



Atlantic Council

RAFIK HARIRI CENTER
FOR THE MIDDLE EAST

Boon, Not Burden

How Successful Refugee Integration Might
Contribute to Host Nation Economies



Boon, Not Burden

How Successful Refugee Integration Might Contribute to Host Nation Economies

ISBN: 978-1-61977-381-3.

Cover photo: Jamal Saidi/Reuters. A Syrian refugee smiles as she works with her husband to help produce concrete blocks in Bekaa Valley, Lebanon September 21, 2013.

This report is written and published in accordance with the Atlantic Council Policy on Intellectual Independence. The authors are solely responsible for its analysis and recommendations. The Atlantic Council and its donors do not determine, nor do they necessarily endorse or advocate for, any of this report's conclusions.

November 2017

CONTENTS

Introduction..... 1

Lebanon..... 2

Tunisia..... 6

Egypt 9

Germany 12

Conclusion 16

About the Authors..... 17



1.5 million
refugees and asylum
seekers in Germany



5-6 million
refugees and
migrants in Egypt



1.5 million
Syrian refugees in
Lebanon



0.5-1.8 million
refugees and asylum
seekers in Tunisia

According to the Pew Research Center, in the Middle East **more than one in twenty people are either internally or externally displaced.**



The conflicts in the Arab countries have been the major drivers of the refugee crisis, with the wars in Syria and Libya generating as many as **six million refugees** together.



One study estimated that an additional 1 percent increase in Syrian refugees **increases Lebanese service exports** by 1.5 percent.

Libyan refugees have injected **one billion euros** into the Tunisian economy.



Between 2011 and 2016, **Syrians contributed approximately \$792 million to Egypt's economy**, according to Egypt's General Authority for Investment.

Germany's Institute for Labor Market and Vocational Research predicted that about **50 percent** of asylum seekers in Germany would be **employed** within five years of their arrival.



INTRODUCTION

This report analyzes four country-level case studies to examine the factors that have shaped countries' ability to react to a sudden influx of asylum seekers or refugees,¹ and demonstrates a spectrum of success in integration. The paper looks at three Arab countries—Lebanon, Tunisia, and Egypt—that have hosted large numbers of asylum seekers and refugees, particularly since 2011, and Germany, which willingly took on one million Syrian asylum seekers and refugees starting in 2015. Germany stands out in contrast to the other countries in this report for several reasons: it is neither in the Middle East nor bordering or near a conflict zone, it has a robust economy and sophisticated legal system for integrating refugees, and, foremost among its European neighbors, it willingly accepted the refugees, whereas others took them in largely involuntarily.

The refugee crisis is a humanitarian disaster. According to the Pew Research Center, in the Middle East more than one in twenty people are either internally or externally displaced.² The conflicts in the Arab countries have been the major drivers of the refugee crisis, with the wars in Syria and Libya together generating as many as six million refugees. Most of these refugees have sought refuge in neighboring countries, putting a sudden strain on already struggling economies and infrastructures.

Literature on refugees tends to focus on the burden that they place on their host countries. In the Middle East and North Africa, host countries bordering high intensity conflicts, such as Egypt and Lebanon, have lost an average 1.9 percentage points in annual gross domestic product (GDP) growth as a result of conflict spillover. Overburdened and weak institutions also undermine the ability of host countries to take the economic reforms necessary for recovery.

Yet, refugees also provide significant benefits. Asylum seekers, for instance, contribute to the economy by frequenting local businesses and establishing businesses themselves. Many are also highly educated and skilled and can fill needs

in the job market. In many cases, social and political challenges, such as residency and work allowance issues, present more significant hurdles to accommodating refugees than do economic challenges.

Although host countries in the Middle East are generally forced to host people fleeing conflicts by virtue of proximity to the conflict zones, they can take steps to better integrate refugees and asylum seekers. Such efforts could enhance the economic benefits, and reduce the burden and risks, that can result from a sudden influx of people. Germany, on this point, provides a useful counterpoint to the Middle Eastern countries by demonstrating what a robust integration program looks like. Beyond these case studies, countries that wish to aid asylum seekers without necessarily implementing a resettlement program within their own borders can also consider how best to apply funding or technical expertise to go beyond simple humanitarian aid and promote long-term integration and stability.

It should be noted, however, that any benefits asylum seekers bring to host countries should not be overstated. Particularly in the cases of Lebanon and Tunisia, where asylum seekers make up nearly 20 percent of the population (or possibly more in Lebanon's case), asylum seekers place an enormous burden on already strained resources and lagging economies due to demand for government services, such as health and education, and competition for employment that pushes many into the informal sector. Moreover, any economic injections into the host country's economy come at a cost to the asylum seekers' countries of origin: funds invested into the new market are those the country of origin could have received. Hence, one country's relative benefit comes at the cost of draining the other countries of individual cash reserves. Second, although more affluent and educated asylum seekers can be a boon to the host country, they represent a brain drain for their countries of origin. The most sustainable solution remains resolving the wars and helping the displaced return to their home countries.

1 For the purposes of this paper, the terms *refugee* and *asylum seeker* are used interchangeably due to the difficulty the countries in question face in gathering accurate statistics. Properly, though, a refugee is one who has been granted refugee/asylum status, whereas an asylum seeker is one who might apply for such status.

2 Phillip Connor and Jens Manuel Krogstad, "Key Facts about the World's Refugees," Pew Research Center, October 5, 2016, <http://www.pewresearch.org/fact-tank/2016/10/05/key-facts-about-the-worlds-refugees/>.

LEBANON

Overview

Lebanon is a special case in the study of the factors that influence a country's ability to integrate large refugee populations. Lebanon's refugee crisis is distinct in scale and proportion: the estimated 1.5 million Syrian refugees in Lebanon are equivalent to one-quarter of the country's native population. This makes Lebanon the largest per capita host of refugees in the world.³ Lebanon is also socially and economically far more intimately linked with Syria than are Europe or even Syria's other neighbors—Jordan and Turkey—which also host large refugee populations.

It is useful to examine factors that have shaped refugees' impact on Lebanon and that may produce similar results elsewhere. This analysis suggests that the refugee crisis has benefited some economic sectors in Lebanon, even increasing capital flows and real estate and commercial investments. However, despite these economic contributions and close ties between many Syrians and Lebanese, the crisis is exerting macro-level pressures that are overwhelming Lebanon's capacity to cope, for reasons that have more to do with the Lebanese context itself than refugee actions.

Impact

Despite their sheer numbers and the brutal Syrian war's politicizing effect, refugees have had little impact on overall security in Lebanon. Refugees appear no more disposed to crime than the Lebanese (excepting violations of status and documentation) and have not tried to militarize.⁴ At worst, militants from Syria had embedded among the refugee population. However, they and their families have been driven out of Lebanon by Hezbollah and Lebanese security forces.

Lebanon's infrastructure and public services were already lagging before the addition of 1.5 million

persons worsened both sectors. While the state has accommodated tens of thousands of Syrian school children, which has placed enormous pressure on the public education system, this is insufficient and more accommodation is needed. Power and water utilities—which were not particularly well-functioning before—are overstressed, as well as healthcare services. There is a substantial increase in car traffic, which decreases quality of life and leads to economic wastefulness.

The economy is where the impact of the refugee population is greatest. While data are not always reliable amid rapid change, the fiscal indicators are negative. In addition to a substantial slowdown in growth (driven partly by fighting in Syria), tens of thousands of Lebanese have been pushed into poverty and as many as a quarter million unskilled workers have become unemployed, replaced by cheaper Syrian labor, particularly in the informal sector.⁵ Increased demand has raised the cost of rent by up to 50 percent. Food and fuel prices have risen, especially as the war has cut off imports from Syria. The large number of refugees has also placed a significant stress on Lebanon's public finances. It is estimated that Lebanon has incurred losses of \$13.1 billion since the beginning of the Syrian crisis, including \$5.6 billion in 2015 alone.⁶

However, the refugee crisis has generated some positive secondary effects, including attracting international financing for projects aimed at building local resilience.⁷ As of March 2017, for example, the World Bank had invested \$1.3 billion through lending and grants, including in the water sector. The United Nations Development Programme (UNDP) and United Nations High Commissioner for Refugees (UNHCR) estimate that the \$800 million in annual spending by the UN on Syrian refugees in Lebanon has had economy-wide impacts. Every \$1 spent on humanitarian assistance has had a multiplier value of \$1.6 in the economic sectors, essentially equal to the UN's

3 Zeinab Cherri, Pedro Arcos González, and Rafael Castro Delgado, "The Lebanese-Syrian Crisis: Impact of Influx of Syrian Refugees to an Already Weak State," *Risk Management and Healthcare Policy* 9 (2016): 165-172.

4 United Nations High Commissioner on Refugees, "Syria Regional Refugee Response," data.unhcr.org/syrianrefugees/country.php?id=122.

5 Cherri, González, and Delgado, "The Lebanese-Syrian Crisis," 165-172.

6 United Nations Development Programme, *Jobs Make the Difference: Expanding Economic Opportunities for Syrian Refugees and Host Communities*, April 5, 2017, <http://www.arabstates.undp.org/content/rbas/en/home/presscenter/events/2017/april/5-april-global-launch-of-jobs-make-the-difference.html>.

7 The World Bank, "The World Bank in Lebanon," <http://www.worldbank.org/en/country/lebanon/overview#2>.



Syrian refugee children in Lebanese school classroom in 2013.
Photo credit: UK Department for International Development/Flickr.

injecting \$1.28 billion in the Lebanese economy.⁸ The International Finance Corporation has invested hundreds of millions of dollars in Lebanon's financial, retail, and construction sectors, in addition to the infrastructure and manufacturing sectors. In addition, one study estimated that an additional 1 percent increase in Syrian refugees increases Lebanese service exports by 1.5 percent.⁹

Business owners have also benefited from cheaper labor costs, and Syrians (who have always worked in Lebanon in large numbers anyway) are contributing to the Lebanese economy by spending some of their money in Lebanon rather than sending it to Syria. A European Union-funded cash assistance

initiative run by the World Food Programme (WFP) has empowered hundreds of thousands of Syrians in Lebanon and helped boost local economies. As of August 2017, WFP said its cash-based interventions had contributed \$926 million to Lebanon's economy since 2012.¹⁰ Some Lebanese citizens in the Bekaa Valley have praised the cash assistance program, which is administered through debit-style e-cards, for the role it has played in transforming Syrian refugees into active consumers.¹¹

It is conceivable that these economic injections will add long-term economic value once the refugee crisis subsides. However, their effects, while potentially promising, especially in the short

8 United Nations Development Programme, "Impact of Humanitarian Aid on the Lebanese Economy," 2015, <http://www.lb.undp.org/content/lebanon/en/home/library/poverty/impact-of-humanitarian-aid-undp-unhcr/>.

9 Massimiliano Cali, Wissam Harake, Fadi Hassan, and Clemens Struck, *The Impact of the Syrian Conflict on Lebanese Trade*, World Bank Group, April 2015, <http://documents.worldbank.org/curated/en/908431468174247241/pdf/96087-WP-P148051-PUBLIC-Box391435B-Syria-Trade-Report.pdf>.

10 World Food Programme, "Lebanon Country Brief," August 2017, <http://documents.wfp.org/stellent/groups/public/documents/ep/wfp274958.pdf>.

11 Dana Sleiman, "Cash Aid Empowers Refugees and Boosts Lebanese Economy," United Nations High Commissioner for Refugees, December 16, 2016, <http://www.unhcr.org/en-us/news/latest/2016/12/5853b3d24/cash-aid-empowers-refugees-boosts-lebanese-economy.html>.

term, have not offset the strains on the economy. Similarly, while humanitarian assistance has mitigated economic strains, it has by no means erased them. As for social impact, sympathy for refugees was initially high in Lebanon, aided by family ties between many Lebanese and Syrians. Many refugees were given shelter in Lebanese homes. Predictably, support began to wear thin as the number of refugees continued to rise and their economic effects began to be felt. There is now widespread resentment toward refugees, which the political elite has sometimes reflected and amplified. Lebanese President Michel Aoun, for instance, has recently said his country can no longer “handle” hosting a huge number of Syrians and has called on the international community to help the refugees return to safer areas of Syria.¹² Lebanese resent refugees’ impact on the labor market and their receipt of international aid. Many Syrians experience verbal or physical assault, and evening curfews imposed on Syrians have received popular support.¹³

“Lebanon is neither a model for, nor a dire warning against, hosting or trying to integrate refugees.”

Lessons Learned

Lebanon is neither a model for, nor a dire warning against, hosting or trying to integrate refugees. Many of the ingredients least conducive to success are present in Lebanon, in addition to a few mitigating factors that have helped Lebanon remain stable despite the intense pressure.

Lebanon’s baseline economy is one of the most prevalent factors that has impacted its ability to integrate refugees. The country’s infrastructure and public services were seriously lacking before the refugee inflow, and the public deficit and debt-to-GDP ratio were concerning as well. Since the start of the Syrian conflict, the refugee crisis has

exacerbated these existing strains on the Lebanese economy. Before the conflict, Lebanon achieved relatively high levels of GDP growth and took steps towards improving its fiscal balances and public debt. Since the crisis, however, GDP growth slowed significantly, falling from around 9 percent before the Syrian civil war to 1 percent in 2015. Lebanon’s GDP growth is expected to rise, but very slowly, in the medium term.¹⁴ Meanwhile, decreases in revenue collection and increases in public expenditures have also put serious pressure on the Lebanese economy. In 2013, the World Bank warned that such growing costs were “unsustainable” given Lebanon’s weak public finances. The situation has improved little; in 2016, public debt reached 148 percent of GDP.

Unemployment was also significantly exacerbated by the refugees’ arrival. Only two years into the Syrian crisis, the World Bank warned that even without the influx of Syrian refugees, the Lebanese economy needed to create six times the number of jobs it had previously created in order to absorb new entrants into the labor market.¹⁵ Today, unemployment stands at around 30 percent.¹⁶ With a labor-intensive economy and no labor shortage before the influx, the state was ill-equipped to meet its own population’s demands before the conflict. In Lebanon, this deficit refers to technical incapacity and the dysfunctional political system that leads to sectarian deadlock and government paralysis. The influx of an additional 1.5 million people put pressure on the labor market rather than helping to fill labor market gaps.

In its most recent staff visit to Lebanon, the International Monetary Fund (IMF) said that the country’s economic conditions remain challenging and emphasized that regional spillovers continue to dominate its near-term outlook.¹⁷ In October 2017, Lebanon approved its first state budget in ten years, a critical step towards addressing the public finances crisis. Yet, achieving necessary major structural reforms, aimed at halting the rise in public debt, will be difficult in the current climate.

There is also a significant amount of tension between the local population and the refugees due

12 Lisa Barrington, “Lebanon’s President Says the Country Can’t Handle Syrian Refugees Anymore and Wants Them to Return Home,” *Business Insider*, October 16, 2017, <http://www.businessinsider.com/r-lebanon-president-calls-for-return-of-syrian-refugees-from-lebanon-2017-10>.

13 “Lebanon: At Least 45 Local Curfews Imposed on Syrian Refugees,” *Human Rights Watch*, October 3, 2014, <https://www.hrw.org/news/2014/10/03/lebanon-least-45-local-curfews-imposed-syrian-refugees>

14 International Monetary Fund, *World Economic Outlook, October 2017, Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges*, October 2017, <https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>.

15 World Bank, *Lebanon: Economic and Social Impact Assessment of the Syrian Conflict*, 2013, <http://documents.worldbank.org/curated/en/925271468089385165/Lebanon-Economic-and-social-impact-assessment-of-the-Syrian-conflict>.

16 Michael Karam, “Lebanon Also Suffering amid Plight of Syria’s Dispossessed,” *The National*, October 4, 2017, <https://www.thenational.ae/business/lebanon-also-suffering-amid-plight-of-syria-s-dispossessed-1.664037>.

17 “IMF Staff Concludes Visit to Lebanon,” International Monetary Fund, September 13, 2017, <https://www.imf.org/en/News/Articles/2017/09/13/pr17347-imf-staff-concludes-visit-to-lebanon>.

Boon, Not Burden

to Lebanon's history, despite the local population's initial sympathy for the Syrians' plight. For decades, Lebanon has hosted hundreds of thousands of Palestinian refugees, who at some points were heavily armed and helped cause a civil war. This history no doubt contributes to Lebanese suspicion and resentment toward Syrian refugees, which in turn hampers integration. Syria's nearly thirty-year occupation of Lebanon also left a legacy of bitterness toward Syrians in general, which has undermined integration of Syrian refugees years later.

The refugees' socioeconomic status has also been an important factor in Lebanon. Syrian refugees in Lebanon are largely uneducated. One-third are illiterate or have had no schooling.¹⁸ Fewer than half have a primary education. This drives them to informal jobs as cheap labor, increasing unemployment or lowering wages among the most vulnerable Lebanese. Much of the refugee population has settled in Lebanon's poorest areas (Akkar, the Bekaa, and South Lebanon), crowding especially vulnerable labor markets. An effective resettlement plan may have mitigated this trend, but the Lebanese state was unable or unwilling to undertake one.

Lebanon's unique political situation also impacts the government's ability to respond to the inflow of refugees. Lebanon's Shia and Christian populations view the addition of over a million mostly Sunni

Syrian refugees as a demographic threat. The Syrian conflict has regularly spilled over into Lebanese territory, occasionally injuring or killing Lebanese, and likely deepening resentment toward Syrian refugees by association. Specifically, Hezbollah's military intervention in support of the Syrian regime led to insurgent operations in Lebanese territory targeting Hezbollah and, on occasion, its Lebanese Shia constituency in addition to Lebanese armed forces also working against the insurgency. Lebanon's security forces are known to abuse detainees, including and perhaps especially refugees. Taking advantage of these social divisions and populist anger toward refugees, some politicians have used the refugees' presence to deflect attention from their poor performances.

Given its specific circumstances, Lebanon is particularly ill-suited to absorb and integrate such a large refugee population. Yet it has avoided political, economic, and social collapse. Syrians have not posed a serious security threat, and given the scale of the challenge, civil unrest and non-political violence has been limited. In a different context, Syrian refugees may well have brought net benefits to the economy as well, through increased consumption and capital flows. However, Lebanon has too many structural, political, economic, institutional, and administrative weaknesses to absorb such potential, and the sheer number of refugees is placing overwhelming pressure on weak foundations.

¹⁸ International Labour Organization, *Assessment of the Impact of Syrian Refugees in Lebanon and Their Employment Profile*, http://www.ilo.org/wcmsp5/groups/public/@arabstates/@ro-beirut/documents/genericdocument/wcms_240130.pdf.

TUNISIA

Overview

The total number of asylum seekers in Tunisia is difficult to establish since very few register as refugees. Tunisia's Ministry of Commerce puts the number at 1 million, but other estimates range between 0.5 million and 1.8 million.¹⁹ Libyans make up the largest proportion, and most seem to gravitate to the urban centers such as Tunis, though destitute asylum seekers tend to go to Gabes and Ras Jedir in the south.

The first wave of Libyan migrants arrived when the fighting in Libya broke out in spring 2011. Tunisians welcomed the first group of asylum seekers because it consisted mostly of middle- and upper-middle-class families who had the means to relocate comfortably in the host country. They rented apartments, booked rooms at hotels, and enjoyed restaurants and other establishments, thus boosting the hospitality sector in Tunisia. With the second wave of refugees after 2014, however, a lower socioeconomic class of Libyans began arriving, creating more difficulties for the host country.

There is no legal structure defining how asylum seekers are to be treated in Tunisia. Before 2011, only a few asylum seekers entered Tunisia annually, with some reports putting the number as low as one hundred per year. The country, therefore, never developed laws and procedures to deal with a high influx of migrants. Tunisia's current law on foreign nationals dates back to 1968, and the country undertook reforms in 2004 to toughen sanctions against irregular migration in Tunisia. Yet, though Tunisia is a signatory to the 1951 Refugee Convention, which defined refugees and their rights within a host country, as well as the 1967 Protocol amending the convention, it has no legal structure to protect those who have arrived in Tunisia but whose refugee status has not yet been determined.²⁰ For example, before qualifying as a refugee, a migrant must undergo the standard residency process through Tunisia's Interior Ministry.

If migrants (asylum seekers or otherwise) are caught entering or leaving Tunisia illegally, they are automatically detained, usually for fifteen days although the detention period can last for up to a month. Upon release, they are granted papers confirming their release and sent to the Tunisian Red Crescent (TRC) in Médenine. If the TRC determines they are not at risk of persecution, based on their country of origin, they can be immediately deported. For example, Egyptians and Senegalese, whose countries TRC views as stable, are returned right away. Migrants from countries TRC views as unstable are allowed to apply to the UNHCR for refugee status if desired. However, Syrians do not need to go through the Refugee Status Determination process in Tunisia and are automatically granted refugee status.²¹

Refugees and asylum seekers are not granted residency permits. Individuals whom the UNHCR determines are refugees are granted an identification card, which gives them some basic legal protections. As of the end of 2016, there were 685 registered refugees in Tunisia, according to the UNHCR.²² The number peaked at 1,135 in 2014, but there are sufficiently few people seeking asylum status that the UNHCR is able to keep the number under control, processing several hundred applications a year. However, few asylum seekers are able or want to register with UNHCR, often viewing Tunisia as a transit country. According to a 1973 convention between Tunisia and Libya, Libyans do not require a visa or other formal status to enter Tunisia for the first three months of their stay there. After that, they are required to apply for documentation and, if they intend to work, must also apply for a work permit.

Yet documentation of asylum seekers in Tunisia remains lacking. Without residency permits, it is difficult for asylum seekers to receive work permits, which constrains the participation of refugees and asylum seekers in formal employment sectors. In Tunisia, where the unemployment rate is around 15 percent (and almost double that in marginalized regions), asylum seekers put additional stress on

19 "Libyan Refugees Denounced as 'Rich and Rude' in Tunisia," France24, October 1, 2014, <http://observers.france24.com/en/20141001-libyan-refugees-stigmatised-tunisia-reputation>.

20 United Nations High Commissioner for Refugees, "Tunisia: UNHCR Operational Update," 2016, <http://www.refworld.org/country,,UNHCR,,TUN,,585187174,0.html>; Christine Petré, "Tunisia Looks to Welcome Refugees, Migrants with New Asylum Law," *Al-Monitor*, October 6, 2015, <http://www.al-monitor.com/pulse/originals/2015/10/tunisia-refugee-crisis-policy-law.html>.

21 "Oliver Tringham, "The Case for Legal Aid for Refugees in Tunisia," June 20, 2016, <http://refugeelegalaidinformation.org/sites/default/files/160620%20Case%20for%20Legal%20Aid%20for%20Refugees%20in%20Tunisia%20EN%20%20web.pdf>.

22 United Nations High Commissioner on Refugees, "Tunisia," 2016, <http://reporting.unhcr.org/node/2529?y=2015#year>.



A Libyan refugee from Choucha refugee camp sleeps outside the headquarters of the United Nations High Commissioner for Refugees (UNHCR) during a sit-in demonstration to protest against the UNHCR's refusal to grant them official refugee status, in Tunis January 29, 2013. *Photo credit: Zoubeir Souissi/Flickr.*

the labor market. Most refugees work in the already large informal economy in Tunisia, estimated to account for around 30 percent of GDP.²³ Tunisians overwhelmingly identify unemployment as the biggest economic problem facing their country.²⁴ Absent the impact of Libyan refugees, the delays by post-revolutionary governments in Tunisia in undertaking structural economic reforms, combined with a decline in tourism due to security threats, have seriously weakened Tunisia's economy.

Impact

The impact of refugees on Tunisia is mixed. Per one article in 2015, Libyan refugees contribute two billion Tunisian dinars per year (about \$800 million) to the Tunisian economy.²⁵ Another suggests that Libyan refugees have injected one billion euros into the Tunisian economy.²⁶ However, this must be balanced with the other costs associated with the refugee crisis and the broader context of the Libyan war. Before Libya's 2011 revolution and subsequent war, about one hundred thousand Tunisian migrants worked in Libya, sending about \$276 million per year back to Tunisia in remittances (about 0.6 percent of Tunisia's GDP).²⁷ Tunisia has

23 Tula Connell, "Report: Tunisia's Informal Sector Workers Lack Decent Conditions," Solidarity Center, July 14, 2014, <https://www.solidaritycenter.org/report-tunisia-informal-sector-workers-lack-decent-conditions/>.

24 International Republican Institute, "Tunisia Poll: Underperforming Economy and Corruption Continue to Drive Intense Dissatisfaction," September 26, 2017, <http://www.iri.org/resource/tunisia-poll-underperforming-economy-and-corruption-continue-drive-intense-dissatisfaction>.

25 Walid Khefifi, "1.5 million de Libyens résident en Tunisie: Quelles répercussions sur l'économie et la sécurité nationales?" *Le Temps*, April 5, 2015, <http://www.letemps.com.tn/article/90616/15-million-de-libyens-r%C3%A9sident-en-tunisie-quelles-r%C3%A9percussions-sur-l%E2%80%99%C3%A9conomie-et-la>.

26 Omer Karasapan, "The Impact of Libyan Middle-Class Refugees in Tunisia," Brookings Institution, March 17, 2015, <https://www.brookings.edu/blog/future-development/2015/03/17/the-impact-of-libyan-middle-class-refugees-in-tunisia/>.

27 Ikhlas Latif, "Tunisia's Economy Threatened as Libya Unravels," *Al-Monitor*, September 7, 2014, <http://www.al-monitor.com/>

Boon, Not Burden

also lost some of the trade it had with Libya. In 2010, Tunisian-Libyan relations were at an all-time high, and Tunisian exports to Libya were estimated at just over \$730 million.²⁸ In 2015, they dropped by almost \$200 million to about \$540 million, and this difference was not made up elsewhere.

Private education and private clinics are two of the primary markets in Tunisia that have benefited from the presence of Libyan refugees. The Tunisian government has not opened public schools to asylum seekers (Libyan or otherwise), forcing affluent Libyans to put their children in private schools.²⁹ In addition, private clinics have seen their incomes increase substantially thanks to the many wounded and ill who cannot find adequate treatment in Libya. Sfax, a city on Tunisia's eastern coast, has become well-known as a place for Libyans to seek treatment.³⁰ Tunisian hotels and restaurants as well as retailers have also substantially profited from the influx of Libyan refugees.

Besides the more objective and quantifiable positive repercussions for the Tunisian economy, there have also been some positive effects on society and institutions. For example, the need for increased investments in existing or new businesses, to which Libyan refugees could contribute, has forced the Tunisian legislature to begin a thorough review of its bureaucracy and the many hurdles it imposes on foreign investments. Also, the Tunisian government is reportedly considering creating a legal framework to protect asylum seekers, something the country currently lacks. After the Tunisian revolution ended in January 2011, the government set up a parliamentary commission to develop a new asylum law. In 2015, *Al-Monitor* reported that the law might finally be nearing completion, estimating that it could be ready in 2016.³¹ However, in 2015, Amor Boubakri, a member of the commission working on the law, said it would take another three to five years to finalize it without external pressure. Thus, external pressure and technical resources are needed to help encourage the government to prioritize the passage of this law. One of UNCHR's stated priorities is to help Tunisia develop a national asylum system; its support is critical to speeding the process.³²

Still, within the Tunisian economy, asylum seekers, totaling somewhere between 5 and 18 percent of Tunisia's national population, are putting a strain on resources. Tunisians complain of increased rent costs, for instance, and also that asylum seekers, particularly refugees, are purchasing goods such as food and oil that the Tunisian government subsidizes.³³ Meanwhile, despite some measures aimed at alleviating the pressure on Tunisians, including increases in social protection and the provision of additional resources for small and medium-sized enterprises, low growth and high rates of unemployment continue to impact Tunisians.

Lessons Learned

Several variables have shaped Tunisia's ability to react to the refugee influx, including economic circumstances in the host country and related challenges, as well as the socioeconomic status of the refugees coming to Tunisia. The implementation of a sophisticated integration program requires a legal framework to help transition refugees into Tunisia and give them legal status, education, and job training programs—including language classes for non-Arabic speakers—as well as a job market capable of absorbing hundreds of thousands of new job seekers. However, Tunisia lacks a legal framework to integrate refugees, refugee children cannot go to public schools, there are few job training programs for adults, and the labor market in Tunisia is not equipped to absorb the refugees. Tunisia has an unemployment rate of 19 percent, and another 25 percent are unemployed but not seeking work; only 28 percent are employed full time.

The socioeconomic status of the refugees coming to Tunisia is also important. Many see Tunisia as merely a transit country on their way to Europe, and hence Tunisia is fighting an uphill battle trying to integrate the asylum seekers who are not interested in staying in the long term. Moreover, whereas the initial influx of Libyan refugees was more affluent, the latter waves have been less so, and many of the less affluent lack the options of integration that the more affluent took: enough funds to invest in Tunisian businesses and real estate and enough skills to find regular employment.

pulse/business/2014/09/httpwwwbusinessnewscomtnla-reliance-economique-en-tun.html.

28 World Integrated Trade Solution, "Product Exports by Tunisia to Libya 2015," World Bank, <http://wits.worldbank.org/CountryProfile/en/Country/TUN/Year/2015/TradeFlow/Export/Partner/LBY/Product/all-groups>.

29 Karasapan, "The Impact of Libyan Middle-Class Refugees in Tunisia."

30 Carlotta Gall, "Libyan Refugees Stream to Tunisia for Care, and Tell of a Home That Is Torn Apart," *New York Times*, September 9, 2014, https://www.nytimes.com/2014/09/10/world/africa/libya-refugees-tunisia-tripoli.html?_r=2.

31 Petré, "Tunisia Looks to Welcome Refugees, Migrants with New Asylum Law."

32 United Nations High Commissioner for Refugees, "Tunisia: UNHCR Operational Update."

33 EconSource, "EconSource: Tunisia Asks Libya for Cheaper Oil," Atlantic Council, MENASource, December 4, 2014, <http://www.atlanticcouncil.org/blogs/menasource/econsource-tunisia-asks-libya-for-cheaper-oil>.

EGYPT

Overview

Egypt has long been a primary destination for refugees, hosting people from Syria, Sudan, Libya, Ethiopia, Somalia, Eritrea, Palestine, and Iraq. The Egyptian government estimates there are between five and six million “refugees and migrants.”³⁴ The figure, though, is almost impossible to verify for various reasons: Egypt has no refugee camps, not all refugees register as such, and there is uncertainty over how the Egyptian government distinguishes between refugees and immigrants. Most of the migrant population is Sudanese; Egypt hosts between three and five million Sudanese, many who have been there for years and who enjoyed special legal status based on the 1976 Wadi El Nil Treaty and other legal practices.³⁵ While all asylum seekers in Egypt are legally entitled to public education, healthcare services, subsidized transportation, and energy and food services—just like Egyptian nationals—a shared historical legacy had ensured that the Sudanese received special status, uniquely including property ownership and employment.³⁶ This arrangement came to an end with the attempted assassination of former President Hosni Mubarak in Addis Ababa in 1995, due to suspicion of the alleged involvement or cooperation of the Sudanese government.

This latest wave of Syrian refugees comes at a time when Egypt is facing a host of severe macroeconomic challenges, including high levels of unemployment, especially among youth, and high rates of inflation. The 2016 devaluation of the pound was a positive step towards needed monetary and fiscal reform, but the shortage of dollars hurt many businesses in the short term. Similarly, recent cuts to energy and utility subsidies and fiscal reforms have led to sharp increases in transportation costs and will continue to impact citizens in the short run. While the exchange rate appears to have somewhat stabilized, continued progress on structural reforms

as part of an assistance package from the IMF will not be easy. The growth rate is expected to remain below 5 percent in 2018, which is a notable increase since 2011 but still insufficient to meet Egypt’s needs.

As for Syrian refugees, their sheer numbers have led to a special set of circumstances that give insight into the impact of a sudden influx of refugees on a host country, as well as how that impact can be shaped to Egypt’s benefit or detriment. As of September 30, 2017, Syria Regional Refugees Response had registered 124,534 Syrians, comprising 41,618 households,³⁷ though the Egyptian government estimates there are actually anywhere from 300,000 to 500,000 of them. Because not all asylum seekers register with the government, it is impossible to be certain. According to the UNDP, the International Labour Organization, and the World Food Programme, Egyptians in general have largely welcomed Syrian refugees, despite their occasionally being presented in the media as a security risk.³⁸

Egypt undertook several important steps to assist refugees following the outbreak of the Syrian crisis. A presidential decree in September 2012 gave all Syrian refugee children access to public education. It also enabled Syrian refugees to receive equal access to healthcare services at similar costs as Egyptians.³⁹ Yet Egyptian institutions require further assistance in providing this broad support to Syrian refugees.

As such, the Egyptian Ministry of Foreign Affairs has partnered with the United Nations’ 3RP Regional Refugee and Resilience Plan 2017-2018 and its four partners: the United Nations Country Team, Inter-agency Working Group, Inter-sector Working Group, and Sector Working Group.⁴⁰ Yet in the education and healthcare sectors alone, the 3RP estimated costs to the Egyptian government are over \$116 million and \$121 million for 2017 and

34 Omer Karasapan, “Who Are the 5 Million Refugees and Immigrants in Egypt?” Brookings Institution, October 4, 2016, <https://www.brookings.edu/blog/future-development/2016/10/04/who-are-the-5-million-refugees-and-immigrants-in-egypt/>.

35 Ibid.

36 Benjamin Petrini, “Employment and Livelihood of Sudanese Refugees in Cairo,” *Oxford Monitor of Forced Migration* 4, No. 1, May 2014, http://oxmofm.com/wp-content/uploads/2014/05/Employment-and-Livelihoods-of-Sudanese-Refugees-in-Cairo_-Benjamin-Petrini.pdf.

37 United Nations High Commissioner on Refugees, “Syria Regional Refugee Response.”

38 United Nations Development Programme, *Jobs Make the Difference*.

39 United Nations High Commissioner for Refugees, *3RP Regional Refugee & Resilience Plan 2017-2018 in Response to the Syria Crisis - Egypt*, February 16, 2017, <https://reliefweb.int/report/egypt/3rp-regional-refugee-resilience-plan-2017-2018-response-syria-crisis-egypt>.

40 3RP Regional Refugee & Resilience Plan, *2017 Progress Report*, 2017, <http://www.3rpsyriacrisis.org/>.

Boon, Not Burden

2018, respectively. Remaining challenges in the education sector include overcrowded classrooms and a lack of resources. A 2015 survey found that 12 to 14 percent of Syrian refugee children were not enrolled in school or were attending less than three times per week due to general poverty, child labor, or overcrowded classrooms in public schools.⁴¹

In order to address this problem, Syrians established community education centers where approximately seven thousand refugee children receive education. These centers employ hundreds of refugee teachers. The government has also made several exceptions for Syrians, including allowing professionals such as doctors to work in their fields without additional certification or minimal new certification; in total, there are over two thousand Syrian teachers employed in Egyptian schools. In addition, Syrian doctors and nurses have been allowed exceptions to the accreditation rules and are allowed to treat Syrians.

Impact

Syrians, meanwhile, have settled in and gone about making inroads into Egyptian society through its economy. Between 2011 and 2016, Syrians contributed approximately \$792 million to Egypt's economy, according to Egypt's General Authority for Investment.⁴² It is quite possible that that number is a significant underestimation since it counts only those businesses registered as Syrian-owned or co-owned, as opposed to those registered under Egyptian titles, if registered at all. Indeed, many refugees have found work in Egypt's large informal economy in the garment, food, artisanal, and industrial sectors.⁴³ The Egyptian Association for International Investment, meanwhile, said in 2015 that approximately fifteen thousand Syrian business owners had arrived in Egypt since 2011, bringing up to \$500 million in investments. That number represents almost 30 percent of the business that had flourished in Syria before the war. In addition, indirect investment by Syrians, through Egypt's stock market, surged after 2011, almost tripling between 2011 and 2012 and then almost

doubling again, to \$57.6 million in 2014.⁴⁴ Syrians may be boosting employment since they tend to set up labor-intensive small and medium-sized businesses, and since Egyptian labor law requires that 90 percent of the employees of any business be Egyptian.⁴⁵

The significant economic contribution by Syrian refugees seems to suggest that one of the best and most efficient ways for a host country to successfully absorb and integrate refugees is to ensure their absorption into the economy as seamlessly as possible. However, despite the economic success of some, 88 percent of Syrian asylum seekers remain classified as vulnerable.

Lessons Learned

The successful contributions of Syrians to the Egyptian economy are due to a variety of factors, the most prominent of which have been general goodwill towards Syrians, Egypt's large consumer market, and perhaps most importantly, an existing business network, the Syrian Business Association.

The legal framework seems to be the most significant factor determining Syrians' ability to integrate and contribute to the economy. For those trying to start businesses, there are hurdles, notwithstanding the Egyptian government's attempts to help. Egypt's private sector has a famously long and labyrinthine registration process that can be difficult for foreigners to navigate. The World Bank has emphasized that red tape in Egypt can stunt potential growth.⁴⁶ However, the government is making concerted efforts at reform that have boosted Egypt in global country rankings regarding the ease of starting a business.⁴⁷ Egypt notably established a unit inside its one-stop shop for business registration to facilitate and streamline interactions between entrepreneurs and government agencies. This helped to ease the process by reducing the number of regulatory agencies that entrepreneurs in Egypt must work with. Small enterprises with one to four employees account for almost 60 percent of employment in Egypt's private sector, and Syrian entrepreneurs bring new technical expertise and skills to the

41 United Nations High Commissioner for Refugees, *3RP Regional Refugee & Resilience Plan 2017-2018 in Response to the Syria Crisis - Egypt*.

42 Karen Leigh and Suha Ma'ayeh, "Syrian Firms Take Refuge Abroad - And Create Jobs," *Wall Street Journal*, March 11, 2016, <https://www.wsj.com/articles/syrian-firms-fleeand-create-jobs-amid-the-refugee-crisis-1457712969>.

43 Rawan Arar, Lisel Hintz, and Kelsey P. Norman, "The Real Refugee Crisis Is in the Middle East, Not Europe," *Washington Post*, May 14, 2016, https://www.washingtonpost.com/news/monkey-cage/wp/2016/05/14/the-real-refugee-crisis-is-in-the-middle-east-not-europe/?utm_term=.c8d4882c8c6c.

44 Hisham Allam, "Syrian Refugees Are Finding Solace—and Good Business—in Cairo," *Take Part*, December 4, 2015, <http://www.takepart.com/feature/2015/12/04/syrian-refugees-cairo>.

45 *Ibid.*

46 World Bank Group, *Egypt: Promoting Poverty Reduction and Shared Prosperity*, September 2015, <http://documents.worldbank.org/curated/en/853671468190130279/pdf/99722-CAS-P151429-SecM2015-0287-IFC-SecM2015-0142-MIGA-SecM2015-0093-Box393212B-OOU-9.pdf>.

47 The World Bank, "Ease of Doing Business in Egypt, Arab Rep.," 2017, <http://www.doingbusiness.org/data/exploreeconomies/egypt>.



Women attend a cooking class conducted by Egyptian NGO Fard and Egyptian startup Mumm in Cairo, Egypt April 6, 2016. *Photo credit:* Mohamed Abd El Ghany/Reuters.

sector.⁴⁸ According to Syrian Businessmen’s Group-Egypt, Syrian investors contribute to the economy by starting small and medium-sized enterprises that focus on technical skills.⁴⁹

Still, it may take time for Syrian entrepreneurs to be able to take advantage of these reforms. Some find it difficult to employ others, travel for work, meet Egyptian hiring quotas, or gain access to financing or credit. And for those who are further down the employment totem pole, work in Egypt’s massive informal sector can lead to more challenges. Despite reforms aimed at encouraging business growth in the private sector, continued high rates of unemployment will continue to push both Egyptians and asylum seekers into the informal sector. In addition, although most Syrian workers who were interviewed for the UNDP report had acceptable salaries and hours, some reported being taken advantage of.⁵⁰

Since 2013, Syrians have been required to obtain both a work permit and residency. Work permits may be issued to those with a residency permit but not those classified by the United Nations as refugees. Residency permits, which can be difficult to obtain, must be renewed every six months. Apart from the difficulty of obtaining them, the six-month duration does not contribute to security for an employer, who will be loath to employ someone they might lose in six months’ time. Extending the validity of residency permits would be a simple way to bring Syrians security in their living situations and employment.

Another issue worth mentioning is the effectiveness of vocational training to help Syrians fit into the market. Success on this front has been mixed since it has not been integrated into existing institutions and is not needs based.

48 United Nations Development Programme, *Jobs Make the Difference*.

49 Allam, “Syrian Refugees Are Finding Solace—and Good Business—in Cairo.”

50 United Nations Development Programme, *Jobs Make the Difference*.

GERMANY

Overview

Over the past two years, an estimated 1.5 million refugees and asylum seekers have arrived in Germany, after fleeing current and dormant conflict zones in the Middle East, the Balkans, and Central Asia. Germany is an outlier in this report's four case studies. German Chancellor Angela Merkel decided in the summer of 2015 to accept refugees and asylum seekers, despite political pressure to turn people away, as was the case in Hungary. Germany's decision came after a massive surge in asylum seekers the year before and the need to update legislation to account for the large influx of people had already arisen.⁵¹

Germany has revamped its efforts to integrate asylum seekers. The German government amended the asylum-seeking process four times in 2015 to address the growing number of refugees and asylum seekers.⁵² This case study examines Germany's efforts to integrate refugees, the potential positive impact migration can have on the economy, and the key challenges Germany faces integrating refugees into the economy and executing its laws. While the impact of migration on German domestic politics is beyond the scope of this study, it bears mentioning that immigration and refugee policy has become a salient political issue, and has contributed to the rise of the far-right party the Alternative for Germany. Still, in 2017, about 37 percent of Germans expressed confidence that their country can overcome the challenges posed by migrant flows, while close to 32 percent were doubtful, marking a reversal from 2015 when those who were doubtful were in the majority.⁵³

Impact

The dramatic increase in migrants to Germany challenges the country's capacity to integrate refugees. The German economy is well-suited to integrate new people into the economy, but the country started developing procedures to absorb asylum seekers only in 2015, and the process of doing so remains a work in progress. In 2015, Germany spent €16 billion, or 0.5 percent of its GDP, on migrants.⁵⁴ In 2016, the German government said it expected to spend €93.6 billion to support refugees over the next five years.⁵⁵ That year, Berlin spent €20.3 billion on measures to assist migrants and counter forced migration and displacement.⁵⁶

German immigration law is based on three pillars: international law, European Union law, and German constitutional and statutory law.⁵⁷ The federal government is responsible for passing legislation, while the federal states are in charge of implementation, and have the power to legislate on issues not covered by federal law. German municipalities also have an implementation role and, in many cases, are granted considerable leeway, according to the Organisation for Economic Co-operation and Development (OECD).⁵⁸ The Federal Office for Migration and Refugees oversees the asylum process and also designs and manages the language and integration courses. Once an asylum seeker is registered, the person can be placed in one of three categories: "1) Constitutional asylum (restricted to people persecuted by state actors for political reasons); 2) Refugee status (according to the 1951 Refugee Convention and the Qualification

51 "The Makings of Merkel's Decision to Accept Refugees," *Der Spiegel*, August 24, 2016, <http://www.spiegel.de/international/germany/a-look-back-at-the-refugee-crisis-one-year-later-a-1107986-2.html>.

52 Federal Office for Migration and Refugees, "Migration, Integration, Asylum: Political Developments in 2015," 2016, https://www.bamf.de/SharedDocs/Anlagen/EN/Publikationen/EMN/Politikberichte/emn-politikbericht-2015-germany.pdf?__blob=publicationFile, 5.

53 Konstantin Klein, "New Study Shows Consistent German Public Opinion on Refugees," *Deutsche Welle*, May 12, 2017, <http://www.dw.com/en/new-study-shows-consistent-german-public-opinion-on-refugees/a-38823623>.

54 Organisation for Economic Co-operation and Development, *Migration Policy Debates*, No. 13, January 2017, <https://www.oecd.org/els/mig/migration-policy-debates-13.pdf>.

55 Frank Jordans, "Report: Germany to Spend \$106 Billion on Refugees," Associated Press, May 14, 2016, <https://apnews.com/7b006f0e42d040f09b23616275478780>.

56 "Germany Spent 20 Billion Euros on Refugees in 2016," *Deutsche Welle*, May 24, 2017, <http://www.dw.com/en/germany-spent-20-billion-euros-on-refugees-in-2016/a-38963299>.

57 German Federal Office for Migration and Refugees, *Migration, Integration, Asylum: Political Developments in Germany 2015*, 2016, https://www.bamf.de/SharedDocs/Anlagen/EN/Publikationen/EMN/Politikberichte/emn-politikbericht-2015-germany.pdf?__blob=publicationFile.

58 Eva Degler and Thomas Liebig, *Finding Their Way: Labour Market Integration of Refugees in Germany*, Organisation for Economic Co-operation and Development, March 2017, <https://www.oecd.org/els/mig/Finding-their-Way-Germany.pdf>.

Directive); 3) Other forms of protection, called prohibition of deportation.”⁵⁹

During the asylum process, migrants live in government-run centers for up to six months while their applications are reviewed. The German government provides these people with five hundred hours of language training and one hundred hours of civic training. Thereafter, applicants are moved to group housing, given assistance to find an apartment, or required to find housing on their own. Those granted or seeking asylum status and those afforded refugee status can work in Germany.⁶⁰ The Federal Employment Agency is tasked with helping asylum seekers and refugees find employment and integrating them into the labor market.⁶¹ As of February 2017, 455,000 asylum seekers and refugees had been registered with federal authorities, which accounts for 9 percent of all registered job seekers in Germany.⁶² According to the OECD, however, “of those 455,000, the large majority was still participating in integration-related measures, and thus only 177,000 were registered as unemployed and available for work (6.4 percent of total unemployed job seekers).”⁶³

The German labor market is well-suited to absorb refugees and asylum seekers. The country has a low level of unemployment—the unemployment rate fell to a record low of 5.5 percent in September 2017—and the economy as a whole can benefit from younger migrants entering the labor market.⁶⁴ In 2015, Economy Minister Sigmar Gabriel said the increased government spending on refugees would act like a stimulus package for Germany’s economy, a sentiment that has been echoed by German economists.⁶⁵ This is separate from government spending on refugees, which has been a boon to the

“The German labor market is well-suited to absorb refugees and asylum seekers.”

private sector. In 2017, €800 million was poured into new housing, mostly for refugees; a cash injection the state likely would not have received otherwise.

Long term, given the country’s aging population, the influx of refugees could help prevent the declining growth forecasted over the medium term. The IMF has urged Germany to adopt policies to integrate refugees into the current labor market, emphasizing that such reforms “would not only counter the projected growth decline in the medium term but also stimulate private consumption and investment in the short term.”⁶⁶ In 2016, the German economy expanded at its fastest pace in five years, partly due to increases in household and state spending resulting from the refugee influx.⁶⁷

However, Germany faces a number of challenges. An analysis by the *Financial Times* found that the 10 percent of German areas with the highest numbers of refugees per capita have greater unemployment and fewer jobs compared with the country average.⁶⁸ The distribution of asylum seekers is based on the “availability of accommodation, the state’s population size and tax revenue and the refugee’s country of origin.”⁶⁹ The result is that many people are disproportionately placed in areas of high unemployment, which limits opportunities.⁷⁰ Moreover, some Germans express resentment towards the benefits, including housing stipends, received by Syrian refugees.⁷¹

59 Michael Kalkmann, *Country Report, Germany*, Asylum Information Database and the European Council on Refugees and Exiles, November 16, 2015, http://www.asylumineurope.org/sites/default/files/report-download/aida_de_update.iv__0.pdf.

60 Refugees are also granted stipends and other forms of government assistance.

61 Degler and Liebig, *Finding Their Way*.

62 Ibid.

63 Ibid.

64 “German Jobless Rate Falls Once More,” *Deutsche Welle*, September 29, 2017, <http://www.dw.com/en/german-jobless-rate-falls-once-more/a-40744006>.

65 “Germany’s Gabriel Says Refugee Spending Like Stimulus Package,” Reuters, October 14, 2015, <http://www.reuters.com/article/us-germany-economy-gabriel-refugees/germanys-gabriel-says-refugee-spending-like-stimulus-package-idUSKCN0S816X20151014>; Stefan Trines, “Lessons from Germany’s Refugee Crisis: Integration, Costs, and Benefits,” *World Education News and Reviews*, May 2, 2017, <https://wenr.wes.org/2017/05/lessons-germanys-refugee-crisis-integration-costs-benefits>.

66 International Monetary Fund, “Germany: Staff Concluding Statement of the 2016 Article IV Mission,” May 9, 2016, <http://www.imf.org/en/News/Articles/2015/09/28/04/52/mcs050916>.

67 Michael Nienaber and Joseph Nasr, “German Economy Surges at Fastest Rate in Five Years,” Reuters, January 12, 2017, <http://uk.reuters.com/article/uk-germany-economy-gdp/german-economy-surges-at-fastest-rate-in-five-years-idUKKBN14W103>.

68 Valentina Romei, Billy Ehrenberg-Shannon, Haluka Maier-Borst, and Guy Chazan, “How Well Have Germany’s Refugees Integrated?” *Financial Times*, September 19, 2017, <https://www.ft.com/content/e1c069e0-872f-11e7-bf50-e1c239b45787?mhq5j=e7>.

69 Ibid.

70 Ibid.

71 Jeanne Carstensen, “A Small German City Finds It’s Not Easy Welcoming Hundreds of Syrian Refugees,” PRI, July 20, 2017, <https://www.pri.org/stories/2017-07-20/small-german-city-finds-its-not-easy-welcoming-hundreds-syrian-refugees>.



Syrian refugees arrive at the camp for refugees and migrants in Friedland, Germany April 4, 2016.
Photo credit: Reuters/Kai Pfaffenbach

In general, the people seeking jobs in Germany are qualified for low-skill employment. In 2017, Germany's Institute for Labor Market and Vocational Research predicted that about 50 percent of asylum seekers in Germany would be employed within five years of their arrival. By the first half of 2016, 10 percent of refugees who came to Germany during 2015, 22 percent of those who arrived in 2014, and 31 percent of those who received asylum in 2013 had found work. However these figures include unpaid internships and temporary employment. When measured by full employment, only 5 percent of refugees who arrived in 2015 were employed in the first half of 2016, 13 percent from 2014, and 21

percent from 2013.⁷² While the figures may be small, they represent a slight but consistent upward trend.

Employers have cited both a lack of technical and language skills as chief problems. This is especially the case for large German companies that prefer to hire through apprenticeship programs.⁷³ Still, according to a survey of German employers by the OECD, the Chamber of Commerce of Munich and Upper Bavaria, and the United Nations High Council on Refugees, "more than 80% [of respondents] are broadly or fully satisfied with their work."⁷⁴ However, more than 60 percent of these employers reported that the workers' lack of German language skills was a problem, followed by 25 percent who mentioned

72 Kate Brady, "Study: 50 Percent of Refugees at Work in Germany within Five Years," *Deutsche Welle*, April 20, 2017, <http://www.dw.com/en/study-50-percent-of-refugees-at-work-in-germany-within-five-years/a-38510486>.

73 Georgina Prodhan, "Top German Companies Say Refugees Not Ready for Job Market," *Reuters*, September 13, 2016, <http://in.reuters.com/article/europe-migrants-germany-companies/top-german-companies-say-refugees-not-ready-for-job-market-idINKCN11J2BW>.

74 Degler and Liebig, *Finding Their Way*, 33-35.

Boon, Not Burden

vocational skills, and another 23 percent who cited uncertainties about length of stay.⁷⁵

Language barriers are not unique to Germany, but they do present a distinct challenge. The German education system and certification/qualification/training system is complex and requires German language proficiency. In advanced economies, “immigrants have, on average, lower participation rates in the economy” that improve as time spent in the countries increases, and migrants improve language skills and relevant job experience, according to the IMF.⁷⁶ The German government has taken steps to reduce the language barrier issue, but problems persist.

In the longer term, Germany will face challenges to absorbing asylum seekers and refugees into the labor market who lack education or have little to no transferable skills. The German government will also have to expend considerable effort to determine the skill level of asylum seekers and refugees to better determine how to integrate people into different segments of the German economy. The broader challenge will be figuring out how to design an approach to integrate very-low-educated refugees beyond language and civics training and to build basic skills that will allow refugees to enter the low-skilled employment market fully prepared.

Lessons Learned

The German government has made a huge effort to accommodate a massive influx of refugees and

asylum seekers and to provide them with government services. While Germany offers language training and schooling, the longer-term challenge is to make sure these policies are effective and offer a pathway for people to integrate into the economy. To date, Germany has done a good job of dealing with the crisis. However, as the immediate crisis recedes, there will be challenges with implementing policy across the different levels of the German government and the myriad agencies involved in this task. The German government has already had difficulties determining individual skill sets and education levels, an essential aspect of helping to integrate asylum seekers into the economy. The problem may grow more acute after able workers find employment, leaving a plurality of individuals who are not qualified for low-skilled jobs. The lack of education for adults exacerbates this problem, creating a potential “skills challenge” in addition to language barriers. The German government is aware of these issues, but finding feasible policy solutions is not straightforward.

The difficulties and opportunities are well understood. The challenge now is for the government to continue its effort to implement policies designed to integrate people into the labor market. Berlin will be grappling with this issue for the foreseeable future, and will continue to be a case study in how best to integrate refugees into advanced economies.

⁷⁵ Ibid.

⁷⁶ Shekhar Aiyar, Bergljot Barkbu, Nicoletta Batini, Helge Berger, et al., *The Refugee Surge in Europe: Economic Challenges*, IMF Staff Discussion Note, International Monetary Fund, January 2016, <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1602.pdf>.

CONCLUSION

This review helps illuminate the factors that shape how an influx of asylum seekers impacts the host country. Some of these factors and related challenges are easier to address than others, but understanding them can help host countries determine how best to approach refugee integration and optimize refugees' impact on the host country. Germany stands out in stark contrast to the Middle Eastern countries examined in this report as having taken significant steps in just two years to create a thorough integration program.

“Germany stands out in stark contrast to the Middle Eastern countries examined in this report as having taken significant steps in just two years to create a thorough integration program.”

The host country's base economy is an indicator of whether there will be sufficient job opportunities for the asylum seekers. Moreover, though, host countries require a clear legal path for asylum seekers to access jobs. Tunisia and Lebanon both lack such a legal structure. In Lebanon's case, there are specific socio-political challenges that impede the creation of that legal structure. Tunisia, meanwhile, has yet to develop a clear asylum seeker law despite reportedly working on one for years. Egypt has a clearer path for asylum seekers to either acquire a residency permit or register with the UNHCR, but other hurdles await those who receive their paperwork. While public schools, for example, are open to refugees, and the Ministry of Education has made a concerted effort to integrate Syrian students into the school system, Syrians pay the same nominal school fees as Egyptians, which can be a financial burden for refugees.⁷⁷ In addition, while Egypt has a large job market, registering businesses remains

a bureaucratic maze. In contrast, Germany has a strong economy that is able to absorb the refugees, and it has developed a sophisticated legal structure to integrate them.

The socioeconomic status of the refugees themselves also impacts the ease with which they integrate into a host country's society. Many of the asylum seekers who are in Middle Eastern countries are there because they lack the means to move to countries that have better economic opportunities. Generally, this means these seekers have low incomes and little education. Moreover, many asylum seekers in the Middle East are in transit; they are either on their way to other countries, or hoping to return to their home country once the conflict that drove them out abates. They therefore delay applying for residency and establishing themselves within their new communities. Germany, again, stands out in this regard. Realizing that language will be a barrier for most asylum seekers, it requires all who arrive to go through language training. Once asylum seekers have a certain level of proficiency in the language, the schooling system, much of it publicly funded, opens up to them, allowing them to gain job skills. Asylum seekers also see Germany as a final destination rather than a transit country. However, even in Germany, helping less-educated refugees find employment presents a challenge.

Policy Recommendations

Despite the challenges that the Middle Eastern countries reviewed in this report face, these case studies suggest that both financial and technical aid can be applied in a variety of ways to help host countries better integrate refugees:

- Governments should work closely with nongovernmental organizations to help ensure legitimacy and local buy-in.⁷⁸
- While legislation is ultimately a matter for the host nation to determine and enact, involving the refugee community in discussions may help ensure their needs are accurately defined.⁷⁹

⁷⁷ Ahmed Aleem, "How Egypt Is Promoting Education for Syrian Students," *Al-Monitor*, September 4, 2016, <https://www.al-monitor.com/pulse/originals/2017/09/egypt-syrian-students-classes-education-government-efforts.html>.

⁷⁸ United Nations Development Programme, *Jobs Make the Difference*.

⁷⁹ *Ibid.*

Boon, Not Burden

- Facilitating the residency application process and extending the validity of residency status would be a simple way to grant refugees security in their living situations and employment.
- Providing technical and financial assistance is a way for countries that do not host refugees to help refugees integrate in their host countries. For example, vocational training often requires more funds than a host nation can manage but will prove popular, and useful, to both refugees and nationals.
- Amending legal and institutional frameworks also requires significant funding. Workshops that help refugees navigate a business climate's bureaucratic and administrative terrain are desperately needed, but costly.
- Programming and donation projects should include both aid for refugees and help for host nations who are often struggling with the associated costs, such as those required to develop legal structures for processing asylee paperwork and to upgrade their foreign investment laws to better accommodate refugees.
- Creating awareness programs to combat persistent negative stereotypes about refugees.
- Developing programming that targets areas disproportionately affected by the refugee crisis is vital. While immediate humanitarian aid is important, allocating funding to fulfill specific host country needs can help mitigate the negative impact of asylum seekers.

ABOUT THE AUTHORS

Faysal Itani is a senior fellow with the Atlantic Council's Rafik Hariri Center for the Middle East, where he focuses primarily on the Syrian conflict and its regional impact. He is also an adjunct professor of Middle East politics at George Washington University. Itani was born and grew up in Beirut, Lebanon and has lived and worked in several Arab countries. Before joining the Atlantic Council, he was a risk analyst advising governments, corporations, and international organizations on political, economic, and security issues in the Middle East. Itani has repeatedly briefed the United States government and its allies on the conflict in Syria and its effects on their interests. Itani holds an MA in strategic studies and international economics from the Johns Hopkins University School of Advanced International Studies, a certificate in public policy from Georgetown University, and a BA in business from the American University of Beirut.

Mirette F. Mabrouk is deputy director and director for research and programs at the Rafik Hariri for the Middle East at the Atlantic Council. An Egypt analyst who was previously a nonresident fellow at the Project for US Relations with the Middle East at the Brookings Institution, Mabrouk moved to DC from Cairo, where she was director of communications for the Economic Research Forum (ERF). Formerly associate director for publishing operations at The American University in Cairo Press, Ms. Mabrouk has over twenty years of experience in journalism. She is the founding publisher of The Daily Star Egypt, (now The Daily New Egypt), at the time, the country's only independent English-language daily newspaper and the former Publishing Director for IBA Media, which produces the region's top English-language magazines. She recently authored "And Now for Something Completely Different: Arab Media's Own Little Revolution," a chapter in the new book on the Arab Transitions, *Reconstructing the Middle East*. Ms. Mabrouk holds a BA in mass communication from the American University in Cairo and a master's degree in broadcast journalism from the same university.

Karim Mezran is a senior fellow with the Council's Rafik Hariri Center for the Middle East. Dr. Mezran joined the Hariri Center as a senior fellow focusing on the processes of change in North Africa. As a distinguished Libyan-Italian scholar, Dr. Mezran brings enormous depth of understanding to the transition in Libya and elsewhere in the region. In addition, Dr. Mezran is currently an adjunct professor of Middle East studies at the School of Advanced International Studies (SAIS), where he is teaching courses on the history and politics of North Africa. For the last eight years, he has been the director of the Center for American Studies in Rome. His analyses on the Middle East and North Africa have been widely published in Italian- and other-language journals and publications. Dr. Mezran holds a PhD in international relations from SAIS; a JD in comparative

Boon, Not Burden

law from the University of Rome (La Sapienza); an LLM in comparative law from The George Washington University; an MA in Arab studies from Georgetown University; and a BA in management from Hiram College.

Elissa Miller is a nonresident fellow with the Atlantic Council's Rafik Hariri Center for the Middle East, where she focuses on political and security developments in Libya, Tunisia, and Egypt. She previously served as an assistant director in the Hariri Center working on North Africa research and programming. Miller is currently a master of arts in law and diplomacy candidate at the Fletcher School of Law and Diplomacy at Tufts University. Prior to joining the Hariri Center in 2015, she served as a project assistant on the elections team at the National Democratic Institute for International Affairs. Miller graduated magna cum laude from Tufts University in 2014 with a BA in international relations and a focus on international security.

Aaron Stein is a senior fellow at the Atlantic Council's Rafik Hariri Center for the Middle East. His research interests include US-Turkey relations, Turkish foreign policy, the Syrian conflict, nonproliferation, and the Iranian nuclear program. Dr. Stein was previously a doctoral fellow at the Geneva Center for Security Policy, an associate fellow for the Royal United Services Institute (RUSI), and a researcher with the Center for Economics and Foreign Policy Studies (EDAM). He also worked as a consultant for the International Crisis Group in Istanbul and has published articles and reports on Turkey's nuclear capabilities and Turkish elections. Dr. Stein holds a BA in politics from the University of San Francisco and an MA in international policy studies from Monterey Institute of International Studies. Dr. Stein received his PhD in Middle East and Mediterranean studies at Kings College, London.

Atlantic Council Board of Directors

CHAIRMAN

*Jon M. Huntsman, Jr.

CHAIRMAN EMERITUS, INTERNATIONAL ADVISORY BOARD

Brent Scowcroft

PRESIDENT AND CEO

*Frederick Kempe

EXECUTIVE VICE CHAIRS

*Adrienne Arsht

*Stephen J. Hadley

VICE CHAIRS

*Robert J. Abernethy

*Richard W. Edelman

*C. Boyden Gray

*George Lund

*Virginia A. Mulberger

*W. DeVier Pierson

*John J. Studzinski

TREASURER

*Brian C. McK. Henderson

SECRETARY

*Walter B. Slocombe

DIRECTORS

Stéphane Abrial

Odeh Aburdene

*Peter Ackerman

Timothy D. Adams

Bertrand-Marc Allen

John R. Allen

*Michael Andersson

Michael S. Ansari

Richard L. Armitage

David D. Aufhauser

Elizabeth F. Bagley

*Rafic A. Bizri

Dennis C. Blair

*Thomas L. Blair

Philip M. Breedlove

Reuben E. Brigety II

Myron Brilliant

*Esther Brimmer

R. Nicholas Burns

*Richard R. Burt

Michael Calvey

James E. Cartwright

John E. Chapoton

Ahmed Charai

Sandra Charles

Melanie Chen

Michael Chertoff

George Chopivsky

Wesley K. Clark

David W. Craig

*Ralph D. Crosby, Jr.

Nelson W. Cunningham

Ivo H. Daalder

Ankit N. Desai

*Paula J. Dobriansky

Christopher J. Dodd

Conrado Dornier

Thomas J. Egan, Jr.

*Stuart E. Eizenstat

Thomas R. Eldridge

Julie Finley

Lawrence P. Fisher, II

*Alan H. Fleischmann

*Ronald M. Freeman

Laurie S. Fulton

Courtney Geduldig

*Robert S. Gelbard

Thomas H. Glocer

Sherri W. Goodman

Mikael Hagström

Ian Hague

Amir A. Handjani

John D. Harris, II

Frank Haun

Michael V. Hayden

Annette Heuser

Ed Holland

*Karl V. Hopkins

Robert D. Hormats

Miroslav Hornak

*Mary L. Howell

Wolfgang F. Ischinger

Deborah Lee James

Reuben Jeffery, III

Joia M. Johnson

*James L. Jones, Jr.

Lawrence S. Kanarek

Stephen R. Kappes

*Maria Pica Karp

*Zalmay M. Khalilzad

Robert M. Kimmitt

Henry A. Kissinger

Franklin D. Kramer

Richard L. Lawson

*Jan M. Lodal

*Jane Holl Lute

William J. Lynn

Izzat Majeed

Wendy W. Makins

Zaza Mamulaishvili

Mian M. Mansha

Gerardo Mato

William E. Mayer

T. Allan McArtor

John M. McHugh

Eric D.K. Melby

Franklin C. Miller

James N. Miller

Judith A. Miller

*Alexander V. Mirtchev

Susan Molinari

Michael J. Morell

Richard Morningstar

Georgette Mosbacher

Thomas R. Nides

Franco Nuschese

Joseph S. Nye

Hilda Ochoa-Brillembourg

Sean C. O'Keefe

Ahmet M. Oren

Sally A. Painter

*Ana I. Palacio

Carlos Pascual

Alan Pellegrini

David H. Petraeus

Thomas R. Pickering

Daniel B. Poneman

Daniel M. Price

Arnold L. Punaro

Robert Rangel

Thomas J. Ridge

Charles O. Rossotti

Robert O. Rowland

Harry Sachinis

Brent Scowcroft

Rajiv Shah

Stephen Shapiro

Kris Singh

James G. Stavridis

Richard J.A. Steele

Paula Stern

Robert J. Stevens

Robert L. Stout, Jr.

John S. Tanner

*Ellen O. Tauscher

Nathan D. Tibbits

Frances M. Townsend

Clyde C. Tuggle

Paul Twomey

Melanne Verveer

Enzo Viscusi

Charles F. Wald

Michael F. Walsh

Maciej Witucki

Neal S. Wolin

Mary C. Yates

Dov S. Zakheim

HONORARY DIRECTORS

David C. Acheson

Madeleine K. Albright

James A. Baker, III

Harold Brown

Frank C. Carlucci, III

Ashton B. Carter

Robert M. Gates

Michael G. Mullen

Leon E. Panetta

William J. Perry

Colin L. Powell

Condoleezza Rice

Edward L. Rowny

George P. Shultz

Horst Teltschik

John W. Warner

William H. Webster

*Executive Committee Members
List as of June 19, 2017



The Atlantic Council is a nonpartisan organization that promotes constructive US leadership and engagement in international affairs based on the central role of the Atlantic community in meeting today's global challenges.

© 2017 The Atlantic Council of the United States. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Atlantic Council, except in the case of brief quotations in news articles, critical articles, or reviews. Please direct inquiries to:

Atlantic Council

1030 15th Street, NW, 12th Floor,
Washington, DC 20005

(202) 463-7226, www.AtlanticCouncil.org