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الشبكة الأورو-متوسطية للدراسات الاقتصادية

Mercator Dialogue on Asylum and Migration

Thinking ahead for Europe

Economic Integration of Refugees in the Countries of First Asylum
Mission: Possible?

MEDAM-EMNES conference

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Thinking ahead for Europe

Economic links between the European Union and the southern Mediterranean region

Matthias Busse and Nadzeya Laurentsyeva

MEDAM-EMNES conference

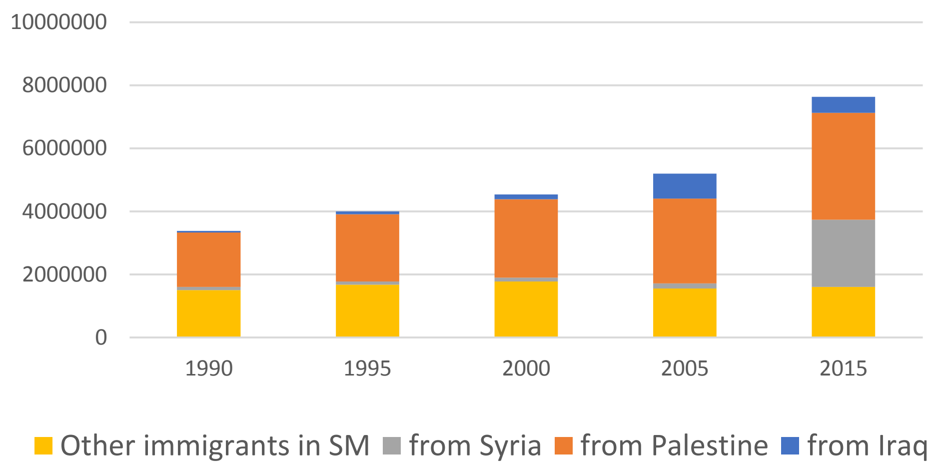
Southern Mediterranean – EU links

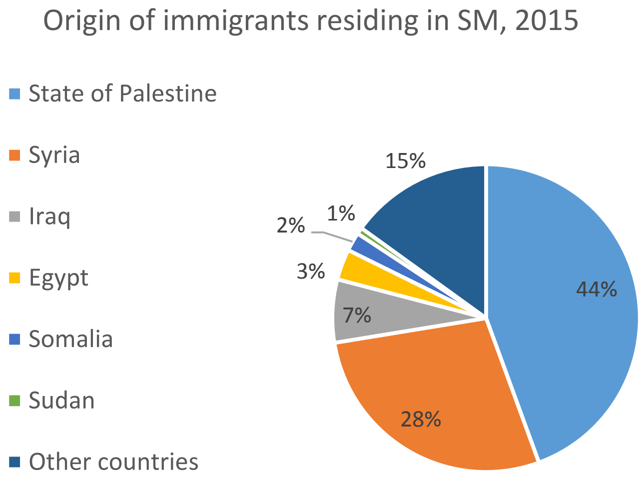
Countries in focus: Morocco, Tunisia, Algeria, Libya, Egypt, Jordan, Syria, and Lebanon

EU accounts for

- 40% of SM trade
- 27% of FDI stocks in SM
- 36% of SM-born residing abroad
- 30% of remittances inflows in SM

Southern Mediterranean region as a destination for migrants



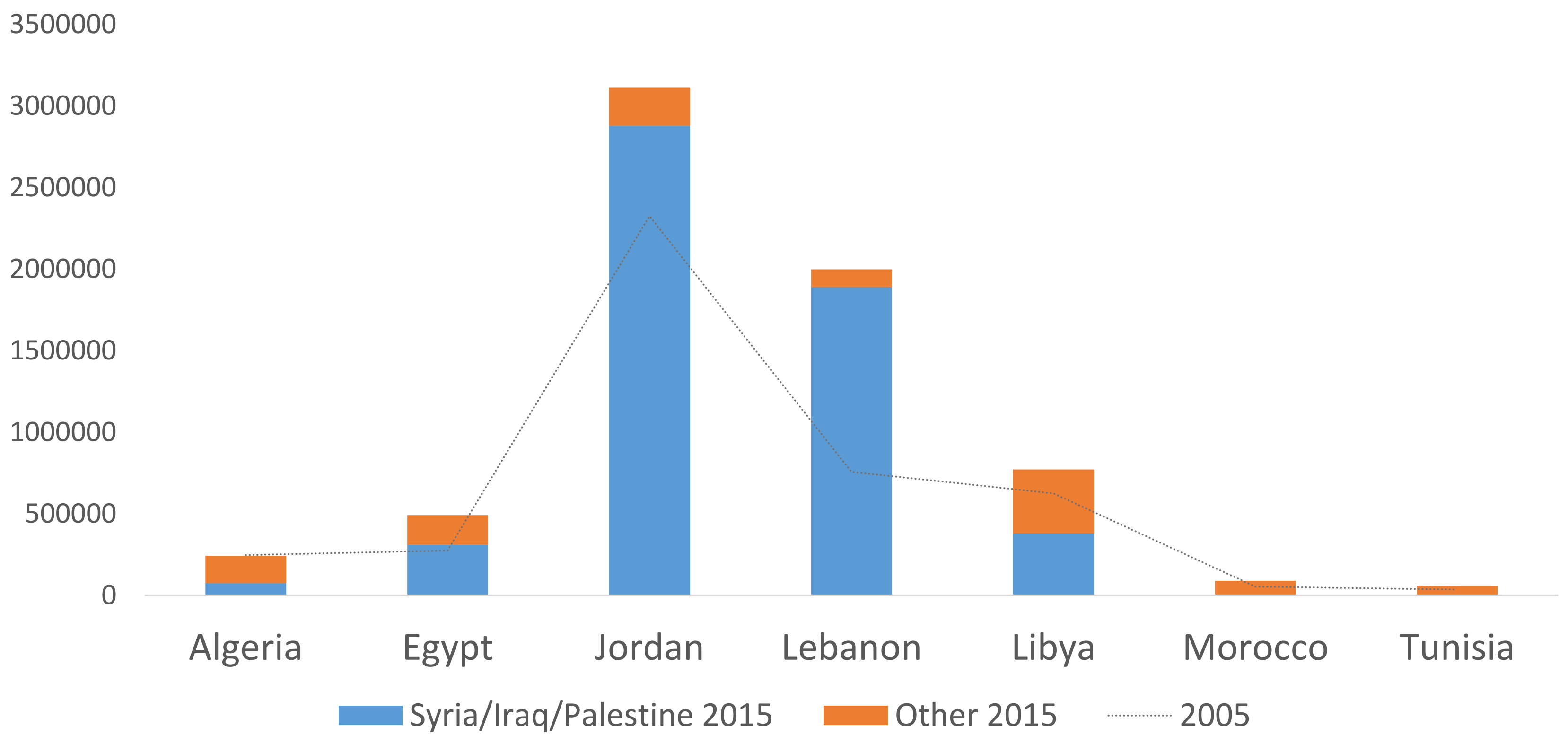


Source: Based on estimates of bilateral migration stocks by the [UN]

Immigrants from Palestine, Iraq, and Syria represent more than 80% of all immigrants residing in the southern Mediterranean countries

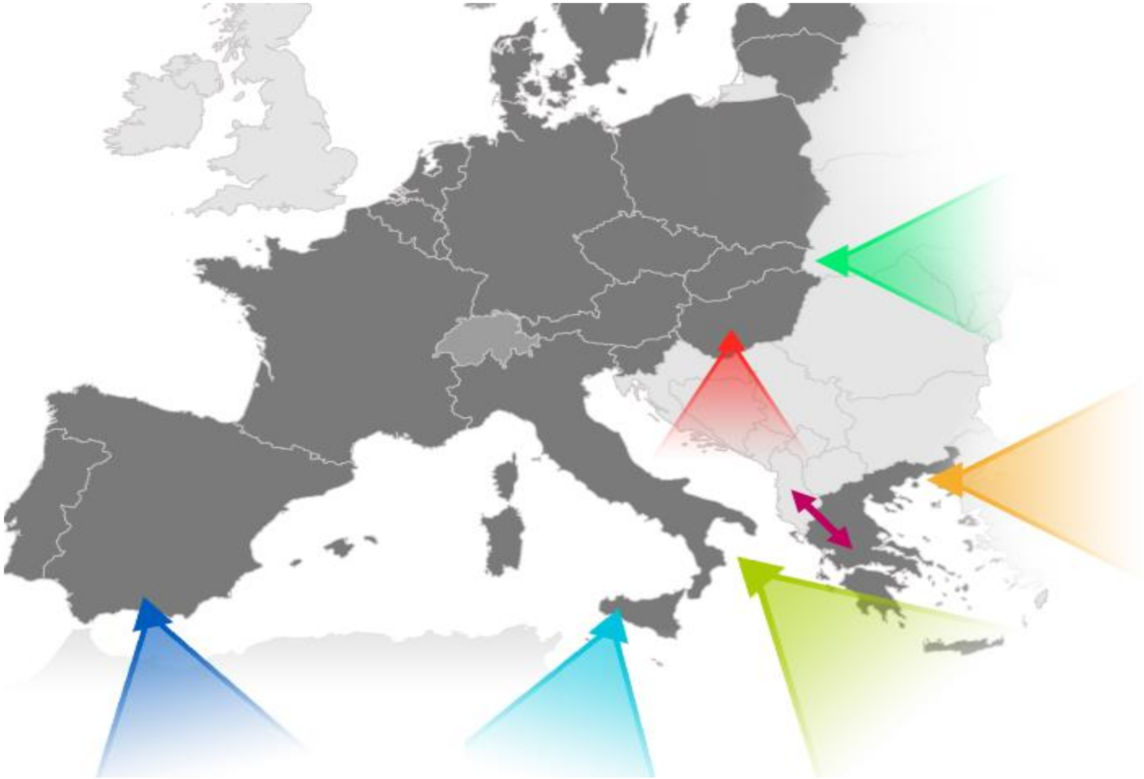
Strongly affected by the recent war in Syria

Main hosting countries in 2015



Source: Based on estimates of bilateral migration stocks by the UN

Ports of illegal migration to the EU



Source: Frontex

Integration of immigrants in SM countries

Why also EU concern?

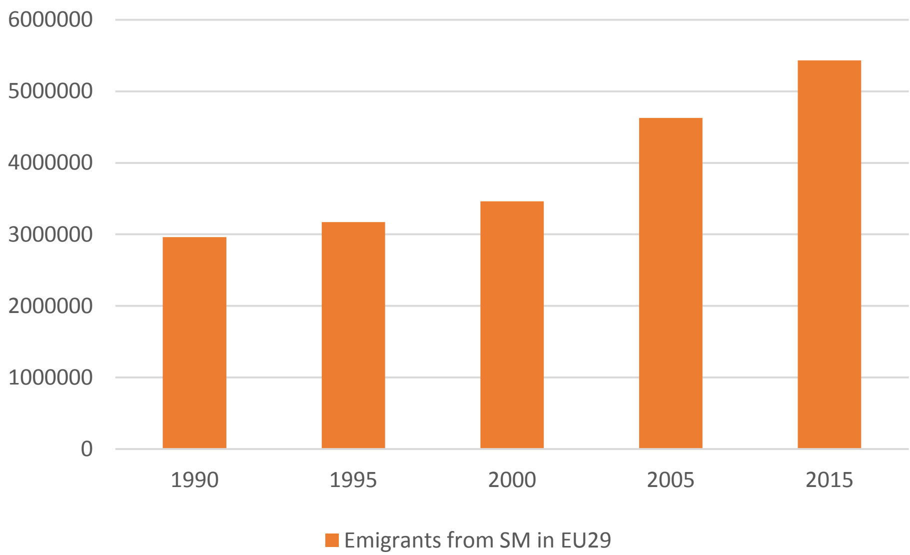
- Global responsibility sharing
- Cooperation to prevent irregular migration

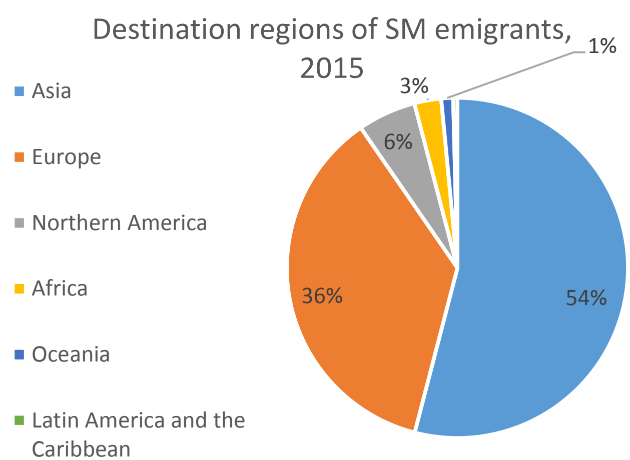
Possible tools

- Development aid, Migration partnership framework since 2016
- Existing trade and migration links with the EU?

Migration links between the EU and SM

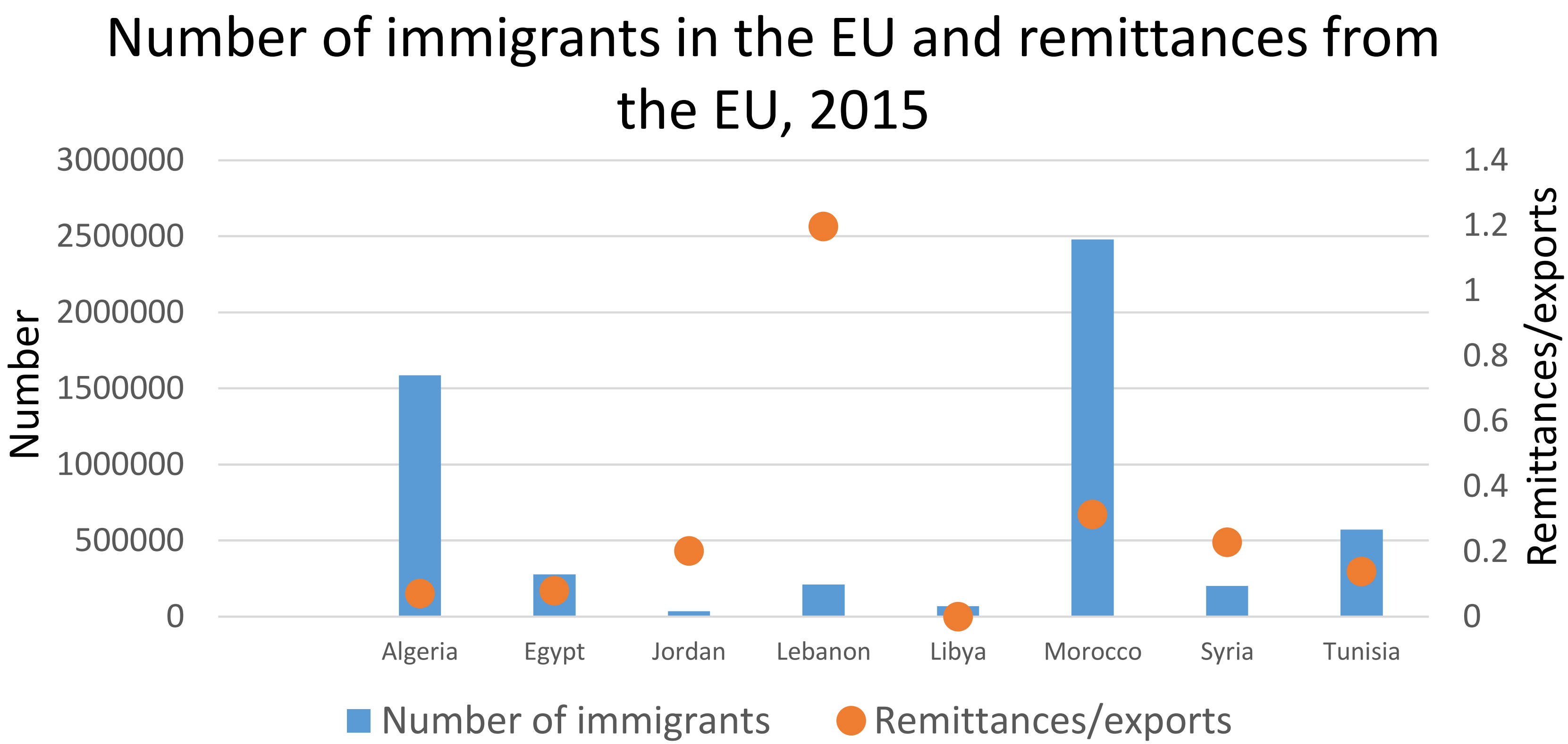
Emigrants from SM in the EU





Source: Based on estimates of bilateral migration stocks by the [UN]

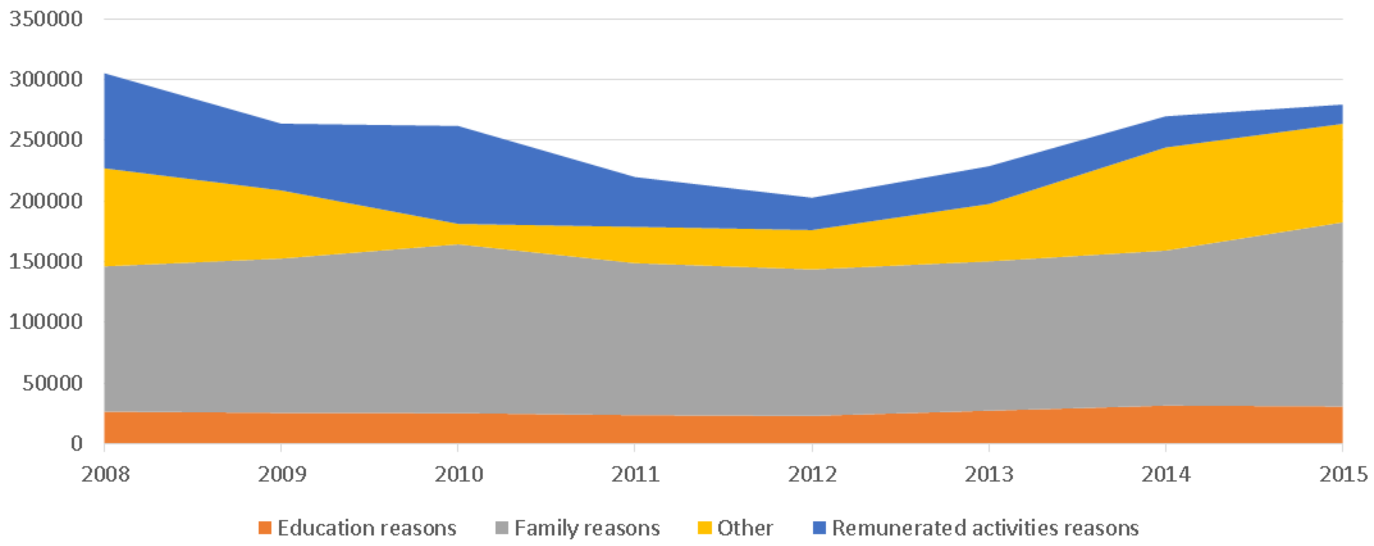
Potential to engage diaspora?



Source: Based on estimates of bilateral migration stocks by the [UN](#) and the [World Bank bilateral remittance matrix](#)
Note: Remittances to the EU are relative to the total exports from a SM country to the EU

Potential to build on existing instruments for legal migration?

Composition of legal migration from the SM to the EU, cumulative flows



Source: Eurostat [migr_resfirst], data on issued first residence permits with duration >= 6 months

Trade links between the EU and SM

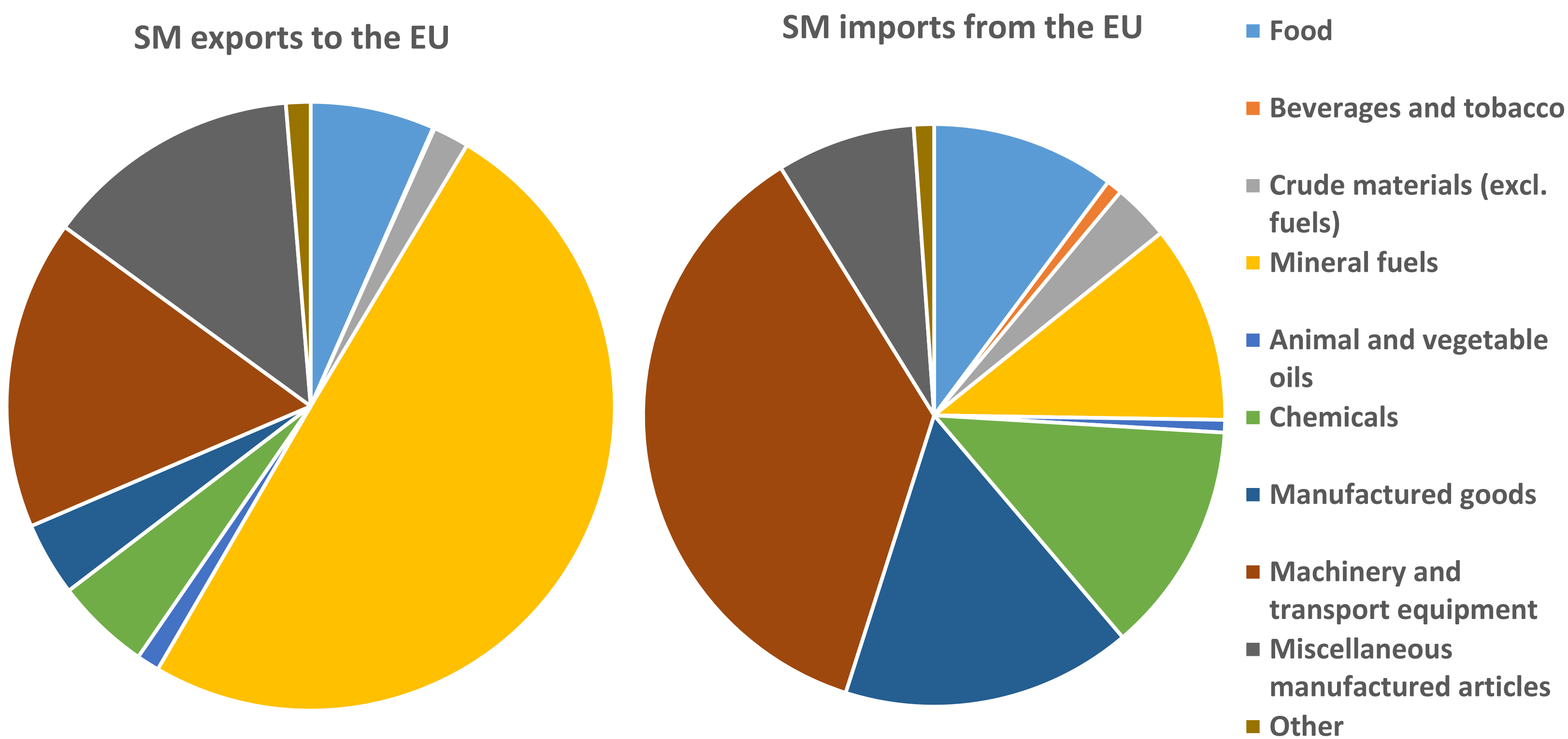
For the EU the SM region is of less economic importance

- 4.5% of EU (external) trade
- ~0% of inwards FDI stock
- ~1% of outward FDI stock

For the SM region the EU is crucial

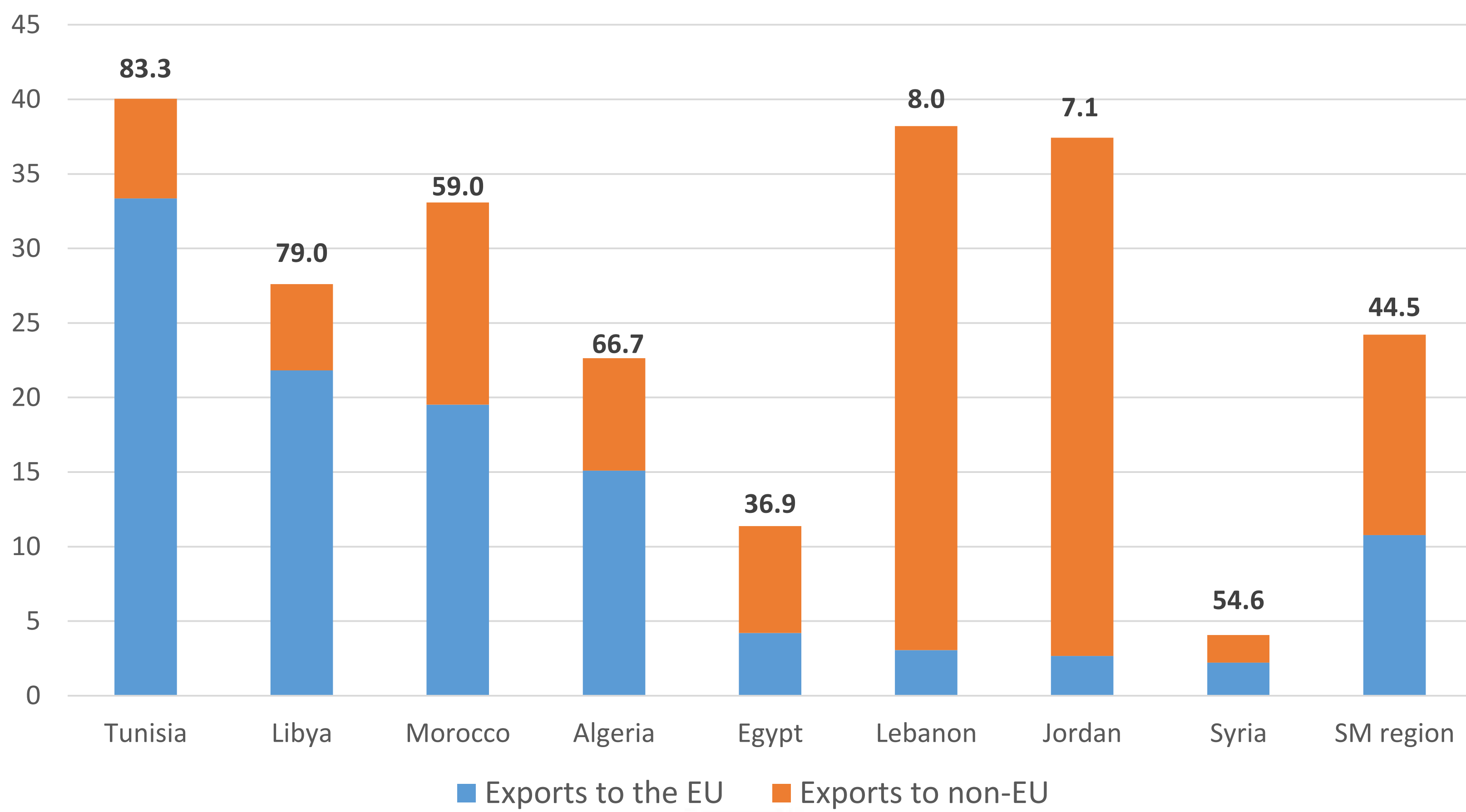
- 40% of trade conducted with EU
- 27% of FDI inward stock stems from the EU

Euro-Med Trade Breakdown



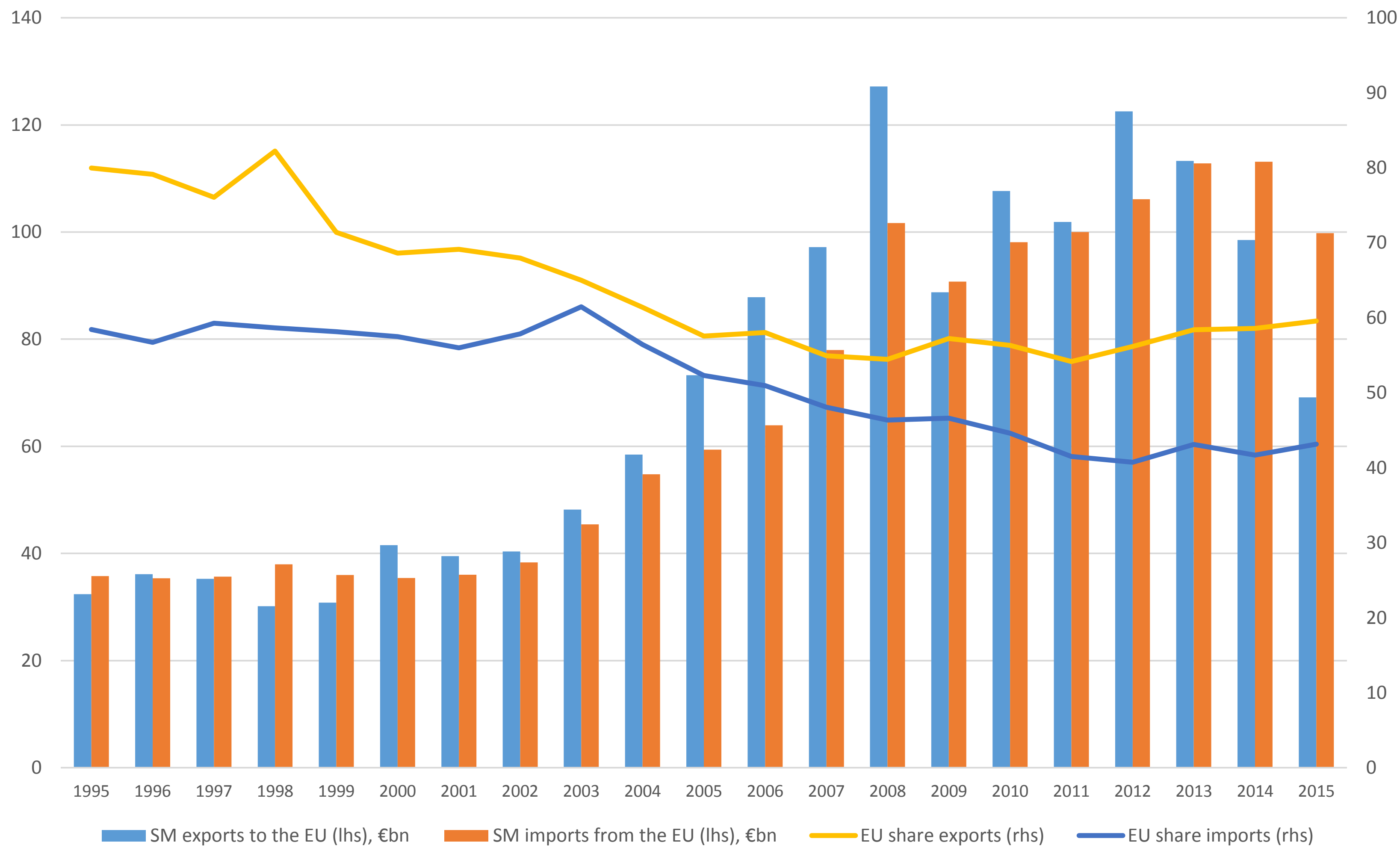
Source: *Based on data from UNCTAD*

Southern Mediterranean Exports, in % of GDP



Source: *Based on data from UNCTAD*

Trend of merchandise Euro-Med trade



Source: *Based on data from UNCTAD*

EU’s influence via trade policy

- Trade Liberalisation
  - Association Agreements
  - Deep and Comprehensive Free Trade Agreements (DCFTAs)
  - Short-term support → olive oil quota for Tunisia
- Liberalisation impact on specific sectors
  - Import competition
  - Export opportunities
- Generating growth and creating jobs?

How regional integration leads to youth employment in the Euro- Mediterranean region

GEM-E3-MED implementation

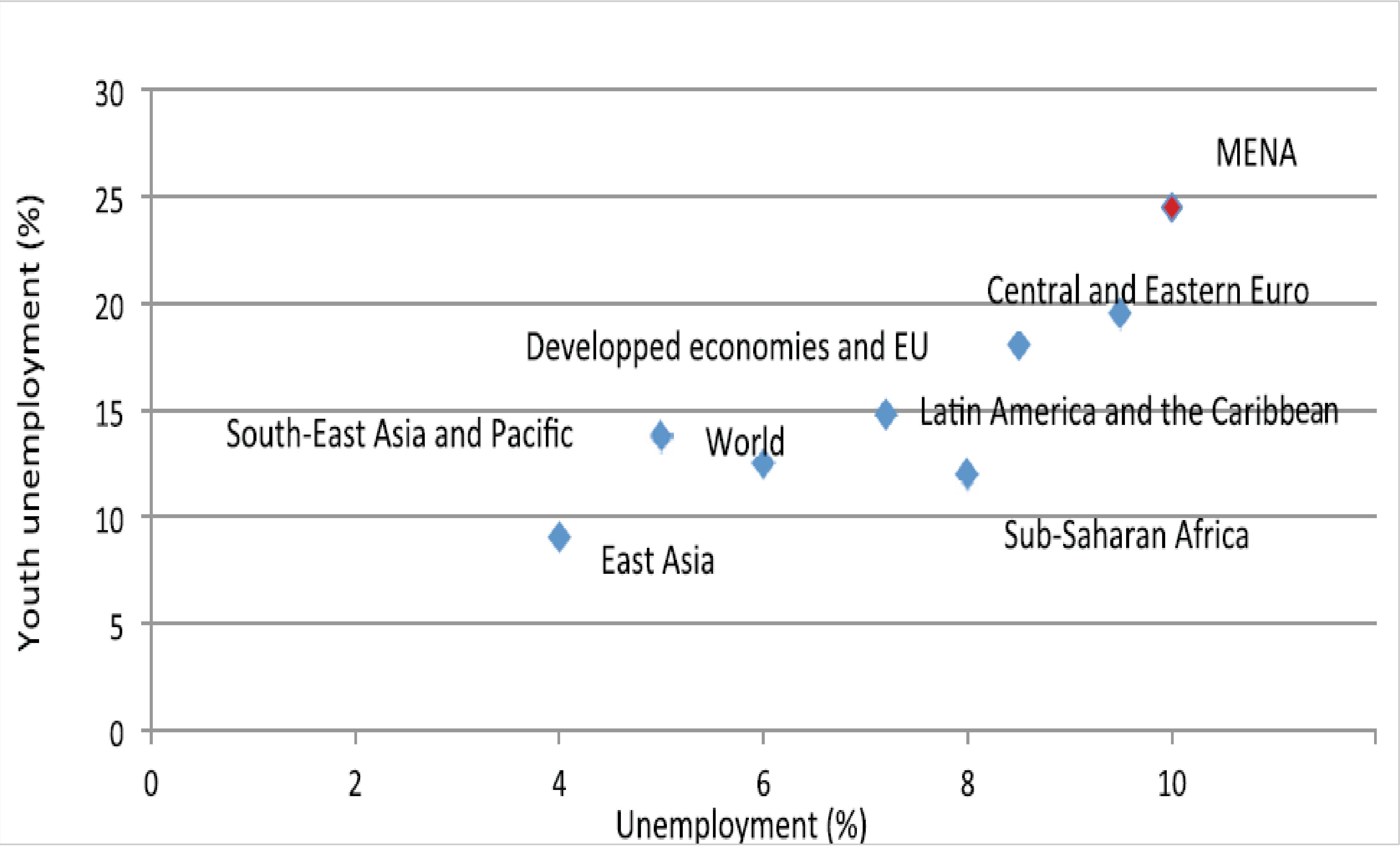
EMNES-MEDAM Workshop, 08 June, 2017

Rym Ayadi, Professor, HEC Montreal, Founding President EMEA, and Scientific Coordinator, EMNES

Table of Contents

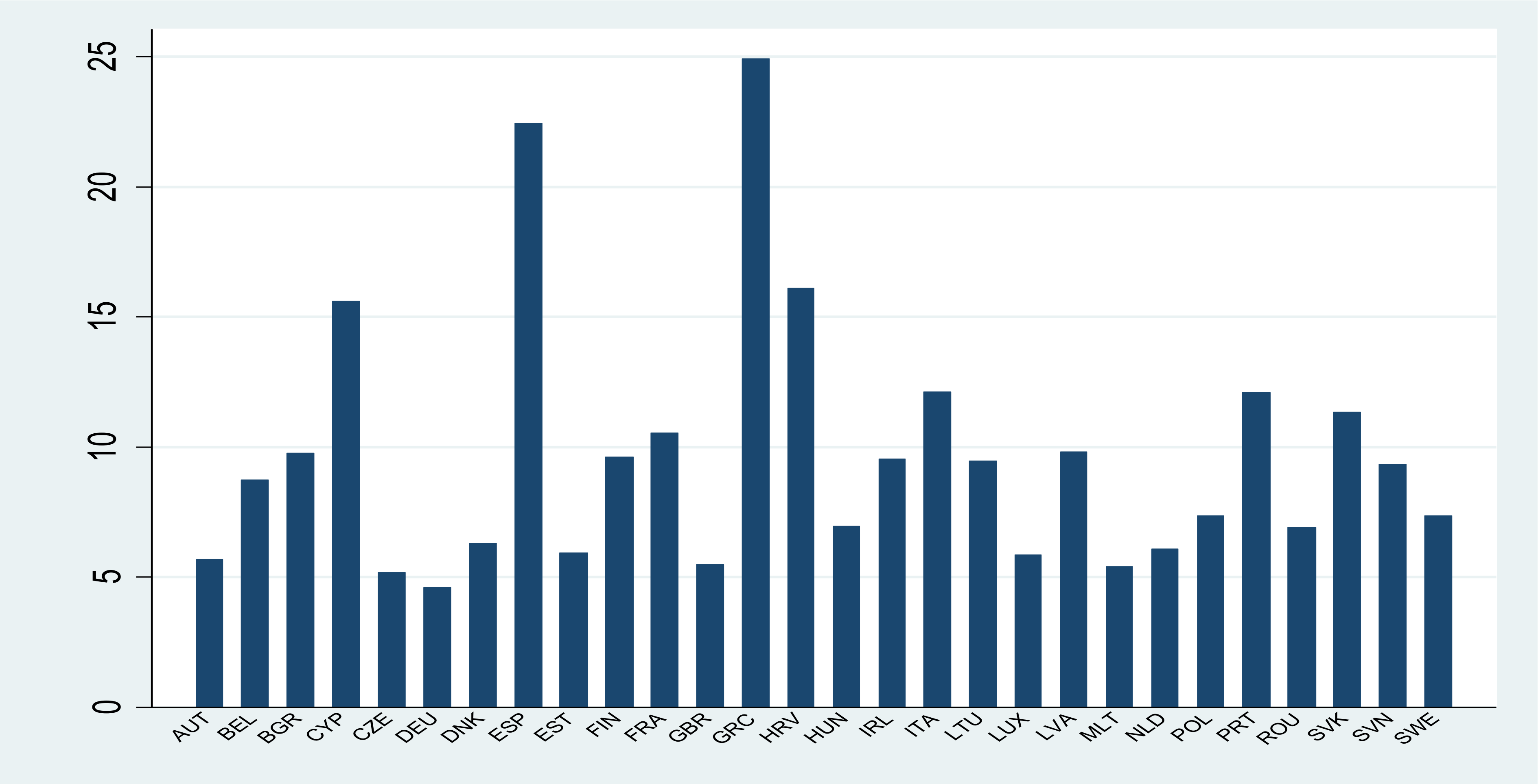
1. Unemployment situation in the Euro-Med
2. Regional integration and job creation
3. Regional integration scenarios
4. Impacts of regional integration on employment and youth employment
5. Conclusions

Unemployment situation in the MENA region



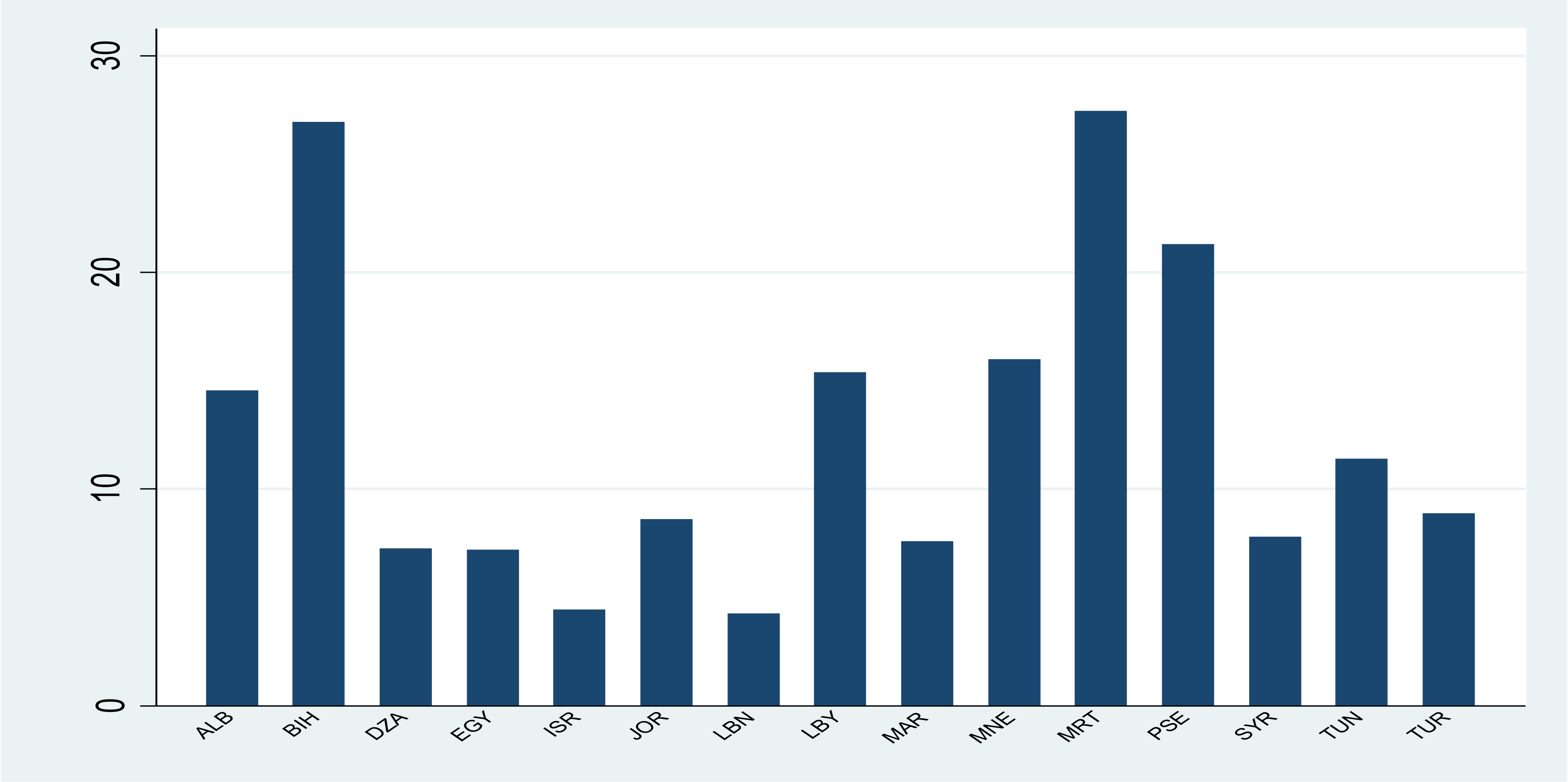
Source: World Economic Forum (2012)

Unemployment situation in EU 28 (2015)



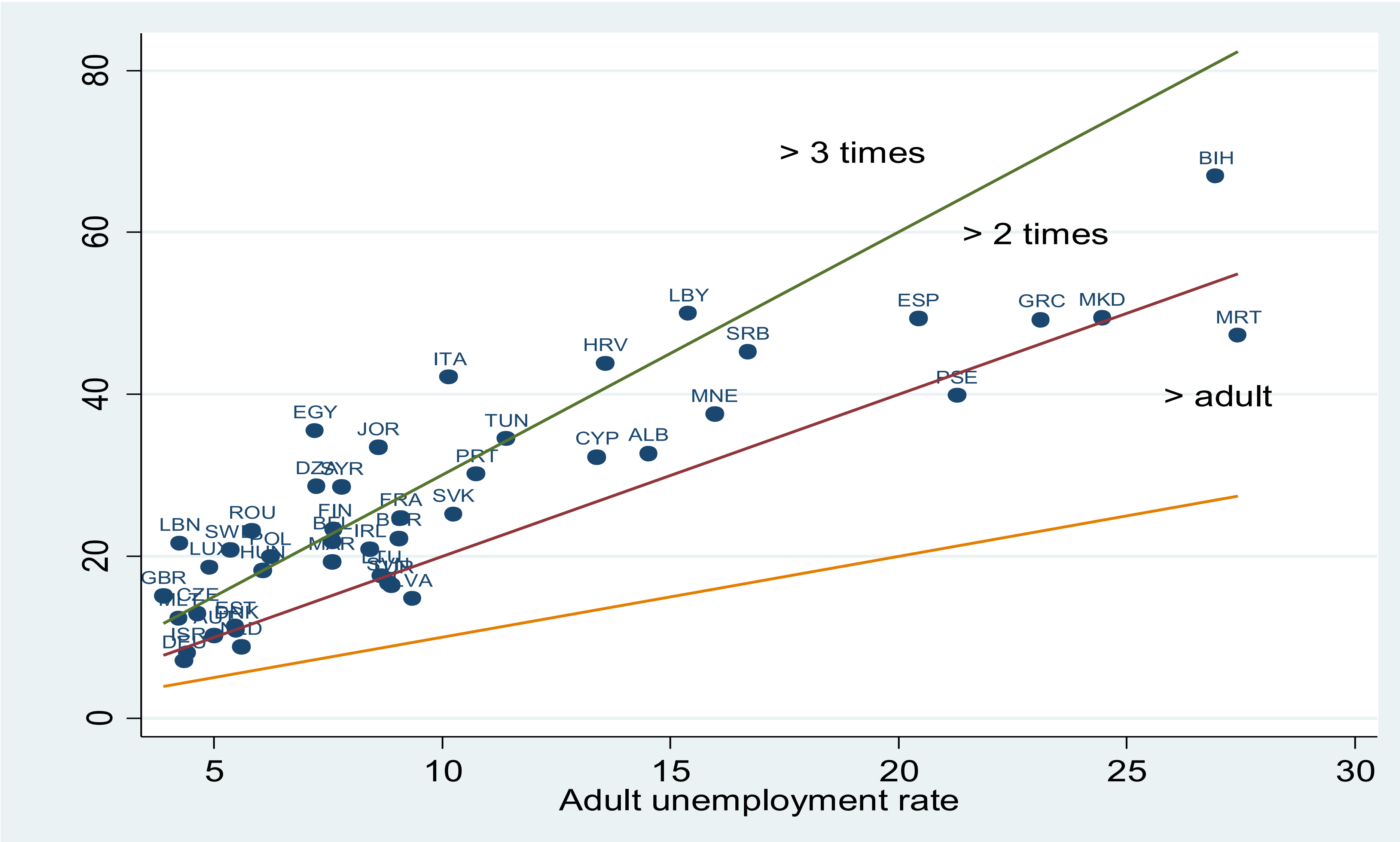
Source: own elaboration using ILOs' data. ISO 3-digit country codes are used to identify the countries. AUT: Austria, BEL: Belgium, BGR: Bulgaria, CYP: Cyprus, CZE: Czech Republic, DEU: Germany, DNK: Denmark, ESP: Spain, FIN: Finland, FRA: France, GBR: United Kingdom, GRC: Greece, HRV: Croatia, HUN: Hungary, IRL: Ireland, ITA: Italy, LTU: Lithuania, LUX: Luxembourg, LVA: Latvia, MLT; Malta, NLD: Netherlands, POL: Poland, PRT: Portugal, ROU: Romania, SVK: Slovak Republic, SVN: Slovenia, SWE: Sweden.

Unemployment situation in South Med (2015)



Source: own elaboration using ILOs' data. ISO 3-digit country codes are used to identify the countries.
ALB: Albania, BIH: Bosnia and Herzegovina, DZA: Algeria, EGY: Egypt, ISR: Israel, JOR: Jordan, LBN: Lebanon, LBY: Libya, MAR: Morocco, MNE: Montenegro, MRT: Mauritania, PSE: Palestine, SYR: Syria, TUN: Tunisia.

Unemployment of youth in Euro-Med (2015)

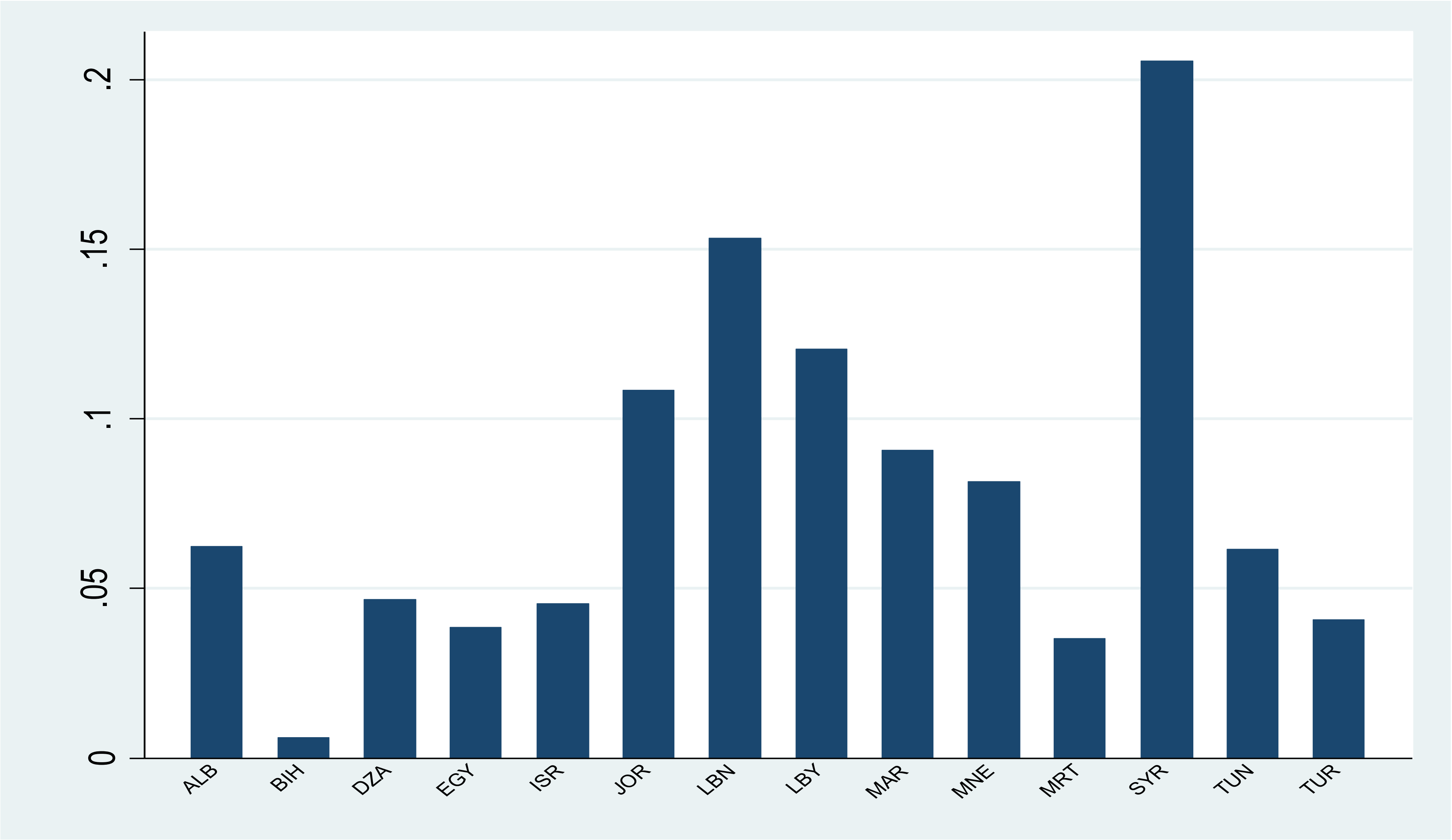


Source: own elaboration using ILOs' data.

Key issues (1)

- **High unemployment rates among the youth** have important economic and social consequences:
- **On the one hand**, labour market conditions is one of the most relevant pull factors to explain migration flows from countries to others with better labour prospects. In fact, immigration among youth is clearly increasing and the destination areas are also changing from traditional ones and not only addressing EU countries as the main destination (United Nations, 2016).
- **On the other hand,** the high unemployment rates are also discouraging youth to participate in the labour market (European Training Foundation, 2015b) and, in fact, NEET (Not in Employment, Education or Training) rates are also very high in the region. For instance, and according to latest estimates of the ILO (2014), the NEET rate for the age group 15-24 in Algeria is 23%, in Egypt is 28%, Israel 16% and 25% in Jordan and Tunisia, while in the European Union is around 12.5%.

Stock of emigrants as share of total pop (2013)



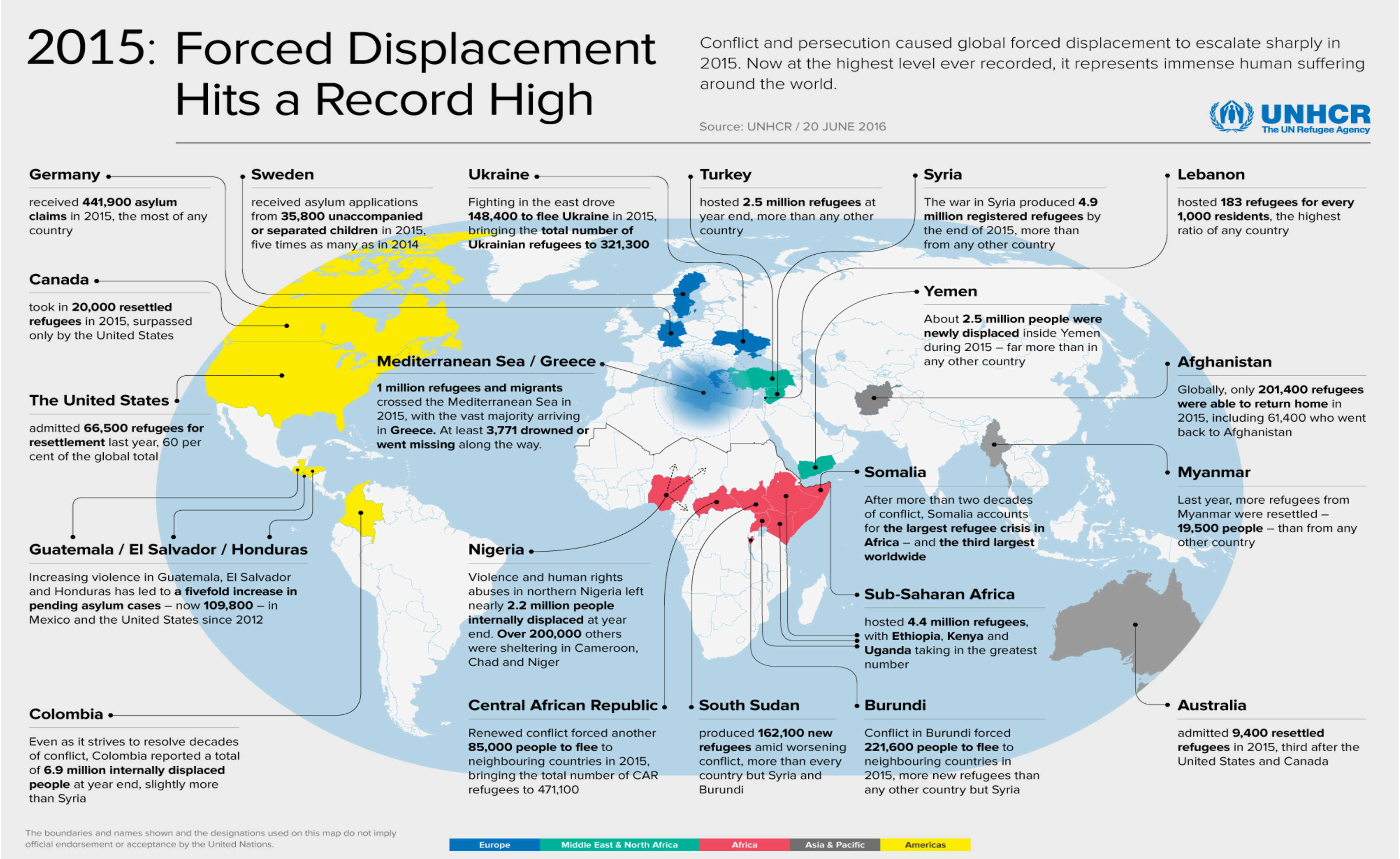
Source: own elaboration from World Bank data. Value for Palestine is 96% (not shown in the figure).

Main destination countries of emigrants

SOURCE	MAIN DESTINATION (% OF TOTAL MIGRANT STOCKS IN 2013 ABOVE OR EQUAL 5%)
Albania	Greece (45%), Serbia (19%), Bosnia and Herzegovina (16%), Croatia (7%)
Algeria	France (81.5%)
Bosnia and Herzegovina	Croatia (32.5%), Serbia (26%), Montenegro (11%), Slovak Republic (8%), Macedonia (8%)
Egypt	Saudi Arabia (38.5%), Kuwait (14.5%), UAE (9%), Jordan (8%), United States (5%)
Israel	United States (40.5%), Palestine (17%), Germany (7%), Canada (7%), United Kingdom (6%)
Jordan	Saudi Arabia (38.5%), UAE (18%), US (10%), Palestine (7%)
Lebanon	Saudi Arabia (20%), US (15.5%), Australia (12%), Germany (11%), Canada (11%), France (6%)
Libya	Italy (26%), UK (14%), Israel (12%), Vietnam (8%), Egypt (6%)
Mauritania	Senegal (30%), Nigeria (25%), France (12%), Mali (10.5%), Spain (7.5%), Ivory Coast (6.5%)
Montenegro	Albania (39.0%), Serbia (23.4%), Bosnia and Herzegovina (19.5%), Croatia (8.8%)
Morocco	France (30.5%), Spain (25.5%), Italy (14%), Belgium (6.5%), Netherlands (6%), Israel (5.5%)
Palestine	Jordan (52.5%), Lebanon (14%), Saudi Arabia (12.5%), Libya (7%), Syria (6%)
Syria	Saudi Arabia (25%), Lebanon (19%), Jordan (18%), Turkey (15%)
Tunisia	France (59%), Italy (17%), Germany (5%)
Turkey	Germany (47.9%), France (8.5%), Netherlands (6.5%), Austria (5.1%)

Source: own elaboration from World Bank Bilateral Migration Matrix 2013

Global refugee and displacement phenomenon



Key issues (2)

- **A striking feature is that education is not a guarantee against unemployment:**

  - ➢ Data suggest that youth unemployment rate in the region increases consistently with the level of education attained. In countries such as Egypt, Jordan or Tunisia, youngsters having completed their tertiary education have been found two to three times more likely to be unemployed than those with primary education or less (ILO, 2015).
  - ➢ This contrasts the situation in most developed and developing regions where unemployment decreases as the level of education rises.
  - ➢ The main reason for these high unemployment rates for more educated workers is the existence of skill mismatches in labour markets across the region (Ayadi and El Mehdi, 2013).

Key issues (3)

- **Labour demand remains the prime determinant of how much and what type of jobs are created – but constraints are persistent**
  - First, macroeconomic conditions and the institutional frameworks are not supportive for business development and job creation, as regularly highlighted in the World Bank Doing Business reports or by the World Economic Forum (2016).
  - Labour market regulations are identified as an important impediment to employment creation and more broadly a core constraint to business expansion. The negative effects of a rigid regulatory framework and the resulting risk-averse behaviours of employers are particularly severe for first time job seekers.
  - The high share of the public sector in terms of employment (Behar and Mok, 2013) and the high presence of informal firms and jobs (OECD, 2009) also represent an important limit to the creation of high quality jobs and to a higher productivity growth.

Key issues (4)

- As highlighted by the Union for the Mediterranean ad hoc work group on job creation (2016):
  - Labour market policies should not only concentrate on the supply side but they should be designed as a comprehensive package of measures involving supply and demand policies and looking for positive synergies among them.
  - The main policy objective should be to improve workers’ employability and to achieve a better match, and to create more and better opportunities for jobs by means of sustained and inclusive growth on the demand side.
  - Governments should increase resources devoted to more efficient Active Labour Markets Policies (ALMPs), and focus on vocational and education trainings, orientation, intermediation and career guidance.

Regional integration & employment creation (1)

- More and better jobs can be generated by improving competition in product markets through deregulation, but also by investing in infrastructure and adopting smart-specialization strategies that would bring more benefits from further regional integration.
- More coordination between countries in the region through deeper regional integration can boost employment through different channels:

  - Better access to markets through the **elimination of trade barriers** could create new opportunities for competitive firms that, in turn, would increase labour demand and contribute to generate new jobs in the region.
  - The **elimination of tariffs on imports** could make domestic prices to fall to lowest region prices. Initially, domestic production falls, but domestic consumption increases and total imports also increase.
  - Larger markets as a result of regional integration may allow firms to exploit economies of scale, thus driving down costs and prices to local consumers. It may also increase the range and variety of products which are available to consumers. The reduction in tariffs leads to trade creation among the participants in the liberalised region.

Regional integration & employment creation (2)

- The effect of the tariff reduction on economic welfare can be decomposed into three effects:
  - the gain to consumers from lower domestic prices,
  - the loss of profits to producers and;
  - the loss of tariff revenue to the government.

- Under standard assumptions, consumer gain exceeds the producer and government loss from reducing tariffs and that there is an overall gain in national welfare as a result of this policy change.

- Similar results are obtained for **the case of non-tariff barriers**. A part of trade creation, trade diversion also occurs: imports from a third external country are now displaced by imports from partners that are now cheaper in relative terms and, this also contribute to job creation.

Regional integration & employment creation (3)

- Although the effects of further integration would be positive in the medium and long run, there could be **initial displacement of workers.**

- Importing in theory creates more competition that forces domestic firms to become more efficient or if not to disappear and it also provides better access to new technologies and transfer of know-how.

- Those firms that ride the wave of continuing transition toward higher productivity in tradable activities typically pay higher wages to their workers, and these workers tend to have greater skills and be in less routine occupations; but low-skilled workers and workers undertaking routine jobs could be damaged by this situation.

- For this reason, policy efforts should understand the dynamics and be devoted to minimise the negative effects of this transition.

Regional integration & employment creation (4)

- If closer integration via competition improves the efficiency with which factors are combined, it is also likely to induce **greater investment**.
- While this additional investment is taking place, countries may experience a medium-term growth effect.
- If such investment is associated with faster technical progress or accumulation of human capital, long-run growth rates may also be improved.
- Infrastructure development could be improved and provide better access to markets through more efficient transport networks that could also attract more foreign direct investment that would reinforce the positive effects on integration on the labour markets.

Regional Integration

- Regional integration is considered to take place through two main channels:
  I. <u>Trade integration</u>: Creation of free trade areas, abolishment of tariff barriers and quotas. This layer of integration reduces trade costs and facilitates growth through the removal of market imperfections.
  II. <u>Regulatory and law integration</u>: Process harmonisation, adoption of common policies, regulations and measures on key sectors. This layer of integration essentially leads to reduction of investment risks.
- The performance of the Regional Integration scenario is evaluated against a reference scenario which provides a “business as usual” outlook for the macroeconomy, sectoral value added and the composition of employment over different sectors and ages.
- Using a Computable General Equilibrium model

Regional Integration Impact on Youth Employment

- The impact is differentiated across countries and sectors and over time. **The key insights are**:
- Early action is required to prepare the human capital with the necessary skills for an integrated economy
- Abolition of trade barriers has diverse effects in the national economies (depending on the competitiveness of the sectors they may lose or gain market shares). The impact is larger in countries that already have high trade barriers
- The impact from process harmonization, institutional improvement and investment de-risking is found to provide the best prospects in terms of youth employment job creation in the long run. This is mainly due to:

  i) the positive impact on overall economic activity (lowering the investment risk supports economic growth better than removing tariff barriers)

  ii) Alignment of skilled labour with capital. Increasing the capital stock allows the utilization of skilled labour. In certain countries and sectors a key driver for youth employment is skills mismatching with high unemployment rates in youngsters with tertiary education)

Regional Integration Impact on Youth Employment

2040	Reference		Scenario: Trade Barriers & Risk			
	Employment	Youth Employment	Employment		Youth Employment	
			change from reference		change from reference	
	1000s persons	1000s persons	in 1000s persons	in %	in 1000s persons	in %
Albania	1053	102	29.1	2.8%	2.8	2.8%
Algeria	15303	1594	476.6	3.1%	82.5	5.2%
Bosnia and Herzegovina	982	29	24.2	2.5%	0.6	2.2%
Egypt	46172	5681	1622.9	3.5%	201.6	3.5%
Israel	5187	830	21.5	0.4%	3.8	0.5%
Jordan	2844	371	96.0	3.4%	13.7	3.7%
Lebanon	1933	304	74.8	3.9%	16.0	5.3%
Montenegro	208	15	2.6	1.2%	0.2	1.0%
Morocco	15103	2077	441.6	2.9%	83.2	4.0%
Tunisia	4331	414	165.2	3.8%	22.4	5.4%
Turkey	33671	5504	880.7	2.6%	142.9	2.6%
EU28	216033	17747	264.3	0.1%	23.9	0.1%

Source: *GEM-E3-MED*

Regional Integration Impact on Youth Employment by economic activity

1000s persons in 2040 (in addition to reference scenario)	Albania	Algeria	Bosnia and Herzegovina	Egypt	Israel	Jordan	Lebanon	Montenegro	Morocco	Tunisia	Turkey	EU28
Agriculture	9.0	33.2	5.1	28.3	1.8	8.0	7.4	0.24	251.6	11.2	-21.2	62.2
Energy	4.4	83.6	3.5	64.4	-0.7	3.6	12.8	0.76	5.5	11.8	37.9	-30.6
Chemical Products	0.6	13.7	1.4	64.5	8.5	12.4	1.6	0.14	-0.5	4.9	8.1	0.2
Other energy intensive	1.3	11.7	2.0	284.2	4.3	3.7	1.3	0.13	21.4	5.8	49.8	-6.0
Electric Goods-Other Equipment goods	0.0	1.1	2.0	23.4	-2.9	6.3	0.1	0.07	30.7	10.3	43.5	-22.0
Transport equipment	-0.1	0.3	0.7	1.2	-0.2	0.2	0.2	0.02	5.3	2.5	17.9	2.9
Consumer Goods Industries	1.1	22.1	1.7	-442.9	0.7	-2.8	4.8	0.21	0.6	6.1	-2.8	100.9
Textiles and Clothing	0.0	-4.8	-0.1	100.3	1.6	2.9	-0.6	-0.12	27.3	12.0	63.6	-36.5
Construction	14.1	271.6	11.7	483.3	8.8	7.1	22.1	2.31	93.0	44.8	402.6	13.5
Transport	1.2	4.9	0.4	60.7	0.2	5.4	3.0	0.14	-13.4	3.4	2.6	13.5
Communication	0.6	2.2	0.3	27.9	0.1	3.2	2.1	0.00	-2.2	2.1	2.8	4.7
Business-Financial Services	2.1	54.4	3.0	758.0	2.2	11.5	25.2	0.32	39.2	34.5	266.7	100.4
Public Services	-5.9	-17.5	-8.2	89.0	-1.9	28.1	-8.2	-2.03	-12.8	15.6	-4.9	44.7
Recreational and other services	0.7	0.2	0.8	80.6	-0.9	6.4	3.0	0.37	-4.1	0.1	14.1	16.4
Total	29.1	476.6	24.2	1622.9	21.5	96.0	74.8	2.55	441.6	165.2	880.7	264.3

Conclusion

- The regional integration impacts are differentiated by country, sector and over time (short-run / long run)
  - In the short run removing trade barriers will expose sectors that were previously protected into intense competition and jobs will get lost.
  - In the long run the adoption of common production procedures, the removal of non tariff barriers, increasing governance and process harmonization reduces investment risk and increases output and employment
- Key measures :
  - Timely upgrade of human capital focusing on specific skills/activities
  - Reduce Investment risks: Improvement of quality control, good governance and process harmonization to high standards

Our contribution

- Using a Computable General Equilibrium model:
- Quantified the impact on youth employment creation of deeper regional integration of Mediterranean countries.
- If the regional integration status quo is maintained and countries take action to reduce public budget deficits, to improve their trade balance and to upgrade their infrastructure, youth unemployment rate is foreseen to be reduced from 25.7% in 2015 to 17.6% in 2040 (that amounts the creation of no less than 4.4 Millions jobs.
- This situation is compared with a scenario of deeper regional integration considering two different layers: gradual abolishment of tariff and non-tariff barriers, and process harmonisation among countries and increased governance.
- Under this alternative scenario, there are net additional 570,000 youth jobs as compared to the shallow integration scenario. This positive impact is due to an improving in overall economic activity (lowering the investment risk supports economic growth better than removing tariff barriers) and a better alignment of skilled labour with capital.

Recommendation

- The main assumption underlying this vision is that stepping up the position of the Mediterranean countries would require a reinforced and accelerated deeper regional integration process using a multi-dimensional comprehensive and novel infrastructure, innovation and industrial policy (underlined in a co-development strategy) agenda implemented across several sectors: transport, energy and de-carbonization, water, digital economy, blue economy, sustainable urban development), and strengthened cooperation on innovation, R&D, education, employment and young employability programmes, and social agenda issues (e.g. youth and women empowerment).
- The guiding principles and targets of this new policy for the region will develop a new constructive dynamics, which will boost investment, regional projects and infrastructure development.
- This will create a multiplier effect in terms of economic growth and job creation.

Thank you

Questions?

<ins>Research Team</ins>: Rym Ayadi, Leonidas Paroussos, Raul Ramos, Carlo Sessa and Emanuele Sessa, Kostas Fragkiadakis

Economic Integration of Refugees in the Countries of First Asylum Mission: Possible?

Mobilisation of Highly Skilled Diaspora. Insights From FINCOME Program as a Moroccan Experience

Ilyas AZZIOUI

I. DIASPORA POTENTIAL

II. WHY WE NEED INNOVATIVE ENTREPRENEURSHIP

III. FINCOME PROGRAM

IV. INSIGHTS FROM ENTREPRENEURS

I. DIASPORA POTENTIAL

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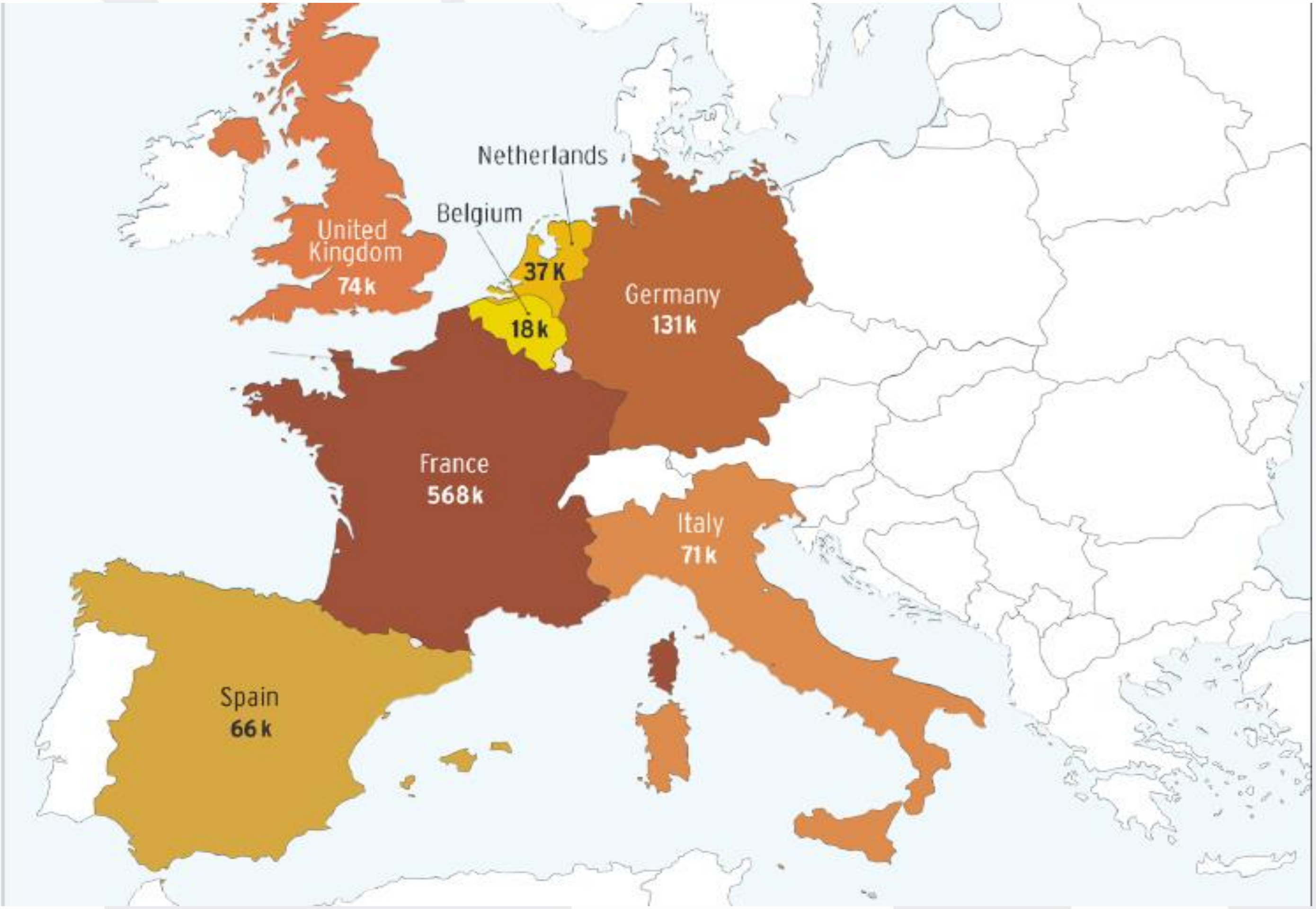
Diaspora potential

Main countries	Number (in thousands)	% of total)	Algeria	Morocco	Tunisia	Lebanon	Egypt	Jordan	Turkey
France	568	56.4 %	252	186	74	25	13	1	17
Germany	131	13 %	2	6	5	36	6	4	71
United Kingdom	74	7.3 %	12	13	5	10	19	2	14
Spain	66	6.6 %	13	50	1	1	1	- *	-
Italy	71	6 %	3	19	20	2	27	-	-
Netherlands	37	3.7 %	1	17	1	0	5	-	14
Belgium	18	1.7 %	2	10	1	0	1	-	5
Total Europe (including others)	1 007		287.6	303.6	110.0	81.8	80.3	8.5	135.7
Percentage of total Mediterranean expatriates			29 %	30 %	11 %	8 %	8 %	1 %	13 %

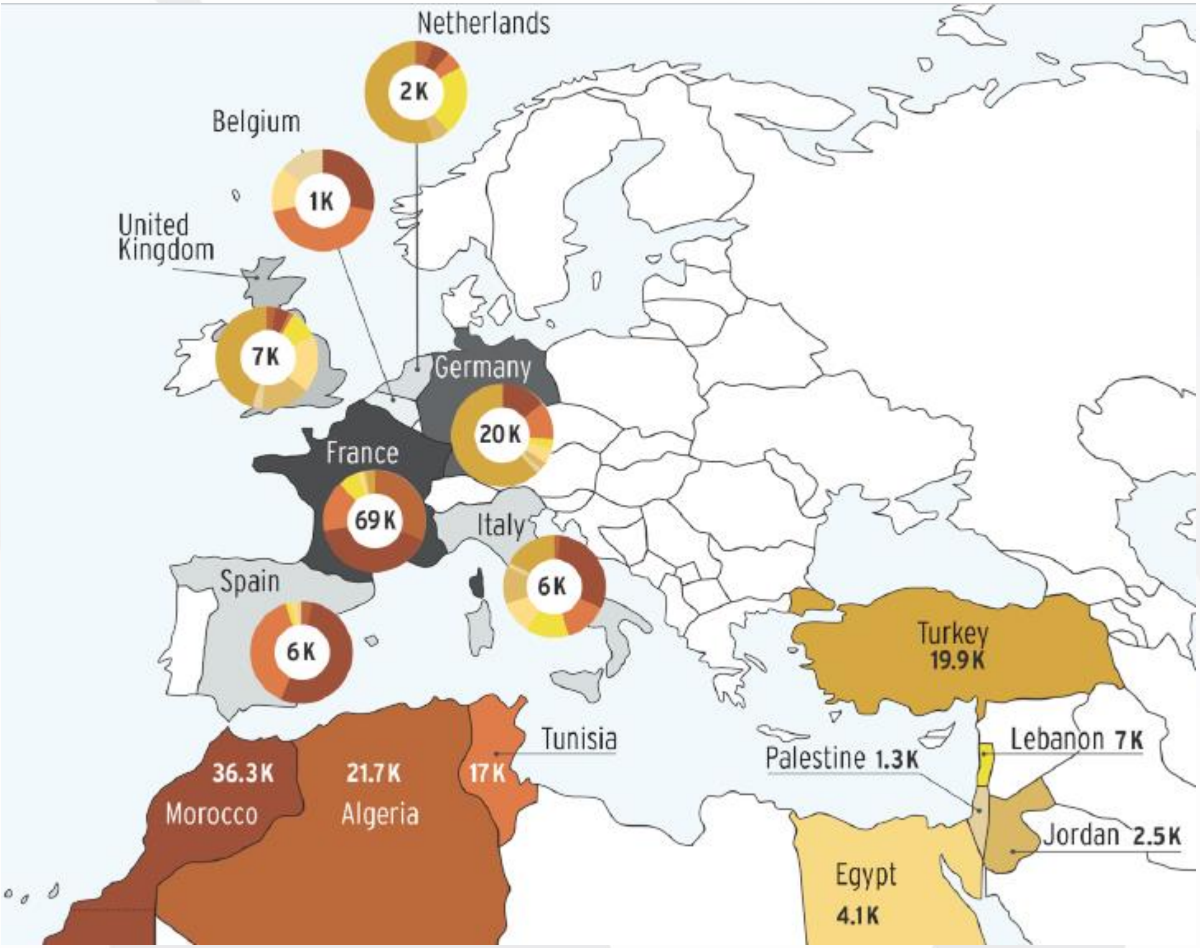
SOURCE,/ Linxeo (2014). Selection of Data from MPI(2013), OIM (2010) and OECD (2012 & 2016)

Diaspora potential



Highly Skilled Mediterranean Diaspora Professionals living in EU. Source LINXEO 2015

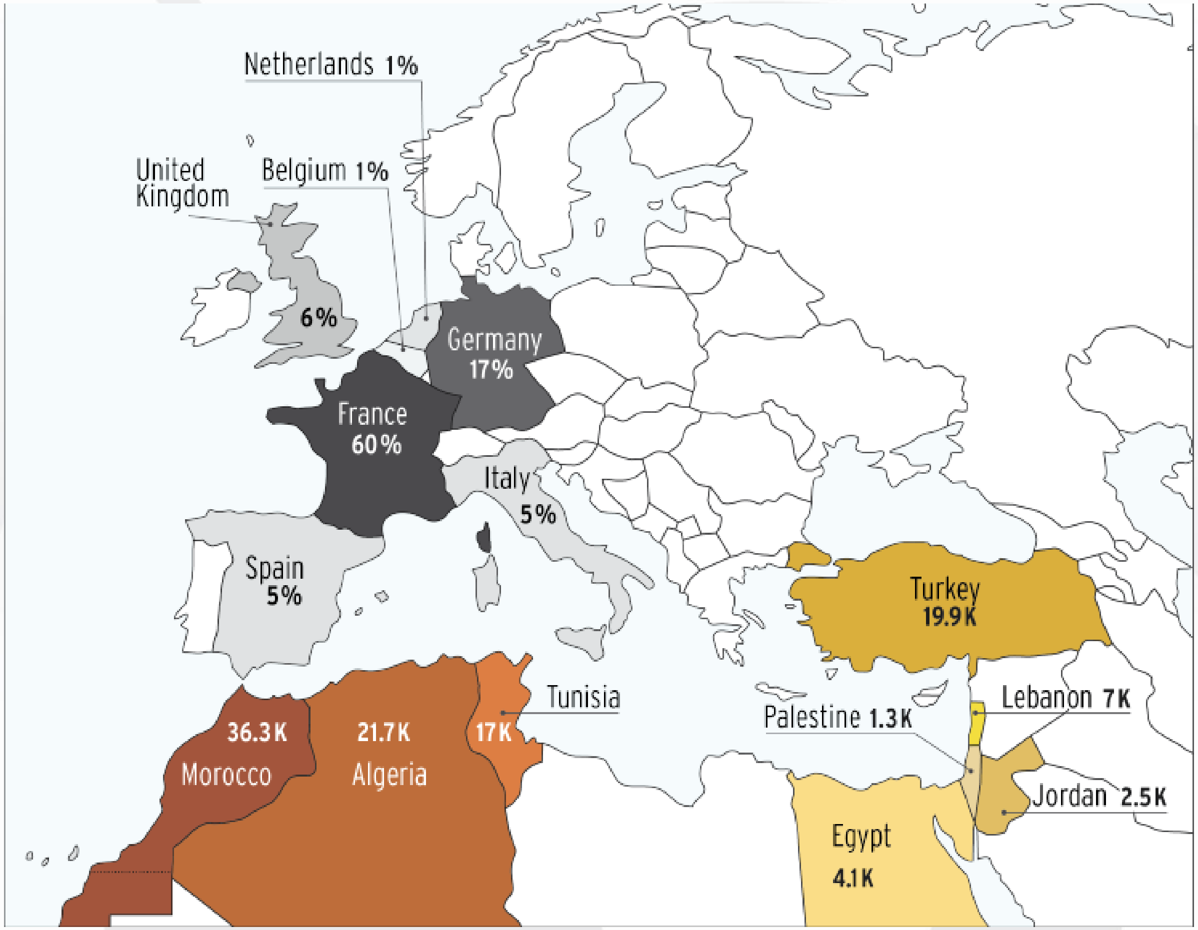
Diaspora potential



Mediterranean Students in Europe. Source: UNESCO 2012

Diaspora potential

111 600 students from MPCs were registred in 2012



Mediterranean Students in Europe. Source: UNESCO 2012

Diaspora Entrepreneurship potential

- The Analysis Undertaken By LINXEO study (2015):
  - Total number of Highly Skilled Diaspora Professionals from MPCs **870.000**
  - Apply **5%** (Conservative) **Entrepreneurship rate** : **50.000**
  - Apply **5%** (conservative) Innovative & high growth potential (startup) rate : **2500**
  - Apply **30%** who are **strongly motivated** to start a business in their country of origin : **750**
  - Apply 30% are Moroccans: **225 startups**

I. DIASPORA POTENTIAL

II. WHY WE NEED INNOVATIVE ENTREPRENEURSHIP

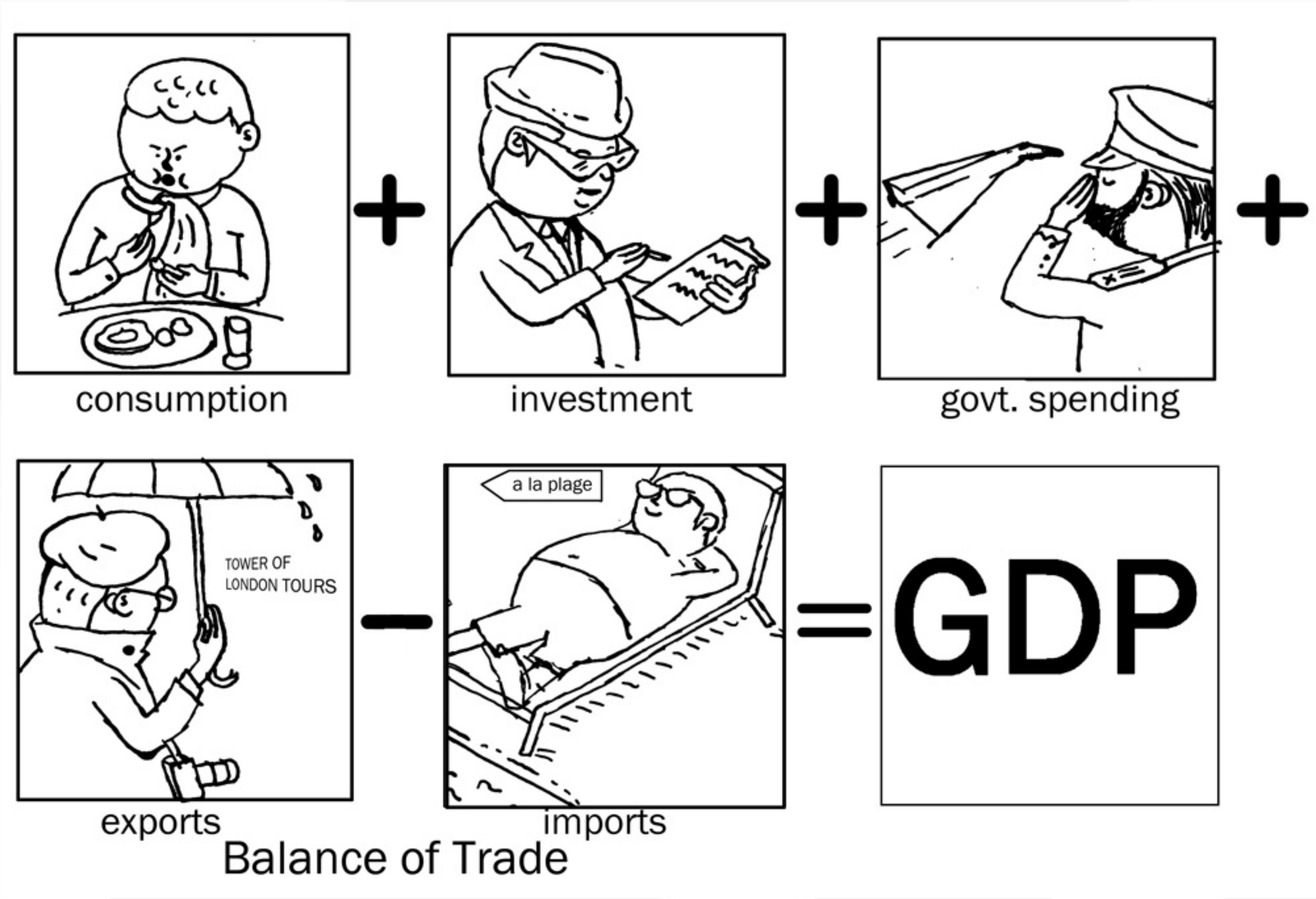
III. FINCOME PROGRAM

IV. INSIGHTS FROM ENTREPRENEURS

Why economic growth ?

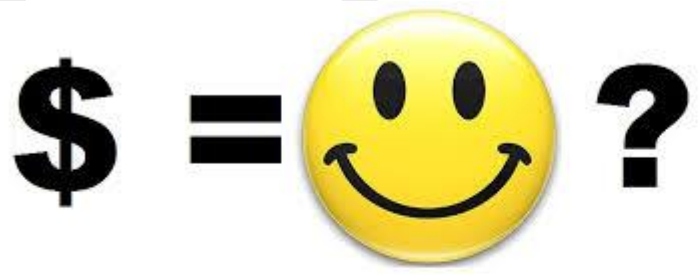
Innovation & Economic Growth

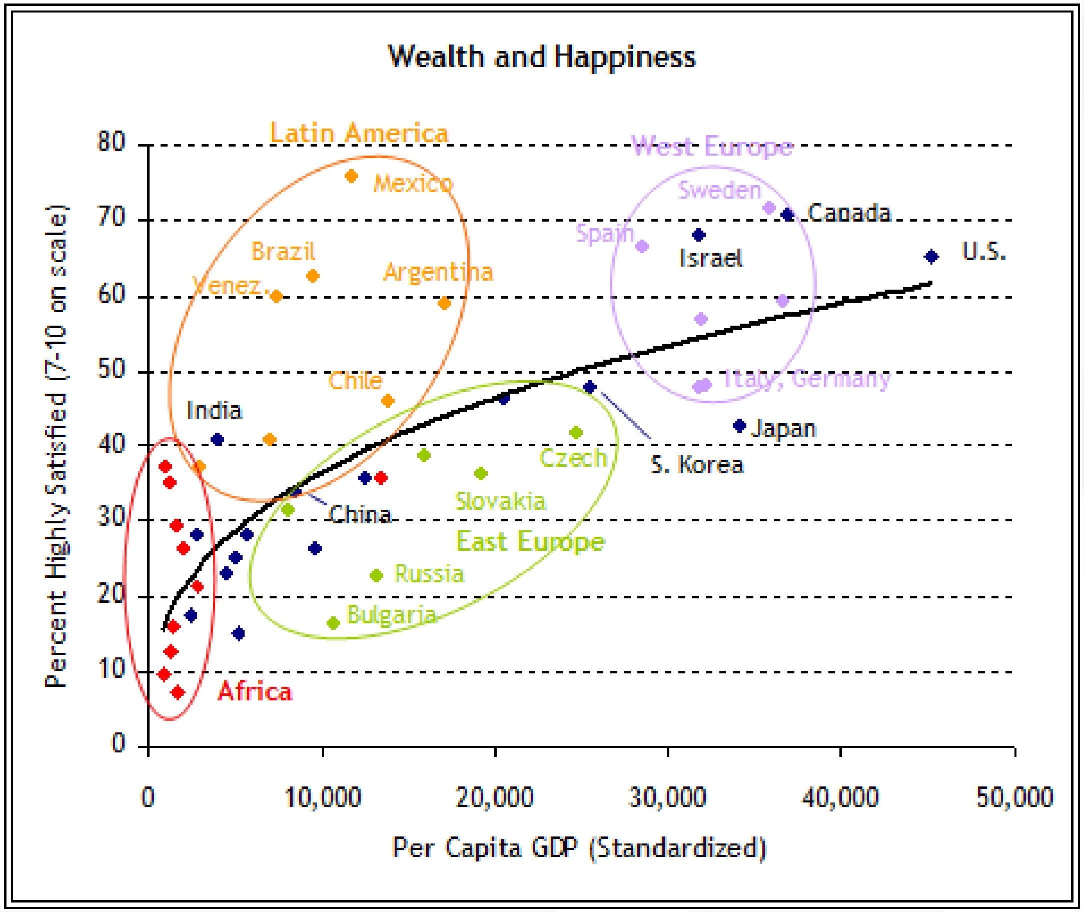
Why economic growth ?



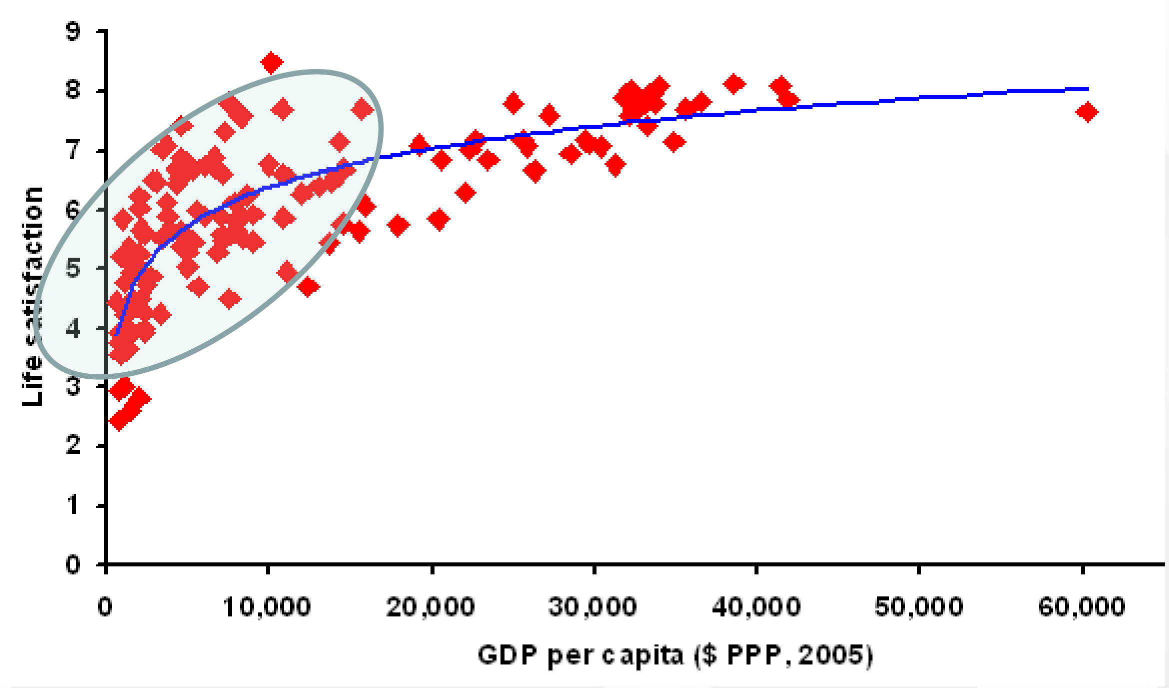
Why economic growth ?

Innovation & Economic Growth

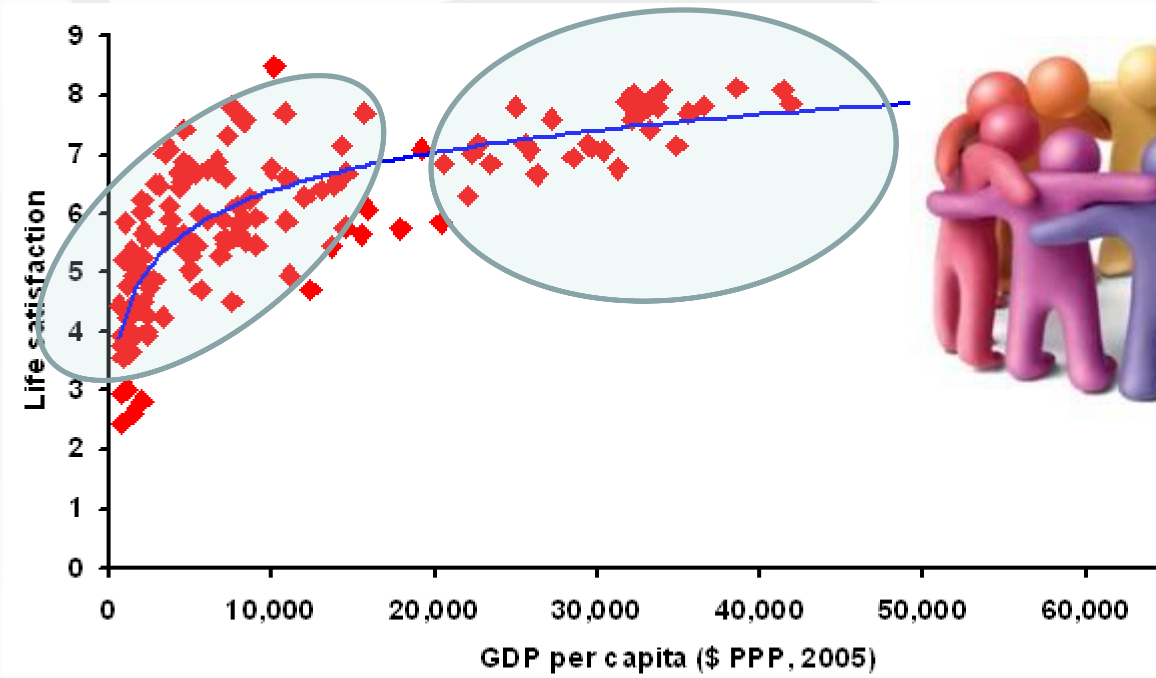




Innovation & Economic Growth



Innovation & Economic Growth



Innovation & Economic Growth

Country: OLIVESTAN

Workers

Olives

Machines

Machines wear out (depreciation)

Innovation & Economic Growth

L_t = Workers at time t

M_t = Machines at time t

O_t = Output of Olives at time t (GDP/PIB)

C_t = Number consumed at time t

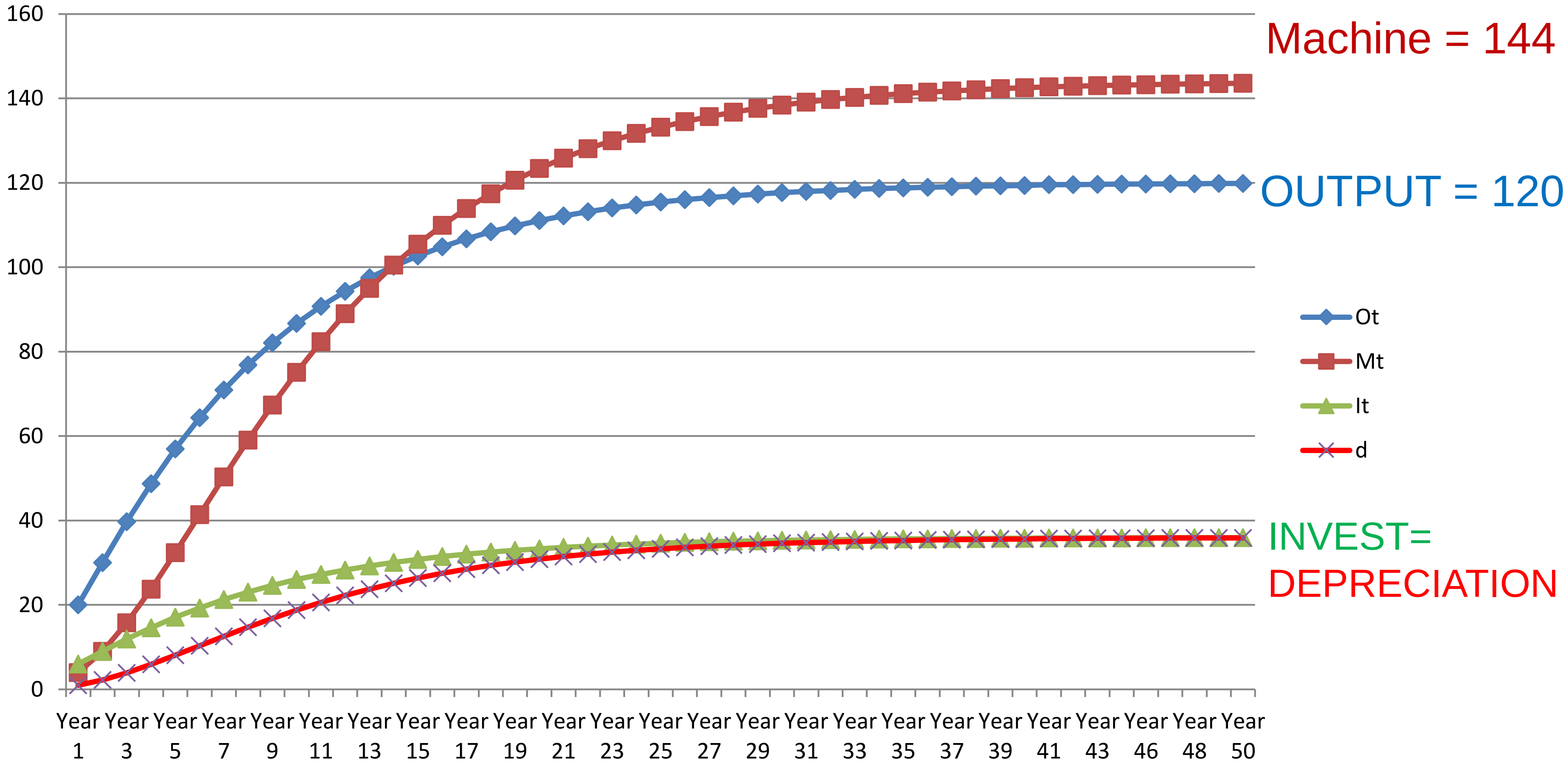
I_t = Number invested at time t

S = savings rate

D = Depreciation rate

$$Ot = \sqrt{Lt} * \sqrt{Mt}$$

Innovation & Economic Growth



Innovation & Economic Growth

Introduction of an innovation that would multiply the productivity by 2

$$O_t = A_t K_t^{\beta} L_t^{1-\beta}$$

$$O_t = 2 K_t^{\beta} L_t^{1-\beta}$$

Innovation & Economic Growth

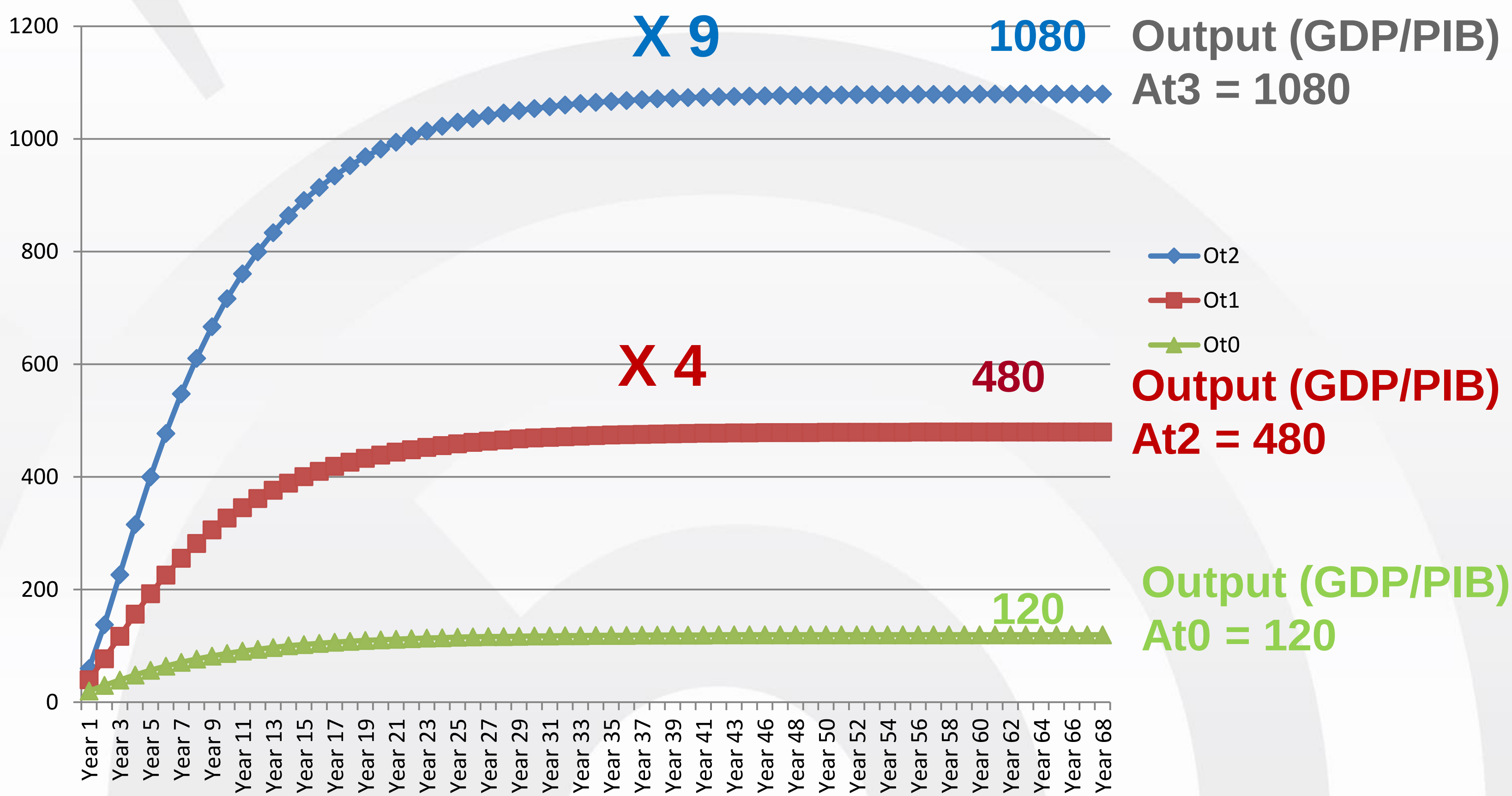
Introduction of an innovation that would multiply the productivity by 3

Olive trees have been cultivated for centuries in Mediterranean climates, including California's Central Valley (shown). New super-high-density hedgerow systems allow for mechanical harvesting, greatly reducing labor costs.

Intensive Vs Extensive

Harvest by Vibration

Innovation & Economic Growth



Diaspora as a Channel to Foreign knowledge?

- "The most fundamental **resource** in the modern economy is **knowledge** and, accordingly, the most important **process** is **learning**". In a knowledge based economy, **capacity to learn is the most critical factor for economic success** of individuals, regions and countries.

- Knowledge comes in two forms: **explicit** (easily codified in letters, words, videos,) and **tacit/implicit** (non-codified).

- Lundvall and Johnson (1994) introduced a distinction between **four categories** of knowledge critical to innovation:

  - ✓ **Know what :** refers to access to information (usually explicit);
  - ✓ **Know Why:** refers to understanding laws and principals usually through R&D and training;
  - ✓ **Know How**: refers to the experience based knowledge (tacit) learnt through doing, using and interacting;
  - ✓ **Know Who**: to the social capital of the enterprise and the degree of its integration in knowledge based networks.

Catching up in different sectoral systems

What can we learn from the story of catch-up in six different sectors in emerging Countries (Taiwan, Korea, brazil, India, China, and others)?

1. Pharmaceuticals (Science based),
2. Autos (scale intensive),
3. Software (specialized supplier and service sectors),
4. Semiconductors and Telecom (design and engineering is important),
5. Agro-food (traditional sectors).

« Catching-up in different sectoral systems: evidence from six industries »
Franco Malerba & Richard Nelson (2010)

Catching up in different sectoral systems

Common features affecting catch-up in 6 sectors

Firms Learning

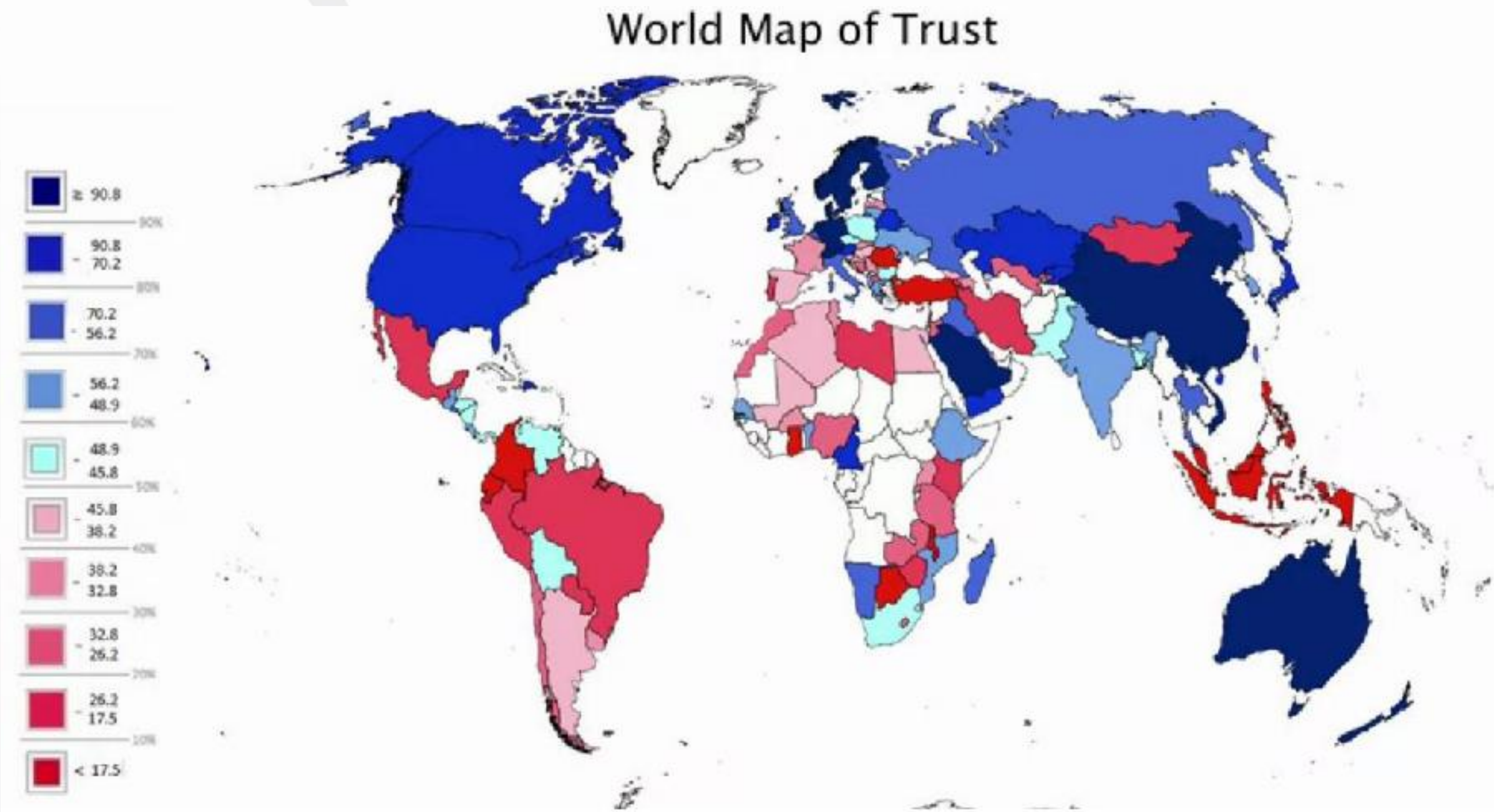
Access to foreign Knowledge

Skilled Human Capital

Active Government Policy

- *firms are the key actors in catch-up , Learning and Capabilities development of domestic firms is a necessary condition for catch up because they provide the catching up country with the ability of absorbing foreign knowledge & technology and adapting and modifying them to generate new knowledge and products.*
- ***Learning** comes in 4 forms:*
  - *Learning by Interacting (building trust among stakeholders)*
  - *Learning by Searching*
  - *Learning by Doing*
  - *Learning by Using*

Catching up in different sectoral systems



Catching up in different sectoral systems

Common features affecting catch-up in 6 sectors

Firms Learning

Access to foreign Knowledge

Skilled Human Capital

Active Government Policy

- the channels to which this access took place have differed (sector & country). from vertical networks with suppliers and users, to local networks, collaborative R&D or production agreements, to participation to the global value chain or just outsourcing;

- When access to foreign knowledge did not take place, as in **telecommunications** in India and Brazil, the catch-up process has been seriously unpaired

Catching up in different sectoral systems

Common features affecting catch-up in 6 sectors

- Firms Learning
- Access to foreign Knowledge
- **Skilled Human Capital**
- Active Government Policy

➢ Important inward mobility form advanced countries of highly skilled human capital (scientists, engineers, technopreneurs) Diaspora and foreigners (consultants) were critical to the catch-up)

Catching up in different sectoral systems

Common features affecting catch-up in 6 sectors

- Firms Learning
- Access to foreign Knowledge
- Skilled Human Capital
- **Active Government Policy**

➢ In our 6 sectors government policy has indeed stimulated and fostered the learning processes and the capability formation of domestic firms with different intensity and tools.

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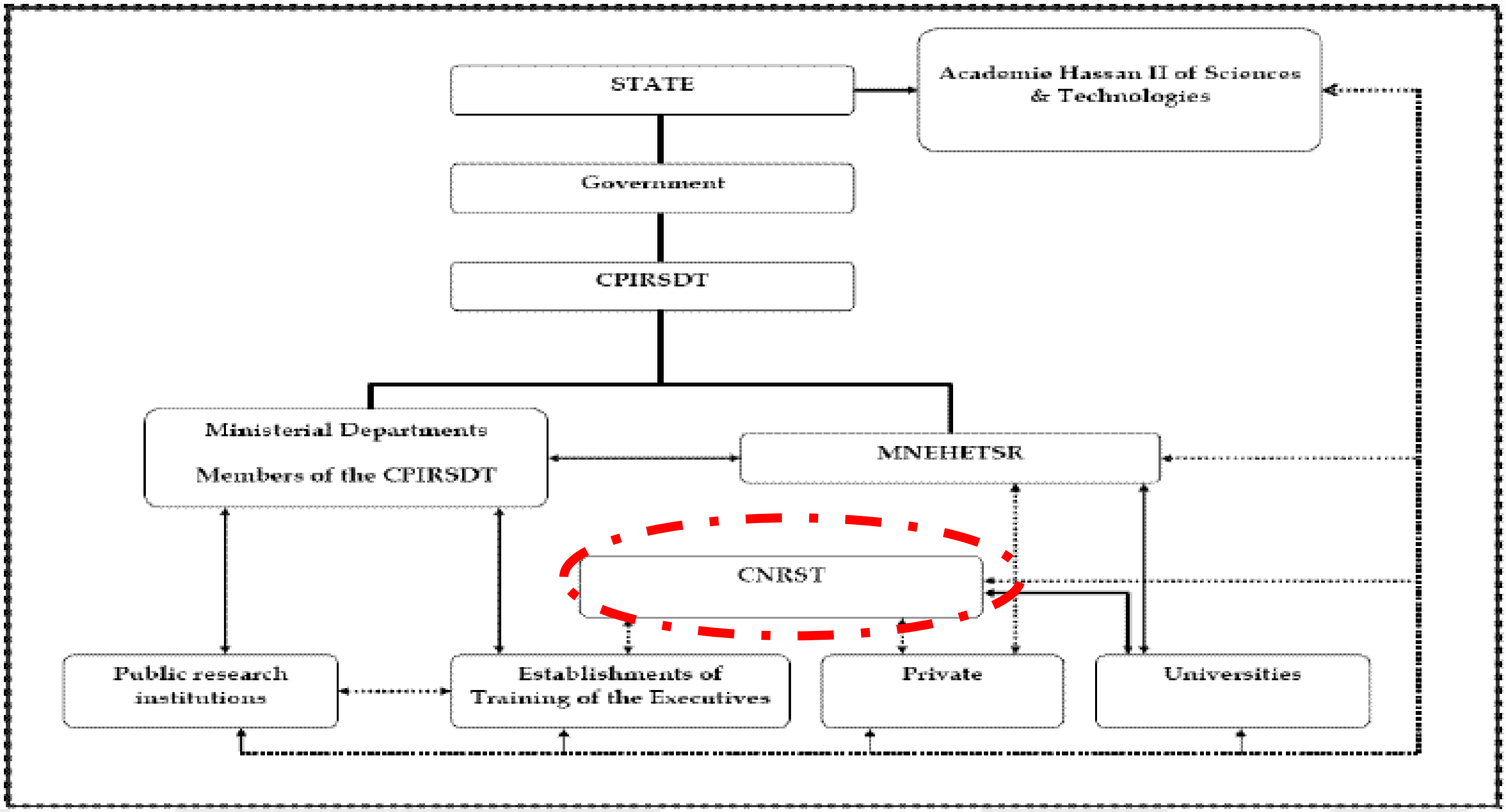
CNRST & Research System



Main missions of the CNRST

1. **Knowledge Production: Supporting research**
2. **Knowledge Circulation (Research to Business): Technology transfer (consultancy, collaborative research, Incubation of innovative startups & University spin-offs)**
3. **Knowledge Circulation (Cross border): Agreements with similar organistaions abroad, supporting highly Skilled Diaspora (FINCOME Programme)**

Knowledge Circulation (diaspora)

FINCOME - CNRST

Within the broader governmental FINCOME program. An open call for proposals is launched by the CNRST to support the following actions carried out by highly skilled Disapora:

1. Transfer of expertise : Mobility short term and long term
2. Meetings (of strategic Nature)
3. Projects of Diaspora networks
4. Innovative entrepreneurship

- Short term mobility scheme provides support for plane tickets and per diems (8 days max) more than 600 experts so far
- Long term Mobility Scheme support for plane tickets and per diems (6 to 12 months) 15 projects the last two calls

Knowledge Circulation (diaspora)

FINCOME – Innovative Entrepreneurship

- Facts finding mission
- Networking
- Incubation within CNRST of 5 startups (2011-2015)
- Signature of a Collaboration Agreement GIZ-CIM for the incubation of 4 to 5 startups in our incubator
- Signature of Collaboration agreement with Startup Maroc to provide business support for Diaspora incubatees.
- Lauching of Founder Institute (Silicon Valley) January 2017

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Insights from Entrepreneurs

Anas Alhilal
France

Youssef Hassar
USA/France/Dubai

Khali Jai Hokimi
USA

« Extending PACEIM to mobilise Mediterranean Diaspora Entrepreneurs in Europe ».
Study for the EIB. LINXEO (2015)

Insights from Entrepreneurs

Motivations

- I was disconnected from Morocco "life was so good in California" if I hadn't made the decision to return to Morocco at that time I would have never gone back to Morocco and **I always wanted to have impact in Morocco.**
- **Not much competition** if you find the **right niche**, you are serious, and you "do it right" customers will come to you.
- The **return to Morocco and entrepreneurship were linked**, I did not want to work in a Moroccan company, **I had some concerns** (from what I heard) about the **dominant work culture** in Moroccan companies.
- I told myself that **I am not a Man if I cannot launch my startup in Morocco**! I knew **how an SME works** in my host country I practically touched everything and I thought I could do it.
- **I did not expect any support** but I was pleasantly surprised to find some.

Insights from Entrepreneurs

Challenges

- **Being from the diaspora** I was not accustomed to some professional behaviors and practices.
- People do not keep their promises, they don't say "No".
- Lack of quality of services, suppliers have "finishing" problems
- The cultural specificity of how to sell here ?. We thought that we know Morocco but not at all. How to get introduced? people don't say No .... We lose a lot of money to learn on the job. The sales cycle is very slow.
- Debt collection, getting paid is a nightmare! Minimum 3 months to get paid!
- Lack of information, market studies
- Lack of appropriate financing tools for startups

Insights from Entrepreneurs

Recommendations

- First, we need to provide a **platform for entrepreneurs to know each other**, entrepreneurship is probably the loneliest job in the world, impartial help is needed for entrepreneurs.
- In this regard, the **best support would come from entrepreneurs** because they are going through the same steps. Entrepreneurs need to be connected in an environment where they can spend a lot of time together and **create trust.**
- **Mentoring with training for mentors**. Mentoring can be provided by all those who share common values of helping others. The real selection criteria for mentors are: do you want to help? Are you honest about it?
- Sharing of best local business and sales practices

Insights from Entrepreneurs

Recommendations

- **Networking**, Peer to peer connections
- **Resources listings** (for example I need a lawyer, an accountant or a web developer where can I find good deals and trustworthy services providers)
- **Diversification of funding schemes and improved funding access**
- Diversifying and facilitating **access to finances**
- Ease the **regulations** of the **exchange office**
- **Better communicate about what exists**. People who want to start do not know who to turn to, there is sometimes a kind of redundancy
- Support can **should rely on local structures**. I would like to get support **from experts with hands on experience** and proven track record in the **local market**. How to sell better and get paid

Thank you

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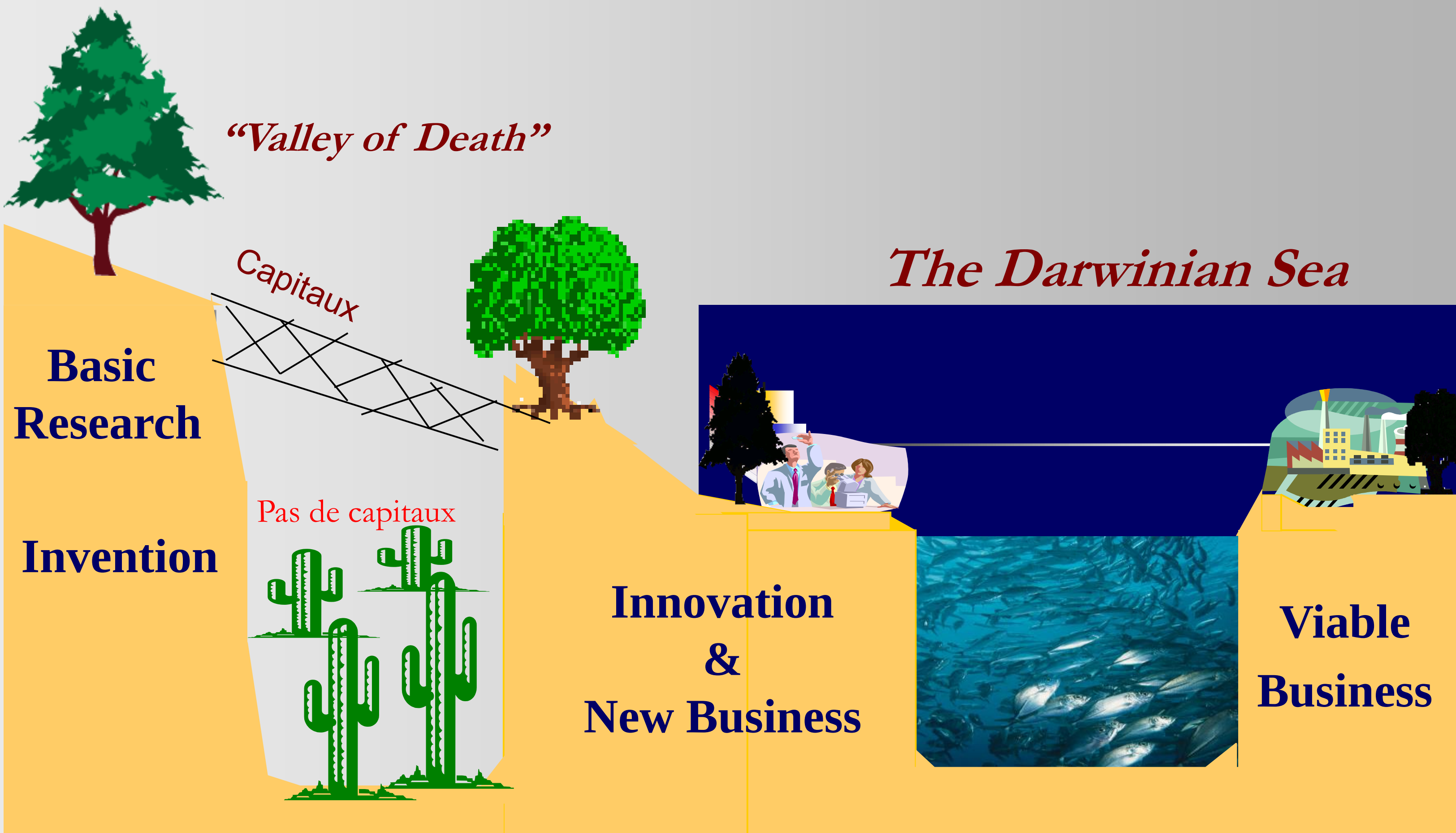
Contexte Incubation



Labour Market Structure and Skill Mismatch

Jamel Trabelsi
EMNES
BRUSSELS 8 June 2017

Context

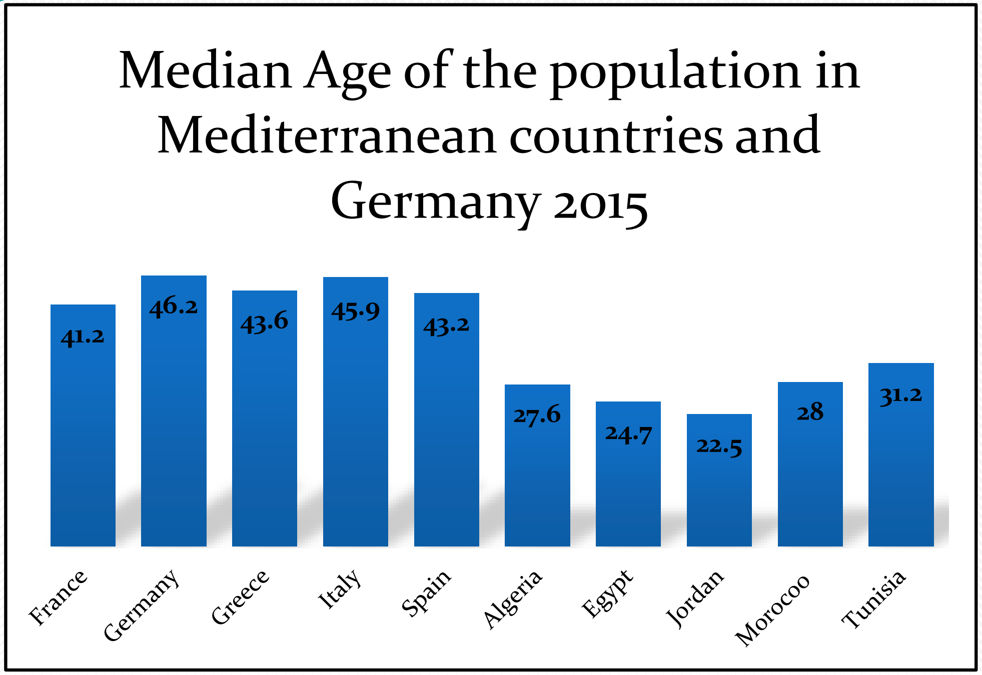
- **Demographic change**
- **Unemployment and youth unemployment**
- **Structure of the labour markets in EM countries**
- **Skill mismatches and labour market frictions**

Questions

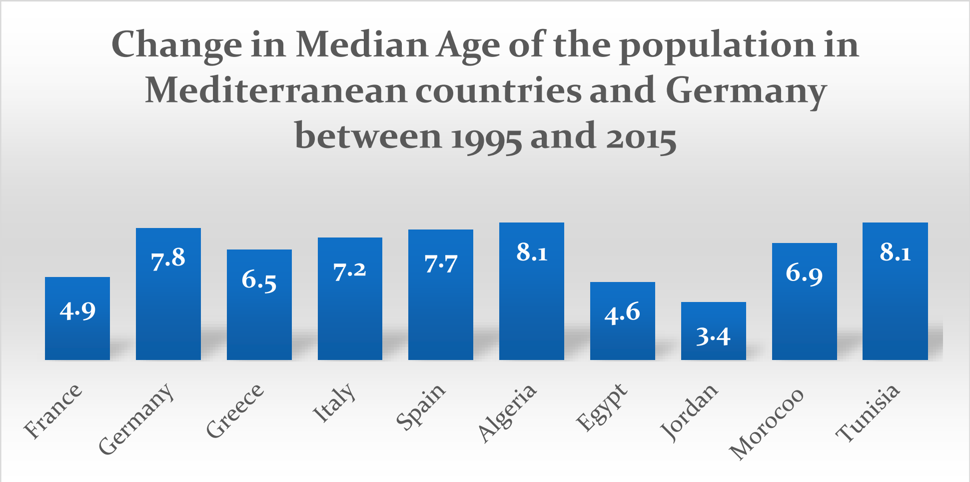
- The geographical distribution of demographic transition, educational unemployment structures in SMC?
- Youth unemployment: what are the causes and solution?
- The skill mismatch is a global phenomenon?
- How we can tackle the skill mismatch

Demographic mutation

Geographical distribution



-Median ages in South EU countries are generally higher than in no EU Mediterranean countries.
-Jordan and Egypt, both have median ages well below any EU and non EU countries.



The median age has increased substantially over the past two decades, but with significant differences across countries.

Demographic dynamics and labour market

No European Mediterreanean

- The number of labour force entrants remains daunting – approximately 10.7 million new entrants are expected to join the labour force in the coming decade, compared with 10.2 million in the previous decade
- youth labour force growth is expected to gradually decelerate over the next decade, easing labour market supply.
- In some countries, such as Tunisia, the demographic transition will occur even earlier

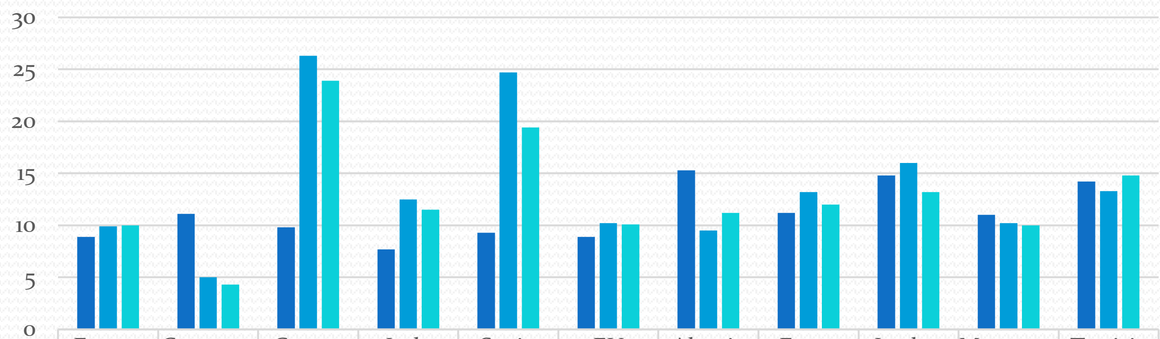
European Mediterreanean

- **Until 2011, a simultaneous increase in labour market supply, the working age population and labour market participation rates.**
- **Between 2012 and 2017, the rise in employment rates overcompensate for the decline in the size of the working age population and, therefore, the European workforce still grow during this period**
- **After 2018, the ageing effect will no longer be compensated for by growing labour market participation rates, leading to a decline in total employment in Europe.**

Labour market structure in SMC:

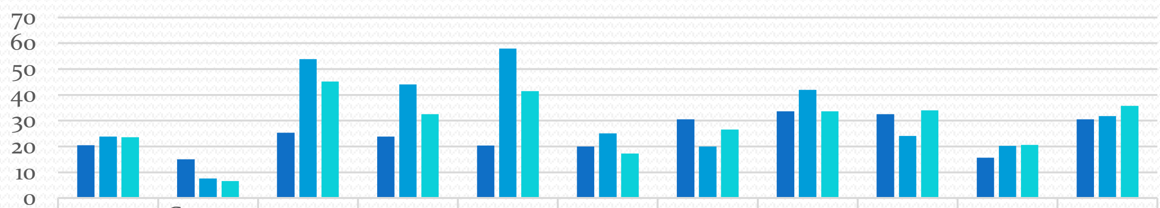
a special focus on youth case

Unemployment, total (% of total labor force)



	France	Germany	Greece	Italy	Spain	EU	Algeria	Egypt	Jordan	Morocoo	Tunisia
2005	8.9	11.1	9.8	7.7	9.3	8.9	15.3	11.2	14.8	11	14.2
2015	9.9	5	26.3	12.5	24.7	10.2	9.5	13.2	16	10.2	13.3
2016	10	4.3	23.9	11.5	19.4	10.1	11.2	12	13.2	10	14.8

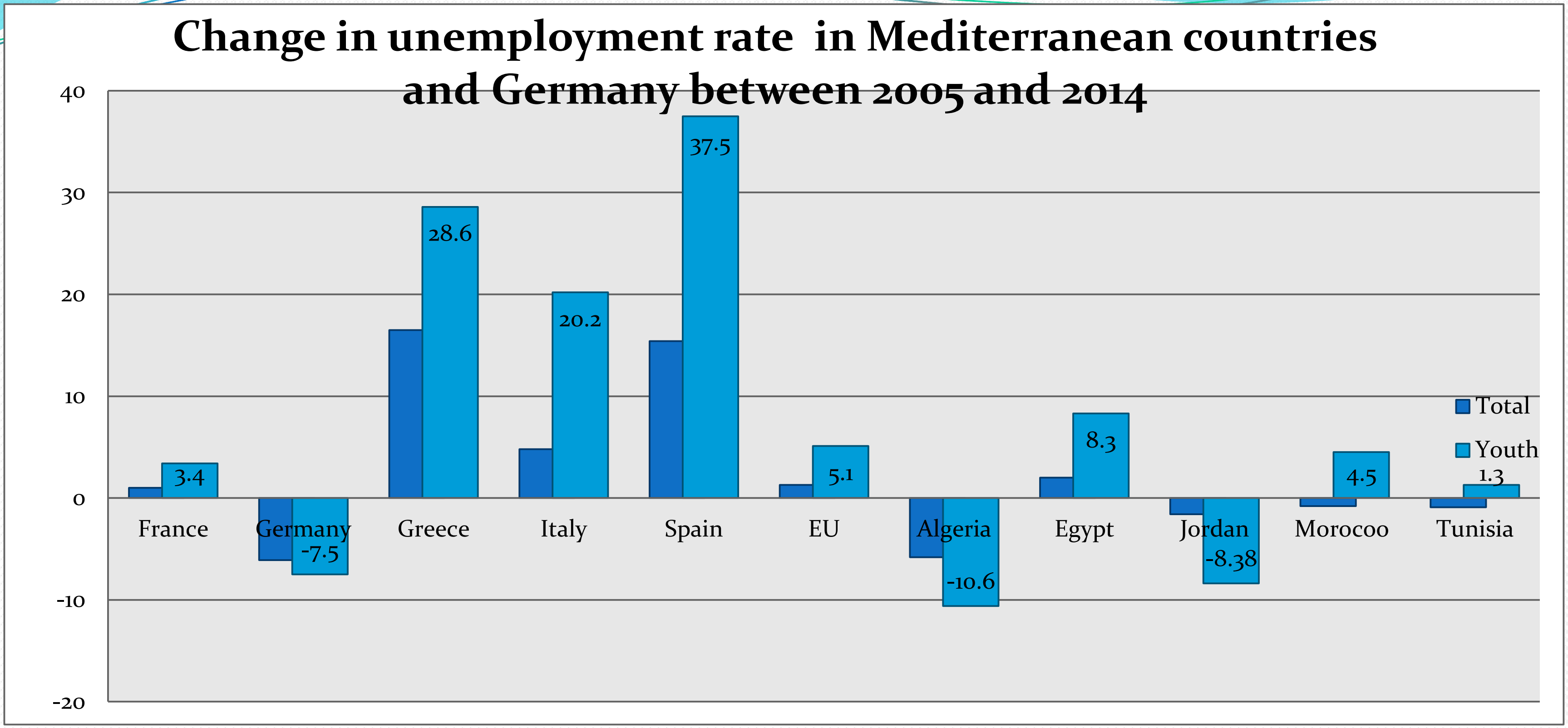
Unemployment, youth total (% of total labor force ages 15-24)



	France	Germany	Greece	Italy	Spain	EU	Algeria	Egypt	Jordan	Morocoo	Tunisia
2005	20.5	15.1	25.3	23.9	20.4	20	30.6	33.7	32.48	15.7	30.5
2014	23.9	7.6	53.9	44.1	57.9	25.1	20	42	24.1	20.2	31.8
2016	23.6	6.6	45.2	32.5	41.5	17.3	26.6	33.6	34	20.6	35.7

2005 2014 2016

Source: ILO



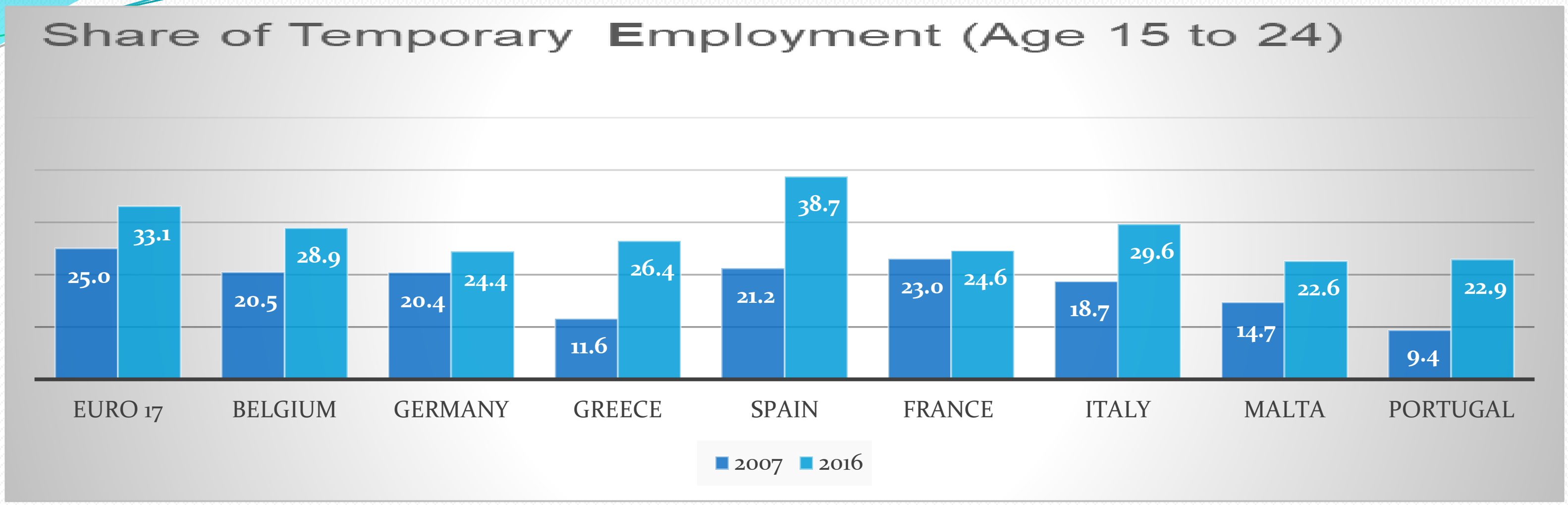
Source: Eurostat

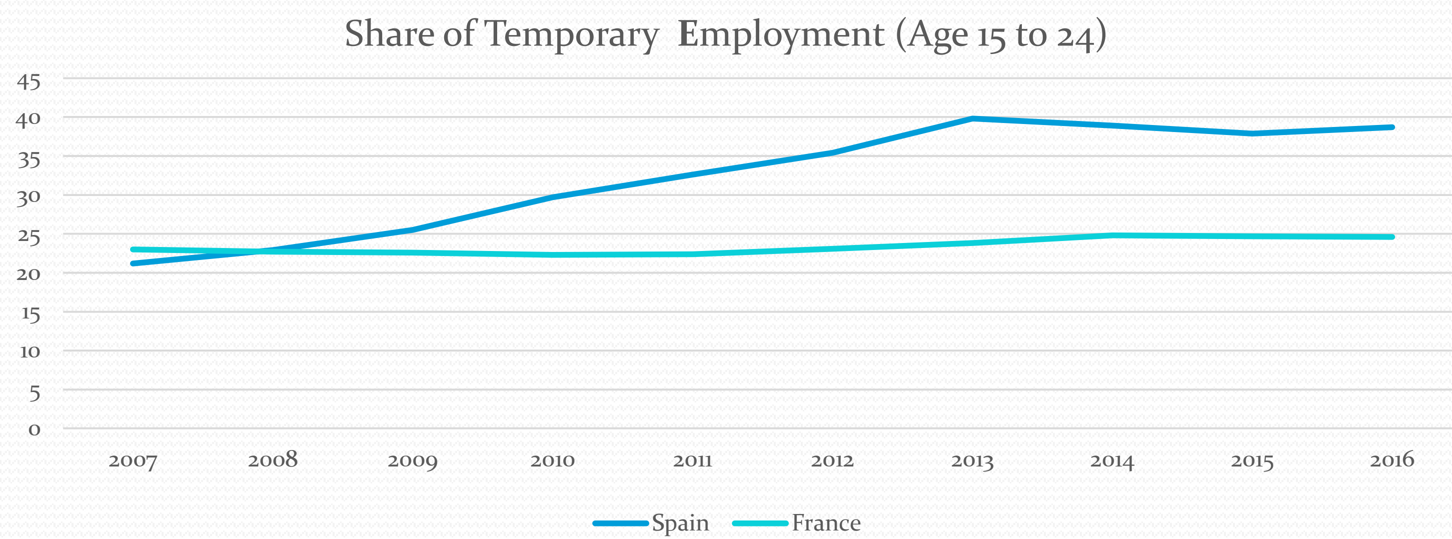
Between 2005 and 2014, youth unemployment rate:
-increased in all countries except Germany, Algeria and Jordan, reaching really high levels in Greece (28,6%), Italy (20,2%) and spain (37,5%).
-has remained relatively stable: Tunisia and France
-has risen modestly to around 3.4 percent and 2 percent for Morocco

Consequences

- More young people, lost their job in Egypt and Tunisia than in Jordan and Morocco.
-
- -The SWTS survey (2013) revealed that more than half of Jordanian youth (52.2%) fall into the category of transition not yet started.
-
- -76.2% of youth who did not start the transition by the time of the survey were students (47.4% males and 52.6% females)
-
- -The remaining youth (23.8%) were non-students with no intention to work (96.4% of which were females)

Institutionnal aspect of the labour market





Source: Eurostat

Indicators of Labour Market Flexibility: Hiring index (2017)

Country	Fixed-term contracts prohibited for permanent tasks?	Maximum length of fixed-term contracts (months)[a]	Minimum wage for a full-time worker (US$/month)[b]	Ratio of minimum wage to value added per worker	Non-pregnant and non-nursing women permitted to work same night hours as men?*	Restrictions on weekly holiday work?	Paid annual leave (working days)
Algeria	Yes	No limit	212,65	0,34	No	No	22,0
Egypt, Arab Rep.	No	No limit	0,00	0,00	Yes	No	24,0
France	Yes	18	1 866,90	0,34	Yes	Yes	30,3
Greece	Yes	No limit	740,67	0,28	Yes	Yes	22,3
Italy	No	36	2 083,94	0,49	Yes	No	26,0
Jordan	No	No limit	256,83	0,40	No	No	18,7
Malta	No	48	813,07	0,33	Yes	No	24,0
Morocco	Yes	12	282,93	0,74	Yes	Yes	19,5
Portugal	Yes	36	748,46	0,29	Yes	Yes	22,0
Spain	Yes	48	1 054,47	0,29	Yes	No	22,0
Tunisia	No	48	256,82	0,54	No	No	19,0

Source: World Bank

Indicators of Labour Market Flexibility:(2017)

	Redundancy Cost			Job Quality				
	Maximum length of probationary period (months)[d]	Notice period for redundancy dismissal (weeks of salary)[c]	Severance pay for redundancy dismissal (weeks of salary)[c]	Minimum length of maternity leave (calendar days)?[fg]*	Receive 100% of wages on maternity leave?[f]*	Five fully paid days of sick leave a year?	Unemployment protection after one year of employment?	Minimum contribution period for unemployment protection (months)?[h]
Algeria	6,0	4,3	13,0	98	Yes	No	No	36
Egypt, Arab Rep.	3,0	10,1	26,7	90	Yes	No	Yes	6
France	2,0	7,2	4,6	112	No	No	Yes	4
Greece	12,0	0,0	15,9	119	Yes	No	Yes	4
Italy	2,0	4,5	0,0	150	No	No	Yes	3
Jordan	3,0	4,3	0,0	70	Yes	Yes	No	36
Malta	6,0	7,3	0,0	126	No	Yes	Yes	6
Morocco	1,5	7,2	13,5	98	No	No	No	36
Portugal	3,0	7,9	9,1	120	Yes	No	Yes	12
Spain	6,0	2,1	15,2	112	Yes	Yes	Yes	12
Tunisia	6,0	4,3	17,2	30	No	Yes	No	n.a.

Source: World Bank

Indicators of Labour Market Flexibility, Doing Business Report 2010

Indicator	Morocco	Algeria	Tunisia	Egypt	Jordan	MENA	OECD
Difficulty of Hiring index	89	44	28	0	11	22.5	25.7
Rigidity of Hours index	40	40	13	20	0	41.1	42.2
Difficulty of Redundancy index	50	40	80	60	60	31.6	26.3
Rigidity of Employment Index	60	41	40	27	24	31.7	31.4
Redundancy cost (weeks of salary)	85	17	17	132	4	53.6	25.8
Employing workers	176	122	108	120	51	-	-
Rank	168	118	113	122	52	-	-

Source: World Bank Doing Business Report 2010

Labour Market Structure

NO European Mediterreanean

- Continuous political instability following the January 2011 revolution
- **Rigidity of labour regulations and the low qualification pattern of the labour force**
- High degree of segmentation in labour markets in main SMCs.
- The "labour mobility between economic sectors has been limited.
- The segmentation, and the low labour participation rates: The coexistence of high job creation rates over several years with high unemployment rates
- ***the role of the government and public sector, as compared to the private sector, in providing employment opportunities***
- Together, the government and public sector provide more than one-quarter of total jobs with about, 26.7%, 38.1%, in Egypt and Jordan respectively

European Mediterreanean

- Rigid regulation and the general low demand of young workers by enterprises

- Duality in the labor market:
  - "insiders", workers with permanent jobs and high level of social protection.
  - "entrants", usually young people, with temporary contracts and with low level of social protection.

- In Europe, an increasing number of young entrants are forced to accept temporary works by the lack of other opportunities.

- In 2015, around 40.8% of young workers were occupied with a part-time contract in all Europe. this percentage reached 26,4% in Greece, 29,6% in Italy, 38,2% in Spain and 22,9% in Portugal

Labour Market Structure: Comparative analysis

NO European Mediterreanean

- **Demographic Transition**
- **Labour Market Rigidities**
- **Large Public Sectors**
- **a high degree of segmentation in labour mark:five different wage-formation**
- **Skill Mismatches**

European Mediterreanean

- **Demographic Transition**
- **Labour Market Rigidities**
- **Duality in the labor market:**
- **Skill Mismatches**

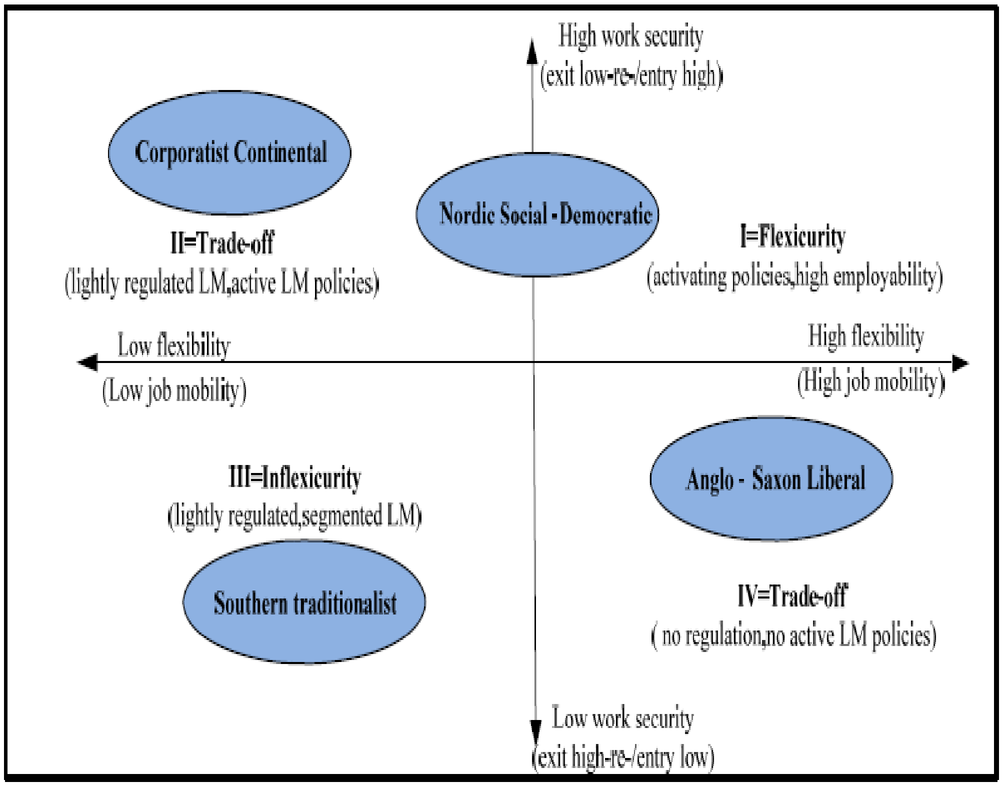
How to contain labour market rigidities and frictions?

- **Improving the flexibility of the labour market**
- **Improving the business climate**
- **Improving public-sector hiring practices**
- **Reducing the size of public sector**
- **Support Private-Sector Activity**
- **Reinforce Promising Training Programmes**

Flexicurity model: a solution?

- **Recent European labour markets experiences with so-called flexicurity schemes, providing at the same time more flexibility of the labour markets and more security (extensive social protection systems).**

The main flexicurity models



Source: Muffels and Luijkx, 2004.

***The Mediterranean model* (inflexicuritate):**

- ❑ Low flexibility, low security (Southern Europe)

Type of economic growth, with a segmented labor market with limited access, relatively low mobility of labor and well represented informal sector : a lose-lose situation

Major issues in youth labor market

- **Skills mismatches**
- Higher unemployment rate for people with tertiary education than for those with primary one.
- The unemployment rate for youngsters with tertiary education exceeds the one for same aged with secondary education.
- In the southern European countries, young people tend to be mostly under educated for their jobs: Young entrants in the labor market are usually less prepared than what they are supposed to be.
- **New generations suffer much more over-education than older ones**

Skill Mismatches and labour market frictions

Skills Mismatch: Definitions and measures

- Skills mismatch refers to various types of imbalances between skills offered and skills required in the labour market .
- Types of skill mismatch

Skill shortage (surplus)	Demand (supply) for a particular type of skill exceeds the supply (demand) of people with that skill
Skill gap	Type or level of skills is different from that required to adequately perform the job
Vertical mismatch	The level of education or qualification is less or more than required
Horizontal mismatch	The type/field of education or skills is inappropriate for the job
Overeducation (undereducation)	Workers have more (less) years of education than the job requires
Overqualification (underqualification)	Workers hold a higher (lower) qualification than the job requires
Skills obsolescence	Skills previously used in a job are no longer required and/or skills have deteriorated over time

Source: ILO (2013).

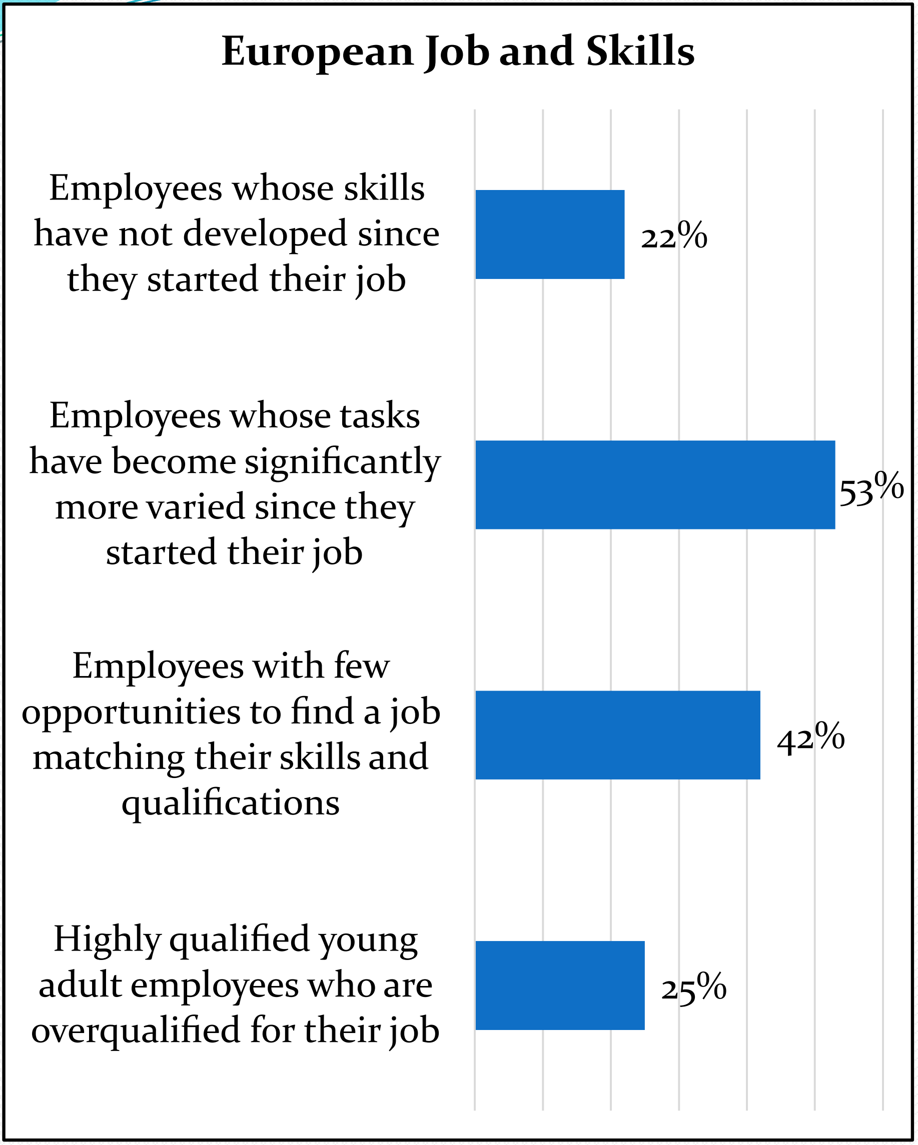
Measurement of overeducation

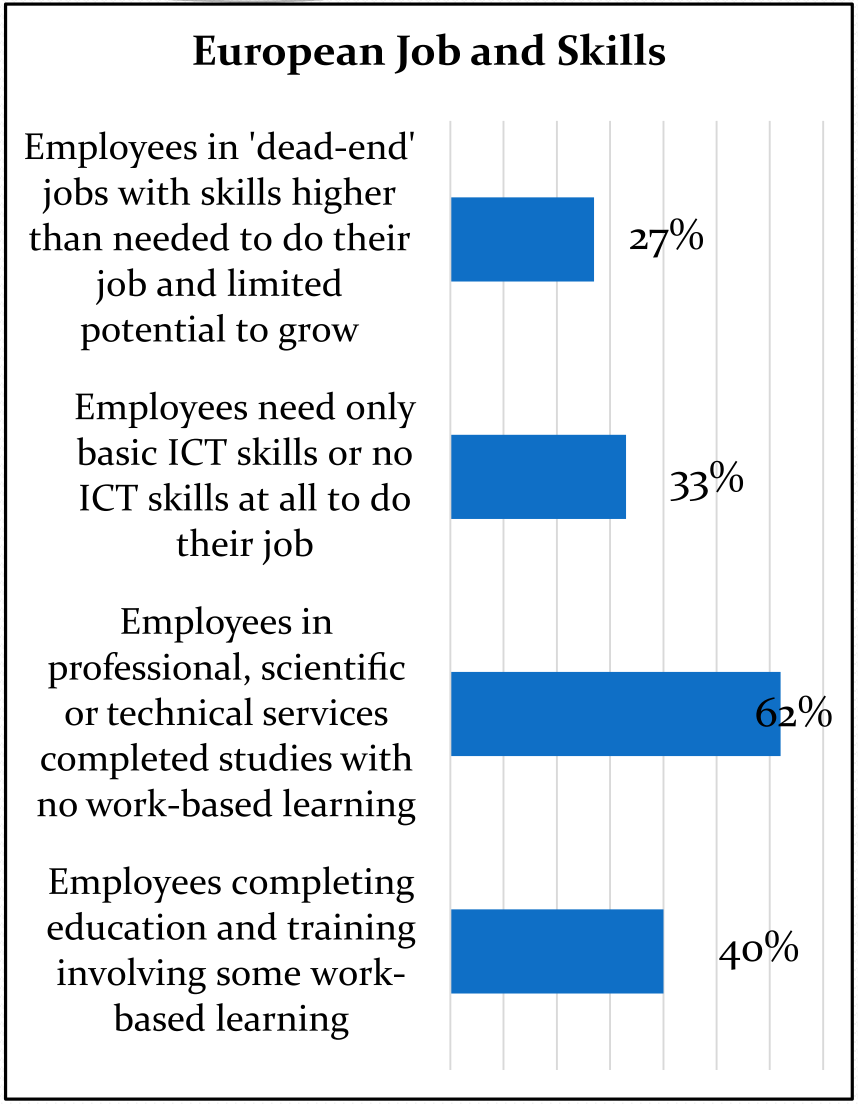
Source: ILO elaboration; Hartog (2000); Quintini (2011).

- **Normative:** Use a pre-determined mapping between the job and the required education level
- **Statistical :** **The overeducated are those with education level higher by some ad-hoc value than the mean or mode of the sample within a given occupation b**
- **Self assessment :** **The respondents are asked about their perceptions of the extent their education or skills are used in their job**
- **Income-ratio:** Overeducation is a continuous variable measured by comparing actual and potential income d

Questions

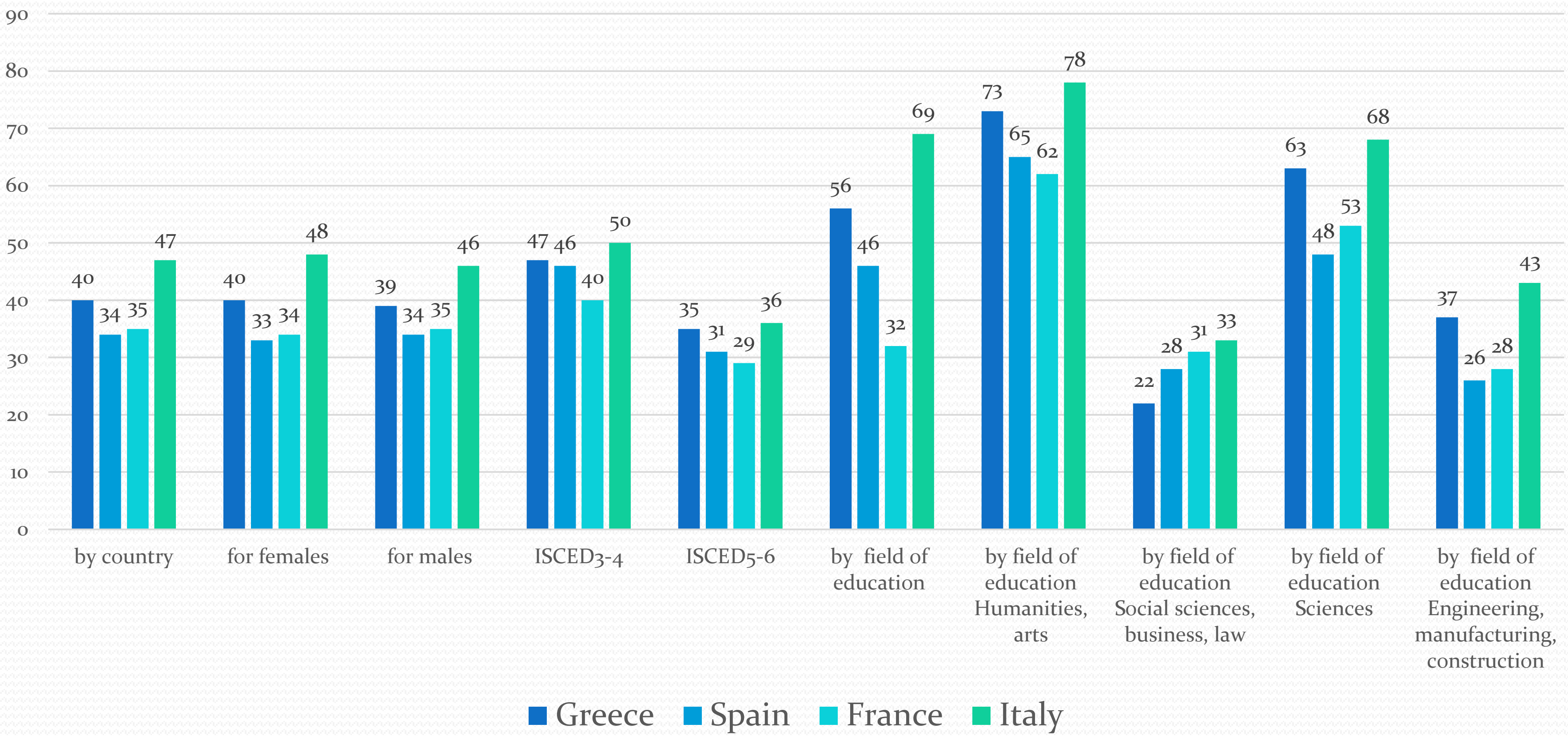
- Which occupational groups (sex, education level,…) are most affected by skills mismatch?
- Mismatch is likely to be temporal or structural?
- Which type of skills mismatch – overeducation and undereducation ?





Source Cedephop (2017)

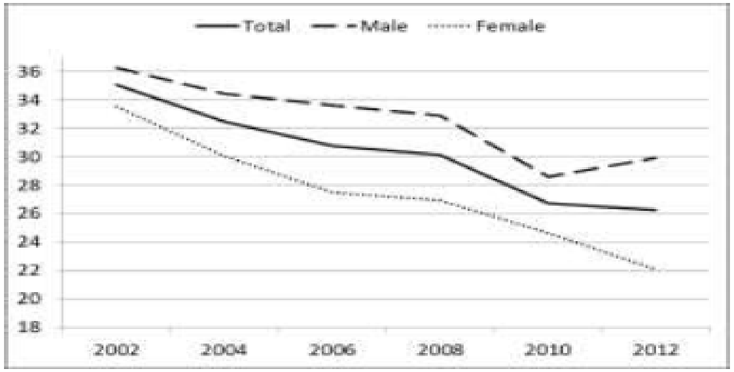
Incidence of job mismatches



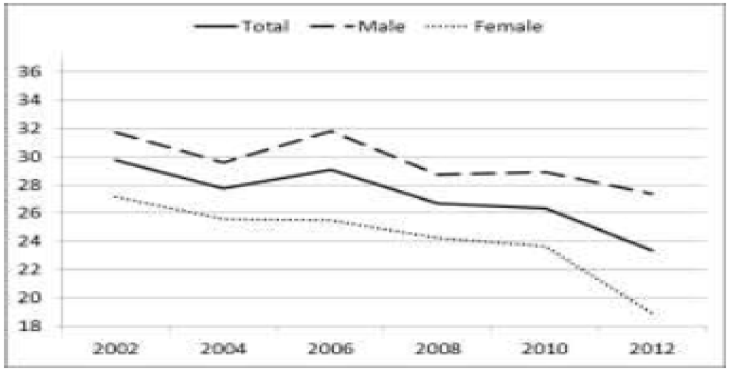
Source: Eurostat 2000

Average incidence of overeducation by sex (mean-based method, %)

a. All workers

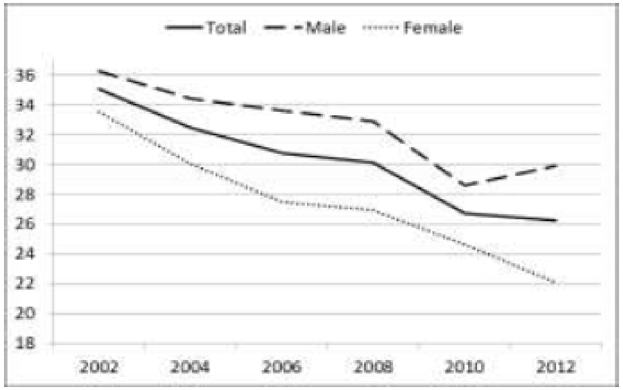


b. Age group 15-29

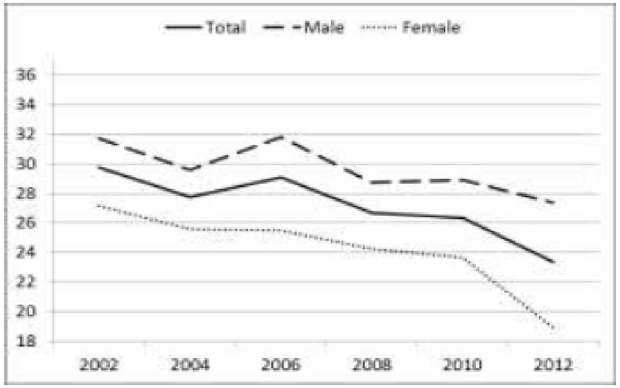


Average incidence of undereducation by sex (ISCO-based method, %)

a. All workers

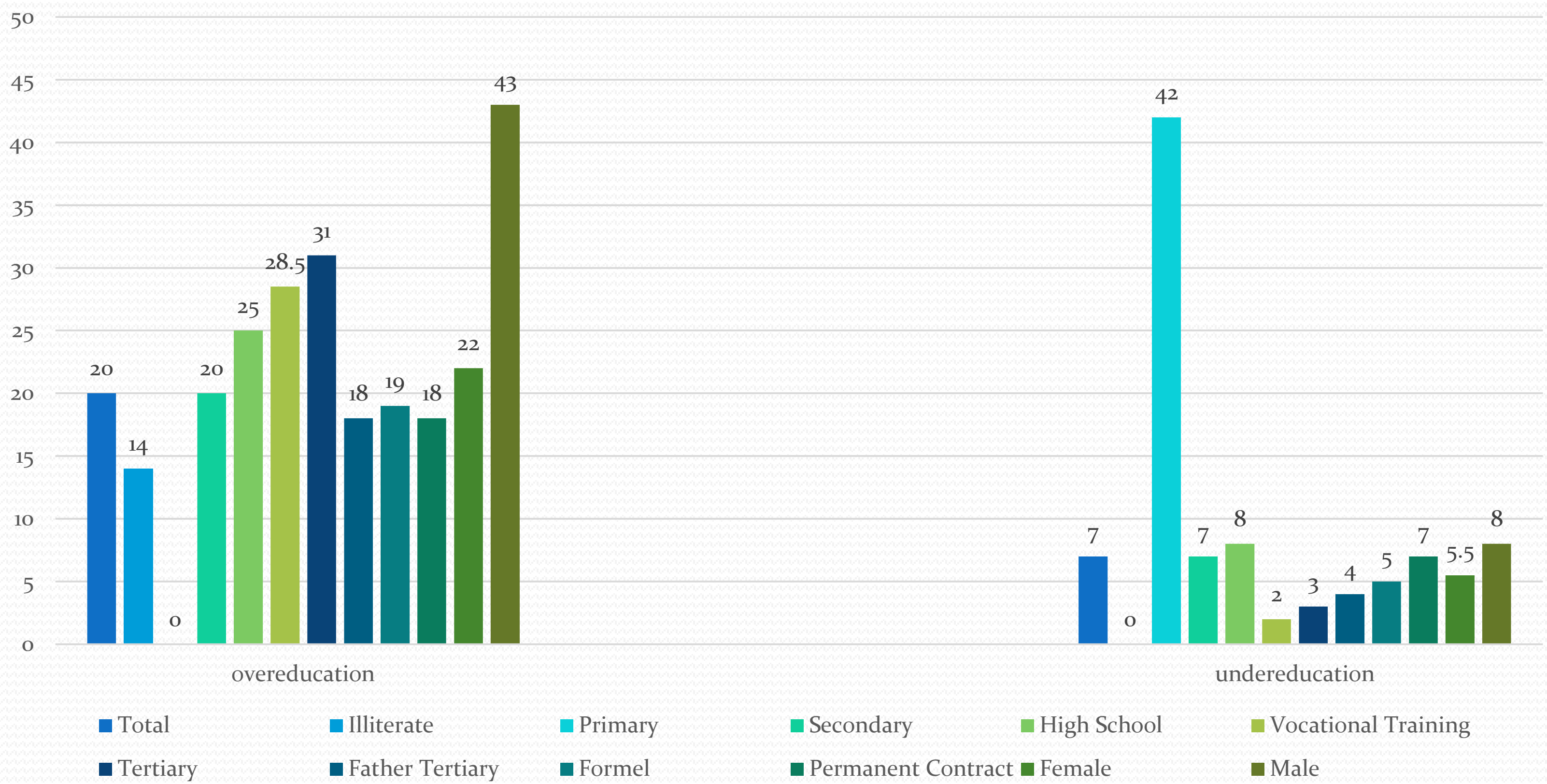


b. Age group 15-29



Source: ILO calculations based on the European Social Survey (Norwegian Social Science Data Services, 2002; 2004; 2006; 2008; 2010; 2012).
Note: The figures show unweighted averages based on data from the following countries: Belgium, Denmark, Finland, Germany, Hungary, the Netherlands, Norway, Poland, Slovenia, Spain, Sweden and theUnited Kingdom.

Skill Mismatches : Tunisia (2013)



Source: Source: ETVA-Tunisia 2013, Calculated by author

Skill mismatches caractheristics

No European Mediterreanean

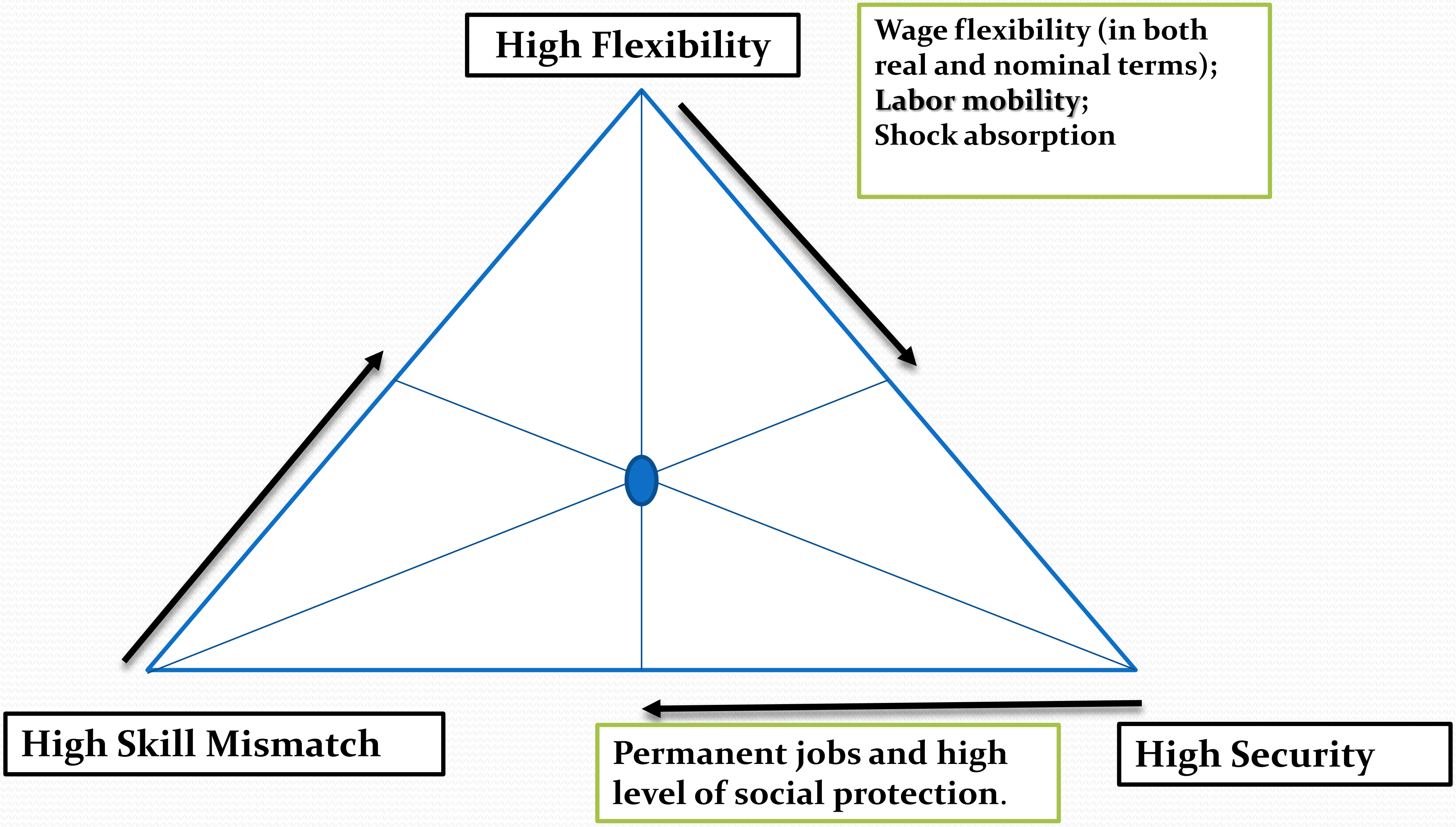
- Mismatch is more likely among those with higher levels of educational attainment
- The incidence of overeducation is consistently higher for men

European Mediterreanean

- Significant cross-country differences in skill mismatch
- Mismatch is more likely among those with higher levels of educational attainment,
- Mismatch is consistently higher for social sciences and humanities graduates
- The incidence of overeducation is no persistent and is consistently higher for women

- Heterogenous of the labour market structure in European Mediterreanean countries

Incompatibility triangle



- In the context of skill mismatch the flexicurity policy would be difficult to implement and inefficient.
- it is difficult to ensure permanent Job and wage flexibility
- . Under the guise of "flexibility," workers are being trapped into accepting lower standards of employment.
- They will be subject to two restrictions: being in overeducation situation with a wage penality and the nature and value of the contract offered by the employee

Conclusion

- Youth unemployment is significantly high (European & no European Mediterranean countries)
- Lower quality of job opportunities for young job-seekers:
  - low wages, (European & no European Mediterranean countries))
  - low social protection, (Spain, Greece, Italy, no European & Mediterranean countries)
  - overusing of temporary contracts, (Spain, Greece, Italy, no European & Mediterranean countries)
  - high informality rate, (Spain, Greece, Italy, no European & Mediterranean countries)
- Increase in the level of overskilled/overeducation youth

Continue

- Skill mismatch could amplify youth unemployment
- Labour market flexicurity constitutes a pratical solution to youth unemployment problem but only if the skill mismatch is marginal

The economics of the Syrian crisis in neighboring countries

The case of Lebanon

Anda DAVID, Mohamed Ali MAROUANI, Charbel NAHAS,
Björn NILSSON

EMNES-MEDAM Workshop
Bruxelles, 8 April 2017

Motivation

- **Syrian crisis in Lebanon: Lower Exports + Massive influx of refugees, concentrated in the poorest regions**
- **Focus on the humanitarian aspects of refugees (Betts and Collier, 2017)**
- **Other consequences: economic, political, social**
  - No economic assessment of the impact on neighboring countries (except labor issues)
  - Lynch and Brand (2017) on political aspects

Motivation

- **In neighboring countries fear that refugees will remain**
    - Provide minimal incentives?
- **State inactivity: pressure on municipalities and power transmitted to international organizations (Mourad, 2017)**
- **Preventing refugees from participating fully in the economy is inefficient.**

Motivation

- Economic and social issues: jobs, income, social services, infrastructure
- Impact of the nature of foreign support (consumption VS investment)
- Our paper: general equilibrium perspective: impact on the economy, jobs, income (Lebanese and Syrians) and emigration

Microeconomic Literature

- **The case of Miami and the Mariel Boatlift (Card, 1990)**
  → the arrival of Cuban refugees had no impact on unemployment and wages in Miami

- **Borjas (2015) has different findings, but Clemens & Hunt (2017) highlight the flaw in his analysis**

- **Negative impacts on native's employment outcomes**
  - **Using the case of the 1962 repatriates from Algeria (Hunt, 1992)**
  - **and the mass arrival of German expellees (Braun and Mahmoud, 2011)**

Literature on the current Syrian refugees crisis

- **Del Carpio and Wagner (2015)**
  - Negative developments for some Turkish workers *(informal sector, agricultural sector, low-educated and female workers)*
  - and positive for others *(high-skilled, formal sector)*

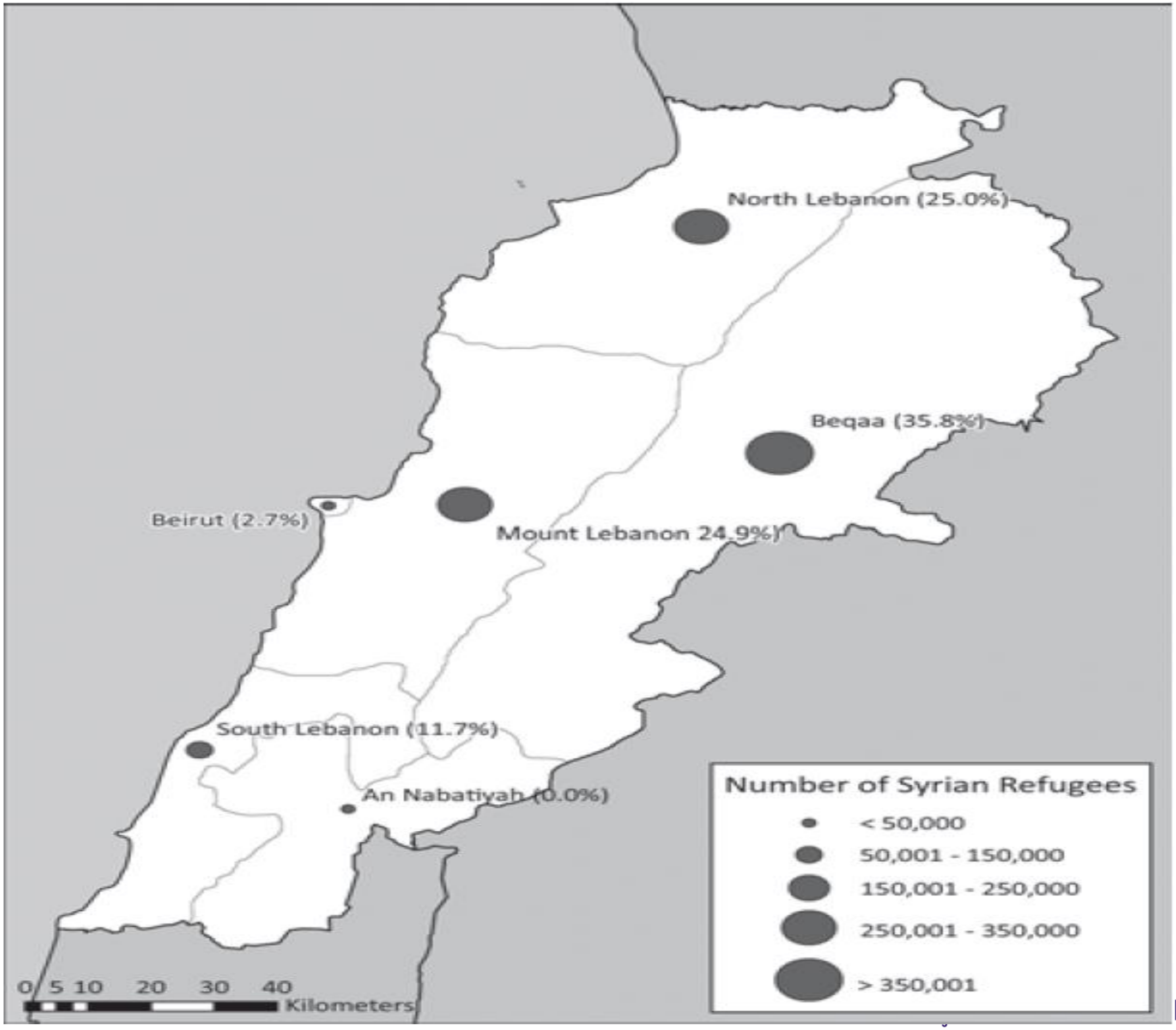
  → Change in the composition of employment

- **Fakih and Ibrahim (2016): no impact on employment rates, unemployment rates and labor market participation in Jordan.**

Lebanon context

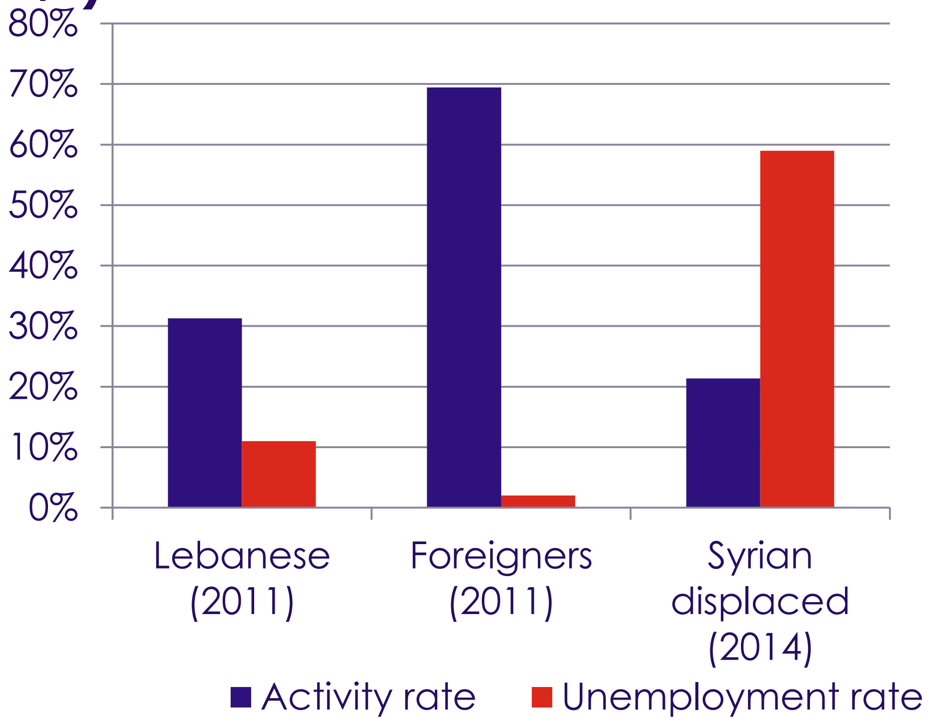
- **High growth between 2007 and 2010 (capital inflows)**
- **High deficit in the current account (25% of GDP)**
  →strong need for external financing
- **Capital inflows: depend on oil prices and current security and political environment in the region**
- **Strong deterioration of the internal political situation since 2011 and Syrian crisis**
  → average annual increase of GDP capped at 2%

Syrian crisis



Syrian crisis

- 1,200,000 refugees were estimated to have been living in Lebanon in 2015
- Refugees represent 30% of the population (Turkey - 3.3%)

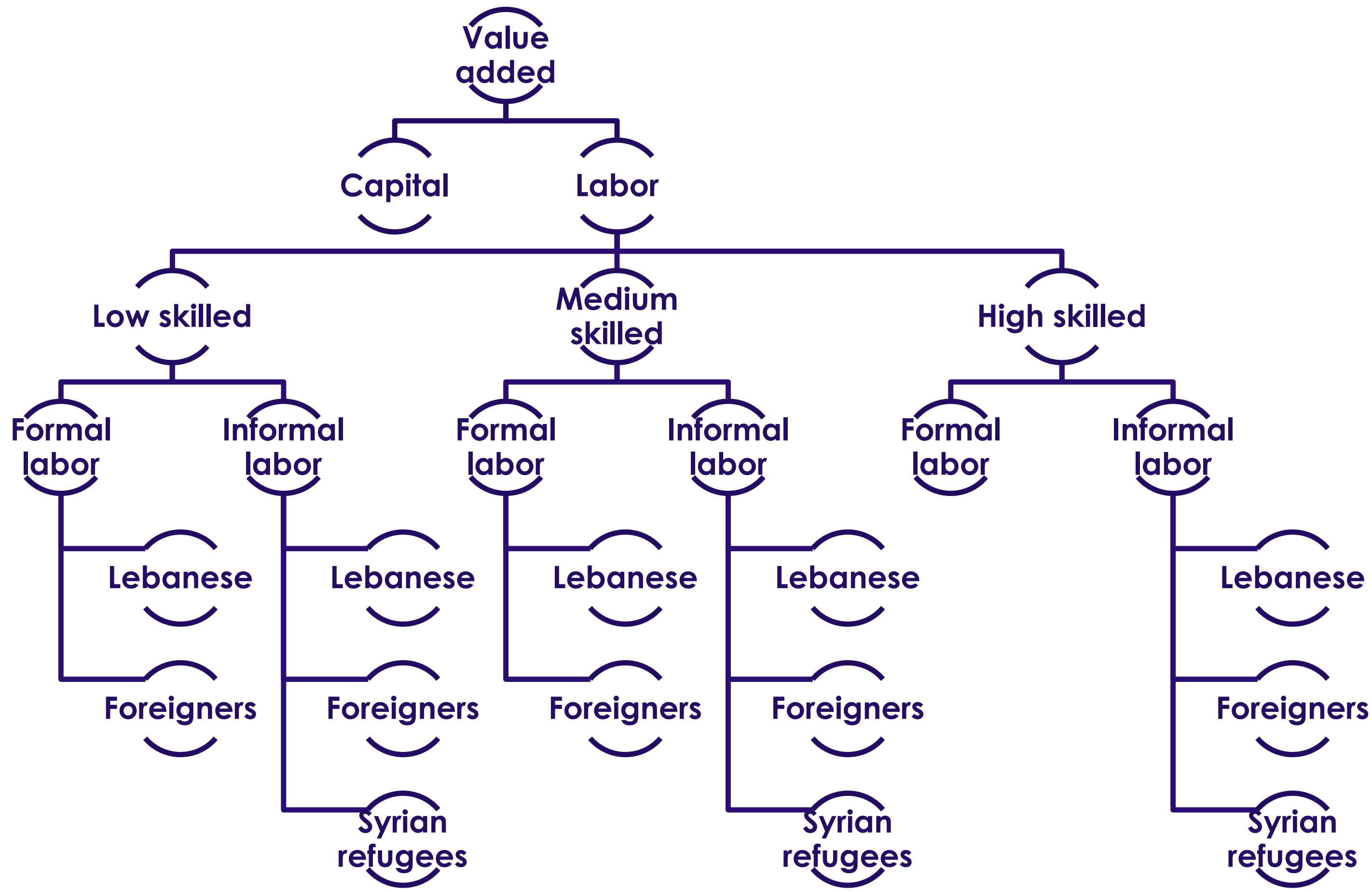


Model

- **Multi-sector, dynamic recursive CGE model**
- **Nine sectors**
- **Detailed description of the labor market:**
  - Distinguishing formal and informal jobs
  - Workers of three skill levels
  - Three origins
  - Emigration of Lebanese

Model - Production structure

- Nested production function



The database

- **A database on refugees based on different United Nations sources (UNHCR, UNDP, UNICEF and WFP)**
  - Population, labor force and employment characteristics (including by education level)
  - Income and Transfers from the different UN agencies
  - Consumption per product (reclassified in the Lebanese national account categories)

- **A database for the labor-migration focused CGE Model**
  - Social Accounting Matrix for Lebanon
  - A Labor force survey

Model - closures and dynamics

- Sectoral capital accumulation
- Debt ratios evolve according to the net deficits of Government and foreign savings
- Savings-driven macro closure: exogenous households' marginal propensity
- Government closure: government expenditures are fixed as a constant share of GDP and tax rates
- External balance closure: the exchange rate is fixed
- Labor market closure: through the wage curve

Simulations

- **Impact simulation**
  - The consequences of the Syrian conflict between 2011 and 2015
  - Compared with a counterfactual reference scenario, where no conflict existed

- **Various scenarios**
  - Aid vs. investment
  - Structural change?

Impact simulation

- **Lower exports**
  - The consequences of sharing borders with a country in full scale civil war
  - A decrease by 20% of Lebanese exports, including tourism

- **Displaced**
  - Capturing the massive influx of refugees
  - We add refugees to labor supply in Lebanon (all to the informal sector)

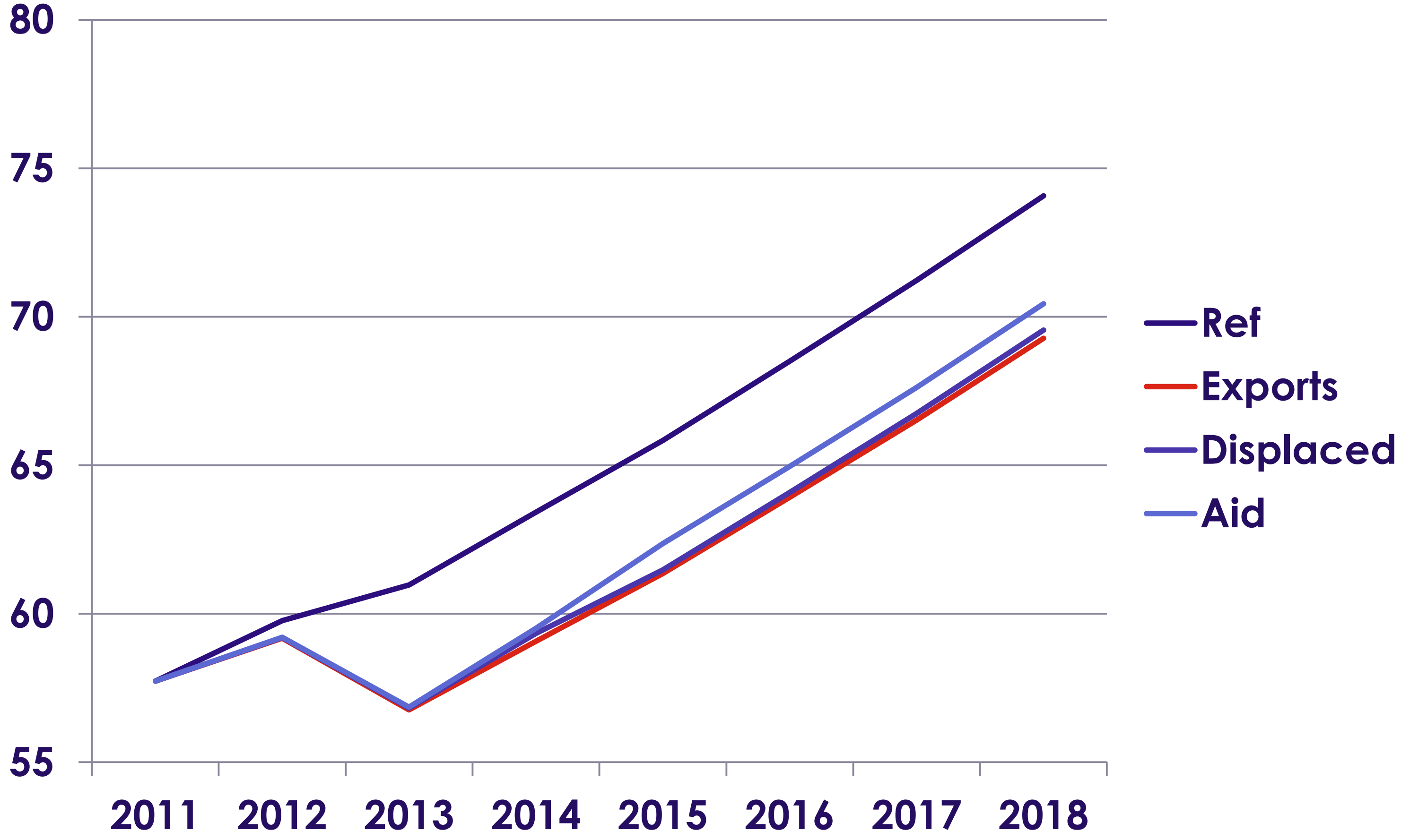
- **Humanitarian aid**
  - Humanitarian aid added as a flow from the ROW to Lebanon

Humanitarian aid vs. investment

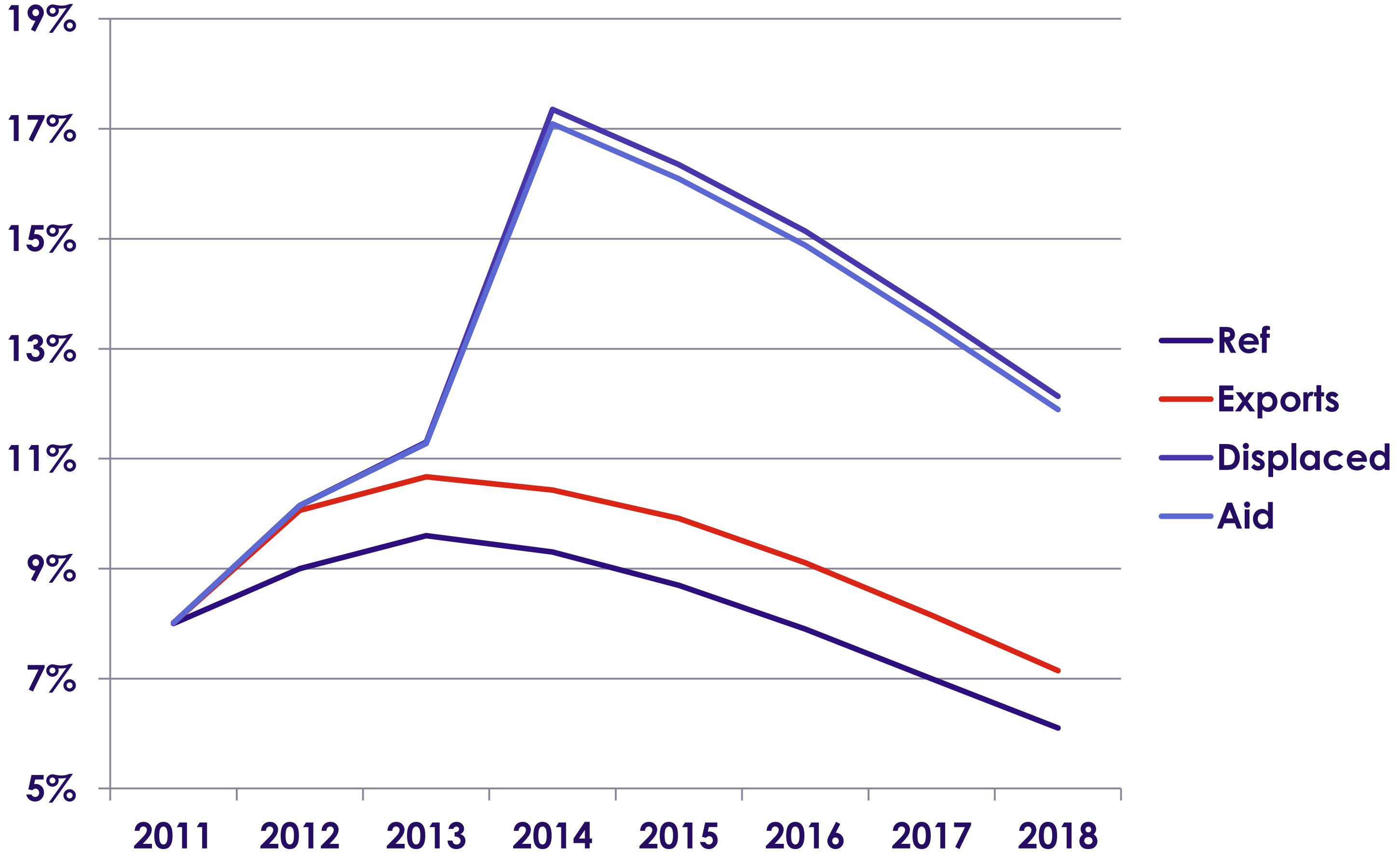
- **Humanitarian aid scenario:**
  - Increase in humanitarian aid by 1 billion dollars annually
  - Directed at refugees consumption

- **Investment scenario**
  - Increase in aid by 1 billion dollars annually
  - Directed at investment

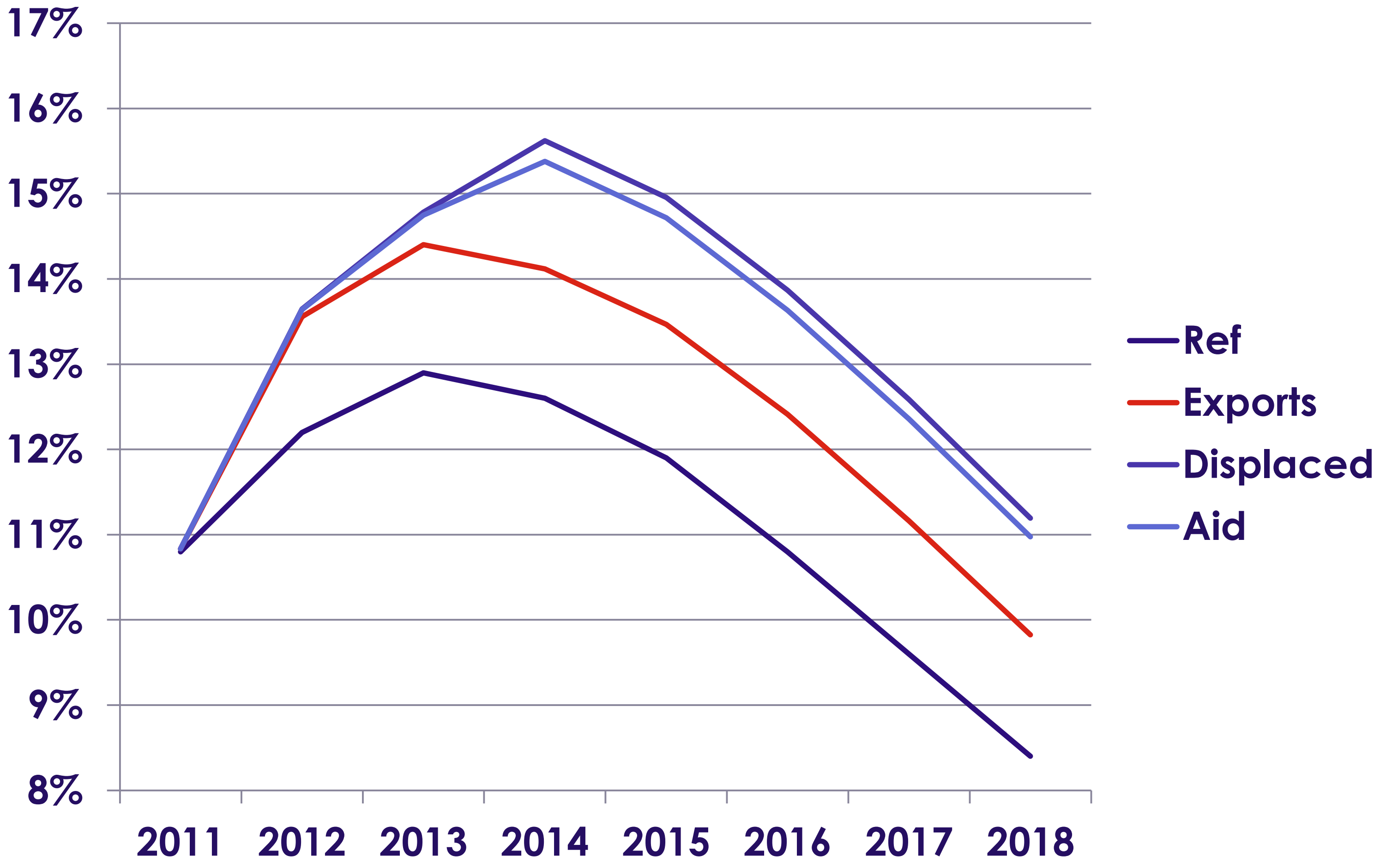
GDP evolution



Total unemployment

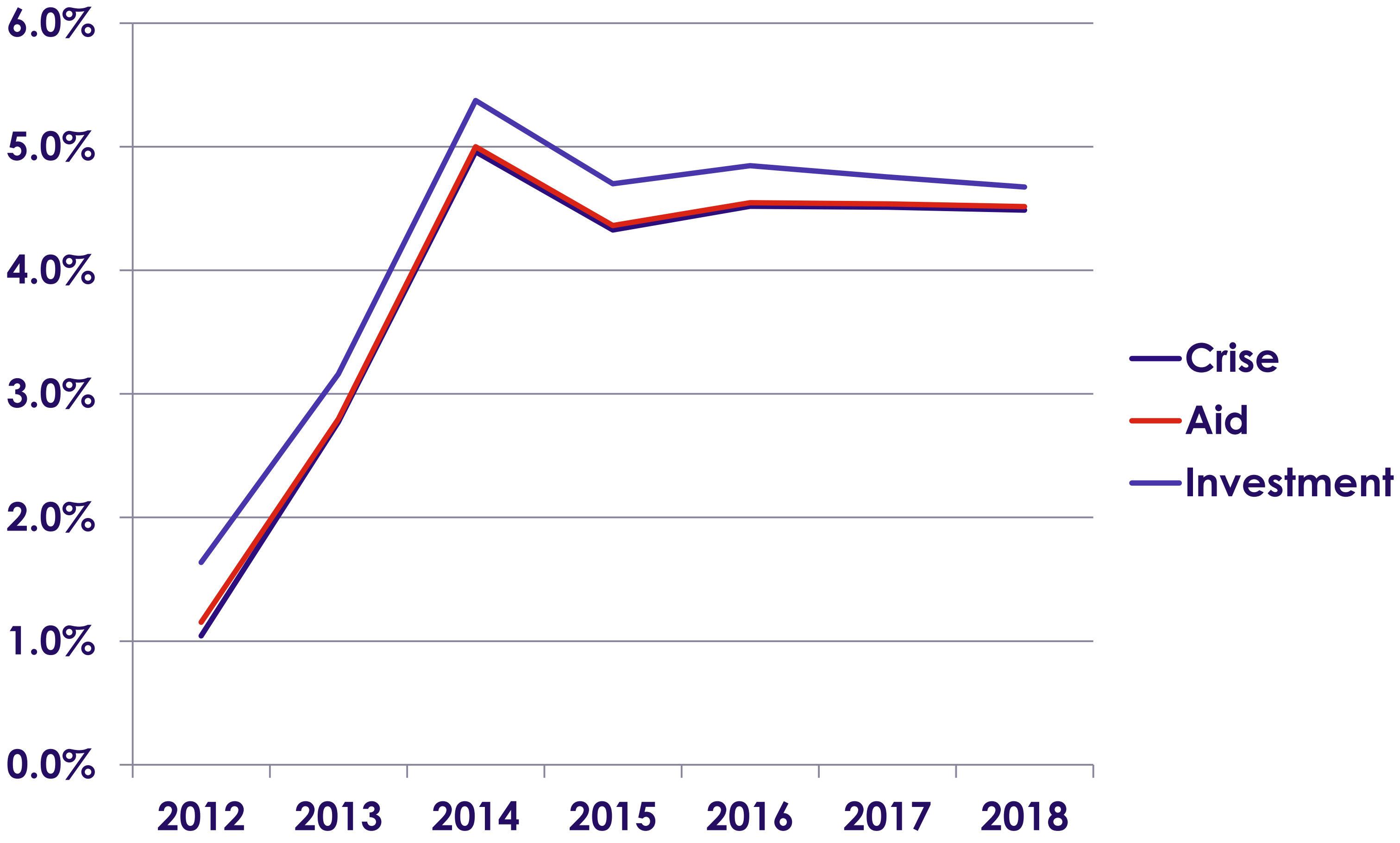


Lebanese unemployment

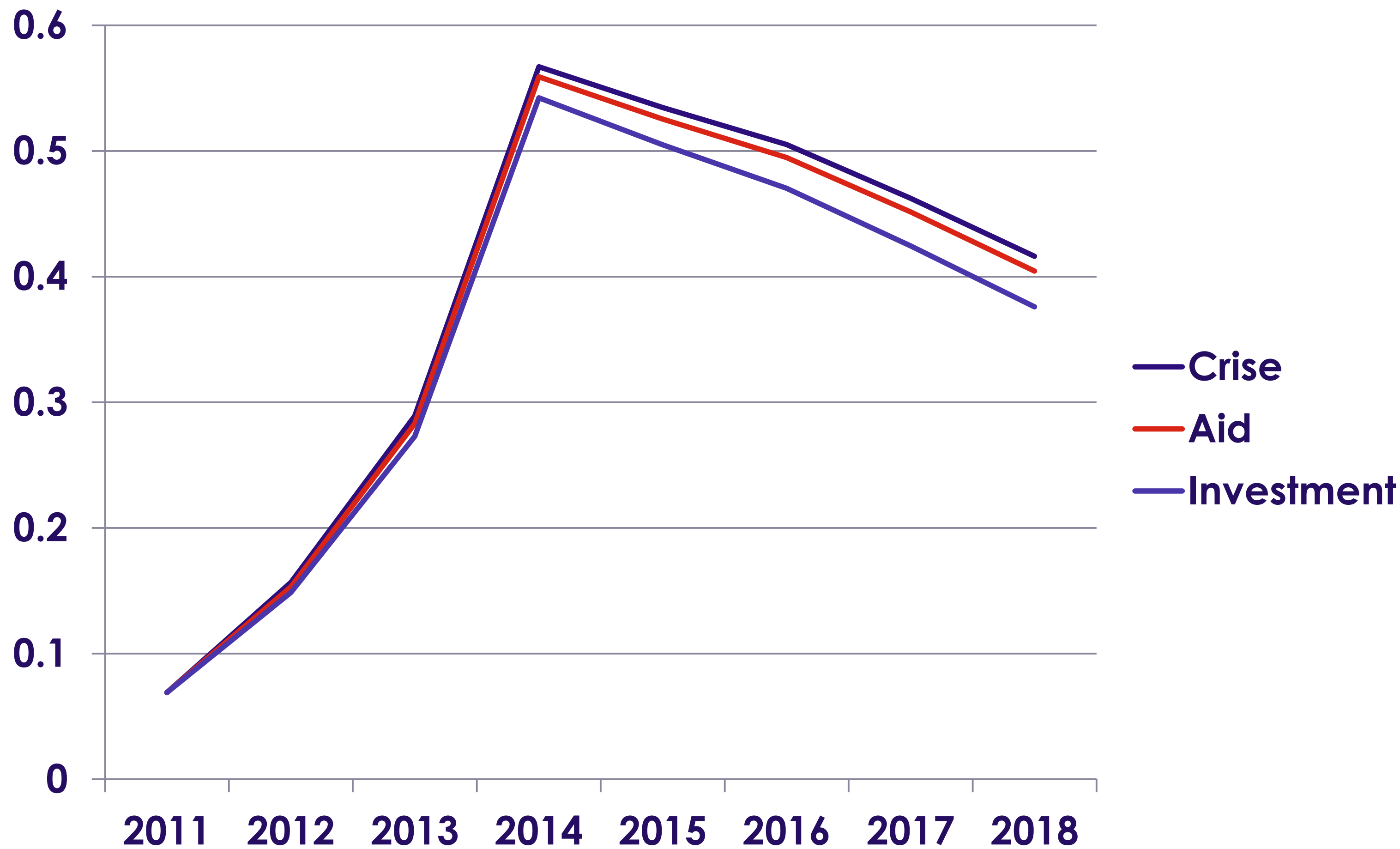


GDP growth rate

Aid vs. investment



Syrian refugees' unemployment



Production by sector

	2014	2015	2016	2017	2018
Agriculture	-2,2%	-2,7%	-2,9%	-3,0%	-3,1%
Industry	0,3%	0,2%	0,2%	0,2%	0,2%
Energy	-1,6%	-1,8%	-1,8%	-1,9%	-1,9%
Construction	0,3%	0,3%	0,3%	0,3%	0,4%
Trade	-0,5%	-0,6%	-0,7%	-0,7%	-0,7%
Transport	-0,5%	-0,5%	-0,4%	-0,4%	-0,3%
Health	1,4%	1,6%	1,8%	1,9%	2,0%
Services	0,4%	0,6%	0,7%	0,8%	0,8%
Administration	0,4%	0,5%	0,4%	0,4%	0,4%

Next Steps

- **Access to formal labor markets and Capital**
- **Infrastructure and Social Services**
- **Regional and Poverty Aspects**
- **Preparing the future**
    - Economic Links between Syria and its neighbors
    - Skill Potential in the country

THANK YOU!

Making refugees work? The politics of labour market integration for Syrian refugees in Jordan

Katharina Lenner & Lewis Turner
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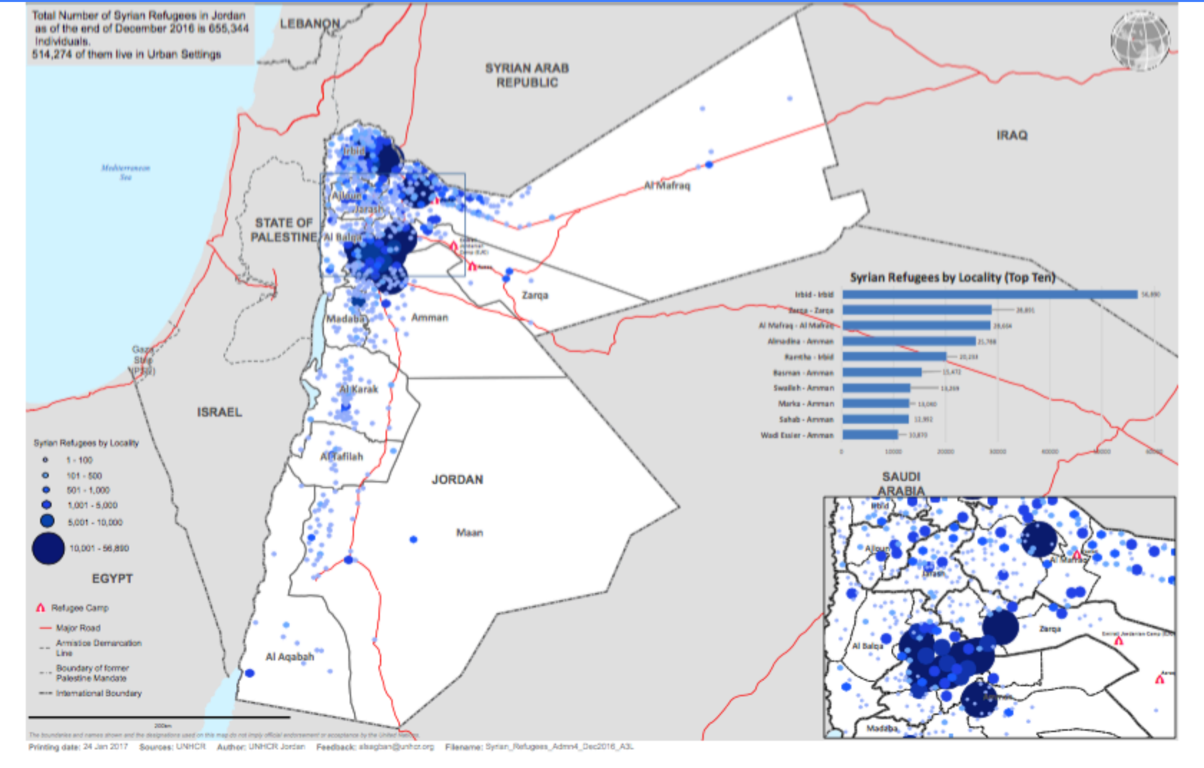
Structure

- Syrian Refugees in Jordan
- Jordan’s Changing Refugee Livelihood Policies
- Argument of this Paper
    - Changing the Rules of Origin: Special Economic Zones Revisited
    - Substituting the Workforce in the Garments Sector (former QIZs)
    - Formalising the Informal
- Limits of the Compromise
- Conclusions

Syrian Refugees in Jordan



659,828 registered Syrian refugees (May 2017)

Plus:
ca. 2.1 m Palestinians
60,000 Iraqi refugees
5,000 Yemeni refugees
3,000 Sudanese refugees
(source: UNHCR & UNRWA)

Total population: ca. 9.5 million (source: 2015 census)

Jordan’s Changing Refugee Livelihoods Policies

- 2011-2015: Refugee employment / vocational training largely taboo; focus on humanitarian care and assistance
- Feb 2016 Jordan Compact: **‘Turning the Syrian crisis into a development opportunity’** (= benefits for Syrians & for Jordan overall)
- Goal: work permits for up to 200,000 Syrian refugees by 2021 (50,000 in 2016)
- May. 2017: c. 50,000 work permits issued since Jan. 2016
- But…only c. 40,000 currently valid.

Argument of this paper

Commitment of many stakeholders (= ‘policy success’) but implementation and effects of policy complex & equivocal

Frictions due to:

- shortcomings of zonal development model
- nationally segmented labour market
- relevance of informalised labour & political creation of informality

→ disrupt radical blueprints of transformation but provide opportunities for other actors to (re-)enter the fray

Changing the Rules of Origin: Special Economic Zones Revisited

- Idea: spatially confined labour market integration of refugees
- Agencies invested: from GoJ, UNHCR, WB, ILO, EU
- changed RoO for EU-Jordan trade agreement (July 2016), apply to:
  - 18 Special Economic Zones
  - Individual factories that employ min. 15% (from year 3: 25%) of Syrian refugees
  - Limited number of sectors (mining, leather & garments, plastic & rubber, wood & furniture, chemicals & cosmetics, construction, jewelry, engineering)
- Revival of zonal development model in Jordan, but also of its problems & shortcomings

Changing the Rules of Origin: Special Economic Zones Revisited

- Limitations of EU-Jordan deal (spatially confined, refugee quota by factory, excluded sectors)
- Investments as ‘gift’ or ‘duty’, but many obstacles to profitability
- Different types of zones & murky regulatory environment
- Limited connection to broader economy
- Who works / employs whom, and under what conditions?

Substituting the Workforce in the Garment Sector

- High profile garment sector pilot with aim of employing 2,000 Syrians
- Migrant workers in the garment sector
- Reluctance of employers to employ Syrians in the garment sector
- Reluctance of Syrians to be employed in the garment sector

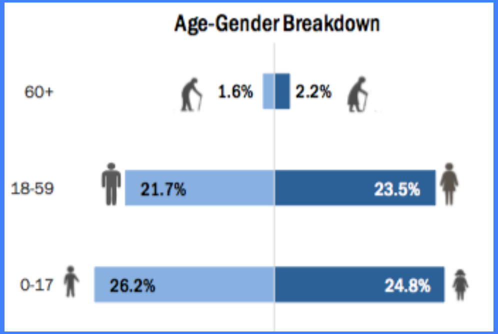
Formalising the Informal

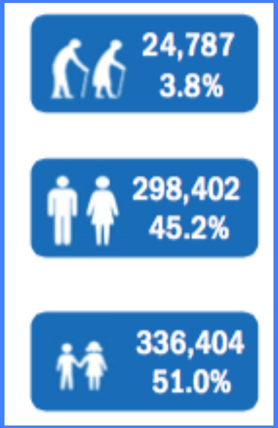
- Informality and migrant labour in Jordan
- Syrians’ informal labour market participation
- Do employers want a formalised labour force?
- Substituting Egyptians for Syrians
- Some progress in sectors such as agriculture
- Syrians’ bearing many of the costs - many pay employers for work permits

Limits of the Compromise

- Are there 200,000 Syrians in Jordan who want work permits?
- Work permits for camp residents?
- Status of ‘closed professions’
- Exclusion of non-Syrian refugees from work opportunities

(Source: UNHCR, May 2017)





Conclusions

Successful mobilisation of stakeholders but implementation problematic & complex

- employment for Syrians **and** Jordanians conflictual
- work for refugees vs **decent** work
- place of Syrians in labour market (--> substitutability)
- limits of donor willingness to make EU-Jordan deal happen
- resistance / obstacles to formalisation

Implications for future of scheme:

one-size-fits-all vs. complexity of each case (history, dynamics & regulation of labour market, stratification of the labour force, broader socio-economic projects)

→ are globalised blueprints part of the problem, rather than part of the solution?

Thank you!

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Researching
Arab Mediterranean Youth:
Towards a New Social Contract

www.sahwa.eu

Sahwa

The marginalised in a context of marginalisation. The limited capacity to accommodate forced migrants

Elena Sánchez-Montijano, Scientific Coordinator SAHWA
Barcelona Centre for International Affairs (CIDOB)

Brussels, 08 June 2017

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Overcoming Youth Exclusion

General exclusion among marginalised people

Some patterns:

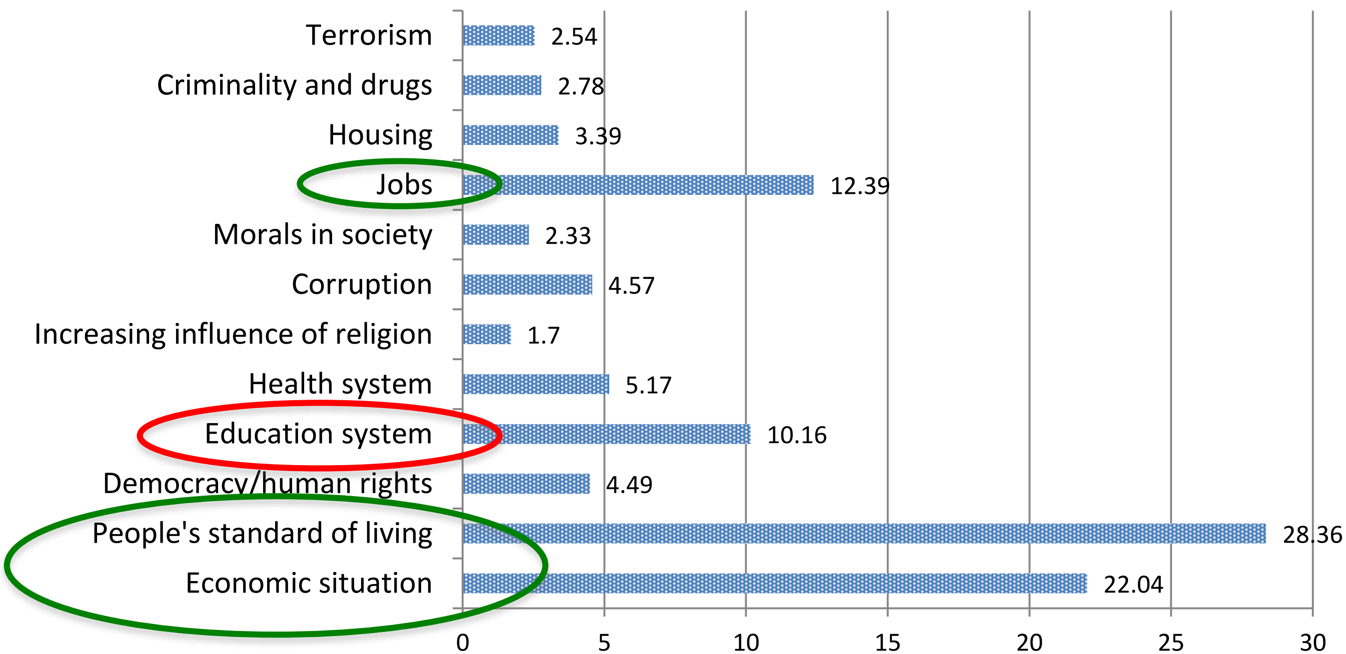
- Feeling of frustration due to multiple-exclusion
    - Not autonomy
    - Differences between groups: gender, urban/rural, socio-economic background

- Young people delay their access to the adulthood:
    - Is excluded
    - Feel excluded

Overcoming Youth Exclusion

The main problems:

Main problems facing the country



Source: SAHWA Youth Survey 2016.

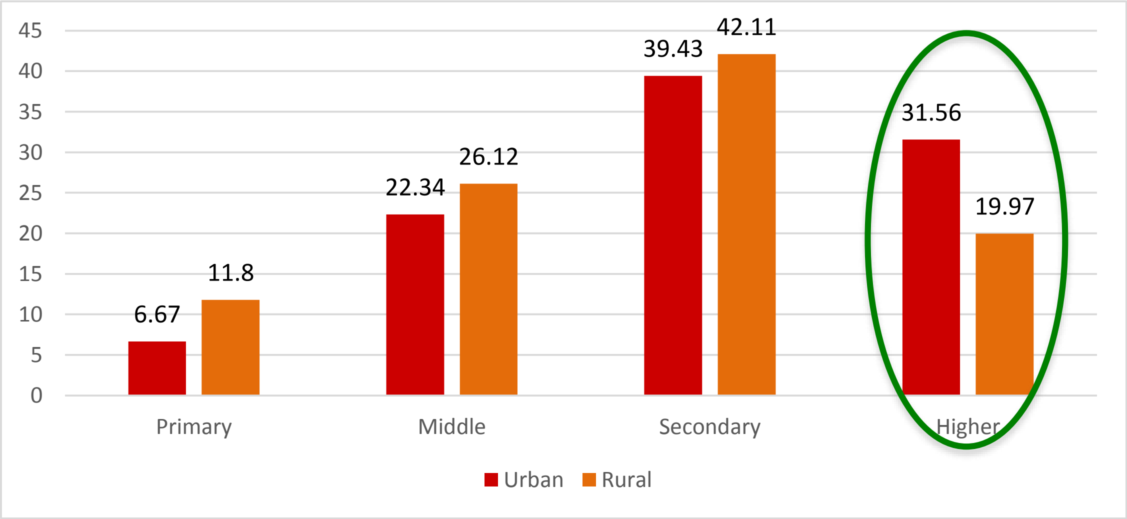
What does mean to be excluded?: in education

Attendance to education institution

By gender	Male	Female
Yes	97,46	93,7
No (Never)	2,54	6,3

By place of residence	Urban	Rural
Yes	98,06	92,82
No (Never)	1,93	7,18

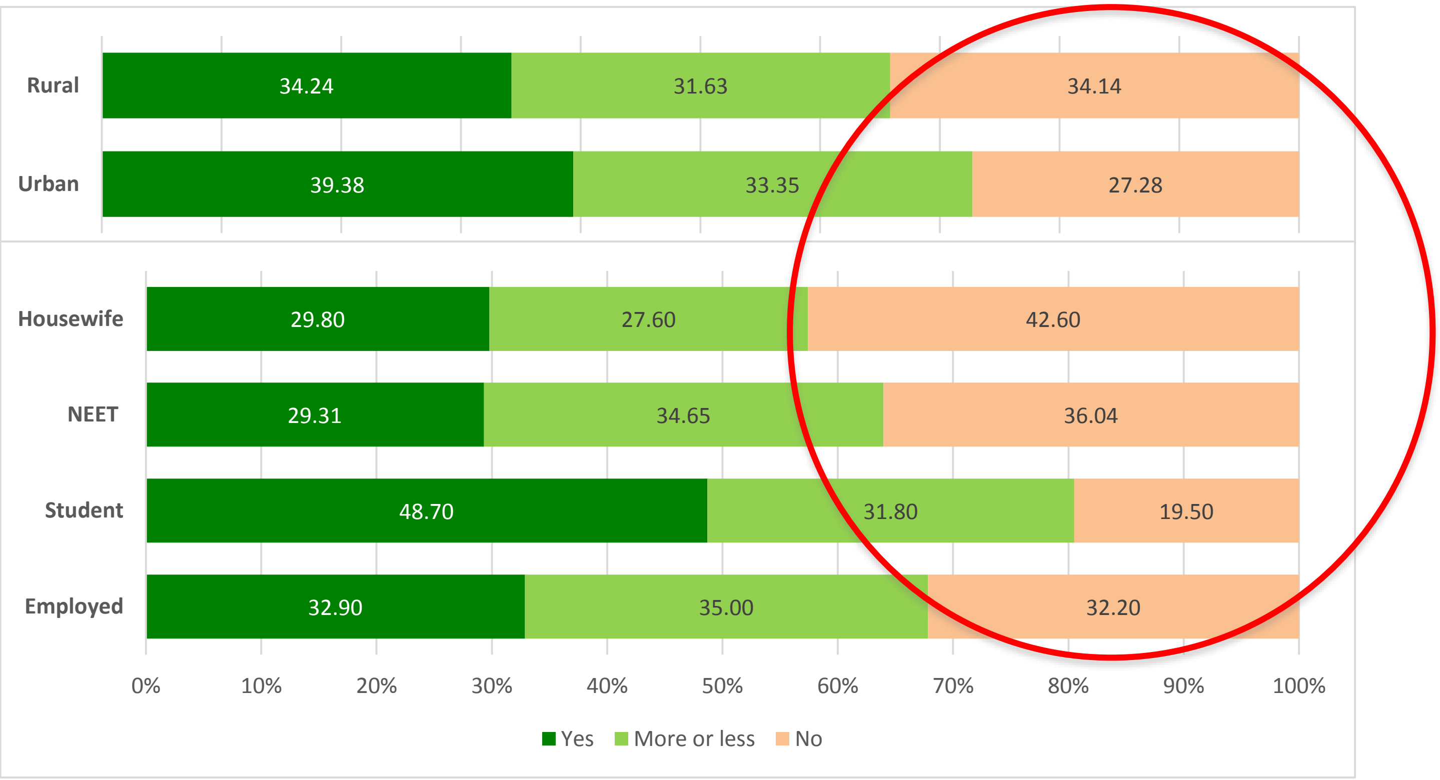
Level of education



What does mean to be excluded?: in education

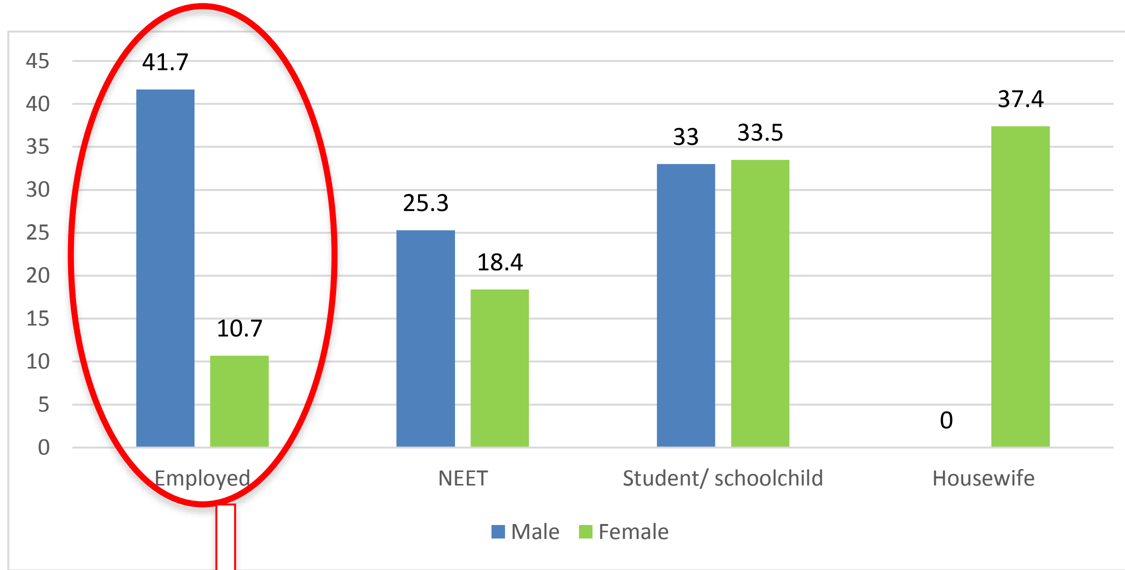
Mismatch labour market/education

Studies prepare for the labour market

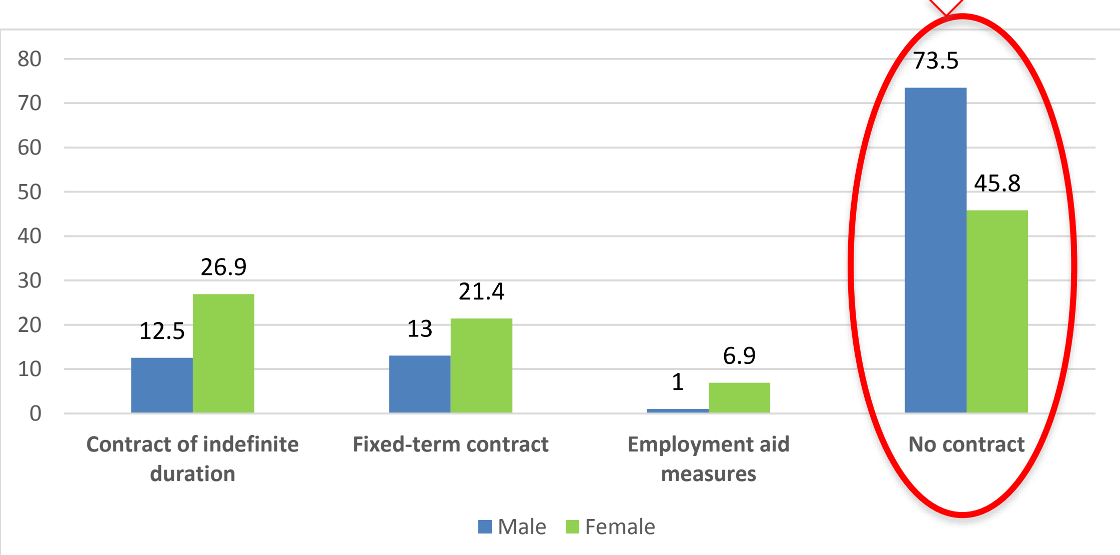


What does mean to be excluded?: from labour market

Personal situation



Type of first contract

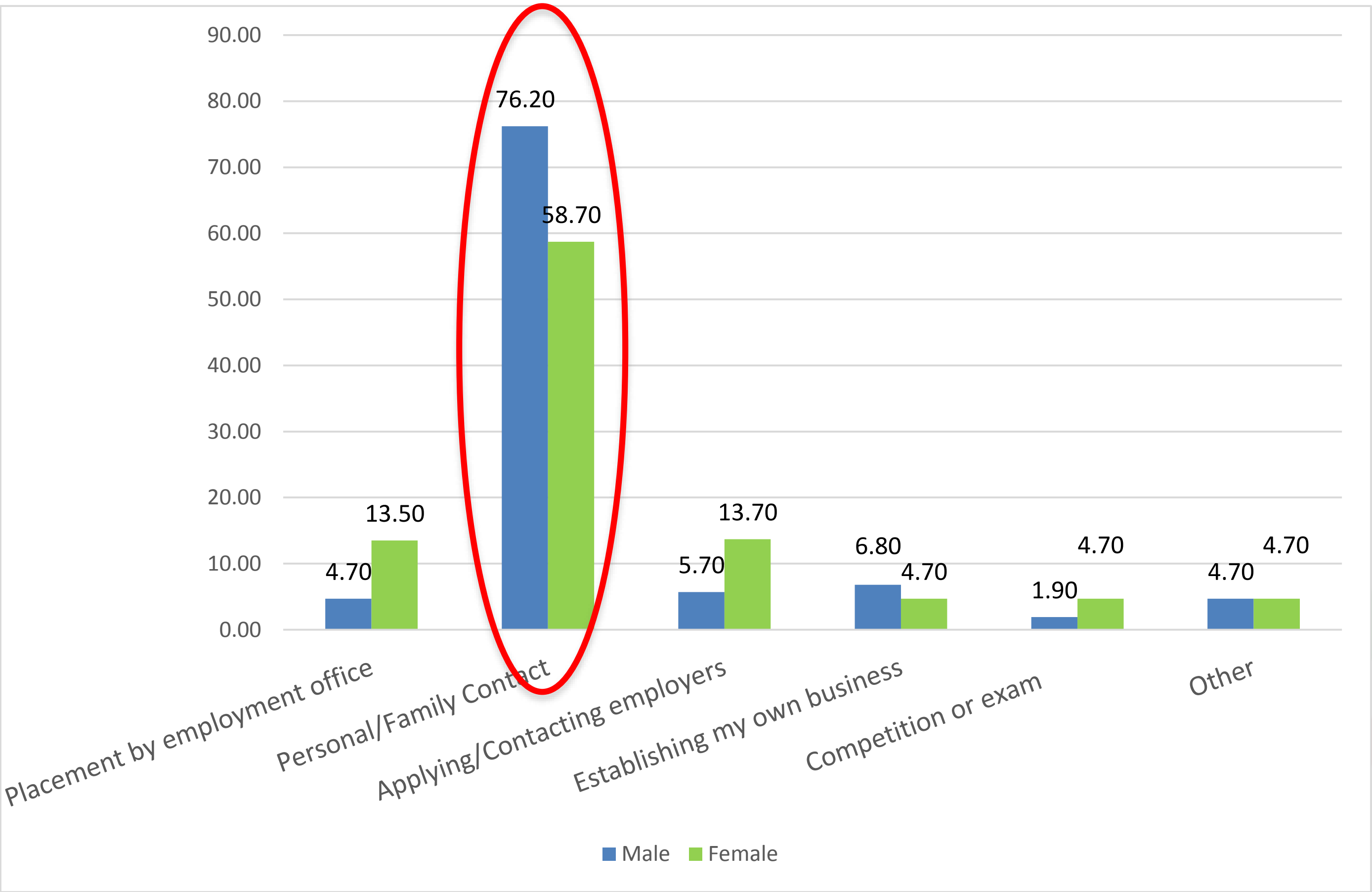


Insured by the social security system

	%
Yes	29,89
No	70,11

What does mean to be excluded?: from labour market

How did you get your current job? (*wasta*)



What does mean to feel excluded?:

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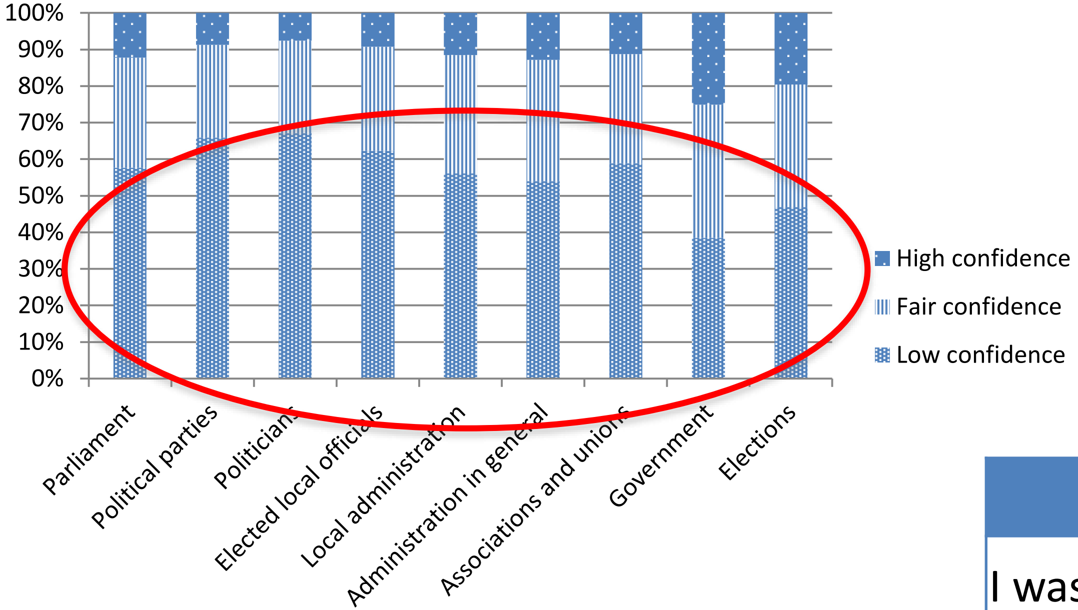
Confidence in political institutions



Vote in the last national elections

	Freq.	%
Yes	2731	34,75
No	5129	65,25

Reasons to not vote

	%
I was abroad	3,91
Not interested	54,58
Voting has no effect	15,31
The elections are neither fair nor transparent	12,07
Other	14,50

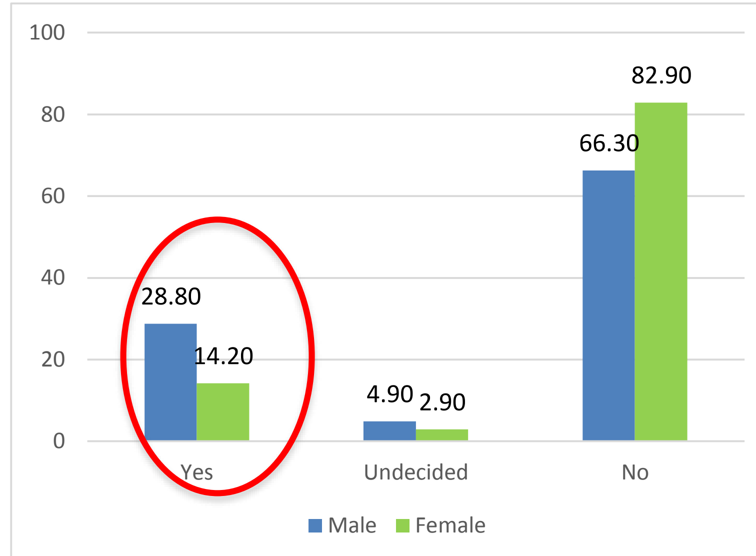
What does mean to feel excluded?:

	YES (sympathiser, participant, donor, voluntary)	**NO**
Cultural association	15,97	84,03
Humanitarian or charity organization	19,26	80,75
Neighbourhood association	15,12	84,87
Women's association	9,26	90,75
Youth club, sport club or scouts	16,27	83,73
Union	10,43	89,58
Political party	5,29	94,71
Political movement	4,16	95,84
Religious associaction	12,22	87,77

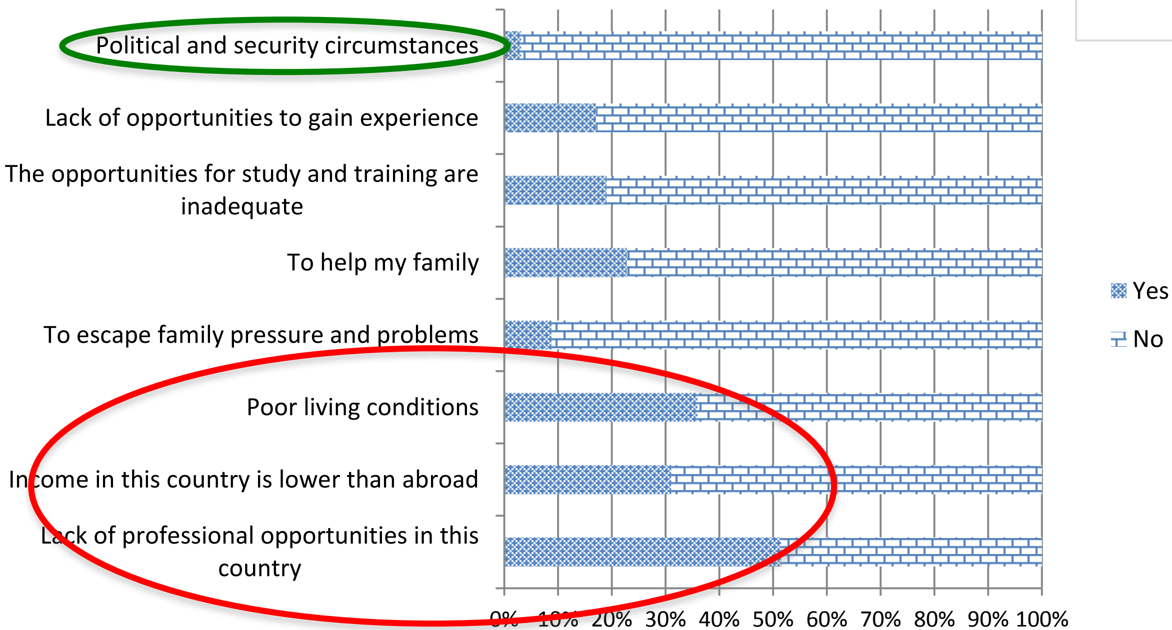
Belong to civil or political groups (as a sympathiser, participant, donor or volunteer)

What does mean to feel excluded?:

Would you like to emigrate?



Mean reasons pushing you to want to emigrate?



Overcoming Youth Exclusion

What we can learn from youth exclusion: re-enforce the social contract

- Shortcuts to be part of the society: adaptation to different levels.

- Focus on their needs and differences: country by country, gender, rural/urban or socio-economic profile (Lebanon or Jordan)

- Special attention to informal economy (70% no contract)

- Institutions with refugees representations

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Thank you for your attention

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الصحوة
Sahwa

Thinking ahead for Europe

EU cooperation with Southern Mediterranean countries on migration: the case of Morocco

Leonhard den Hertog & Marco Stefan

Justice & Home Affairs Section, CEPS

CEPS_thinktank

www.ceps.eu

Migration and Mobility in the EURO-MED Region

An evolving multi-level framework for cooperation

- **Overview** the set of legal and policy instruments progressively established to govern EU relations with the southern Mediterranean Countries of the Maghreb and Mashrek (sub)-regions

- **Understand** how migration and mobility have been incorporated in the so-called “Euro-Mediterranean” system of cooperation

- **Discuss** the extent to which Euro-Med cooperation allowed for the development of common rules and standard in the field of migration management and asylum

Euro-Mediterranean Partnership

- ***A regional process*** aimed at fostering interregional cooperation based in shared values on 3 thematic "baskets"

I. Political

II. Economic

III. Social and cultural (people to people)

- Implemented through a set of ***multi-bilateral Euro-Mediterranean Association Agreements***

Neighbourhood Policy – South

- EU POLICY designed as ***an alternative to EU membership***

I. Promoting EU values and norms abroad (Article 8 TEU) to create a «ring of friends» through substantial «legal and policy exports»

II. Establishing incrementally deep multisectoral relations (everything but membership) through positive and negative conditionality

- Mainly implemented through:

I. Bilateral Action plans

II. Financial assistance to thematic projects (e.g. EUROMED Migration IV)

III. Technical assistance and cross- border cooperation (TAIEX and twinnings)

GAMM: Key features

1. Offering a mix of ‘demands’ and ‘incentives’
2. Shifting understandings of Migration & Development
3. From Home Affairs driven to broader engagement
4. Striving for coherence among policy objectives
5. ‘Global’ – but geographic, thematic priorities, differentiation, bilateral relations
6. Emergency-driven

Mainly implemented through: ***Mobility Partnerships (MPs) -*** Concluded with Morocco, Tunisia, Jordan

The road to the EU-Morocco MP

- Broad developments in the background:
  - Changing European policies towards more selectivity
  - European integration and the Schengen cooperation
- 2000: Commission negotiating mandate for an EURA
- 2003: First round of negotiations
- 2010: Negotiations stalled after 15 rounds
- 2011: Arab Spring – Commission to offer MPs to the 'South'
- 2013: EU-Moroccan MP concluded
- 2016: EURA still unlikely, MP under 'implementation' through several projects

The road to the EU-Morocco MP

- Centrality of EU’s demand for an EURA and the Moroccan opposition
- Clause on third country nationals
- Readmission of Moroccan nationals
- Domestic considerations
- Regional considerations
- Comparison with the ‘East’ and the ‘balanced’ approach

The road to the MP

The MP between EU, 9 member states and Morocco:

- Political commitment to negotiations on EU readmission agreement, visa facilitation agreement, Frontex working arrangement ('not designed to create legal rights or obligations under international law')
- Covering 4 areas, following the Global Approach: 1) regular migration, 2) irregular migration, anti-trafficking and borders, 3) migration and development, 4) international protection
- Annex with projects for 'implementation', some EU funded

The road to the MP

Why an MP?

- EU side: Competence constraints, Commission legitimacy, ambiguity of the commitments and free choice for MS
- Moroccan side: Wider interests with the EU (e.g. DCFTA), 'balanced' approach, pioneer role, ambiguous nature: '*stratégie d'évitement*' (El Qadim 2015)

The Moroccan new migration policy (2013)

- Consists of: regularization campaign, integration strategy, 3 new laws to adopt (migration, asylum, anti-trafficking)
- Official roots: report by CNDH, ‘Hautes Orientations’ of the King
- ‘Upgraded’ Ministry: MCMREAM
- National Strategy on Immigration and Asylum
- Rationale behind: irregular migrants ‘stuck’ in Morocco, foreign policy considerations (EU and Africa), regional ‘pioneer’
- MP Annex used to fund migration policy

Overview of funding for the MP

- Preexisting projects 45/105 projects added to the annex (Tittel-Moser 2016)
- Best funded MP, most ENI funding to Morocco

Topics	New projects	Preexisting projects
Mobility, legal immigration and integration	15	20
Preventing and combatting irregular immigration, people-smuggling, border management	27	11
Migration and development	7	13
International protection	6	0
Horizontal Initiatives	5	1

The Moroccan new migration policy – three years on (2016)

- Only law on anti-trafficking has been adopted, 2003 immigration law not yet replaced, asylum law is pending
- Strong cooperation on border surveillance, continuous increase in irregular crossings on Western Mediterranean Route: +50% since 2013
- No EURA, no visa facilitation agreement
- 25,000 irregular migrants are now regularised
- Asylum determination still done by UNHCR, national asylum system not yet in place, *Bureau des Réfugiés at Apatrides* not yet fully functioning
- 6,200 persons of concern to UNHCR (+25% since 2013), Syrians are 65% of refugees in Morocco, more border controls at Algerian border
- Refugee cards granted, but Syrians do not obtain refugee status, limited access to basic rights and services, including formal labour market access, obstacles due to lack of proper legal status

Conclusions for the case study of Morocco

- Interesting case of third country dealing with consequences of EU policies: from transit to destination country
- National Strategy on Migration and Asylum promising starting point and encouraging results, partly supported by Mobility Partnership…
- …but implementation is uneven, especially for refugees
- Interest / priority hierarchy of third country is crucial
- Relationship between ‘incentives’ and ‘demands’ not straightforward
- Limits of expectations from third country cooperation on migration: what capacities to receive and protect refugees?

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The Impact of Foreign Aid on Migration (Revisited)

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Outline

- Introduction
- Stylized Facts
- Theory and Empirical Literature
- Estimates
- Conclusions

Impact of Foreign Aid on Migration Flows

Topic: Why it's relevant

(i) The influence of overseas development aid on emigration is an issue of some intrinsic interest, but its intellectual interest is dwarfed by its relevance to the policy debate over the last twenty years (Parsons Winters (2014))

(ii) Nowadays, with the refugee crises and the arrival of thousands of migrants on the South-European coasts, a new migration policy has become a political priority for the EU and there's growing pressure to find a way to effectively and collectively manage the migration flows.

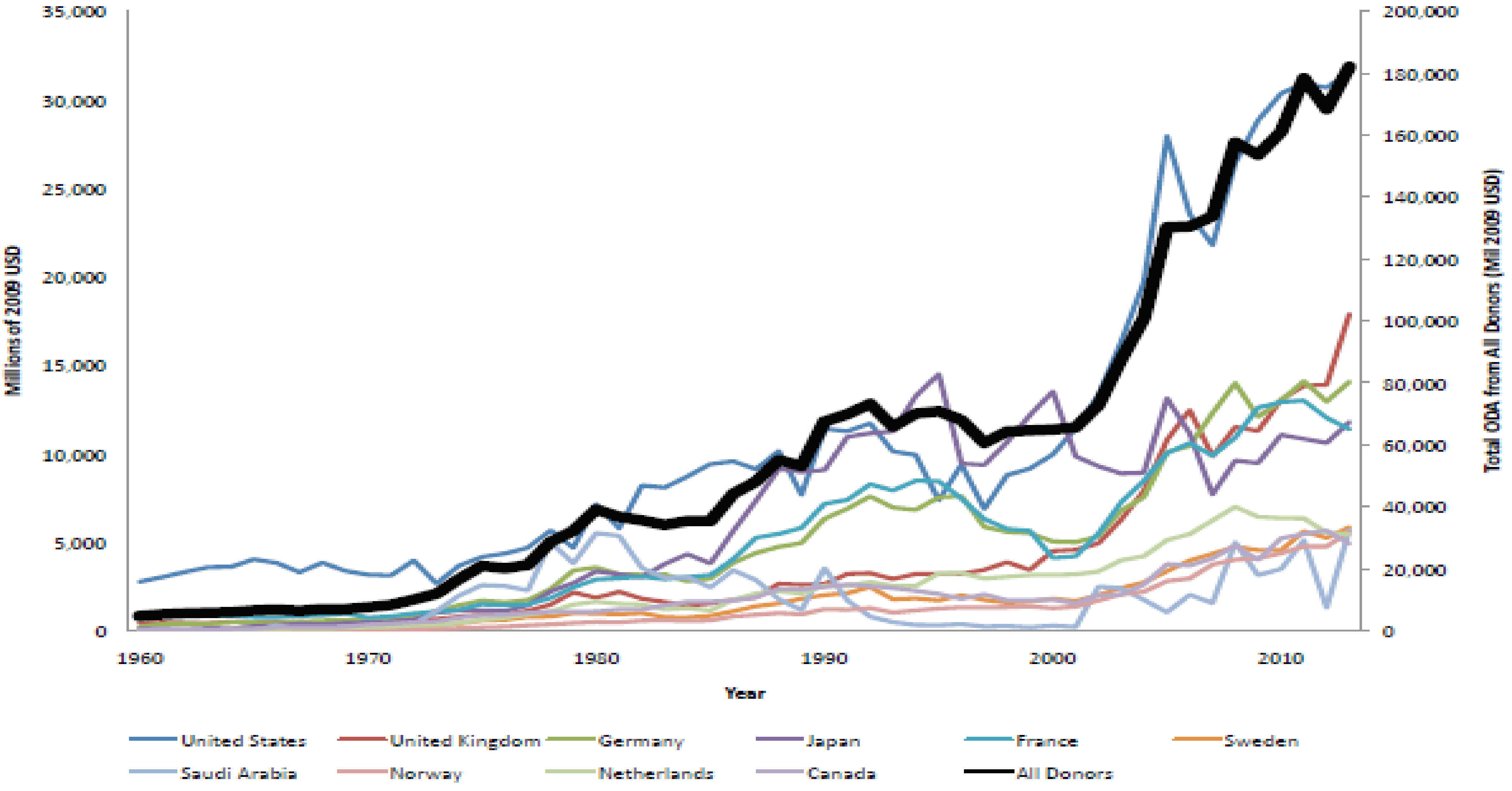
(iii) In this regard, increasing foreign aid is seen by some politicians in several EU countries as a key recipe to stem migration flows from developing countries.

Britain needs to spend more of its budget on helping stabilise countries so that it doesn't have to fish migrants out of Mediterranean (June 2015 the UK Defence secretary; The Guardian, 21st June 2015).

We must also continue our political and development action to improve the living conditions in the countries of origin, working with them there, so that people do not have to flee their homes (Jose Manuel Barroso 9th October 2013, EU Commission)

Stylized Facts (1) – Aid is Increasing

Source: OECD data, Qian (2014)



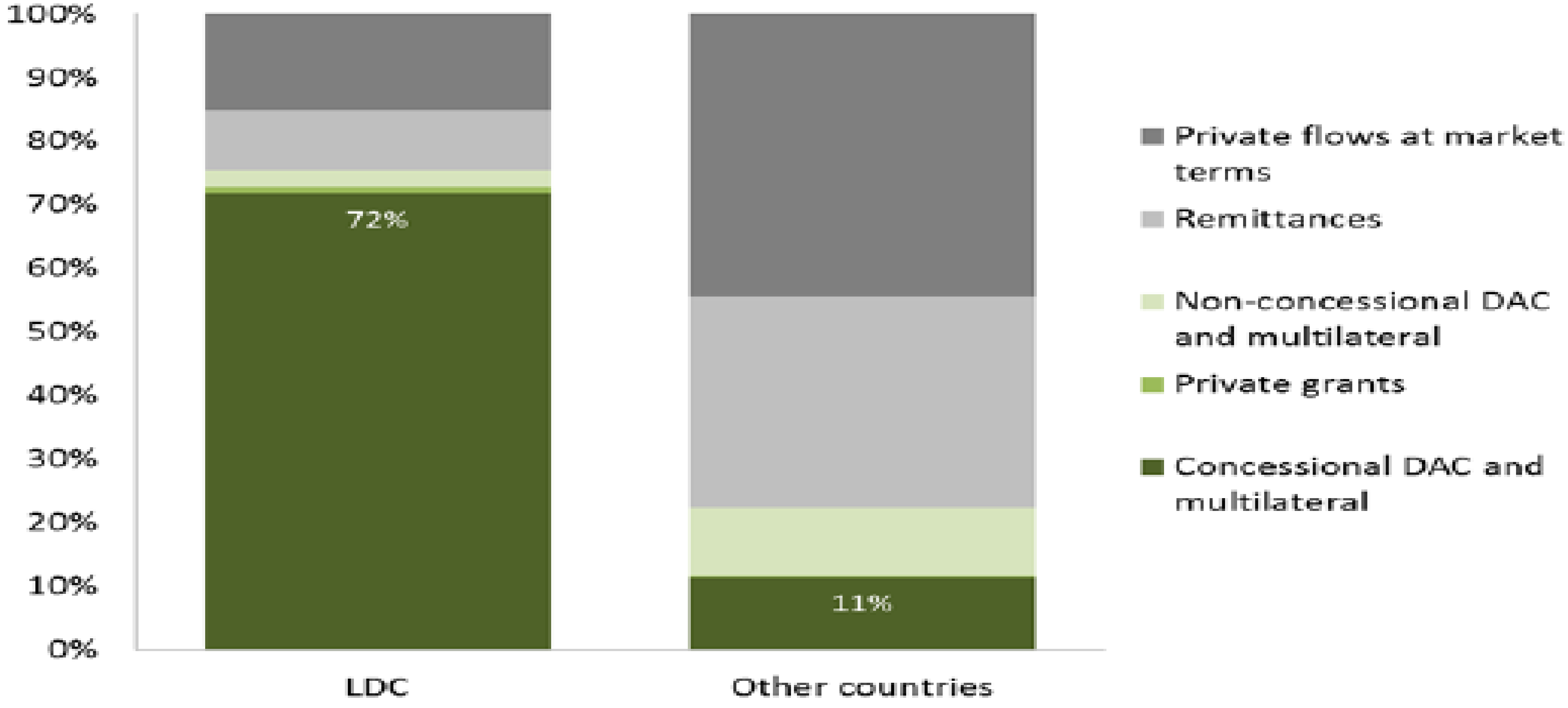
Stylized Facts (2) – Aid Allocation / Interests of Donors
Source: Qian (2014)

	Dependent Variable: Ln ODA			
	(1)	(2)	(3)	(4)
Ln Population	-0.498	-0.952	-1.638	-1.824
	(0.00107)	(0.000)	(0.0325)	(0.0319)
Lag Log GDP	1.372	1.866	1.423	1.718
	(0.000)	(0.000)	(0.000)	(0.000)
Lag Growth	0.00345	-0.0226	0.0112	0.0264
	(0.932)	(0.618)	(0.497)	(0.257)
Lag Conflict Incidence	0.0273	0.0172	0.00222	0.000203
	(0.164)	(0.280)	(0.786)	(0.982)
Small Natural Disaster	-0.0486	-0.0843	0.0212	0.0255
	(0.254)	(0.129)	(0.0628)	(0.0583)
Large Natural Disaster	0.00963	0.0162	-0.00398	-0.00951
	(0.507)	(0.386)	(0.636)	(0.397)
Controls				
Year FE	N	Y	N	Y
Country FE	N	N	Y	Y
Observations	1,081	1,081	1,081	1,081
R-squared	0.85	0.89	0.89	0.95

Stylized Facts (3) – Aid Dependency

Source: OECD

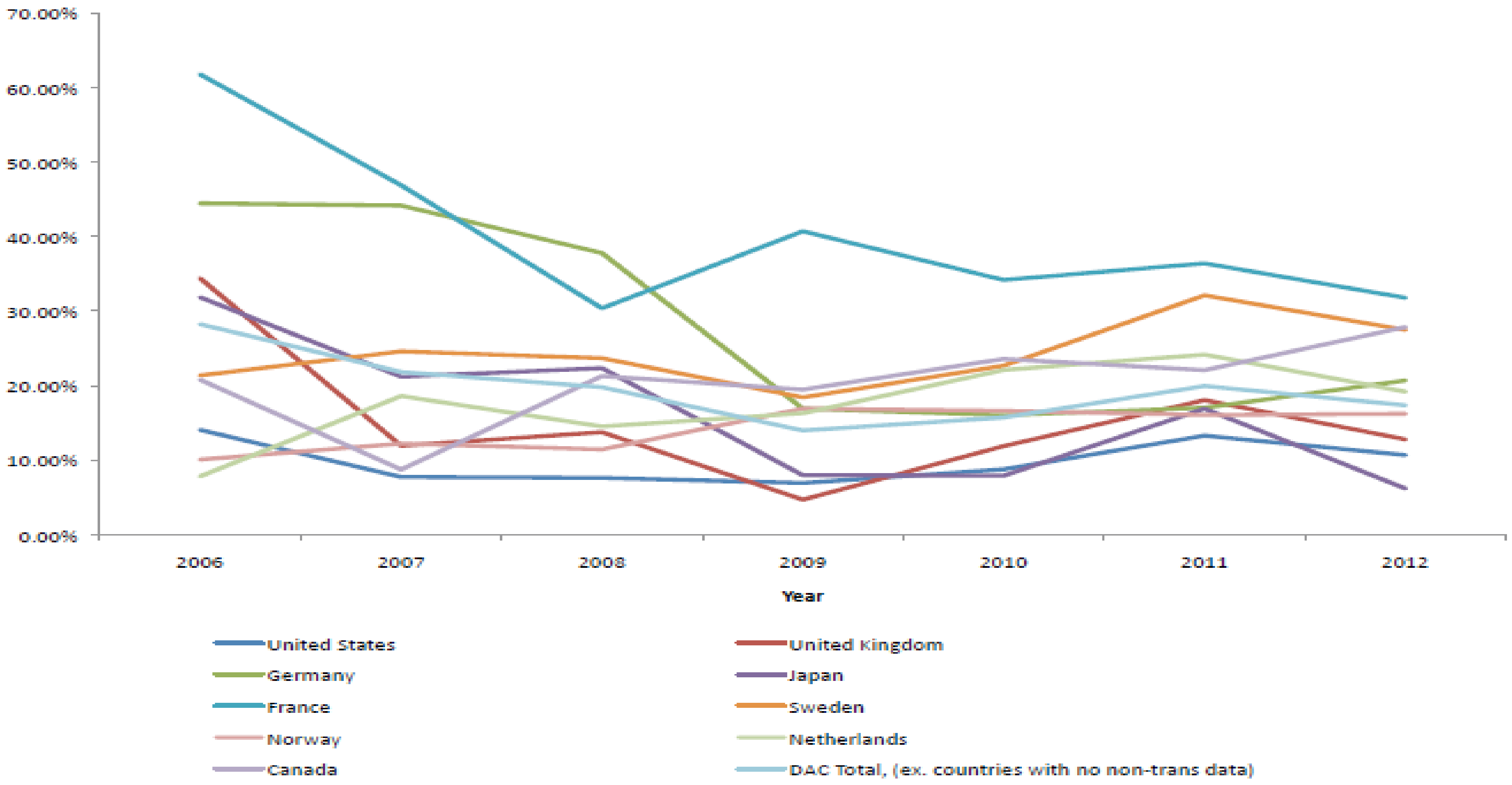
Composition of external finance in LDCs and other countries



Source: OECD DAC statistics and World Bank data on remittances

Stylized Facts (4) – Aid is Heterogeneous

Non-Transferred Aid Source: OECD data, Qian (2014)



Aid as Determinant of Migration

But Foreign Aid does actually reduce migration flows?

Theory: the impact of foreign aid on migration is subject to contrasting forces and its net effect in practice is not clear cut.

- 1 Income (or welfare) Channel (-)
- 2 Budgetary Constraint Channel (+)

Empirics: In the empirical literature there seems to be some agreement on the positive effect of foreign aid on migration flows i.e. the results confirm the hypothesis of the view that foreign aid doesn't reduce migration flows in poor countries.

Empirical Literature

(i) Faini and Venturini (1993) postulates that income growth (induced by aid inflows) may fail to stem emigration because it relaxes credit constraints, which tend to be especially binding in poorer contexts. Inverted U shape hypothesis.

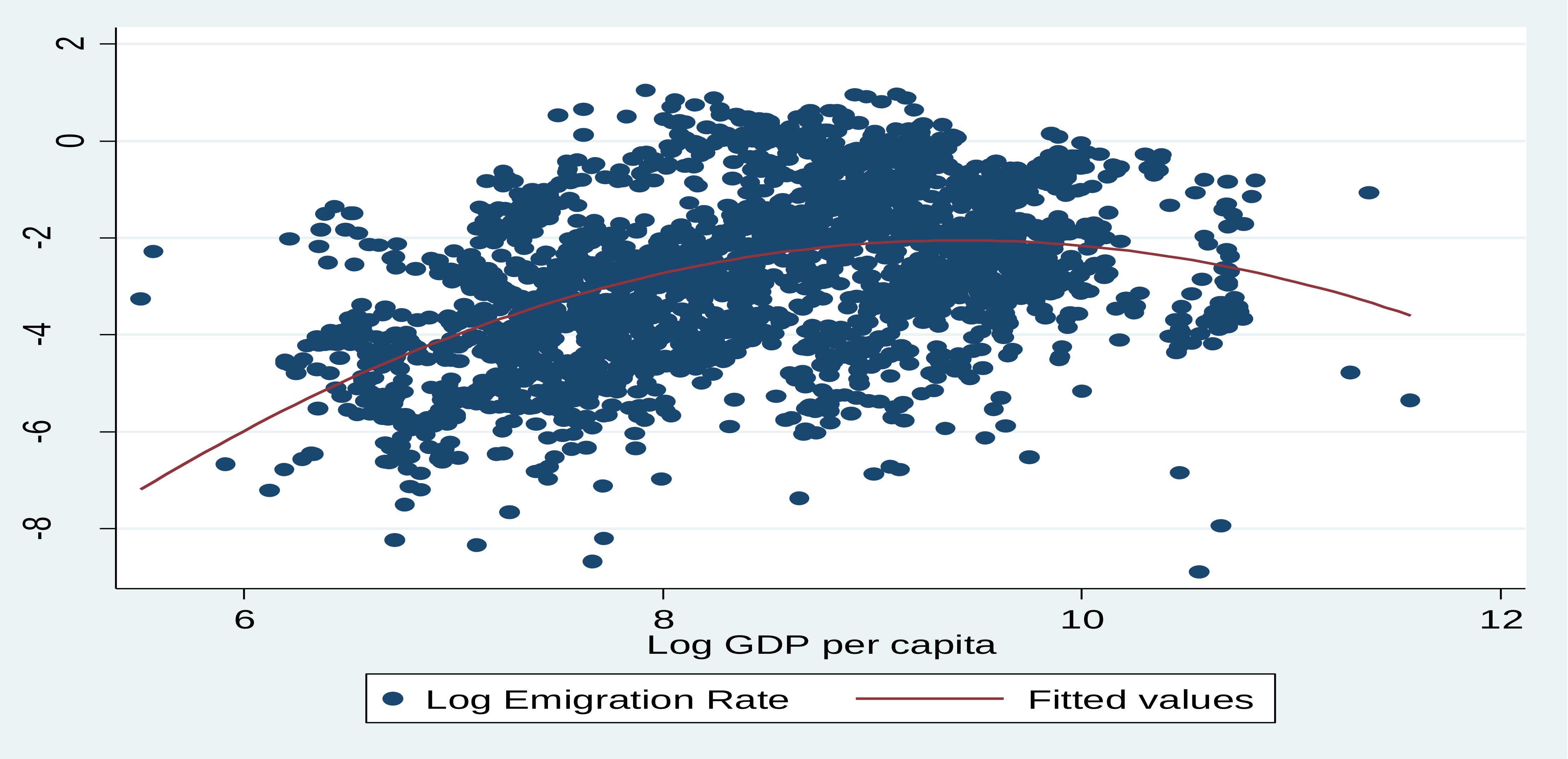
(ii) Lucas (2005) At a global level, Lucas (2005) estimates a regression of aid inflows per head on emigration together with a few control variables, on a sample of 77 developing countries over 1995-2000. He shows a significantly positive relationship.

(iii) Berthelemy et al. (2009): cross section with both bilateral aid (*Network Channel, or attraction effect*) and recipient's total aid, have significantly positive impacts on migration.

(iv) Moullan (2013) who examines the impact of foreign health aid on the emigration rates of physicians found a negative impact of health aid on emigration. This is still in line with the concept of hump-shaped migration patterns.

Migration Hump

Authors'estimates



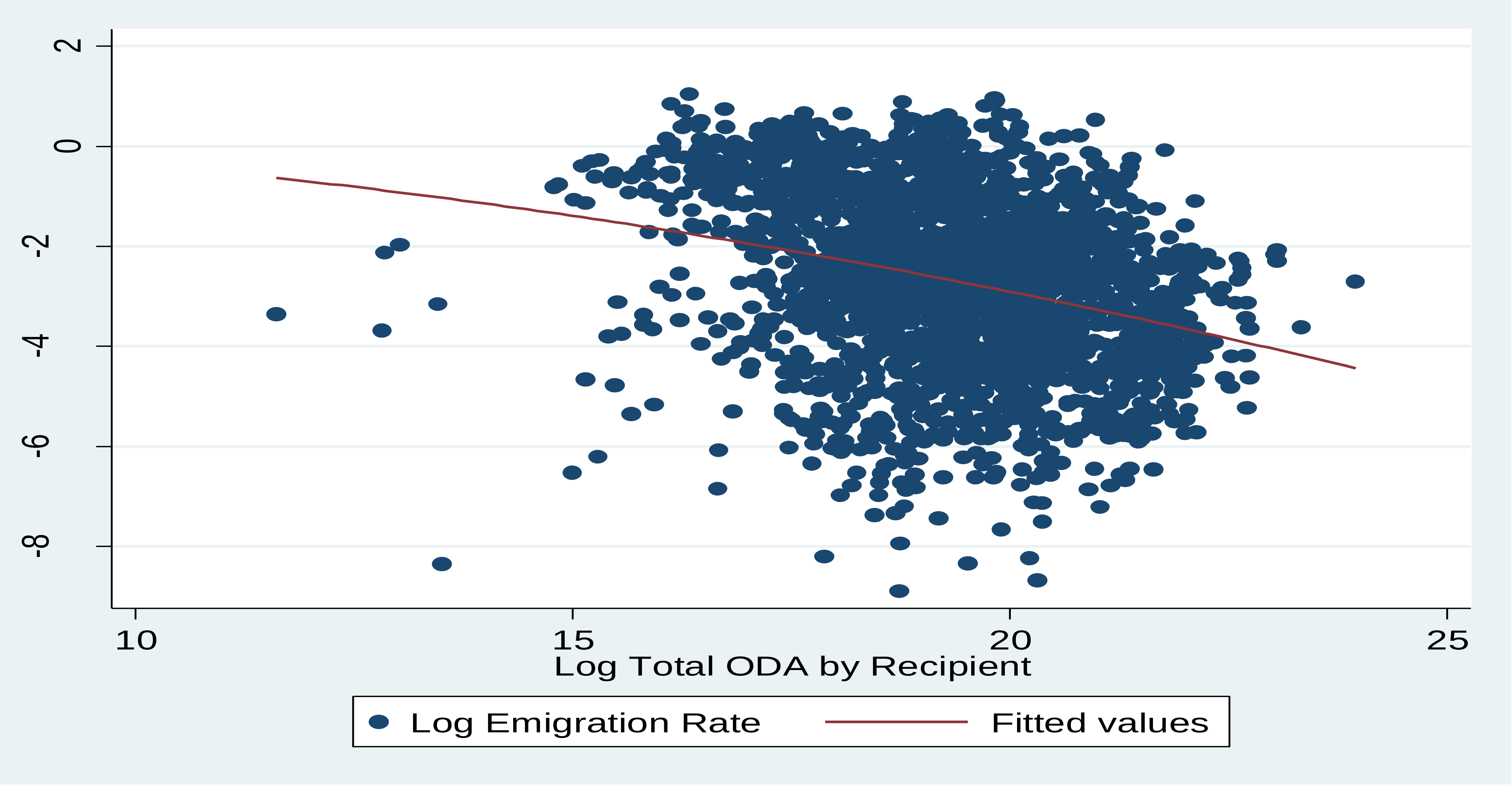
Our Contribution

Building on Berthelemy et al. (2009), but improving it in many respects:

- Pooling time-series and cross-section data instead of using a pure cross section, which attenuates econometric problems concerning the identification of causal effects (multilateral resistance of migration)
- Migrant flows rather than stocks in the dependent variable. These stocks are inserted as additional regressor to better identify the network channel.
- We derive our econometric specification from a gravity model of international migration (microfoundation Beine and Parsons (2015)).
- We run separate regressions for poorer and richer recipient countries, which enables us to test whether the budgetary constraint channel is indeed relevant at low levels of per capita income.
- We control for time-varying, origin-specific covariates of migration decisions, such as environmental factors and the presence of conflicts.

ODA and Emigration – Whole Sample

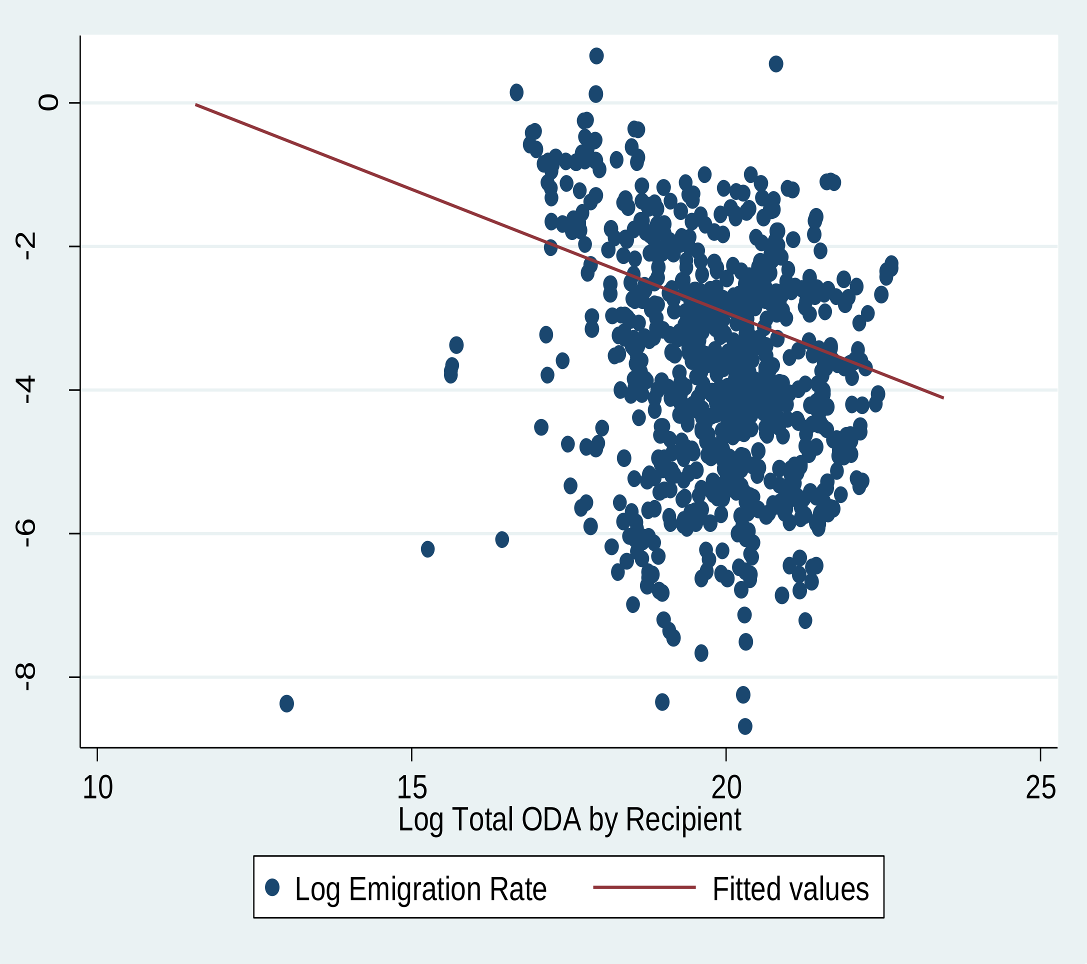
Authors’estimates



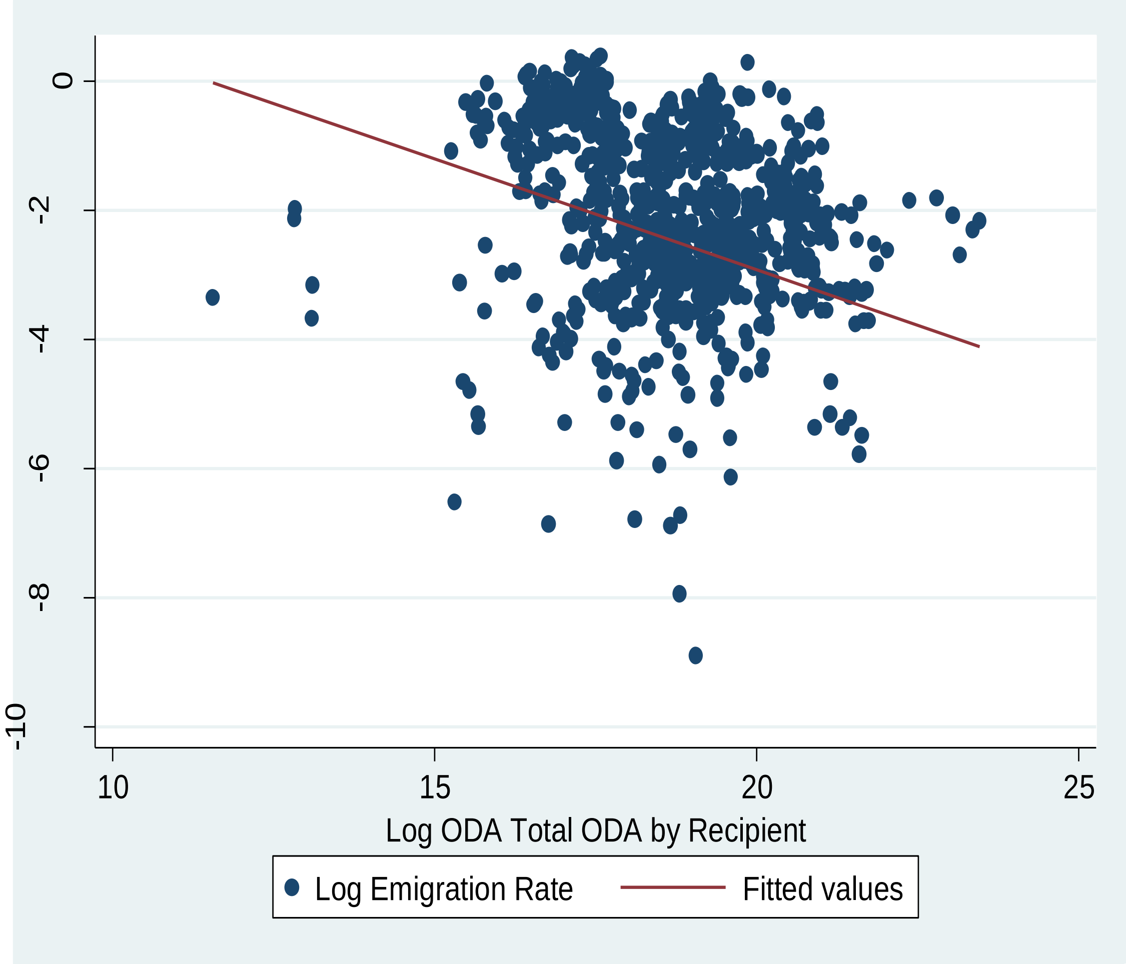
ODA and Emigration – by Classes of GDP

Authors' statistics

Below Median (0-50th)



Above Median (51th-100th)



Gravity Model for International Migration

Building on Beine and Parsons (2015): bilateral migration rates as function of proxies for bilateral migration costs and time varying origin specific determinants of migration

Because our primary focus is upon Aggregate ODA at origin, we use appropriate fixed effects and dummies to capture the impact of destination-specific factors and time-invariant origin factors.

$$(8)\quad ln\left(\frac{N_{in,t}}{N_{nn,t}}\right) = \beta_1 ln\left(\frac{w_{i,t}}{w_{n,t}}\right) + a_{i,t} + a_n + \beta_2 \ln(\mathrm{AggAid}_{n,t-1}) + \beta_3(\mathrm{Conflict}_{n,t-1}) +$$

$$\beta_4(\mathrm{Governance}_{n,t-1}) + \beta_5(\mathrm{Dependency}_{n,t-1}) + \beta_6(\mathrm{NatDis}_{n,t-1}) + \beta_7 \ln(1 + \mathrm{MigStock}_{in,t-1}) +$$

$$\beta_8 ln(\mathrm{dist}_{ni}) + \beta_9(\mathrm{Colony}_{ni}) + \beta_{10}(\mathrm{LangDist}_{ni}) + \beta_{11}\ln(\mathrm{BilAid}_{ni,t-1}) + \varepsilon_{ni,t}$$

Benchmark Estimates

Class of Income	(1) $\ln(EMrate_{in,t})$ $0^{th}-100^{th}$	(2) $\ln(EMrate_{in,t})$ $0^{th}-100^{th}$	(3) $\ln(EMrate_{in,t})$ $0^{th}-100^{th}$	(4) $\ln(EMrate_{in,t})$ $0^{th}-50^{th}$	(5) $\ln(EMrate_{in,t})$ 50^{th}-100^{th}
$\ln(BilAid_{ni,t-1})$	0.135*** (17.95)	0.099*** (15.97)	0.093*** (16.91)	0.106*** (12.93)	0.096*** (12.53)
$\ln(AggAid_{n,t-1})$	-0.735*** (-54.84)	-0.591*** (-42.19)	-0.092*** (-4.45)	-0.126*** (-4.54)	-0.106*** (-3.11)
$\ln(GDP_{i,t-1}/GDP_{n,t-1})$	0.257*** (14.30)	0.211*** (12.10)	-0.054 (-0.85)	-0.235** (-2.69)	0.264* (2.11)
$\ln(MigStock_{in,t-1})$	0.675*** (89.75)	0.503*** (49.19)	0.599*** (40.28)	0.627*** (27.48)	0.561*** (27.19)
$\ln(dist_{ni})$	-0.598*** (-35.58)	-0.838*** (-45.72)	-0.351*** (-13.22)	-0.302*** (-5.22)	-0.394*** (-13.03)
$Colony_{ni}$	0.072 (1.40)	0.509*** (8.66)	0.481*** (9.99)	0.296*** (3.48)	0.701*** (11.04)
$LangProx_{ni}$	0.992*** (20.41)	0.827*** (18.14)	0.445*** (10.68)	0.408*** (7.16)	0.552*** (5.94)
$Dependency_{n,t-1}$	-0.004*** (-5.40)	-0.007*** (-8.89)	-0.008*** (-3.69)	-0.004 (-1.43)	-0.004 (-1.12)
$PolStability_{n,t-1}$	0.162*** (9.30)	0.156*** (10.05)	-0.043* (-1.99)	-0.031 (-1.00)	-0.034 (-1.08)
$Conflict_{n,t-1}$	-8.327*** (-15.84)	-7.674*** (-15.50)	1.780*** (3.38)	2.723*** (3.53)	0.960 (1.31)
$AggAid_{n,t-1}Conflict_{n,t-1}$	0.394*** (15.58)	0.368*** (15.46)	-0.084*** (-3.31)	-0.126*** (-3.40)	-0.050 (-1.42)
$NatDis_{n,t-1}$	-0.082*** (-30.28)	-0.070 (-25.94)	0.002 (1.11)	-0.002 (-0.46)	0.001 (0.27)
N	14154	14155	14154	7065	7082
a_n			X	X	X
$a_{i,t}$		X	X	X	X
R_{sq}	0.76	0.81	0.91	0.89	0.92

t statistics in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Disaggregating

	(1) $\ln(EMrate_{in,t})$	(2) $\ln(EMrate_{in,t})$	(3) $\ln(EMrate_{in,t})$
$\ln(BilAid_{ni,t-1})$	0.093*** (16.91)	0.092*** (16.59)	0.095*** (17.23)
$\ln(AggAid_{n,t-1})$	-0.092*** (-4.45)	-0.084*** (-3.92)	-0.218*** (-7.48)
$\ln(ShareHuman_{n,t-1})$		0.028** (3.28)	
$\ln(ShareTechCoop_{n,t-1})$			-0.179*** (-6.58)
$\ln(GDP_{i,t-1}/GDP_{n,t-1})$	-0.054 (-0.85)	-0.086 (-1.31)	-0.121 (-1.86)
$\ln(MigStock_{in,t-1})$	0.599*** (40.28)	0.609*** (40.56)	0.600*** (40.34)
$\ln(dist_{ni})$	-0.351*** (-13.22)	-0.329*** (-12.85)	-0.346*** (-13.05)
$Colony_{ni}$	0.481*** (9.99)	0.490*** (10.08)	0.477*** (9.90)
$LangProx_{ni}$	0.445*** (10.68)	0.413*** (10.04)	0.448*** (10.77)
$Dependency_{n,t-1}$	-0.008*** (-3.69)	-0.008*** (-3.87)	-0.007*** (-3.54)
$PolStability_{n,t-1}$	-0.043* (-1.99)	-0.033 (-1.52)	-0.039* (-1.77)
$Conflict_{n,t-1}$	1.780*** (3.38)	1.711*** (3.25)	1.110* (2.09)
$AggAid_{n,t-1}Conflict_{n,t-1}$	-0.084*** (-3.31)	-0.081*** (-3.19)	-0.050* (-1.98)
$NatDis_{n,t-1}$	0.002 (1.11)	0.002 (0.84)	0.002 (1.02)
N	14154	14154	14154
α_n	X	X	X
$\alpha_{i,t}$	X	X	X
R_{sq}	0.91	0.90	0.91

t statistics in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Yearly Cross Sections

Estimator		OLS	3SLS	OLS	3SLS
Year	Coefficient	(1) $\ln(EMrate_{in,t})$	(2) $\ln(EMrate_{in,t})$	(3) $\ln(MigStock_{in,t-1})$	(4) $\ln(MigStock_{in,t-1})$
2014:	$\ln(AggAid_{n,t-1})$	-0.510^{***}	-0.506^{***}	0.441^{***}	0.334^{***}
2013:	$\ln(AggAid_{n,t-1})$	-0.483^{***}	-0.456^{***}	0.573^{***}	0.380^{***}
2012:	$\ln(AggAid_{n,t-1})$	-0.624^{***}	-0.569^{***}	0.564^{***}	0.427^{***}
2011:	$\ln(AggAid_{n,t-1})$	-0.658^{***}		0.520^{***}	
2010:	$\ln(AggAid_{n,t-1})$	-0.670^{***}	-0.677^{***}	0.603^{***}	0.609^{***}
2009:	$\ln(AggAid_{n,t-1})$	-0.634^{***}	-0.638^{***}	0.540^{***}	0.512^{***}
2008:	$\ln(AggAid_{n,t-1})$	-0.602^{***}	-0.600^{***}	0.430^{***}	0.313^{***}
2007:	$\ln(AggAid_{n,t-1})$	-0.595^{***}	-0.601^{***}	0.413^{***}	0.244^{**}
2006:	$\ln(AggAid_{n,t-1})$	-0.481^{***}	-0.499^{***}	0.320^{***}	0.231^{**}
2005:	$\ln(AggAid_{n,t-1})$	-0.528^{***}	-0.485^{***}	0.447^{***}	0.317^{***}
2004:	$\ln(AggAid_{n,t-1})$	-0.524^{***}	-0.485^{***}	0.495^{***}	0.339^{**}
2003:	$\ln(AggAid_{n,t-1})$	-0.544^{***}	-0.578^{***}	0.415^{***}	0.284^{**}
2002:	$\ln(AggAid_{n,t-1})$	-0.606^{***}	-0.573^{***}	0.365^{***}	0.284^{**}
2001:	$\ln(AggAid_{n,t-1})$	-0.524^{***}	-0.529^{***}	0.408^{***}	0.147
2000:	$\ln(AggAid_{n,t-1})$	-0.777^{***}	-0.814^{***}	0.331^{**}	0.185
1999:	$\ln(AggAid_{n,t-1})$	-0.531^{***}	-0.471^{***}	0.403^{***}	0.279^{*}
1998:	$\ln(AggAid_{n,t-1})$	-0.692^{***}	-0.613^{***}	0.578^{***}	0.490^{***}
1997:	$\ln(AggAid_{n,t-1})$	-0.685^{***}		0.577^{***}	0.350^{***}
1996:	$\ln(AggAid_{n,t-1})$	-0.776^{***}		0.703^{***}	

t statistics in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Conclusions

- In contrast to the previous literature, our empirical results point to a robust negative relationship between aggregate aid received and emigration rates.
- This gives the impression that policymakers in rich countries are right to view foreign aid as an appropriate instrument to curb the flow of migrants, but that they would have to act collectively.
- It has to be noted, however, that the aggregate results presented here can only provide a very rough guide for policymaking, because of the heterogeneous impacts of different types of foreign aid, which we illustrate by drawing a distinction between the effects of humanitarian and non-humanitarian aid.

Thanks

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Further Research – Aid Allocation & Refugees

Data from OECD DAC Stats for 2015

Recipient	ODA Disb	ODA % GNI
Syrian Arab Republic	3724,64	…
Egypt	3138,19	1,2
Turkey	2933,07	0,44
Jordan	2543,21	7,62
Morocco	1935,75	2,08
Tunisia	791,52	2,01
Lebanon	724,57	1,78
Libya	189,46	0,5
Algeria	138,86	0,08