Locales* (Local Missions)
NS-EJ	*Nouveaux services – Emplois jeunes* (New Services – Youth Jobs)
ONI	*Office national des migrations* (National Migration Office)
OFPRA	*Office français de protection des réfugiés et apatrides* (French Office for the Protection of Refugees and Stateless Persons)
OMI	*Office des migrations internationales* (Office of International Migration)
PACTE	*Parcours d'accès aux carrières territoriales* (Access Way to Public Service Careers)
PAIO	*Permanence d'accueil, d'information et d'orientation* (Welcome, Information and Orientation Centre)
PISA	Programme for International Student Assessment
RAR	*Réseau ambition réussite* (Objective-Success Network)
RMI	*Revenu minimum d'insertion* (Minimum Integration Income)

SEJE	*Soutien à l'emploi des jeunes en entreprise* (Support for the employment of youth by enterprises)
SMIC	*Salaire minimum interprofessionnel de croissance* (The minimum wage)
SONACOTRA	*Société nationale de construction pour les travailleurs algériens* (National Enterprise for the Construction of Housing for Algerian Workers)
SSAE	*Service social d'aide aux émigrants* (Social Service Assistance for Emigrants)
TRACE	*Trajectoires d'accès à l'emploi* (Trajectories of Access to Employment)
ZEP	*Zone d'éducation prioritaire* (Priority Education Area)
ZFU	*Zone franche urbaine* (Tax-free urban Area)
ZRU	*Zone de redynamisation urbaine* (Urban Renewal Area)
ZUS	*Zones urbaines sensibles* (Sensitive Urban Area)

Chapter 4.

THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN THE NETHERLANDS

Introduction

The labour market integration of immigrants and their children has long been a topical issue in the Netherlands. This is partly attributable to the fact that sizeable immigration to the Netherlands is not a new phenomenon – already in 1972, about 10% of the population were either immigrants or had at least one foreign-born parent.

The current foreign-born population stands at about 10% of the total population, and is composed of six main groups.[1] The largest group is from Turkey, accounting for more than 11% of the foreign-born population, followed by immigrants from Morocco (10%). Another 10% of immigrants are from the former Dutch colony Suriname. A special group is composed of persons from the Netherlands Antilles and Aruba (5% of the immigrant population), who are Dutch citizens by birth but are nevertheless regarded as immigrants in Dutch statistics because they originate from outside of the Netherlands as a country. About 35% of the foreign-born population are from other OECD countries (excluding Turkey), mainly from the neighbouring Germany and Belgium and the United Kingdom. The remainder are mainly humanitarian immigrants from countries such as Iraq, Afghanistan and Iran.

One remarkable feature of the Dutch situation is that the native-born children of immigrants account for a larger share of the total population than in most other European OECD countries. About 10% of the native-born population have at least one foreign-born parent, placing the Netherlands among the few OECD countries where the size of this so-called "second generation" is now as large as that of the immigrants themselves.[2] Although the second generation has not itself immigrated, they are included in this study because their labour market outcomes are significantly different from those of their peers whose parents were both born in the Netherlands.

Indeed, both the labour market outcomes of immigrants and those of their children in the Netherlands are well below those of the native Dutch. This is not a recent phenomenon, and the employment rate of immigrants has been well below that of the native-born for more than

1. The terms "immigrants" and "foreign-born" are used interchangeably in this text. Contrary to most Dutch statistics (see Box 4.1), the native-born children of immigrants are treated separately as they have not themselves immigrated and the issues involved thus differ.

2. The term "second generation" is used in this report to describe the native-born of foreign-born parents. The term is used in this document for the sake of conciseness and convenience. Dutch statistics define as second generation somebody who has at least one foreign-born parent (see Box 4.2).

two decades. In the light of this persistent employment gap, integration policy has been at the centre of the political debate in the Netherlands since the 1980s – earlier than in most other OECD countries. The Netherlands has been a frontrunner with respect to many integration policy developments that were later introduced or considered in other OECD countries, particularly in Europe. For many years, much emphasis has been placed on affirmative action; more recently policy has tended to stress the obligations of immigrants in the framework of a civic integration policy.

The labour market integration of immigrants and their children has to be seen in the context of a relatively favourable overall economic situation; a labour market characterised by high employment and low unemployment of both genders; a high wage level and one of the highest GDP-per-capita levels in the OECD, combined with a relatively developed welfare state and an important role played by the social partners.

This chapter sets out to document and analyse the Dutch situation in an international perspective. It starts with a first glance at the labour market outcomes of immigrants compared with those in other OECD countries, and their evolution over time (Section 1). Section 2 presents the background for integration in the Netherlands: the history of immigration, the evolution of integration policy and its main components, and the key actors involved in integration. Section 3 highlights and analyses some important integration issues for the Netherlands regarding immigrants' labour market integration. It begins by reviewing the key characteristics of immigrants – *i.e.* their origin, duration of residence and qualifications – and their impacts on labour market integration. It subsequently highlights some key features of the Dutch labour market and economy and their links with integration. These include a high incidence of (part-time) employment for women, a relatively high wage level, and a "reintegration market" in which private sector organisations compete for tenders to supply employment services. Further issues considered are immigrants' self-employment and employment in the public sector. The links between housing, the geographic concentration of immigrants and their labour market outcomes are also treated in this context because of their importance in the Netherlands, one of the most densely populated countries in the OECD. Section 3 also analyses integration policy, notably the effects of naturalisation and of the integration programme. Section 4 looks into the integration of the children of immigrants and the issue of discrimination. The chapter ends with a summary and recommendations.

1. Overview of the labour market outcomes of immigrants in the Netherlands

The first striking point when looking at the labour market outcomes of immigrants in the Netherlands is the very large gaps in employment and participation rates compared with the native-born[3] Only Denmark and Sweden have similarly high gaps for both genders, as well as Belgium for women.[4] Unemployment of immigrant men is more than three times higher than that of native-born men. However, since overall unemployment is low, and the labour market participation of men relatively high in international comparison, the levels of the three main labour market indicators are not particularly unfavourable when compared with those observed in most other OECD countries included in Table 4.1.

3. The wages of immigrants will be discussed in Section 3.

4. The term "employment rate" is used in this chapter synonymously with the employment-population ratio. It is not the ratio of persons employed to persons in the labour force.

Table 4.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2005/2006 average

	% of the population which is foreign-born	Participation rate		Employment rate		*Difference*	Unemployment rate		
		Foreign-born (FB)	Native-born (NB)	Foreign-born (FB)	Native-born (NB)	*(NB-FB) % points*	Foreign-born (FB)	Native-born (NB)	*Ratio FB/NB*
Men									
Belgium	*12.9*	71.9	73.5	60.9	68.9	8.0	15.3	6.3	2.4
Denmark	*6.3*	75.5	84.4	70.0	81.4	11.4	7.3	3.6	2.0
France	*11.6*	76.3	74.6	65.3	68.5	3.2	14.4	8.3	1.7
Germany	*15.5*	80.0	80.8	66.0	72.2	6.2	17.5	10.6	1.7
Netherlands	*11.5*	**76.7**	**84.7**	**70.2**	**82.5**	**12.3**	**8.4**	**2.6**	**3.3**
From OECD (excl. Turkey)		***81.7***	***.***	***78.2***	***.***	***4.3***	***4.2***	***.***	***1.6***
From Turkey		***76.1***	***.***	***70.7***	***.***	***11.8***	***7.1***	***.***	***2.8***
From non-OECD		***74.9***	***84.7***	***67.1***	***.***	***15.4***	***10.4***	***2.6***	***4.1***
Norway	*7.6*	77.6	81.8	69.4	78.8	9.5	10.7	3.6	2.9
Sweden	*13.8*	75.9	82.4	64.9	76.7	11.8	14.6	7.0	2.1
Switzerland	*25.4*	87.5	87.7	81.1	85.4	4.3	7.3	2.5	2.9
United Kingdom	*11.0*	80.3	81.7	74.4	77.5	3.1	7.4	5.1	1.5
United States	*16.1*	86.2	78.3	82.3	73.5	-8.8	4.6	6.0	0.8
Women									
Belgium	*13.9*	49.2	61.2	39.5	56.4	16.9	19.8	7.8	2.5
Denmark	*8.0*	61.4	77.3	55.3	73.7	18.4	10.1	4.7	2.1
France	*12.1*	57.3	64.9	47.7	58.8	11.1	16.8	9.4	1.8
Germany	*15.9*	58.2	69.9	48.9	62.9	14.0	16.6	10.0	1.7
Netherlands	*12.6*	**57.0**	**71.8**	**52.1**	**69.4**	**17.3**	**8.0**	**3.3**	**2.4**
From OECD (excl. Turkey)		***69.0***	***.***	***65.7***	***.***	***3.7***	***4.8***	***.***	***1.4***
From Turkey		***41.1***	***.***	***36.9***	***.***	***32.5***	***10.4***	***.***	***3.2***
From non-OECD		***54.8***	***71.8***	***49.3***	***.***	***20.1***	***9.9***	***.***	***3.0***
Norway	*8.5*	65.9	75.6	60.6	72.9	12.3	8.1	3.6	2.2
Sweden	*15.3*	66.9	78.8	57.8	73.0	15.2	13.7	7.1	1.9
Switzerland	*26.3*	70.2	76.0	63.5	73.4	9.9	9.6	3.5	2.8
United Kingdom	*11.5*	60.8	69.9	56.2	67.0	10.8	7.5	4.1	1.8
United States	*14.9*	60.3	68.7	57.3	65.3	8.0	5.0	5.0	1.0

Note: Persons from Indonesia are excluded (see below). Figures for Germany refer to 2005.

Source: European Union Labour Force Survey, except for the United States (Current Population Survey March Supplement).

The situation is less favourable for immigrant women, whose participation rate is lower than in all other OECD countries in the comparison group with the exception of Belgium. This is noteworthy since the overall labour market participation of women is relatively high in the Netherlands. Among immigrant women, those from Turkey have particularly low employment rates. Only about two out of five are in the labour market, and among that group, the incidence of unemployment is more than three times higher than for native-born women. By all indicators, immigrants from OECD countries, with the exception of migrants from Turkey, fare better than immigrants from non-OECD countries. Indeed, the labour market outcomes of immigrants from Turkey – who are the largest immigrant group – more closely resemble those of non-OECD migrants than they do those of immigrants from other OECD countries. Dutch

statistics therefore include Turkish migrants in the group of "non-western countries" which essentially includes all non-OECD countries from outside of Europe (see Box 4.1). For these reasons, where sample sizes required aggregation, immigrants from Turkey will be included among the non-OECD countries in the analysis that follows.

Box 4.1. The definition of "migrants" in the Dutch context

Dutch statistics and policy on integration generally do not refer to immigrants, but use the Dutch term *allochtoon* (plural: *allochtonen*). This term is derived from Greek and means "originating from another country". This is the contrary of the word *autochtoon* (in English, "autochthonous" or "autochthone"; which can be translated as "originating from this country"). The allochtonen concept was introduced by a report of the Scientific Council on Government Policy (WRR) of 1989, and was meant at the time to replace the earlier concept of "ethnic minorities" (*etnische minderheden*) that was introduced as a policy guideline in 1979. In practice, the groups are defined along the same lines: like ethnic minorities, allochtonen are native- or foreign-born persons who have at least one foreign-born parent and indeed, the terms are still used interchangeably in the Netherlands. Persons who are born in the Netherlands Antilles are also considered allochtonen/ethnic minorities, although they are Dutch nationals.

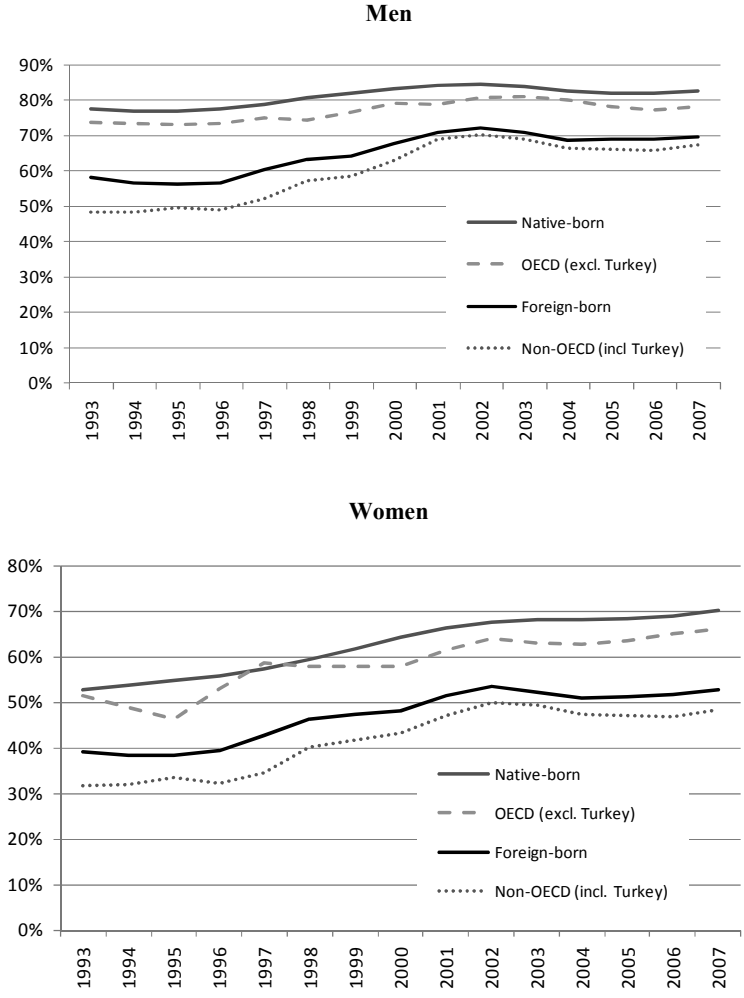
Within the group of allochtonen, two lines of distinction are drawn in the statistics that are also relevant for policy. The first concerns the distinction between first and second generation allochtonen, the latter being native-born children with at least one foreign-born parent. Note that this "second generation" definition differs from that in other countries – generally only persons with two foreign-born parents are considered "second generation" (OECD, 2007a). The second line of distinction is made between "western" and "non-western" origin countries. The former include all countries in Europe (except Turkey), North America, Oceania, Indonesia and Japan. Indonesia is included among the western countries since most immigrants from Indonesia are the offspring of former Dutch emigrants. For second generation *allochtonen*, in cases where both parents are born abroad but in different countries, the "country of origin" is taken to be that of the mother. The target group of integration policy is generally non-western allochtonen/ethnic minorities of both generations. However, the definition of the target group has varied somewhat over time (see Muus, 1997).

In general, this review follows the standard international comparison lines and terminology (immigrants from the OECD/non-OECD and second generation). Where possible, Turkey as the most important origin country is shown separately from the remaining OECD group. In some cases, this was not possible because of sample size problems. Where this was the case, since the outcomes of Turkish migrants resemble more closely those of non-OECD migrants, they were included in that latter group.

Notwithstanding the relatively unfavourable current outcomes, the employment rates of immigrants have improved markedly since 1992, the first year for which comparable data are available (see Figures 4.1a). However, the improvement essentially took place between 1996 and 2002. This process was particularly marked for immigrant men from non-OECD countries and from Turkey. For this group, employment rates rose by more than 20 percentage points, narrowing the gap *vis-à-vis* native-born men by almost half.[5] Most of the improvement was due to a strong decline in unemployment (see Figure 4.1b), although participation rates also increased more strongly than for native-born men. For immigrant women, the increase in the employment rates was somewhat smaller, and broadly matched the increase for native-born women – whose employment rates also grew by about 15 percentage points over this six-year period. Most of the improvement for both foreign- and native-born women was attributable to an increase in participation.

5. Data from Statistics Netherlands (Statline), which are based on the "allochtonen" concept, show a somewhat smaller improvement in aggregate employment over the same period. This is mainly due to the fact that these figures include native-born children of immigrants, whose share in the population aged 15-64 rose significantly over this period. Most of these new cohorts in the working-age population, however, were still in education, thereby lowering the employment rate in the aggregate.

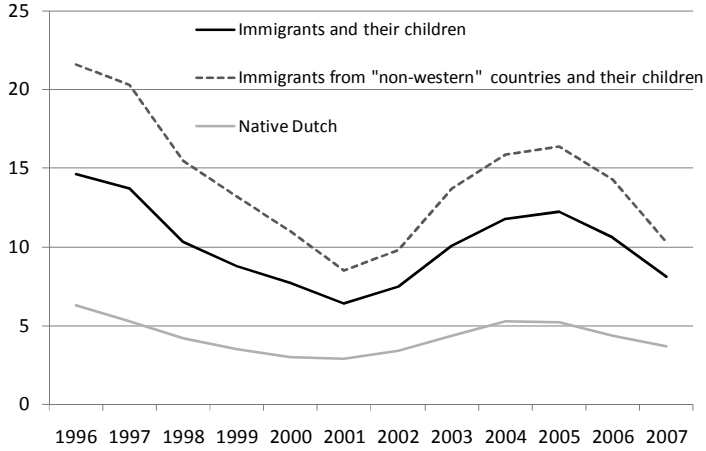
Figure 4.1a. Evolution of the employment/population ratios of native- and foreign-born populations since 1992 (two-year moving averages), by origin country, 15-64 years old



Source: European Union Labour Force Survey.

Since 2002, there has essentially been no more improvement in the employment rates for immigrants. Indeed, the Netherlands is among the few OECD countries where there has been no improvement in the employment of immigrants over the period 2001-2006 – neither with respect to employment levels nor regarding the gap *vis-à-vis* natives (OECD, 2008a). While this is partly linked with the less favourable labour market situation during much of that period – growth in 2002 and 2003 was close to zero – such a decline was not observed in other OECD countries that also had low growth. The decline in employment was accompanied by a disproportionate increase in the unemployment of immigrants from non-OECD countries and from Turkey between 2002 and 2004 (Figure 4.1b). However, since 2005, along with declining overall unemployment, immigrants' unemployment has declined disproportionally, and their employment rate rose in parallel. The recent improvement in labour market indicators for immigrants was particularly strong for those from non-OECD countries and for women. Preliminary figures from Statistics Netherlands for the first two quarters of 2008 indicate that this improvement is continuing.

Figure 4.1b. Evolution of the unemployment rate (national definition) of native Dutch, immigrants and their children, and "non-western" immigrants and their children, 15-65 years old



Note: For the definition of "non-western" countries, see Box 4.1.

Source: Statistics Netherlands (Statline).

2. The background for integration

2.1. The evolution of immigration to the Netherlands and the main origin groups

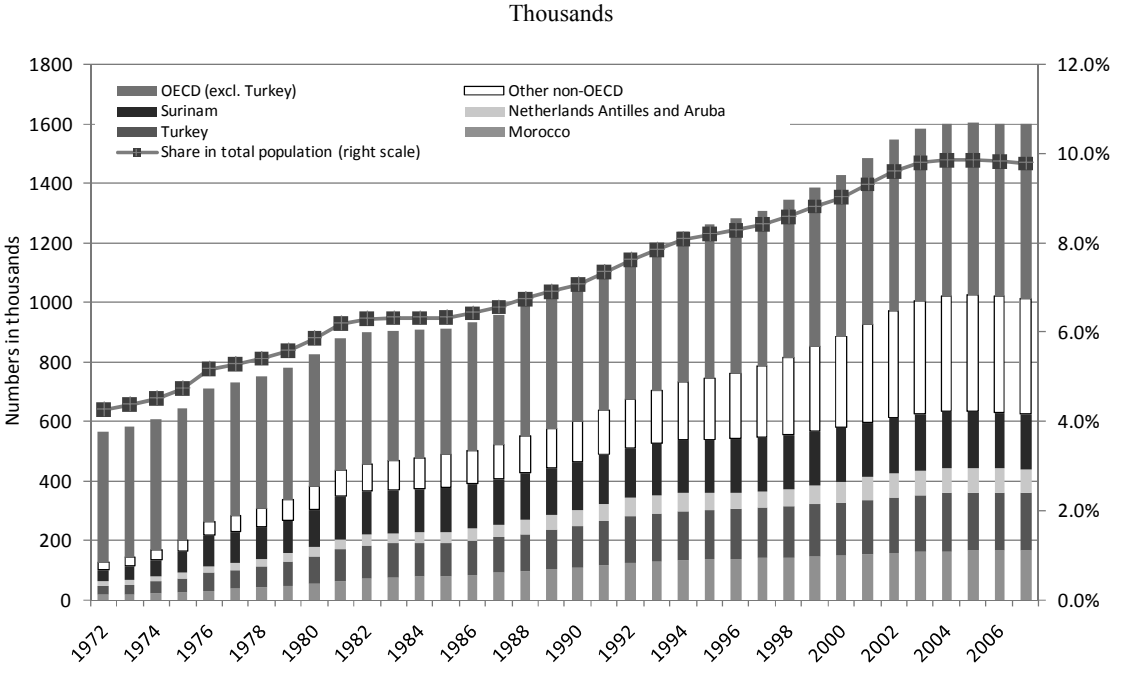
Until the 1960s, the Netherlands was a country of net emigration. The first post-war years were marked by the independence of *Indonesia* that was unilaterally declared in 1945 and finally acknowledged by the Netherlands in 1949. That event led to the remigration of several hundred thousand expatriates, many of whom were born in Indonesia, to the Netherlands. In addition, there were also significant numbers of persons without Dutch descent migrating to the Netherlands from Indonesia, in particular Moluccans who had backed the Dutch colonial power and later unsuccessfully sought independence from the newly-established Indonesia. As a result, almost 10% of the foreign-born population were born in Indonesia – making it the fourth most important origin country after Turkey, Suriname and Morocco. Until the mid-1990s, persons from Indonesia were the largest group among the foreign-born. Due to the distant occurrence of most immigration from Indonesia, more than 80% of the Indonesia-born are now above the age of 50. Because their predominantly Dutch descent makes them in many ways indistinguishable from the native Dutch population and their skewed age distribution the foreign-born from Indonesia and their offspring have been excluded, where possible, from the analysis below.

Contrary to original expectations, the loss of Indonesia did not lead to an economic decline in the Netherlands, which participated in the 1950s and 1960s, like other western European countries, in the post-war economic boom. To counter labour shortages, the Netherlands concluded a series of recruitment treaties, first with the southern European countries, initially with Italy (1960), Spain (1961) and Portugal (1963), and later with Greece (1966). However, inflows from these countries were relatively modest, in part because of competition with other western European countries which had started to actively recruit workers from the same countries some years earlier. The Netherlands thus signed

recruitment treaties with *Turkey* (1964) and *Morocco* (1969).[6] Nevertheless, by the time of the oil crisis in 1973 which ended the period of large-scale labour recruitment, there were only slightly more than 20 000 immigrants from Morocco, and about 30 000 immigrants from Turkey in the Netherlands. Indeed, the immigrant population at the time was predominantly from other OECD countries, in particular from neighbouring Germany and Belgium. The socio-demographic structure of immigration from the recruitment countries differed largely from these earlier immigration waves. Immigration from the recruitment countries was much lower educated on average, and almost exclusively concerned low-skilled labour immigration for employment in manufacturing.

Immigration from Turkey and Morocco accelerated in the second half of the 1970s. Between 1973 and 1980, the stock of immigrants from Turkey almost tripled; for Moroccans, it more than doubled. Currently, there are about 195 000 immigrants from Turkey and 168 000 immigrants from Morocco in the Netherlands, accounting together for more than 20% of the foreign-born population (see Figure 4.2 and Box 4.2). The strong growth after 1973 seems to be partly linked with a rather generous family formation and reunification policy. For example, already since 1962 – *i.e.* at a time when labour migrants were still seen as temporary "guest workers" – foreign spouses were allowed to join their partners resident in the Netherlands under certain conditions. Initially, these were that the spouse had a job offer as well and that there were no children (de Lange, 2007). While these conditions were later relaxed, they might have contributed to the relatively high labour market participation of Turkish women in the early 1980s, and the relatively early emergence of a second generation, that is, native-born children of foreign-born parents.

Figure 4.2. Evolution of the immigrant population since 1972



Note: For the definition of western/non-western, see Box 4.1.

Source: Statistics Netherlands (Statline).

6. The Netherlands also signed a recruitment treaty with Yugoslavia (1970), which nevertheless did not result in large immigration flows.

Box 4.2. Immigrants from Morocco and Turkey and their labour market integration

One important factor in explaining differences in labour market outcomes of immigrants across the OECD is a different country of origin mix (see OECD, 2007a). Immigrants from Turkey are the largest immigrant group in the Netherlands, followed by immigrants from Suriname and from Morocco. These three origin countries currently account for 11%, 11%, and 10% of the immigrant stock. Whereas immigrants from Suriname are a Dutch-specific migrant group, immigrants from Turkey and Morocco also account for a significant proportion of immigrants in three other OECD countries – namely Belgium, France and Germany. With the new *OECD database on foreign-born populations*, the labour market outcomes of immigrants from Turkey and Morocco can be compared for these four countries.

As can be seen in the table below, although the labour market outcomes of immigrants from Morocco and Turkey are well below those of the native-born in the Netherlands, they are in line with those observed in the other main European OECD countries. Although the gaps in the employment rates of immigrant men *vis-à-vis* native men are larger than elsewhere, they still have higher employment levels than immigrants elsewhere. Likewise, the higher unemployment relative to native-born men has to be seen in the context of much lower overall unemployment. For immigrant women from the two countries, the situation is even somewhat more favourable in the Netherlands than elsewhere, albeit at a low level.

Labour force characteristics and education of immigrants from Morocco and Turkey in the Netherlands and in other European host countries, around 2000

	Employment rates (ER)		Gap with natives (natives ER - Morocco/Turk ER)		Unemployment rates (UR)		Moroccan/Turk UR /natives UR		Percentage of population with less than upper secondary education		
	Morocco	Turkey	Morocco	Turkey	Morocco	Turkey	Morocco	Turkey	Native	Morocco	Turkey
Total											
Netherlands	47.7	51.3	27	23	8.2	7.7	3.1	2.9	40.5	74.5	75.5
Other main host countries	43.1	41.1	20	22	25.6	29.4	2.6	3.0	38.8	62.0	74.3
Men											
Netherlands	61.3	64.6	23	20	8.4	7.6	4.3	3.8	35.1	69.7	72.8
Other main host countries	56.9	57.3	13	12	22.5	39.5	2.7	4.8	34.6	56.7	68.8
Women											
Netherlands	31.5	36.7	34	28	7.6	8.0	2.2	2.3	45.8	80.2	78.3
Other main host countries	24.4	22.8	32	33	33.4	24.8	2.9	2.2	42.8	69.8	80.5

Note: Other main host countries = France, Germany and Belgium.
Source: *OECD database on Immigrants and Expatriates.*

There is a noteworthy difference between immigrants from Morocco and from Turkey. The latter seem to fare somewhat better in the Netherlands than in the other countries included below, whereas the reverse is the case for the former. This seems to be partly due to the fact that Moroccan immigrants who have settled in the Netherlands have a lower educational attainment than their counterparts in the other main European host countries.

Figures 4.1A and 4.1B in the Annex provide an overview of the age structure of the population by immigration background and on the evolution of the second generation by country of origin of the parents. As can be seen, already in the mid-1970s, about 5% of the population were native-born children of foreign-born parents. Initially, however, these were almost exclusively the offspring of parents from other European OECD countries, particularly from neighbouring Belgium and Germany. Even today, about half of the second generation originates from other OECD countries (excluding Turkey). Within the second generation up to the age of 15, however, the latter group only accounts for about one fifth.

In the 1970s, the Dutch parliament introduced a variety of measures to give former labour migrants a stable status in the Netherlands, even when they were unemployed – in contrast to other European OECD countries such as Germany. In addition, again in contrast

to other European OECD countries which had responded to the oil shock by putting a freeze on the recruitment of labour immigrants, the Netherlands continued to recruit labour migrants from abroad in cases where a vacancy could not be filled from within the European Communities (de Lange, 2007).[7]

In late 1975, the former Dutch colony of *Suriname* became independent. In contrast to Indonesia, independence of Suriname was encouraged by the Netherlands, in part to curb immigration from that country which had been steadily rising despite the less favourable economic situation in the Netherlands.

After independence, emigration from Suriname continued at a slower pace. It rose again in 1979/1980 and once more in the early 1990s, following political turmoil. In total, there are now almost 190 000 immigrants from Suriname in the Netherlands, making it the second most important origin country after Turkey (see Figure 4.1B in the Annex).

A somewhat special group are persons from the *Netherlands Antilles and Aruba*.[8] These overseas territories are part of the Kingdom of the Netherlands and accordingly, migrants from these islands are Dutch citizens from birth. This group is included in Dutch statistics which refer to persons with an immigrant background (see Box 4.1), since they are born outside Dutch territory (the *country* of the Netherlands). Persons from the Netherlands Antilles are included in this review since their labour market outcomes are generally perceived as being poor. Most early immigrants from the Netherlands Antilles had a middle class background and generally enjoyed a good social position in the Netherlands. Many were students arriving to study at a Dutch university and subsequently staying in the Netherlands. Around 1990, the character of immigration from the Netherlands Antilles changed, when large groups of persons with a lower socio-economic position came to the Netherlands, due to the more difficult economic situation following the closing of oil refineries. As a result, Antilleans went from being a relatively well integrated community to facing widespread unemployment, with many households living on social assistance (see *e.g.* Sharpe, 2005, for an overview of migration from the Antilles to the Netherlands and the consequences).

In the early 1980s, about one third of all immigration of foreign nationals was from Turkey, Morocco and Suriname. Since then, migration inflows have diversified significantly – these three countries accounted for only about 15% of immigration over the past decade. Much of this diversification is attributable to *humanitarian migration,* which grew strongly following the late 1980s. Since the mid-1980s, the Netherlands has been an important reception country of asylum seekers, particularly between 1994 and 2001. During this period, more than 270 000 persons sought asylum in the Netherlands – particularly from Iraq, Afghanistan, the successor states of the former Yugoslavia and Somalia. In absolute terms, this was the fourth largest inflow in the entire OECD area. In relative terms, it was the second largest figure after Switzerland. Many of them stayed on in the Netherlands, but were not granted asylum. In 2007, the Dutch parliament decided to give a "general pardon" to asylum seekers who had applied for asylum before 2001 and were not granted asylum but were still present in the Netherlands. According to recent estimates, this applies to about 27 500 individuals.

7. Interestingly, in the years after the oil shock, migrant organisations were among the actors most actively pushing for a halt of recruitment of new labour migrants, urging the government to focus first on a better integration of the unemployed migrants (de Lange, 2007).

8. The island of Aruba was part of the Netherlands Antilles until 1986, when it became a self-governing part of the Kingdom of the Netherlands. For convenience, when referring to Antilleans below, persons from Aruba are included.

The asylum procedure is generally expected to take no more than six months, however in some cases the period may be considerably longer. Asylum seekers are generally not allowed to work while their application is being considered, with the exception of seasonal work which nevertheless requires special permission. In addition to asylum seekers, the Netherlands has also accepted quota refugees since 1977, about 500 per annum since 1987.[9]

After a peak in 2001, immigration – particularly of immigrants from Turkey and from non-OECD countries (mainly humanitarian migration) – has declined by about one third. Since outmigration has grown in parallel, the Netherlands is among the few countries in which the share of immigrants in the working age population has been declining since 2002 (see OECD, 2008a).

In addition to a decrease in humanitarian migration, the decline in immigration is partly due to more restrictive family migration policy.[10] Following rather liberal policies in the 1970s and 1980s, family reunification policy gradually became more restrictive since the 1990s. In 2003, the minimum age for marital migration was raised from 18 to 21 years, and housing and income requirements were also raised. In addition, marital migrants had to pass a test of knowledge of 500 words in Dutch. In 2006, this test was extended – since then, all immigrants between the age of 16 and 65 who intend to come to the Netherlands for family reunification or family formation purposes need to pass a "civic integration abroad exam" prior to entry in the Netherlands, requiring proof of basic Dutch and some knowledge of Dutch society and culture. In contrast to these more restrictive policies for family migrants, the government has been actively encouraging immigration of skilled and highly-skilled labour in recent years, including by fiscal incentives (for a comprehensive overview of recent trends, see de Boom *et al.*, 2007).

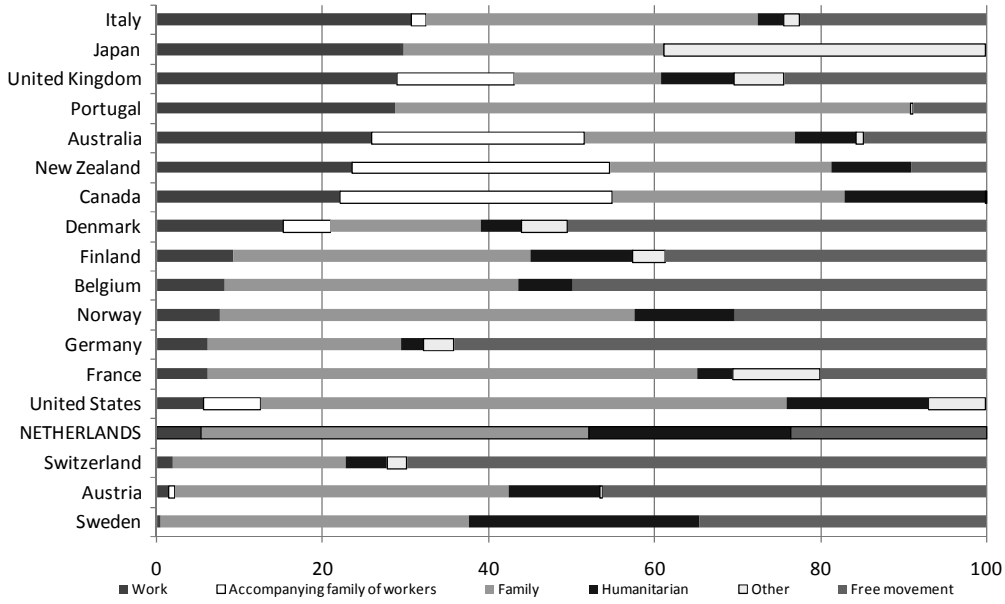
In parallel, with the enlargement of the European Union in 2004 and 2007, migration from the new EU member countries has grown, in particular from Poland which has now emerged as the most important origin country of new immigration flows. Since May 2007, no restrictions apply to labour immigration from the countries that joined the EU in 2004. However, since immigration from the new EU member countries is rather recent, the percentage of immigrants from these countries in the total immigrant stock is still relatively small. These recent (essentially labour-market oriented) flows do not yet appear to have a significant impact on the aggregate labour market outcomes of immigrants. However, they contributed to a further diversification of the overall immigration to the Netherlands – a process that has accelerated over the past 15 years.

In spite of these recent developments, work-related inflows still account for a relatively small share of immigration to the Netherlands (26% of permanent migration in 2006, the vast majority of which is free movement). For example, in 2006 (the most recent year for which data are available), the humanitarian component of permanent-type migration in the Netherlands was higher than in all other OECD countries – with the exception of Sweden – and family migration still accounted for 47% of permanent-type inflows, which is also above the OECD average (Figure 4.3). Similarly high shares have been observed throughout the past decade.

9. A recent report by the Dutch Ministry of Justice provides a comprehensive overview of resettlement policy in the Netherlands compared with other OECD countries, and summarises the available evidence on their labour market outcomes. It concludes that the outcomes of resettled persons tend in all countries to be well below those of other immigrant groups, including accepted asylum seekers (see Guiaux *et al.*, 2008).

10. Inflows of immigrants for family formation purposes almost halved between 2002 and 2006. Note, however, that data are not fully comparable due to different sources (population register until 2004 and Dutch permits data of the Ministry of Justice – Immigration and Naturalisation Service – thereafter).

Figure 4.3. Composition of permanent-type migration to OECD countries, 2006



Source: OECD (2008a).

The composition of flows is relevant to the labour market integration of immigrants because, in all countries, the labour market outcomes of humanitarian and family migrants tend to be well below those of labour migrants. This is particularly true in the early years after arrival, but also holds over the longer term. For example, a comparison of labour market outcomes one year after arrival by migrant category reveals that the picture in the Netherlands is not very different from the one observed in Australia in the mid-1990s (Table 4.2).[11]

Table 4.2. Employment rates by migration category in the Netherlands and Australia, one year and three years after arrival, 15-64 years old

	Netherlands (arrival: 2000)		Australia (arrival: 1995)	
	One year	Three years	One year	Three years
Work	79	69	56	72
Family formation	54	58	43	57
Family reunification	29	31	34	44
Humanitarian	13	30	15	37
Total	***42***	***40***	***40***	***55***

Note: The employment rate of immigrants in Australia one year after arrival is calculated as the average of the employment rates six and 18 months after arrival. Data for Australia refer to principal applicants only. Family formation includes prospective marriage; family reunification includes spouses, parents and preferential relative.

Source: Longitudinal Survey of Immigrants to Australia (LSIA); longitudinal data from Statistics Netherlands (Statline).

11. However, medium to long-term convergence seems to be virtually absent in the Netherlands, since there is no further improvement in the outcomes for the 2000 cohort of arrivals after one year. Note that this observation which holds on the aggregate is essentially due to a decline in the outcomes of labour migrants in the years after arrival, and only very limited improvement in the outcomes for family migrants. The issue of convergence will be discussed in more detail in Section 3.

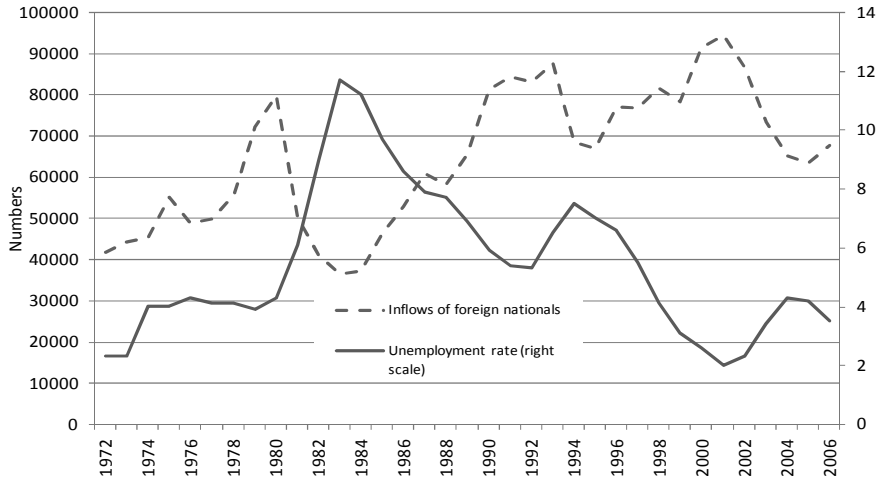
2.2. The evolution of integration policy

Early developments: multicultural policies and the recession of the early 1980s

The Netherlands was among the first European OECD countries to develop a formal integration policy. Starting in 1979 with the report on ethnic minorities by the Netherlands Scientific Council for Government Policy, a series of policy documents were issued that paved the way towards a so-called "ethnic minorities policy". The government reaction to the 1979 report acknowledged that immigrants are expected to remain in the country, and that special measures are needed to facilitate their integration into the Dutch society and labour market. It also emphasised that the Netherlands, as a "*multicultural society*", needed to provide equal opportunities for Dutch citizens and immigrants alike, and that discrimination would need to be combated (Blok Commission, 2004). The 1979 report is generally regarded as the starting point for the first, "multicultural", phase in Dutch integration policy (see *e.g.* Blok Commission, 2004; van Oers *et al.*, 2006).

Shortly after the government's acknowledgement – via its response to the 1979 report – that much of migration to the Netherlands was of permanent nature, the Netherlands experienced a *severe economic crisis*.[12] This crisis appears to be at the outset of the low employment of immigrants, many of whom had arrived in the second half of the 1970s (see Figure 4.4).[13]

Figure 4.4. Inflows of foreign nationals and unemployment rate in the Netherlands



Note: The unemployment rate refers to the national definition.

Source: Statistics Netherlands.

12. The discovery of natural gas in the Dutch part of the North Sea in the late 1960s led to an overvaluation of the Dutch guilder which in turn made Dutch manufacturing internationally less competitive (the so-called "Dutch disease"). This reinforced the recession of the early 1980s.

13. Indeed, it is striking to observe that among the European OECD countries that have participated in this round of reviews, the only two other countries which had similarly rapid and strong increases in unemployment as the Netherlands between 1979 and 1983 were Belgium and Denmark. In both of these countries, significant gaps in the employment-population ratios of immigrants vs. native-born were already observed for men in the 1980s – and still persist. In Germany and Sweden (and, to a lesser degree, France), where the labour market decline was less marked at the time, outcomes continued to broadly match those of the native-born until the early 1990s but declined thereafter along with economic conditions.

Overall employment declined by about 2% between 1981 and 1983, and unemployment doubled to reach almost 12%.[14] About half of the decline in employment was in low-skilled occupations in the manufacturing sector, where the majority of immigrants, in particular those from Turkey and Morocco, were working. Indeed, the decline in employment of foreigners in manufacturing alone accounted for about half of the decline in total employment (all sectors, of both nationals and foreigners) during the recession. As a result, employment of non-nationals declined by 13% in only two years (Einerhand and Oomen-van der Vegt, 1986).[15]

The employment of immigrant women declined even more than that of immigrant men – by a full 14% – whereas the employment of native women increased over the same period (1981-1983) by almost 4%. At the height of the recession in 1983, unemployment rates of Turkish and Moroccan women were around 50% (compared to less than 16% for Dutch women). In this context, it is noteworthy that the overall labour market participation of foreign women was only slightly below that of the Dutch (a participation rate of about 39% compared to less than 42%). But there were important differences between immigrant groups – participation of Turkish women (more than 36%) did not lag much behind native women, whereas Moroccan women had a much lower labour market participation at the time (less than 20%).

Immigrants have not fully benefited from the improvement of the economic situation in the years thereafter. New job creation was mainly in the more skilled occupations, and particularly in skilled services which has since been a driving force in the employment growth for women. In addition, many immigrants ended up on a range of inactive benefits, in particular disability which was generous at the time.[16] This seems to have a lasting effect and indeed, for the four established migrant groups (Turkish, Moroccan, Surinamese and Antilleans), the gaps in employment *vis-à-vis* the native-born are largest for older migrants (see Euwals *et al*., 2007).

In the aftermath of the recession of the early 1980s, a so-called "ethnic minorities policy" was formally established through a White Paper on Minorities in 1983. The document focused on three aspects: emancipation and participation in society, including through multicultural policies; reduction of the social and economic disadvantage; and preventing and counteracting discrimination – including by improvements in the legal position. For example, in 1985, active and passive voting rights for all foreigners with at least five years of residence at the municipal level were introduced, which encouraged political participation.

Since the early 1980s, improving the *education* level has been a prime objective of integration policy. For example, by 1989, almost half of all participants in adult education had an immigrant background (Muus, 1991). A number of wide-ranging policies were also introduced during the 1980s to promote the education of the children of immigrants.[17]

14. This small decline in overall employment was a result of a rather marked decline in male employment by almost 5 percentage points and a parallel 4% rise in female employment. For foreigners, in contrast, the decline in employment was observed for both genders.

15. The situation was remarkably similar for (other) new entrants into the labour market, namely the youth (see OECD, 2008a).

16. Note that although it is often claimed that the disability scheme has been used by employers as a means of laying off people, there is no proof that this has been indeed the case. Indeed, inflows into disability seem to move somewhat countercyclical (Salverda, 2007a).

17. For example, since the mid-1980s, schools received additional funding when they had immigrant students. Because of their importance in the Dutch context, these measures will be discussed in more detail in the analysis of the education of the children of migrants in Section 3.

In 1989, the Scientific Council for Government Policy published another major report on immigrants' integration. This report has since had a large influence on Dutch integration policies. The Council suggested a break with the prevailing multicultural policies with regards to immigrants and their children, highlighting the disadvantaged socio-economic position of immigrants as the main problem and arguing for an integration policy that targets on immigrant-specific issues (*e.g.* language, education, and discrimination) rather than immigrant status *per se*. The council also recommended to replace the term "ethnic minorities" by "allochtonen" which was considered a more neutral concept in the Dutch context (see Box 4.1). The main objective of the proposed new integration policy was to improve the educational and labour market position of immigrants and their children. This implied a break with the earlier multicultural policies that aimed at preserving special group identifies. It was argued, for instance, that mother tongue teaching would hamper command of Dutch language and thus the labour market integration of migrant children.

Furthermore, the Council argued for a more binding approach related to immigrant integration. Immigrants should not only enjoy social rights, but also have the obligation to integrate. One consequence of this new approach was the introduction of compulsory language and "civic integration" courses for newly arrived immigrants in the late 1990s. At the same time, the Council suggested a range of targeted actions, including the creation of "work experience jobs" and elements of affirmative action to incite employers to diversify their staff, as well as further improvements in the legal position of migrants. Most of the key recommendations were implemented by Dutch integration policy in the 1990s.

Naturalisation policy and the question of dual nationality

Measures to improve the legal position of immigrants included a facilitated access to *citizenship*, which was an important element in Dutch integration policy between the mid-1980s and the late 1990s. Indeed, the development of naturalisation policy is in many ways an example of the changing stance of Dutch integration policy over the past 15-20 years. In 1985, the requirements for naturalisation were codified; simplifying and clarifying the previous procedure and generally allowing access to citizenship for most foreigners who resided in the Netherlands for more than five years and who had some (basic) mastery of the Dutch language. The government highlighted the importance of naturalisation as a centrepiece in the policy towards immigrants and specified that poor knowledge of Dutch language should not be an obstacle for naturalisation of persons with very low education, the elderly, and women (see van Oers, 2007). However, despite the influence of multicultural policy, migrants were still generally required to renounce their original nationality, although there were many exceptions to this rule (van Oers *et al.*, 2006).

In 1992, naturalisation became formally allowed without loss of the original nationality, to promote integration through equal rights. This led to a significant rise in naturalisation, particularly among immigrants from Turkey. With the high rates of naturalisation, the view gradually emerged among Dutch policy-makers that access to citizenship had become too easy, particularly with respect to allowing candidates for naturalisation to keep their original nationality without further requirements. Access to dual nationality was made more restrictive in 1997, but the general citizenship rules remained generous. Even with respect to dual nationality, little changed in practice: in 2003, more than 60% of naturalised persons kept their original nationality (van Oers *et al.*, 2006). Naturalisation rates – measured by the percentage of the foreign population who naturalised in a given year – remained well above those observed in other European OECD countries although naturalisations of Moroccans and Turks had declined markedly.

In 2003, access to Dutch nationality was made more difficult, by requiring applicants to pass a naturalisation test that demonstrates integration in the Dutch society through their proficiency in the Dutch language and their knowledge of Dutch institutions and culture. This led to a sharp decline in naturalisations from more than 45 000 in 2002 to about 26 000 in 2004. Access to citizenship was no longer seen as a tool for promoting integration, but rather as a certification of the end of a process of successful integration.[18]

Civic integration policy

The current Dutch policy perceives civic integration as the "first priority of integration policy" (VROM, 2007). The Dutch compulsory language and "civic integration" programme is the most important, practical consequence of the more compulsory approach of immigrant integration proposed by the Scientific Council for Governmental Policy in 1989. Compulsory language courses for the newly arrived were proposed since insufficient language proficiency was seen as a main reason for the weak labour market positions of immigrants. The proposal, outlined in van der Zwan and Entzinger (1994), was coined "civic integration" (in Dutch *inburgering* which has the double connotation of "settling down" and "becoming a citizen"). In 1996, a compulsory language and civic integration program for refugees started. Two years later, in 1998, the obligation was expanded to any newly arrived immigrant in the Netherlands, including family migrants and refugees. Only immigrants from other EU-countries and high-income OECD countries, as well as persons who already spoke Dutch adequately were exempted from the obligation to take a civic integration course. A civic integration course normally entailed 500 hours language training, complemented by 100 hours introduction into Dutch society. Civic integration courses were free of costs. When newcomers living on social benefits failed to take a civic integration course or dropped out prematurely, this could lead to cuts in benefits. New arrivals not living on social benefits were also obliged to take a civic integration course. However, there were hardly any sanctions if they failed to do so.

The main objective of the civic integration courses was that newcomers were at least able to find their way in Dutch society ("social self-reliance") and preferably also able to work or follow further education ("professional self-reliance"). However, only a small part – in 2003, less than 15% – of all participants completing the civic integration course managed to reach this level of "professional self-reliance". There was a feeling that these low pass levels were due to the fact that not passing carried no penalty, although other reasons might have played a role as well. Indeed, anecdotal evidence suggests that the courses were insufficiently adapted to immigrants' abilities, and investment by immigrants did not appear to yield them much return (see below and OECD, 2007a). Whatever the reason for the observed low outcomes, the Dutch government started to explore more compulsory forms of civic integration.

In January 2007, a new Civic Integration Act was put in place (see de Boom *et al.*, 2007 for an overview). The new Act implied several major changes in the system of civic integration. The most important change was that the obligation to *participate* in a civic integration course is now replaced by the obligation to *pass* a so-called "civic integration exam" which tests knowledge of Dutch language and society. Passing the exam is a requirement for obtaining a permanent residence permit or Dutch citizenship. Secondly,

18. Since 2007, the naturalisation test is gradually replaced by the requirement to have passed the integration exam that is needed for obtaining permanent residence.

newcomers are now free to choose any civic integration course they like as long as in the end they understand and speak Dutch sufficiently. Thirdly, the supply of civic integration courses is privatised. Fourthly, whereas civic integration courses were previously free, immigrants now have to finance their own course. The costs, estimated to up to EUR 6 000, are partly reimbursed when immigrants successfully pass the civic integration exam. However, immigrants living on social benefit and other groups such as disadvantaged women are exempt from this obligation. Finally, the civic integration obligation is extended from newly arrived immigrants ("newcomers") to so-called "oldcomers".[19] Dutch law defines "oldcomers" as immigrants who arrived in the Netherlands prior to the Civic Integration Act of 1998 and have insufficient Dutch language skills. The official criterion for the obligation of civic integration is whether someone (immigrant or not) has had at least eight years of formal education in the Netherlands. There is an administrative fine foreseen for immigrants who have not passed the exam within a certain period, *i.e.* three and a half years for immigrants who have taken the "civic integration abroad exam" (see above) and five years for all others.

Labour market integration policy

Affirmative action-type policies have played an important role in labour market integration policy until recently. In November 1990, employers and trade unions reached an agreement on "more work for minorities" with the overly ambitious aim of lowering unemployment of immigrants and their children to the national average within five years through 60 000 new jobs for this group. The government participated in these efforts with its own targets for increasing employment in the public service, and special consultants were employed in the employment service to better cater for the needs of persons with an immigrant background.

Targeted policies for immigrants and their children were further strengthened with the 1994 Act on the Promotion of Proportional Labour Market Opportunities for Allochtonen (Wbeaa). It obliged employers to register the number of their employees who had a migration background and to formulate policies to increase recruitment of this group and to stabilise their employment. However, the act was generally seen as placing too much administrative burden on employers while producing few results (see Guiraudon *et al.*, 2005).

In 1998, the act was replaced by the *Wet Samen* (Act for the Stimulation of Labour Market Participation) which obliged companies with more than 35 employees to monitor their employees' immigration background on a yearly basis (see Box 4.3). Various instruments were created to support employers in the pursuit of a *diversity management* policy, including a team of specialised consultants at the employment service CWI.

Although the act was in principle designed to enable to comprehensive monitoring of measures to improve the labour market outcomes of immigrants and an evaluation of their effect, a thorough evaluation was not conducted. The relatively strong increase in immigrants' employment over the same period (Figure 3.1 above) was not attributed to the act. At the same time, employers complained about the administrative costs associated with the implementation of the act and questioned its effectiveness. However, employers also acknowledged that the act raised their awareness on the specific problems faced by migrants and their children (see SZW, 2003).

19. Note that the growing emphasis on obligations is not immigrant-specific. It is a general trend in the Dutch labour market and social policy since the 1990s to emphasise that rights (access to benefits, etc.) also entail obligations.

In parallel with the Wet Samen, a number of supplementary measures were taken. In April 2000, a convenant was concluded between the government, the employment service and the employers organisation of small- and medium-sized enterprises (MKB) to mediate an additional 20 000 persons with an immigrant background into jobs in small and medium-sized enterprises. A similar agreement was concluded with a number of large companies which committed themselves to improve intercultural management.

Box 4.3. The *Wet Samen*

The *Act Stimulating Labour Participation of Minorities* (with its Dutch acronym *samen* which means "together") from 1998 is a successor of an earlier *Act to Stimulate Equitable Labour Participation* (Wbeaa) from 1994. Both acts aimed at an equitable labour participation of persons with an immigrant background without affirmative action or establishing quotas. The core of both acts was that individual companies should register the number of employed minorities and publish this information. The *Wet Samen* obliged employers of companies with at least 35 employees to have a separate personnel administration and to draw up an annual report. The annual report should report the number of migrant workers in the company (using to the formal Dutch definition of "allochtonen"), the levels on which they are employed and what measures are taken to realise equitable workforce. The act specified the aim of proportional representation on the basis of the size and composition of the regional population.

Both acts were rather unpopular with employers who complained about the heavy administrative burden in complying with them. There were no sanctions for non-compliance, a growing number of companies nevertheless responded to the obligations. From the first evaluation of the *Wet Samen* in 1998, it appeared that more than half of all Dutch companies with more than 35 employees gave information about the number of minorities among their employees. Fewer companies formulated quantitative objectives or published plans to stimulate the flow of minorities to higher functions (Zandvliet *et al*., 2003). In the years 1999-2001, the number of companies that gave information about the number of persons with an immigration background in their personnel increased to over 70% (SCP, 2003).

In 2003, the *Wet Samen* was evaluated again. The evaluation noted a significant improvement of the labour market position of immigrants and their children in the previous years (higher probability to be at work and more often on a full-time basis). However, it argued that this was not attributable to the *Wet Samen*, but rather to the favourable economic situation in the Netherlands at that time. The evaluation was essentially based on opinions of the key actors concerned, and included a survey of employers. According to employers, the *Wet Samen* gave an important contribution to the awareness of the inferior labour market position of minorities in the Netherlands, but they nevertheless perceived it as merely an 'obligatory registration'. Despite the marked improvement in the employment of immigrants over the period, employers denied that the act actually contributed to increased hiring of minorities or better career prospects for them within the company. This view was also shared by part of the labour unions (Essafi *et al*., 2003).

In 1998, the *Wet Samen* was intended to be an initially temporary measure, lasting three years. In 2001, the Dutch government prolonged the act until 1 January 2004. Partly based on the lasting opposition against the act, and also on the Cabinet objective to deregulate and decrease the administrative burden for employers, the government decided not to extend the act beyond 1 January 2004.

Nevertheless, as a follow-up to the *Wet Samen*, the cabinet decided to stimulate employers to develop "diversity policies" on a voluntary basis. Important for that is the establishment of a National Network Diversity Management (Div) in December 2004. The main task of this network is to enlarge the awareness for diversity management in public and private organisations.

This entire policy line with rather strong and direct targeting changed in 2004, when the government decided to abandon policies for specific groups as these were deemed stigmatising and ineffective. Employment obstacles are now tackled through general policies which nevertheless often had strong indirect targeting as immigrants and their children form an important part of the focus groups (low educated; early school-leavers; persons with language difficulties). Mainstream policy focused on activation and decentralisation of employment policy making, allowing for tailor-made integration trajectories. This general

policy has been complemented by a range of rather small-scale measures at the national level for specific groups, in particular for immigrant women and for highly-qualified refugees and other immigrants.

For the period 2007-2011, the government has formulated broad-based labour market participation as a prime objective, with the target of bringing an additional 200 000 people who are far from the labour market – a group in which immigrants and their children are largely overrepresented – into employment.

2.3. Key actors

The responsibilities for immigration and integration policies in the Netherlands are shared among many actors. At the central government level, the responsibilities related to integration essentially concern four ministries.

The *Ministry of Justice* establishes the rules for immigration, residence, and naturalisation. These are enforced by the Immigration and Naturalisation Service (IND), a separate department within the Ministry of Justice. Between 2002 and 2007, the Ministry of Justice also had the general responsibility for integration policy.

Since 2007, the overall co-ordination with respect to integration policy is done by the *Ministry of Housing, Spatial Planning and the Environment* (VROM). The VROM has the aim of facilitating living, moving and working inside the Netherlands against the background of a very high population density. The Ministry is headed by two ministers, of which one is in charge of Housing, Communities and Integration. In addition to its integration-related responsibilities in Housing and Spatial Planning, the VROM is also in charge of the implementation of the integration and integration abroad acts – that is, the policy related to civic integration. About EUR 366 million are budgeted in 2007 for integration activities, the vast majority (EUR 331 million) for integration courses. Other measures aim at the support of non-governmental actors and the combating of youth delinquency. The support of activities targeted at labour market integration only accounts for a very small part of the budget.

The *Ministry of Social Affairs and Employment* (SZW) has the overall responsibility for labour market policy. However, the main tasks related to labour market integration have been delegated to two agencies, the Centre for Work and Income (CWI) and the Social Security Agency (UWV). The CWI provides general placement services and information on the labour market for employers and job seekers. The centre also issues work permits and gives information relating to labour law. It operates as a first stop for work and benefits, provides people with support in finding a job and keeps track of whether people are (still) entitled to benefits. The CWI is also the first contact point for information on the recognition of foreign qualifications. The UWV administers the social insurance schemes for sickness, disability and unemployment benefits. It is in charge of labour reintegration services for people who are subject to one of these schemes, including the payment of subsidies for the re-employment of persons who rely on disability or unemployment benefits. The reintegration services are contracted out to private providers (see below). In addition to the general labour market services, the SZW has only a small budget for measures that are directly related to the integration of immigrants. For example, in 2006, the ministry funded the establishment of a diversity centre that advises companies on diversity policy. It also provides some funding for a range of integration projects.

The *Ministry of Education, Culture and Science* is in charge of education policy, except for pre-school education which is a responsibility of the municipalities. It has implemented a number

of policies that are targeted at the education of the children of immigrants, and a special weighting factor is applied to schools which have students whose parents have a low educational background. In total, it is estimated that almost EUR 600 million in the total education budget are attributable to the special measures directly relatable to the integration immigrants and their children – the bulk of which (more than 440 million) are related to the weighting scheme. With this spending, the education ministry has the single most important directly integration-targeted budget. The ministry is also in charge of adult education, among which immigrants are a focus group. In addition, the ministry is responsible for the accreditation of prior learning and experience, as well as for the recognition of foreign qualifications.

The *municipalities* are, among other tasks, in charge of social assistance recipients. They essentially have full freedom to develop their own labour market insertion policies. Like the UWV, they generally contract the labour market measures out to private enterprises. Municipalities are also in charge of pre-school education. Between 1998 and August 2006, municipalities were also responsible for educational disadvantage policy for children of all ages. Finally, municipalities are in charge of implementing the civic integration policy.

The *social partners* play an important role in the Dutch labour market. In addition to their role in the determination of wages, they are also more broadly involved in the labour market policy setting. This takes place formally through their representation in the two main government advisory bodies, the Social and Economic Council (SER) which aims at creating social consensus on social and economic policy, and the Council for Work and Income (RWI) – the advisory body for labour-market related matters. In the 1990s, the social partners were a driving force behind affirmative action policies, by making agreements on targets for the employment of immigrants and their children.[20]

Integration policy is also influenced by a broad range of other *non-governmental organisations*. In 1997, the National Consultation Body for Minorities (LOM) was established as a consultative body for the government.[21] Through the LOM, representatives from migrant organisations express their opinions on government proposals to the cabinet. The LOM also discusses other topical matters that are important to immigrants. The largest non-governmental actor in the field of integration policy in the Netherlands is the Institute for Multicultural Development (FORUM). Funded by the VROM and other governmental and private institutions, it provides information and advisory services for a broad range of integration-related fields. It has also set up a service centre for local integration policy to assist local councils and policy makers on developing and implementing integration policies. Important input for integration policy has also been provided in recent years by research institutions, including both public ones, such as the Statistics Netherlands (CBS), the Netherlands Bureau for Economic Policy Analysis (CPB) and the Social and Cultural Planning Office (SCP), and private centres like Regioplan (see Box 4.4).

In sum, the Netherlands is a country with a relatively developed and longstanding integration infrastructure, and many actors are involved in this process. In recent years, there has been a shift away from targeted, immigrants-specific measures to a broader policy focus on disadvantaged groups, among which immigrants are nevertheless overrepresented. This is complemented by a range of specific measures, the most important of which are the civic integration courses which have gradually acquired a more compulsory nature.

20. Note that, between 1990 and 2002, the public employment service was directed by the social partners.

21. A similar institution with a somewhat different mandate, the National Advisory and Consultation Body (LAO), was already in place since 1985.

Box 4.4. Data and research on the labour market integration of immigrants and their children in the Netherlands

Research on integration has a long tradition in the Netherlands. In particular, the integration on the children of immigrants has been under more extensive study than in other OECD countries. This is partly attributable to the fact that migration background is monitored nationwide since 1972 through the system of the electronically centralised municipal population registers.

Already since the early 1990s, there has been a regular monitoring of integration policy and integration indicators, including several annual reports by research institutions on behalf of the government that focus on specific aspects. Since 2005, these are combined in a single publication, published under the Ministry in charge of overall integration policy (*i.e.* currently the VROM), as the annual integration report.

There is also a wide range of surveys that include information on the country of origin of a respondent and his/her parents (for an overview, see Data Archiving and Networked Services, 2007). These include large-scale testings of students in various school grades and an annual school-leavers survey, conducted by the Research centre for Education and the Labour Market (ROA), which surveys persons one year and a half after leaving school. Data from this are included in the section on the school-to-work transition of the children of immigrants below.

A migrant-specific survey that has very often been used in the Dutch context is the Social Position and Use of Welfare Services by Immigrants Survey (SPVA). It contains rich information and covers the four largest groups with an immigrant background (Turkish, Moroccan, Surinamese and Antilleans). It was first conducted in 1988 (similarly designed surveys were conducted even earlier) and repeated in 1991, 1994, 1998, and 2002. In 2006, it was replaced by a Survey on the Integration of Minorities (SIM) that covered the same groups but included a number of changes to ensure better data quality and coverage (see Kappelhof, 2007). In 2003, there has also been a special SPVA survey covering the main refugee groups.

The data available from different surveys and registers are integrated and combined via a system of repeated weighting, in the Dutch Social Statistical Database (SSB). This database is gradually being implemented since the late 1990s, allowing also for longitudinal analysis for the years since then. The gradual development of the SSB has given an important impetus for integration-related research in the Netherlands in recent years. However, information on education is only available for recent school-leavers or via surveys, and the SSB does not contain programme data. Information on education is, however, available via the Dutch Labour Force Survey which can be linked with register data via the SSB allowing one to make a comprehensive comparison of the labour market outcomes of immigrants, the second generation, and the native-born. Such a dataset has been created for the purposes of this review and used in the analysis below.

3. Key issues in immigrants' integration

3.1. Immigrants' characteristics and their impact on labour market outcomes

Immigrants' educational attainment

A look at the educational attainment of immigrants shows that they have, on average, a lower educational attainment than the native-born (Table 4.3). Immigrants, particularly those from Turkey and Morocco, are largely overrepresented among those who have at most primary education. This is also the group which has most difficulties in the labour market (see also SCP, 2007a). Taking the immigrant population as a whole, however, the picture regarding the qualifications of immigrants is not less favourable than in other European OECD countries that also had "guestworker"-type and subsequent family migration.

Table 4.3. Population by education level, 25-54 years old, 2005/2006 (in %)

		Very Low	Low	Medium	High
Austria	*Foreign-born*	..	*32*	*49*	*19*
	Native-born	..	13	68	19
Belgium	*Foreign-born*	*25*	*16*	*28*	*31*
	Native-born	9	18	39	34
Switzerland	*Foreign-born*	*9*	*20*	*41*	*31*
	Native-born	1	4	64	31
Denmark	*Foreign-born*	*12*	*11*	*37*	*40*
	Native-born	1	14	50	35
France	*Foreign-born*	*24*	*20*	*30*	*26*
	Native-born	7	20	45	28
Norway	*Foreign-born*	*5*	*13*	*46*	*36*
	Native-born	0	7	57	36
Sweden	*Foreign-born*	*9*	*11*	*49*	*31*
	Native-born	1	10	57	32
Germany	*Foreign-born*	*10*	*24*	*45*	*20*
	Native-born	1	10	63	27
Netherlands	***Total foreign-born***	***15***	***16***	***46***	***24***
	Turkey	***31***	***18***	***41***	***10***
	Morocco	***33***	***22***	***35***	***10***
	Native-born	**5**	**19**	**43**	**33**

Note: Data for Germany refer to 2005. Data for foreign-born in the Netherlands include Indonesia. "Very low" refers to primary education or below (ISCED 0 and 1), "low" to lower secondary education (ISCED 2), "medium" to upper secondary and post-secondary non-tertiary education (ISCED 3 and 4), and "high" to tertiary education (ISCED 5 and above).

Source: See Table 4.1.

As Table 4.4 shows, the gap in the employment rate by qualification level is particularly pronounced at the bottom end of the qualification spectrum, for both genders. Outcomes of immigrants compared with the native-born with the same education level increase quite markedly along with educational attainment. This is in marked contrast with the situation in other OECD countries, where in general the gaps are *smallest* for the low-educated. Indeed, the gaps in the employment rate of low-educated immigrants compared with low-educated native-born in the Netherlands are higher than in any other country in the comparison group. Only for women in Denmark are higher gaps observed. In contrast, the situation does not appear to be particularly unfavourable for migrants with a high education level.

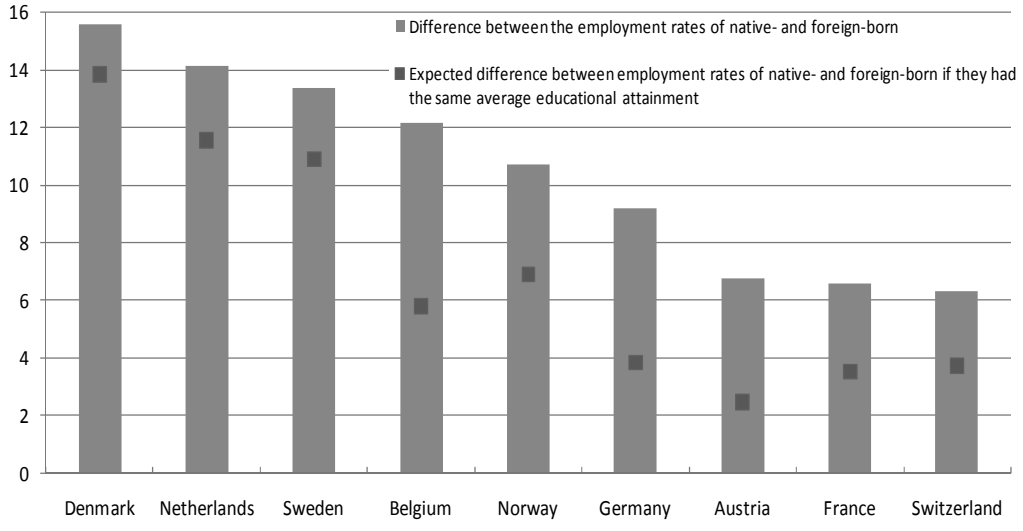
On the aggregate, immigrants' different educational attainment only explains a relatively small part of their lower employment compared with the native-born. As Figure 4.5 shows, a significant gap in the employment rate would still remain even if immigrants had the same educational attainment as the native-born; only in Denmark would the remaining gap after controlling for education in this way be larger.

Table 4.4. Gap in the employment rates between native and foreign-born, by gender and educational attainment, 15-64 years old, 2005/2006 (in percentage points)

		Low	Medium	High
Austria	Men	-7.1	5.0	5.0
	Women	-1.5	5.8	15.1
Belgium	Men	0.6	10.9	5.9
	Women	8.5	15.8	14.7
Denmark	Men	3.3	13.2	13.2
	Women	21.6	15.7	16.5
France	Men	-7.4	4.8	4.8
	Women	0.3	12.9	14.0
Germany	Men	-14.0	4.4	8.6
	Women	0.2	10.8	18.9
Netherlands	**Men**	**13.4**	**11.3**	**7.1**
	Women	**15.9**	**18.2**	**10.2**
Norway	Men	7.3	7.8	8.2
	Women	10.0	12.5	6.4
Sweden	Men	6.5	13.3	10.4
	Women	8.4	13.6	15.4
Switzerland	Men	-14.6	4.1	4.5
	Women	-0.5	7.9	15.4

Source and Note: See Table 4.1. "Low" refers to at most lower secondary education (ISCED 0 to 2), "medium" to upper secondary and post-secondary non-tertiary education (ISCED 3 and 4), and "high" to tertiary education (ISCED 5 and above).

Figure 4.5. Percentage points differences in employment rates between foreign- and native-born and the impact of the qualification structure, 15-64 years old, 2005/2006



Source and Note: See Table 4.1.

The recognition of foreign qualifications

Special attention has in recent years been paid to making better use of the qualifications of immigrants. In particular, the procedures for obtaining recognition of foreign qualifications appear to be relatively developed and transparent compared to other OECD countries. Persons seeking recognition for their foreign credentials can either first contact the CWI or a specially-established Information Centre for Credential Recognition. Responsibility for the actual process is divided into recognition of vocational secondary and adult education on the one side and recognition of general secondary and higher education credentials on the other – with two different bodies in charge. For unemployed persons, the process is free of charge; otherwise a fee of EUR 115 may apply. When an immigrant wishes to practice a regulated profession (*e.g.* teaching, medicine, etc.), the procedure is specified by official recognition bodies, which are generally governmental institutions. It is also possible to acquire a Dutch academic title on the basis of foreign diploma once equivalence has been established. Overall, there are about 10 000 assessments every year; the vast majority (more than 9 000) in higher education. No data is available on the outcome of the assessments. There are no standard bridging offers; in general a positive assessment leads either to a Dutch diploma, or to dispensation of some components of the pathway leading to this degree.

In contrast to this formal recognition of credentials, the more general accreditation of prior learning (APL, that is, the certification of competences which an individual has gained through formal or non-formal learning in various settings) has thus far been rather limited. It started in the 1990s on an *ad hoc* basis, and only recently a broader-based approach has been taken, co-ordinated by a national Centre for the Accreditation of Prior Learning (*Kenniscentrum EVC*) that is jointly financed by the Ministry of Education, Culture and Science and the Ministry of Social Affairs and Employment. About 10 000 assessments took place in 2007; the instrument is essentially for employed persons and not targeted in any way at immigrants. Indeed, there are neither data available on the impact of APL on labour market outcomes, nor on participation of immigrants in this. This is unfortunate, since such accreditation should help overcome information asymmetries, which tend to be particularly pronounced for immigrants, especially recent arrivals and/or unemployed migrants. It could also promote upward occupational mobility for immigrants and thereby lower the incidence of "overqualification" among the foreign-born.[22]

On the whole, however, the outcomes of highly-educated migrants are not unfavourable in international comparison, and the incidence of "overqualification" is not higher than elsewhere. Among the countries included in Table 4.5, only in Switzerland is a greater percentage working in a job that can be considered as broadly at par with their educational attainment. This is surprising, since a large part of migrants comes from countries whose educational system differs quite strongly from that of the Netherlands.[23]

22. This also holds for the so-called "overqualification" which is defined as individuals working in jobs which are below their level of educational attainment. It is generally measured by the proportion of highly-educated persons in employment who are working in medium- and low-skilled occupations. Note that results for overqualification among immigrants may tend to be overstated, due to language deficiencies or de facto non-equivalence of degrees. For a comprehensive overview of the measurement and incidence of overqualification across OECD countries, see OECD (2007a).

23. About two-thirds of all highly-educated migrants come from Turkey or from non-OECD countries, a figure that is higher than that of most other countries in the comparison group.

Table 4.5. The labour market outcomes of highly-educated migrants in selected OECD countries, 15-64 years old, 2005/2006

		Percentage of highly-educated working in:				
		High-skilled job	**Medium-skilled job**	**Low-skilled job**	**Unemployed**	**Non-employed**
Switzerland	*Foreign-born*	*67*	*14*	*1*	*5*	*13*
	Native-born	74	18	1	2	6
Netherlands	***Foreign-born***	***61***	***13***	***2***	***5***	***19***
	Native-born	**75**	**11**	**1**	**2**	**11**
United States	*Foreign-born*	*53*	*21*	*5*	*2*	*19*
	Native-born	60	21	3	2	14
Austria	*Foreign-born*	*53*	*18*	*4*	*5*	*20*
	Native-born	68	17	1	2	11
Sweden	*Foreign-born*	*53*	*18*	*3*	*9*	*17*
	Native-born	78	10	1	3	9
Belgium	*Foreign-born*	*53*	*17*	*3*	*8*	*19*
	Native-born	66	18	1	3	13
Denmark	*Foreign-born*	*53*	*14*	*6*	*6*	*20*
	Native-born	76	10	1	3	10
Germany	*Foreign-born*	*51*	*16*	*4*	*10*	*19*
	Native-born	68	17	1	4	10
France	*Foreign-born*	*51*	*13*	*3*	*10*	*23*
	Native-born	62	14	1	5	17

Note: Data for Germany refer to 2005. Data for foreign-born in the Netherlands include Indonesia.

Source: See Table 4.1.

As Table 4.6 shows, the odds of being overqualified are about twice as high for the foreign-born as for the native-born (model 1). This effect diminishes only slightly when controlling for factors such as gender, age and the sector of employment (model 2). The higher incidence of overqualification among the foreign-born diminishes greatly when controlling for the origin of their diploma (model 3). Indeed, for highly-qualified and employed immigrants who have obtained their qualifications *in* the Netherlands, the odds of being in a job below their qualification level are no longer significantly higher than those for the native-born.[24]

It appears that this relatively favourable picture in the aggregate for highly-qualified migrants may not apply to all categories of highly-qualified migrants. In recent years, the qualifications of refugees have become an issue of increasing policy attention. Despite a relatively high education level, refugees – in particular recent arrivals – have a lower employment probability than persons who entered the Netherlands under other migration

24. Note that the "education abroad" dummy variable in model 3 takes the value of zero for all native-born and for immigrants who have obtained their qualifications in the Netherlands. The odds ratio estimate for the foreign-born in model 3 thus shows the effect of being an immigrant who has obtained his/her qualifications in the Netherlands compared to the native-born.

categories, including through family formation and family reunification (see Jennissen and Oudhof, 2007). Hartog and Zorlu (2005) studied the impact of foreign qualifications on labour market outcomes of persons who applied for asylum during the 1990s, about 15% of whom had tertiary education. They found that for immigrant men, there are essentially no returns to higher foreign education in terms of increases in employment probabilities after lower secondary level.[25] The exception is vocational training which yields even higher returns than tertiary education. There are also no higher earnings observed with more education once the lower secondary level has been reached.

Table 4.6. Overqualification among the foreign-born and its determinants (odds ratios)

	(1)	(2)	(3)
Foreign-born	2.123***	1.859***	1.159
Education abroad			1.050**
Number of observations	9,744	9,599	

Note: Odds ratio estimates for the employed 15-64 year old population with a tertiary degree. Coefficients correspond to the odds ratio of the logistic regression. All models include a constant. Models 2 and 3 include controls for gender, age and sectors. ***/**/* indicates significance at 1%/5%/10% level, respectively. Odds ratio estimates which are not significantly different from zero are shaded.

Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

In light of the relatively high educational attainment of refugees and their observed poor labour market outcomes, there have been a number of initiatives to improve the labour market integration of this group. For example, the Central Agency for the Reception of Asylum Seekers (COA) conducts a skills assessment for each accepted asylum seeker with a detailed description of his/her professional experience, and a so-called personal development plan to assess his/her possibilities on the Dutch labour market. During this phase, the refugee takes Dutch as second language (NT2) courses and courses on societal and professional orientation. Special work-study programmes have also been implemented for recently arrived refugees in a number of municipalities.

In addition, the Ministry of Health offers specific training programmes for highly qualified refugees who wish to pursue their career as doctor or dentist. To this end, a project was developed with the aim of allowing refugees to register with the main regulatory body in the Dutch health care sector. There have also been similar programmes for other regulated professions such as technicians and teachers.

In 2005, the Ministry of Social Affairs and Employment started – in co-operation with the Foundation for Refugee Students (UAF) and a range of other actors – a campaign to bring 2 600 highly-educated refugees into skilled jobs by January 2009. This is done by training, traineeships and apprenticeships, mediated in co-operation with employer organisations, as well as sector and business funds. By the beginning of May 2008, more than 1 800 persons had obtained employment through this initiative. The recruitment campaign is mainly targeted at employers in the technical, medical and financial sectors, as well as at municipalities.

Finally, in 2006, an interactive website has been launched at which employers can place their vacancies, and highly-qualified migrants their CV.

25. Returns for immigrant women were somewhat higher, however.

Convergence of employment rates over time and the outcomes of recent arrivals

The convergence concept of integration suggests that gradually, over time, as immigrants acquire host-country specific human capital such as language skills and knowledge about the general functioning of the labour market, their labour market outcomes should approach those of the native-born. To foster this convergence, early employment has proved crucial in the other countries that have been under review thus far.

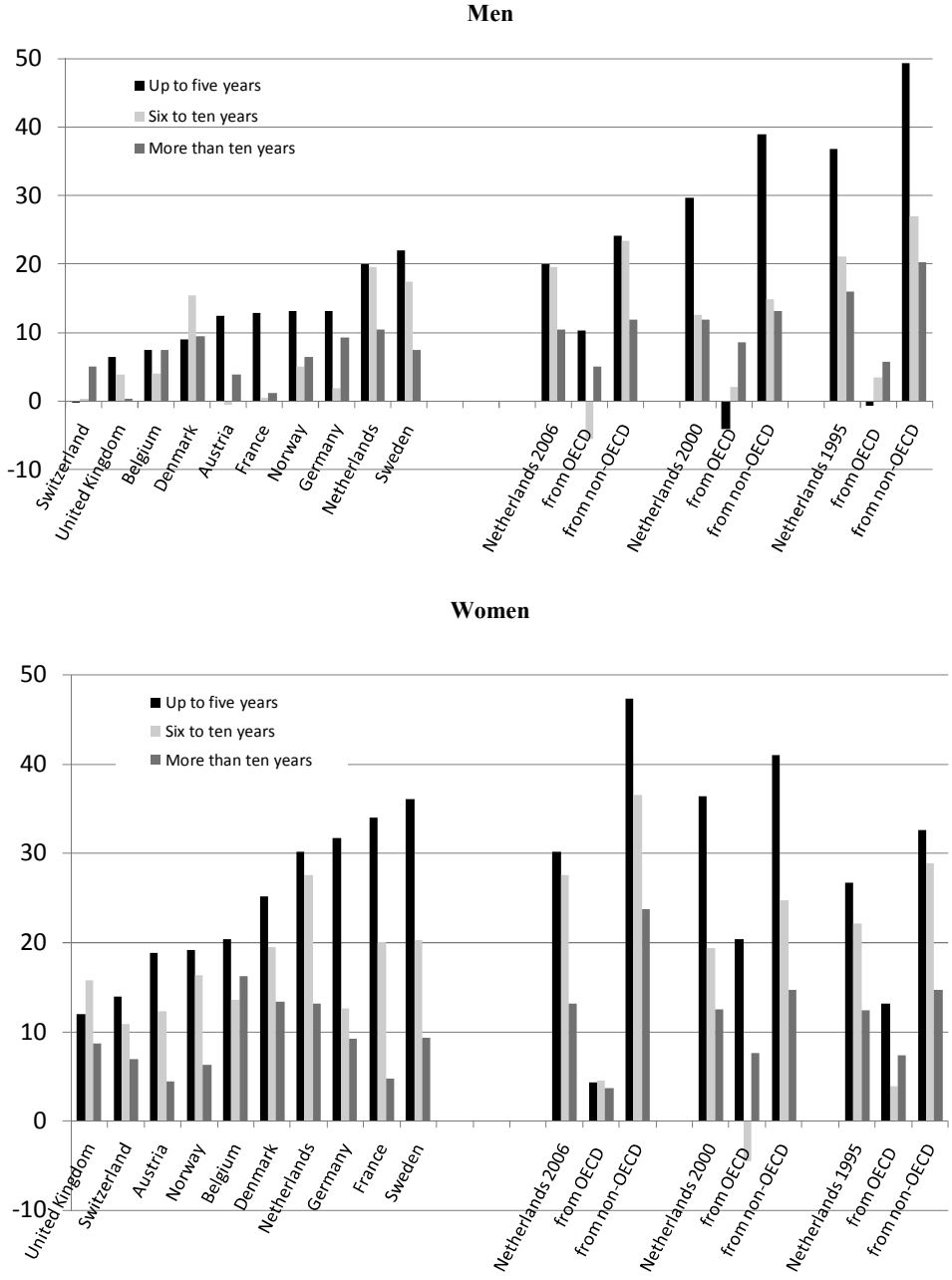
The overall picture with respect to the outcomes for recent arrivals compared to those who have been in the Netherlands for more time is depicted in Figure 4.6. It shows that the situation is unfavourable across migrant cohorts. There are very pronounced gaps in the employment of recent arrivals relative to the native-born. For immigrant men, the gaps are the second highest in the comparison group. This is *a priori* surprising since a number of measures have been taken in the past five years to promote the arrival of immigrants more likely to rapidly integrate into the labour market, and non-labour-market-driven immigration has declined significantly over that period.[26] This suggests that it is not only necessarily a particularly unfavourable migrant mix that is at the source of the high employment gaps for recent arrivals compared to other countries. Indeed, while the picture is not favourable for current recent arrivals, the situation was even less favourable five and ten years ago. If only considering the Netherlands alone, there has thus been some improvement in the convergence pattern over time, especially for men. When comparing across countries for a single year (2005/2006), the employment gaps by duration tend to be larger in the Netherlands than in the other European OECD countries in Figure 4.6.

Jennissen and Oudhof (2007) analysed the employment situation for four years of cohorts of recent arrivals (1999-2002). Their findings show that there is a trend decline in the outcomes within the group of recent arrivals after controlling for possible changes in the cohort composition (including, among other factors, controls for origin countries and migration category). One possible explanation could be that the last group arrived just before a time when the economic situation worsened, which suggests that timing of arrival relative to the economic cycle is an important factor.

A further striking observation from Figure 4.6 is that there are still very high gaps for those who have been in the country for six to ten years. Indeed, for both men and women the gaps for this cohort are higher than in any other country in the comparison group. This suggests a relatively slow convergence process. While such a pattern is not unusual for women, it rarely extends to men. Note that Figure 4.6 is not based on longitudinal data, that is, persons are not followed over time. It can thus not be ascertained whether or not this slow convergence picture is to some degree due to cohort effects. Some indication for this is given by looking at the situation in 2000, when the convergence picture more closely resembled that observed in other OECD countries. This suggests that the outcomes of immigrants who arrived at the end of the 1990s are particularly unfavourable. Indeed, this was a time of large-scale humanitarian immigration. In all countries, humanitarian migrants need more time to get integrated into the labour market since they did not primarily migrate for labour market reasons, and need more time to adapt to the host country.

26. Note, however, that labour migration still accounts for a relatively small part of recent immigration (see Figure 4.3).

Figure 4.6. Percentage-point gaps in the employment rates of immigrants compared to the native-born (*i.e.* rates of native-born *minus* rates of foreign-born) by duration of residence, 15-64 years old, 2005/2006 (and 2000 and 1995 for the Netherlands)



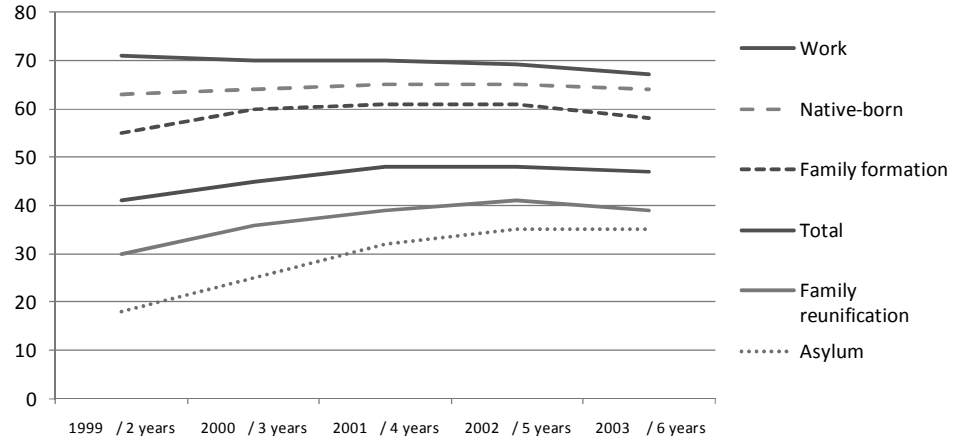
Note: Non-OECD includes Turkey.

Source: See Table 4.1.

A closer look into the convergence picture can only be obtained by longitudinal data, which are now gradually becoming available. Currently, this is the case for the years between 1999 and 2003, for cohorts since 1990. Taking the 1997 cohort, these data confirm the relatively slow convergence process after three years. As can be seen in Figure 4.7, there is no more improvement in labour market outcomes after about three years of residence, with the exception of refugees for whom the halt seems to be after about five to six years.[27]

Zorlu (2008), using pooled labour force survey data, analyses the labour market outcomes by years of residence across migrant groups. The convergence process seems to differ strongly between migrant groups, although the overall pattern is one of slow convergence after about three to five years of initial settlement (during which there is generally a rather rapid improvement, since few immigrants arrive as labour migrants). This particularly holds for women. He finds very slow convergence for Turkish and Moroccan immigrants which comes to a halt after ten years. For men, those who have been in the country for more than 15 years even have a lower employment probability than immigrants with three to five years of residence. A halt in convergence after ten years is also observed for migrants from the Antilles and from Suriname. This seems to be linked, at least in part, with the recession of the early 1980s. Euwals *et al.* (2007b), in their comparison of the labour market performance of Turkish immigrants in Germany and the Netherlands, find that immigrant men who arrived after 1980 have significantly higher employment probability than those who arrived before. However, with respect to occupations, the pattern is as expected since earlier arrivals are more likely to be employed in occupations that are associated with higher earnings.

Figure 4.7. Employment rates of the 1997 immigrant cohort in the years after arrival, by migration category



Note: The native-born figure refers to the overall employment rate in the respective years.

Source: Statistics Netherlands (Statline).

27. These observations need to be taken with caution since the labour market situation was much less favourable in 2003 than in previous years.

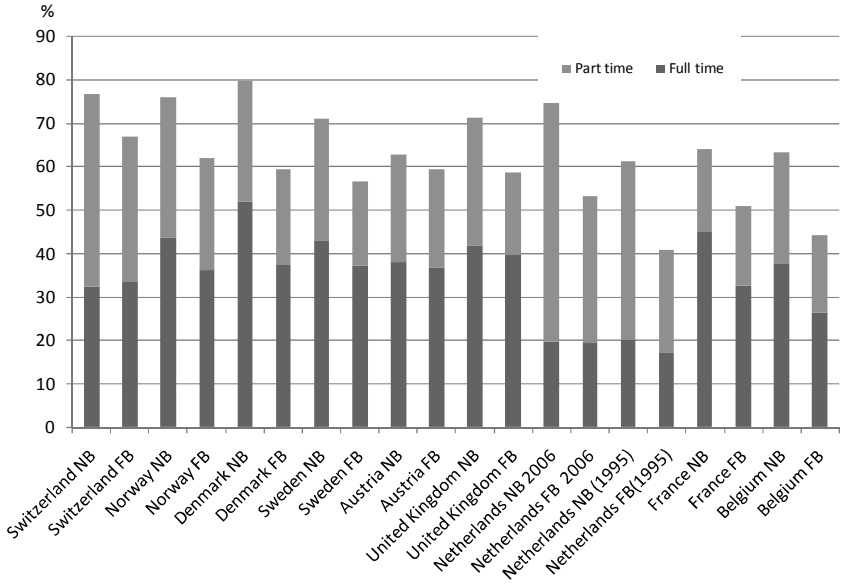
3.2. Specific aspects of the Dutch labour market and economy and their links with immigrants' integration

The employment of immigrant women

The Netherlands is among the few OECD countries in which the labour market participation of women is above the threshold of 70%. This is the result of a strong increase in participation over the past 15 years, which has been more marked than in other OECD countries. The increase was essentially driven by continuing growth in part-time employment, whereas full-time employment remained broadly stable. Indeed, the Netherlands is the OECD country with by far the highest share of part-time employment among total employment of women (see Figure 4.8). This applies for both foreign- and native-born women, although foreign-born women have a much lower incidence of part-time employment. This is the case in most countries, but the difference is particularly pronounced in the Netherlands. Indeed, on the aggregate, the entire gap in employment is explicable by a lower participation of immigrant women in part-time employment. The slightly growing gap in the employment of immigrant women compared with the situation ten years ago is also fully accounted for by this factor.

Table 4.7 presents odds ratio estimates for the employment of women on the basis of Dutch Labour Force Survey data. There are pronounced differences across migrant groups. Immigrant women from Turkey and from non-OECD countries have very low employment probabilities compared with their native-born peers, and this is only to a small degree attributable to characteristics such as age, educational attainment, marital status and having children.

Figure 4.8. Incidence of part-time and full-time employment for native- and foreign-born women 15-64 years old, 2006



Note: FB: Foreign-born; NB: Native-born.

Source: European Union Labour Force Survey.

The exception to this picture is women from Suriname who have employment rates similar to native-born women. This suggests that both cultural factors and language mastery may also play a significant role in explaining the low employment rates for the former

groups. However, employment rates of women from the Netherlands Antilles are also very low – but this seems to be largely attributable to the fact that many of these are recent arrivals from very disadvantaged backgrounds.[28]

Table 4.7. Determinants of women's employment (odds ratios)

Variables	(1)	(2)	(3)
Turkey	0.226***	0.331***	0.424*
Morocco	0.143***	0.268***	0.344**
Suriname	0.572	0.529*	0.629
Antilles	0.131***	0.096***	0.110***
Other non-OECD	0.328***	0.352***	0.413***
Other OECD	0.639	0.684	0.785
Having a child below age 5		0.983	1.222
Having a child below 5-17		0.753	0.739*
Child below 5*foreign-born			0.497*
Child 5-17*foreign-born			1.059
Number of observations	13 277	13 239	13 239

Note: Coefficients correspond to the odds ratio of the logistic regression on the employment for women in the Netherlands in the 15-64 age group. All models include a constant. Models 2 and 3 also include controls for age, educational attainment and marital status. ***/**/* indicates significance at 1%/5%/10% level, respectively. Odds ratio estimates which are not significantly different from zero are shaded. Native-born women are the reference group for the origin country.

Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

As the interaction term (having a child below 5*foreign-born) in model 3 in Table 4.7 indicates, having children under the age of five has a negative impact on the employment of immigrant women – in contrast to native-born women where there is no significant effect. This could be linked with childcare, which is an important determinant of the labour supply of women with children (see OECD, 2006 and 2007c). Indeed, a long-standing shortcoming of the Dutch social system has been its lack of childcare facilities. Until the late 1990s, the number of such facilities was among the lowest in the European OECD countries. Despite significant progress over the past decade, which appears to be in part responsible for the parallel increase in women's labour supply in the Netherlands, the cost and availability of childcare is still considered an impediment to enhancing the employment of women (OECD, 2006).[29] The "Dutch model" in this respect is often described as women working part-time and taking part-time care of their children (see *e.g.* Wetzels, 2007).

Bevelander and Groeneveld (2007) analysed the evolution of the employment of women with a migration background in the Netherlands between 1991 and 2002. They find, for all main migrant groups, a very strong increase in the probability of being in employment (12 hours or more) over that decade for those who had either no children or one child, and only a modest increase in the employment for those with two children or more. For native Dutch women, in contrast, the strongest increase in employment was observed for the latter

28. Zorlu (2008) finds that women from the Netherlands Antilles who have more than nine years of residence have employment rates close to those of the native-born.

29. Currently the Netherlands are at about the OECD average with respect to enrolment of children aged 0-3 in formal childcare (OECD, 2007c).

group, whereas employment of those with no children increased only a little, albeit from an already high level. They also find that, after controlling for socio-economic characteristics and the number of children, the probability of migrants working 35 hours or more per week is for all migrant groups, with the exception of Moroccans, significantly higher than that of the native-born. In contrast, all migrant groups have much lower probabilities of working part-time, and the gap is largest for those working only 1-11 hours.[30]

These findings suggest that the labour market participation of immigrant women could be improved by a better access to childcare facilities. In 2005, the government introduced a Childcare Act by which low-income families can get most of their childcare expenses reimbursed. However, the functioning of the system via reimbursement means that families have to advance the money.[31] Anecdotal evidence indicates that many immigrant families are either not aware of the refund or afraid that they may not get reimbursed. If true, the programme could be more effective through greater transparency or perhaps a switch from reimbursement to direct subsidisation of childcare for such families.

In sum, part of the explanation for the lower employment of immigrant women is a lower participation in when having children, in particular with respect to working part-time (even if only for a few hours per week). Nevertheless, while not negligible, this explains only a small part of the difference in employment rates, since country-of-origin effects appear to be strong and persistent.

In addition of country-of-origin effects, other factors such as the structure of the demand for part-time labour and its interaction with the minimum wage (see below) may also play a role. In this context, the high percentage of part-time jobs among low-wage employment (currently about 70% compared to 24% at the end of the 1970s) is noteworthy (see Salverda, 2007a). Part-time jobs are largely occupied by students and second earners, who often have a high education level but work in low-skilled occupations since there is already an income in the household.[32] This makes it increasingly difficult for low-skilled immigrants to find a job in this part of the labour market. Therefore the overall part-time employment increase and the poor labour market attachment of immigrant women may be mutually related.

The wages of immigrants

One salient observation with respect to the wages of immigrants in the Netherlands is the fact that the median hourly earnings are much lower than those of the native-born, and coincide with low employment. This also holds in comparison with other OECD countries (Figure 4.9). Indeed, for immigrant men, only in the United States is the median wage

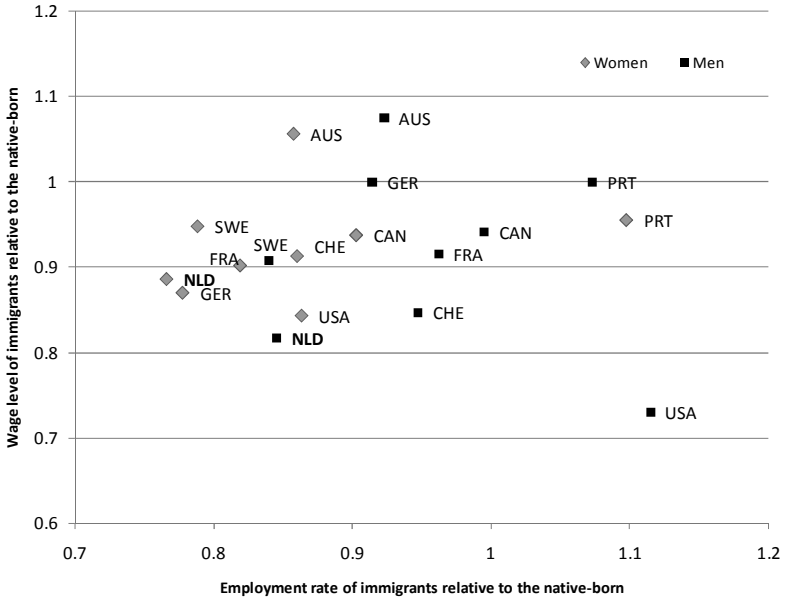
30. There is also some evidence that the second generation assimilates in their labour market behaviour towards that of Dutch women without a migration background. Wetzels (2007), using longitudinal data from Amsterdam, does not find evidence for strong effects of childbirth on the labour market participation of second generation women, in contrast to immigrant women. This notably holds for those who master Dutch.

31. Note also that under the Act, not only childcare in formal childcare institutions is reimbursed, but also previously informal childcare by neighbours or other family members. This will be further discussed below in the section on the education of the children of immigrants.

32. Students receive a EUR 3 000 annual grant and can earn up to almost the adult minimum wage before affecting the grant (see Salverda, 2007a). In addition, in small part-time jobs one hardly pays any tax.

compared to the native-born lower than in the Netherlands. For immigrant women wages are also relatively low in comparison with the native-born.[33]

Figure 4.9. Wage and employment of immigrants relative to the native-born, 15-64 years old, 2005/2006



Source and Note: See OECD (2008a). The wage levels refer to the median hourly gross wages of the employed population.

Indeed, for immigrant women, the immigrant/native wage gap compounds the gender wage gap, which is also relatively high in the Netherlands (see OECD, 2002). The hourly wage for the median employed immigrant woman is almost 30% lower than that of a native-born man. Only in the United States is the gap of a similar magnitude. In combination with tax and benefit systems, such low wages can result in unemployment/inactivity traps, which could be one possible explanation for the observed low employment of immigrant women in the Netherlands.

Immigrants in the Netherlands have a wage distribution that is heavily clustered at the low end of the wage scale, as Figure 4.10 shows.[34]

A significant part of immigrants are paid the minimum wage. For example, among the employed low-qualified immigrant women, 14% have earnings around the minimum wage (Figure 4.11).[35] This raises the question of whether the minimum wage is a barrier for low-

33. In addition, Salverda (2007b) shows that the incidence of low-pay work among "non-western" immigrants and their offspring increased strongly between 1996 and 2002, both regarding the absolute level and relative to the native-born.

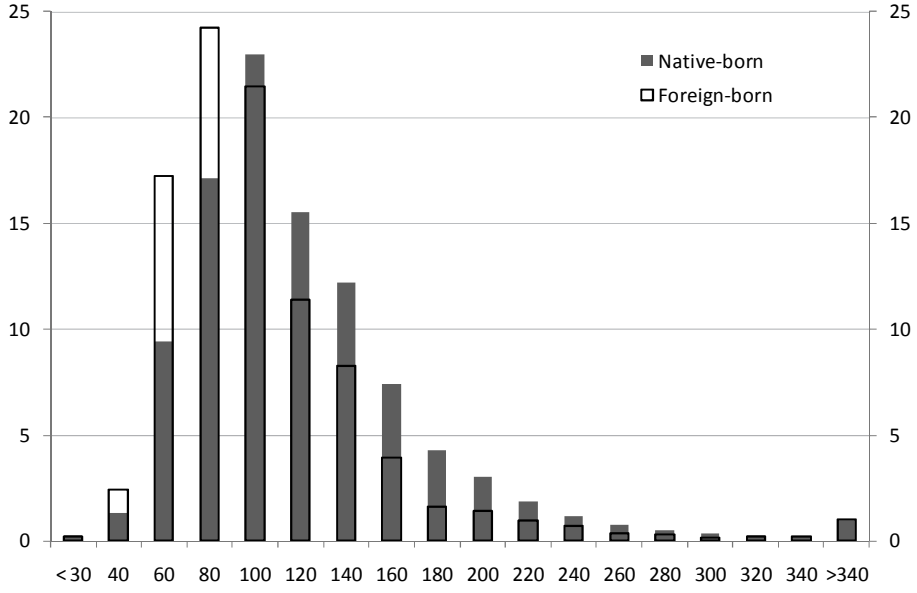
34. Restricting to full-time employed does not fundamentally alter the picture. Indeed, the results are even more skewed for immigrants in this case. Note that the heavy overrepresentation among those below the median wage also holds in international comparison (see OECD, 2008a).

35. Minimum wages in the Netherlands are currently about EUR 308 per week for the full-time employed. The law does not specify how many hours constitute full-time employment, but usually this is either 36 or 38 hours per week, giving a gross hourly wage of EUR 8.5 to 8.1. To leave some margin of error, the minimum wage in Figure 4.11 has been assumed to be EUR 9.

qualified immigrants who are not in employment. In particular, since wages for part-time employment tend to be below those for full-time employment, the minimum wage could partly explain the observed lack of participation in part-time jobs by low-qualified immigrant women who have to compete for low-skilled part-time jobs with higher skilled natives.

Figure 4.10. Distribution of wage classes for the native- and foreign-born in the Netherlands, 15-64 years old and not in education

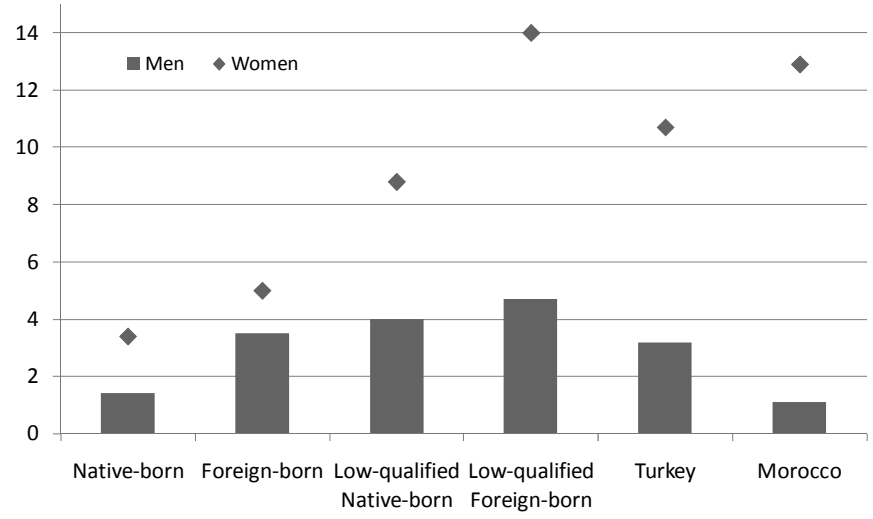
(median hourly wage of the total employed population = 100)



Note: The figures on the x-axis indicate the middle of each respective interval (*e.g.* 100= 90%-110% of the hourly median wage). The y-axis shows the percentage of the respective total employed population whose earnings are in those intervals.

Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

Figure 4.11. Percentage of employed earning no more than the minimum wage per hour, different groups of native- and foreign-born, by gender, 15-64 years old and not in education



Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

The minimum wage has fallen significantly in terms of purchasing power over the past decades and is, for the Dutch population as a whole, in general no longer seen as a significant factor in wage formation (Salverda 2007a, 2007b; see also CPB, 2008). Nevertheless, the minimum wage may still be an obstacle to the employment of low-productivity workers, a group among which immigrants are overrepresented.

There are several possible policy options to overcome this. One option would be to price low-productivity workers into employment via a lower minimum wage; concerns about the income associated with such jobs could be alleviated via an in-work benefit similar to those in other OECD countries such as the United States, the United Kingdom, Ireland and Sweden. Immigrants would be expected to benefit disproportionately from such a policy shift. However, the in-work benefit would have to be phased-out gradually if the policy is not to be too costly to the public purse. This would increase the risk of unemployment/inactivity traps which are already relatively pronounced for low-qualified second earners in low-income couples in the Netherlands (see OECD, 2006). In addition, lowering the minimum wage may be politically difficult to implement and raises equity concerns. The alternative is wage subsidies and indeed, an (indirectly targeted) expansion of this instrument is currently being considered (see below).

Table 4.8 provides some evidence on the determinants of the wages for the foreign- and native-born.[36] The initial wage-gap of 14% which immigrants face is reduced by about half (to 6%) after controlling for years of education, experience, gender, working hours, occupations, area, gender and marital status (model 2). After controlling for these factors, the immigrant/native wage-gap is roughly about half of the gender wage-gap. The remaining wage-gap appears to be due to immigrants' lower returns to education (model 3). These lower returns are observed for both domestic and foreign education, although the discount is much stronger for the latter, as the interaction term (years of education*education abroad) shows. Immigrants also seem to have lower returns to experience in the Netherlands than native Dutch, and their foreign experience appears to be almost completely discounted.

Table 4.8. Determinants of log hourly wages for native and foreign-born in the Netherlands, 15-64 years old employed and not in education

	Total			Foreign-born
Variables	**(1)**	**(2)**	**(3)**	**(4)**
Foreign-born	-0.140***	-0.062***	0.097*	
Years of education		0.058***	0.062***	0.042***
Gender (ref: women)		0.124***	0.127***	0.065***
Years of education*foreign-born			-0.009**	
Years of education*education abroad			-0.007***	
Years of experience		0.011***	0.012	
- domestic experience				0.008***
- foreign experience				0.003

Note: All models include a constant. Models 2-4 include control variables for occupations, part-time employment, living in one of the four largest cities and marital status. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded. In model 3, the variable "education abroad" is defined zero for all native-born.

Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

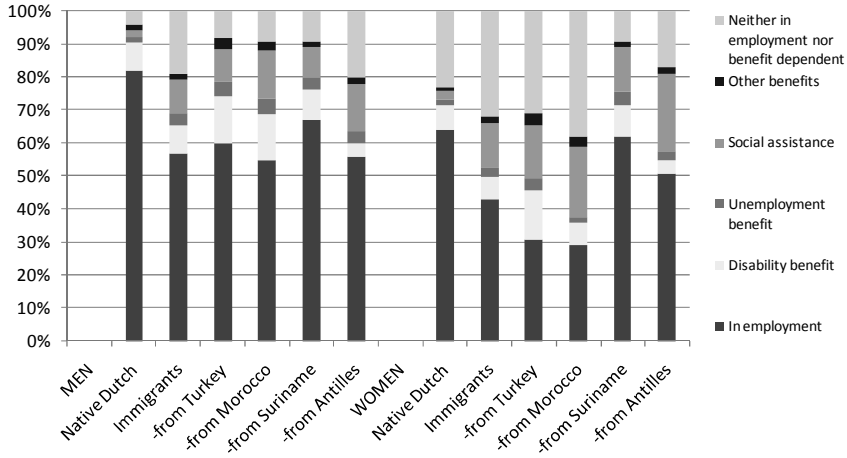
36. A look into the wages by country-of-origin group is given in the Annex (Table 4.1A). It shows that the wage-gaps are particularly large for immigrants from Turkey and Morocco. Immigrant men from Morocco earn about 40% less than native-born men. Although this is largely attributable to socio-demographic and job characteristics, Moroccan men still face a wage-gap of about 15% *vis-à-vis* native Dutch men after controlling for a range of these observables.

Labour market programmes and the participation of immigrants

The task of facilitating integration into the labour market via active employment measures is split between the municipalities, which are in charge of social assistance recipients, and the UWV, which is in charge of disability and unemployment benefit recipients. As can be seen in Figure 4.12 below, immigrants are overrepresented among the recipients of all types of benefits, and this overrepresentation is particularly pronounced with respect to social assistance.[37] Municipalities receive lump-sum payments as a compensation for their reintegration expenses.[38] These payments depend on a range of factors, including the present and past numbers of social assistance and unemployment assistance recipients, the size of the local working population, and the ratio of low-skilled workers to high-skilled workers. Immigration background is not explicitly taken into account in fixing the payments.

One problem with the reimbursement system is that it is essentially focused on the labour market integration of benefit recipients. For those not dependent on benefits, municipalities are in principle in charge as well, but have currently few incentives to insert them into the labour market.[39] Indeed, only a small part of this group benefits from some kind of labour market policy measure (see van Poeijer and Bloemendal, 2007). This is problematic since these persons are a non-negligible group. The incidence of non-employed and not-benefit-dependent is especially high for immigrant women from Turkey and Morocco (see Figure 4.12).

Figure 4.12. Sources of income for native Dutch and selected foreign-born groups, men and women aged 15-65, 2004



Note: The figures for "neither in employment nor benefit dependent" tend to be higher than shown above since a person may be both benefit dependent and in employment, and available statistics do not allow one to exclude double counting for such cases. This group also includes persons on pensions.

Source: Statistics Netherlands (Statline).

37. Linked with this is a high overrepresentation of immigrants among households in poverty. The recent poverty monitor (SCP, 2007b) shows that the incidence of poverty is more than three times higher among "non-western allochtonen" households than among the native Dutch.

38. Note that there is a difference between the municipal "income budget" which reimburses social assistance payments, and the "work budget" for reintegration into the labour market.

39. However, 14% of those not dependent on benefits eventually end up receiving social assistance (RWI, 2007). As municipalities are in charge of social assistance payments, they therefore have (indirect) financial incentives to integrate those not dependent on benefits into the labour market.

The entire budget for labour market insertion of persons not in employment in 2007 was EUR 2 billion, of which 1.4 billion was devoted to public reintegration services, wage subsidies, and municipalities' own spending on reintegration. The remaining 0.6 billion was spent on purchasing re-integration services on the private market.[40] Indeed, the Netherlands is, together with Australia, the OECD country which has gone furthest regarding private provision of reintegration services (see Tergeist and Grubb, 2006 for a comprehensive overview). The UWV is obliged to contract out *all* reintegration programmes to private providers. Originally, municipalities were also obliged to outcontract the majority of their reintegration services, but this obligation was removed in 2006. Private providers are generally paid on a performance basis, for placements into a job of at least six months duration.

Originally, it was hoped that the market-based structure would be more efficient, but the first results were relatively disappointing. One problem has apparently been creaming by providers.[41] There has been a profiling system in place which classified persons in four different groups (from no distance to very large distance from the labour market). As immigrants often have multiple disadvantages – lack of language mastery, low qualifications, lack of knowledge of the labour market functioning and of work practices, etc. – they tend to need more time and effort to get integrated into the labour market than native-born classified into the same group.[42]

With the tightening labour market and the looming prospect of an ageing workforce, more attention is now gradually being given to mobilising into employment persons with larger distance from the labour market. In particular, municipalities are now also offering activation for persons not on benefits, many of whom are immigrant women. There is some central government funding available for such measures.

Initially, possible creaming effects were reinforced by the fact that reintegration contracts covered a relatively large and broad group of persons on benefits. This is now changing, and reintegration contracts are now encompassing much smaller groups. The current profiling system also allows for much more flexibility and tailor-made contracts.[43] In addition, benefit recipients have, since 2006, the possibility to opt for a personal reintegration budget (IRO) that gives them the opportunity to select the provider who seems best suited to assist them in getting integrated into the labour market.

In addition to the individualised labour market insertion trajectories, and apart from language training, there are now only a few, generally project-type labour market measures of limited scope which are targeted at immigrants. As seen above, until 2003, the Netherlands had a range of targeted measures, but the policy line since then has been to provide an overall framework with general instruments which are tailored to individual needs without focusing on specific groups.[44] This has been part of a broader decentralisation policy which gives more

40. A reintegration scheme on the private market costs on average EUR 4 000.

41. Note that this is not necessarily an exclusive problem of private providers, and may occur in the public employment services as well, particularly when it is faced with some kind of performance measurement that does focus on rapid labour market integration.

42. However, there is no evidence that this has led to fewer immigrants participating in re-integration programmes. In 2005, 57% of those starting a re-integration programme were immigrants and their children, the vast majority from non-OECD countries and from Turkey (SZW, 2007).

43. Note, however, that tailor-made reintegration was already possible under the old system.

44. Already in 1998, targeting of labour market measures to specific groups as a central government policy was abandoned, leaving the choice to the municipalities. However, most immigrant-related measures remained in place until 2003.

responsibility to the municipalities. More recently, however, the scale and scope of projects for certain groups of immigrants – such as highly-skilled refugees (see above) – appears to be on the rise again.[45] Between 2005 and 2007, the government started an initiative to improve the social climate and to strengthen integration into society. This resulted in a significant number of small-scale projects to enhance labour market participation of immigrants and their children, and to combat discrimination. Most of these projects focus on the labour market preparation of immigrant youth, via coaching and other measures. In addition, the Social and Economic Council called in 2007 employers to enhance hiring of immigrant youth. The government supports this initiative and is developing regional strategies, together with the four largest municipalities in the Netherlands.

Nevertheless, both in comparison with the situation prior to the policy shift in 2004 and the situation in other countries, such policies remain limited. Furthermore, where they exist, they are often not directly related to labour market integration. For example, there are some larger-scale mentorship programmes which aim at reducing school drop-out (see Crul, 2006). In general, the governments' view is that with individual assessment and tailor-made reintegration, there is no need for targeted measures. Partly as a result of the general policy of non-targeting and decentralisation of labour policy, there is a lack of evaluation of what works in the integration of immigrants and what does not.

Indeed, within the decentralised and privatised system, there is a general lack of solid evaluation on labour market programmes, and in particular on their impact on immigrants.46 This is unfortunate since evidence from other OECD countries such as Denmark and Sweden (OECD, 2007a) suggests that certain labour market measures – notably those which allow employers to overcome information asymmetries regarding a candidate's skills and/or which bring job seekers in contact with potential employers – may have a more beneficial impact on immigrants than on comparable native-born persons. Within the current system, there is no way to confirm or negate such findings, and to identify effective practices to enable a better targeting of labour market integration policy measures.

The available evidence indicates that much could be gained by such (indirect) targeting within the general framework of tailor-made labour market insertion, and the issues involved do not seem to be fundamentally different from those observed in other OECD countries.

For example, evidence from Sweden (Andersson and Wadensjö, 2004) suggests that temporary employment agency work can be an effective springboard into more stable employment. There is some indication that this is also the case in the Netherlands. Temporary employment agency work seems to be a particularly important means of labour market insertion for resettled refugees in the Netherlands. Data from Guiaux *et al.* (2008) indicate that about 40% of those who are in employment after about three years are employed through a temporary employment agency. Yet, this high figure provides no indication regarding whether or not this type of work is helping immigrants to get into more stable employment. Some indication of the latter is given by De Graaf Zijl *et al.* (2006) who find that men with an immigrant background experience a higher stepping-stone effect from

45. For an overview, see VROM (2007).

46. There are some means of information-sharing in place, such as workshops for sharing and discussing experiences between municipalities and reintegration companies. The Ministry for Social Affairs and Employment has a policy of avoiding central steering, but organises an annual congress for the purpose of experience sharing, In addition, the website *www.inteventiesnaarwerk.nl* publishes "best practises", and *www.blikopwerk.nl* publishes information about reintegration companies. Nevertheless, there is a lack of underlying evaluation.

temporary employment (*i.e.* both temporary employment agency work and other forms of temporary employment) to regular work than natives. However, immigrants in general are, given their characteristics, underrepresented in the inflow into temporary jobs.

Similarly, evidence from Denmark (OECD, 2007a) suggests wage subsidies can be a particularly effective tool for inserting immigrants into stable jobs, even after controlling for other factors that have an impact on productivity. Given the observed clustering of immigrants in jobs around the minimum wage, there are some indications that this could also be the case in the Netherlands. Indeed, Snel and Linder (2008) show that immigrants and their children had, over the period 1999 to 2002, a somewhat larger probability of flowing from combined work and disability benefit programmes into regular employment than comparable native Dutch.[47] In contrast, those with an immigrant background who were receiving benefits without being in work had a significantly lower probability of getting into regular employment over the same period.

The instrument of wage subsidies is already used by the municipalities, as a means of labour market insertion for persons receiving social assistance or who not dependent on any benefits. It can be given for a maximum of one year, up to 50% of the legal minimum wages. The scheme is administered separately from the other reinsertion trajectories.

Currently, however, few benefit from these wage subsidies. Among the about 315 000 social assistance recipients aged 23-65 years that were registered at the end of 2005, only 1 700 enjoyed wage subsidies, and persons with a "non-western" background accounted for about 45% of this group. This results in a slight overrepresentation with respect to their share among the social assistance recipients, which is about 40%.[48] About 30% of the social assistance recipients who benefited from wage subsidies had regular employment a year later; the figure is slightly higher for persons with a "non-western background" (32%). These insertion figures are much higher than those for other measures, where the insertion into employment was only about 6% for both groups one year later. Persons not receiving benefits may also benefit from wage subsidies. This concerned about 2 850 persons at the end of 2005. For this group, insertion figures were slightly higher, both for native Dutch (32%) and for persons with a "non-western" background (34%).

On the basis of this aggregated picture, there is thus some tentative evidence that wage subsidies can be an effective means of inserting disadvantaged persons into the labour market, and that they may have a stronger impact on persons with an immigration background. However, further analysis with microdata would be needed to document this tentative conclusion in the Dutch context. In any case, since wage subsidies can be a costly instrument, they have to be carefully applied, and accompanied by training to ensure that they can be phased out once productivity increases and/or information asymmetries are overcome.

It is currently planned to expand the possibility of wage subsidies to persons relying on unemployment or disability benefits who have been long-term unemployed (*i.e.* more than one year), but are deemed to have the capacities to get a regular job within a year.

For social assistance benefit recipients who have more distance from the labour market than what is generally expected from wage subsidy recipients, so-called "participation jobs" have been introduced in 2006. These are jobs in the public or private sector – in general for up to six months – in which people who are not yet ready for regular employment can gain work experience. Either the social assistance recipient stays on full benefits while working,

47. However, they also had a higher probability of dropping back into reliance on benefits without work.

48. These figures are calculated on the basis of information provided in van Poeijer and Bloemendal (2007).

or employers are granted a subsidy to off-set salary expenses. Employers are expected to offer some training for persons in such jobs. In July 2008, new legislation is expected that will strengthen employers' obligations if they wish to benefit from this tool (they will face an obligation to train and to give a perspective for hiring into a regular job after the programme participation). At the same time, programme participants will get a bonus if they have participated productively in the programme. It is planned to extend this tool to recipients of other benefits in 2009. Evidence from Sweden, where a similar "workplace introduction programme" has been in place, suggests that this can be a rather effective measure for immigrants' labour market insertion (Åslund and Johansson, 2006).

The planned expansions are part of a larger action programme "everybody participates" that has was started in 2007. Its aim is to bring 200 000 persons with a large distance from the labour market into employment. Half of this group is supposed to come via the reintegration efforts of the municipalities, which means that in addition to social assistance recipients efforts are undertaken to activate those currently not in benefits (at least 25 000). This can be done via training, education, wage subsidies, traineeships and/or in-work benefits. The target is to raise the overall employment-population ratio to 80% by 2016.[49]

Employment in the public sector

Since the mid-1980s, the Netherlands introduced affirmative action to enhance the share of immigrants and their children in the public sector. In 1987, a Plan on Ethnic Minorities in the Civil Service (EMO-1) was drawn up which had the target to raise the percentage of persons with a migration background from non-OECD countries and from Turkey in the public service from 2% to 3%. This goal was reached in 1990, and a new 5% target was set for the year 1995 (EMO-2), but this more ambitious target was not attained. In addition, already in 1988, the requirement of having Dutch nationality for holding a position in the public sector was eliminated for most jobs (see Blaschke and Schlenzka, 2003).

There are still a number of programmes in place to foster employment of immigrants and their children in the public service (see Box 4.5). This includes a monitoring of their inflows and outflows in the various ministries; and of their position within the public service (ISW, 2008). There are also municipal programmes with rather strong affirmative-action elements. The City of Amsterdam, for example, has introduced the target to increase the share of persons with a migration background in the public service by 2010 from currently 22.5% to 27%, and within the management positions from currently 11% to 15%. When recruitment agencies are charged with the task to find staff, they are required to present candidates with an immigration background, if necessary through extra procedures, especially if the municipal department concerned has not met the target figure (van Helsum, 2008). One of the city services experimented with a rather strong affirmative-action policy under which all open positions were initially reserved for qualified immigrants. As a result, the percentage of persons with a migration background in its workforce increased from 19% to 22% within six months.

49. The action plan includes a range of projects for disadvantaged youth. It also sets the target of bringing 50 000 women who are not in employment into volunteer jobs.

Box 4.5. The diversity concept of the Dutch police

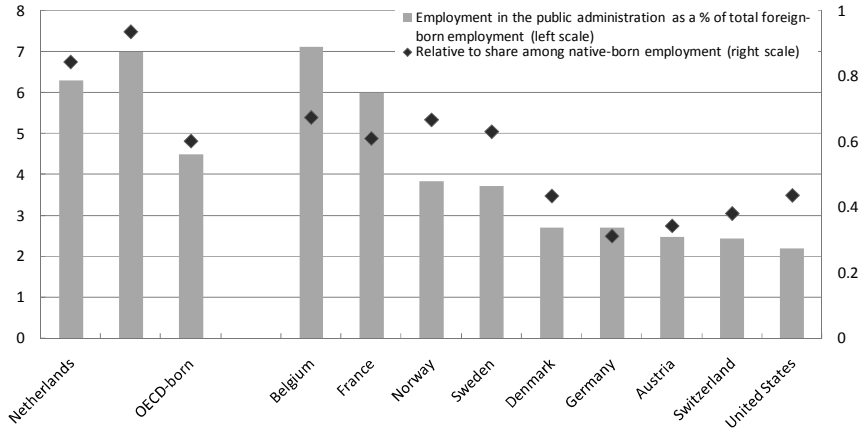
The Dutch police have established a comprehensive diversity programme which aims at increasing the share of staff with an immigration background from the current 6% to 8.5% in 2011. This target is one element in a broader diversity concept that also encompasses other groups – *i.e.* women, disabled and homosexuals. By 2011, 50% of upper management in the police service should be either women or persons with an immigrant background. To reach these figures, police officers from such groups can benefit from special management development training. In addition, by 2011, all police officers must have completed a multicultural sensitisation course. A diversity concept has already been in place since 2001, but the strategy changed in 2005. Originally, diversity was seen as a social issue; now it is seen as a business issue – helping the police to better perform its tasks. Diversity is indeed particularly pertinent with respect to immigrants and their children for any public service in order to better understand the immigrant communities and to get their trust.

A "National Expertise Centre for Diversity", has been created. The Centre has an annual budget of EUR 1.5 million and comprises 14 staff members who conduct, among other things, intercultural sensitisation trainings. Targeted recruitment campaigns for children of immigrants have also been among the measures taken. In addition, an annual special prize of EUR 500 000 to reward innovative diversity practices regarding "ethnic minorities" within the local police services has been established.

In line with this national strategy, regional policy services have introduced their own programmes to enhance the share of persons with a migration background. For example, the police of The Hague has established a "pre-police academy programme" for candidates who are judged to have the capacities to join the police but failed the initial entry exam because of language and other obstacles that are somehow linked with their immigration background (*e.g.* lack of assertiveness in the case of women). These youngsters receive a special one-year training to enable them to overcome these obstacles in order to meet all assessment criteria. About 75 students participate annually in this project, which is co-financed by the Ministry of Social Affairs and Employment. The first cohort has now finished the pre-academy. A similar programme is also run by the Rotterdam police.

The police of The Hague also offers "trial traineeships" to capture the interest of students from disadvantaged backgrounds for employment in the police at an early stage of their educational career (at the age of 13-14). This project is done in co-operation with schools which have a high concentration of children of immigrants. About 60 students participate in this programme per year.

Figure 4.13. Employment of foreign-born in the public administration in selected OECD countries, 15-64 years old, 2005/2006



Note: Non-OECD includes Turkey but excludes Indonesia.

Source: See Table 4.1.

It appears that these longstanding affirmative-action initiatives have had a beneficial effect. Among the countries in the comparison group, the Netherlands stand out as the country that has come closest to a proportional representation of immigrants in the public administration (Figure 4.13). It is noteworthy that the share of employment in the public administration is even larger for immigrants from non-OECD countries and from Turkey.

Immigrants' self-employment

The Netherlands stand out among the OECD countries in the comparison group as the country in which immigrants' self-employment has grown most over the past decade, both in absolute terms and relative to the native-born. The increase was observed for all three groups of migrants considered in Table 4.9, although it was most pronounced among immigrants from Turkey.[50]

Evidence from a number of OECD countries suggests that self-employment is one way of escaping marginalisation on the labour market (*e.g.* Clark and Drinkwater, 2000; Blume *et al.,* 2003). How much of the observed growth in self-employment among immigrants in the Netherlands is due such a process is not known. However, there have been some programmes to help persons at the margin of the labour market to become self-employed, and a significant number of immigrants seem to have participated in these. The Dutch government has a long-established micro-loan scheme to promote self-employment among persons on social assistance benefits. These may obtain a state-backed loan of up to EUR 31 000 for setting up their own business. In recent years, annually between 1 500 and 2 000 persons have benefited from this programme, about 50% of whom have a migration background. An evaluation of the scheme showed that a relatively large part – about 70% – were still in business after three years. This scheme is currently extended on a pilot basis in several municipalities to any person on benefits (*i.e.* including also unemployment and disability benefit recipients).

Table 4.9. Share of self-employment among the employed immigrants and native-born aged 15-64, various European OECD countries, 1995 and 2005/2006

	1995						
	Austria	Belgium	Germany*	Denmark	France	**Netherlands**	Sweden
Foreign-born non-OECD	4.7	17.1	..	7.3	12.2	**5.8**	..
OECD (except Turkey)	13.8	17.8	..	10.5	10.4	**11.0**	..
Turkey	2.2	18.6	..	..	12.5	**6.2**	..
Total foreing-born	7.4	17.8	7.3	9.7	11.5	**8.0**	11.9
Native-born	11.3	15.2	8.2	8.3	11.6	**11.7**	11.7

* Data for Germany refer to 1992.

	2005/2006						
	Austria	Belgium	Germany*	Denmark	France	**Netherlands**	Sweden
Foreign-born non-OECD	5.4	14.5	..	7.3	10.6	**8.5**	10.4
OECD (except Turkey)	13.2	15.3	..	10.2	12.0	**15.2**	10.1
Turkey	5.5	12.3	..	..	18.5	**12.8**	29.7
Total foreing-born	8.0	14.8	10.0	8.7	11.2	**10.9**	10.9
Native-born	12.4	12.9	11.0	7.7	9.7	**11.6**	9.5

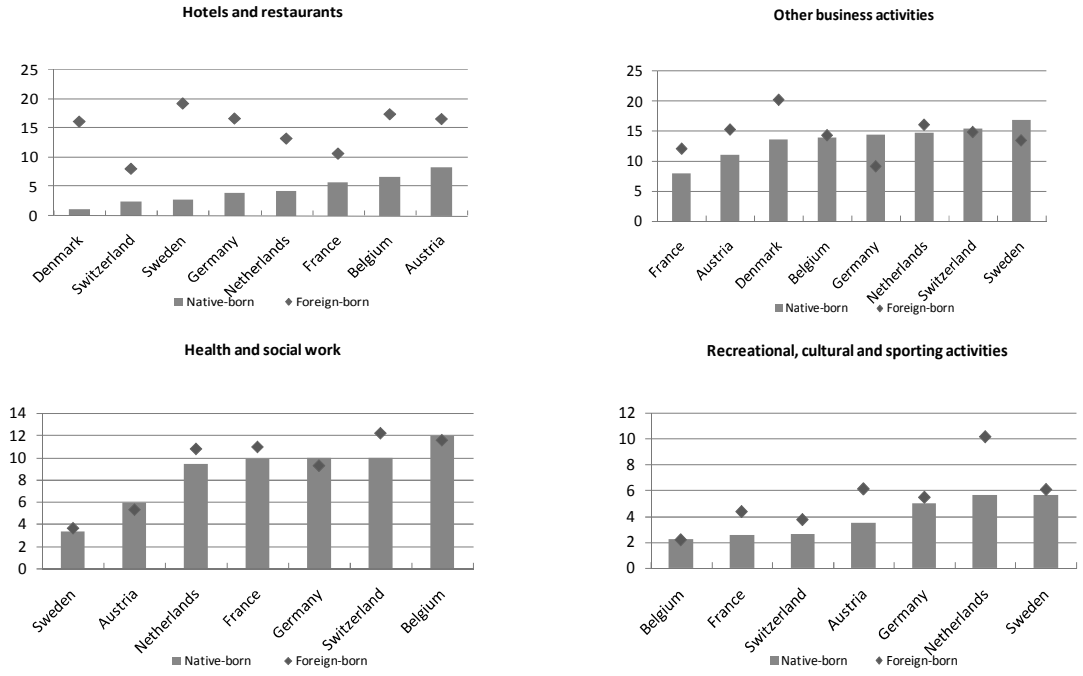
* Data for Germany refer to 2005.

Source: See Table 4.1.

50. For a comprehensive overview of immigrants' self-employment in the Netherlands, see EIM (2007).

Figure 4.14 shows the share of the four main sectors of activity of self-employed immigrants in total self-employment among immigrants in the Netherlands compared both with the native-born and in international comparison. There is pronounced overrepresentation of immigrants in the hotels and restaurants sector which is, however, observed in all countries. The only notable exception from the pattern observed in other countries is recreational, cultural and sporting activities, which account for a much larger share of immigrants' self-employment in the Netherlands than elsewhere, both in absolute terms and relative to the native-born.

Figure 4.14. Main sectors of activities of foreign- and native-born self-employed aged 15-64, 2005/2006



Source and Note: See Table 4.1. The sectors above are the four main sectors of activity of self-employed immigrants in the Netherlands.

Housing and spatial segregation and links with integration

The Netherlands is the most densely populated country in the OECD. There is a high concentration of immigrants in the four main cities – *i.e.* Amsterdam, Rotterdam, The Hague and Utrecht, where immigrants and their children account for one third of the population. These four cities account for about 25% of the total population of the Netherlands, but almost half of the immigrant population.

In all countries, there is a tendency for immigrants to concentrate in certain neighbourhoods, and indeed, when looking at the neighbourhood level, the overall level of segregation in the Netherlands does not appear to be very high in international comparison (see Musterd, 2003). However, the process is an ongoing one – for Amsterdam, Rotterdam and The Hague, the entire growth of the cities' population over the past seven years (for which comparable data are available) was due to an increase in the population with an immigration background, whereas the native Dutch population in these cities declined. This process of concentration in the urban agglomerations and particularly in certain schools (see below) has been a matter of concern for policy makers. In recent years, the Dutch

government has tried to promote a better mix in its neighbourhoods; in fact, integration-related matters are now under one ministerial roof with urban and housing policy.

The concentration processes seem to be strongly linked with employment. Migrants who have a job tend to move towards less segregated neighbourhoods. In contrast, higher unemployment in the municipality reinforces the tendency for neighbourhoods to segregate, both because of selective out-migration of natives and selective in-migration of immigrants into neighbourhoods with a high immigrant concentration, and the processes are particularly strong in the main cities and for persons with a Turkish or Moroccan background who have a particularly weak socio-economic position (Zorlu and Mulder, 2007). This could mirror the fact that ethnic networks become more important in times of economic uncertainty, although discrimination in the housing market could also be an explanation. However, the low socio-economic position is undoubtedly the main driving force behind such processes.

Whether or not spatial segregation has an impact on labour market and related integration indicators (social mobility, housing, education) has been more extensively studied in the Netherlands than in most other OECD countries. Musterd (2003) provides an overview of the findings in the Netherland and concludes that there is no indication that segregation hampers social mobility. Regression analysis with the Dutch Labour Force Survey and a variable indicating immigrants' concentration in the municipality also shows no significant impact of the latter on immigrants' labour market outcomes.

Beckers and Borghans (2008) look into the labour market impact of dispersal of refugees in the Netherlands. They analyse the assignment of asylum seekers to municipalities in the Netherlands which essentially tries to disperse immigrants, but accounts for labour market opportunities, educational institutions, and local reception conditions. They find, after controlling for other neighbourhood characteristics, that a concentration of persons with an immigrant background can have a positive effect on labour market outcomes. On average, individuals residing in high-concentration neighbourhoods are almost 30% more likely to be employed. They also have significantly higher annual wages than people residing in low-concentration neighbourhoods. Although the positive effect of high concentration is observed for both established migrants and recent arrivals, it is especially strong for the latter group. This suggests that immigrant networks may contribute to labour market integration. These results are corroborated by findings on the dispersal policy in Denmark and Sweden (see OECD, 2007a) which indicated that immigrants who have relocated to areas of higher concentration enjoyed quicker labour market integration.

One driving factor in the concentration process is the price and availability of *social housing*, which is concentrated in certain areas, namely in the areas of the big cities newly-built after World War II. Given their unfavourable socio-economic situation, immigrants, particularly those from Turkey and from non-OECD countries, are often found in social housing in poor neighbourhoods.[51] Segregation is a process that is still ongoing, and it seems that the second generation has no tendency to disperse more than their parents (Zorlu and Latten, 2007).

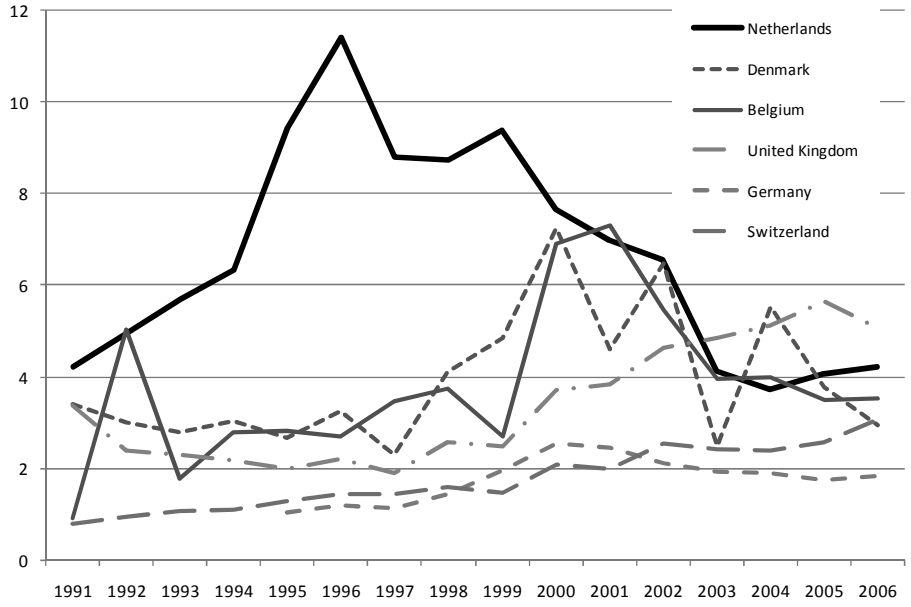
51. A special case is the Surinamese, who benefited from a special housing arrangement. With the large influx following independence in the mid-1970s, their needs were taken care of by a "Central Office for Settlement Policy" which allocated them to new, rather high-quality, subsidized housing (see Kornalijnslijper and Shadid, 1985).

3.3. The impact of integration policy on labour market outcomes of immigrants

The effects of naturalisation

As seen in Section 2, for many years naturalisation was viewed in the Netherlands as an important element in integration policy. As a result, until about 2002, naturalisation rates (*i.e.* the percentage of foreign population who naturalised in a given year) were well above those observed in other European OECD countries (Figure 4.15).

Figure 4.15. Annual naturalisations as a percentage of the foreign population, selected European OECD countries, 1992-2006



Source: *OECD Migration database*.

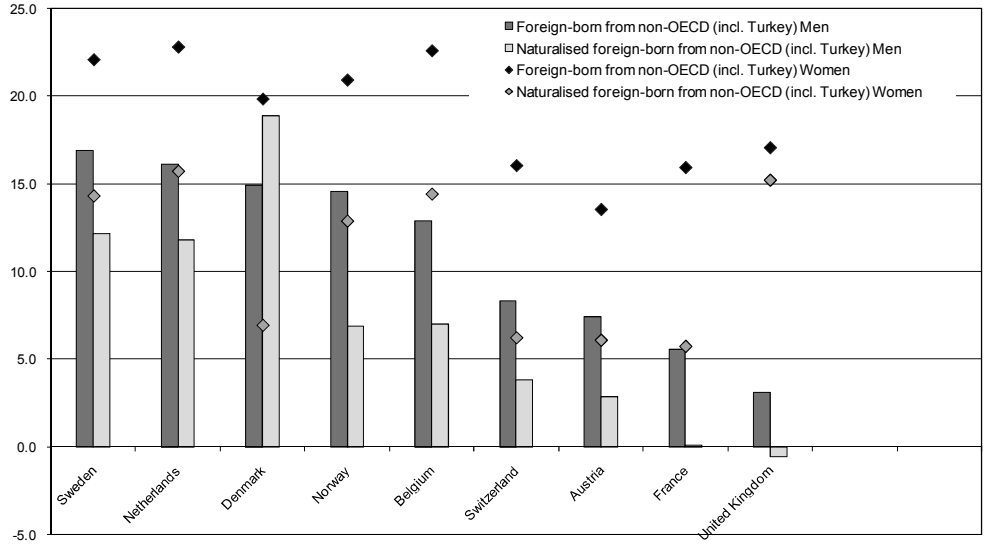
The motivation for the facilitation of citizenship acquisition in the Netherlands in the 1990s was that outcomes of immigrants, particularly of immigrants from non-OECD countries, tend to be better when immigrants have taken the host countries' nationality. As Figure 4.16 below shows, this is the case in all countries and for both genders (with the exception of men in Denmark). Such a "naturalisation premium" (*i.e.* a higher probability to be in employment for those who have naturalised) also remains in the Netherlands, as in most other countries in the comparison group, after controlling for factors such as education, age, duration of residence and country-of-origin.[52]

There are a variety of possible reasons for the observed improvement of labour market outcomes of immigrants who have naturalised (see De Voretz, 2006). One apparent reason is that a number of jobs in the public sector are limited to nationals. In addition, having a foreign nationality may also hamper access to high-skilled occupations demanding frequent travel abroad. A further explanation is positive self-section among those who naturalise – either because of superior unobserved skills or because naturalisation is linked with a

52. Regression analysis indicates that the "naturalisation premium" (*i.e.* a higher probability to be in employment) for persons with more than ten years of residence in the Netherlands is now of broadly similar size to what it was in 1992.

commitment to stay in the host-country for a longer term (*i.e.* enhanced investment into host-country specific human capital – either *ex ante* or *ex post*). Finally, there may fewer administrative/legal obstacles for employers hiring naturalised immigrants. It is also possible that having the host country's citizenship reduces discrimination.

Figure 4.16. Gaps in employment-population ratios *vis-à-vis* native-born, for naturalised and non-naturalised immigrants aged 15-64 from non-OECD countries with ten years or more residence, 15-64 years old, 2005/2006



Source: See Table 4.1.

As Figure 4.16 also shows, the improvement in employment rates for those with ten or more years of residence who are naturalised is somewhat lower than in other OECD countries, suggesting tentatively that the "naturalisation premium" may be smaller in the Netherlands than elsewhere.

Bevelander and Veenman (2006a and 2006b) studied immigrants' naturalisation decisions and the impact of having Dutch nationality on the wages and employment chances of refugees and of immigrants from Turkey and Morocco. While having Dutch nationality had a positive and significant impact on the employment probability of refugees, this was not the case for the latter groups. Likewise, with respect to wages, a positive impact of naturalisation was only observed for refugees.

The notable absence of a return to naturalisation in terms of higher employment and/or wages for immigrants from Turkey and Morocco could be linked with the fact that they disproportionately used the period of dual nationality for naturalisation. This was much more marked than for other immigrant groups. As a result, positive self-selection may be less pronounced for those immigrants. However, it is also possible that employers use naturalisation as a signal of integration, and that they discount Dutch nationality for these groups since their decision to take up Dutch citizenship was apparently strongly linked with the possibility to maintain their origin country's nationality. It is unfortunately not possible to fully ascertain which of these two explanations holds.[53]

53. Some more light could be shed by longitudinal studies, but these are lacking for the Netherlands. However, an observed increase in employment and/or earnings after naturalisation in longitudinal

Language training and the civic integration programme

One characteristic of immigration in the Dutch context is the fact that the majority of immigrants do not speak Dutch upon arrival. While this situation is similar to most of the other European OECD countries in the comparison group – notably the Nordic countries and Germany – it distinguishes the Netherlands from the settlement traditional immigration countries, France and the United Kingdom. The question of language training is thus a rather pertinent one in the Dutch context.

Language mastery is now seen primarily as a prerequisite for social integration and accordingly, "civic integration" is mainly language training. As mentioned in Section 2, immigrants – both new arrivals and a significant part of established migrants – need to pass a civic integration examination in order to be eligible for permanent residence. The observation above that the Netherlands is one of the countries that has gone furthest in establishing a market-type system for labour market integration also holds for civic integration. This complicates matters, as labour market and "civic integration" requirements interact. The civic integration system, its financing, obligations, and interaction with labour market integration are rather complex and in continuous evolution, as they have undergone several major shifts in recent years.

Under the new system in place since 2007 which obliges recent arrivals and certain groups of established migrants to pass an integration exam, preparatory courses for the exam are provided on the free market, and immigrants taking these courses were initially expected to pay for the cost. The cost varies with the provider, but is generally in the range of EUR 8-9 per person per hour. The number of hours needed is generally decided on the basis of a test, distinguishing five different learning profiles and four levels of Dutch mastery.

As mentioned, for the individual, the total investment can amount to more than EUR 6 000, but the cost is partially reimbursed when immigrants have successfully passed the exam, and many if not most immigrants do not have to pay at all. The obligation to participate and pay essentially applies only to non-employed persons not receiving benefits (for example, immigrant women whose husbands are working) and employed immigrants. These categories have been delaying participation, perhaps expecting to participate – if at all – as late as possible before the deadline for passing the exam. Since November 2007, municipalities have discretionary power to decide to pay the fees for those who are obliged to participate. A number of cities have decided to do so from 2008 onwards. When the courses are publicly funded, course providers generally receive an upfront payment when the course starts, and the remainder when the person takes the exam. Incentives for providers to offer quality services are thus limited.

This particularly holds for incentives to provide language training that facilitates labour market integration, which are completely absent. Indeed, in contrast to the reception policy in the beginning of the 1990s, the current civic integration policy is not primarily targeted at labour market integration and thus does not contain vocational elements. This important shortcoming is now gradually being fixed through the development of so-called "dual trajectories". There are two types of dual trajectories. The first provides vocational Dutch for

analysis may be the result of a coinciding naturalization-induced investment in host-country specific human capital. Indeed, this is an important gap in the current literature on the economics of naturalisation (see also De Voretz, 2006).

study purposes. This is the so-called *staatsexamen*.[54] Originally, the civic integration courses were to be followed (or, respectively, the civic integration exam to be passed) even by those migrants who had passed the *staatsexamen*, as the latter does not encompass knowledge of the Dutch society. This shortcoming has been fixed in late 2007, and having obtained the *staatsexamen* is now considered as having passed the civic integration examination.

The second type of dual trajectories concerns social benefits recipients. For this group, language training is provided in the workplace or otherwise combined with work experience or voluntary work, with the aim of linking civic integration with labour market insertion. To this end, course providers co-operate with the providers for regular labour market insertion. There is a separate tender for these dual-trajectory courses, and the calculated per-hour funding is a bit higher. However, even in these cases, the language-course providers have no incentives to facilitate labour market insertion –they are evaluated according to the pass rates for the civic integration exam. The dual-trajectory civic integration courses are financed by a participation fund which is currently being developed. The Ministry of Social Affairs and Employment contributes to this together with the VROM and the Ministry of Education. The first dual trajectories are now gradually starting, the target is to turn 80% of civic integration programmes into dual trajectories by 2011.[55]

A comprehensive evaluation of the impact of the civic integration courses on labour market integration has not yet been conducted. Given the significant investment – both financially and with respect to the tendency to keep migrants out of the labour market during the course – this is a serious shortcoming. On the basis of cross-sectional data, when controlling for other socio-demographic characteristics, immigrants who had previously participated in an introduction programme did not have a higher probability of being in employment (Bevelander and Veenman, 2006a).[56] The few available studies that look at the labour market outcomes of course participants before and after course participation are relatively small-scale and do not have a comparison group, making it difficult to assess the impact on labour market integration. One recent survey has been conducted among participants of the civic integration courses in The Hague in 2004 (Doesborgh, van den Tillaart and Warmerdam, 2006). Six months after course completion, compared with the situation prior to taking the course, status changes from not being employed to employment were just as likely as the reverse. Only one and a half years after course completion could some small gains in employment be observed – but these may just as well reflect the normal assimilation process as immigrants' employment increases along with years of residence, or linked with the gradual improvement of the Dutch labour market situation, which coincided with that period.

The findings thus seem to provide some tentative evidence that the civic integration courses – at least in their previous form – did not contribute to higher employment of immigrants.[57] This does not provide evidence on the importance of Dutch language mastery.

54. *Staatexamen* means that one takes an exam at a central state level instead of through a school in the educational system. *Staatsexamen* can be done at different levels, and one can take individual subjects. The language mastery and education level that relates to *Staatsexamen* may thus differ, although it is above the level required for passing the civic integration exam.

55. These measures are part of a larger action programme, the "Deltaplan Inburgering".

56. Participation in an introduction programme also did not appear to have an impact on naturalisation.

57. However, in order to adequately study this question, one would need to compare these findings with a control group with similar characteristics who had not participated in the programme.

However, it suggests that the past failure to (actively) participate in the programme – which was the reasoning behind making first participation in the courses obligatory and then shifting the obligation to the passing of the exam – may in part have reflected the low expected payoff from participation. One possible explanation for this could be a "lock-in effect" of course participation, *i.e.*, immigrants having little or no time for job search while participating in the course or preparing for the exam. Such an effect has, for example, been observed in Denmark (Clausen *et al.,* 2006). Although the language training demanded in the Netherlands seems to be somewhat lower than that in Denmark, such lock-in effects of the Dutch integration exam (and the preparation required for it) tend to be reinforced by the absence of vocational elements or other labour market linkages.

3.4. The integration of the children of immigrants and the issue of education

Educational outcomes in international comparison

Data from the OECD PISA survey show that the educational outcomes of the children of immigrants are much lower than those of the children of natives (Table 4.10). Controlling for the lower socio-economic background, in particular the lower educational level of parents, reduces the differences by more than half for the second generation.

Table 4.10. PISA 2006 results for the children of immigrants and education of their parents

	Points differences compared to natives								Differences in the number of years of highest parental schooling compared to children of natives	
	Mathematics				Reading					
	Unadjusted		Adjusted		Unadjusted		Adjusted			
	2nd. gen.	Immig. students	2nd. gen.	Immig. students	2nd. gen.	Immig. students	2nd. gen.	Immig. students	2nd. gen.	Immig. students
Australia	-12	-11	-13	-8	(-7)	(-1)	-9	(2)	-0.5	0.4
Canada	(8)	(7)	(4)	(7)	(0)	19	(-7)	21	-0.1	0.7
United States	23	37	(-2)	(-9)	22	50	(-1)	23	-1.9	-1.7
New Zealand	(13)	(-6)	(1)	(1)	(7)	19	-12	27	-1.4	0.3
Sweden	42	64	28	42	29	68	15	48	-1.4	-1.3
France	47	62	(15)	33	36	45	(5)	(19)	-3.1	-2.7
Austria	81	65	48	39	79	48	46	21	-2.1	-0.9
Netherlands	**66**	**58**	**30**	**31**	**61**	**65**	**23**	**40**	**-3.1**	**-1.5**
Switzerland	62	88	36	61	48	85	22	60	-1.9	-1.7
Denmark	63	80	32	46	64	79	34	47	-2.8	-1.3
Norway	..	58	..	34	..	63	..	40	..	..
Belgium	84	112	43	85	81	101	42	74	-3.1	-1.7
Germany	78	65	38	34	83	70	42	39	-4.9	-5.2

Note: The figures show the points differences in the PISA 2006 scores for children at the age of 15 for mathematical and reading literacy between native-born on the one hand and immigrant and second-generation students on the other. "Immigrants" are students who are foreign-born and whose parents are also born in another country. "Second generation" are native-born students whose both parents were foreign-born. "Unadjusted" refers to the points' differences in the raw scores, "Adjusted" to the differences after controlling for the socio-economic background of students. The socio-economic background was created on the basis of the following variables: the International Socio-Economic Index of Occupational Status (ISEI), the highest level of education of the student's parents, the index of family wealth, the index of home educational resources and the index of possessions related to "classical culture" in the family home. For each test, the mean score across all OECD countries was set at 500 points, with a standard deviation of 100 points. A rough estimation is that about 35 points amount to one year of schooling (see Willms, 2004). ".." means that data are missing because of small sample sizes. Data for the reading score for the United States and on the differences in the highest parental schooling are values from PISA 2003.

Source: *OECD PISA database*.

Although a significant gap remains, among the countries where the differences in the educational level of the parents *vis-à-vis* the children of natives are similarly large, only France performs better than the Netherlands with respect to achieving equal outcomes for the native-born children of immigrants. Indeed, other countries which have similarly strong streaming of students into different educational tracks after primary education (notably Austria, Belgium and Germany) tend to have larger gaps in the educational performance of native-born children of immigrants compared with the performance of children of natives. In addition, the net achievement gap between students in the general and vocational stream – after controlling for parental background and immigrant status – is highest in the Netherlands (see OECD, 2008d). This should explain a large part of the remaining gap since the second generation is largely overrepresented in the latter stream (see next section).

Children of immigrants in the Dutch education system

Like many other Dutch statistics, data on education and labour market outcomes for immigrants' offspring generally distinguishes between "native Dutch" and "western ethnic minorities" on the one side, and "non-western ethnic minorities" on the other. The latter two groups include both young persons who have themselves immigrated, as well as the native-born children of immigrants (*i.e.* the second generation) (see Box 4.1). This is a bit unfortunate, since the native-born children of immigrants have been fully raised and educated in the Netherlands.[58] In contrast, for young immigrants, if at least part of the part of the (prior) schooling was obtained abroad, differences in educational systems could have an impact on the educational and labour market outcomes. Indeed, in all countries for which comparable data are available, labour market outcomes of the second generation tend to be above those of young immigrants (see Table 4.10 and OECD, 2007a).

Because of the high concentration of immigrants in urban areas (see above), their younger age-structure and somewhat higher fertility, the share of children with a "non-western" background among those of school-age in urban areas is relatively high. In the two largest cities, Amsterdam and Rotterdam, currently about 55% of students in primary education belong to this group. There is an official term in Dutch education policy for schools that have more than 50% children with a "non-western" background among the student body – these schools are called "black" schools (see *e.g.* Ministry of Education, 2007). This is the case in more than half of the schools in the four largest cities (Amsterdam, Rotterdam, The Hague and Utrecht). In about one third of all elementary schools in Amsterdam and Rotterdam, the share of children of "non-western" immigrants even exceeds 80%. Elsewhere in the Netherlands, "black schools" are a minor phenomenon – they account for about 4% of all schools outside of the four main cities. Indeed, for the Netherlands as a whole, the degree of interschool segregation, as measured by the percentage of immigrant children who would need to be moved to achieve an equal distribution across schools, is below the OECD average (see OECD, 2008d).

The evidence on the impact of concentration of children of immigrants in schools shows that it may have some negative impact on students' educational outcomes, but there is some uncertainty over the magnitude of this effect. Dronkers and Levels (2007), using PISA data, show that over the OECD area as a whole, ethnic school segregation has a significantly negative, but rather weak impact on students' outcomes. In contrast, for the Netherlands,

58. Since many of the native-born children of immigrants also have Dutch nationality since birth, they are thus literally also "native-born Dutch". Nevertheless, to avoid confusion, the term "native Dutch" below will only refer to the native-born children of natives, in line with the standard Dutch definition.

Driessen (2002) shows a somewhat stronger, negative effect of having a large concentration of children of immigrants in school on the educational outcomes – even after controlling for parental background and other characteristics. In addition, this effect holds for both children of immigrants and the children of natives.

Full-time education is compulsory for children in the Netherlands between the age of 5 and 16.[59] Primary education starts at the age of 4 or 5. Available data from the OECD education database suggest that education before that age is more limited than in other countries. The Netherlands used to have one of the lowest coverage of early childhood education and child care (ECEC) among the European OECD countries, but coverage increased strongly over the past decade (see OECD, 2006). Still, in 2004, attendance rates were only slightly more than half of the OECD average (OECD, 2008d).

There are no administrative data available on the participation in pre-school for the children of immigrants, because these services are provided by the municipalities and data are not being compiled at the national level. Available estimates suggest that in the year 2000, overall participation in pre-school for the children between the age of two and four was about 60%. In contrast, children of immigrants from non-OECD countries (including Turkey) had only about 35% attendance (de Weerd and van der Vegt, 2001).

Estimates on the exact participation are difficult to derive because few children attend on a daily basis; often parents send their children on an irregular basis and often only for a one or two half-days a week, particularly when they work part-time (see Wetzels, 2007). Driessen (2004), using pooled cross-sectional data from a school entrants' survey (PRISMA) between 1996 and 2000, found that about 20% of immigrant parents do not use any kind of ECEC while their children are below the age of four, compared with 9% of native Dutch. There are also great discrepancies within the immigrant population – 46% of Moroccan children in this age-group never attended any form of ECEC, compared with 24% of Turkish children and 16% and 18% of the Surinamese and Antilleans, respectively.

A low participation of children of immigrants in early childhood education is problematic, since this is the age at which linguistic competence develops strongly. Research from France (Caille, 2001) suggests a strong influence of kindergarten attendance at the age of 2 on elementary school outcomes for the children of immigrants. Driessen (2004), however, finds no evidence for a beneficial effect of participation in ECEC on the later educational outcomes of the children of immigrants for the period 1996-2000. He argues that this is most likely to be due to poor quality and large child-to-staff ratios. Any beneficial effect of such early education was furthermore reduced due to the fact that many of the playgroups attended by immigrant children had few children of native Dutch participating, and the staff was generally not trained to provide language stimulation.

However, the participation of children of migrants in ECEC has increased significantly in recent years, following specific policies targeted at overcoming this shortcoming (see below). By 2007, it is estimated that more than 53% of children with a language deficiency (defined as the target group) between the ages of two and five years attended structured programmes for preschool and early school education in 2006.[60]

59. Since 1 August 2007, there is an obligation for those below the age of 18 who have not reached a basic level of education to attend school full-time (see below).

60. Comprehensive information on the background of pupils participating in ECEC will become available through the issuance of a personal education number and a national monitoring programme initiated in 2006, whose results are planned to be published by 2010 (see Ministry of Education, 2007).

Primary education lasts for eight years, until the age of around 12. This is followed by secondary education in three levels. About 70% of the "non-western" students (52% of the native Dutch) take secondary pre-vocational education (VMBO) which lasts four . About 26% of "non-western" children of immigrants (43% of the native Dutch) take either higher general education (HAVO), which lasts for five years, or scientific preparatory education (VWO) which lasts six years and prepares for university education.[61]

An important element in the streaming process is a competence test at the end of primary education, the CITO test. Although not compulsory, almost 85% of schools use the CITO test. The outcome of the test, together with the school advice, determines the type of secondary education.

Within VMBO, there are four different tracks – basic vocational, supervisory vocational, combined, and theoretical. Children of immigrants are disproportionately often found in the basic vocational track: more than one third of those with a Turkish or Moroccan background follow this programme, in contrast to 12% of the children of native Dutch and 27% of "non-western ethnic minorities" in general. Overall, while the overrepresentation in the lower streams of secondary school is thus relatively high, it does not appear to be particularly large when compared with other countries which have streaming, such as Germany or Belgium. In addition, there is a relatively high upward permeability in the system (see OECD, 2008d).

After VMBO, at the average age of 16, the typical pathway is for pupils to go on to upper secondary vocational education (MBO),[62] which is taught in four levels (assistant worker level; basic vocational programme; professional; middle management and specialist). Here again, children of immigrants are overrepresented among those in the lower levels, particularly in the assistant worker level (11% of MBO participants with a non-western background *vs.* 3% for the native Dutch). Regarding the area of specialisation, students with a non-western background also differ from their native Dutch counterparts. They are overrepresented in economics, and are in turn less likely to chose technology and care.[63]

Within each level and sector, students have the choice between a primarily school-based pathway (BOL) and an apprentice-type pathway where students spend most of their time within firms as apprentices (BBL). Children of immigrants with a non-western background are largely underrepresented among those in the apprenticeship-type BBL programme (15% of those in MBO take BBL *vs.* 32% of native Dutch), and the underrepresentation is particularly pronounced for women, and for men with a Turkish or Moroccan background (Ministry of Education, 2007).

There is evidence that the lower educational attainment of the children of immigrants is not due to an immigrant background effect *per se*, but rather attributable to a range of socio-demographic characteristics which disproportionately affect children of immigrants. Traag and van der Velden (2008), using rich longitudinal data from a large-scale school-leavers survey, find that after controlling for individual- (including cognitive skills), family- and school characteristics, children of immigrants do not face a higher risk of dropping out of school without any formal qualification. Indeed, once they have completed lower secondary

61. The remainder – about 4% for both children of natives and of immigrants – have other small types of education, classified as "general unspecified".

62. Those who have completed the theoretical programme may also transfer to higher general education. HAVO is intended as preparation for higher professional education (HBO), but these courses are also open to MBO graduates.

63. Four sector choices are possible: economics, agriculture, technology and care.

education, they even have a somewhat lower risk of leaving school before having attained upper secondary education. However, students with an immigrant background accumulate several disadvantages which children of natives rarely face (*i.e.* a very low education and low incomes of both parents).

A particular problem concerns drop-outs from the education system, and indeed, early school-leaving is generally identified as the main problem not only of the education system, but also more generally of the school-to-work transition (OECD, 2008d). Drop-out rates vary by stream, and the overall proportion of drop-outs among the 18-24 year olds is at about 13% (Ministry of Education, 2007). Within each stream, drop-out rates (measured as the percentage of students who do not pass the final exam at the end of the stream) are fairly consistently about twice as high among persons with a "non-western" background than among native Dutch. Nevertheless, comparable figures which are available for the period 2003-2006 show an across-the board decline in the drop-out rates of the former over the past three years over and above the general improvement observed for all students in that period. This is an indication that the gap is now narrowing somewhat.

The high drop-out rates of children of immigrants are not a recent phenomenon. Already in the late 1980s, more than 50% of children of Moroccan and Turkish immigrants who had participated in post-primary education left school without a diploma, compared with only 10% for the children of native Dutch (Roelandt and Veenman, 1990). While it is not possible to directly compare these previous figures with current ones due to somewhat different measurements of a drop-out, the relative magnitudes compared to the current rates suggest that there has been considerable progress for the children of migrants since then.

Policies to improve the educational outcomes of the children of immigrants

Policies to assist the integration of children of immigrants were first established in the early 1970s. Initially, these were rather *ad hoc* measures (see Blok Commission, 2004). In the 1980s, along with "minorities policy", the Netherlands was a frontrunner with respect to affirmative-action-type policies to overcome the educational disadvantage of the children of immigrants. In 1985, the Educational Priority Areas was establish, which among a broad range of other measures (home-based programmes involving immigrant parents in the education of their children; reading promotion projects, etc.), allocated additional funds to primary schools with immigrants by means of a weighting factor.[64] Children of immigrants from Morocco, Turkey, Suriname, the Antilles or a refugee country counted as 1.9 children in the allocation of funds, and Dutch working-class children as 1.25. Most schools used funding for forming smaller classes, to give more individual attention to children (see Driessen, 2000). Significant money was also invested in bilingual education (*i.e.*, additional teaching in so-called "mother tongue" education), although funding for this generally came from other sources. In parallel, elements of intercultural education were included in the mainstream curriculum to sensitise native students to foreign cultures.

In the 1990s, the policy became decentralised, providing more discretionary scope for municipalities which had to use them in accordance with a local plan formulated specifically to improve the educational attainment of the children of immigrants. Initially, municipal policy was aimed at locally proposed projects with little connection to core teaching activities, but later schools were required to first conduct a problem analysis based on the

64. The policy design was similar to the early *zones d'éducation prioritaire* (ZEP) in France which, when they were created in 1981, initially considered the number of non-French speaking pupils (see Karsten, 2006 for an overview of the practices in a number of OECD countries).

specific needs of the children (Driessen and Dekkers, 2007). In 1998, this Municipal Educational Disadvantage policy became linked to a national policy framework that included a number of national objectives. One of these objectives was the participation of children with a language deficiency (the target group of the policy) between the ages of 2 and 5 years in structured programmes for preschool and early school education. Municipalities had to reach a 50% participation of the target group children for preschool and early school education by 1 August 2006, and this figure was broadly attained.

As of 1 August 2006, the municipalities no longer have the responsibility for dealing with educational disadvantages of children after the age of four. They remain, however, responsible for the children up to that age. Under the new policy, important standards were imposed. Preschool programmes should be conducted by qualified staff, be offered for a minimum of three half-days a week for one year; and, as far as possible, be subject to outcome evaluations.

The new, rather ambitious target is to reach 70% of the target group children in 2009, but municipalities are fairly optimistic that this percentage will be broadly achieved. In order to stimulate municipalities to achieve this target as soon as possible, the government has invested an additional EUR 45 million in preschool education for the academic years 2007/08 and 2008/09. In addition, the government has set aside EUR 18 million for the years 2006-2008 to better train staff in preschool and early school education.

The situation regarding childcare for the pre-school group (*i.e.* children aged 0-3 years) also seems to have improved in recent years, albeit figures on the participation of children of immigrants are lacking. In this context, a special feature of the 2005 Childcare Act deserves to be mentioned. Under the Act, not only childcare in formal childcare institutions is reimbursed, but also previously informal childcare by neighbours, family members such as grandparents, etc. As a result, the public expenses for childcare increased dramatically (up to 1.2 billion in the budget year 2007-2008). Following these developments, the Dutch government is currently reconsidering the existing regulations for childcare again. Indeed, gains from childcare in terms of early Dutch language stimulation for the children of immigrants can hardly be expected if childcare is provided by family members or neighbours, particularly if these are low-educated persons who do not master Dutch well – which often seems to be the case.

Despite some changes, the weighting system in primary schools broadly remained in place until 1 August 2006. Since then, a new weighting scheme applies which no longer distinguishes by immigrant background, but uses the educational attainment of the parents as the key weighting factor. If the highest educational attainment of the parents is at most two years of secondary education in the vocational stream, a weighting of 1.3 applies. If, in addition, the other parent has at most primary education, students are weighted by a factor of 2.2. In essence, the new policy thus pays more attention to Dutch working-class children, while maintaining strong indirect targeting on the children with an immigrant background because of the low educational attainment of their parents.

For secondary schools, additional funding was in the past available for schools which had migrant children who had less than eight years of residence. In January 2007, this system was changed, and additional funding is now provided on the basis of a poverty measure (*Leerplusarrangement VO*). In parallel, to compensate schools for the additional teaching burden to introduce new arrivals, a newcomers fund (*Nieuwkomers VO*) has been created.

In addition to these significant investments on the public side, there have also been a number of private initiatives, such as the Weekend School project (Box 4.6).

Compared with other OECD countries, and in notable contrast to the lack of evaluation with respect to labour market programmes, there is relatively developed evaluation literature on the various Dutch policies to improve educational outcomes for the children of immigrants. This is in part attributable to the large-scale surveys which test the students' outcomes over time (see Box 4.4 above).

Box 4.6. Non-governmental initiatives to help disadvantaged children: the Weekend School project

A specific initiative for children from disadvantaged neighbourhoods in the main urban areas in the Netherlands is the so-called Weekend School. The Weekend School, founded in collaboration with private enterprises and foundations, is a supplementary education centre to introduce children aged 10-14 to a variety of disciplines in the sciences, the arts and cultural studies. The objectives are to help children from disadvantaged neighbourhoods to broaden their perspective, gain self-confidence and acquire a sense of belonging to Dutch society. By the nature of selection of the targeted neighbourhoods (based on poverty rates), about 95% of the participating pupils are children of immigrants.

Since its start in 1998 in an Amsterdam suburb, the programme has gradually expanded to a total of nine locations throughout the Netherlands, each of which has about 100 students. All nine schools are exclusively funded by donations from companies and foundations. The cost per school is about EUR 150 000 per year, essentially for administrative overheads.

Each participating student follows a three-year curriculum which includes disciplines such as medicine, law, computer studies, philosophy, poetry, mathematics, astronomy and visual arts. All teachers are volunteers, often renowned experts in their field, who provide an overview of their disciplines and their job while working together with the students. Recruitment of the guest teachers has not been an obstacle, and is also done with a view to bringing disadvantaged children together with native Dutch, to enable mutual learning. Guest teachers include prominent figures such as the Crown Prince and the Minister of Education. Increasingly, however, guest teacher also include past participants who act as role models. The idea is to have a broad mix of teachers, not only migrant role models but also native Dutch from all socio-economic backgrounds.

Over the three-year course programme, students attend approximately fifteen Weekend School courses, each of which averages four Sunday sessions. In addition, students may receive instruction in general skills such as speaking in public and debating, and are also encouraged to organise guest lectures themselves on topics of their own interest. After three years, Weekend School participants receive a certificate which entitles them to a further alumnus trajectory from the age of 14-18. These activities include, where appropriate, mentorship programmes (with young adults of immigrant background as mentors) or homework support. Alumni are regularly followed up, and activities are organised to share experiences. Increasingly, support activities for the parents are also provided. A longitudinal study on the effects of the programme is currently being carried out.

Regarding bilingual education, the findings consistently show little or no effects on the educational outcomes (see the overview in Driessen, 2005). Interestingly, the only measurable impact of bilingual education was a small improvement of the mastery of the "mother tongue" for children with a Turkish background. This is also the only group for which the disadvantage with respect to language proficiency increases during primary education (Driessen *et al.*, 2002). These findings not only suggest that bilingual education may not produce desirable effects, but also show that more attention should be paid to pre-school education since most of the disadvantage is already present at the beginning of primary school. Here, the focus should clearly be on language stimulation with properly trained teachers/carers, since home-based programmes that put the burden on immigrant parents did not have any significant effect (van Tuijl *et al.*, 2001).

There is some evidence that pre-school education has a more beneficial impact upon the children of immigrants than among the children of native Dutch, particularly when the

former have parents with a low educational attainment. Leuven *et al.* (2006) estimate that being one month earlier in formal schooling enhances the language skills of children of immigrants with low-educated parents by 0.07 of a standard deviation. The impact was somewhat smaller for native Dutch with low-educated parents (0.05), while no effect was found for children with more educated parents.[65]

There has unfortunately been no thorough evaluation of the various affirmative-action policies in education. Indeed, evaluation is difficult as the policy is essentially applied to all schools alike. Evaluations have thus looked at changes in aggregate outcomes. Mulder (1996) studied the early phase of the policy related to the Educational Priority Areas. She found that the overall performance of children of immigrants did not improve. At the same time, the performance of the children of Dutch parents who had a low socio-economic situation fell further behind. While this has been used as an argument to shift more attention to this latter group, it could also indicate that the stronger funding for schools with immigrant children prevented them from falling behind further. More recently, Rijkschroeff *et al.* (2005), summarising the available evidence on the evolution of educational outcomes and their links with policy over the past 30 years, conclude that outcomes have improved overall along with the affirmative-action policies, and that, although no direct link can be established, policy is more likely to have contributed to the improvement than to have prevented advancement.

To combat early school-leaving, a set of measures are currently being implemented (see OECD, 2008d). Since August 2007, all students who have not reached at least ISCED 3 level (*i.e.* MBO level 2 in the Dutch national system) are now required to attend full-time education until the age of 18. In addition, by 2009, young people up to the age of 27 who are dependent on benefits will be required to either work or follow an education or training. These measures are complemented by more intensive student counselling, mentoring and coaching.

In sum, there has been a very significant investment in overcoming the disadvantaged position of the children of immigrants, and this appears to have had some beneficial effect. However, educational outcomes still lag behind those of the native-born with a comparable background. Past policy has been mainly focused on primary and secondary schooling, and here on reducing class size instead of on measures such as homework support. In the 1980s, there was also significant investment into bilingual education, and this does not seem to have contributed to improving the educational outcomes of children of immigrants. Pre-school education from which children of immigrants tend to benefit disproportionately has only recently become a main focus of policy aimed at overcoming educational disadvantage.

School-to-work transition and the labour market integration of the children of immigrants

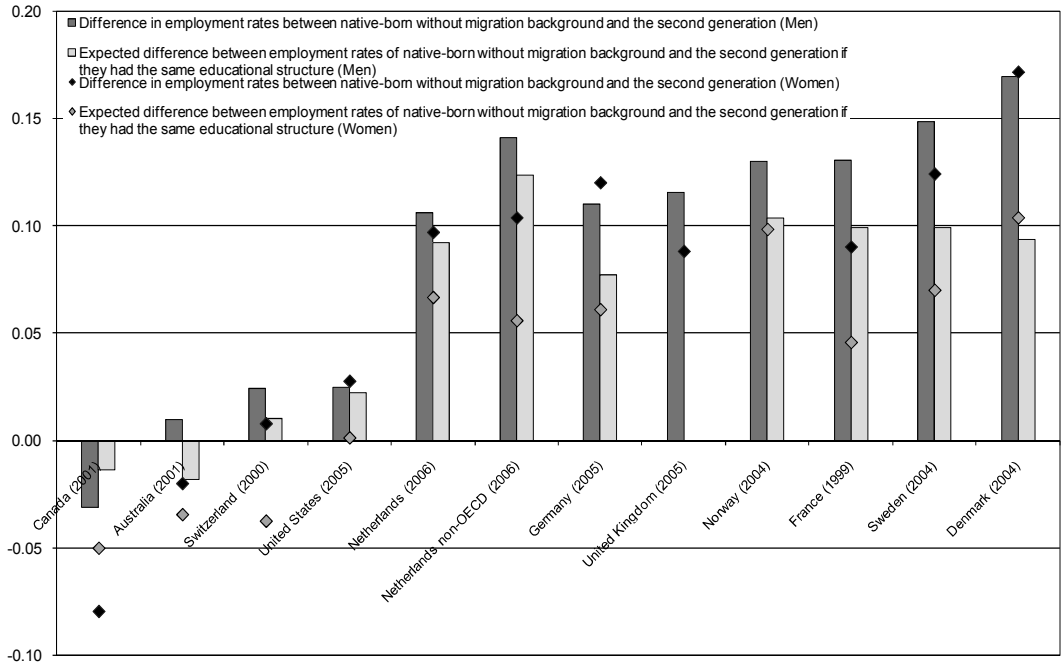
The Netherlands stands out within the OECD as a country with low youth unemployment and high youth employment for both genders (see OECD, 2008d). In light of this good overall youth labour market performance, the differences in the employment rates between the children of natives and the children of immigrants do not appear to be overly large in international comparison (Figure 4.17).[66]

65. Indeed, the available literature on pre-school education suggests that this only has a measurable impact on children with a disadvantaged background (see OECD, 2008c).

66. Note, however, that the employment rates for the second generation in the Netherlands are slightly overestimated compared with the other countries in Figure 4.17 since the definition of "second

Interestingly, on the basis of this first aggregated picture, the expected gains in employment that could be achieved if the second generation had the same educational attainment as the children of natives are a bit smaller in the Netherlands than in other OECD countries with a similar migrant mix (*i.e.* the Nordic countries, Germany and France). A similar observation has been made by Euwals *et al.* (2007a) in their comparison of the situation of Turkish immigrants and the native-born children of Turkish parents in Germany and the Netherlands. While this does not mean that improving the education of migrants' children would not help to improve their labour market outcomes, it indicates that differences in education explain a smaller part of the gap than elsewhere.

Figure 4.17. Employment of the second generation and the impact of educational attainment, by gender, selected OECD countries, latest available year



Note: Data on the second generation for the Netherlands include native-born children with one foreign-born parent. Adjustments were also made for Australia, Denmark and Switzerland (see OECD, 2007a)

Source: OECD (2007a) and Statistics Netherlands (Centrum voor Beleidsstatistiek).

De Vries and Wolbers (2004), using longitudinal data from the school leavers survey in 1998, find that children of immigrants with a Surinamese, Antillean or Turkish background have a significantly lower probability of being in paid employment one and a half years after having left school. In contrast, youngsters with a Moroccan background have a similar employment probability as the native Dutch. Their findings are remarkably robust, and the differences change little after controlling for level of education and parental level of education. They also find that, once educational background is controlled for, youngsters with a Moroccan background tend to be found in relatively high-skilled occupations, in

generation" in the Netherlands includes native-born with one foreign-born parent. This is a group which tends to have somewhat better outcomes than the second generation (with both parents foreign-born) (see OECD, 2007a).

contrast to those with a Turkish background, who fare less well than the native Dutch, even once in employment.[67]

One shortcoming of these and other studies in the Dutch context is that young immigrants and the second generation are generally not looked at separately, although the issues differ. This shortcoming is overcome by Tesser and Dronkers (2007), who compare the labour market situation of immigrants and the second generation for the four largest migrant groups with the situation of the native-born in the Netherlands. They find significant improvements for the second generation compared with immigrants for women regardless of origin. Indeed, after controlling for socio-economic characteristics, among the second generation only women with parents from Morocco have significantly lower labour market participation. The picture is less favourable for men, where the second generation with a Turkish or Antillean background has a lower participation than immigrants from these countries.

Data are available on the employment of school-leavers one and a half years after having left school (Figure 4.18). They show that the children of immigrants have a lower probability to be in employment, and the gap is largest for those with a lower education. In contrast, for those with a tertiary degree, there is virtually no difference. Indeed, the gap decreases with the education level. As for the children of natives, apprenticeship (BBL) seems to be a very effective school-to-work transition pathway for the children of immigrants.[68]

In light of this, the low participation of the children of immigrants in this type of education is worrisome. One explanation for their low participation seems to be that students in this stream need an apprenticeship contract with a company. The obstacles to getting such a contract are thus similar to those of entry into the labour market.

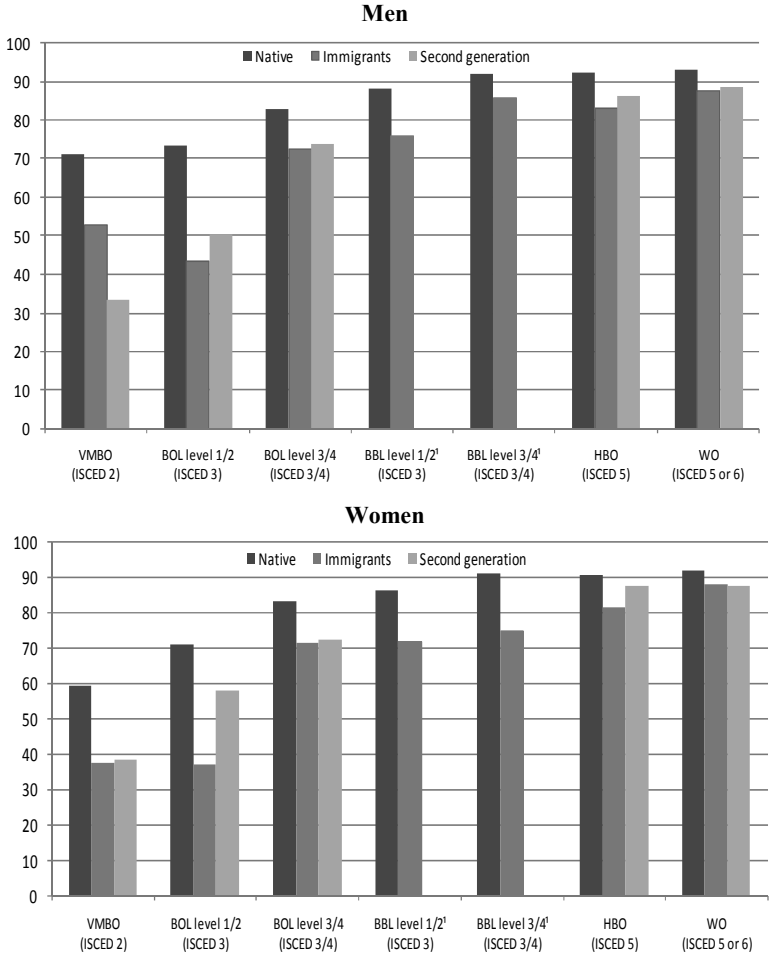
Whereas the overall picture does thus not seem to be particularly unfavourable, a closer look at the evolution and composition of the employment of the second generation relative to the native Dutch reveals a decline in employment in the private sector. Whereas the overall employment level has remained broadly constant for the second generation, there has been a significant shift in the composition of sectors away from private to public sector employment. Only 55% of the second generation with parents from non-OECD countries (incl. Turkey) now have an employment in the private sector, compared with about 62% five years ago (Table 4.11). The public sector thus has compensated for a large drop in private sector employment – a tendency not observed for the native Dutch. This is a worrying trend.

In sum, while there has been some improvement in labour market outcomes across generations, outcomes for the native-born children of immigrants – particularly of those whose parents came from non-OECD countries or from Turkey – remain somewhat below those of children of natives, particularly with respect to employment in private enterprises. The gaps are most pronounced for those with a low educational attainment, but persist even for those with a tertiary degree. This suggests that other factors than educational attainment and language mastery play a role in explaining the less favourable labour market position of the children of immigrants.

67. However, Crul and Heering (2007), using data from a large survey among the second generation with a Moroccan and Turkish background in Amsterdam and Rotterdam find that having a low education level does not *per se* exclude access to some medium-skilled occupations. They also note that in the case of the second generation with a Moroccan background, primarily those with short educational careers were already in the labour market, making it difficult to get a full picture of the situation.

68. A similar observation has been made in Germany (OECD, 2007a).

Figure 4.18. Employment rate of native Dutch, immigrants and the second generation one year and a half after leaving school, 2001-2006 average



Note: For each individual year percentages were constructed on the basis of weighted data. For the aggregation over six years, these have been weighted with the number of underlying observations.
1. Figures for BBL are only available until 2004. The number of cases for the second generation in BBL was too small to be publishable.
Source: Data from the school-leavers survey provided by the ROA.

Table 4.11. Evolution and composition of employment native Dutch and the second generation, aged 15-39 and not in education

	Public sector	Private sector	Other and unknown	Total
2001/2002				
Native-born	21.2	60.5	6.2	87.9
Second generation – Total	16.6	58.1	8.0	82.7
Second generation – Non OECD	12.3	55.6	6.2	74.1
2005/2006				
Native-born	22.2	58.8	6.9	87.9
Second generation – Total	20.0	53.3	7.7	81.0
Second generation – Non OECD	16.5	48.6	6.4	72.5

Note: Private Sector includes other and unknown.
Source: Centrum voor Beleidsstatistiek.

3.5. Discrimination

One possible explanation is discrimination. However, without a common measure of human capital, it is difficult to assess the incidence of discrimination in the labour market. Even for persons with equal socio-demographic characteristics, the remaining differences in employment probabilities and earnings that have been observed above may be due to unobservable characteristics such as access to networks or tacit knowledge about the functioning of the labour market.

Combating discrimination has been one of the hallmarks of Dutch integration policy since the late 1970s. It has notably been behind the diversity and affirmative-action-type policies that were put in place in the 1990s. Even under the new policy line that avoids targeted measures, much attention is being paid to the issue of discrimination. Evidence of this is the recent establishment of a comprehensive biannual discrimination monitor, commissioned by the Ministry for Social Affairs and Employment (SCP, 2007c).

Discrimination-related matters are dealt by the Equal Treatment Commission that was set up to promote and monitor compliance with the Dutch Equal Treatment Act (AWGB) and a range of other specific non-discrimination and equal treatment legislation currently in force in the Netherlands. The commission can either investigate following a complaint or initiative its own investigation. Filing a petition is free of charge. The outcome of the investigation is an opinion that is not legally binding, although it is usually complied with. Compliance is strengthened by a few follow-up activities. There is also a network of local and regional anti-discrimination bureaus (ADBs), which are linked through the national anti-discrimination organisation Article 1.[69] Along with the national umbrella organisation, these bureaus provide support and advice on making complaints, together with other relevant information. They also record complaints, conduct surveys related to discrimination, and organise projects such as awareness-raising campaigns and events to bring employers together with the children of immigrants to overcome negative perceptions.

The International Labour Organisation (ILO) has conducted a series of discrimination studies on the basis of random applications to job offers by natives and immigrants with similar characteristics, and the Netherlands was among the countries under study (Bovenkerk *et al.*, 1995). The testing study showed that Moroccan men had to apply almost twice as often before being invited for a job interview concerning a semi-skilled position. Significant discrimination was also observed for Surinamese immigrants applying for a skilled job, although at a somewhat lower level. The incidence of discrimination was somewhat higher than that observed in other OECD countries (see Simeone, 2005), but the procedure was not fully comparable.

More recent evidence suggests that discrimination may be less of a problem currently than in the early 1990s when the ILO-study was conducted. Altintas *et al.* (2007) conducted ILO-type correspondence testing for high-qualified jobs and did not find evidence for discrimination. They also placed, in an alternative experiment, fictitious CVs on a vacancy database. CVs with an immigrant-sounding name were no less likely to be downloaded than persons with a Dutch-sounding name.

69. The name of the organisation refers to the first article of the 1983 constitution of the Netherlands, which states that "All persons present in the Netherlands shall be treated in the same way in similar situations. Discrimination on the ground of religion, philosophical convictions, political leanings, race, sex, or any other ground whatsoever shall not be allowed".

Recent testing findings for low-skilled occupations provide a mixed picture. An innovative experiment has been conducted by De Graaf-Zijl *et al.* (2006). They use a sample of more 1 000 employers who are tested with 12 different imaginary candidates for a low-skilled vacancy that was actually open in their organisation. To determine the influence of separate characteristics, the 12 candidates differed along a range of randomised characteristics, including immigrant background, education, job search channel, and previous labour market situation. The authors did not find any evidence for discrimination with respect to the invitation to a job interview. At a second stage, in a job interview, actors were employed who were instructed to differ, in addition to the characteristics indicated in the previous written application, regarding mastery of the language, motivation (arriving early or late, having gathered information on the company, posing questions) and appearance (tidy clothing, piercing, etc.). Immigrant background did not have a significant independent impact. However, speaking with an accent lowered the chances of being offered a job somewhat. Severe language difficulties strongly reduced the changes of being offered a job.

In contrast, Derous (2007) found that discrimination is still a significant obstacle to employment. She uses CV-testing with Moroccan-sounding names for low-skilled jobs in the region of Rotterdam. Likewise, Dolfing and van Tubergen (2005) found evidence for discrimination towards persons with Moroccan-sounding names in access to traineeships in low-skilled sectors, in particular construction. On the basis of the limited evidence reviewed above, it would thus be premature to conclude that discrimination is no longer a significant obstacle to employment, in particular with respect to low-skilled employment where the recent evidence is inconclusive. The recent discrimination monitor (SCP, 2007c) reviewed a range of indicators for discrimination and concludes that discrimination is likely to remain an important impediment to hiring and career advancement of immigrants. The monitor also found that both with respect to perceived discrimination and the unexplained proportion of differences in labour market, Moroccans are in the least favourable position. However, these findings provide only very indirect indications of discrimination, since other factors may be at work as well that could explain these differences as well as the perceived discrimination.

In any case, the recent findings reported above seem to suggest that employers may be less able to afford the luxury of discrimination under the current tight labour market conditions, making discrimination less of an issue – at least for higher-skilled employment. It could also be that – with the long-standing and growing immigrant population in the Netherlands – learning effects have set in, which tend to reduce statistical discrimination. Whether or not this is actually the case has, however, not yet been studied.[70]

An alternative explanation that can also not be discarded, however, is that the longstanding anti-discrimination and affirmative-action policies have borne some fruit. Indeed, the period between the ILO-testing and the recent studies has been marked by strong anti-discrimination policies and affirmative action. By 2001, for example, more than 80% of enterprises had implemented the Wet Samen, which implies that they took initiatives to combat discrimination in hiring, and to diversify their staff. Employers reported that an important effect of the law was to sensitise them against discriminatory practices (see SZW, 2003).

70. Although this is not a straightforward exercise, such learning effects could in principle be studied with longitudinal data on the firm level that are available via the Dutch Social Statistical Database. Some tentative evidence for the possible importance of such effects is given by Uiters (2007) who shows that, even after controlling for sectors and when looking only into companies with more than 100 employees, there is a strong disparity in the immigrant share across companies.

Unfortunately, it is not possible to establish a direct link between such policies and the incidence of discrimination as the latter is, by itself, already difficult to measure. At the very least, the rather strong policies seem to have contributed to a high awareness in the Netherlands – both among the immigrant and the native-born population – regarding discrimination (see Eurobarometer, 2007). A high reported awareness of the need to combat discrimination – both of the direct and indirect ("statistical") kind – among employers was a key outcome of the *Wet Samen*. Indeed, as mentioned above, one of the motivations for abandoning the act was that awareness was sufficiently high, so additional measures that imply a further burden on employers would no longer be needed.

While discrimination is likely to continue to be an obstacle to immigrants' employment, other factors undoubtedly play a role in explaining the remaining gaps in employment probabilities for native-born children of immigrants who have the same educational attainment as the children of natives. One factor seems to be that the general functioning of the labour market tends to disfavour immigrants. This notably concerns the importance of *personal contacts* in the process of firms' recruitment strategies. Statistics from the CWI (2007) show that in about 40% of all fillings of vacancies, personal contacts (both of the owner and of other employees) played a role. Personal contacts of the owner were the second most important means of recruitment after advertising, and they were also the most successful means of recruitment. Immigrants tend to have fewer of these contacts, and since the socio-economic position of the parents is well below that of the native-born, this also translates into a less favourable position for the native-born children of immigrants when they enter the labour market. Yet, there seem to be relatively few measures like company fairs, special traineeship programmes or mentoring in place to compensate for this shortcoming.

Summary and Recommendations

The Netherlands has a relatively large proportion of immigrants, many of whom did not primarily come for employment.

Since the 1960s, the Netherlands have hosted significant numbers of immigrants. The current migrant population essentially consists of a mix of "guestworker-type" migration and their families (migrants from Morocco and Turkey), migration that is linked with the Netherlands' colonial past (Suriname and the Netherlands Antilles), humanitarian migration, and migration from other European OECD countries. Currently, about 10% of the total population are immigrants, and a further 10% are native-born who have at least one foreign-born parent. The majority of migrants did not come primarily for labour purposes. Indeed, the Netherlands is generally considered to have had a rather generous family migration policy, and was a prime destination of asylum seekers for many years.

The current situation with respect to their labour market integration is unfavourable in international comparison.

The first and salient observation with respect to the labour market integration of immigrants is that there are very large gaps in the employment population ratios of immigrants when compared to the native-born. This holds for both genders, although the gaps are especially large for women from Turkey, and from Morocco and other non-OECD countries.

The low employment of immigrants dates back to the early 1980s.

The unfavourable labour market situation of immigrants is not a recent phenomenon in the Netherlands. Large gaps in the employment rates between native-born and immigrants have been observed since the recession of early 1980s which hit immigrants disproportionately. The recession and subsequent large-scale exit of immigrants from the labour market, compounded by policy effects, appears to have had a lasting effect on the outcomes of those who had arrived before that date.

Significant efforts were taken since then to improve the situation, and it appears that these had some beneficial effect.

Following the recession of the early 1980s, the Dutch government, in co-operation with the social partners, put significant effort in improving the situation. As these initial efforts bore little fruit, they were further reinforced by elements of affirmative action in the 1990s. Along with a more favourable economic situation, this seems to have had some beneficial effect – the employment rate of non-OECD and Turkish immigrant men increased by about 20 percentage points between 1996 and 2002, significantly closing the gap in employment rates compared with the native-born.

Unfortunately, the improvement in the integration record has not been sustained during the more recent period.

However, this process of improvement has halted since about 2002 – a time that was in many ways a watershed for integration in the Netherlands. Following an all-time peak in immigration in 2001, essentially driven by asylum seeking, the election campaign was focused around immigration and integration policy. The negative public discourse was reinforced by the murder of the Dutch filmmaker van Gogh in 2004. In parallel, a range of targeted policies had ended in 2003, and increasing emphasis was placed on immigrants' obligation to integrate – with a focus on civic integration, rather than employment. In addition, the labour market situation worsened in 2003 and 2004. Immigrants were disproportionately affected by the downswing of the economy.

It is imperative to monitor the labour market integration record closely since further policy intervention may be warranted.

It is vital to monitor the labour market integration record closely. Until recently, it seemed that immigrants did not benefit disproportionately from the more favourable labour market conditions. The Netherlands is among the few OECD countries where there was no improvement in the labour market position of immigrants over the period 2001-2006. Only now there are signs that that the gaps between immigrants' and natives' labour market outcomes are closing under the currently favourable labour market conditions. But these signs are still tentative. If immigrants were to benefit less from the recent upswing than the native-born, in contrast to what has generally observed in previous upswings in the Netherlands and in other OECD countries, this would make a strong case for more targeted action for labour market integration.

Employment of immigrant women is particularly low, and this is attributable to low participation in part-time employment.

Immigrant women, particularly those from Turkey and Morocco, have a very low employment rate. This is essentially attributable to a much lower probability to work part-time, which is very pronounced for native Dutch women. This often concerns only few hours, particularly in the presence of children. Immigrant women in turn essentially work either full-time or are not in the labour market. This suggests that the traditional Dutch model of a mix of part-time employment – often for both parents in parallel – and limited accompanying childcare does not appear to be very appropriate for immigrants.

There is evidence that immigrants' converge more slowly – if at all – towards the outcomes of the native-born than in other countries.

The picture with respect to the labour market outcomes of immigrants by duration of residence shows little differences between immigrants who have been in the country for longer and those who are recent arrivals. This stands in stark contrast to the picture in countries like Denmark, whose situation resembles that of the Netherlands in many respects, but whose integration efforts are very strongly geared towards early labour market entry for recent arrivals. This suggests that much could be gained from a re-orientation of the introduction phase towards promoting early employment.

The current civic integration policy which does not primarily focus on labour market integration.

Much effort has been placed in recent years to promote so-called "civic integration", which consists of language mastery and knowledge of the Dutch society and culture. Labour market integration is not a primary objective of civic integration and indeed, the available evidence thus far suggests that participation in the programme in the past has not contributed much to higher employment, particularly for immigrant women. The civic integration programme has undergone frequent and significant changes in recent years – from voluntary to obligatory participation to the current obligation to pass an integration exam. While there is no longer a formal programme to be followed, many recent arrivals still have to follow integration courses in order to pass the obligatory integration exam.

Such shortcomings in the civic integration system are now gradually being fixed, and it is important to pursue this route rigorously.

It would be desirable to redesign the civic integration programme so that participation in it serves to promote labour market integration, and not pose an obstacle on it, as it can lead to lock-in effects (*i.e.* immigrants having no time for looking for a job while participating in the course or preparing for the exam). First steps in that direction are now being taken by the introduction of so-called "dual trajectories" which combine language training with labour market integration programmes. However, the two tasks do not appear to be always well integrated, and are generally fulfilled by separate providers who have different objectives and incentives.

Language course providers should be given incentives to support to the process of labour market integration.

Incentives for language course providers to introduce vocational elements and more generally support the process of labour market integration are lacking. Such incentives should be introduced, *e.g.* by providing them with a bonus if a person is in employment six months after following the course. In addition, courses should more generally transmit vocational language, and include elements of knowledge about the labour market functioning (writing CVs, etc.) in the course content. Finally, employed individuals could be exempted from the obligation to pass the exam within a certain timeframe, and/or be provided the courses for free. Indeed, several municipalities are now providing free courses in these and other cases, and this should become general practice. A more comprehensive step towards a more employment-targeted strategy would be to shift the focus of integration from "civic integration" to one of self-sufficiency, complemented by a regular monitoring of the impact of the measures taken. This strategy has been pursued in other OECD countries with some success.

There seems to be consensus about obligatory measures, but public discourse should encourage integration.

Since 1998, growing emphasis has been placed on immigrants' *obligations*, supported by a broad consensus among the main Dutch actors. In principle, all new immigrants, as well as certain groups of resident immigrants are obliged to pass an integration exam and to pay for

the preparation for it. Despite the harsh-sounding nature of this policy, its implementation to date has been more flexible: solutions were found for immigrant groups facing particular disadvantages, and/or where obligations are not possible to enforce. This flexibility and the reasoning behind the obligatory nature of some of the measures should be communicated more clearly, as part of an overall balanced public discourse on integration.

More should be done to integrate the large group of persons not dependent on benefits, and obligations are not likely to be a solution.

About half of the immigrant population who are not employed are also not dependent on benefits, and this group has not been the focus of integration policy. With a tighter labour market, this is now gradually changing. It is important to address this category of immigrants, particularly immigrant women. Policy has tried to oblige this group to participate notably in civic integration by making migrant status more insecure unless they participated, but this has the downside of limiting the incentives to invest in host-country specific human capital – notably Dutch language ability – and may make employers reluctant to hire. This suggests that a more balanced mix including positive incentives to participate in integration measures should be considered. Providing free language courses and offering childcare during participation would be a first step, which has met with some success in other OECD countries.

Facilitating access to citizenship has been an important policy lever in the past, and there are signs that this had a beneficial effect.

For many years, the Netherlands has had one of the highest naturalisation rates among European OECD countries, and facilitating access to citizenship was seen as a means to promote integration. Indeed, outcomes of naturalised immigrants tend to be better than those of migrants who have not taken Dutch nationality. However, the benefits in terms of better labour market outcomes are not equally distributed among immigrant groups. In particular, immigrants from Turkey and Morocco, many of whom opted for naturalisation during a period of generous access to Dutch nationality while maintaining their original citizenship, do not enjoy a naturalisation premium in terms of higher wages or employment probabilities. However, the reasons for this are still unclear.

The incentive structure of the reintegration services tends to disfavour immigrants…

The current set-up for employment services is a market-based system that essentially focuses on rapid insertion of benefit recipients. This tends to disfavour immigrants, as these may take more time to get integrated into the labour market than natives, in particular when immigrants accumulate multiple disadvantages (language problems, very low employment record, lack of knowledge of the labour market functioning, etc.).

…and adaptations should be considered to fix this.

There has been some progress regarding the provision of these services in recent years, for example by an individualisation of the reinsertion trajectories which should tend to reduce creaming effects and provide more scope for tailored solutions. No information is currently available, however, regarding whether or not immigrants participate and benefit

from this on an equitable basis. Such information should be collected as a basis for evaluation of the impact of reintegration services on immigrants the lessons learned should be used to adapt policies if necessary. Further adaptations in the incentive structure facing municipalities and private providers, notably to integrate non-benefit recipients and immigrants with multiple disadvantages, should also be considered in this context. For example, municipalities could be provided with a financial premium for each non-benefit dependent migrant whom they manage to get into employment.

Significant amounts are invested in integration-related activities...

The Netherlands invests significant amounts into promoting the integration of immigrants, and indeed, the overall infrastructure for integration is relatively developed. There is a very strong focus on the education system – including the recognition of foreign qualifications – and language courses. Of the more than 1 billion Euro currently budgeted at the central government level for integration expenditures, more than half is for education, and a further about 30% are for language training.

...but there are few measures in place to overcome migrant-specific employment obstacles. A broader introduction should be considered.

The framework is much less developed with respect to labour market integration *per se*. In other OECD countries, there are, in addition to the mainstream employment services which cater for the entire working age population, a range of complementary services in place to overcome migrant-specific employment obstacles. These include mentoring programmes, company fairs, and "trial traineeships". While such measures also exist in the Netherlands, their current scale and scope is relatively limited. Although these instruments have rarely been evaluated, a wide range of empirical and anecdotal evidence from other countries suggests that they can be an effective tool for labour market integration. Since a large part of vacancies in the Netherlands are filled by some kind of personal contact, it is important to enhance such measures as they bring immigrants into contact with potential employers and help immigrants to better grasp the functioning of the labour market.

This could include improved targeting and/or broader introduction of wage subsidies, if thorough evaluation bears it out.

Many of the immigrants in employment, particularly low-educated immigrant women, have earnings that are around the minimum-wage level. In such a context, wage subsidies could be one effective means to overcome barriers to employment, in particular when alternative measures such as the reduction of minimum wages are difficult to implement politically and on equity grounds. The scarce available evidence on the effectiveness of this instrument in the Netherlands does suggest that it can be a rather effective measure, and immigrants appear to benefit somewhat more than the native-born. However, further rigorous evaluations of the effectiveness of this policy measure would be very desirable, particularly in light of the planned expansion of this instrument.

This should be part of a general strategy that focuses more strongly on the low-skilled.

The picture of labour market integration of immigrants and their children differs significantly by education level. The situation of those with a high education level is relatively favourable in international comparison, but this is not the case for the low-qualified. This holds both for immigrants and for their children born in the Netherlands. This group, which is a particularly difficult one to integrate, should thus receive more attention across all policy levels.

The recognition of foreign qualifications seems to work reasonably well, but immigrants would benefit from enhanced accreditation of prior learning.

In recent years, special attention has been paid to making better use of the qualifications of immigrants. The procedures for the recognition of foreign qualifications appear to be relatively developed and transparent compared to other OECD countries, and the incidence of "overqualification" (*i.e.* immigrants working in jobs which are below their level of educational attainment) is not higher than elsewhere. In contrast to the formal recognition of credentials, the more general accreditation of prior learning (APL) is still limited. It is also not targeted at immigrants, despite the fact that they could disproportionately benefit from such accreditation as this helps to overcome information asymmetries which are more pronounced in their case. The broader based introduction of APL with a specific focus on immigrants should thus be considered.

The framework conditions for effective evaluations are in place, but these are not conducted. It is important to overcome this shortcoming.

In principle, there is a developed statistical infrastructure in place that should allow for rigorous evaluation of which measures work best to integrate immigrants into the labour market. Yet, such evaluations are rare. The Act on the stimulation of labour market participation (Wet Samen) provides a case in point. Although one of the key purposes of the Act was to monitor progress of immigrants' labour market integration and to link it with the measures taken to achieve this, no thorough evaluation has been conducted. Likewise, with the current decentralised system of labour market policy, it is important to ensure that information is shared on what works and what does not, in particular since there is evidence that labour market instruments may have a different impact on immigrants than on the native-born. To this end, benchmarking municipalities' success in integrating immigrants into the labour market should be considered as a high priority, similar to the system currently in place in Denmark.

Immigrants and their native-born children are often presented as one group, which renders a monitoring of improvements difficult.

A related problem is that Dutch statistics generally do not distinguish between immigrants and native-born, but between "autochtonen", "western allochtonen" and "non-western allochtonen". "Allochtonen" (or ethnic minorities) are persons who have at least one foreign-born parent. For a number of reasons, it is somewhat inappropriate to

include native-born persons with foreign-born parents in the group of "immigrants". First, it tends to connotate native-born children of immigrants in some way as "outsiders". Second, the issues involved are very different. For immigrants, at least part of their education is very likely to have been obtained abroad, posing questions concerning the recognition and equivalence of schooling in countries that have an education system that largely differs from the Dutch one. This is not the case for the second generation, making them an important benchmark for the success of integration policy. Finally, the age composition of the second generation is very different from the immigrant group, and comparisons involving this group should thus not refer to the entire range of working-age.

There is a pronounced concentration of immigrants in the main cities. This does not seem to hamper labour market integration.

There is a very strong concentration of immigrants in the four main cities (Amsterdam, Rotterdam, The Hague and Utrecht), where immigrants and their children account for more than a third of the population. Within these cities, concentration is even more pronounced and it is not uncommon, for example, for schools in poor neighbourhoods to have more than 80% pupils with an immigrant background. Evidence suggests that segregation is still ongoing. However, immigrant concentration in certain areas *per se* does not appear to have had a strong negative impact, either on the labour market outcomes of immigrants or on their educational outcomes. For new arrivals, the presence of pre-established ethnic networks even seems to have contributed to higher employment and earnings.

The significant efforts to improve the educational outcomes of the children of immigrants seem to have had a beneficial, but limited impact.

On the whole, the educational attainment of the children does not compare unfavourably with other OECD countries, in particular those that also have streaming of students into separate institutions or programmes like in the Netherlands. Although the high drop-out rate remains a problem that deserves attention, considerable progress has been made in reducing it in recent years. This overall picture seems at least in part to be attributable to the strong affirmative-action policies that have been in place in the education system, in particular through schemes that gave children of immigrants more weight in school funding. Although the system of direct targeting has recently been abandoned, strong indirect targeting remains, by providing more funds to schools with children of low-educated parents. Most of the additional funding has been used to reduce class sizes. Despite some improvement over the past two decades, considering the large amounts invested one might have expected an even larger improvement in educational attainment. Shifting attention towards more homework support could be considered in this context since this is an area where the children of immigrants tend to face particular disadvantage due to the often very low educational attainment of their parents.

More attention is now paid to improve the reach and quality of pre-school education, and it is important to continue in this direction, particularly at very early ages.

Less attention has also been paid in the past to the pre-school level, which, at least until recently, has been less developed in the Netherlands than in other OECD countries. In

addition, the children of immigrants tended to be underrepresented in early childhood education and care, and the quality of the service provided was often considered as rather low. This is unfortunate, since early intervention has proved very effective for the integration of the children of immigrants, particularly at the age of two or three. More attention has been paid in recent years to enhance participation of immigrants' children in pre-school, particularly of those with language difficulties. The available figures to date suggest that there has indeed been a significant improvement in access to pre-schools.

Improving early childcare infrastructure – including its financing – could also help to increase the employment of immigrant mothers.

The situation is less clear for children at very young ages and, in particular, with respect to childcare. Although recent measures have greatly reduced childcare costs for low-income families, they still need to advance the money before being reimbursed via a subsidy payment. There is some anecdotal evidence that immigrants are either not aware of this or afraid that they may not get reimbursed ultimately, which may have hampered their take-up of childcare services. Alternative modes of financing such as the option of an upfront subsidy might be considered to foster immigrants' participation in these services. In addition, the current financing of childcare also funds previously informal childcare of family members and neighbours which, in the case of low-educated immigrant parents living in poor and segregated neighbourhoods, may not contribute to early language stimulation. Care should thus be taken to provide incentives only for *formal* childcare. Indeed, when combined with language stimulation for both the children and the mothers in the same institution, this could not only benefit the children of immigrants, but also promote the integration of immigrant women.

The labour market position of the children of immigrants is below that of the children of natives, although the gaps are not larger than elsewhere.

The labour market position of the native-born children of immigrants (*i.e.*, the second generation) lags behind that of the native-born. This also holds after controlling for the lower average educational attainment of the former. Nevertheless, the gaps do not appear to be particularly large in international comparison, and there are signs of progress over generations, particularly for women with parents from Turkey and Morocco. However, in contrast to what is observed in other European OECD countries, the second generation's lower average educational attainment explains only a relatively small part of the gap *vis-à-vis* native Dutch, which suggests that other obstacles to the employment of the former persist, particularly for those with a low educational attainment.

The public sector has played an important role in labour market integration, but the decline of employment in the private sector is worrying and unexplained.

The second generation is now relatively well integrated in the public sector, which is larger than in many other OECD countries. This also holds for immigrants themselves. Indeed, the Netherlands has a relatively long tradition in promoting employment of persons with an immigrant background in the public sector – including by target setting and other actions – with a view of having the public sector serve as a role model. Indeed, the increase

in employment of the second generation in the public sector has compensated for a decline in private-sector employment, which is unexplained and worrying. This development should also be seen in light of a rather strong increase in immigrants' self-employment over the past decade, which seems to be often used as a way of escaping marginalisation on the labour market. The decline in private sector salaried employment is an area of high concern, and should be subject to thorough enquiry and subsequent action.

Immigrants' offspring are largely underrepresented in apprenticeship, which is a particularly effective transition pathway.

A particularly effective school-to-work transition pathway seems to be apprenticeship, both for native Dutch and the children of immigrants. However, this is also an education pathway where children of immigrants, particularly those whose parents came from Turkey and Morocco, are largely underrepresented. The reasons for the low participation of children of immigrants in apprenticeship should be subject to further investigation, and subsequent actions taken to promote this pathway for the children of immigrants.

There are signs of a decline in discrimination.

In contrast to testing in the early 1990s, several recent studies did not find strong evidence for discrimination. At the same time, awareness of discrimination in Dutch society is very high. Although discrimination undoubtedly continues to be an obstacle for employment, the tentative indications of a decline in discrimination could be the effect of the current tight labour market conditions. In such a situation, employers can hardly afford the luxury of discrimination and may be more willing to diversify their recruitment channels and to give disadvantaged groups a chance.

The diversity and anti-discrimination policies of the 1990s appear to have had some success, and a careful re-introduction could be beneficial, particularly in the private sector.

On the other hand, these tentative signs could also be an outcome of past policy, which obliged companies to monitor the employment of immigrants and to take some pro-active measures to diversify their recruitment. Indeed, overall a high correlation can be observed between the implementation of strong and targeted anti-discrimination and diversity policies since the mid-1990s and the parallel significant improvement in the outcomes of immigrants relative to the native-born. One reason for abandoning the monitoring of staff evolution and the implementation of diversity policies was that it placed to high administrative burden on employers. A possible solution could thus be to reintroduce it on a voluntary basis, linked with financial and other incentives for companies that introduce measures to diversify their staff. This should be done in close co-operation with the social partners, who have been rather active players in labour market integration in the past.

References

Altintas, N., W. Maniram and J. Veenman (2007), "Discriminatie van hogeropgeleide allochtonen?", Erasmus University Rotterdam, mimeograph.

Andersson, P. and E. Wadensjö (2004), "Temporary Employment Agencies: A Route for Immigrants to Enter the Labour Market?", IZA Discussion Paper No. 1090, Bonn.

Åslund, O. and P. Johansson (2006), "Virtues of SIN — Effects of an Immigrant Workplace Introduction Program", IFAU Working Paper No. 2006(7), Uppsala.

Beckers, P. and L. Borghans (2008), "Segregation and Labour Market Outcomes of Immigrants. Evidence from Random Assignment in the Netherlands", Maastricht School of Governance Working Paper, forthcoming.

Bevelander, P. and S. Groeneveld (2007), "How Many Hours Do you Have toWork to be Integrated? Full Time and Part Time Employment of Native and Ethnic Minority Women in the Netherlands", IZA Discussion Paper No. 2684, Bonn.

Bevelander, P. and J. Veenman (2006a), "Naturalisation and Socioeconomic Integration: The Case of the Netherlands", IZA Discussion Paper No. 2153, Bonn.

Bevelander, P. and J. Veenman (2006b), "Naturalization and Employment Integration of Turkish and Moroccan Immigrants in the Netherlands", *Journal of International Migration and Integration*, Vol. 7, No. 3, pp. 327-349.

Blaschke, J. and N. Schlenzka (2003), "Cultural Diversity and Mainstreaming in Employment", Berliner Institut für Vergleichende Sozialforschung, Berlin.

Blok Commission (2004), "Bruggen Bouwen", Eindrapport van de Tijdelijke Parlementaire Onderzoekscommissie Integratiebeleid, SDU, The Hague.

Blume, K.J., M. Ejrnæs, H.S. Nielsena and A. Würtz (2003), "Self-Employment among Immigrants: A Last Resort?", Centre for Applied Microeconometrics, University of Copenhagen, Working Paper No. 2003-08.

Bovenkerk, F., M.J.I. Gras and D. Ramsoedh (1995), "Discrimination against Migrant Workers and Ethnic Minorities in Access to Employment in the Netherlands", International Migration Papers, No. 4, ILO, Geneva.

Caille, J.-P. (2001), "Scolarisation à 2 ans et réussite de la carrière scolaire au début de l'école élémentaire", *Éducation & formations*, Vol. 60, pp. 7-18.

Carcillo, S. and D. Grubb, D. (2006), "From Inactivity to Work: The Role of Active Labour Market Policies", OECD Social, Employment and Migration Working Paper No. 39, Paris.

Clark, K. and S. Drinkwater (2000), "Pushed out or Pulled in? Self-Employment among Ethnic Minorities in England and Wales", *Labour Economics*, Vol. 7, pp. 603-628.

Clausen, J., H. Hummelgaard, L. Husted, K.J. Blume and M. Rosholm (2006), "The Impact of the Introduction Programme on the Labour Market Integration", Institute for Local Government Studies, Copenhagen.

Crul, M. (2006), "Student Mentoring among Migrant Youth – A Promising Instrument", Institute for Migration and Ethnic Studies Amsterdam.

Crul, M. and L. Heering (eds.) (2007), "Onderzoeksverslag TIES survey in Amsterdam en Rotterdam", Institute for Migration and Ethnic Studies, Amsterdam.

CWI (2007), "Vacatures in Nederland 2007", Centre for Work and Income, Amsterdam.

Data Archiving and Networked Services (2007), "Selection of Ongoing Dutch and International Longitudinal Social Surveys", Royal Netherlands Academy of Arts and Sciences, The Hague.

De Boom, J., A. Weltevrede, G. Engbersen and E. Snel (2007), "Dutch SOPEMI Report 2007", Rotterdam Institute of Social Policy Research (Risbo), Erasmus University Rotterdam.

De Graaf-Zijl, M., G.J. van den Berg and A. Heyma (2006), "Stepping-stones for the Unemployed: The Effect of Temporary Jobs on the Duration until (Regular) Work", SEO Economic Research and Free University Amsterdam, mimeograph.

De Graaf-Zijl, M. *et al.* (2006), "De onderkant van de arbeidsmarkt vanuit werkgeversperspectief", SEO, Universiteit van Amsterdam, Amsterdam.

De Lange, T. (2007), "Staat, markt en migrant. De regulering van arbeidsmigratie naar Nederland 1945-2006", Boom Juridische uitgevers, Hoofdorp.

Derous, E. (2007), "Naamsdiscriminatie bij cv-screening", *Tijdschrift voor Arbeidsvraagstukken*, Vol. 23, No. 4, pp. 365-380.

De Voretz, D. (2006), "The Economics of Citizenship: A common Intellectual Ground for Social Scientists?", IZA Discussion Paper No. 2392, Bonn.

De Vries, R. and M.H.L. Wolbers (2004), "Ethnic Variation in Labour Market Outcomes among School-Leavers in the Netherlands: The Role of Educational Qualifications and Social Background", *Journal of Youth Studies*, Vol. 7, No. 1, pp. 3-18.

De Weerd, M. and A. van der Vegt (2001), "Peuterspeelzaalwerk in Nederland: Du Huidige Praktijk", Regoioplan Onderwijs en Arbeidsmarkt, Amsterdam.

Doesborgh, J., H. van den Tillaart and J. Warmerdam (2006), "Inburgering en redzaamheid bij sociale contacten, opleiding en werk", ITS Radboud Universiteit, Nijmegen.

Dolfing, M. and F. van Tubergen, F. (2005), "Bensaïda of Veenstra, Een experimenteel onderzoek naar discriminatie van Marokkanen in Nederland", *Sociologie*, Vol. 4, pp. 407-422.

Driessen, G. (2000), "The Limits of Educational Policy and Practice? The Case of Ethnic Minorities in The Netherlands", *Comparative Education*, Vol. 36, No. 1, pp. 55-72.

Driessen, G. (2002), "School Composition and Achievement in Primary Education: A Large-scale Multilevel Approach", *Studies in Educational Evaluation*, Vol. 28, pp. 347-368.

Driessen, G. (2004), "A Large-scale Longitudinal Study of the Utilization and Effects of Early Childhood Education and Care in The Netherlands", *Early Child Development and Care*, Vol. 174, No. 7–8, pp. 667–689.

Driessen, G. (2005), "From Cure to Curse: The Rise and Fall of Billingual Education Programs in the Netherlands", in Arbeitsstelle Interkulturelle Konflikte und gesellschaftliche Integration (ed.), *The Effectiveness of Bilingual School Programs for Immigrant Children*, Wissenschaftszentrum Berlin für Sozialforschung, pp. 77-107.

Driessen, G. and H. Dekkers (2007), "Educational Inequality in the Netherlands", in R. Teese, S. Lamb and M. Duru-Bellat (eds.), *International Studies in Educational Inequality, Theory and Policy*, Springer Netherlands, pp. 257-274.

Driessen, G., F. van der Slik and K. De Bot (2002), "Home Language and Language Proficiency: A Large-scale Longitudinal Study in Dutch Primary Schools", *Journal of Multilingual and Multicultural Development*, Vol. 23, No. 3, pp. 175-194.

Dronkers, J. and M. Levels (2007), "Do School Segregation and School Resources Explain Region-of-Origin Differences in the Mathematics Achievement of Immigrant Students?", *Educational Research and Evaluation*, Vol. 13, No. 5, pp. 435-462.

EIM (2007), *Monitor nieuw ondernemerschap 2006*, EIM Business & Policy Research, Zoetermeer.

Einerhand, M. and R. Oomen-van der Vegt (1986), "The Structure of the Labour Market for Aliens", in P. Muus (ed.), *Migration, Minorities and Policy in the Netherlands. Recent Trends and Developments,* SOPEMI Report for the OECD, Amsterdam.

Entzinger, H. and A. Van der Zwan (1994), "Beleidsopvolging minderhedendebat; Advies in opdracht van de Minister van Binnenlandse Zaken", The Hague.

Essafi, M. *et al.* (2003), "Evaluatie Wet SAMEN", KPMG Netherlands, mimeograph.

Eurobarometer (2007), "Discrimination in the European Union", Special Eurobarometer No. 263, European Commission, Brussels.

Euwals, R., J. Dagevos, M. Gijsberts and H. Roodenburg (2007a), "Immigration, Integration and the Labour Market – Turkish immigrants in Germany and the Netherlands", CPB Discussion Paper No. 75, The Hague.

Euwals, R., J. Dagevos, M. Gijsberts and H. Roodenburg (2007b), "The Labour Market Position of Turkish Immigrants in Germany and the Netherlands – Reason for Migration, Naturalisation and Language Proficiency", CPB Discussion Paper No. 79, The Hague.

Guiaux, M., A.H. Uiters, H. Wubs and E.M.Th. Beenakkers (2008), "Uitgenodigde vluchtelingen" Ministry of Justice and Wetenschappelijk Onderzoeken Documentatiecentrum, The Hague.

Guiraudon, V., K. Phalet and J. ter Wal (2005), "Monitoring Ethnic Minorities in the Netherlands" *International Social Science Journal*, Vol. 57, No. 183, pp. 75-87.

Hartog, J. and A. Zorlu (2005), "How Important is Homeland Education for Refugees' Economic Position in The Netherlands?", IZA Discussion Paper No. 1753, Bonn.

Jennissen, R.P.W. and J. Oudhof (eds.), "Ontwikkelingen in de maatschappelijke participatie van allochtonen", WOCD Report No. 250, The Hague.

Karsten, S. (2006), "Policies for Disadvantaged Children under Scrutiny: The Dutch Policy Compared with Policies in France, England, Flanders and the USA", *Comparative Education*, Vol. 42, No. 2, pp. 261-282.

Kappelhof, J.W.S. (2007), "Problems with Surveys among Ethnic Minorities in the Netherlands", Paper presented at the Annual Meeting of the Association for Survey Computing.

Kornalijnslijper, N. and W. Shadid (1985), "The Housing Situation of Ethnic Minorities in the Netherlands", in P. Muus (ed.), *Migration, Minorities and Policy in the Netherlands. Recent trends and Developments*, SOPEMI Report for the OECD, Amsterdam.

Leuven, E., M. Lindahl, H. Oosterbeek and D. Webbink (2006), "Expanding Schooling Opportunities for 4-Year-Olds", IZA Discussion Paper No. 2434, Bonn.

Ministry of Education (2007), "Key Figures 2002 – 2006 Education, Culture and Science in the Netherlands", Dutch Ministry of Education, Culture and Science, The Hague.

Mulder, L. (1996), "Meer Voorang, Minder Achterstand? Het Onderwijsvoorrangsbeleid Getoetst", IST, Mijmegen.

Musterd, S. (2003), "Segregation and Integration: A Contested Relationship", *Journal of Ethnic and Migration Studies*, Vol. 29, No. 4, pp. 623-641.

Muus, P. (1997), "Migration, Minorities and Policy in the Netherlands. Recent trends and Developments", SOPEMI Report for the OECD, Amsterdam.

OECD (2002), *Employment Outlook*, OECD, Paris.

OECD (2006), *Economic Survey – Netherlands*, OECD, Paris.

OECD (2007a), *Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden*, OECD, Paris.

OECD (2007b), *International Migration Outlook*, OECD, Paris.

OECD (2007c), *Babies and Bosses – Reconciling Work and Family Life*, OECD, Paris.

OECD (2008a), *International Migration Outlook*, OECD, Paris.

OECD (2008b), *Economic Survey – Netherlands*, OECD, Paris.

OECD (2008c), *Jobs for Youth – Canada*, OECD, Paris.

OECD (2008d), *Jobs for Youth – Netherlands*, OECD, Paris.

Pennix, R. (2005), "Dutch Integration Policies after the Van Gogh Murder", University of Amsterdam, mimeographed.

Rijkschroeff, R., G. Ten Dam, J. Duyvendak, M. De Gruijter and T. Pels (2005), "Educational Policies on Migrants and Minorities in the Netherlands: Success or Failure?", *Journal of Education Policy*, Vol. 20, pp. 417-435.

Roelandt, T. and J. Veenman (1989), "Ethnic Minorities in the Netherlands – Education and Labour Market Opportunities: Policy and Research", in P. Muus (ed.), *Migration, Minorities and Policy in the Netherlands. Recent Trends and Developments,* SOPEMI Report for the OECD, Amsterdam.

RWI (2007), *De drempel over. Advies over het aanboren van onbenut participatiepotentieel*, The Hague.

Salverda, W. (2007a), "Labor-market Institutions, Low-wage Work and Job Quality", in W. Salverda, M. van Klaveren and M. van der Meer (eds.), *Low-Wage Work in the Netherlands*, Russell Sage, New York.

Salverda, W. (2007b), "Low-wage Work and the Economy", in W. Salverda, M. van Klaveren and M. van der Meer (eds.), *Low-wage Work in the Netherlands*, Russell Sage, New York.

SCP (2003), *Rapportage Minderheden 2003* (Report on Minorities 2003), Social and Cultural Planning Office, The Hague.

SCP (2007a), *Jaarrapport Integratie 2007*, Social and Cultural Planning Office, The Hague.

SCP (2007b), *Armoedemonitor 2007*, Social and Cultural Planning Office, The Hague.

SCP (2007c), *Discriminatie- monitor. Niet-westerse allochtonen op de arbeidsmarkt 2007*, Social and Cultural Planning Office, Amsterdam.

Sharpe, M. (2005), "Globalization and Migration: Post-Colonial Dutch Antillean and Aruban Immigrant Political Incorporation in the Netherlands", *Dialectical Anthropology*, Vol. 29, pp. 291–314.

Simeone, L. (2005), "Discrimination Testing Based on ILO Methodology", mimeograph, International Labour Office, Geneva.

Snel, E. and F. Lindner (2008), "Back to Work after an Incapacity Benefit: Differences between Ethnic Minority and Native Dutch Workers", forthcoming in *Social Policy and Administration*.

SZW (2003), "Kabinetsstandpunt evaluatie wet SAMEN", Ministry of Social Affairs and Employment, The Hague.

SZW (2007), "Wet werk en bijstand: de feiten op een rij", Ministry for Social Affairs and Employment, The Hague.

Tergeist, P. and D. Grubb (2006), "Activation Strategies and the Performance of Employment Services in Germany, the Netherlands and the United Kingdom", OECD Social, Employment and Migration Working Paper No. 42, OECD, Paris.

Tesser, P. and J. Dronkers (2007), "Equal Opportunities or Social Closure in the Netherlands?", Proceedings of the British Academy, Vol. 137, pp. 359-401.

Traag, T. and R.K.W. van der Velden (2008), "Early School-leaving in the Netherlands", Research Centre for Education and the Labour Market Working Paper No. ROA-RM-2008/3, Maastricht.

Uiters, E. (2007), "Contacten tussen allochtonen en autochtonen", in R.P.W. Jennissen and J. Oudhof (eds.), *Ontwikkelingen in de maatschappelijke participatie van allochtonen*, WOCD Report No. 250, The Hague, pp. 103-114.

Van Helsum, A. (2008), "The Case Study on Diversity Policy in Employment and Service Provision in Amsterdam", Institute for Migration and Ethnic Studies and Cities for Local Integration Policy, Amsterdam.

Van Oers, R. (2007), "From Liberal to Restrictive Citizenship Policies: The Case of the Netherlands", *International Journal on Multicultural Studies*, forthcoming.

Van Oers, R., B. de Hart and K. Groenendijk (2006), "The Netherlands", in R. Bauböck, E. Ersbøll, K. Groenendijk and H. Waldrauch (eds.), *Acquisition and Loss of Nationality*, Amsterdam University Press, pp. 393-436.

Van Poeijer, A. and C. Bloemendal (2007), "Eindrapport Sluitende aanpak 2006 (gemeentedomein)", CBS, Voorburg and Heerlen.

Van Tuijl, C., P.P.M. Leseman and J. Rispens (2001), "Efficacy of an Intensive Home-based Educational Intervention Programme for 4- to 6-Year Old Ethnic Minority Children in the Netherlands", *International Journal of Behavioral Development*, Vol. 25, No. 2, pp. 148-159.

VROM (2007), "Memorandum on Integration Policy 2007-2011", Ministry of Housing, Spatial Planning and the Environment/Directorate General for Housing, Communities and Integration, The Hague.

Wetzels, C. (2007), "First Time Parents' Paid Work Patterns in Amsterdam: Father's Part-time Work, Family's Immigrant Background and Mother's Work for Pay when the Infant Is Very Young", IZA Discussion Paper No. 2853, Bonn.

Willms, D.J. (2004), "Variation in Literacy Skills among Canadian Provinces: Findings from the OECD PISA", Statistics Canada Research Paper No. 12, Ottawa.

Zandvliet, C.T. *et al.* (2000), *Evaluatie Wet Samen*, The Hague.

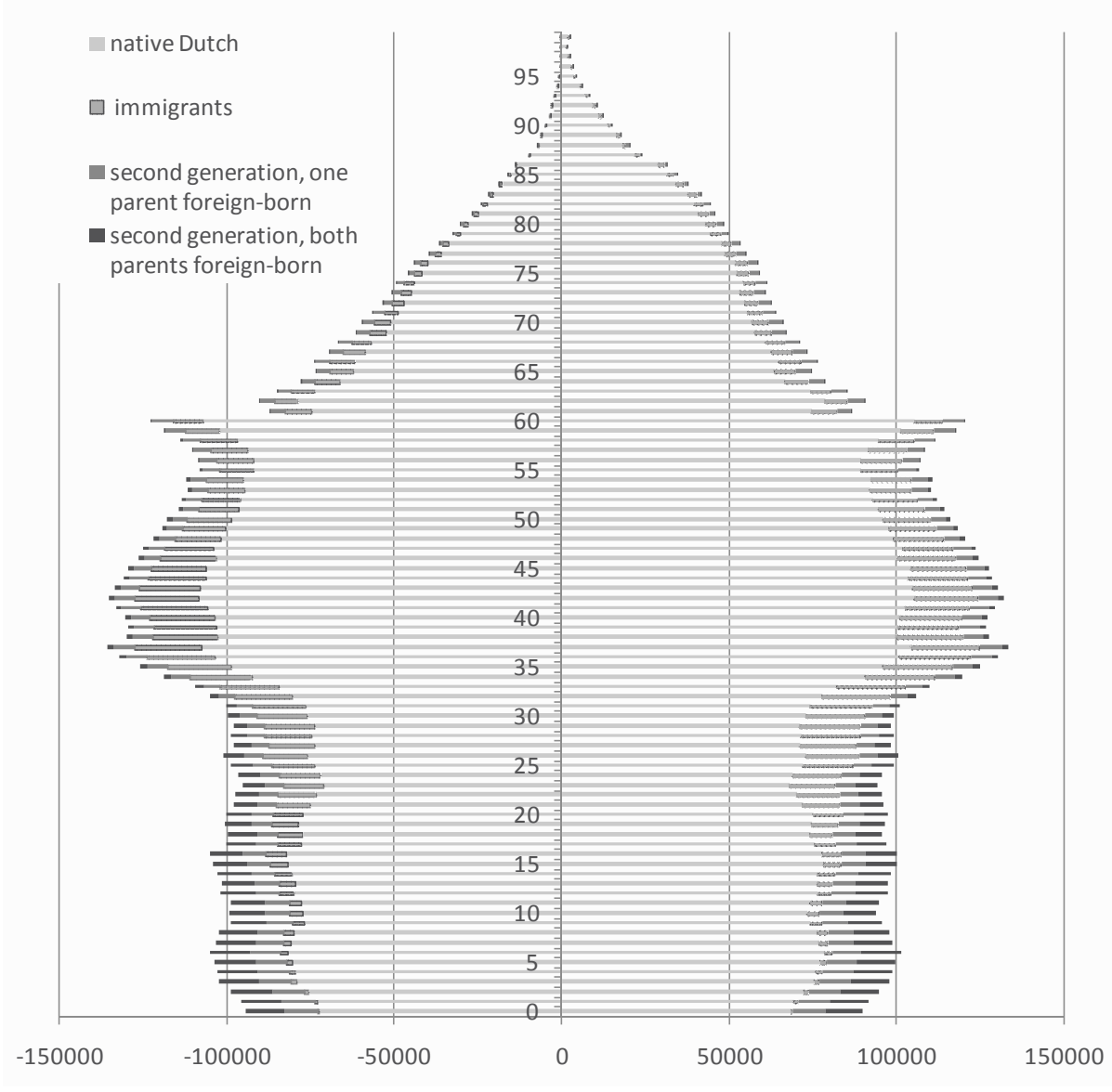
Zorlu, A. (2008), "Struggling for a Proper Job: Recent Immigrants in the Netherlands", Amsterdam Institute for Advances Labour Studies Working Paper No. 07-64.

Zorlu, A. and J. Latten (2007), "Ethnic Sorting in the Netherlands", IZA Discussion Paper No. 3155, Bonn.

Zorlu, A. and C.H. Mulder (2007), "Initial and Subsequent Location Choices of Immigrants to the Netherlands", IZA Discussion Paper No. 3036, Bonn.

Annex 4.1.
Supplementary figures and tables

Figure 4.1A. Population structure by immigrant background



Source: Statistics Netherlands (Statline).

Figure 4.1B. Evolution of the second generation in the Netherlands since 1972

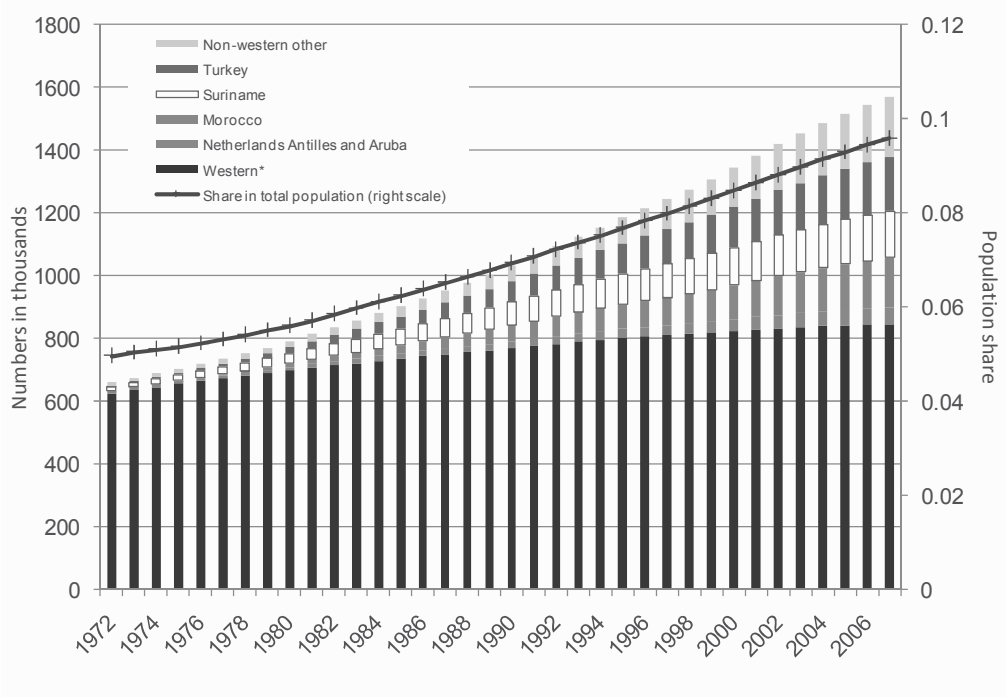


Table 4.1A. Log hourly wages for various groups of immigrants compared to the native-born in the Netherlands, 15-64 years old employed and not in education (odds ratio estimates)

	Without control			With control		
Variables	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Turkey	-0.317***	-0.298***	-0.39 ***	-0.070***	-0.065**	-0.066***
Morocco	-0.400***	-0.214***	-0.330***	-0.151***	0.020	-0.083**
Suriname	-0.212***	-0.086***	-0.143***	-0.119***	-0.067***	-0.090***
Antilles	-0.142***	-0.025	-0.088***	-0.097***	-0.020	-0.066***
Other OECD	0.014	0.035*	0.025	-0.024	0.025	0.004
Other non-OECD	-0.203***	-0.133***	-0.167***	-0.142***	-0.076	-0.108***

Note: All models include a constant. Control variables include education, occupations, sectors, part-time employment and living in one of the four largest cities. ***/**/* indicates significance at 1%/5%/10% level, respectively. Estimates which are not significantly different from zero are shaded.

Source: OECD Secretariat calculations on the basis of data provided by the Centrum voor Beleidsstatistiek.

Glossary

ADB	*Anti Discriminatie Bureau* (Anti-discrimination bureau)
APL	Accreditation of prior learning
AWGB	*Algemene Wet Gelijke Behandeling* (Dutch Equal Treatment Act)
BBL	*Beroepsbegeleidende Leerweg* (Apprenticeship training pathway)
BOL	*Beroepsopleidende Leerweg* (Primarily school-based pathway)
CBS	*Centraal Bureau voor de Statistiek* (Statistics Netherlands)
COA	*Centraal Orgaan opvang asielzoekers* (Central Agency for the Reception of Asylum Seekers)
CPB	*Centraal Planbureau* (Netherlands Bureau for Economic Policy Analysis)
CWI	*Centrum voor Werk en Inkomen* (Centre for Work and Income)
ECEC	Early Childhood Education and Childcare
EMO-1	*Etnische Minderheden in de Overheid Plan 1* (Plan on Ethnic Minorities in the Civil Service 1)
EVC	*Erkennen van Verworven Competenties* (Accreditation of Prior Learning)
FORUM	*Instituut voor Multiculturele Ontwikkeling* (Institute for Multicultural Development)
IND	*Immigratie- en Naturalisatiedienst* (Immigration and Naturalisation Service)
IRO	*Individuele Reintegratie Overeenkomst* (Personal reintegration budget)
HAVO	*Hoger Algemeen Voortgezet Onderwijs* (Higher general education)
HBO	*Hoger Beroeps Onderwijs* (Higher professional education)

LAO	*Landelijke Advies- en Overlegstructuur minderhedenbeleid* (National Advisory and Consultation Body)
LOM	*Landelijk Overleg Milieuhandhaving* (National Consultation Body for Minorities)
MBO	*Middelbaar Beroeps Onderwijs* (Upper secondary vocational education)
MKB	*Midden- en Kleinbedrijf* (Small- and medium-sized enterprises)
NT2	*Nederlands als Tweede Taal* (Dutch as second language)
ROA	*Researchcentrum voor Onderwijs en Arbeidsmarkt* (Research centre for Education and the Labour Market)
RWI	*Raad voor Werk en Inkomen* (Council for Work and Income)
SCP	*Sociaal en Cultureel Planbureau* (Social and Cultural Planning Office)
SER	*Sociaal-Economische Raad* (Social and Economic Council)
SPVA	*Sociale positie en voorzieningengebruik allochtonen* (Social Position and Use of Welfare Services by Immigrants Survey)
SSB	*Sociaal Statistisch Bestand* (Dutch Social Statistical Database)
SZW	*Ministerie van Sociale Zaken en Werkgelegenheid* (Ministry of Social Affairs and Employment)
UAF	*Stichting voor Vluchteling Studenten* (Foundation for Refugee Students)
UWV	*Uitvoeringsinstituut Werknemers Verzekeringen* (Social Security Agency)
VMBO	*Voorbereidend Middelbaar Beroeps Onderwijs* (Secondary pre-vocational education)
VROM	*Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer* (Ministry of Housing, Spatial Planning and the Environment)
VWO	*Voorbereidend Wetenschappelijk Onderwijs* (Scientific preparatory education)
Wbeaa	*Wet Bevordering Evenredige Arbeidsdeelname Allochtonen* (1994 Act on the Promotion of Proportional Labour Participation of Ethnic Minorities)

Chapter 5.

THE LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN PORTUGAL

Introduction

The Portuguese situation with respect to the labour market integration of immigrants differs quite significantly from that of the other countries which have been under review thus far (Australia, Belgium, Denmark, France, Germany and Sweden).

Firstly, Portugal has traditionally been a country of emigration – at the time of the 2000 round of censuses, almost 1.3 million Portuguese-born persons lived in other OECD countries (*i.e.* about 11% of the native-born population).[1] Only Ireland and New Zealand have a higher proportion of their native population residing abroad. Compared to the other OECD countries under review, immigration to Portugal is a rather recent phenomenon, in spite of some labour immigration from its former colonies in the 1960s. Portugal began to experience larger-scale immigration only after the Revolution of 1974. Many of the early migrants were return migrants from Portugal's former colonies, the so-called *retornados*. Although these persons should not be considered immigrants for the purpose of this study, it is difficult to clearly distinguish them in the statistics from other migrants with Portuguese nationality.[2] Immigration of foreign nationals started to grow slowly in the context of Portugal's entry into the European Communities in 1986, and accelerated significantly at the end of the 1990s in the context of a construction boom linked with several major infrastructure projects. The early immigration of foreign nationals has been from the former African colonies and, to a lesser extent, from Brazil – that is, from Portuguese-speaking countries with strong ties with Portugal.[3] In contrast, a significant part of migration over the past decade came from eastern and south-eastern Europe, *i.e.* from countries with no apparent link with Portugal. It is thus appropriate, where possible, to distinguish at the very least between these two groups in the analysis. Indeed, as will be seen below, some finer distinctions will generally be made.

A second distinguishing feature is that most immigration in the past has been of irregular nature, making it difficult to obtain a precise picture of the scale and scope of

1. In addition, there are large numbers of emigrants from Portugal in non-OECD countries such as notably Brazil, and many descendents of Portuguese emigrants living in the countries of past Portuguese emigration. In total, it is estimated that about 4.9 million Portuguese and their descendants live abroad (see OECD, 2005).

2. This situation is similar to that of France, which saw large flows of "repatriates" from Africa in the early 1960s who are also difficult to distinguish from other foreign-born in the statistics.

3. There has also been some immigration from the EU-15, but this group is not in the focus of the analysis.

immigration flows and stocks. This irregular migration was mainly of economic nature and has been linked with employment opportunities. In fact, many irregular immigrants have been regularised after having found a job.

Thirdly, and linked with the recent and labour-market-oriented nature of most immigration, particularly of the irregular kind, Portugal stands out among the other OECD countries under review as having a higher employment rate of immigrants than of the native-born. This is the case for both men and women.

With immigrants accounting for about 5% of the total population, Portugal is the country under review which has the smallest number of immigrants as a percentage of its population.[4] This figure, however, understates the presence of immigrants in the Portuguese labour market, as most immigrants are of working age, and their labour market participation is above that of the native-born.

The labour-market situation of immigrants has also to be viewed in light of the key characteristics of the Portuguese labour market: a high labour market participation of both genders, a relatively low-educated workforce, and a strong dual labour market structure linked with high employment protection in the primary segment and a secondary segment where temporary employment and less favourable working conditions prevail. In addition, the informal sector is relatively large. Given the high aggregate employment rate of immigrants both in international comparison and relative to the native-born, this chapter will – in contrast to the other reviews thus far where employment *per se* was the principal labour market integration indicator – look more closely into the sectors and nature of the work which immigrants perform.

The remainder of this chapter is structured as follows: Section 1 gives a brief first glance at the labour market outcomes of immigrants in international comparison. Section 2 presents the framework for integration in Portugal, including the history and composition of migration, the evolution of integration policy and the main programmes addressed at immigrants, as well as the key actors involved in integration. Section 3 highlights and analyses some key issues. These include, among others, *i*) the outcomes of the main migrant groups; *ii*) the qualifications of migrants; *iii*) the wages and working conditions of migrants; *iv*) entrepreneurship; *v*) the housing of immigrants; *vi*) the integration of the children of immigrants; and *vii*) discrimination. The chapter concludes with a summary and recommendations.

1. A first glance at the labour outcomes

In international comparison, the key labour market indicators of the foreign-born population in Portugal are quite favourable (Table 5.1). The employment rates of both immigrant men and women are above those of the native-born.[5] As will be explained in more detail below, this is linked with the recent and labour-market oriented nature of most immigration to Portugal. Indeed, among the countries depicted in Table 5.1, there are only four countries which have higher employment of immigrants than of the native-born: the United States, Italy, Spain and Portugal. In all of these countries, the majority of immigration in the past has been irregular labour migration. This strong labour market-

4. This estimate excludes the foreign-born children of Portuguese expatriates (see below). In total, at the time of the 2001 census, foreign-born (including foreign-born of Portuguese descent) accounted for almost 7% of the population.

5. The term employment rate is used in this chapter synonymously with the employment-population ratio.

orientation is mirrored in the favourable outcomes. However, even for immigrants from Portugal's former colonies who are more established in Portugal and whose immigration has been mixed with other motives (family formation and reunification, some humanitarian-type migration, etc.), labour market participation is high. Nevertheless, unemployment among immigrants seems to be relatively high, reflecting the current cyclical downturn in Portugal.[6]

In contrast to other southern European countries, Portugal has a relatively high labour market participation of women. The high presence of women in the labour market holds in particular for immigrant women. Portugal is the OECD country with the highest employment rate and the highest participation rate of immigrant women (see OECD, 2007a). Particularly noteworthy is the high participation of women from the former Portuguese colonies in Africa, the PALOP (see below), which reaches levels observed only for the native-born in the Nordic countries.

Table 5.1. Labour force characteristics of the native- and foreign-born populations, 15-64 years old, selected OECD countries, 2005/2006 average

	Employment rate		*Difference*	Unemployment rate			Participation rate	
	Foreign-born (FB)	Native-born (NB)	*(NB-FB) % points*	Foreign-born (FB)	Native-born (NB)	*Ratio FB/NB*	Foreign-born	Native-born
Men								
Belgium	60.9	68.9	8.0	15.3	6.3	2.4	71.9	73.5
Denmark	70.0	81.4	11.4	7.3	3.6	2.0	75.5	84.4
France	65.3	68.5	3.2	14.4	8.3	1.7	76.3	74.6
Germany[1]	66.0	72.2	6.2	17.5	10.6	1.7	80.0	80.8
Italy	81.8	69.5	-12.3	5.8	5.9	1.0	86.9	73.8
Netherlands	68.6	81.9	13.3	11.2	3.4	3.3	77.2	84.8
Portugal[1]	**75.4**	**73.6**	**-1.9**	**9.7**	**7.0**	**1.4**	**83.6**	**79.1**
PALOP[2]	***72.2***		***1.4***	***..***	***..***	***..***	***82.9***	
Spain	80.8	74.9	-5.9	8.5	6.6	1.3	88.4	80.1
United Kingdom	74.4	77.5	3.1	7.4	5.1	1.5	80.3	81.7
United States	82.3	73.5	-8.8	4.6	6.0	0.8	86.2	78.3
Women								
Belgium	39.5	56.4	16.9	19.8	7.8	2.5	49.2	61.2
Denmark	55.3	73.7	18.4	10.1	4.7	2.1	61.4	77.3
France	47.7	58.8	11.1	16.8	9.4	1.8	57.3	64.9
Germany[1]	48.9	62.9	14	16.6	10.0	1.7	58.2	69.9
Italy	48.4	45.7	-2.7	13.4	8.9	1.5	55.9	50.1
Netherlands	51.7	68.8	17.1	10.3	4.4	2.3	57.6	72.0
Portugal[1]	**63.1**	**61.8**	**-1.3**	**12.8**	**9.2**	**1.4**	**72.0**	**68.0**
PALOP[2]	***64.9***		***-2.9***	***..***	***..***	***..***	***73.4***	
Spain	58.9	51.1	-7.8	14.7	11.4	1.3	69.0	57.7
United Kingdom	56.2	67.0	10.8	7.5	4.1	1.8	60.8	69.9
United States	57.3	65.3	8.0	5.0	5.0	1.0	60.3	68.7

1. For Germany, data refer to 2005. For Portugal, see Box 5.1.

2. PALOP refers to the former Portuguese colonies in Africa (Angola, Cape Verde, Guinea Bissau, Mozambique, and Sao Tomé and Príncipe).

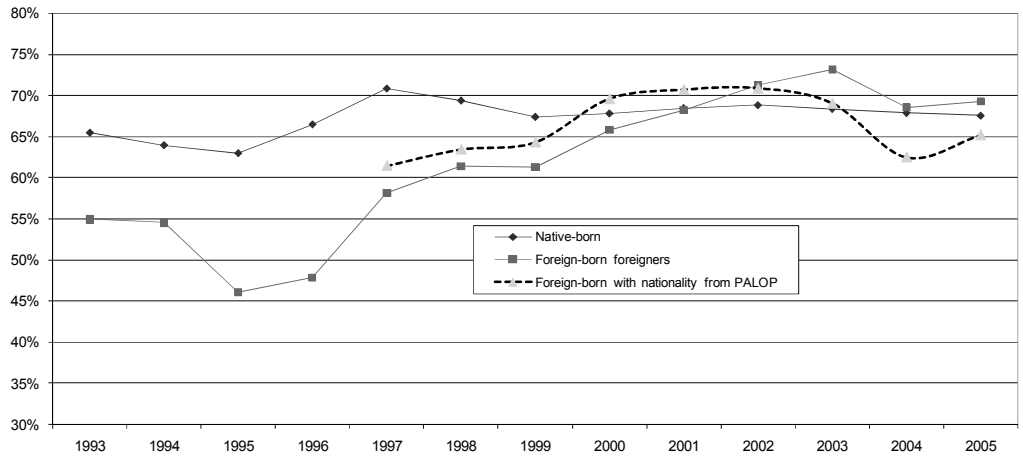
Source: European Union Labour Force Survey, except for the United States (Current Population Survey March supplement).

6. Note that due to the small sample size of immigrants in the Portuguese Labour Force Survey, the figures regarding unemployment in Table 5.1 are prone to a relatively high measurement error (see Box 5.1).

The labour market outcomes of immigrants have not always been as favourable as is currently the case, as Figure 5.1 reveals. Although these figures have to be interpreted with some caution due to the low number of immigrants sampled in the Portuguese Labour Force Survey (see Box 5.1), it seems that immigrants had about 10% lower employment rates than the native-born until the end of the 1990s. This is in the order of what is currently observed in other European OECD countries where immigration is not largely composed of labour migrants. It also seems that immigrants were disproportionately affected by the recession of the early to mid-1990s. There has been a significant improvement in the employment of immigrants since then. Since about the turn of the millennium, the employment of immigrants is above that of the native-born. Again, this seems to be linked to the strong labour-market orientation of more recent immigration flows.

Figure 5.1. Evolution of the employment rate of the native-born and of foreign-born foreigners in Portugal since 1992

Two-year moving average



Source: European Union Labour Force Survey.

Box 5.1. Data on immigrants' labour market integration in Portugal

For a number of reasons, it is difficult to get a precise picture of the labour market integration of immigrants in Portugal. The first is due to the fact that a large part of the early immigrants who arrived before or just after the 1974 revolution had Portuguese nationality, even when they were not of Portuguese descent. In principle, the foreign-born from the former colonies should be included in the target population, but only those who are not of Portuguese descent as this latter population – the *retornados* – is many ways indistinguishable from the native-born (see Pires, 2003).

Secondly, much of the immigration to Portugal until now has been of irregular nature, as witnessed by a series of regularisations. This does not necessarily mean that this population is not covered by surveys or administrative data which are not primarily collected for immigration statistics, such as notably the European Union Labour Force Survey or the 2001 census. The latter two, however, suffer from important shortcomings. The census does not provide any information on the evolution of the immigrant population and of their labour market situation since 2000/2001. In addition, the census does not make it possible to separate foreign-born *retornados* from immigrants who have been naturalised. Therefore, in the analysis with census data, only immigrants with a foreign nationality are considered.

The Portuguese Labour Force Survey has significant undercoverage of immigrants, in particular of recent arrivals. Given the recent nature of much immigration, this is an important shortcoming. Partly as a result of this,

it has been rarely used by researchers. Nevertheless, among the major datasets, only the labour force survey has information on the foreign-born and on their year of arrival, making it possible to exclude, at least on an approximate basis, the *retornados*. Where the Portuguese national labour force survey (that is, the aggregated surveys from 2005 and 2006) has been used in this chapter, notably in the international comparisons, the target population is defined as foreign-born foreigners and foreign-born individuals with Portuguese nationality who have migrated after 1980. It seems reasonable to assume that individuals who have migrated from the former colonies after this date will tend to be immigrants in the spirit of the analysis, rather than repatriates. The situation is somewhat different for foreign-born persons from EU countries. As the number of naturalisations in Portugal of natives from other European Union countries has been very small, it is assumed that French- and German-born residents with Portuguese nationality are mainly descendants from Portuguese emigrants to France and Germany, and they are therefore excluded from the analysis.

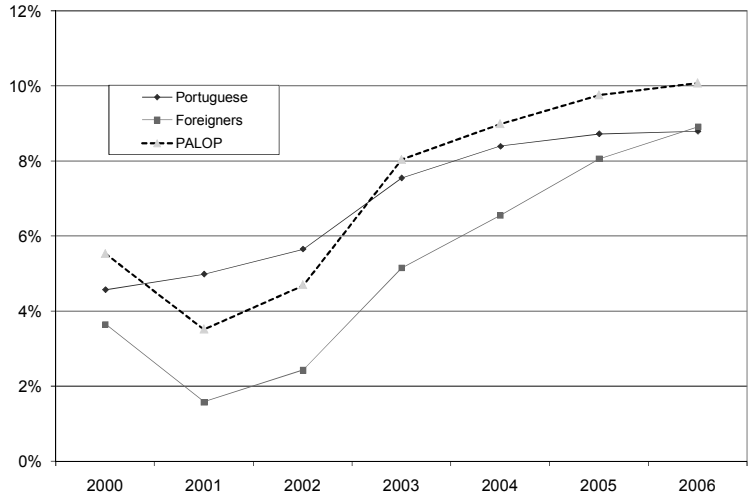
There are also several sources of administrative data. The most comprehensive are the "Personnel Boards", the *Quadros de Pessoal*, an annual statistical collection of data on all employees in private enterprises. In addition to company-based information, they contain rich data on the socio-demographic characteristics of the employees (including nationality and educational attainment), their employment conditions and their wages. This dataset has been used in the analytical part of this study. Another comprehensive administrative dataset is the social security register, which has monthly data since 2000 related to income, unemployment benefits, and a range of employment-related and socio-demographic characteristics (including nationality). Job changes, labour market insertion and wage progression can, in principle, be studied with these data. However, the register does not contain information on educational attainment, although the data can in principle be linked to the information from the Personnel Boards. There is also a database on participation in labour market programmes (including information on nationality and a range of socio-economic characteristics) that is hosted by the employment services. Exploitation of this database would enable an assessment of the effectiveness of these programmes for immigrants' labour market integration.

One important shortcoming of the administrative data sources is the fact that they do only distinguish among nationalities. Given the recent nature of most immigration, and the very limited number of naturalisations – Portugal has one of the lowest naturalisation rates in the OECD – this seems, however, to be a reasonable approximation of the target population.

Finally, there have also been some rather small-scale surveys targeted at immigrants which include information on recent arrivals from eastern Europe. Although these surveys were generally not designed to be fully representative of this population, they provide some information on their labour market integration.

It is not straightforward to get a reliable picture on the evolution of unemployment over time due to the above-mentioned limited number of immigrants in the labour force survey. A rough approximation is given by administrative data on the nationality of contributors to the social security system and on the registered unemployed, which is summarized in Figure 5.2. Note that these data are likely to give a lower bound of the incidence of unemployment of immigrants relative to natives, as many unemployed immigrants do not seem to register at the employment offices, which is indeed impossible for those migrants who are in an irregular situation. In spite of this, the picture that emerges is relatively clear: immigrants have been disproportionately affected by the rise in unemployment in recent years. In addition, unemployment among foreigners from Portugal's former colonies in Africa, the PALOP (*Países Africanos de Língua Oficial Portuguesa*) – including Angola, Cape Verde, Guinea Bissau, Mozambique, and São Tomé and Príncipe – has been consistently higher than that of other foreigners.

Figure 5.2. Evolution of the unemployment rate of Portuguese and foreign nationals since 2001



Note: The unemployment rate is calculated as follows: registered unemployed at the end of the year, divided by the sum of that figure and the number of persons with at least one contribution to the social security system in the reference year.

Source: Data provided by the Ministry of Labour and Social Solidarity.

2. The framework for integration

2.1. Portugal's evolution as a country of immigration

Until the early 1970s, Portugal was a country with high net emigration, and immigration was negligible.[7] In the second half of the 1960s, a first wave of immigrants from the former colonies, mainly from *Cape Verde*, entered the country to counter the decline in the active population linked with the high emigration and the colonial wars in which Portugal was involved. Since these immigrants were Portuguese nationals coming to Portugal to fill labour shortages, labour market integration was seen as being more or less automatic and not a matter of policy concern. Nevertheless, settlement of these immigrants was concentrated in the suburbs of the big cities (mainly Lisbon), often under very precarious housing situations.

Immigration to Portugal rose significantly after the Carnation Revolution of 25 April 1974, which not only served as a trigger to the democratic transformation of the country, but also to the independence of Portugal's colonies in Africa. The latter resulted in a return of more than half a million inhabitants of the former colonies in 1975/1976 who are either born in Portugal or of Portuguese descent – the so-called *retornados*.[8]

7. There is still significant emigration of Portuguese nationals, in particular to the European OECD countries France, Switzerland, United Kingdom and Germany. Portugal has been quite active with respect to its expatriate communities abroad, and there is a Permanent Council of Portuguese Communities (*Conselho Permanente das Comunidades Portuguesas*) in charge of maintaining strong links (*e.g.* by promoting Portuguese language training abroad). These experiences appear to have contributed to the welcoming approach to integration (see below).

8. There are only estimates available on the size of these migration flows, ranging from 500 000 to about one million (see Carrington and de Lima, 1996). Pires (2003) identifies as *retornados* people who, in the 1981 census, declared to live in the colonies on 31 December 1973 and who possessed Portuguese nationality in 1981. This group, which constitutes a lower bound, amounted to 471 427 individuals.

Pires (2003) estimates that about 173 000 or 37% of these were foreign-born.[9] Relative to the resident population, the migration of the *retornados* was probably the largest migration wave into an OECD country after the Second World War – adding between 6 and 10% to Portugal's population in less than three years.[10] Analyses on the basis of the 1981 census (Pires *et al*., 1987) indicate that the *retornados* had a much higher educational attainment on average than the (native-born) "non-*retornados*". In spite of this, their unemployment rate was more than twice as high as that of the non-*retornados* (14% *versus* 6%), at roughly the same labour force participation rate (64% *versus* 65%) in 1981. Many *retornados* had family and social networks in Portugal, and benefited from significant government support. Pires (2003) analyses the overall integration of the *retornados* into the Portuguese society and concludes that the integration of this group can be adequately described as assimilation – *i.e.* they are undistinguishable from the native-born by a broad range of integration indicators. For these reasons, the *retornados* are not included in the target group of this study.

It is difficult to get a precise picture of the early immigration flows as all inhabitants of the former colonies – independently of whether they were of Portuguese descent or not – were considered to be Portuguese citizens until a change of the nationality law in 1975. As a result, a large part of the pre- and early post-revolution migration was seen as internal movements (see Oliveira *et al.*, 2006). This makes it difficult to identify the population that is the focus of this study (see Box 5.1). With the 1975 change in the citizenship law, the foreign-born from the former African colonies who were not descendants (up to the third degree) of native Portuguese, and who had not been living for more than five years in Portugal before the revolution 1974, lost Portuguese nationality.[11] This particularly affected the Cape Verdean community.

There was only very limited immigration from the mid-1970s to the early 1980s, and the few migrants who were not *retornados* mainly came from Portugal's former colonies in Africa, the PALOP. All of these countries had gained their independence from Portugal in the aftermath of the 1974 revolution.[12] The *retornados* generally arrived with few financial resources, and relatively few people of non-Portuguese descent migrated together with them. These were mainly the administrative "cadres" of the former colonies.

In 2005, nationals from the PALOP accounted for more than a third of the foreign population in Portugal, about half of which were Cape Verdeans (see Annex 5.1 for the evolution of the main origin countries of the immigrant population in Portugal). These figures do not include naturalised immigrants, nor people of African descent who arrived before 1974 and who succeeded in keeping Portuguese citizenship (see also Oliveira and Inácio, 1999). Data from the *OECD database on the foreign-born* shows that, at the time

9. As these tended to be younger age cohorts, this group is likely to account for a significant part of the 547 000 foreign-born of working age reported in the 2001 census.

10. In relative terms, this a much larger flow than the one observed, for example, for the French repatriates. In 1962, about 900 000 return migrants from Algeria came to France (2% of the population). In total, about 1 500 000 French-born from the former colonies returned to France.

11. An exception introduced in this law concerned the people born in the ancient State of Portuguese India who had lived in the former African colonies. These were able to maintain their Portuguese nationality. A significant number of persons of Indian descent from Mozambique who migrated to Portugal between the mid-1970s and the early 1980s benefited from this.

12. Guinea-Bissau had unilaterally declared independence already in 1973, but this was formally only acknowledged in 1975.

of the past round of censuses, more than half of Portugal's foreign-born population was born in Africa – a larger share than in any other OECD country.[13] The share of PALOP nationals in current immigration flows is somewhat lower. In 2005, they accounted for about a fourth of the registered inflows of foreign nationals.

Following Portugal's entry into the European Community in 1986, the economy expanded quite rapidly until 2002, interrupted only by a recession from 1992-1994. The economic development was assisted by a series of large infrastructure projects (*e.g.* the expansion of the national network of roads and motorways, the Universal Exposition of 1998, the extension of Lisbon's underground, and the trans-Tagus Vasco da Gama Bridge). In the late 1980s, immigration to Portugal started to show a slight increase and a trend towards diversification of origin countries, associated with the arrival of a larger number of Brazilians, PALOP citizens from countries other than Cape Verde (especially Guineans but also migrants from Angola and São Tomé and Príncipe) and migrants from Asia, especially from China and the Indian subcontinent. However, it was only in the late 1990s that immigration to Portugal boomed due to a very significant increase in the arrivals of immigrants from eastern and south-eastern Europe and from Brazil (see Figure 5.3 below). In contrast to the earlier immigration of Brazilians, which consisted of rather qualified persons, this "second wave" of Brazilian immigration was somewhat less skilled. In 2001, more than 84% of the immigrant Brazilians aged 25-54 with less than five years of residence had less than upper secondary education, in contrast to 70% of those with more than five years of residence. Together with Cape Verde, Brazil is now the most important origin country of the immigrant population in Portugal, accounting for more than 16% of the foreign population (see Annex 5.1). Like the PALOP, Brazil has many post-colonial ties with Portugal,[14] ranging from intense transport connections to a common language. In addition, Brazil was a major destination country for Portuguese emigrants until the beginning of the 1960s.

A high percentage of the early immigration to Portugal was already of irregular nature. This was apparent in the 1981 census, which, for example, counted more than 45 000 foreigners from the PALOP, whereas only about 27 000 of these appeared in the statistics on the foreign population that are based on permits (see Pires, 2003).[15] The first major regularisation took place in 1992-1993, leading to the legalisation of about 39 000 immigrants. The main nationalities involved were Angolans (12 500), nationals from Guinea-Bissau (6 900), Cape Verdeans (6 800) and Brazilians (5 300).[16] A second regularisation programme was enacted in 1996. About 35 000 immigrants were regularised on that occasion, who either had missed the first regularisation wave, had not

13. Note, however, that this figure includes a significant number of *retornados*.

14. Brazil was a Portuguese colony until 1822.

15. Note that migrants without appropriate papers included citizens from the former colonies who had lost Portuguese nationality in the above-mentioned 1975 change in citizenship law and who may not had been aware of their irregular status (see Oliveira and Inácio, 1999).

16. Significant numbers also came from other member states of the then European Community and from the United States who did not have appropriate papers. Indeed, immigration from the EU-15 to Portugal has been quite sizeable. Although the relative importance has declined over the past twenty years, still about 18% (*i.e.* about 76 600 individuals) of the foreign population with valid papers in 2005 were from the EU-15. This appears to be a rather heterogeneous group, consisting of labour migrants (many of whom are expatriates in international enterprises), migrants for family reunification and formation, and also a significant number of non-active (retired) persons who settle in Portugal – in particular in the Algarve region.

renewed their permits, or had entered afterwards. Again, the main nationalities involved were Angolans (9 300), Cape Verdeans (6 900), nationals from Guinea-Bissau (5 300) and, to a more limited degree, Brazilians (2 300).

At the turn of the millennium, Portugal experienced a significant construction boom. The number of requests for construction quintupled from below 4 000 in 1999 to almost 19 000 in 2001 (see Baganha *et al.*, 2004). This boom followed the significant infrastructure investment-linked expansion of the preceding years. Given the tight labour market, with unemployment at around its structural rate of about 4% in 1999 and thereafter, there was a large unmet labour demand, particularly in the construction sector. This sector was only scarcely regulated, and labour inspections rare. At the same time, immigration policy was rather stringent. There was thus an apparent contradiction between the informal nature of work in significant sectors of the economy which faced strong labour demand on the one hand, and a political discourse defending tight immigration control (see Peixoto, 2002). In addition, the rather restrictive legal immigration framework favoured immigration from lusophone countries (see Santos, 2004). For example, Portugal concluded several special agreements to recruit non-qualified workers from the PALOP, such as a 1997 agreement for the temporary recruitment of workers from Cape Verde.[17]

In spite of this political preference for immigrants from the PALOP and Brazil, the high labour demand was mainly met by a large wave of irregular immigrants from eastern and south-eastern Europe – particularly from Ukraine, but also from Moldova and to a somewhat lesser degree from Romania and Russia. In addition to the high labour demand in Portugal, immigration of these nationals was facilitated by a number of factors, including strong emigration pressure in the origin countries, organised trafficking networks, and Portugal's entry into the Schengen visa area. Among the previous source countries, only Brazilians arrived in large numbers in parallel to these new migrant groups – a phenomenon referred to as the "second wave" of Brazilian immigration to Portugal (see Malheiros, 2007).

The immigration from eastern and south-eastern Europe differed from the former migration waves in several important respects. Firstly, for the first time, significant numbers of immigrants arrived who did not speak Portuguese, and who came from a country without a long history of economic, cultural and social ties to Portugal. In 1998, the total number of (legal) foreigners from eastern Europe was below 1 000 – five years later, in 2002, the figure was well above 100 000. This diversification of the immigrant intake provided new challenges for integration policy, including a need for language training. Secondly, the scale of the inflow of foreign nationals was much larger than in the previous waves. The number of registered foreigners more than doubled between 1999 and 2002. This massive increase of immigration to Portugal in the late 1990s has also been quite remarkable in international comparison – it is only matched by the recent immigration to the other southern European countries (Spain and Italy) in relative terms. Thirdly, migrants from eastern and south-eastern Europe have, on average, a higher educational attainment than other migrant groups. In 2001, 28% of recent arrivals from Ukraine had a tertiary education level, compared to 4 and 14% of recent arrivals from PALOP and Brazil, respectively. In particular, the educational attainment of the immigrants from eastern and south-eastern Europe was also well above the level of the native Portuguese (only 6% with tertiary education). The majority of the immigrants from eastern and south-eastern Europe were working in the rather low-skilled construction sector, which has been the main driver of this

17. Such bilateral agreements with PALOP countries have been concluded since the 1970s, mainly in periods of high demand for labour in the construction sector.

immigration, thereby raising the issue of "overqualification" (see Section 3). At the time of the 2001 census, 45% of the immigrants from eastern and south-eastern Europe were working in the construction sector.

Finally, whereas immigration in the past had been heavily concentrated in the Lisbon metropolitan area, more recent immigrants have been more equally distributed across the country (see Malheiros, 2002). In all OECD countries, immigrants tend to be overrepresented in the main metropolitan areas. However, the concentration of past immigration in Lisbon is quite remarkable. Although only about one fifth of the total resident population of Portugal lives in the Lisbon district, almost half of all migrants are in that area.[18] Once again, there are large differences between the migrant communities, partly linked with the time of arrival in Portugal. Among immigrants with valid papers, about two-thirds of PALOP nationals – *i.e.* of the established migrant groups – live in the Lisbon district, but only about one fifth of the recent immigrants from Ukraine and Moldavia. The geographical dispersion of the latter is associated with the economic dynamics of certain coastal regions and medium-sized cities which experienced significant labour shortages in a range of sectors. In addition, this dispersal trend is also partially attributable to the fact that family networks play a lesser role at this early stage of immigration.

Following the large influx of irregular migrants since the late 1990s, a regularisation took place in 2001. This process varied significantly from the regularisations of the 1990s (see Marques and Góis, 2007). Firstly, the regularisation was of unprecedented scale. Indeed, it was by far the largest in Portugal's history – not only in absolute numbers, but also relative to the registered foreign population. It led to an increase in the stock of the legal foreign population of almost 70% (see Figure 5.3). The second difference to the previous regularisations relates to the target population. The regularisations of the 1990s concerned almost exclusively immigrants from lusophone countries. In contrast, of the 183 000 migrants who benefited from the 2001 regularisation, 101 000 came from central and eastern Europe, of which 65 000 were from Ukraine. Thirdly, whereas previous regularisations were directed towards immigrants irrespective of their labour market position, the 2001 regularisation only concerned immigrants who were in employment. Finally, the regularisation was open from January 2001 to November 2001 and thus not only concerned immigrants already in the country, but also immigrants who arrived during this period. This appears to have encouraged further irregular immigration during this period.[19]

The 2001 regularisation had allowed all undocumented foreigners with a valid work contract to apply for a one-year renewable so-called "stay permit". After four consecutive renewals (that is, five years after the granting of the stay permit), immigrants with such an authorisation could apply for a regular residence permit. This stay permit was abolished by the new Immigration Law in 2007, which replaced all forms of authorisations with one residence permit. It will be important to monitor how many persons do change their stay permits into a regular residence permit, and whether this will be linked with an increase

18. The second key area of residence of foreigners is the district of Faro, better known as the Algarve region. About 15% of the population in this region are foreigners. Many of these are working in the tourism and construction sectors. In addition, a significant number of retired persons from other EU countries is living in this area.

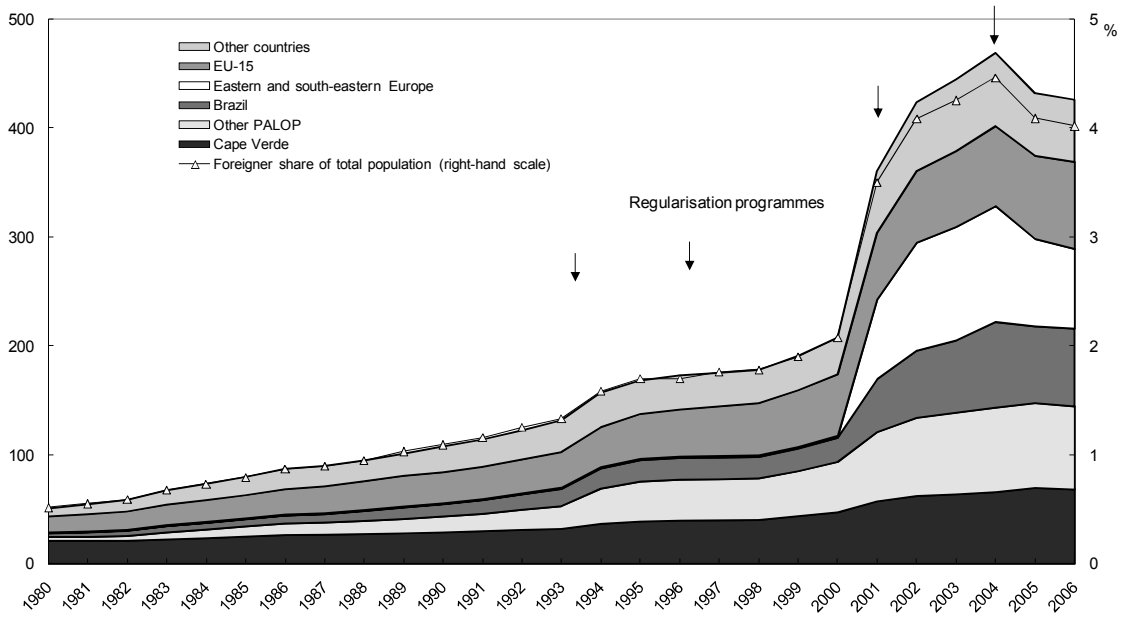
19. In a 2004 survey of immigrants from eastern Europe, almost a quarter mentioned that they had chosen Portugal as their destination country because of regularisation opportunities (see Baganha *et al.*, 2004a).

in family reunification. Currently, of a total of more than 147 000 residence permits issued by the Foreigners and Borders Service between August 2007 and July 2008, only about 11 500 (less than 8%) were for the purposes of family reunification (see SEF, 2008). However, from the perspective of integration policy, this is of particular relevance as it would give an indication of the duration of past labour immigration, and of an eventual future growth of subsequent family migration. If such flows were to materialise, Portugal would for the first time have to deal with an immigrant group which not only lacks knowledge of the Portuguese language, but also does not have a job upon arrival. This would make a case for significant adaptations in the integration structures, notably with respect to labour market-oriented language training, and for accompanying measures for the children of these immigrants.

With the deterioration in labour market conditions in recent years, there has been a rise again in emigration – both of nationals and foreigners – and a decline in immigration. In 2005 and 2006, the number of foreigners who had a residence permit (including foreigners with long-term visa) declined for the first time since 1980 (see Figure 5.3). Given the low number of naturalisations, this is evidence for a decline in the immigrant population although an exact picture of the actual number of immigrants is still difficult to establish because of the likely ongoing irregular migration and non-prolongation of permits.[20]

Figure 5.3. Evolution of the foreign population with valid residence papers in Portugal, by main nationality groups since 1980

In thousands



Note: Figures include all foreigners who hold a valid residence title (residence permits, stay permits and long-term visas (prolongations of long-term visas included after 2004).

Source: Data provided by the National Statistical Institute (INE, *Estatísticas Demográficas*).

20. In 2007, there was again a slight increase. About 436 000 foreigners were living legally in Portugal – which results in a growth of about 4% *vis-à-vis* 2006 (see SEF, 2008).

Indeed, many migrants do not prolong their residence papers on an annual basis – as is required for persons without a residence permit (*autorização de residencia*) and notably for regularised migrants in the years following regularisation. It is difficult to ascertain how many immigrants fall back into illegality because they do not have their authorisations renewed. One indication is given by the fact that only slightly more than half of the stay permits given between 2001 and 2004 were renewed in 2005. This is only very crude evidence, since some of these migrants have left the country again, which seems notably to be the case for migrants from eastern Europe. In contrast, there is a feeling among the stakeholders that non-renewal of visas is a particular problem for immigrants from the PALOP. Renewal rates were particularly low among immigrants from Angola – only 42% of those who obtained a stay permit between 2001 and 2004 eventually renewed it.[21]

The reasons for the apparent non-renewal of papers for migrants remaining in Portugal are difficult to ascertain. Firstly, for the prolongation, a labour contract is required which many immigrants do not have at the time of renewal. Another possible explanation are the fees for a prolongation, which are between EUR 20 and 65. This may be a non-negligible cost for immigrants, who have a monthly median wage of less than EUR 500 (full-time employed). Thirdly, the process of renewal was often perceived as burdensome and required travel to the centres of the Services for Foreigners and Border Control (SEF, see below). To tackle these obstacles, there have been recent efforts by the SEF to provide services more efficiently and in proximity to immigrants, with the help of intercultural mediators (see below) and with increased use of information technology.

Notwithstanding the obstacles to get a precise picture of the actual immigration flows, it appears that Brazilians are now the main origin country of new arrivals. Brazilians have accounted for about a third of (legal) immigration inflows since 2004, followed by nationals from Cape Verde, Ukraine and Moldova. This is partly attributable to a bilateral agreement signed between Portugal and Brazil in June 2003, which allows a facilitated entry for work purposes on a reciprocal nature – in recognition of the special historical, cultural and economic ties between the two countries. The treaty also provided a special regularisation opportunity for Brazilians already living and working in Portugal (and *vice versa*). This agreement specifies that citizens of Brazilian nationality who were employed in Portugal before 11 July 2003 could obtain a long-term visa. The agreement is valid for a period of five years, *i.e.* Brazilian citizens who entered Portugal prior to 11 July 2003 may apply for regularisation under this agreement up to 11 July 2008. In 2004, the agreement resulted in almost 11 000 work visas to Brazilian citizens. Less than a year later, in April 2004, an extraordinary regularisation opportunity was opened for all third-country nationals who were present in the Portuguese labour market before 12 March 2003 and met certain conditions.[22] By its very nature, it is not known to which degree irregular migration is still ongoing. There are some indications that irregular migration has declined, both in absolute numbers and relative to regular migration. This seems to be mainly attributable to the less favourable economic situation, although the

21. Note, however, that there is an ongoing process of political and economic stabilisation in Angola, linked with the end of the civil war in the country in 2002. This seems to have encouraged some return migration.

22. The Portuguese labour law assumes informal working contracts as valid ones. This obliges both enterprises and employees to respect their social security obligations, even when employees do not have valid residence papers. Proof of such payments into the social security system was one of the requirements for regularisation. Between 2000 and 2004, the number of foreigners contributing to the social security system was about one third higher than the total number of legal foreign residents.

efforts to shift immigration into legal channels also appear to have had some impact in this respect. The small number of entries under the regular system suggests, however, that irregular migration may still not be negligible.[23]

Since 2003, legal labour immigration to Portugal has been governed by a system of numerical limits ("quota system"), which results in annual maximum limits for labour immigration of third country (*i.e.* non-EU/EEA or Swiss) nationals into Portugal for a range of sectors in which there are shortages. These limits have been established on the basis of a biannual report established by the Institute for Employment and Professional Training which takes into account the views of the municipalities and autonomous regions, the labour inspection, the High Commission for Immigration and Intercultural Dialogue (the ACIDI, see below), and the employers' federations. The quota system does not appear to have been overly effective – the numerical limits were not reached, whereas irregular migration is believed to have continued. This is generally attributed to the rather bureaucratic procedure that is required to receive a permit under the quota system. The employer first has to post the offer at the employment office. If no employee can be found on the domestic labour market within a month, a third country national can be recruited, but only from abroad and only if the person concerned has some link with the occupation concerned (*e.g.* prior work experience in this domain). The consulates then issue the required papers after further verification, and it appears that this latter process often takes several months. In addition, the requirement that the immigrant had to be recruited from abroad proved to be unrealistic. Finally, it appears that the sectoral quotas have often been too narrowly defined, notably excluding certain low-skilled sectors like housekeeping in which there has been strong labour demand.

The legal framework for immigrants has undergone several quite significant changes over the past decade, reflecting the changing immigration reality in Portugal. Under the system in place until late 2007, permanent-type labour immigrants could enter Portugal by two different legal channels. If their work contract was initially of limited duration (below three years), they obtained long-term visas, initially valid for one year and renewable. After three successive renewals, a residence permit (*autorização de residência*) was given, which was again valid for one year and renewable for successive periods of two years. If labour immigrants had an unlimited contract (or a contract beyond three years), they may have obtained a residence permit already after entry into Portugal. In both cases, after five years of residence, a permanent residence permit cound then be granted. There also was a distinction in the conditions for obtaining a permanent residence permit by origin groups – five years for immigrants from Portuguese-speaking countries) or eight years (for immigrants from other non-EU countries). The residence permit generally includes the permission to work, except in cases where the residency is for study and training purposes. In those cases immigrants have to request a special authorisation if they intend to work while studying in Portugal.

The successive changes in immigration law in the past decade have aimed at reducing irregular migration on the one side (sanctions for employers employing irregular migrants have been substantially strengthened over time, and work inspections increased) and on the other side by promoting legal migration channels. Further measures concerned specific sanctions against illegal employment in public works and awareness-raising

23. Standardised data show that as a percentage of the population, Portugal has the lowest number of permanent-type migration after Japan among the OECD countries for which this information is available (see OECD, 2007a).

campaigns both for employers and the general public (see Mota da Silva, 2004). A key feature in this process has been to protect migrants and focus in the combat against irregular migration rather on the employers and on the trafficking networks. For example, there exists a provision which enables migrants who denounce illegal practices of their employers to remain in Portugal.

In the past, the objective of containing irregular migration has only been partially attained. The new immigration law, which was adopted in July 2007 but was not fully in force at the time of writing of this report, simplifies the current system, enhances transparency, and should improve migration management.[24] A first key change regards the abolition of the long-term visas. As in most other European OECD countries, visas are now only short-term (*i.e.* entry papers), and permanent-type immigrants obtain a residence permit (initially temporary). In addition, the preference for lusophone countries has been abandoned – a permanent residence permit is now available for all immigrant groups, regardless of their origin, after five years of residence. A second set of measures relates to the quota system. Sector-specific quotas are abolished, and replaced by a global contingent – administered by the Institute for Employment and Training (IEFP) – to which employers can resort if they could not fill a vacancy within 30 days.[25] In contrast to the past, the work contract has no longer to be verified by the Working Conditions Authority. However, issuance of the entry papers remains in the competence of the consulates, and immigrants can only be recruited from abroad. For irregular migrants already in Portugal, the new law envisages a pathway for soft regularisation under exceptional conditions. In addition, the new law provides for full occupational mobility of immigrants. Under the previous conditions, job changes were only possible with respect to the sectors included in the shortage list for the quotas.[26] Finally, there is now immediate labour market access of family migrants. In the past, family reunification migrants had to apply for a special authorization to pursue employment. Although this was regularly granted, it placed an additional administrative burden upon the immigrants concerned. With the implementation of the new law, the processes for permit issuance and prolongation in the Services for Foreigners and Border Control (SEF) have also been improved. It remains to be seen whether these changes will reach the objective of channelling migration flows away from irregular towards regular means.

The changes in the scale and scope of immigration to Portugal have also led to significant changes in the access to Portuguese nationality. In the past, the number of annual naturalisations has been very low – over the past decade, they never surpassed 1% of the foreign population in any single year, one of the lowest naturalization rates in the OECD. In 2006, a new nationality act entered into force, which implied a switch from the past *ius sanguinis* to a mix of *ius sanguinis* and *ius soli*, and facilitated access to Portuguese nationality. In particular, native-born children of foreigners may now obtain Portuguese nationality if one of the parents has legally resided in Portugal for at least

24. The assessment underlying this chapter took place in the second and third quarter of 2007. The enforcement of the new law in late 2007 brought a number of further changes related to immigrants' integration which are summarized in Box 5.6 at the end of this chapter.

25. Some professions, notably of the low-skilled kind, will nevertheless be excluded from the global contingent.

26. In contrast, immigrants who benefited from any of the main regularisations have been allowed to freely change sectors or occupations. For the annual renewal of their residence authorisation (the legal nature of which differed for each regularisation process), only a work contract has been required as proof that they are still in employment.

five years or if the minor has concluded primary school in Portugal. The new law also abandoned a distinction between lusophone and non-lusophone foreigners. Previously, citizens from countries where Portuguese is an official language could obtain Portuguese nationality after six years of residence, whereas the residence requirement for citizens from other countries was ten years. Under the new law, the requirement is six years independent of the previous nationality.[27] The new nationality law passed the parliament unanimously. Indeed, there seems to be a consensus among the key political parties about the broad lines of immigration and integration policy. In particular, the two main Portuguese political parties have agreed not to make immigration an electoral issue.

In May 2007, the government presented a comprehensive Plan for the Integration of Immigrants (Council of Ministers and ACIDI, 2007). The plan covers all dimensions of the integration of immigrants into the Portuguese society and co-ordinates the actions of all ministries somehow involved in integration. It features 122 measures relating to Employment, Health, Education, Social Security, Justice, etc. The measures dealing with the integration of immigrants into the labour market primarily aim at reinforcing already existing measures, such as the recognition of foreign qualifications, which slowed a slight increase in 2007 on 2006. The Plan acknowledges the greater vulnerability of immigrants to labour violations because of their overrepresentation in high-risk jobs, lower capacity to negotiate, high hours of work and limited understanding of safety signs. Within the terms of the Plan, employees at the Employment Centres have been undergoing a course on "Citizenship and Cultural Diversity in Professional Practices" in order to promote labour market integration among immigrants, and training has also taken place on immigration legislation at the Institute for Employment and Professional Training. Moreover, the plan envisages the reinforcement of inspections to fight against illegal work, a campaign to sensitise immigrants to avoid work accidents, and incentives to participate in trade unions. The Working Conditions Authority undertook almost 4 000 inspections between January 2007 and the end of May 2008, and multilingual leaflets for safety at work were distributed to 5 000 companies (Council of Ministers and ACIDI, 2008). There are also several actions to improve the integration of the children of immigrants. Many of these measures are only gradually translated into concrete actions over the coming years – the plan is established for the period from 2007 to 2009 – making it difficult to already assess the scale and scope of the measures. However, there will be a monitoring of the plan through reports to be discussed every six months in the Consultative Committee for Immigration Affairs (COCAI), which encompasses the main stakeholders – both governmental and non-governmental –involved in the process. At the end of each year, an annual report is to be presented to the public. The first has been published in May 2008, showing that the majority of the measures were already in the process of implementation.

2.2. Key actors and the services provided to migrants

The main actor with respect to integration in Portugal is the High Commission for Immigration and Intercultural Dialogue, ACIDI (*Alto Comissariado para a Imigração e Diálogo Intercultural*).[28] Its roots are in the 1996 creation of the post of a High Commissioner for Immigration and Ethnic Minorities, who operated with a small budget

27. This was associated with a rather strong increase in citizenship requests – the number in 2007 was three times the 2005 figure.

28. Until June 2007, the name was High Commission for Immigration and Ethnic Minorities (ACIME).

of less than EUR 1 million. In November 2002, the post was transformed into an interdepartmental support and consultative body (*i.e.* a high commission) for the government, directly reporting to the Prime Minister. It plays a co-ordination role whose key mission is to promote the integration of immigrants into the Portuguese society. Despite continuous increases in the scale and scope of ACIDI's work since 1996, the annual budget remains rather modest, currently at about 5.6 million – a significant part of which comes as a budget transfer from the Ministry of Labour and Social Solidarity.

Since 2002, the ACIDI has created a National Immigrant Support System, which involves the installation of two large, one-stop centres at the national level (National Immigrant Support Centres – CNAIs – in Lisbon and Porto, see Box 5.2). These are complemented by small assistance points at the local level throughout the country. All advice services are provided free of charge. ACIDI also supports several projects carried out by non-governmental organisations (NGOs) – in particular immigrant associations – related to the integration of immigrants. Indeed, in 2007, almost half (44%) of its budget was spent on transfers to non-profit organisations in the framework of partnerships and the employment of socio-cultural mediators for the Immigrant Support Centres, among others.

In addition, there is a regular free information newspaper available, and a hotline for immigrants has been established which provides telephone advice in the main languages spoken by the immigrants (Portuguese, Creole, English, French, Spanish, Russian, Ukrainian, Belorussian and Romanian). ACIDI also provides support to immigration-related publications, facilitates appointments with government agencies, and has run several awareness-raising campaigns to promote a welcoming atmosphere in Portugal. This also includes an annual "Journalism for tolerance" prize.

In 2003, an Immigration Observatory was established as an informal body under the auspices of the ACIDI. Its aim is to enhance knowledge in the areas of immigration and integration of immigrants, and to link the main actors and researchers involved. The Immigration Observatory has launched a comprehensive series under which immigration- and integration-related independent research is published and made available for a broader public. Likewise, a Consultative Council for Issues of Immigration was created in 1998, which has been integrated into the ACIDI in 2002. It is composed of representatives of the several governmental and non-governmental stakeholders involved in integration, including immigrants' associations, employers' federations and trade unions. Its aim is to give advice to the government in the field of immigration policy.

The admission and stay of immigrants falls under the responsibility of the Ministry of the Interior, and an independent agency – the *Services for Foreigners and Border Control* (*Serviço de Estrangeiros e Fronteiras* – SEF) is in charge of this. Until 2007, the SEF was also in charge of naturalisations, a competence that is now under the Ministry of Justice. In recent years, SEF's role has evolved from a mere police service to an actor contributing to the reception and integration of immigrants. This evolution is witnessed by the employment of intercultural mediators who are employed to facilitate contacts between the SEF and immigrants (see Box 5.3).

Box 5.2. Integration services under a single roof: the National Immigrant Support Centres (CNAI)

An excellent example both of the co-ordination role of the ACIDI as well as of Portugal's welcoming approach regarding the labour market integration of immigrants are the National Immigrant Support Centres (CNAIs). In 2002, two centres were established, one in Lisbon and one in Porto. Under the supervision of the ACIDI, the centres provide a broad range of services related to the reception and integration of immigrants (see ACIME, 2005 and 2007 for comprehensive descriptions). Each CNAI hosts a range of other government services, including the Services for Border Control (SEF), the Labour Inspectorate, Social Security, Justice, Health and Education. The centres also provide practical support (banking services and an information desk). Since 2003, the range of services has been gradually expanded. They now also include legal counseling, family reunification services (*e.g.* related to the submission and follow-up of family reunification requests) and support in the naturalisation procedure. Immigrant associations also receive support through the centres – for example in the organisation and execution of integration-related activities. Along with this expansion, several new services related to labour market integration were also established. This includes "Units for Insertion into Professional Life" (UNIVAs), in co-operation with the employment services, aimed at supporting integration in the labour market. These units provide information on job offers and available training programmes, and establish contacts with companies. However, with altogether less than 500 users on average per month in Lisbon and Porto, use of the UNIVAs has been limited. In addition, the vast majority of these users were directly referred to employment as this was apparently the main concern of the immigrants seeking for support – even though the available job offers often referred to low-paid, precarious work. Training, internships and other measures aimed at better-paid and more stable employment played a negligible role. Since December 2006, advice on self-employment and credit access is available, and a special unit has been created which is in charge of this. A further expansion of the labour market services within the CNAIs is currently being considered. Finally, also since December 2006, a housing service is available.

During 2007, the Lisbon and Porto CNAI centres received together an average number of 1 400 immigrants a day. These first pass through an entrance team who clarify their needs. Depending on the type of request, they may be subsequently referred to a "Welcoming and Triage Office" which makes a computerised file, and provides them with a user card that has a personal reference number to facilitate future visits. Where necessary, the migrants will be subsequently referred to specialised services in the centre by means of an electronic guidance system. There are also socio-cultural mediators available who provide support in nine different languages. These socio-cultural mediators often have a migration background themselves, thereby helping to overcome barriers. In the Lisbon CNAI, there are 58 socio-cultural mediators providing services, in co-operation with immigrant associations and NGOs. The waiting areas in the centres host exhibitions of artworks of immigrants. There is also a children playground area available, under the custody of a socio-cultural mediator.

These national centres are supported by a network of Local Immigrant Integration Support Centres (CLAII) which were established in partnership with local authorities and other stakeholders, including immigrant associations. Thus far, these centres mainly provide information services and guidance to immigrants, but it is envisaged to expand the range of activities. There are currently about 78 CLAII centres in operation. The CLAIIs notably provide important information services for immigrants who are residing outside of the metropolitan areas of Lisbon and Porto.

The information and services' infrastructure with the CNAIs as its centrepiece is completed by a free monthly information bulletin for immigrants with news and practical information on immigration and integration-related issues. In addition, an SOS immigrant hotline has been established, providing support in four languages (Portuguese, English, Russian and Cape Verdean Creole). Finally, in June 2006, a free telephone translation service has been established, which helps in integration-linked administrative procedures and urgencies in 60 languages.

Box 5.3. Overcoming barriers: the role of intercultural mediators in the SEF

Since September 2006, the Services for Foreigners and Border Control (SEF) have established so-called intercultural mediators in their reception centres, following the model of the intercultural mediators in the National Immigrant Support Centres (see above). There are more than 30 mediators employed in the various centres of the SEF. For immigrants who do not master the Portuguese language, the mediators are generally the first contact point. The mediators generally have a migration background themselves, and there is mediation available in the languages of all major immigrant groups.

The intercultural mediators are not directly employed by the SEF, but by the immigrant associations which in turn receive grants from the SEF for their work. This allows the mediators to give advice to all immigrants, even for those without adequate papers. For the latter, the mediators try to find solutions for some sort of regularisation. Indeed, the SEF has established a "golden rule" that nobody will be deported because of he/she has been in a SEF centre.

The mediators form part of a comprehensive modernisation programme at the SEF which started in 2006. This programme has three objectives. The first is a diversification of the SEF centres' staff to include more persons with a migration background. The mediators have been established in this context. The second objective aims at a greater proximity of the services. With that aim, busses are available to provide proximity services in areas with a high immigrant concentration. These services are mainly for persons who could not visit the regular centres – for example pregnant women, handicapped, or elderly persons. There is also a weekend service available. The third pillar of the programme is a simplification of the processes for getting permits and their prolongation. As part of this, most of the relevant documents are now provided electronically.

Labour market policy, including the labour market integration of immigrants, is an area of responsibility of the *Ministry of Labour and Social Solidarity*. Labour market policy measures are implemented and administered by the *Institute for Employment and Vocational Training* (IEFP). Although immigrants are overrepresented among certain measures, there are no instruments which are directly targeted at immigrants. The only exception is the programme *Portugal Acolhe* ("Portugal Welcomes"), a programme to introduce new arrivals into the Portuguese society and to provide them with some basic language training. Compared to introduction programmes in the other OECD countries under review, this programme is of rather limited scale and scope. It consists of 50 hours of basic language training – provided in three levels – and 12 hours of so-called "citizenship" courses, about half of which is for basic information about the functioning of the labour market and training possibilities. The programme is available to all legal (including regularised) immigrants. It is provided free of charge. Introduced in 2002, the programme has remained rather small-scale, and participation has continuously declined since its introduction. It is targeted at recent arrivals who are already in employment. In 2006, less than 1 400 persons participated in the programme (compared with about 3 200 in 2002), reflecting the decline in immigration to Portugal in recent years. Notwithstanding this decline, it appears that only a minority of immigrants in need of this eventually participate. The budget attributed to the programme is also quite limited – about EUR 230 000 in 2007 (*i.e.* about EUR 130 per participant).

Since March 2007, the ACIDI and the IEFP co-operate in the establishment of local labour market offices (so-called "units for insertion into professional life", UNIVAs) in neighbourhoods with high immigrant concentration. 21 of such centres have been established thus far, 15 of these in the Lisbon area.[29] The task of these centres is to provide specific employment-related guidance, training and advice to immigrants and their children.

29. Note that these neighbourhood UNIVAs differ from the UNIVAs in the CNAIs (Box 5.2), in spite of the fact that they bear the same name.

The *labour inspection service* also reports to the Ministry of Labour and Social Solidarity. Its role is *inter alia* to control the working conditions and to combat irregular employment. In recent years, it has focused rather on legalising existing employment situations than on the punishment of immigrants (see Da Cruz, 2007).

The majority of immigrants, in particular those from the PALOP, share low- or sub-standard dwellings and frequently live in rundown areas, namely in the suburbs of Lisbon, under conditions which are not favourable to integration. There have been a number of large-scale re-housing programmes in the past 15 years (see the section on housing in Section 3 for more details). Although immigrants are not targeted by them, they are among the main beneficiaries. These programmes are administrated by the *National Housing and Urban Institute*, an agency under the Ministry for Environment, Territorial Planning and Regional Development.[30]

The recognition of foreign qualifications is co-ordinated by the *Ministry of Science, Technology and Higher Education*. With the growing number of immigrants with foreign degrees, these services have gained importance in recent years, as will be seen below. Another issue which is of increasing importance is the integration of immigrant children in schools – and the language training related to this. These measures are within the domain of the *Ministry of Education*.

The *municipalities* also play an important role in immigrant's integration through their responsibilities in the areas of education, childcare, social welfare, housing and local development. Labour market integration has not been a prime area of concern for the municipalities in the past, whereas much attention has been paid to housing and education (see Fonseca *et al.*, 2002). The integration activities of the municipalities seem to have broadened in recent years. In the city of Seixal, for example, a territorial pact has been concluded which focuses on training and education, employment and entrepreneurial activities. Migrants are a key target group of this pact. In this context, a "citizen counter" (*Espaço Cidadania*) has been created in the municipal services which combines the different services for immigrants together, in co-operation with the public employment service, the local immigrant integration support centre (CLAII) and the ACIDI.

There are more than 100 officially recognised *immigrant associations* in Portugal, which are supported by ACIDI both by technical (training, infrastructure, etc.) and financial means. The networking of immigrant associations started with the first regularisation of 1992/1993, but was initially strongly linked with some trade unions and political parties. Over time, co-operation between the associations declined (see Albuquerque *et al.*, 2000). This changed in 2006, when the first national meeting of immigrant associations was held, under the auspices of ACIDI. In 2007, key immigrant associations joined together in a common platform, with a view of reinforcing their role as representatives of the respective immigrant communities, to discuss and establish common proposals to improve the integration of immigrants. Immigrant associations appear to be relatively well involved in the key integration services provided by the authorities, as witnessed by their presence as intercultural mediators in the CNAIs (see Box 5.2) and in the SEF centres (see Box 5.3). Immigrant associations also host some of the local immigrant integration support centres (CLAIIs), and co-operate in a range of

30. The Government's Plan for Immigrant Integration includes a number of measures in the area of housing, including improved access to social housing for immigrants, and re-housing for those living in disadvantaged or run-down areas. The mainstream PROHABITA plan for access to housing had a proportion of 5% of immigrants within its target group in 2007. Various housing and employment projects are also taking place in "critical neighbourhoods" (see Council of Ministers and ACIDI, 2008).

programmes (*e.g.* the *Escolhas* programme, see Box 5.5 below). Recognised immigrant associations can also get financial support from the ACIDI and other bodies for their integration-related activities.[31] Immigrants and their associations also have a platform on a daily emission on the Portuguese public TV, "*Nós*", which presents information on a broad range of integration-related topics and activities.

Non-governmental institutions, such as the Jesuit Refugee Service and the Gulbenkian Foundation, also play an important role in the labour market integration of immigrants. Examples of this work include the project on the training and recognition of qualifications for foreign-born health professionals (see Box 5.4 below), a platform on best practices regarding the integration of immigrants, and work with the children of immigrants in critical areas. Indeed, with the growing number of immigrants in Portugal, work on integration has evolved as a priority area of work for the Gulbenkian Foundation.

Some of the *labour unions* have established specific activities targeted at immigrants, such as information campaigns about regularisation opportunities and a bus driving to neighbourhoods with a high immigrant concentration to provide residents with basic computer training. In contrast, *employer associations* seem to play a rather limited role in the integration process. There are no specific activities related to the integration of immigrants, and few immigrants are present in the associations.

In sum, the infrastructure for the integration of immigrants is quite developed, given the rather recent nature of most immigration, and the number of immigrants in the population. Initially, labour market integration was not a key focus area of integration policy, since most immigrants had employment. Although the employment rate of immigrants is still higher than that of the native-born, there seems to be a growing attention to labour market issues. This is done with a view of better utilising immigrants' skills, and to retain immigrants in light of expected future labour shortages. In this context, creating a welcoming atmosphere for immigrants has become a key area of concern, not only for those directly involved in integration, but also for other government services which deal with immigrants – including the border control service.[32]

3. Key issues related to the labour market integration of immigrants and their children

3.1. Labour market indicators of the principal migrant groups

As seen in the previous section, three main migrant groups can be identified in Portugal – immigrants from the PALOP, Brazilians and immigrants from eastern and south-eastern Europe. All of these three groups have been the object of recent studies in Portugal.[33]

31. In order to become recognised, some minimum requirements regarding legal structure and objectives need to be met.

32. Sensitisation of public opinion towards a "spirit of welcoming and tolerance" is a priority area of work of the ACIDI. This approach is perhaps best mirrored in ACIDI's activity reports, entitled "welcoming and integrating" (ACIME, 2005, 2007).

33. On immigrants from eastern and south-eastern Europe, see Baganha and Fonseca (2004); on Brazilians, Malheiros (2007). Research on immigration from the PALOP has concentrated on the Cape Verdeans (for an overview, see de la Barre, 2007a and 2007b) and Guinea Bissau (Machado, 2002). In contrast, there is remarkable lack of research on immigrants from Angola (for a notable exception with respect to their descendants, see Possidónio, 2006). This seems to be linked with the fact that these are a rather diverse group. In addition to labour migration there have been flows of post-colonial migration of former civil servants (which, however, also occurred from other former colonies) in the 1970s and, in the 1980s and thereafter, of humanitarian migrants.

Among the migrants from PALOP, who are the longest-standing migrant group, the Cape Verdeans stand out as the main origin country and also the only one from which significant immigration was already observed prior to the 1974 Revolution. Table 5.2 reveals that all main migrant groups have a higher employment rate than the native-born, for both genders. Only immigrants from the EU-15 have a slightly lower employment rate than the native-born. The ranking between immigrant groups for men –very high employment of immigrants from eastern and south-eastern Europe, followed by Brazilians and immigrants from the PALOP, and then by immigrants from the EU-15 – also holds in econometric analysis after controlling for age and education.[34] Note, however, that for immigrant men from the PALOP, and for immigrant women from Brazil, the probability of being employed is no longer above that of the native-born after these controls, and the odds ratios for the other immigrant groups are also significantly reduced (Annex 5.2). This is due to a somewhat more favourable age and education structure of immigrants. In addition, the "return" to a higher education in terms of increases in the employment probabilities is lower for immigrants than for the native-born.

Table 5.2. Labour market indicators of natives and foreign-born foreigners in Portugal, by origin group and gender, 15-64 years old, 2001

	Employment rate		Unemployment rate	
	Men	Women	Men	Women
Cape Verde	77.3	67.3	7.0	9.3
Other PALOP	74.4	57.1	9.7	17.4
Brazil	87.9	65.5	4.2	12.3
Eastern and south-eastern Europe	95.5	77.4	2.4	9.3
EU-15	69.4	49.4	4.3	9.7
Total foreign-born foreigners	79.4	58.2	5.9	12.8
Native-born	*73.0*	*55.3*	*5.3*	*8.8*

Source: 2001 census, data provided by the National Institute of Statistics (INE).

With respect to unemployment, the picture is more varied. While male immigrants from the PALOP face significantly higher unemployment than natives, unemployment among male immigrants from eastern and south-eastern Europe is only half of that of the native-born. Male Brazilians also have a low unemployment rate.[35] In all migrant groups, women are disproportionately affected by unemployment. Unemployment of immigrant women is particularly large for those from PALOP outside of Cape Verde, whose unemployment rate is twice as high as among the native-born, and for women from Brazil. Again, this picture of a higher probability of immigrants to be unemployed for male immigrants from the PALOP and for women from Brazil is also confirmed after controlling for age and education (Annex 5.3).

3.2. Outcomes of recent arrivals

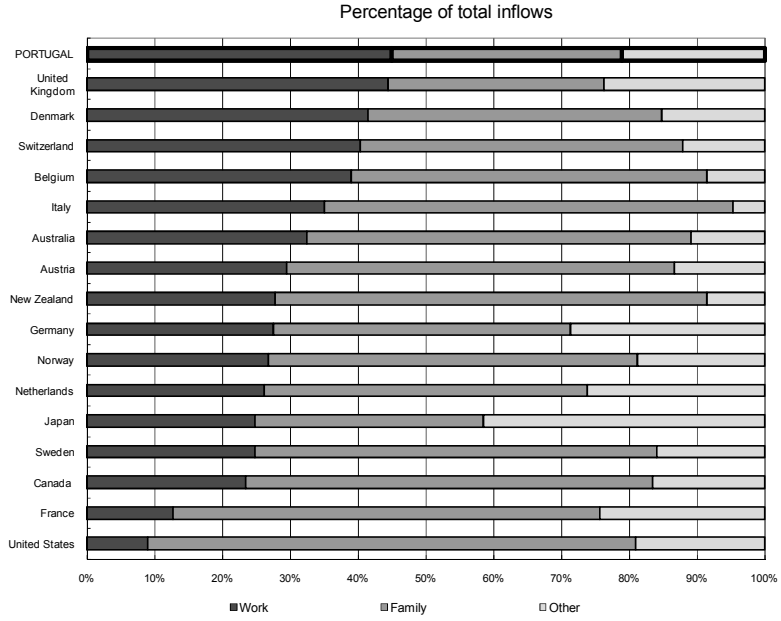
The high employment of immigrants – both of the "traditional" and of the more recent immigrant groups – appears to be mainly attributable to the strong labour market

34. For women, the ranking changes after controls. Without controls, women from eastern and south-eastern Europe have the highest employment rates, followed by women from PALOP other than Cape Verde and then Cape Verde. After controls, women from Cape Verde have the highest odds of employment, followed by women from Eastern and south-eastern Europe and from Brazil.

35. Note that these figures relate to 2001, and do thus not necessarily reflect the changing labour market situation since then.

orientation of immigration flows, both in the past and currently, reinforced by lack of access to benefits.[36] Among the countries for which standardised data are available, Portugal stands out as the country with the highest share of labour migrants among regular inflows (see Figure 5.4). In addition to this, there are significant numbers of irregular migrants, the vast majority of whom come for employment. Evidence from a number of OECD countries has confirmed the strong links between category of migration and labour market integration (see OECD, 2007b). It is thus perhaps not surprising that the labour market outcomes of new arrivals are very favourable in international comparison (see Table 5.3). Unfortunately, due to the large undercoverage of recent arrivals in the Portuguese Labour Force Survey, the most recent available figures have refer to the 2001 census and are thus somewhat dated.

Figure 5.4. Composition of the (legal) permanent-type migration inflow into OECD countries by category of entry, standardised definition, 2004/2005 average



Note: For information on the compilation of the standardised statistics, see *www.oecd.org/els/migration/standardisedinflows*. Family includes accompanying family of workers. Data for Belgium refer to 2005 only.

Source: Data from OECD (2007a).

As immigration to Portugal is largely driven by labour market opportunities, both legal and irregular immigration seem to have significantly declined along with the less favourable labour market conditions since 2004. In addition, a large part of those more recent arrivals who lost their jobs or who did not find employment upon arrival seem to have left Portugal again – often to other EU countries such as Spain and the United Kingdom where the current labour market situation is more favourable. This seems notably to be the case of Ukrainians and other migrants from eastern and south-eastern Europe.

Table 5.3 shows the strong labour market orientation of the "recent" (pre-2001) arrivals from Brazil and eastern and south-eastern Europe. In contrast, the employment pattern by duration of residence for immigrants from the PALOP more closely resembles that observed in other OECD countries where most immigration is not labour market

36. The lack of access to benefits has been attributable to the irregular nature of past immigration and the fact that immigrants with a stay permit needed to have a work contract for the annual renewal of their permit.

oriented. This is an indication that migration from the traditional origin countries (*i.e.* the PALOP) has been changing from being predominantly labour-market oriented to a mixture of labour, family and other (humanitarian, etc.) migration. Indeed, the PALOP group is the only key origin group for which there is little difference in the employment rate between the native-born, established immigrants and more recent arrivals after controls in econometric analysis, whereas the stronger labour market orientation of more recent immigration from Brazil is quite apparent.

Table 5.3. Employment rates of recent arrivals and longer-term immigrants in Portugal, by nationality group, 15-64 years old, by gender, 2001

Country of birth	Less than five years Men		More than five years Men		Less than five years Women		More than five years Women	
	%	*Numbers of individuals*	%	*Numbers of individuals*	%	*Numbers of individuals*	%	*Numbers of individuals*
Cape Verde	71.1	*2 344*	79.3	*8 146*	61.0	*2 258*	70.0	*5 938*
Other PALOP	66.3	6 323	78.1	15 791	49.7	4 570	61.4	9 833
Brazil	90.6	9 153	82.1	4 033	67.4	5 242	62.4	3 033
Eastern and south-eastern Europe	95.9	11 453	89.6	707	79.5	2 551	63.5	297
EU-15	65.1	3 977	72.0	7 336	43.0	2 746	52.9	6 115
Other	79.0	3 432	75.3	5 696	44.25	1 443	48.8	2 749
Total	81.7	38 998	77.3	41 781	56.5	19 218	59.5	27 979
Native-born	73.0				55.3			

Note: Data on the foreign-born restricted to foreign nationals.
Source: 2001 census data, provided by the National Institute of Statistics (INE).

This is also confirmed with respect to unemployment (Table 5.4). At the time of the 2001 census, unemployment has been very limited among recent male arrivals from Brazil and from eastern and south-eastern Europe. In contrast, the unemployment pattern of immigrants from the PALOP more closely resembled the picture observed in other OECD countries where immigrants do not have a job upon arrival, and when there is an initial period of job search and adaptation to the host country. Indeed, the somewhat lower employment rates and higher unemployment for migrants from the PALOP may in part be attributable to the fact that a large part of this group are not labour migrants, but migrated for other motives (family, etc.).

Table 5.4. Unemployment rates of recent arrivals and longer-term immigrants in Portugal, by nationality group, 15-64 years old, by gender, 2001 census

Country of birth	Less than five years Men	More than five years Men	Less than five years Women	More than five years Women
Cape Verde	9.0	6.4	12.8	8.0
Other PALOP	12.6	8.4	23.0	14.6
Brazil	4.2	4.2	13.5	10.3
Eastern and south-eastern Europe	2.4	..	9.2	..
EU-15	4.2	4.3	11.5	8.9
Total	5.4	6.3	15.2	11.0
Native-born	5.3		8.8	

Source and Note: See Table 5.3.

An interesting observation relates to the unemployment of immigrant women, which has for all groups of "recent" arrivals been higher than for established immigrant groups, and higher than for the native-born. This is an indication that labour market opportunities have been mainly in occupations and sectors typically dominated by men, such as construction – although labour market demand for some occupations dominated by women, notably in domestic services and restaurants, has also been strong.

3.3. The qualifications of migrants

In international comparison, Portugal's immigrant population has low qualification levels (see Table 5.5). More than 50% of the 25-54 year old only have lower secondary education, and the majority of these do not even have an attainment that surpasses primary education. This has to be seen in light of the fact that Portugal's population is among the lowest-educated in the OECD (see also OECD, 2006). Only about 25% of the 25-54-year-old population have an educational attainment of upper secondary or above – the lowest percentage of the European OECD countries. Indeed, the average educational attainment of the immigrants is significantly *above* the attainment of the native-born population.

Table 5.5. Distribution of qualification levels of immigrants and native-born in various OECD countries, 25-54 years old, 2005/2006

	Very low (ISCED 0 and 1)		Low (ISCED 2)		Medium (ISCED 3 and 4)		High (ISCED 5 and above)	
	Native-born	Foreign-born	Native-born	Foreign-born	Native-born	Foreign-born	Native-born	Foreign-born
Men								
Belgium	11.9	25.2	24.0	18.9	38.3	28.6	25.8	27.4
Denmark	2.0	12.0	21.6	19.2	50.1	34.2	26.3	34.7
France	9.23	26.4	24.0	20.7	45.1	29.7	21.7	23.2
Germany	5.4	10.9	13.9	24.4	55.7	45.4	24.9	19.3
Italy	11.9	13.4	38.6	39.8	39.2	37.3	10.2	9.4
Netherlands	7.4	14.4	23.5	18.7	41.0	44.9	28.1	21.9
Portugal	**59.9**	**30.0**	**16.2**	**23.5**	**13.2**	**28.3**	**10.6**	**18.2**
Spain	19.5	23.5	33.2	21.0	21.0	31.8	26.2	23.8
United Kingdom	0.1	1.0	13.3	15.4	60.1	55.4	26.4	28.2
United States	1.6	19.7	7.1	12.5	52.5	35.3	38.8	32.6
Women								
Belgium	13.0	30.2	21.2	17.0	36.5	23.4	29.4	24.4
Denmark	1.7	13.4	22.3	16.3	45.4	38.2	30.6	32.1
France	10.9	29.8	24.0	21.1	40.1	27.3	25.0	21.8
Germany	5.1	15.1	18.7	29.2	59.0	39.9	17.3	15.8
Italy	17.2	12.3	32.1	33.7	39.3	41.4	11.5	12.7
Netherlands	7.8	17.5	26.9	18.2	40.3	43.7	25.1	20.5
Portugal	**58.6**	**29.9**	**13.2**	**20.0**	**13.2**	**30.4**	**15.1**	**20.0**
Spain	22.2	19.5	29.0	19.7	21.6	34.6	27.2	26.3
United Kingdom	0.1	1.9	14.8	17.6	58.3	53.3	26.7	27.2
United States	1.2	16.6	6.1	11.5	49.8	35.0	42.8	37.0

Source and Note: See Table 5.1.

However, these aggregate figures conceal significant differences between the main migrant groups (Table 5.6). Immigrants from Cape Verde stand out as having an extremely low educational attainment. 80% only have primary education or less, and 15% of these are even illiterate. The educational attainment of immigrants from the other PALOP is already significantly higher, but still lags greatly behind that of immigrants from Brazil or from eastern and south-eastern Europe who are relatively qualified.

Table 5.6. Distribution of qualification levels of foreign-born foreigners, by origin group, 25-54 years old, 2001

Country of birth	Very low (ISCED 0-1)	*of which illiterate*	Low (ISCED 2)	Medium (ISCED 3-4)	High (ISCED >=5)
Cape Verde	80.0	14.8	11.6	6.4	2.1
Other PALOP	46.9	4.4	25.3	21.1	6.8
Brazil	30.8	0.7	18.6	30.1	20.6
Eastern and south-eastern Europe	22.9	2.2	17.4	30.5	29.2
EU-15	23.0	0.6	14.8	28.2	34.1
Native-born	60.1	2.3	14.5	14.5	11.0

Source and Note: See Table 5.3.

In light of the low overall educational attainment of the Portuguese population, the government has launched a comprehensive campaign "new opportunities" (*novas oportunidades)* aimed at reinforcing the qualifications of the population (see Ministry of Education, 2006; and OECD, 2006 for details). The initiative includes a comprehensive set of measures to promote training and education of the adult population, and to recognise, validate and certify skills.[37] The primary objective is to raise the basic qualification level by validation of skills and accompanying training. The measures are directed at people above the age of 18 who have not completed secondary education. There are two streams – one for the certification of primary and lower secondary education, and another one for upper secondary education. The certification is linked with training offers to enable the participants to reach the respective levels. The training and certification is given in four different areas: Portuguese language and communication skills, information and communication technology, mathematics, and citizenship and employability. 269 centres for validation and training have been established thus far, and in early 2008, more than 350 000 persons were covered by the New Opportunities scheme. The majority were already in employment. It is planned to have the competences of 650 000 persons certified in 500 centres by 2010. The Centres are run by public or private organisations and are generally also available outside of normal working hours.

By the nature of the programme, one would expect immigrants to be overrepresented, as they would seem to disproportionately benefit from such certification, and also be most in need of the language and literacy training associated with the process.[38] Until now, however, immigrants are largely underrepresented in both programme streams. In 2007, almost 100 000 individuals were inscribed in each of the two streams. In the primary and lower secondary education stream, the share of foreigners is below 3%. In the upper secondary stream, the share of foreigners is even below 2%.

37. There is a separate programme line for young adults with the aim of increasing the educational level.

38. Note, however, that immigrants who consider their stay to be merely temporary may have few incentives to participate in this.

3.4. The issue of "overqualification"

Due to the rather low educational attainment of most immigrants until the late 1990s, recognition of foreign qualifications was not considered a major issue. This has changed with the arrival of more qualified immigrants from non-lusophone countries. Data from the "*Quadros de Pessoal*" indicates that the vast majority of immigrants from eastern Europe who have a tertiary education are formally "overqualified" for the occupations in which they are working (Table 5.7).[39] The incidence of overqualification in Portugal is rather high in international comparison, both for natives and for the foreign-born (Table 5.8).[40]

Table 5.7. Percentage of highly-qualified working in low- and medium-skilled jobs in private enterprises in Portugal, 15-64 years old, 2005

	Low-skilled	Medium-skilled
Foreigners	6	30
Cape Verde	7	47
Other PALOP	4	33
Brazil	4	34
Ukraine	25	65
Other eastern and south-eastern Europe	20	59
Other	1	16
Portuguese	1	20

Source: *Quadros de Pessoal*.

Table 5.8. Percentage of highly-qualified employed who are working in low-and medium-skilled jobs, 15-64 years old, 2005/2006 average

	Native-born	Foreign-born
Belgium	21.6	27.0
Denmark	12.8	28.0
Germany	20.9	28.3
France	19.6	23.7
Italy	11.5	40.3
Netherlands	13.5	19.7
Portugal	**21.1**	**36.6**
Spain	32.6	56.8
United Kingdom	21.8	22.1
United States	28.7	32.0

Note: Data for Portugal refer to nationals and foreigners. Data for the United States are not fully comparable due to a different occupational classification.

Source: European Union Labour Force Survey, except for Portugal (*Quadros de Pessoal*).

39. In general, overqualification is defined as individuals working in jobs which are below their level of educational attainment. Here, it is measured by the proportion of highly-educated persons in employment who are working in medium- and low-skilled occupations. Note that results for overqualification among immigrants may tend to be overstated, due to language deficiencies or *de facto* non-equivalency of degrees. For a comprehensive overview of the measurement and incidence of overqualification across OECD countries, see OECD (2007a).

40. The Portuguese economy still depends to a much lesser degree on highly-skilled work than other OECD countries. Among the European OECD countries, Portugal is the country with the lowest share of highly-skilled occupations in total employment.

This seems again to be linked with the fact that much immigration has been rather recent, as overqualification tends to decrease over time (see OECD, 2007a).[41] Indeed, among the countries included in Table 5.8, only Italy and Spain have a higher incidence of overqualification among immigrants than Portugal. Both of these countries have experienced significant recent immigration, mainly into low-skilled occupations (see OECD, 2007a).

Particularly noteworthy is that one fourth of highly-qualified Ukrainians who are in employment are even working in low-skilled jobs. The high degree of overqualification of immigrants in general, and of immigrants from eastern and south-eastern Europe in particular, also holds after controlling for a broad range of variables such as age, gender, seniority, and sector (see Annex 5.4).[42] A study by Carneiro *et al*. (2006) shows, nevertheless, that there is occupational upgrading of foreigners *vis-à-vis* nationals over time. This process is particularly pronounced among immigrants from eastern and south-eastern Europe. In spite of this occupational upgrading, immigrants remain at a disadvantage compared to native Portuguese even after many years, and this descriptive longitudinal result is also confirmed in the cross-sectional econometric analysis with the *Quadros* which shows that the overqualification of foreigners strongly diminishes with seniority. This is an effect which is also observed for the Portuguese, but it is much stronger for foreigners.

The processes for formal recognition depend on the type (professional and academic) and level (tertiary or non-tertiary) of qualifications concerned, as different bodies are in charge and the processes differ accordingly.[43] Special requirements apply notably for regulated professions, of which there are rather many in Portugal (including accountants, medical doctors, pharmacists, architects, civil servants, etc.). These requirements are set by the professional bodies, which are in charge of the process.

For technical, low- and medium-skilled professions, the Institute for Employment and Professional Training (IEFP) is in charge. Immigrants who are applying for recognition generally have to pass a practical examination. Depending of the type of profession, special preparation courses may be available which are either financed by the IEFP or by the migrants themselves.

For academic recognition at the tertiary level, the process is decentralized. The universities are in charge and enjoy significant discretion in this respect. The Ministry of Science, Technology and Higher Education provides some guidelines for this recognition, and gives advice on the procedures to immigrants. However, transparency is lacking insofar as the universities are using their discretion differently, and the ministry is not in a position to advise immigrants on which universities would provide them with the quickest recognition process or where their recognition chances would seem to be highest. In the Plan for Immigrant Integration (Council of Ministers and ACIDI, 2007) it is envisaged to establish a service in the National Immigrant Support Centres which would provide such advice. This increased transparency seems to be a second-best solution compared to a more harmonised and centralised recognition.

41. This improvement over time is linked with better mastery of the host country language and increase in reservation wages as immigrants get access to benefits.

42. The exception are immigrants from the EU-15.

43. A comprehensive description of the different recognition procedures is given in ACIME (2004).

The universities charge fees to the immigrants for the recognition, and these vary between EUR 300 and 800, depending on the diploma and subject under consideration.[44] Although formally the process should be done within 60 days, in practice the average time is about seven months as some papers required by the universities are initially lacking. The outcome of the process (where positive) is a certification either of equivalence or of recognition. The former relates to a specific area and certifies the formal equal value with a Portuguese degree in the same area. The latter only certifies the level of education and is foreseen in cases where the study programme differs widely from the Portuguese study content, although it is considered to be of a similar education level. When the universities refuse to grant either equivalence of recognition, they have to give the reasons for the refusal, including the conditions under which recognition could be envisaged at a later stage. There are some language and other training courses in place to provide such bridging for immigrants, but it is difficult to get a precise picture of the scale and scope of these. In the framework of the national Plan for Immigrant Integration, an evaluation of these courses is currently under way which should shed some light on this issue.

Overall, the number of applications of academic recognition has been rather modest – on average only about 600 per year between 2002 and 2007. In almost 90% of the cases, equivalence or recognition is eventually granted.[45] More than 60% of the cases concerned Brazilians. The latter also benefited from the bilateral agreement between Portugal and Brazil of 2003 which led to the regularisation of many Brazilians in Portugal (see above). This treaty provided for mutual professional recognition. It is currently planned to extend this to academic recognition.[46] There is some tentative evidence that these facilitations for Brazilians may have had a beneficial effect on their labour market integration. Among the key immigrant groups (excluding migrants from the EU-15), Brazilians are the one for whom overeducation among highly-skilled immigrants is least pronounced after controlling for a range of other characteristics.[47]

In spite of the large number of highly-qualified immigrants from eastern and south-eastern Europe who work in low- and medium-skilled jobs, relatively few of them have sought recognition (see also Góis and Marques, 2007). The reasons for this are difficult to ascertain. They may be linked with their legal situation, language difficulties, the cost and bureaucratic procedures involved, or simply concern that their degree may not in all cases be actually equivalent. It may also reflect the fact that many of these migrants do not consider their stay in Portugal as permanent. It is also argued that there are only few shortages for high-skilled occupations, despite the low educational attainment of the Portuguese population. One indication that this may actually be the case is the reported widespread overqualification even among nationals. The fact that immigrants do not seek recognition may thus partly reflect a lack of employment opportunities in their respective profession.

44. For immigrants from non-lusophone countries, costs associated with the translation of official documents may also apply. Anecdotal evidence indicates that these costs are often a multiple of the actual fees.

45. Unfortunately, statistics do not allow for a distinction between these two processes.

46. For example, due to the bilateral agreement, a lawyer from Brazil can practice as a lawyer in Portugal. However, in order to qualify for a post in the public service that is restricted to persons with a degree in law, that person would currently have to follow the procedure for academic recognition.

47. However, looking separately at men and women (Annex 5.4), one observes that among women, the odds of being overqualified are even lower for women from the PALOP (excl. Cape Verde).

A new decree on the recognition of foreign qualifications is currently considered which aims at facilitating the recognition process. A reduction of the fees involved is also planned in this context.

The national integration plan pays particular attention to the integration of qualified immigrants into the health sector. Indeed, this is one of the few areas of high-skilled labour where there is a recognised shortage, and a pilot project involving this sector has been rather successful (Box 5.4, see also Ribeiro, 2008).

Box 5.4. From construction workers to medical doctors: recognition and bridging courses

Qualified and highly qualified migration from outside of the EEA has been a rather limited phenomenon in Portugal in the past. However, a significant part of recent immigrants – mainly those from eastern Europe – has been highly qualified, of whom many were medical doctors in their countries of origin. Yet, most of these were working in low-skilled occupations in Portugal after arrival, particularly in construction. At the same time, Portugal has also been facing recognised shortages in medical professions. In light of these challenges, the Gulbenkian Foundation and the Jesuit Refugee Service Portugal jointly developed a programme to recognise the qualifications and work experience of immigrant doctors. The programme initially seemed to face some resistance by the professional associations and some schools, but the backing of the influential Gulbenkian Foundation, the involvement of the Health Ministry, and the support of a university ensured its success.

The programme provided for the translation of documents, bridging courses in the faculty of medicine, as well as comprehensive preparation material, internships in teaching hospitals, and vocation-specific language training. Participants had to pass a final assessment examination. The vast majority of the participants came from eastern Europe. Fifty of the 120 participants were from Ukraine, a further 30 from Moldova and 18 from Russia. The gender distribution was relatively even (65 men and 55 women). The majority of the men had worked as workers in civil construction, the majority of the women in cleaning – *i.e.* in low-skilled jobs. The average cost per participant was around EUR 7 000, including a nine-months scholarship of EUR 500 per month. This is significantly less than the average annual cost for a medical formation in Portugal.

At the end of the project, 106 of the 120 participants were employed in their professional field. The medical doctors were accompanied up to one year after completion of the programme to ensure a lasting integration. A second phase, involving 150 medical doctors, is currently starting.

A project of similar scale and scope has also been conducted with immigrant nurses. It involved 69 nurses, of which 55 found a job in the Portuguese health system upon completion. Whereas the project on doctors was entirely financed by the Gulbenkian Foundation, the project on nurses was largely financed by the European communities' Equal programme.

3.5. The sectors and occupations in which immigrants work

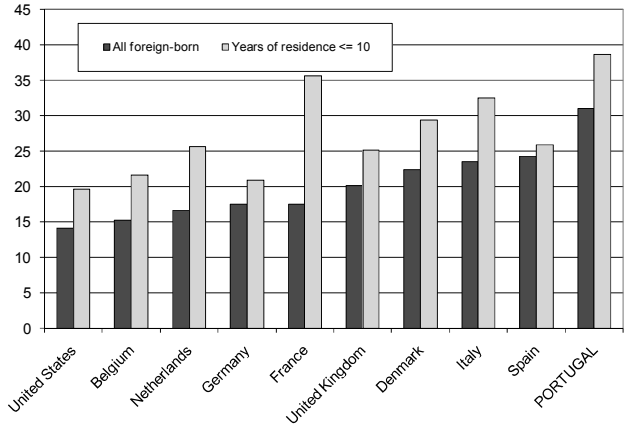
A striking feature of the employment of immigrants in Portugal is the strong concentration in a few sectors and occupations. 26% of the total employment of foreigners (12% for Portuguese) is in construction, which is a particularly cyclical sector.[48] Much of this pronounced concentration is linked with the fact that immigration over the past decade has been heavily driven by demand in the construction sector. Almost 40% of foreigners from eastern and south-eastern Europe worked in 2005 in construction. Foreigners are also concentrated in hotels and restaurants. 15% of employed foreigners are working in hotels and restaurants (compared to 6% for Portuguese).

48. Note that all data in the subsequent sections which refer to foreigners are taken from the *Quadros de Pessoal*.

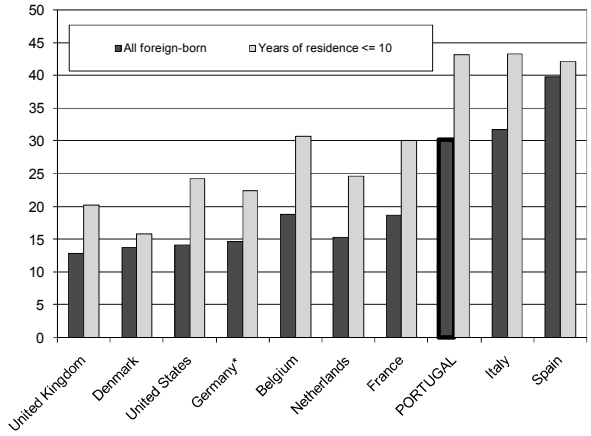
For men, the sectoral concentration of immigrants – compared to the native-born – is larger in Portugal than in any other OECD country in the comparison group (Figure 5.5a). For women (Figure 5.5b), a larger concentration than in Portugal is only observed in Spain and Italy. Looking only at persons with less than ten years of residence, for whom the concentration is more pronounced in all countries, Portugal has the highest figure among the countries in the comparison group (for women, together with Italy).

Figure 5.5. Index of sectoral disparity between native- and foreign-born employment for various OECD countries, 2005/2006 average

a. Men



b. Women



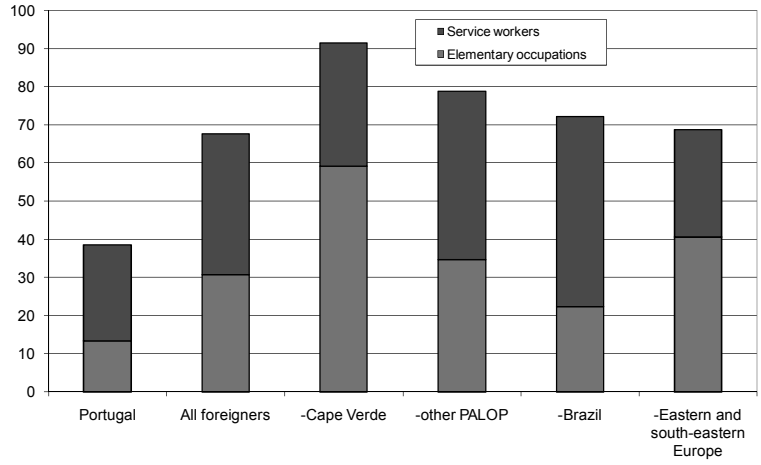
Note: The disparity indicator is defined as the sum over all sectors of (|*pi*-*qi*|)/2, where *pi* and *qi* represent the share of sector *i* in the employment of natives and foreign-born, respectively. This indicator gives the percentage in percentage points of immigrant workers who would have to be reallocated from sectors in which they are overrepresented to those in which they are underrepresented for the distribution of employment by sector to resemble that of natives.

Source: See Table 5.1.

A similar picture emerges with respect to occupations. Again, there is a large concentration of immigrants in low-skilled professions. This is particularly pronounced for women (Figure 5.6a). 30% of employed women with a foreign nationality work in elementary occupations. Among Cape Verdeans, this is even the case for almost 60%. Another 35% of foreign women are working as service workers, mainly in housekeeping and restaurant services. Here the concentration is particularly noteworthy among Brazilians – one out of two employed women is in this occupational class. This

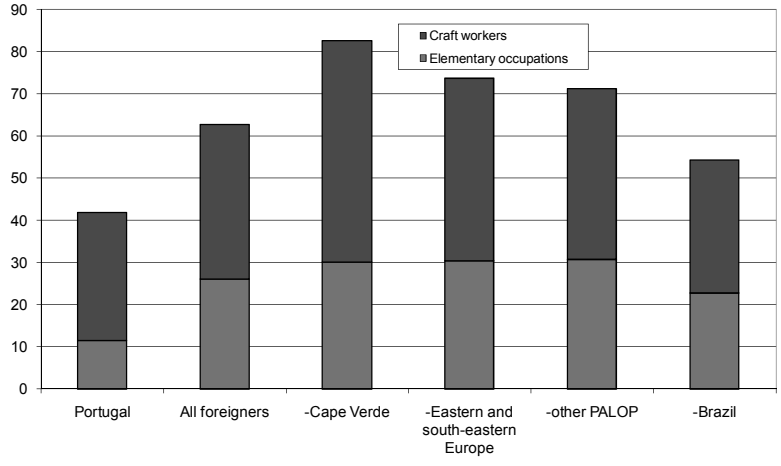
large concentration seems to have been linked with stereotyping and a subsequent lack of access to more skilled occupations (see Padilla, 2005). For men, a similar picture emerges (Figure 5.6b). Here, in addition to the elementary occupations in which all major immigrant groups are overrepresented, there is strong concentration in crafts and related workers. Again, this is most pronounced among the Cape Verdeans. In contrast, the occupational concentration is somewhat less pronounced among men from Brazil.

Figure 5.6a. Percentage of employed *women* working in elementary occupations or as service workers in Portugal, by origin, 2005



Source: *Quadros de Pessoal*.

Figure 5.6b. Percentage of employed *men* working in elementary occupations or as craft workers in Portugal, by origin, 2005



Source: *Quadros de Pessoal*.

3.6. The wages of migrants

A first glance at the wage profile of the foreign population shows average and median earnings that are much below those of the Portuguese – which are already low in international comparison. Although the mean (median) wage of the full-time employed Portuguese was only EUR 836 (605) in 2005, these figures were still about 20% lower for

the foreign population. The wage-gap is of roughly similar size for all three main migrant groups. Among the immigrants from the PALOP, the Cape Verdeans stand again out as having particularly low earnings.

While these low earnings are partly linked with the low occupational profile and sectoral distribution mentioned above, these factors only appear to account for part of this gap, as the wage regressions in Annex 5.5 reveal. Indeed, the salient observation is that the wage-gap is very stable – even after controlling for a broad range of characteristics that can have an impact on wages such as sex, age, education, seniority, sector and region, the wage gap generally remains in the order of 10% and above. However, the data do not permit – apart from seniority – to control for duration of residence, which has a strong impact on earnings assimilation. The large wage gaps may therefore be partly attributable to the recent nature of much immigration to Portugal. Indeed, there is some evidence that the wages are higher for immigrants who have been longer in Portugal, even after controlling for seniority (see Carneiro *et al.*, 2007). Nevertheless, nationals from Cape Verde are most disadvantaged – they face a wage gap of about 15% even after controls, which is above the gaps observed for all other groups. Wage-gaps for nationals from the other PALOP countries are also high, particularly for men. These findings are somewhat surprising as most immigrants from the PALOP face fewer language barriers and have already been residents in Portugal for many years.

One factor contributing to the wage gap is the fact that foreigners have lower returns to qualifications than Portuguese. Indeed, illiterate foreigners earn more than comparable Portuguese. Likewise, in one of the rare econometric studies on immigrants' labour market integration in Portugal, Carneiro *et al.* (2007) find, through quantile regressions on the same data (*i.e.* the *Quadros de Pessoal*) that immigrants perform significantly better at the lower end of the wage distribution than at the top. They link this finding to the legal minimum wages, which appear to be containing wage discrimination at the bottom end of the wage distribution. Binding minimum wages such as in Portugal (see Pereira, 2003) thus seem to limit the possibility of employers to take advantage of the fact that immigrants have lower reservation wages, particularly when they do not have a residence permit – at least for the kind of formally registered activities included in this administrative dataset.

In contrast, foreigners outpace Portuguese with respect to returns to seniority. These observations with respect to returns to education and experience are in line with findings from other OECD countries which show that employers discount the qualifications of immigrants, particularly when these have been obtained abroad (see OECD, 2007b). In contrast, employers seem to highly value work experience obtained in the host country. This also seems to hold in the Portuguese context, at least as far as intra-company experience is concerned. In spite of this (limited) wage mobility, there is some evidence that the low wage levels which immigrants face may have contributed to return- and on-migration to other OECD countries – particularly of immigrants from eastern and south-eastern Europe, but also for immigrants from Brazil.

3.7. The working conditions of migrants

In addition to the low wages which immigrants face, there is a general notion that their working conditions are also poor (see, for example, Dias *et al.*, 2002). However, there is very limited evidence on this – with the exception of case studies (*e.g.* Pereira and Vasconcelos, 2007). Some indirect evidence has been given by the sectors in which the

immigrants work, as well as by their occupations and wages. The analysis above demonstrated that immigrants are largely overrepresented in the segments of the Portuguese labour market which are generally associated with poor working conditions. Indeed, the Portuguese labour market is considered to be a highly segmented one (OECD, 2006), and unfavourable conditions prevail not only in the informal sector (see below), but also in the less regulated segments of the formal economy which include the above-mentioned sectors and occupations in which immigrant employment is concentrated.

Some further evidence is provided by the labour force survey, which has some information on the working conditions. This is summarized in Table 5.9. However, concerning shift work and night work, there do not appear to be sizeable differences between immigrants and the native-born. The same holds for (declared) working hours in the *Quadros de Pessoal*. The only notable difference between immigrants and the native-born relates to the nature of the contract. Whereas the vast majority of the native-born holds a permanent contract, only about half of the foreign-born have the same employment stability.[49] Among more recent immigrants (less than ten years of residence), the share is even lower.

Table 5.9. Key indicators of working conditions, 15-64 years old, 2005/2006

	% working shift work		% working night work		% with permanent contract	
	Native-born	Foreign-born	Native-born	Foreign-born	Native-born	Foreign-born
Belgium	8.8	8.3	13.8	14.5	91.5	87.8
Denmark	4.3	5.1	13.2	13.4	90.8	87.2
France	8.7	7.5	16.7	13.5	87.2	85.2
Germany	14.4	21.8	14.6	16.9	86.3	85.3
Italy	18.4	15.0	11.2	14.1	87.5	84.6
Netherlands	7.5	13.2	15.4	18.1	85.4	79.4
Portugal	**17.7**	**16.9**	**8.3**	**11.3**	**81.2**	**55.6**
PALOP	**..**	**..**	**..**	**..**		***63.8***
Brazil	**..**	**..**	**..**	**..**		***42.7***
Spain	18.0	12.0	10.7	11.9	70.6	45.9
United Kingdom	18.6	23.6	20.5	26.4	95.1	90.0

Source and Note: See Table 5.1.

The fact that few immigrants have permanent contracts – both relative to natives and in international comparison – is of particular importance in the Portuguese context, given the high formal employment protection. In principle, this protection also holds for the duration of temporary contracts. In practice, however, it seems that immigrants have few means to claim their rights. This holds naturally in particular for irregular migrants, but there also seems to be some discordance between formal rights and actual protection for migrants with valid residence documents.

49. Data from the *Quadros de Pessoal* shows that the figure of 55% of employed immigrants with a permanent contract is likely to be an upper bound: in the *Quadros* (which excludes the informal economy where permanent contracts are absent by definition) less than 40% of foreigners have an indefinite contract. This holds across all main migrant groups, *i.e.* it does not seem to be limited to more recent arrivals.

One further indication of poor working conditions are work accidents. The new Working Conditions Authority ACT (resulting from a merger of the Labour Inspection and the Institute for Security, Health and Safety at Work in late 2006) provides statistics on lethal work accidents. Immigrants are disproportionately affected – 141 of the 1 197 casualties since 2001 concerned foreigners. In addition to this are an unknown number of unreported casualties, notably of undocumented immigrants in the informal economy. The situation is particularly worrisome in the construction sector, which now accounts for more than two-thirds of the lethal accidents among foreigners. Nevertheless, the number of lethal work accidents – in particular of foreigners, but also of Portuguese – has declined significantly since 2001.[50] This is mainly attributable to a strong decline in construction. Indeed, the past high incidence of work accidents among foreigners appears to be mainly attributable to their overrepresentation in this sector.

Improvement of the working conditions is a declared priority of the Portuguese government (Ministry of Labour and Social Solidarity, 2006a). Among the measures taken were a series of training and sensitisation projects and the establishment of the new Working Conditions Authority.[51]

3.8. Immigrants and the informal economy

The poor working conditions of immigrants seem to be strongly linked with their presence in the informal economy. The concept of the informal economy is a complex one, and it is beyond the scope of this review to provide an overview (see OECD, 2002 and OECD, 2004 for comprehensive discussions). Employment in the informal economy is an issue for integration as it falls mainly outside the scope of taxation, social insurance and work regulations. Immigrants subject to such employment tend not to have social protection, and their work rights may be less respected. From a macroeconomic perspective, employment in the informal economy is a problem as it is associated with higher tax rates and lower government receipts which may create a vicious cycle. In addition, by fostering inefficiencies in production and unfair competition, it tends to limit growth (see OECD, 2004).

The informal economy in Portugal is relatively large in international comparison. Schneider (2002) estimated the size of the informal economy in Portugal at the turn of the millennium to be at about 23%. This is at the top end of the European OECD countries – the figure is only higher in Greece and Italy, and of similar size in Belgium and Spain.

By the very nature of employment in the informal economy, there is only limited evidence available on the employment of immigrants in this part of the economy. Nevertheless, there is little doubt that immigrants are largely overrepresented in undeclared labour. Irregular migration – which has accounted for the vast majority of past immigration to Portugal – is strongly linked with the absence of work contracts and, thereby, undeclared labour. Irregular migrants often do not have the choice between the formal and informal economy and are confined to the latter. The irregular status also limits their mobility to change employers, and the absence of social security coverage for

50. Between January 2004 and August 2008, 751 casualties were reported, of which 63 concerned foreigners.

51. The Working Conditions Authority has branches at both the Lisbon and Porto National Immigrant Support Centres. In the Lisbon CNAI, the authority received almost 18 000 people in 2007 (ACIDI, 2008).

these migrants makes them prone to accept any type of work, even when it is low-paid and subject to poor working conditions.

However, it would be wrong to equate irregular (labour) migration with undeclared labour. Firstly, undeclared labour is of course not restricted to immigrants without residence papers. Natives and legal immigrants are also present in the informal economy. Nevertheless, there is some evidence that irregular migrants tend to be initially employed in the informal economy when they arrive and move to the formal economy once they have been regularised (see Ministry for Labour and Social Affairs, 2006b which presents some evidence on the occupational mobility of immigrants over the period covering regularisation). This upward mobility had already been observed after earlier regularisations (Baganha, 1998), despite the fact that the regularisations in the 1990s were not condition to a work contract – in contrast to the regularisations in 2001 and thereafter. Secondly, the Portuguese labour law considers informal work contracts as valid ones. This means that even irregular migrants are expected to pay taxes and social security. This seems to be quite often the case now, at least in the case of more visible activities. Inspections of the Working Conditions Authority are less likely when there have been payments into the tax and social security system, so employers have an interest in declaring their workers.[52] Irregular migrants also enjoy, at least in principle, protection against exploitation. For example, irregular migrants who have been exploited by their employers can denounce them and may obtain a stay authorisation thereafter to be protected. In practice, however, there have been few cases where this legal measure has been applied as the requirements are rather strict, and exploitation is difficult to prove (see also below on discrimination). In addition, it seems that many irregular migrants consider their stay as temporary, and social security considerations do not play a role. Indeed, in some cases, the loss of social security may be more than made up by somewhat higher *net* wages (see Abreu and Peixoto, 2007) – although the gross wage level tends to be lower in the informal economy (see OECD, 2004).

The weight of immigrants in the informal economy is perhaps most apparent in the construction sector, in which more than one fourth of all employed and registered immigrants work. The Ministry of Labour and Social Affairs (2006b) estimates that undeclared labour accounted for somewhat between 15 and 37% of construction work in the Lisbon area in 2001 (see also Malheiros, 1998 on this topic). Indeed, informal work in the construction sector seems to have been a key channel for the labour market insertion of recently arrived migrants, as hiring has often been informal, and the sector provided reasonable pay for a period of time which generally met with the initially temporary time horizon of immigrants. In addition, language mastery was not required, and immigrants were quickly work-ready without much training.

Informal employment is also widespread in the services sectors, particularly in personal and domestic services and in the hotel and restaurant sector (see Baganha, 1998). As mentioned above, both of these are sectors in which immigrants, particularly immigrant women from Brazil, are largely present, for somewhat similar reasons as for immigrant men in construction.

There is a feeling among the stakeholders that undeclared employment of immigrants in Portugal is gradually decreasing, albeit the level remains high. This is partly

52. Some evidence that this is actually the case comes from a recent survey among about 1 500 migrants. The majority of those who were in an irregular status reported to be paying into the social security system (for more information on the survey, see Fonseca *et al*., 2005)

attributable to the strong decline in construction activities in recent years. It also seems that the significant increases in the fines against employers and the enhanced work inspections have had the desired effect, at least in part. It can also be expected that the new immigration law which provides for more occupational mobility for migrants should help to prevent exploitation – at least for those with adequate papers – as it is now easier for them to change employers.

3.9. Immigrants and the Portuguese language

Mastery of the language of the host country is a key factor for the labour market integration of immigrants (see OECD, 2007b). *A priori*, Portugal is in a rather comfortable position in this respect, as the majority of its immigrants have traditionally been from lusophone countries. Indeed, for most of these immigrants, the linguistic ties with Portugal seem to have been a key factor in the choice of their destination country.[53] However, this privileged situation has to be qualified in several important aspects. Firstly, in many immigrant families from the PALOP, native African dialects tend to be spoken at home (see, for example Fonseca *et al.*, 2002).[54] Secondly, along with the diversification in Portugal's immigrant intake towards non-lusophone immigrants, language mastery is becoming more of an issue although the relatively high education level of migrants from eastern and south-eastern Europe undoubtedly helps in the process of language acquisition.[55] Nevertheless, the almost immediate employment for most of these migrants in the period of significant labour shortages at the turn of the millennium shows that lack of language mastery is not necessarily an obstacle to employment in low-skilled jobs. However, with the currently less favourable labour market conditions, language mastery can be expected to gain in importance. It is also key for occupational upgrading, which seems important in light of the prevalence of overeducation among qualified migrants.

To date, with the exception of the limited (50 hours) language training available in the framework of the *Portugal Acolhe* programme, there is no nationwide programme for Portuguese language training. This is very little in international comparison. Language training for immigrants in the other OECD countries under review varies from about 200 hours of basic language training in Belgium (Flanders) to up to 2 000 hours or more in Denmark. In addition, the language training in the *Portugal Acolhe* only targets employed immigrants, and the number of participants is very low even when considering the now somewhat declining number of non-lusophone immigrants. However, there are some locally-organised language training courses (mainly by non-governmental organizations). Schools also offer language training to the children of immigrants, but there is no uniform framework related to this, and schools do not receive additional funding for the expenses related to such training (see below). The national immigrant support centres (CNAIs) also provide some language training at three levels, but this is generally not adapted to specific vocational needs. Apart from a few rather small-scale

53. In a survey among Brazilian immigrants, 72% mentioned that they chose Portugal because of the common language (Casa do Brasil em Lisboa, 2007).

54. Note that Cape Verdean Creole is among the three foreign languages in which an SOS immigrant hotline exists (see Box 5.2 above).

55. It is noteworthy in this context that the key stakeholders – including immigrants themselves – report that learning the Portuguese language is relatively easy for persons who speak Ukrainian, as many sounds are similar. It appears that this has contributed to easing their integration both into the labour market and into the society as a whole.

project-type activities, targeted work-related language training seems to be largely lacking to date.[56] There are currently some plans to (partly) fill this gap in the framework of *Portugal Acolhe*, by providing modules for technical Portuguese. Nevertheless, given the currently rather small scale and scope of the programme, this is unlikely to suffice.

3.10. The role of the public employment service

The public employment service appears to play currently only a minor role with respect to the employment of immigrants. With the exception of the *Portugal Acolhe* programme, there are no labour market measures directly or indirectly targeted at immigrants.[57] In addition, the role of the public employment service also seems to be limited with respect to employment search (see Table 5.10). This also seems to hold in international comparison with respect to more recent job findings. Data from the EU Labour Force Survey on the involvement of the public employment service in immigrants' search for a new job (obtained in the past four weeks) shows that the public employment service was only involved in about 6% of the cases. In the comparison group, only Italy and Spain had lower figures. In addition, in contrast to Portugal, in most other OECD countries was the figure higher for immigrants than for the native-born.

Table 5.10. Key channels for employment search (% of channels used to obtain current employment), all employed persons (excluding self-employed) aged 15-64 years, 2005-2006

	Immigrants	Native-born
Employment centre	..	3.4
Private agency	..	0.6
Direct contact with employer	33.2	39.9
Acquaintance or syndical organisation	47.1	36.2
Advertisement	8.9	8.2
Other	6.8	11.6

Source: Portuguese Labour Force Survey (data provided by INE).

The majority of employed immigrants found their job either through personal networks ("acquaintance") or "syndical organizations". This is a higher figure than for the native-born. As it is not a key role of labour unions in Portugal to be intermediaries for job search, this suggests that personal networks play a very strong role in immigrants' job search. A more detailed analysis (not shown in Table 5.10) shows that the importance of personal networks seems to be even stronger for recent arrivals than for already established immigrants. In principle, one would expect that personal networks play a lesser role for recent arrivals and indeed, limited personal networks has been identified as a key obstacle to the employment (see OECD, 2007b). Apparently, many contacts with employers in Portugal are established by other recent arrivals. Indeed, the weight of personal networks is not surprising, since most immigrants use irregular channels to enter Portugal, which are often established with the support of previous arrivals.

56. There have been language courses in technical Portuguese offered by some municipalities in the framework of the EU Equal initiative. In addition, the project for health professionals described in Box 5.4 encompassed training in vocation-specific Portuguese.

57. However, as mentioned above, there has been some recent co-operation between the Institute for Employment and Vocational Training and the ACIDI to provide proximity services.

3.11. Immigrants' self-employment

Among the countries participating in this series of reviews, Portugal is the one having the highest rates of self-employment of the native-born. This is not the case for immigrants, who have a lower self-employment rate than the native-born (Table 5.11). The relatively low self-employment rate of immigrants compared to the native-born has to be viewed in the context of the rather recent and labour-market oriented nature of much immigration. Immigrants often only become self-employed after a certain amount of time and indeed, in all countries, self-employment rates increase with duration of residence. Still, Portugal is among the few countries where the incidence self-employment of immigrants with more than ten years of residence is below that of the native-born.[58]

Table 5.11. Self-employment rates of foreign- and native-born populations aged 15-64 years in selected OECD countries, 2005/2006

	Foreign-born	Foreign-born with more than ten years of residence	Native-born
Belgium	14.7	15.1	12.9
Denmark	8.9	10.4	7.8
France	11.1	12.2	9.8
Germany	9.9	10.7	10.9
Italy	17.1	23.4	24.6
Netherlands	11.0	**11.8**	11.7
Portugal	**12.1**	**17.5**	**19.3**
Spain	10.5	23.6	17.2
United Kingdom	14.1	18.0	12.1
United States	9.9	11.6	10.6

Source and Note: See Table 5.1.

The high incidence of self-employment for natives in Portugal has to be viewed in the context of a high incidence of *pseudo* self-employment to overcome rigidities in the labour market. While this phenomenon is not exclusive to Portugal, it seems to be more pronounced than in other countries (see Freire, 1995). There is some evidence that this affects native-born to a larger degree than foreign-born, which indicates that the actual self-employment of immigrants will tend to be underestimated relative to that of the native-born. When only considering self-employed with employees, the regular foreign population has a higher self-employment rate than the Portuguese (Oliveira, 2004). Indeed, whereas the vast majority of enterprises run by Portuguese do not have employees, this does not appear to be the case for foreigners. This suggests that immigrant entrepreneurship plays a relatively significant role for the Portuguese economy (see Oliveira, 2007).

Access to self-employment is currently not accessible to immigrants with a stay permit (*autorização de permanência*) – in spite of the fact that they are eligible for unemployment benefits.[59] In addition, until 1998 the Portuguese labour law required that enterprises with more than 5 workers (including non-paid workers) would have to have a minimum of 90% workers with Portuguese nationality, which limited the evolution of

58. Likewise, on the basis of permit statistics, Oliveira (2004) reports that the self-employment rates of foreigners with a residence permit (*autorização de residência*) are somewhat below those of Portuguese nationals.

59. By the time of writing of the report, the exact provision. relating to self-employment under the new immigration law were not yet established. In late 2007, with the entering into force of the new law, self-employment became accessible to this group (see Box 5.6).

immigrant enterprises. Indeed, immigrant groups that tend to base their entrepreneurial strategies in co-ethnic labour or family workers show a decline of entrepreneurial rates until the end of the nineties (Oliveira, 2005). In particular, there appears to have been a very pronounced decline in the self-employment of a number PALOP countries in the course of the early 1990s (see Oliveira, 2004).

Unemployment and discrimination seem to be among the factors driving the self-employment of immigrants from Cape Verde, who are particularly disfavoured on the Portuguese labour market.[60] Self-employment of immigrants as a means to escape from marginalisation in the labour market is not unique to Portugal. There is a large body of research which indicates that self-employment is disproportionately used by immigrants, in particular by less-qualified migrants, as a way of escaping marginalisation in the presence of structural entry barriers into the labour market. These include rather high skills requirements even for less skilled jobs (*e.g.* in Denmark, see Blume *et al.*, 2003), or high structural unemployment (*e.g.* in the United Kingdom in the 1990s, see Clark and Drinkwater, 2000). Indeed, what seems to distinguish Portugal from other OECD countries does not appear to be the fact that self-employment is used by immigrants in particular, but rather that it is a strategy for the native-born as well (see Baptista *et al.*, 2006).

In recent years, the government has promoted micro credit access for persons at the margin at the labour market, and a number of non-governmental organisations such as the National Micro-credit Association (ANDC), and banks participated in this process. Available data from the ANDC on micro-credits suggest that immigrants have been somewhat overrepresented among the beneficiaries – they accounted for about 10% of the credits granted between 1999 and 2004. However, these efforts have been of small-scale nature until now, involving few entrepreneurs. Apart from the self-employment advisory service provided in the CNAIs (see Box 5.2 above), there are few structures in place to provide information and support to immigrant entrepreneurs (see Oliveira, 2005). There has been a joint programme between a bank and the Jesuit Refugee Service, providing access to micro credits and advice for immigrant entrepreneurs.[61]

3.12. The housing of immigrants

Although only indirectly linked with labour market integration, it seems appropriate in the Portuguese context to discuss the issue of housing, as this is widely perceived as a key problem for immigrants. Affordable housing closer to employment opportunities has an impact not only on labour mobility, but also on labour market and social integration in many other ways. When it is linked with geographical segregation in poor neighbourhoods – as is the case in Portugal – it can notably inhibit access to social networks (by which many vacancies are filled), hamper acquisition of the host country language of immigrants and their children, and may also have important negative effects on the integration of the children of immigrants as childcare and education facilities often tend to be underdeveloped in these areas. In addition, there is anecdotal evidence that discrimination against people from such neighbourhoods seems to be particularly pronounced.

60. In contrast, self-employment to escape from marginalisation does appear to play less of a role for the entrepreneurial activities of other migrant groups such as notably Chinese and Indian immigrants in Portugal (Oliveira, 2005).

61. See Oliveira and Rath (2008) for the links between immigrant entrepreneurship, self-employment and micro credit.

Figures from the 2001 census show that more than 9% of immigrants in the Lisbon Metropolitan Area (LMA) who came from the PALOP live in shanty towns and other illegal construction, compared to about 1% for native Portuguese. Among the group of PALOP immigrants, Cape Verdeans are particularly affected – one out of seven immigrants from Cape Verde in the metropolitan area lived in illegal housing. Even when the housing is legal, immigrants are often affected by overcrowding. For example, almost two thirds of immigrants from the PALOP and from eastern Europe, and more than half of the Brazilians in the LMA lived in 2001 in overcrowded dwellings – compared to 23% for native Portuguese (see Malheiros and Vala, 2004).

Adequate and affordable housing is a long-standing problem in Portugal, particularly in the LMA where most migrants have settled. The expansion of the Lisbon area in the course of massive industrialisation in the 1960s led to an increase in housing prices in that area, and shanties and clandestine housing emerged.[62] The situation further aggravated with the arrival of the *retornados*, the majority of whom settled in the LMA. Efforts to increase housing supply were not sufficient to prevent strong upward pressure on housing prices after the mid-1970s (see Malheiros, 2000). The majority of *retornados* bought houses in the free market (often in the suburbs) and used their personal networks to solve their residential problems, or had access to public housing estates and were re-housed. In contrast, immigrants – particularly from the PALOP – only had scarce financial resources and few personal networks, which limited their access to the free housing market. Access to public housing was not available to most of them either, as this was reserved to Portuguese nationals until the early 1990s, and most immigrants had not naturalised or lost their Portuguese citizenship in the 1975 legislative changes (see above). These immigrants thus tended to construct shanty houses in the Lisbon suburbs, either by starting new settlements or by enlarging already existing shanties.[63]

In 1993, a special re-housing programme (PER – *Programa Especial de Realojamento*) was created to deal with the issue of shanty towns in these areas of Lisbon and Porto. It was part of a series of related measures taken in the beginning of the 1990s, including the comprehensive 1991 Programme against Poverty encompassing more than a hundred projects across the country. The aim of the PER was to destroy all shanty towns in these two metropolitan areas and to re-house their inhabitants. The programme was based on a joint effort by the national government, represented by the National Housing and Urban Rehabilitation Institute (IHRU) and the municipalities. All municipalities in the metropolitan areas in which illegal and precarious housing situations exist could apply for the programme. In order to participate, municipalities had to make an inventory of the constructions to demolish, and to conduct a census of the households concerned. It was also in the municipalities' responsibility to propose a re-housing project. This rather ample discretion of municipalities has often resulted in the construction of new neighbourhoods of social housing which frequently mirrored if not aggravated the processes of social exclusion

62. In contrast to shanties, people living in clandestine housing actually own their homes. The housing construction is illegal (*i.e.* there are no construction permits), but the property belongs to the persons concerned. Since the 1980s, municipalities have tried to legalise already existing areas of clandestine housing and to prevent their expansion.

63. There were also a few *retornados* who settled in these areas, because of either lack of financial resources or because their resettlement procedure took too long. It is noteworthy in this context that most *retornados* were initially sheltered in public dwellings and private hotels, where they waited for more permanent housing solutions. Some of these were relocated only in the mid-1980s, which gives an indication of the length of the process.

and poor housing conditions. Indeed, the new neighbourhoods were often located in isolation and lacked social spaces and community life, and were associated with the splitting of traditional kinship ties as people resettled in different areas. In addition, there has often been a lack of small business creation in these areas, as prices for renting or buying small shops have been too high for the immigrant communities concerned, and available shop spaces remained empty instead.[64] Childcare infrastructure is also frequently lacking. This is a particular problem as in many cases, both parents are working, essentially leaving children with no surveillance at home or on the street. There have been a series of measures to address this issue, such as the *Escolhas* programme (see the section on the integration of the children of immigrants and Box 5.5 below).

The PER was originally targeted at approximately 160 000 people, to be resettled over a period of five years. By 2006, about 30% of these were still waiting for a housing solution, and movements, in particular by immigrants into the areas concerned had continued in the meantime, thereby further increasing the need for re-housing. In 2004 a new programme, *Prohabita*, was created to replace the PER. In the first two years since the start of the new programme, EUR 370 million were invested by the government, and housing for 10 000 households was built. There are no data available regarding the number of immigrants who participated in the PER and the *Prohabita* programmes, although by the nature of target population, a large proportion of those concerned can be expected to be persons with an immigration background.

The main objectives of the *Prohabita* are to improve and expand the re-housing process. The new programme reinforces competition among the municipalities for funding for re-housing projects, and envisages a programme evaluation. In addition to the remaining households initially targeted by the PER, the new programme also includes new groups such as notably persons who arrived in the areas concerned after 1993. An important change in the nature of the administration is that direct support from the IHRU is now available without the intervention of the municipalities, which should enable a more co-ordinated approach to the housing problem. However, it is too early to analyse whether or not the new programme design has contributed to overcoming the shortcomings of the PER.

An issue that is closely linked with the poor housing conditions is poverty. Although exact figures are lacking, there seems to be little doubt that immigrants are disproportionately affected by this. A recent important measure to reduce poverty in Portugal has been a scheme called "social insertion income" (*Rendimento Social de Inserção*) by which people in poverty receive a payment from the state in exchange for a commitment to participate in a social integration programme. By the nature of the programme, one might expect immigrants to be overrepresented in it. Application of this scheme – in place since 2004 – is since 2006 open to all immigrant groups with some kind of permit, including regularised migrants (stay permit) and migrants with long-term work visas. Up to now, however, the participation of immigrants in this measure has been very low. Less than 2% of the participants in 2006 had a foreign nationality. The low participation indicates that the programme may not yet reach a large part of those most in need of it.[65] This might provide a case for more information to immigrants about the programme.

64. In fact, the PER was limited in this respect as it concerned only housing and discarded the construction of spaces for the "re-settlement" of the (essentially informal) economic activities that had developed in the shanties.

65. The family benefit scheme (*abono de família*) has also been changed in 2006 to include, among other groups, migrants with a stay permit. Again, however, less than 1% of the beneficiaries in 2006 have been foreigners.

3.13. The integration of the children of immigrants

Due to the rather recent nature of most immigration, integration of the children of immigrants is only gradually evolving as a policy concern. Indeed, data from the *OECD PISA database* suggest that only about 5% of the 15-year old in 2003 were either immigrants themselves or native-born with two foreign-born parents, with both groups being at about the same size. This is the lowest percentage among the countries participating in this series of OECD country reviews.[66]

Nevertheless, the size of the second generation seems to be growing quite rapidly. Although there are no statistics on the native-born children of foreign-born parents, a rough approximation is given by the birth of children in Portugal who do not have two parents with Portuguese nationality. The number of these children has more than doubled over the past decade (from about 6 900 or 6.5% of births in 1995 to 12 200 or more than 12% in 2005, respectively).

Any minor child – independent of the legal status of its parents – has the right to attend schooling in Portugal. Schooling is obligatory from the age of six to the age of 15, *i.e.* lasts for nine years. Compulsory education is divided into three stages ("cycles") of four, two and three years. At the end of compulsory schooling (ISCED level 2A), three streams of upper secondary education are available: general, technological and vocational education. Each of these streams lasts for three years. A specific feature of the Portuguese education system is the strong predominance of general education – about two-thirds of all students in upper secondary education follow the general education pathway. It is an objective of the Portuguese government to reduce this share, while further strengthening and promoting vocational training (see OECD, 2006).

There are only very few data or research available on the integration of the children of immigrants in the education system in Portugal. A recent large-scale survey (IESE, 2005) looked, among other issues, into the language mastery of the children of immigrants who are attending schools. Those students without adequate language mastery were almost exclusively either recent arrivals or children in the early school years, including those who were born in Portugal. In the absence of longitudinal data, it is difficult to say whether or not this reflects a cohort effect or whether it mirrors strong language advancement along with schooling in the host country. If it does at least in part represent a cohort effect, as could be expected due to the changing composition of the migrant population and therefore of the children of migrants, it would make a case for fostering language training in the education system.

Available research on the children of immigrants has mainly focused on the children of immigrants from the PALOP, who have accounted for the vast majority of the native-born children of immigrants until the recent diversification of the immigration flows. This research has broadly shown that these earlier cohorts of the children of immigrants were relatively well integrated. Their educational attainment matched that of native Portuguese, and their employment situation was by most indicators only slightly below that of the latter (Machado, 2007). This, however, has to be viewed in the context of a very low educational level of the Portuguese population in general, and high youth unemployment (Machado, 2007, reports 15% for native Portuguese and about 21% for

66. Because of the limited numbers involved, the information from the *PISA database* on the performance of the children of immigrants compared to the performance of the children of natives in Portugal cannot be used.

the children of African immigrants). A further finding in this longitudinal survey was that in their early employment career, informal employment and unskilled labour was very pronounced among the children of immigrants from the PALOP. More than 46% had no formal contract in their first employment, and 55% of males worked as unskilled civil construction workers. However, subsequent occupational mobility appears to have been quite pronounced, so that this group eventually moved close to the occupational levels of native Portuguese once they passed the age of 25.

Apart from such surveys, it is difficult to get a picture of the educational advancement of the children of immigrants, as the current statistical system does not enable one to follow children over time. A new system is currently being implemented which should fix this shortcoming. It is, however, already possible to compare the number of persons who graduated from a cycle to those who entered it. Those who have not graduated are either drop-outs or grade repeats, but it is not possible to distinguish between the two. In 2003/2004, 75% of the children of immigrants who were enrolled in the last year of lower secondary education completed it. This figure is relatively uniform across the main migrant groups, and significantly below that of Portuguese nationals, who have a completion rate of 88%. The processes underlying the higher dropout rates of the children of immigrants do not seem to be very different from those observed in other European OECD countries, namely a less favourable socio-economic background that tends to cumulate several factors which disadvantage the educational advancement of children. This includes notably less accompaniment in school homework by the immigrant parents which is linked with the lower socio-economic status of the latter, particularly for certain groups from the PALOP (see Possidónio, 2006). In addition, the Portuguese labour market does not value education very highly, at least not in the early stages of the career (OECD, 2006). Finally, as seen above, the returns to education are lower for immigrants, which limits the incentives to invest in this. Indeed, completion rates for upper secondary education are very low for the children of immigrants – 49% for general upper secondary and 44% for technical upper secondary. In these upper streams, however, there are few differences *vis-à-vis* the children of natives who also have low completion rates (53 and 46%, respectively). In sum, the differences between the children of natives and the children of immigrants – although not negligible – do not appear to be as large as those observed in other European OECD countries (see OECD, 2007b).

However, the not unfavourable outcomes compared to native Portuguese of the past reported above have to be viewed in light of the low overall educational attainment of the Portuguese population. In addition, it is not guaranteed that the difference between the native Portuguese and the second generation will also remain small in the future, given the recent diversification of the migrant population. In this context, it seems that more attention should be paid to the pre-school system. Participation in pre-school is not mandatory, and about half of the institutions are private (although generally subsidised by the state). Despite some investment into the expansion of pre-school education in recent years, the number of places in public institutions is still below the actual demand. Furthermore, in contrast to education after the age of six which is generally free of charge, fees may apply for attendance in the private pre-school institutions. Although these fees are lower for poor families (among whom immigrants, particularly from the PALOP, are overrepresented), this might discourage parents to send their children into pre-school. Indeed, children of immigrants appear to be largely under-represented in pre-school education. In 2003/2004, children of foreign nationality or whose parents had a foreign nationality only accounted for 4% of all children attending such institutions. Although there are no exact data available on the percentage of such children in the total

age-group of 3 to 5 (*i.e.* the age for pre-school in Portugal), a rough approximation on the basis of other available data suggests that there is a significantly lower attendance of the children of immigrants in pre-school in Portugal compared to the children of natives.[67] This has to be viewed in light of research from other OECD countries which suggests that attendance of pre-school education has a particularly large impact on the school success of the children of immigrants (see OECD, 2007b).

A key focus area of the 2007 action plan for the integration of immigrants relates to the integration of the children of immigrants in the education system and the labour market. Among the objectives is an improvement of the performance of the children of immigrants in schools and a reduction of drop-out rates. This is a key focus area of the *Escolhas* programme (see Box 5.5 below). Sensitisation of teachers to immigrant-specific problems, provision of teaching material related to intercultural issues and the involvement of intercultural mediators in schools are among the measures that have been put forward. The network of immigrant job centres (UNIVAs) also plays a significant role in this area. However, there are no measures specifically related to pre-school education.

Box 5.5. The *Escolhas* programme

A specific problem in Portugal is the low educational attainment of children, particularly of those with an immigrant background living in the suburbs. In 2001, the government launched a programme called *Escolhas* (choices) to improve the integration of children and adolescents in the education system and the society. It is targeted at at-risk groups, often children of immigrants living in the suburbs of the Lisbon and Porto. Initially, the programme focused on prevention of criminality, but it is now more oriented at preventing drop-outs from school and promoting education. The current, third round of the programme covers the period 2007-2009. At the end of 2007, it encompassed 121 projects involving more than 47 000 children. There are no statistics available on the proportion of children of immigrants, but there is a high concentration of persons with an immigrant background in the key target areas of the programme. Indeed, in some of the areas where the programme has been most active, the concentration of persons with an immigrant background reaches 70% or even above. The indirect targeting to children of immigrants is also mirrored by the fact that the programme is co-ordinated under the auspices of the ACIDI. The budget for these activities is EUR 21 million for the 2006-2009 period.

The range of activities proposed to the children is very broad, with a view of encouraging them to continue their schooling. It involves children at all ages, from early kindergarten age to young adults. The activities include training in computing and internet usage, accompaniment in homework, but also leisure activities such as drawing and sports events. These activities are generally proposed in centres or education institutions that are directly located in the neighbourhoods. The projects result from proposals involving a range of stakeholders at the local level such as schools, local authorities and immigrant associations. Indeed, the close co-operation with the latter is seen to be crucial in order to reach the populations concerned. The programme also increasingly puts forward role-models to encourage investment into education.

There are no programmes aimed at promoting language training for the children of immigrants, although many schools seem to have provided this in their own discretion (IESE, 2005).[68] In general, school funding – for general expenses as for teaching hours – does not compensate for additional expenses that would be related to the provision of

67. The corresponding share in the first cycle of compulsory education is much higher (about 6%), despite the fact that several data sources suggest that the share of children who are either immigrants or second generation is lower for the age cohorts than for the younger ones (see also Cortesão *et al.*, 2004).

68. Measures have recently been announced to oblige schools to provide language training for immigrant students after 2008.

integration services such as language training. Schools which are offering these courses generally have to do so out of their normal budget. However, there are two recent mainstream programmes which are indirectly targeted at areas with a high concentration of children of immigrants. The first, in place since 2001, is the *Escolhas* programme, which is currently being reinforced in the context of the national integration plan. It is funded by the Ministry of Labour and Social Solidarity and co-ordinated by ACIDI, and provides a range of education- and training-related activities in poor neighbourhoods (Box 5.5). The second, gradually implemented since late 2006, is the Intervention Programme for Priority Education Areas (*Territórios Educativos de Intervenção Prioritária* – TEIPs). It is funded and run by the Ministry of Education and finances projects by educational institutions which have students from particularly disadvantaged backgrounds.[69]

3.14. Discrimination

Without a common measure of human capital, it is difficult to assess the incidence of discrimination in the labour market. Even for persons with equal socio-demographic characteristics, remaining differences in employment and earnings may be due to unobservable characteristics such as access to networks or tacit knowledge about the functioning of the labour market. Discrimination remains as a third possibility.

One way of tracing discrimination are studies on the basis of random applications to job offers by natives and immigrants with similar characteristics. Such testing studies have been carried out by the ILO in a number of OECD countries, but Portugal has not yet been among the countries under study. Nevertheless, evidence from other southern European countries that also had significant recent and labour-market oriented immigration, most of which irregular, such as Italy (Allasino *et al.*, 2004) and Spain (de Prada *et al.*, 1996) has shown that discrimination is a significant obstacle to employment under very similar circumstances as in Portugal. There has been only very limited study of labour market discrimination in Portugal thus far. In particular, rigorous empirical studies have not yet been conducted. To date, the evidence has been mainly of anecdotal nature, suggesting that this is an issue in Portugal just as in other OECD countries.

However, contrary to what has been observed in the other countries that have been participating in the OECD country reviews thus far, the available evidence suggests that discrimination in Portugal does seem to materialise less in access to employment in general, but rather in the nature of the work which they perform, and in the wages which they earn. This does not exclude the possibility of discrimination in the access to employment – in particular to the less precarious and better-paid parts of the labour market. In addition, it is difficult to distinguish exploitation – that is, less favourable working conditions – from discrimination. Although the economics behind these processes are somewhat different,[70] the result is the same – immigrants are treated less favourably, and this treatment is attributable to their origin and not to other characteristics that could be associated with lower productivity.

69. Similar projects had already been implemented in the 1990s (see Cortesão *et al.*, 2004).

70. Discrimination can only be "rational" (*i.e.* revenue-maximising for the employer) if it is of the "statistical" kind – that is, in the case of information asymmetries regarding the productivity of migrants. In contrast, exploitation can be a "rational" strategy for the employer even when he has perfect knowledge of the immigrants' productivity.

Attention to discrimination is rather recent in Portugal. The recent awareness seems to be linked with the arrival of significant numbers of immigrants from non-lusophone countries in the mid-1990. Indeed, as seen above, this is a group for whom overqualification is particularly pronounced, and who suffered most from serious work accidents. These can be taken as an indication for exploitation and/or discrimination, although other factors may be at work as well. In any case, discrimination has undoubtedly also affected the lusophone immigrants who had arrived earlier (see *e.g*. Vala, 1999). Indirect evidence for this is the large and persistent wage gap *vis-à-vis* Portuguese nationals, which is indeed particularly pronounced for immigrants from PALOP (Annex 5.5).[71]

There are legal instruments in place against discrimination, which *a priori* do not appear to be unfavourable when compared to other OECD countries (see Niessen *et al*., 2007). Nevertheless, the legal provisions make it difficult to prove the existence of discrimination, so these legal measures are rarely put into practice (Dias *et al*., 2002). Until now, there have been no court rulings concerning labour market discrimination in Portugal. In addition, the Working Conditions Authority does not separately register violations related to the discrimination against foreign workers – the figure is included in the aggregate number of cases monitored. In any event, the number of registered violations has been small – in 2006, only 13 cases.

To tackle the shortcoming in the legal infrastructure, an entity in charge of monitoring and combating discrimination has been created in 1999, the Commission for Equality and Against Racial Discrimination (*Comissão para a Igualdade e Contra a Discriminação Racial*, CICDR). It rules on complaints related to discrimination on the basis of race, nationality or ethnicity, and its mandate has been reinforced in 2004 as the body specialized in the fight against discrimination. Again, until now, the number of cases has been very limited – from September 2005 to December 2006, only 85 cases were treated, among which 14 with respect to labour market discrimination.

The above suggests that there may be a need for a closer monitoring and subsequent strengthening of the tools to combat of labour market discrimination and the various forms which it might take. This should notably include cases of discrimination with respect to wages and access to the higher-paid sectors and occupations, which appear to be insufficiently tackled by the present framework.

3.15. New developments

Box 5.6 describes key developments related to integration policy that have been implemented or introduced since mid-2007.[72] Some of these reflect recommendations made in the report presented to the Portuguese authorities.

71. Note that the wage gaps are also large and persistent for immigrants from Eastern and South-eastern Europe. In a recent survey by Santos *et al.* (2008), these immigrants also often reported the sentiment of being discriminated in promotions. However, these are recent migrants, *i.e.* a group who tends to have lower wages and occupational standing in most countries (see OECD, 2007b).

72. Updates related to figures were done directly in the above.

Box 5.6. Recent policy developments related to immigrants' labour market integration

In August 2008, the project for the recognition of foreign health professionals has been consolidated, by governmental order. This implemented a programme for the professional integration of immigrant doctors, to enable them to work in the National Health System. The programme, known as "Professional Integration of Immigrant Doctors", provides recognition opportunities for 150 candidates, in a partnership between the Ministry of Health, the Gulbenkian Foundation, the Jesuit Refugee Service, Portuguese Faculties of Medicine, as well as the Ministry of Foreign Affairs and the Ministry of the Interior.

In early 2008, the *Português para Todos* (Portuguese for everyone) programme was launched, as a joint initiative of the Presidency of the Council of Ministers, the Ministry for Labour and Social Solidarity and the Ministry of Education. It replaced the *Portugal Acolhe* (Portugal welcomes) programme. The new programme provides language training for the purpose of acquiring a residence permit, a long-term residence permit, or Portuguese nationality. It is also possible to take technical Portuguese courses in business, hotel administration, beauty therapy, civil construction and civil engineering. The language courses are organised in a modular way, with certification after each module, and are available at various levels to all adults, independent of their labour market status. The targeted level corresponds to level A2 in the Common European Framework of Reference for Languages. Completion of the course may take either 200 or 150 hours. The courses are provided both through the Ministry of Education's network of schools and through the Institute for Employment and Professional Training's network of Professional Training Centres. The courses, which are free of charge, are co-financed by the European Social Fund.

A new decree on the recognition of foreign qualifications was published on 12 October 2007, with the aim of facilitating the recognition process and reducing the fees involved. The decree established a new system of recognition of foreign qualifications within the Portuguese system of various academic degree levels in tertiary education institutions.

In June 2008, the Working Conditions Authority launched a specific awareness-raising campaign on safety at work directed at immigrant workers in sectors with a high incidence of violations.

With the coming into force of the new Immigration Law in late 2007, a number of provisions were clarified. Self-employment became accessible for all regular migrants. The new law also allows immigrants to easily change their permit from performing an independent activity to subordinate employment and *vice versa*. In addition to the simplifications of the permit system and the enhanced transparency which the act provided, fees for permit issuance were also reduced. Already prior to this, immigrants from the PALOP and from Brazil were able to benefit from fee waivers for visa or permits under bilateral agreements. The new law also provided for regularisations in exceptional circumstances. Under these new provisions, 11 800 immigrants have had their status regularised by July 2008, out of a total of 50 000 applications.

In order to tackle labour market discrimination, partnerships were created by the Commission for Equality and Against Racial Discrimination (CICDR) in 2007 with the Reflection and Support Group for Corporate Citizenship (GRACE) and the Portuguese Association of Managers and Human Resources Specialists (APG). The outcome of these partnerships was a manual and training on diversity in companies, and an expansion of the Code of Ethics for management to include diversity (see ACIDI, 2008).

Summary and Recommendations

Immigration to Portugal is a rather recent phenomenon....

Traditionally, Portugal has been a country of emigration. Immigration, at least of larger scale, is a more recent phenomenon – in spite of some migration from Portugal's former colonies, the PALOP, since the 1960s. Immigration gained pace after the 1974 Carnation Revolution, albeit flows of immigration of foreign nationals remained modest in international comparison. Until the mid-1990s, immigration of foreign nationals was mainly from lusophone countries – the PALOP and, increasingly, Brazil – which facilitated integration into the labour market. In the late 1990s, immigration accelerated, driven by a construction boom and high labour demand. A large part of this new wave of immigrants came from eastern and south-eastern Europe, that is, from countries with no apparent link with Portugal.

...with much of the flows having been labour market-oriented and of irregular nature.

Nevertheless, given the high labour demand to which this immigration responded, integration into the labour market was almost automatic, although at the price of a high incidence of overqualification. Many of these migrants were qualified, but demand was mainly for low-skilled labour. A further key feature of this immigration has been its irregular nature. Indeed, most of immigration to Portugal – at least in the past – has been irregular, as witnessed by a series of regularisations. The most important of these was in 2001, and lead to an increase in the legally resident immigrant population of about 70%.

As a result, the employment of immigrants is higher than elsewhere...

Due to the strong labour market orientation of most immigration, the key labour market indicators are quite favourable in international comparison. Employment rates are higher than for the native-born, for both genders and for all key migrant groups. Only the other southern European countries and the United States show a similarly favourable picture. Particularly noteworthy is the employment of immigrant women, which is higher than in any other OECD country.

...but immigrants also face higher and rising unemployment, which should be a matter of concern.

Notwithstanding this favourable overall assessment, unemployment of immigrants is also high, and appears to be well above that of the native-born. The situation seems to be

particularly unfavourable for immigrants from the PALOP, and for women. According to official statistics, immigrants have been disproportionately affected by the rise in unemployment since 2001. Given the fact that these statistics are likely to be a lower bound of the actual incidence of unemployment of immigrants due to non-registration, growing unemployment should be a matter of concern.

However, it is difficult to get a precise picture of the situation.

As in other OECD countries, there are few datasets available which fully cover the target population. However, it is difficult to identify the target group even in surveys. Due to Portugal's long-standing emigration flows, there is a large group of descendents of Portuguese migrants who were born abroad and returned to Portugal, mainly in the aftermath of the 1974 revolution. This group is almost indistinguishable from the native-born in many ways but it is not possible to distinguish them from other foreign-born who have naturalised. Inclusion of information on the place of birth of the parents and on the date of acquisition of Portuguese nationality in surveys and the census should thus be considered. In addition, the data situation in Portugal is rendered more difficult due to the recent and often irregular nature of much immigration, which is not adequately covered in the Portuguese Labour Force Survey. Given that this is the principle source of information on the current labour market outcomes of immigrants, changes to the survey design and sample would be appropriate to ensure better coverage.

There are a number of administrative datasets to study the labour market integration of immigrants, which should be more often exploited.

The lack of adequate data has hampered the development of comprehensive empirical studies on the labour market integration of immigrants, although there have been a large number of case studies. Administrative datasets are based on nationality, which is a reasonable approximation to the target population in Portugal due to the limited number of naturalisations. Despite the fact that they contain rather rich information, they have been rarely used in the past. Their broader exploitation to study the labour market integration of immigrants should be encouraged. This should include an assessment of the effectiveness of labour market programmes. In this context, it should also be a priority to get a better picture of the size, composition and duration of current immigration flows in order to adapt the framework for integration in a sustainable way to the needs of the target population.

Considering the recent nature of most immigration, Portugal's framework for immigrants' integration is rather developed, and there is a strong emphasis on immigrants' welcoming.

Given the limited number of immigrants until recently, and the irregular and labour-market driven nature of much past immigration, the overall framework for integration is quite developed. What is noteworthy in the Portuguese context is the strong emphasis placed on immigrants' welcoming, and on finding and providing practical solutions to

integration obstacles – including for irregular migrants. Although the responsibilities are distributed among different ministries – as in other OECD countries – the key government services appear to co-operate quite closely. This co-operation has been facilitated by the establishment of a High Commission for Immigration and Intercultural Dialogue (ACIDI), which acts – among other tasks – as an interdepartmental support and advisory structure of the government with respect to the integration of immigrants. In line with this, two National Immigrant Support Centres have been established which provide a broad range of integration-related services under one roof. Many of these services are also open to irregular migrants. Since 2001, there is a rather small-scale introduction programme in place which is named "Portugal Welcomes" (*Portugal Acolhe*). It provides 50 hours of basic language training and some additional hours of information regarding the civil society, in particular for immigrants who are unemployed. The welcoming atmosphere by the Portuguese authorities may be linked in part to Portugal's experience as an emigration country, and by the work done by the Portuguese authorities to promote the integration of the Portuguese expatriate communities abroad. There is a view among the authorities that such a welcoming not only facilitates integration, but also helps to retain immigrants who are generally viewed as being beneficial for the Portuguese economy. Indeed, there is a consensus among the main political parties regarding the key objectives of immigration and integration policy. For example, the new nationality law, which implied a switch from *ius sanguinis* to *ius soli*, passed legislation unanimously.

With the diversification of the immigrant population in past years, there is a need for more targeted language training.

In the past, language training was less of an issue due to the fact that most immigrants came from lusophone countries. With the diversification of the immigrant intake, a need for enhanced language training for immigrants has evolved. However, there is no nationwide language training programme available apart from the basic language training in *Portugal Acolhe*, which is much less than what is provided in the other OECD countries that have been under review. In addition, this programme is targeted at immigrants in employment, and the number of participants is well below 2 000 per year. In particular, no vocation-specific language training is available to immigrants, which would seem to be particularly beneficial for upward occupational mobility. There thus seems to be a case for providing more targeted language training to non-employed migrants and to migrants who are largely over-qualified and for whom lack of Portuguese language mastery is an obstacle to access to more skilled occupations. There are currently some plans to (partly) fill this gap by providing modules for technical Portuguese in *Portugal Acolhe,* but given the currently rather small scale and scope of the programme, this is unlikely to suffice.

Immigrants from PALOP are most disadvantaged in the labour market.

By most labour market integration indicators other than employment, immigrants from the PALOP are at a clear disadvantage. They earn significantly less than all other migrant groups and are strongly concentrated in low-skilled sectors and occupations. Although this is in part due to their lower educational attainment, other factors seem to be at work as well. Immigrants from the PALOP have also been disproportionately affected by unemployment, even after controlling for education. This may, however, be linked

with the fact that the presence of this group is less linked with labour demand than is the case for immigrants from eastern and south-eastern Europe and from Brazil.

This is linked to their low educational attainment, and it is important to ensure that immigrants equally benefit from measures towards the qualifications of the workforce.

A key issue for labour market integration is the educational attainment of immigrants. Indeed, the less favourable results for immigrants from the PALOP are linked with their low educational attainment – although this remains even after controlling for that factor. Particularly worrisome seems to be the situation of the Cape Verdean community, of whom 80% have less than lower secondary education, and 15% are illiterate. The low qualification levels have to be seen, however, in the context of a low overall qualification level of the Portuguese population. With the "New Opportunities" programme, there has been a recent comprehensive effort to raise and certify the skills level of the population, including with respect to language mastery. One would expect immigrants to disproportionately benefit from such training – particularly regarding literacy in the Portuguese language – and from the corresponding validation of their skills to overcome reluctance of employers to hire persons with foreign qualifications of unknown value. In spite of this, immigrants are currently largely underrepresented among the beneficiaries of the programme. There thus seems to be a case for better informing migrants about the benefits of such training and certification, and to remove eventual obstacles to their participation.

Existing programmes for the recognition of foreign qualifications and experiences should be mainstreamed…

In contrast to the low-skilled immigration of the past, a significant part of recent immigrants, particularly of those from eastern Europe, are highly qualified, but these have often been employed in low-skilled occupations. 90% of highly-qualified immigrants from eastern and south-eastern Europe are working in occupations for which they are overqualified. To tackle this, there have been innovative projects for the recognition of the qualifications of foreign-trained doctors and nurses. These seem to have been both effective and cost-efficient. Based on the experiences gained from these projects, they should be mainstreamed and expanded to other skilled and semi-skilled professions, particularly those in which there are current or expected future labour shortages.

…and a harmonised process for academic recognition be considered.

Academic recognition is currently a responsibility of the universities, which enjoy relatively ample discretion in this respect, and the process is costly and often lengthy. This seems to have deterred many qualified immigrants from applying for recognition. There are several measures envisaged to facilitate recognition and to lower the fees involved, which should be welcomed. In this context, a more transparent and harmonised decision-making process should also be envisaged. In addition, a pilot study could be considered to analyse the effect of the recognition of foreign qualifications on the occupational advancement of immigrants. Some tentative evidence that this may have an

impact is given by the observation that overqualification is least pronounced for Brazilians, for whom professional recognition has been facilitated by a bilateral agreement and who have also been the main group benefiting from academic recognition.

Immigrants face large wage gaps.

Immigrants face significantly lower wages than the Portuguese – on average about 20% less. This is partly due to their concentration in sectors which are less-paid, and to their lower seniority. However, even after controlling for these and other factors, a wage gap in the order of 10% or more remains. Immigrants have lower returns to qualifications and higher returns to seniority, which is in line with the findings from other OECD countries. Particularly disadvantaged are male immigrants from the PALOP, who face wage gaps in the order of 15%, even after numerous controls.

There is a need for addressing the unfavourable working conditions of immigrants, including by a strengthening of work inspection.

Immigrants also seem to be facing rather precarious working conditions, although solid empirical evidence on this is difficult to establish. The strong duality of the Portuguese labour market appears to have disproportionately affected immigrants, who are much less likely to have a permanent contract, and are largely overrepresented in low-skilled occupations and sectors which are linked with precarious working arrangements. In many cases, immigrants do not have a work contract, which makes them more vulnerable to exploitation. This particularly affects the significant number of irregular migrants, who are often confined to the informal economy which is large in international comparison. Despite some improvement on this in recent years, there is a clear need for additional efforts. This should involve a further strengthening of the labour inspection. Indeed, past efforts seem to have contributed to improving working conditions and reducing the informal economy. A stronger involvement of the social partners in combating such situations would also be beneficial in this respect.

A greater involvement of the social partners would reinforce integration measures.

A greater involvement of the social partners would help raise awareness of the problems related to irregular migration and to improve the working conditions of immigrants. There is also a general feeling that immigrants tend to be neglected in employers' training activities – although there is no data available on this. Employers should thus be encouraged to take a more active role in the integration process, in particular by providing more training opportunities for immigrants. This should not only include continuous training for immigrants who are employed, but also traineeships for immigrants currently not in employment. Such offers are lacking, in spite of evidence from other OECD countries that they have a particularly favourable impact on immigrants.

More should be done to direct migration towards legal channels.

Due to the strong links between irregular migration, the informal economy and unfavourable working conditions, it should be an urgent priority to direct migration to legal channels. There have been efforts to combat irregular migration while improving possibilities for regular immigration, but it seems that these have had only limited success until now. The situation can be expected to improve with the new immigration law, which facilitates legal migration and enhances transparency of the framework, combined with a further strengthening of the tools to counter the employment of irregular migrants. This policy line should be effectively and firmly communicated to the different stakeholders involved. Further improvements in the administrative procedures regarding time for visa issuance in the consulates and a reduction of fees for a prolongation of permits – which could pose a barrier for low-paid immigrants to maintain their legal status – should also be considered in this context.

The housing situation of immigrants needs more attention, particularly in the Lisbon area.

In contrast to the rather favourable labour market and (considering the low educational attainment of the native-born) education outcomes of immigrants, the housing situation of persons with an immigrant background is worrisome. The majority of immigrants in the Lisbon area live in overcrowded housing, and there are still many shanty and clandestine housing areas with strong immigrant concentration. This hampers labour mobility and social advancement of immigrants and their children. Re-housing programmes in the past have often not met with success, as the new neighbourhoods lacked social life and employment. Available office and shop spaces remained empty in many of these neighbourhoods, as the rental prices were too high for the immigrant population to afford, and enterprises owned by persons from outside the area preferred to locate elsewhere. Shop-creation in these areas should be facilitated, and empty spaces offered to interested migrants at low costs to encourage small entrepreneurial activities in these areas. This would also seem to have an important social impact for the areas concerned.

Remaining obstacles to the self-employment of immigrants should be removed.

There are some legal obstacles to immigrants' self-employment, notably for those who do not have a residence permit (which most migrants do not have in the first years after arrival, even when their presence is legal). Such remaining restrictions to immigrants' self-employment should be abolished. There also seems to be a case for improving access to micro-credits to immigrants, particularly to those from the PALOP who are most marginalised in the labour market but currently have low self-employment rates.

The situation of the children of immigrants does not appear to have been unfavourable in the past, but more attention needs to be paid to early intervention and language training.

The integration of the children of immigrants is a rather new issue for Portugal. In the past, the few native-born children of immigrants were descendents of immigrants from

the PALOP who spoke Portuguese, and whose integration into the labour market and education system broadly matched that of the children of the native-born. Currently, there are growing numbers of children arriving in school who do not speak Portuguese. There is no uniform framework in place to tackle this, and schools generally do not get additional funding to provide integration support such as language classes. This shortcoming should be addressed. Here Portugal could benefit from the experiences of the other OECD countries under review. First measures have already been taken to provide additional funding, but these are currently limited to a number of neighbourhoods where the situation is most problematic. A broader-based approach should thus be considered. Particular attention should be paid in this context to pre-school education, as this is both a crucial age for integration and also the part of the education system where the children of immigrants are most underrepresented. The lack of childcare seems to be particularly pronounced in the suburbs of Lisbon, where there is a strong concentration of immigrants, particularly from the PALOP, and where housing situations are precarious.

There has been only limited study of discrimination so far; it is important to overcome this shortcoming and to strengthen the tools to combat discrimination.

In contrast to the other countries under review, there has been only very limited study of labour market discrimination against immigrants in Portugal. Portugal has notably not yet participated in the testing studies conducted by the ILO or on the basis of ILO methodology. Although the employment of immigrants is high, there is some evidence that discrimination is a concern, in particular with respect to access to more stable and better-paid jobs. One indication of this is the significant wage-gap of foreigners *vis-à-vis* nationals, which persists even after controlling for a broad range of factors such as age, sex, education, seniority and sector of employment. It is important to better analyse and monitor the extent and expressions of discrimination in Portugal. Testing could be a way of doing so, but other means should also be considered as discrimination does not only affect the access to employment. In addition, a strengthening of anti-discrimination tools should be considered as the currently available legal tools are hardly put in practice.

References

Abreu, A. and J. Peixoto (2007), "Demography, Labour Force and Migration: Trends, Prospects and Policy Implications in Portugal", mimeograph.

ACIME (2004), *Immigration in Portugal – Useful Information,* ACIME, Lisbon.

ACIME (2005), *Welcoming and Integrating. Activity Report 2002/2005,* ACIME, Lisbon.

ACIME (2007), *Relatório de actividades (Setembro 2005-Decembro 2006)*, ACIME, Lisbon.

ACIDI (2007), Imigração em Portugal – Informação Útil 2007/2008. ACIDI, Lisbon.

ACIDI (2008), Relatório de Actividades, 2007. ACIDI, Lisbon.

Albuquerque, R., L. Ferreira and T. Viegas (2000), *O Fenómeno Associativo em Contexto Migratório – Duas Décadas de Associativismo de Imigrantes em Portugal*, Celta Editora, Oeiras.

Allasino, E., E. Reyneri, A. Venturini and G. Zincone (2004), "Labour Market Discrimination against Migrant Workers in Italy", International Migration Papers No. 67, ILO, Geneva.

Baganha, M.I. (1998), "Immigrant Involvement in the Informal Economy: The Portuguese Case", *Journal of Ethnic and Migration Studies*, Vol. 24, No. 2, pp. 367-385.

Baganha, M.I. and M.L. Fonseca (eds.) (2004), *New Waves: Migration From Eastern to Southern Europe*, Luso-American Foundation, Lisbon.

Baganha, M.I., J. Ferrão and J. Malheiros (eds.) (2002), *Os Movimentos Migratórios Externos e a sua Incidência no Mercado de Trabalho em Portugal*, Observatório do Emprego e Formação Profissional, Lisboa.

Baganha, M.I., J.C. Marques and P. Góis (2004a), "Novas Migrações, Novos Desafios: a Imigração do Leste Europeu", *Revista Crítica de Ciências Sociais*, Vol. 69, pp. 95-115.

Baganha, M.I., J.C. Marques and P. Góis (2004b), "The Unforeseen Wave: Migration from Eastern Europe to Portugal", in: M.I. Baganha and M.I. Fonseca (eds.), *New Waves: Migration from Eastern to Southern Europe*, Luso-American Foundation, Lisbon, pp. 23-39.

Baptista, R., A. van Stel and A.R. Thurik (2006), "Entrepreneurship, Industrial Restructuring and Unemployment in Portugal", in E. Santarelli (ed.), *Entrepreneurship, Growth, and Innovation: The Dynamics of Firms and Industries*, International Studies in Entrepreneurship, Vol. 12, Springer Science, New York, pp. 223-241.

Blume, K.J., M. Ejrnæs, H.S. Nielsen and A. Würtz (2003), "Self-Employment among Immigrants: A Last Resort?", Centre for Applied Microeconometrics, University of Copenhagen, Working Paper No. 2003-08.

Carneiro, A., N. Fortuna and J. Varejão (2007), "The Economic Assimilation of Immigrants in the Portuguese Labour Market", mimeograph.

Carneiro, R., A. Corrêa d'Almeida, L.X. de Carvalho, M. Abecassis and M. Pisco (2006), "A mobilidade ocupacional do trabalhador imigrante em Portugal", Ministry of Labour and Social Affairs Colecção Cogitum, No. 20, Lisbon.

Carrington, W.J. and P.J. de Lima (1996), "The Impact of 1970s Repatriates from Africa on the Portuguese Labor Market", *Industrial and Labor Relations Review*, Vol. 49, No. 2, pp. 330-347.

Casa do Brasil em Lisboa (2007), "A 2.ª vaga da imigração Brasileira para Portugal (1998-2003): estudo de opinião a imigrantes residentes nos distritos de Lisboa e Setúbal – Informação estadística e elementos de análise", in J. Malheiros (ed.), *Imigração Brasileira em Portugal*, ACIDI, Lisbon, pp. 227-247.

Clark, K. and S. Drinkwater (2000), "Pushed out or Pulled in? Self-Employment among Ethnic Minorities in England and Wales", *Labour Economics*, Vol. 7, pp 603-628.

Cortesão, L., A. Magalhães and A. Sá Costa (2004), *Analytical Report on Education*, NUMENA Research Centre on Human and Social Sciences and ACIME, Porto Salvo and Lisbon.

Council of Ministers and ACIDI (2007), *Plan for Immigrant Integration*, ACIDI, Lisbon.

Council of Ministers and ACIDI (2008*), Relatório Annual de Execução Maio de 2007 – Maio de 2008*, Plano para a Integração dos Imigrantes. ACIDI, Lisbon.

Da Cruz, P.T. (2007), "Reception for Recently Arrived Immigrants", in A. Vitorino (ed.), *Immigration: Opportunity or Threat? Recommendations of the Gulbenkian Immigration Forum,* Princípia, Estoril, pp. 71-95.

De la Barre, J. (2007a), "L'intégration des immigrés sur le marché du travail – Le cas des Capverdiens au Portugal", Background report for the OECD, Paris.

De la Barre, J. (2007b), "Conditions et perspectives de retour des immigrés au Cap-Vert, et mobilisation de la diaspora pour le développement du Cap-Vert", Report for the OECD, Paris.

De Prada, M.A., W. Actis and C. Pereda (1996), "La discriminación laboral a los trabajadores inmigrantes en España", Internacional Migration Papers No. 9, ILO, Geneva.

Dias, B.P., C.R. Oliveira, J.C. Marques and P. Góis (2002), "Migrants, Minorities and Employment in Portugal", Raxen 3 Report to the European Monitoring Centre on Racism and Xenophobia. Numena, Porto Salvo.

Fonseca, M.L., M.J. Caldeira and A. Esteves (2002), "New Forms of Migration into the European South: Challenges for Citizenship and Governance – The Portuguese Case", *International Journal of Population Geography,* Vol. 8, pp. 135-152.

Fonseca, M.L., J. Malheiros, M. Patrício and F. Martins (2005), *Reunificação familiar e imigração em Portugal*, ACIME, Lisbon.

Freire, J. (1995), *O Trabalho Independente em Portugal*, CIES, Lisbon.

Góis, Pedro and Marques, José Carlos (2007), *Estudo Prospectivo sobre Imigrantes Qualificados em Portugal*, Observatório da Imigração, Lisbon.

IESE (2005), *Português língua não materna. Análise do inquérito no âmbito do conhecimento da situação escolar dos alunos cjua língua materna não é o Portugués,* Instituto de estudos sociais e económicos, Lisbon.

Machado, F.L. (2002), *Contrastes e Continuidades. Migração, Etnicidade e Integração dos Guineenses em Portugal*, Celta Editora, Oeiras.

Machado, F.L. (2007), "Youngsters Like Any Others? Integration Processes and Scenarios for the Children of African Immigrants in Portugal", in A. Vitorino (ed.), *Immigration: Opportunity or Threat? Recommendations of the Gulbenkian Immigration Forum*, Princípia, Estoril, pp. 159-186.

Malheiros, J. (1998), "Immigration, Clandestine Work and Labour Market Strategies: The Construction Sector in the Metropolitan Region of Lisbon", in M. Baldwin-Edwards and J. Arango (eds.), *Immigrants and the Informal Economy in Southern Europe*, Frank Cass Publishers, London, pp. 169-185.

Malheiros, J. (2000), "Urban Restructuring, Immigration and the generation of Marginalised Spaces in the Lisbon Region", in R. King, G. Lazaridis and C. Tsardanidis (eds.), *Eldorado or Fortress? Migration in Southern Europe,* Macmillan Press, London, pp. 207-232.

Malheiros, J. (2002), "'Nova'" imigração e desenvolvimento regional: situação actual e oportunidades para as regiões portuguesas", *Cadernos Sociedade e Trabalho*, Vol. 2, pp. 69-87.

Malheiros, J. (ed.) (2007), *Imigração Brasileira em Portugal*, Observatório de Imigração, Lisbon.

Malheiros, J. and F.S. Valaco (2004), "Immigration and City Change: The Region of Lisbon in the Turn of the 20th Century", *Journal of Ethnic and Migration Studies*, Vol. 30, No. 6, pp. 1065-1086.

Marques, J.C. and P. Góis (2007), "Ukrainian Migration to Portugal. From Non-existence to the Top Three Immigrant Groups", mimeograph, Migrationonline.cz, Multicultural Center Prague.

Ministry of Education (2006), *New Opportunities. Initiative within the scope of the National Employment Plan and the Technological Plan*, Ministry of Education and Ministry of Labour and Social Solidarity, Lisbon.

Ministry of Labour and Social Solidarity (2006a), *National Action Plan for Employment (2005-2008)*, Follow-Up Report 2006, Ministry of Labour and Social Solidarity, Lisbon.

Ministry of Labour and Social Solidarity (2006b), "O Trabalho Não Declarado em Portugal – Metodologia de Abordagem e Tentativa de Medição", Colecção Cogitum No. 20, General Directorate for Studies, Statistics and Planning, Ministry of Labour and Social Solidarity, Lisbon.

Mota da Silva, I. (2004), "A integração social dos imigrantes: uma política innovadora. Que perspectivas para o futuro?", in Ministry for Labour and Social Solidarity (ed.), *Imigração e Mercado de Trabalho*, 2ª edição, General Directorate for Studies, Statistics and Planning, Ministry of Labour and Social Solidarity, Lisbon, pp. 25-34.

Niessen, J., T. Huddleston and L. Citron (2007), *Migrant Integration Policy Index*, British Council and Migration Policy Group, Brussels.

OECD (2002), *Measuring the Non-Observed Economy*, OECD, Paris.

OECD (2004), *OECD Employment Outlook*, OECD, Paris.

OECD (2005), *Trends in International Migration*, OECD, Paris.

OECD (2006), *OECD Economic Surveys. Portugal*, OECD, Paris.

OECD (2007a), *International Migration Outlook*, OECD, Paris.

OECD (2007b), *Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden*, OECD, Paris.

Oliveira, C. Reis de (2004), *Estratégias Empresariais de imigrantes em Portugal*, ACIME, Lisbon.

Oliveira, C. Reis de (2005), *Empresários de origem imigrante. Estratégias de Inserção Económica em Portugal* ACIME, Lisbon.

Oliveira, C. Reis de (2007), "Understanding the Diversity of Immigrant Entrepreneurial Strategies", in L.P. Dana (ed.), *Handbook of Research on Ethnic Minority Entrepreneurship*, Edward Elgar, London, pp. 61-82.

Oliveira, C. Reis de and A. Inácio (1999), "Nacionalizações em Portugal (1985-1996)", SociNova Working Paper No. 11, Universidade Nova de Lisboa, Lisbon.

Oliveira, C. Reis de, E. Rosário and T. Santos (2006), *Indicators of Immigrant Integration. Portugal*, First Report, ACIME, Lisbon.

Oliveira, C. Reis de J. Rath (eds.) (2008), "Special Issue on Immigrant Entrepreneurship", Migrações, no. 3. Observatório da Imigração, Lisbon.

Padilla, B. (2005), "Integration of Brazilian immigrants in Portuguese Society: Problems and Possibilities", Socius Working Paper No. 01/05, Lisbon.

Peixoto, J. (2002), "Strong Market, Weak State: The Case of Recent Foreign Immigration in Portugal", *Journal of Ethnic and Migration Studies*, Vol. 28, No. 3, pp. 483-497.

Peixoto, J. and A. Figueiredo (2007), "Imigrantes brasileiros e Mercado de trabalho em Portugal", in J. Malheiros (ed.), *Imigração Brasileira em Portugal*, Observatório de Imigração, Lisbon, pp. 87-112.

Pereira, S.C. (2003), "The Impact of Minimum Wages on Youth Employment in Portugal", *European Economic Review*, Vol. 47, No. 2, pp. 229-244.

Pereira, S. and J. Vasconcelos (2007), "Combate ao Tráfico de Seres Humanos e Trabalho Forçado – Estudo de Casos e Respostas de Portugal", ILO, Lisbon and Geneva.

Pires, R.P. (2003), *Migrações e Integração – Teoria e Aplicações à Sociedade Portuguesa*, Oeiras, Celta Editora.

Pires, R.P., M.J. Maranhão, J.P. Quintela, F. Moniz and M. Pisco (1987), *Os Retornados: Um Estudo Sociografico*, Instituto de Estudos para o Desenvolvimento, Lisbon.

Possidónio, D. (2006), *Descendentes de Angolanos e Luso-Angolanos na Área Metropolitana de Lisboa: Inserção Geográfica e Social*, ACIME, Lisbon.

Ribeiro, J.S. (2008), "Migration and occupational integration: foreign health professionals in Portugal" in M. Sacks and E. Kuhlmann (ed.), *Rethinking Professional Governance: international directions in health care*, The Policy Press, Bristol.

Santos, T. *et al.* (2008), Research survey on migrants' experiences of racism and discrimination in Portugal, Numena, Oeiras.

Santos, V. (2004), *O discurso oficial do estado sobre a emigração dos anos 60 a 80 e imigração dos anos 90 à actualidade*, Observatório de Imigração, Lisbon.

Schneider, F. (2002), "Size and Measurement of the Informal Economy in 110 Countries around the World", World Bank Working Paper, July 2002, Washington.

SEF (2008), Relatório de Actividades 2007: Imigração, Fronteiras e Asilo. SEF, Lisbon.

Vala, J. (ed.) (1999), *Novos racismos: perspectivas comparativas*, Celta, Oeiras.

Annex 5.1.
The ten main origin countries of foreigners with legal presence in Portugal, 1986, 1996 and 2006

Table 5.1A. The ten main origin countries of foreigners with legal presence in Portugal, 1986, 1996 and 2006

(absolute numbers and as a percentage of the foreign population)

1986	Absolute numbers	%	1996	Absolute numbers	%	2006	Absolute numbers	%
Cape Verde	26.301	*30,2*	Cape Verde	39.600	*22,9*	Brazil	71.425	*16,8*
Brazil	7.470	*8,6*	Brazil	20.000	*11,6*	Cape Verde	68.133	*16,0*
Spain	6.958	*8,0*	Angola	16.300	*9,4*	Ukraine	39.086	*9,2*
United States	6.326	*7,3*	Guinea-Bissau	12.600	*7,3*	Angola	33.567	*7,9*
United Kingdom	5.872	*6,8*	United Kingdom	12.000	*6,9*	Guinea-Bissau	25.247	*5,9*
Venezuela	4.756	*5,5*	Spain	9.300	*5,4*	United Kingdom	19.592	*4,6*
Angola	3.966	*4,6*	United States	8.500	*4,9*	Spain	16.597	*3,9*
Germany	3.573	*4,1*	Germany	7.900	*4,6*	Moldova	14.246	*3,3*
France	2.574	*3,0*	France	5.100	*2,9*	Germany	13.851	*3,3*
Canada	2.559	*2,9*	Mozambique	4.400	*2,5*	Sao Tome and Principe	11.273	*2,6*
Total	**86.982**		**Total**	**172.900**		**Total**	**426.122**	

Note: Figures include all foreigners who hold a valid residence title (residence permits, stay permits and long-term visas (prolongations of long-term visas included after 2004).

Source: National Institute of Statistics (INE), *Estatísticas Demográficas*.

Annex 5.2.
Regression results for the employment of immigrants

Table 5.2A. Odds ratio estimates on the employment of immigrants (by origin country) compared to natives, 15-64 years old, 2001

Variables	Without controls		With controls[1]	
	Men	Women	Men	Women
Cape Verde	1.247	1.7	0.924	1.63
Other PALOP	1.672	1.994	0.937	1.175
Brazil	1.79	1.388	1.651	0.877
Eastern and south-eastern Europe	7.199	2.571	5.097	1.272
EU15	0.841	1.094	0.837	0.749
Other countries	0.784	0.881	0.75	0.602
Number of observations	3 440 528	3 561 502	3 440 528	3 561 502

Note: Native-born are the reference group.

1. The odds ratios are estimated controlling for age and schooling.

All coefficients are significant at the 1% level.
Source: OECD calculations based on the 2001 Portuguese census.

Annex 5.3.
Regression results for the unemployment of immigrants

Table 5.3A. Odds ratio estimates on the employment of immigrants (by origin country) and duration of residence compared to natives, 15-64 years old, 2001

Variables	Without controls		With controls[1]	
	Men	Women	Men	Women
Cape Verde	1.284	1.284	1.411	0.917
Other PALOP	1.226	1.093	1.525	1.33
Brazil	0.912	1.395	0.925***	1.549
Eastern and south-eastern Europe	0.446	1.058	0.514	1.289
EU15	1.043***	1.144	1.001	1.169
Other countries	1.095	1.195	1.13	1.345
Number of observations	2 671 147	2 191 251	2 671 147	2 191 251

Note: Native-born are the reference group.

1. Odds ratios are estimated controlling for age and schooling.

All coefficients are significant at the 1% level, except coefficients marked ** (significant at the 5% level) and shaded coefficients (not significant).

Source: OECD calculations based on the 2001 Portuguese census.

Annex 5.4.
Analysis of the overqualification of foreigners

Table 5.4A. Odds ratio estimates for overqualification for immigrants compared to the native-born, by origin country, 15-64 employed and highly-qualified, 2005

Variables	Without controls		With controls[1]	
	Men	Women	Men	Women
Cape Verde	2.54	4.06	7.60	3.48
Other PALOP	3.44	1.94	4.26	1.80
Brazil	2.54	2.60	3.38	2.52
Eastern and south-eastern Europe	38.90	15.49	62.52	15.17
EU15	0.63	0.67	0.71	0.79
Other countries	2.36	1.44	2.94	1.65
Number of observations	124 295	138 287	124 034	138 178

Note: Native-born are the reference group.

1. Odds ratios are estimated controlling for age, tenure, sector of activity and region (dummy variable for Lisbon area).

All coefficients are significant at the 1% level.

Source: OECD calculations using the *Quadros de Pessoal* 2005.

Annex 5.5. Analysis of the wages of foreigners

Table 5.5A. Log hourly wages for immigrants compared to the native-born, by origin country, 15-64 years old employed and not in education, 2005

Variables	Without controls		With controls[1]	
	Men	Women	Men	Women
Cape Verde	-0.32	-0.27	-0.17	-0.12
Other PALOP	-0.26	-0.15	-0.14	-0.08
Brazil	-0.28	-0.24	-0.09	-0.09
Eastern and south-eastern Europe	-0.33	-0.30	-0.15	-0.10
EU15	0.43	0.30	0.28	0.17
Other countries	-0.25	-0.15	-0.11	-0.04
Number of observations	1 422 344	1 047 645	1 406 705	1 040 529
R^2	0.016	0.008	0.46	0.534

Note: Native-born are the reference group.

1. The coefficients are estimated using age, schooling, tenure, sector of activity and region (dummy variable for Lisbon area) as control variables.

All models include a constant.

All coefficients are significant at the 1% level.

Source: OECD calculations using the *Quadros de Pessoal* 2005.

Glossary

ACIDI	*Alto Comissario para a Immigração e Diálogo Intercultural* (High Commission for Immigration and Intercultural Dialogue)
ACIME	*Alto Comissario para a Immigração e Minorias Étnicas* (High Commission for Immigration and Ethnic Minorities)
ACT	*Autoridade para as Condições do Trabalho* (Working Conditions Authority)
ANDC	*Associação Nacional de Direito ao Crédito* (National Micro-credit Association)
APG	*Associação Portuguesa dos Gestorese Técnicos dos Recursos Humanos* (Portuguese Association of Managers and Human Resources Specialists)
CICDR	*Comissão para a Igualdade e Contra a Discriminação Racial* (Commission for Equality and Against Racial Discrimination)
CLAIIs	*Centro Local de Apoio à Integração de Imigrantes* (Local Immigrant Integration Support Centres)
CNAIs	*Centro Nacional de Apoio ao Imigrante* (National Immigrant Support Centres)
COCAI	*Conselho Consultivo para os Assuntos da Imigração* (Consultative Committee for Immigration Affairs)
GRACE	*Grupo de Reflexão e Apoio à Cidadania Empresarial* (Reflection and Support Group for Corporate Citizenship)
IEFP	*Instituto do Emprego e Formação Profissional* (Institute for Employment and Vocational Training)
IHRU	*Instituto da Habitação e da Reabilitação Urbana* (National Housing and Urban Rehabilitation Institute)
INE	*Instituto Nacional de Estatistica* (National Institute of Statistics)

LMA	Lisbon Metropolitan Area
NGO	Non-Governmental Organisations
PALOP	*Países Africanos de Língua Oficial Portuguesa* (Portuguese-speaking African Countries)
PER	*Programa Especial de Realojamento* (Re-housing programme)
SEF	*Serviço de Estrangeiros e Fronteiras* (Services for Foreigners and Border Control)
UNIVAs	*Unidades de Inserção na Vida Activa* (Units for Insertion into Professional Life)

OECD PUBLICATIONS, 2, rue André-Pascal, 75775 PARIS CEDEX 16
PRINTED IN FRANCE
(81 2008 16 1 P) ISBN 978-92-64-03617-8 – No. 56453 2008

Jobs for Immigrants

VOLUME 2

LABOUR MARKET INTEGRATION IN BELGIUM, FRANCE, THE NETHERLANDS AND PORTUGAL

When immigrants arrive in a new country, they are confronted with new labour market requirements such as language proficiency, familiarity with job-search procedures and work practices which they are not always able to satisfy. Over time, this expertise can be acquired, and in principle immigrant performance in the receiving country should be similar to that of the native-born after a certain time has elapsed. In practice, however, differences persist: experience and qualifications may not be fully recognised, social capital may be lacking, or discriminatory hiring practices may persist among employers. These obstacles affect not only new immigrants, but, surprisingly, their children too, even if the children are born and educated in the receiving country.

What can be done to improve the labour market integration of immigrants and their children? Employers need to have the necessary information and incentives to assess the skills and qualifications of immigrants properly. Governments have a role to play in promoting language and vocational training, and encouraging diversity in the workplace. Immigrants themselves need to adapt to the requirements of the host country employers. The viability of future migration policies, in particular greater recourse to immigration, will depend to a large extent on how successful OECD countries and immigrants are in achieving the objective of successful integration in the labour market.

This publication reviews the labour market integration of immigrants and their children in four OECD countries – Belgium, France, the Netherlands and Portugal – and provides country-specific recommendations. It is the second in a series which will eventually cover some ten OECD countries.

Further Reading

Jobs for Immigrants (Vol. 1): Labour Market Integration in Australia, Denmark, Germany and Sweden

The full text of this book is available on line via these links:
www.sourceoecd.org/employment/9789264036178
www.sourceoecd.org/socialissues/9789264036178

Those with access to all OECD books on line should use this link:
www.sourceoecd.org/9789264036178

SourceOECD is the OECD's online library of books, periodicals and statistical databases. For more information about this award-winning service and free trials ask your librarian, or write to us at **SourceOECD@oecd.org**.

OECDpublishing
www.oecd.org/publishing

ISBN 978-92-64-03617-8
81 2008 16 1 P

