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## **Labor market integration of refugees in Germany: new lessons after the Ukrainian crisis**

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## Labor market integration of refugees in Germany: new lessons after the Ukrainian crisis

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### *Abstract*

Forced displacement has become more frequent in the last decades, with refugees often spending many years abroad. While international responses often focus on immediate needs, investment in refugees' longer-term integration is increasingly important to support their transition to self-sufficiency. This paper documents the key features of the German integration system and its adaptations following the Ukrainian crisis in the period between December 2022 and August 2023. The emerging evidence suggests that while refugees' labor market integration in Germany is at first slower than in other EU countries, early investment in refugees' human capital, especially in language skills, allows access to better jobs in the medium-term. Years of investment in a strong integration eco-system was key to quickly start a process that turns short-term integration costs into long-term economic opportunities.

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*Keywords:* refugees, integration, Germany, displacement, skills, human capital, conflict.

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## 1. Introduction

**Episodes of international forced displacement have become increasingly frequent in recent years.** As of 2022, almost 38 million individuals worldwide were refugees, representing 20 percent of all migrants across the world. A significant surge in displacement has taken place in the last decade, when the number of refugees has more than doubled (WDR, 2023). For example, the war in Syria caused the displacement of over 13 million people since 2011 (UNHCR, 2021). The invasion of Ukraine by the Russian Federation in February 2022 led about 7.8 million Ukrainian to seek refuge in neighboring countries and almost 7 million being internally displaced (UNHCR, 2023). However, while the public discourse often focuses on refugee inflows in high-income countries, low and middle-income countries host the lion share of refugees, corresponding to almost three-fourths of the total across the world (WDR, 2023).

**This trend is likely to continue in the future.** The percentage of the world's poor living in fragile situations due to conflicts and hunger is expected to grow from the current 43 percent to 62 percent by 2030 (CRED 2023). In addition, the frequency and severity of natural disasters has been increasing: the number of natural shocks increased from 150 in 1980 to 387 in 2022 and the number of affected people increased from 60 million to 185 million people during the same period (CRED, 2023). While the fear of persecution, conflicts and hunger keep being the main motives behind people's forced displacement, climate change and shocks are expected to increase migration flows in absence of suitable policy actions (WDR, 2023).

**Although protracted refugee situations are not an exception, international responses are mainly based on humanitarian programs with a short-term time horizon.** Many of those who flee their countries live abroad for many years, implying that their refugee situations are not temporary. Around 16 million, or 40 percent of all refugees, had spent more than 5 years abroad as of mid-2022, and around 8 million, or 20 percent of the total, had spent more than 10 years abroad (WDR 2023). While these trends would suggest the need for longer-term and more sustainable solutions, humanitarian and emergency programs remain the main response in most cases. In 2019, the vast majority (71 percent) of external financing in support of refugee situations was delivered through emergency and humanitarian programs whose nature is typically short-term, while more limited resources are dedicated on the economic and social integration of refugees (WDR, 2023).

**Contrarily to the general trend, and learning from a long history as destination country, Germany has invested in a system that facilitates the long-term integration of foreign nationals, both economic migrants and refugees, whose human capital have become a precious resource to fill emerging labor shortages in the country.** Germany has historically been a destination for different waves of economic migrants and refugees, including from Türkiye, Iraq, Afghanistan, Syria, Iran, Eritrea and the Western Balkans. Following the Syrian conflict, in 2015 the country became the top destination for asylum seekers and refugees in the European Union (Brücker et al., 2020). Over the last three decades, Germany has built strong collaborations among government, NGO, CSOs and private sector stakeholders to provide immediate assistance and tailored support for the medium-term integration of foreigners<sup>2</sup>, including as a strategy to address

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<sup>2</sup> Refugees generally face significant barriers to employment. Employability barriers include the limited knowledge of host countries' administrative procedures to register and request work permit, digital illiteracy for some to access government IT systems, lack of language skills, lack of social contacts, slow and weak skills recognition systems, limited information on suitable job opportunities and access to active labor market programs and training system. In addition, refugees face specific challenges that indirectly affect their labor

structural labor shortages in the country. The introduction of guest-worker programs after World War II, an increasing focus on the labor market integration of asylum-seekers with good prospects to stay, and the more recent development of programs to attract economic migrants are all steps showing the country's intention to fill emerging labor shortages with the help of foreign nationals.

**A move towards an increasing utilization of foreign nationals' skills to fill domestic labor shortages is also reflected in the opening of a new legal migration pathway from the Western Balkans since 2016.** Following the introduction of the *Western Balkan Regulation*, citizens of Albania, Bosnia-Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia are allowed to be employed in Germany without any skills or qualification requirements, as long as they had a job offer which no eligible German citizen or person from EU or EEA countries could fulfill. The demand from employers and potential migrants has been significant, with more than 300,000 applications submitted, and over 244,000 approved as of May 2020 (Brücker et al., 2020). In 2016-2017, almost 40 percent of the approved applications resulted in visas being issued, with over 44,000 Western Balkans workers benefiting from the regulation (Bither and Ziebarth, 2018). Originally planned to operate for a five-year duration from 2016 to 2021, the program has initially been extended to 2023 with an annual quota of 25,000 individuals (Federal Employment Agency, 2021), before the German Parliament has passed a bill in June 2023 that extended the Western Balkans Regulation indefinitely (Federal Ministry of the Interior and Community, 2023b)<sup>3</sup>. The German government intends to implement similar agreements with other countries in the future (Federal Ministry of Labor and Social Affairs and Federal Ministry of the Interior and Community, 2023).

**While refugees' employment rates in Germany are not higher than in other European Union countries, investments in refugees' language skills, skills recognition and labor market policies contribute to their intention to stay and long-term labor market inclusion.** It takes time for refugees in Germany to reach similar employment rates as in other EU member states and other high-income countries. However, early investment on language, technical skills recognition (both through formal and informal channels), integration courses and strong support from NGOs and CSOs to provide employment assistance services (to both refugees and employers) all contribute to growing employment rates in the medium term (at par with other EU countries), more sustainable jobs and higher skilled jobs. CSOs and NGOs played a key role also in the provision of complementary services such as childcare. In fact, in the case of many refugees—and Ukrainian refugees in particular—labor market integration is closely related to the challenge of providing childcare, formal education services, housing, and other essential services. Without such complementary services, labor market programs in isolation lose effectiveness.

**Two years after the outbreak of the war in Ukraine, Germany has become the EU country with the highest number of Ukrainian refugees.** At the time of the Ukraine's invasion by Russia, around 155,000 Ukrainians nationals were living in Germany according to the Central Register of Foreign Nationals (2023b). That changed significantly in the months after the Russian war of aggression in

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market participation such as the lack or limited knowledge of the language in destination countries and limited access to child and elderly care for mothers with caring responsibilities. Importantly, due to the forced nature of their migration and the traumatic experiences frequently associated with it, refugees often suffer from mental health and psychological distress. Please see Schuettler and Caron (2020) and Kosyakova and Kogan (2022) for a review of the challenges for the labor market integration of refugees and of the effectiveness of policy interventions.

<sup>3</sup> Further, its yearly allocation was increased from 25,000 to 50,000, subject to annual reviews and adjustments based on labor demand.

Ukraine. In May 2022, almost one million Ukrainians were already registered in the AZR. By August 2023, around 1.089 million Ukrainians were counted in Germany (UNHCR, 2023).

**While economic growth and the nature of skills and labor demand in hosting countries affect refugees' integration and effective job matches, refugees' labor market integration in Germany has progressed significantly in the past years thanks to the policy and legal changes since the Syrian crisis.** This paper confirms that past reforms increased the resilience of the German system, which proved to be ready to respond to the large wave of Ukrainian refugees arriving since February 2022, while at the same time starting a path towards refugees' long-term inclusion in the German labor market. Although a strong integration system for refugees was in place prior to the Ukraine's invasion, the Ukrainian refugee crisis provided the opportunity to reflect on some aspects that could be further improved. With a strong support from civil society and NGOs, coupled by years of investment in a forward-looking integration system, Germany was able to react quickly to facilitate the labor market integration of Ukrainian asylum seekers and refugees. The number of Ukrainian refugees residing in Germany and their intention to stay in the longer term increased over time since the start of the war. The paper finds that Ukrainians refugees in Germany do better in terms of employment outcomes than refugees of other nationalities. This was largely because of the EU directive but also because the system was ready to introduce and implement several measures to integrate Ukrainians.

**This note aims to highlight lessons learned from Germany's experience to integrate refugees in labor markets to inform policy responses across the world.**<sup>4</sup> While the success of the German system depends on the existence of an ecosystem of state , NGO, CSOs , some of the lessons could be taken and adapted to other country contexts The note is based on a desk review of existing evidence on government and non-government support services to refugees, as well as interviews with representatives of the Federal Ministry of Labor and Social Affairs, of the Employment Agency (labor market integration and support services departments) and with a well-established Berlin-based NGO which has developed tailored (labor market) integration programs for Ukrainian refugees<sup>5</sup>. After this section, the paper includes five sections. Section 2 provides an overview of the system governing admission, reception and integration of refugees in Germany, briefly mentioning recent changes. Section 3 provides a snapshot of Ukrainian refugee inflows in Germany, summarizing the policy responses adopted by the country. Section 4 focuses on initial findings related to integration and employment outcomes of Ukrainian refugees. Section 5 summarizes main lessons learned throughout the paper and Section 6 concludes.

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<sup>4</sup> The scope of the note is mostly on labor market program design and implementation features to promote the employability and economic integration of refugees as well as the social cohesion in hosting communities. Emergency responses as well as education, health and housing policies are complementary though not the main focus of the note.

<sup>5</sup> Club Dialog NGO.

## 2. Overview of the German admission, reception and integration system

### 2.1 Legal framework and Institutional arrangements

**The system governing refugee admission, reception and integration in Germany is grounded on a complex legal framework, with several levels of governance and a multitude of actors with different roles and responsibilities.** The refugee admission, reception and integration system in Germany is governed by a multiplicity of national and international acts, directives, and regulations, emerged in response to the increased frequency and evolving nature of refugee flows in the country. The federal, state and district levels of the German Government all play an important role, with the substantial support of a strong NGO network and of an active civil society.

**To be granted international, or other forms of, protection, asylum seekers must first follow the asylum procedure.** The asylum procedure is regulated in the *German Asylum Act* as well as in complementing provisions such as the *Dublin Regulation*, the *EURODAC Regulation*, the *Asylum Procedure Directive*, the *Admission Directive* and the *Qualifications Directive*. The Federal Office for Migration and Refugees (Bundesamt für Migration und Flüchtlinge, BAMF) is in charge of the asylum procedure. Federal states, in collaboration with local districts, are responsible for providing and financing accommodation, addressing basic needs (e.g., food, healthcare), and providing other social and integration services for the duration of the asylum procedure.<sup>6</sup>

**To streamline the asylum procedure, refugees are distributed among the federal states according to a set of predefined criteria.** The distribution quota across States is based on tax revenues and population size of the federal states<sup>7</sup>. Local labor market conditions, the service delivery landscape, and personal preferences or preexisting networks of asylum seekers<sup>8</sup> play a role in the second distribution step within federal states<sup>9</sup>. In each federal state, refugees are allocated to a reception facility and receive a proof of arrival, which grants them a *temporary right of residence* to carry out the asylum procedure. The BAMF first checks whether Germany is in charge of the asylum procedure in accordance with the *Dublin Regulation*. If German responsibility is confirmed<sup>10</sup>, the BAMF carries out a personal interview with the asylum seekers and further investigations, if needed, to decide upon the asylum application.

**Asylum seekers can be granted four possible forms of protection that give them access to a residence permit.** These forms of protections are (i) entitlement to asylum, (ii) refugee protection, (iii) subsidiary protection and (iv) ban on deportation<sup>11</sup>. Each of them has a specific duration<sup>12</sup>. If their asylum application is rejected, applicants have the obligation to leave Germany and face deportation in case they do not depart voluntarily<sup>13</sup>. In addition to the regular asylum procedure,

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<sup>6</sup> For a detailed overview of the asylum support system in Germany, see Koch et al., 2023.

<sup>7</sup> For further information, see Federal Office for Migration and Refugees, 2022.

<sup>8</sup> Unless existing family ties (e.g. spouse or children/ parents) or other compelling reasons can be proven.

<sup>9</sup> Kanas, A., & Kosyakova, Y. (2023).

<sup>10</sup> In 2022, the average processing time of the Dublin procedure was 2,3 months. Source: Bundestag, 2023a.

<sup>11</sup> For further information on the legal basis and consequences (e.g. duration of residence permit, possibility of family reunification, etc.) of the different forms of protection, see Koch et al., 2023.

<sup>12</sup> People who have been granted asylum or refugee protection are allowed to stay in Germany for three years, with the possibility of an extension afterward. Individuals who received subsidiary protection are initially allowed to stay for one year. An extension for another two years is possible if the dangers persist. Persons who are subject to national deportation bans are granted a residence permit for at least one year, which can be repeatedly extended if the reasons for the deportation ban have not ceased to exist.

<sup>13</sup> In case of factual, legal, urgent humanitarian or personal reasons (a health emergency, no available flight connection, no travel documents, etc.), the legal framework allows so-called “tolerated persons” the possibility



Germany and its federal states can admit asylum-seekers from specific countries through humanitarian admission programs, with the goal of accelerating their admission in view of acute war and crisis situations (e.g. Syria in 2016<sup>14</sup>).

**In some cases, asylum-seekers may experience long waiting times before their status is determined.** In 2022, the average processing time until an official decision was made by the BAMF was 7.6 months, but citizens of countries such as Afghanistan and Nigeria generally experience significantly longer waits<sup>15</sup>. If lawsuit proceedings are included, the average processing time until an unimpeachable decision amounted to 21.8 months, but, again, with great differences based on the country of citizenship<sup>16</sup>.

**During the asylum procedure, applicants are eligible for different benefits and services, which are dependent on their economic needs and can be tied to conditionalities.** During the asylum procedure, applicants receive *benefits for asylum seekers* (Table 1). The amount (278-410 Euros) and type of benefits depend on the age of the beneficiaries, household composition and whether they live in reception facilities or in private apartments. The benefits can encompass transfers both in cash and in kind<sup>17</sup>. Under certain conditions<sup>18</sup>, asylum-seekers also have access to language and integration courses offered by BAMF.

**If asylum-seekers are granted either one of the four forms of protection, they enter the “regular” social protection system and are in most respects on an equal footing with German and European citizens.** Asylum seekers who are granted any of the four forms of protection are either entitled to the *Citizen’s Benefit* scheme (formerly *Basic Income Support for Jobseekers*), if they are in working age and able to work, or to the *Social Assistance* scheme, if they are not able to work<sup>19</sup>. These two schemes are more generous than the benefits for asylum seekers. The targeted, needs-based cash benefits<sup>20</sup> in both schemes range from 318 to 502 Euros per person, depending on age and household composition, and can be complemented by other benefits and services, such as child benefits<sup>21</sup>, language support, active labor market measures, home-based social care services, childcare and heating exemptions, for example. Asylum seekers who are granted either asylum,

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to stay in Germany temporarily by issuing a suspension of deportation that needs to be renewed every 12 months, sometimes even more often.

<sup>14</sup> For further details, see Koch et al., 2023.

<sup>15</sup> Moldova: 1,7 months, Syria: 7,9 months, Afghanistan: 9,1 months, Nigeria: 12,3 months. Source: Bundestag, 2023b.

<sup>16</sup> Bosnia and Herzegovina: 2,2 months, Syria: 13,1 months, Afghanistan: 28,1 months, Russian Federation: 44,1 months. Source: Bundestag, 2023b.

<sup>17</sup> Source: Information Network Asylum & Migration, 2023a.

<sup>18</sup> Admission to courses for asylum seekers depend on their prospect to stay and if there are free places available. Possibility of access also applies for asylum seekers who demonstrate a certain "proximity to the labor market" (e.g., registration as unemployed or looking for work or training, having an apprenticeship or job, taking part in certain vocational preparation measures or caring for a small child). People with a toleration permit may be granted access to integration course, provided there are places available. Source: Information Network Asylum & Migration, 2023b.

<sup>19</sup> Work capability is defined as the ability to work at least three hours daily. As a general rule, it is assumed that people of working age (from age 15 until the statutory standard retirement age) are capable of working. The work capability also determines the benefit scheme of cohabiting family members who share the same household (e.g., spouses/ partners, even if they cannot work because of health reasons, and children under 15 years of age).

<sup>20</sup> Need is defined when the income is not sufficient to secure the material means that are indispensable for the physical existence and a minimum of participation in social, cultural and political life.

<sup>21</sup> The child benefit is deducted from other social benefit allowances. For further information, see Citizen’s Benefit, 2023.

refugee protection or subsidiary protection receive a work permit which allows them to take up work without any conditions. However, asylum seekers with a deportation ban need to ask for a permit to work which needs to be granted by the foreign authority (“Ausländerbehörde”). This represents an additional bureaucratic hurdle for employment uptake. The Job Centers are responsible for the *Citizen's Benefit* scheme while Social Welfare Offices administer the *Social Assistance* scheme (Table 1). Both the federal and the municipal level of governance are involved in the administration, disbursement and financing of the benefits. The two schemes are tax-funded. Expenses are covered for the most part by the federal level and to a minor extent (e.g., housing costs, social services) by the districts. Due to the federal structure of the German state and the large administrative autonomy, the institutional set-up of the responsible bodies differs widely within the country.

**Table 1: Overview of social protection schemes for asylum seekers and those granted any form of protection.**

	Scheme		
	Citizen's benefit	Social assistance	Benefits for asylum seekers
<b>Legal framework</b>	Social Code Book II (regular social protection system)	Social Code Book XII (regular social protection system)	Asylum Seekers Benefits Act
<b>Administration and disbursement</b>	Job Centers	Social Welfare Office	Social Welfare Office (usually) and Employment Agencies
<b>Eligibility criteria</b>	Residence permit	Residence permit	Temporary right of residence to carry out the asylum procedure, toleration status or obligation to leave the country
	Income and assets not sufficient to cover necessary living costs <sup>22</sup>	Income and assets not sufficient to cover necessary living costs	Income and assets not sufficient to cover necessary living costs
	Capable of working and ≥15 years of age and < regular pension age	Not capable of working	-
<b>Type and size of benefit (size depends on age and household composition)</b>	-Benefits to secure livelihood (318-502 Euros) -Accommodation and heating allowances -Activation and ALMPs -Social care services support services <sup>23</sup> One-off benefits (e.g., initial furnishing of accommodation);	Benefits to secure livelihood (318-502 Euros) -Accommodation and heating allowances - Social care services - One-off benefits (e.g., initial furnishing of accommodation);	-Benefits for necessary needs <sup>24</sup> (161-228 Euros) -Benefits for necessary personal needs <sup>25</sup> (117-182 Euros) - Activation and labor market integration only available to a limited extent

<sup>22</sup> The necessary living costs are defined as the material means that are indispensable for the physical existence and a minimum of participation in social, cultural and political life.

<sup>23</sup> Support services include childcare and home care of (disabled) relatives in need of care, debt counseling, psychosocial care (e.g., aid services that pursue the psychological or social stabilization), and addiction counseling.

<sup>24</sup> I.e. for the physical subsistence level, e.g. food, shelter, heating, clothing, health care.

<sup>25</sup> I.e. socio-cultural subsistence level, e.g. culture, education, leisure.

<b>Additional benefits administered by other authorities</b>	-Integration courses -Child benefits (250 Euros per child) <sup>26</sup> -Parental allowance (≥300 Euros max)	-Integration courses -Child benefits (250 Euros child) <sup>27</sup> - Parental allowance (≥300 Euros, max)	-Integration courses only to a limited extent <sup>27</sup>
<b>Health insurance</b>	Statutory health insurance	Statutory health insurance	Limited medical care, i.e. only necessary medical or dental treatment

Source: Authors.

**In this institutional arrangement, NGOs play a key role in service delivery.** German governmental bodies closely collaborate with NGOs for the provision of services such as psychosocial support, language training and labor market activation measures. While the federal level is largely responsible for defining the legal framework for integration, such as regulations regarding language courses and labor market access, the German federal states are responsible for concrete implementation. When implementing active labor market policies, Job Centers are legally obliged to coordinate with large welfare organizations, professional associations, chambers of commerce, employers' and employees' associations for the selection and design of integration instruments and measures<sup>28</sup>. Moreover, NGOs are key partners for the provision of both short-term assistance and promoting long-term integration. Example of services provided to refugees include target group oriented therapeutic support, mentoring-programs, career counselling and specific refugee-projects for job placement.

## 2.2. Evolution of the legal framework in recent years

**The current legal framework is the result of frequent changes introduced in response to different waves of migration flows and evolving national labor market needs.** In 1993, the German parliament adopted the *asylum compromise* that limited access to asylum through the introduction of the concept of *safe countries of origin*. The growing recognition that the lack of integration policies was harmful for the German society led to the liberalization of German citizenship law in the early 2000. Since then, the changes in legislation by the federal level facilitated the absorption and integration of asylum-seekers by removing legal barriers or creating new opportunities. As a result, refugees have increasingly played an important role in filling emerging labor shortages, including in high skilled occupations during the COVID-19 pandemic (Hickmann et al. 2021, as cited in WDR, 2023). Only considering changes introduced since 2015, more than 35 amendments to asylum and residence law at the federal level can be counted (Koch et al., 2023; Hruschka and Schader, 2020).

**The recent legislative reforms and amendments show the intention to differentiate services and rights based on refugees' prospects to stay, thus creating a two-class-approach to integration.** Whereas numerous legislative reforms and amendments of the asylum law<sup>29</sup> increased

<sup>26</sup> The eligibility can be extended until 25 years of age in specific circumstances. The child benefit is deducted from the monthly allowance. For further information (see Citizen's Benefit, 2023).

<sup>27</sup> Admission to courses for asylum seekers who are still in the asylum process, if they have good prospects of staying and if there are free places available. Possibility of access also applies for asylum seekers who demonstrate a certain "proximity to the labor market" (e.g., registration as unemployed or looking for work or training, having an apprenticeship or job, taking part in certain vocational preparation measures or caring for a small child). People with a toleration permit may be granted access to integration course, provided there are places available. Source: Information Network Asylum & Migration, 2023b.

<sup>28</sup> According to §18d SGB II.

<sup>29</sup> For a detailed overview, see Koch et al., 2023.

support for *asylum seekers with good prospects of remaining*<sup>30</sup>, asylum seekers from countries considered *safe countries of origin* have faced a tightening in rights. This concerns their eligibility for cash and services as well as the access to the labor market. An example includes the [Asylum Procedure acceleration act](#). This act introduced measures for the swift integration of asylum-seekers with *good prospects of staying* such as direct access to integration courses<sup>31</sup>, job-related language support and labor market activation measures, as well as the relaxation of the ban on temporary employment. At the same time, the act reduced in-kind benefits for those obliged to leave the country and employment bans for asylum seekers from safe countries of origin, making it difficult for this group to access the labor market.

**Recent reforms and amendments further limit the mobility of certain groups of refugees.** The Integration Act introduced an obligation for asylum-seekers receiving social benefits and accommodation to reside for three years in the state where their asylum application was processed. Additionally, these legislative changes made entitlement to social benefits conditional on residing in the assigned place of residence. According to the [Asylum Procedure acceleration act](#), the duration of stays in initial reception centers before being assigned a permanent housing was extended from 3 to 6 months for applicants from safe countries of origin until completion of asylum procedure<sup>32</sup>.

**More recent changes in the legal framework continue to show the intention to reward well-integrated refugees by granting them the right to stay, and recognize the need to start the integration efforts for all groups earlier in the asylum process.** An example is the [Act on the Introduction of Opportunity Residence Law](#) that opens a path for the regularization of *well-integrated tolerated persons*<sup>33</sup> by granting those who have been in Germany for five years<sup>34</sup> an 18-month right to remain. During this period, they can acquire the right to stay in Germany by meeting specific legal requirements<sup>35</sup>. Moreover, this Act decreases the minimum number of years in Germany needed by well-integrated refugees to be eligible for a residence permit<sup>36</sup>. In the same vein, regulations have also recently been introduced to grant asylum-seekers earlier access to language and integration courses, irrespective of their prospects of staying (Federal Ministry of the Interior and Community, 2023a).

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<sup>30</sup> Asylum-seekers from countries of origin with a protection rate exceeding 50 percent are considered to have "good prospects of remaining." This currently applies to asylum-seekers from Afghanistan, Eritrea, Somalia, and Syria (status as of January 17, 2022) (Koch et al. 2023).

<sup>31</sup> Integration courses combine intensive language courses and orientation in German culture.

<sup>32</sup> After staying at a reception center for a maximum of 18 months (for families with minors the maximum is six months), asylum seekers are distributed to community housing where they live with other asylum applicants. Depending on the state, moving into an apartment is also possible.

<sup>33</sup> Refugees who have not been granted the right of residence but cannot be deported because of factual, legal, urgent humanitarian or personal reasons (e.g., health condition, lack of transfer connection, no travel documents).

<sup>34</sup> With October 31<sup>st</sup>, 2022 as qualifying date.

<sup>35</sup> Amongst other, securing a livelihood, knowledge of the German language and proof of identity.

<sup>36</sup> From four to three years in the case of adolescents and young adults and from 8 years to 6 years in the case of adults (from 6 to 4 in the case of adults with underage children in their household).

### 3. Germany and the Ukrainian refugee crisis

#### 3.1 Ukrainian refugees in Germany

**Since the beginning of the Russian invasion of Ukraine, the number of Ukrainian nationals living in Germany increased seven-fold, most of them being women and children.** As of August 2023, 5.8 million Ukrainian refugees were recorded in Europe, out of which nearly 1.1 million in Germany (UNHCR, 2023)<sup>37</sup>. The number of Ukrainians almost doubled since April 2022 when about 610,000 were counted. Before the war at the beginning of 2022, 156,000 Ukrainian nationals were living in Germany and by July 2023 the number increased to 1.19 million. The vast majority of Ukrainians as of May 2023 were women in working age: overall about 793,000 were of working age (15-64 years of age), of which 523,000 women. 292,000 Ukrainians were under 15 years of age, 107,000 are older than 65 years <sup>38</sup> (Box 1, Figure 1).

#### **Box 1. Measuring participation in employment services and jobs outcomes among refugees: data sources and limitations**

Quantitative data on Ukrainian refugees, their participation in activation measures and jobs outcomes are still scattered and present some limitations. The main challenge of administrative data is that it is difficult to make a distinction between Ukrainian nationals who already lived in the country prior to the war and refugees who arrived after Russia's invasion of Ukraine in February 2022.

We rely on four main data sources: (i) the Central Registry of Foreigners, reported by the Federal Statistical Office; (ii) administrative data from BAMF on participation in integration courses among asylum-seekers and refugees; (iii) administrative data from the Federal Employment Agency; and (iv) a representative longitudinal survey (thereafter "IAB-BiB/FReDA-BAMF-SOEP Survey") collected by the Institute for Employment Research (IAB) in collaboration with the Federal Institute for Population Research (BiB), the Research Centre of the Federal Office for Migration and Refugees (BAMF-FZ) and the Socio-Economic Panel (SOEP) at the German Institute for Economic Research (DIW Berlin).

BAMF collects data on asylum seekers' and refugees' characteristics like gender, nationality, age last place of residence and marital status and are curated by the Federal Statistical Office. Additional data that is collected for refugees include: biometric data like fingerprints, eye color, height, accompanying family members, health status (vaccines, medical examinations), integration measures (completed or not), education, job, residence address in Germany, voluntary to give current phone number and mail address. Data on the educational background among asylum applicants are collected on a voluntary basis, being aware that the self-declaration during the asylum process may be unreliable.

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<sup>37</sup> Estimates include refugees from Ukraine who were granted refugee status, temporary asylum status, temporary protection, or statuses through similar national protection schemes, as well as those recorded in the country under other forms of stay (from 24 February 2022), as relevant/applicable.

<sup>38</sup> Source: Federal Employment Agency (2023a); Brücker et al., 2023.

Administrative data from the Federal Employment Agency do not always allow to compare indicators of participation in ALMPs, social security coverage and employment outcomes across different nationalities. Moreover, data may not cover all employment categories. For example, part-time employment of Ukrainians is not included in social security data. Similarly, possible international teleworking arrangements (notably with Ukrainian companies) would not be recorded (Dumont et al. 2023).

The IAB-BIB/FREDA-BAMF-SOEP survey includes two rounds of interviews since Ukraine's invasion in February 2022. The first wave of the survey was conducted between August and October 2022 when more than 11,000 Ukrainian refugees between the ages of 18 and 70 were interviewed throughout Germany. At the beginning of 2023 almost 7,000 people of this group took part in a second wave to document their current living conditions and changes.

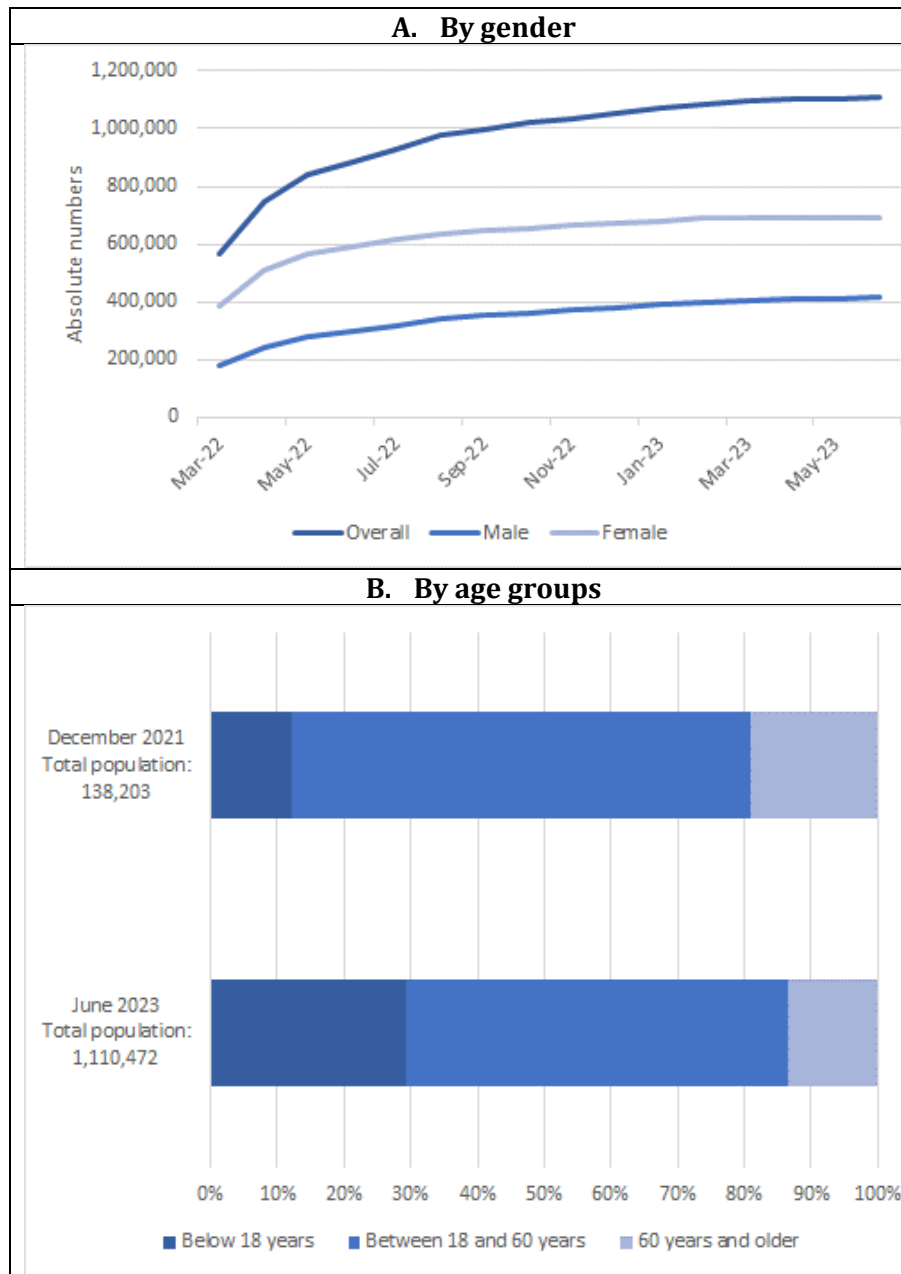
**As more time goes by since the beginning of the war, more Ukrainian refugees report intending to stay in Germany in the longer-term, but this share is still lower than for other refugee groups.** 44 percent Ukrainians interviewed in the second round of a survey conducted by the IAB-BIB/FREDA-BAMF-SOEP survey in early 2023 indicates that they intend to stay in Germany in the long term. This proportion is higher than the 37 percent reported in the first round of the IAB-BIB/FREDA-BAMF-SOEP survey conducted between August and October 2022 (Brücker et al., 2023). The intention to stay long term among Ukrainian refugees is nonetheless lower than among other refugees: a survey conducted among refugees in Germany in 2015 reveals that on average 85% of all respondents stated that they would like to remain in Germany indefinitely, with particularly high numbers among the Afghans and Iraqis and somewhat lower numbers among the Syrians (Worbs and Bund, 2016).

**As in other European receiving countries, the demographics of the Ukrainian refugees since 2022 is different from previous waves of forced migration to Germany.** For instance, half of the refugees from Ukraine residing in Germany are female with caring responsibilities (IAB-BIB/FREDA-BAMF-SOEP Study first wave). The median age is 28 years, which is significantly lower than the population living in Ukraine (41 years). This is also different from the average age of most asylum seekers in Germany in 2016, given that the latter group is younger (34 percent between 18 and 24 years old), and mostly male (70% of all applicants were men)<sup>39</sup>. Differences are also visible on education levels. Ukrainian refugees in Germany are highly educated: 72 percent of them hold university degree based on the first round of the IAB-BIB/FREDA-BAMF-SOEP survey. This is much higher than the average share of the population holding a university degree in Ukraine (50 percent) and Germany (33 percent). On the other hand, based on BAMF data, the share of asylum applicants holding a university degree in 2016 was almost 30 percent among Iranian, 22 percent among Syrians, and less than 10 percent among Afghans (Neske and Rich, 2016 based on BAMF data).

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<sup>39</sup>OECD, 2017.

**Fig. 1 Ukrainian population in Germany by gender and age**



Source: Federal Statistical Office of Germany (2023b): Migration and Integration. Central Register of Foreign Nationals (AZR), available at <https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Migration-Integration/Glossar/auslaenderzentralregister.html>, Accessed on 24.11.2023.

### 3.2 Germany's response to the inflow of Ukrainian refugees

**Germany and the other EU countries have taken unprecedented measures to facilitate the entry and stay of Ukrainian refugees, including by enacting for the first time the Temporary Protection Directive.** In Germany, the directive has translated into the implementation of §24 *Residence Act granting residence for temporary protection*. Through this legal measure, refugees from Ukraine have been granted a residence permit<sup>40</sup> without having to go through the lengthy asylum procedure or to face significant restrictions to access the German welfare system.

**As a consequence of the EU Temporary Protection Directive and differently from other refugee groups, Ukrainian refugees with residence permits have been immediately granted access to the regular German social welfare system.** In June 2022, a law was passed making refugees from Ukraine immediately eligible for the existing federal and local level social protection schemes targeted to people legally resident in Germany, including active labor market measures, and integration courses. This is in contrast with the process experienced by other refugee groups. In fact, according to the standard procedures, asylum applicants whose claim is pending only have access to a reduced package of benefits granted under the *Asylum Seekers' Benefits Act*. Only when there is a positive decision on the asylum application, asylum applicants have access to the "regular" social protection system for Germans.

**Based on their socio-economic attributes, the *Citizen's benefit* is the form of support that most Ukrainians are eligible to receive.** As most refugees from Ukraine are in working age and capable of working, they are likely to be eligible to the *Citizen's benefit*. The *Citizen's benefit* scheme gives access to a wide range of labor market activation measures delivered through the Jobs Centers, as well as to statutory health insurance, unemployment benefits, and other social support services (Table 1). Given the broad catalogue of activation measures provided by Job Centers and Employment Agencies, no additional activation measures were developed specifically for refugees from Ukraine as part of the *Citizen's benefit*<sup>41</sup>.

**Learning from the Syrian refugee crisis in 2015-2017<sup>42</sup>, the current policy measures for Ukrainian refugees have put a strong emphasis on language skills acquisition.** By immediately granting refugees from Ukraine a residence permit, Germany has fastened their access to free integration courses<sup>43</sup>, especially language training. In fact, at a first stage, integration measures almost exclusively focus on German language, whereas labor market activation measures start at a later stage. Attendance to integration courses is usually required as a conditionality to receive financial support and other services by the immigration authority or job centers, unless beneficiaries are persons looking after family members or working full-time.

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<sup>40</sup> According to the directive, this is granted for one year with the possibility for the EU to extend the duration. Currently, the temporary protection has been extended until 04/03/2024. Source: European Council, 2023.

<sup>41</sup> One of the reasons was the intention of avoiding unequal treatment amongst beneficiaries of the *Citizen's benefit*.

<sup>42</sup> Experience from the 2015-2017 showed that pursuing both language acquisition and labor market activation measures at the same time represented an overburden for refugees, who, particularly in a first phase, are confronted with several simultaneous challenges, such as psychological strain, access to healthcare and housing, etc.

<sup>43</sup> The courses consist of intensive language modules and orientation on the history, culture and legal system in Germany. Cost exemption is almost always granted to persons receiving social support (*citizen's benefit* or *social assistance*). For an overview of the integration course system, see Federal Office for Migration and Refugees, 2023. While these courses have not been designed specifically for refugees from Ukrainian, in the German system the access to such courses depends on the residence status.



**Significant efforts were put in place to tackle language barriers that could prevent access to key information.** The federal government (BAMF) developed a [central support portal](#) (available also as app) to provide general orientation for Ukrainian refugees in Ukrainian, Russian, English and German language. The website includes FAQs, information and [digital services](#) on entry, residence and return, social benefits, healthcare, housing, support for labor market integration, financial support for families, networks<sup>44</sup>, etc. Similarly, the Federal Employment Agency introduced a [hotline](#) specifically for refugees from Ukraine to provide information on job search and vocational training and summarized key information on the available social benefits as well as labor market integration on a [website](#), both in Ukrainian and Russian language.

**Differently from refugees under the standard regulation, Ukrainians under temporary protection can choose their initial residence place in Germany.** According to German regulations, Ukrainians could enter Germany without a visa since 2017<sup>45</sup>. Moreover, the residence permit granted to them according to the Residence Act allows them to stay in Germany for the first 3 months after arrival without registering<sup>46</sup>. Furthermore, unlike other refugees, they are not subject to the general distribution system, unless they live in reception centers. As a consequence, refugees from Ukraine are, to a great extent, able to choose their initial place of residence, with great advantages in terms of prospects of effective integration<sup>47</sup>. According to the IAB-BIB/FREDA-BAMF-SOEP survey almost three quarters of refugees from Ukraine live in private apartments and houses as of October 2022 (of which around 25% live with relatives or friends who have already been to Germany); 17% of the refugees live in hotels or guesthouses and only 9% live in communal accommodation for refugees<sup>48</sup>. The share of Ukrainian refugees living in private homes remained at 75 percent as of January 2023 (Brücker et al., 2023).

**The large network of NGOs already existing in Germany has been mobilized and leveraged to provide key services.** In the aftermath of the Syrian refugee crisis in 2015/2016, Germany developed a strong network of NGOs and support services<sup>49</sup> providing short-term assistance as well as long-term support. This has been key to increase the overall implementation capacity of the German state in responses to the inflow of Ukrainian refugees, for example, by providing language support and carrying out labor market activation measures. Additionally, many NGOs dedicated their own resources to support refugees from Ukraine by providing information on skills recognition, access to housing, individual mentoring among others.

**The initiative Alliance4Ukraine was developed to facilitate the coordination between actors who support refugees from Ukraine.** Alliance4Ukraine focuses on connecting policymakers, the private sector and existing NGOs, as well as on strengthening NGOs' capacity through funding from private businesses and donations. This initiative was designed to bring together relevant stakeholders across sectors.

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<sup>44</sup> The website lists [various regional Telegram groups](#) in Germany, with the goal of fostering networks with other Ukrainians and information sharing on numerous topics.

<sup>45</sup> Source: Brücker et al., 2023

<sup>46</sup> Source: Federal Office for Migration and Refugees, 2023.

<sup>47</sup> Only 16% of the refugees from Ukraine reported that they had been subject to distribution policies and assigned to their current place of residence by German authorities (Brücker et al., 2023).

<sup>48</sup> Source: Brücker et al., 2022. The situation has partly changed by now. Many Ukrainian refugees who had found private accommodation after arriving in Germany (e.g. on their own or with relatives, acquaintances or host families) had to leave these homes and move into communal accommodation (Source: Media Service Integration, 2023).

<sup>49</sup> Germany hosts about 60% of Syrian asylum-seekers and refugees in the EU (UNHCR, 2021). In 2022, Germany hosted about 660,000 Syrian refugees (Statista, 2023a).

**The German civil society responded with openness and support to the inflows of Ukrainian refugees.** Following the outbreak of the war in Ukraine, citizens showed great willingness to help, including by organizing in-kind donation campaigns and taking up refugees from Ukraine at home. Additionally, the labor market was marked by a strong “positive discrimination” in the private sector: many employers showed willingness to employ Ukrainians despite their limited knowledge of German language. Approximately one out of four companies in the country have had some forms of contact with refugees from Ukraine, and in about one third of the cases this resulted in employment<sup>50</sup>. The Chamber of Commerce and Industry organized several events<sup>51</sup> targeting refugees from Ukraine.

## 4. Initial evidence on Ukrainian refugees’ integration and jobs outcomes

### 4.1 Participation in integration and activation measures

**Available evidence suggests that German language skills among Ukrainian refugees were on average poor when they arrived, though they improved over time.** Few Ukrainian refugees reported good German language skills at the time of the first IAB-BIB/FREDA-BAMF-SOEP survey (August-October 2022), when the majority of those surveyed had been in Germany for five to six months: 1% rated their German skills as advanced, 3% as good, another 14% as basic, 42% as very poor and 41% indicated they had no German language knowledge at all (Brücker et al., 2023). Better German language skills were found among refugees who were already employed, younger, those who wanted to stay in Germany permanently, who had higher education or who were already attending a German course.<sup>52</sup> Notably, language skills did improve over time: the share of surveyed who did not speak any German at all halved from 41% to 18% by the second survey wave in early 2023<sup>53</sup>.

**The improvement in language skills can be traced back to the high participation among Ukrainian refugees in integration courses<sup>54</sup>.** Over the course of 2022, approximately 200,000 Ukrainians participated in integration courses sponsored by BAMF, growing from just 1,574 Ukrainians in 2021<sup>55</sup>. In 2022 Ukrainian nationals represented almost 60 percent of participants of BAMF integration courses, many more than Syrians (6.5 percent), Afghans (5 percent) and other nationalities (29 percent). By Fall 2023, about half of the Ukrainian beneficiaries had completed integration courses. Many Ukrainian refugees also attended other types of language courses offered

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<sup>50</sup> These figures result from the first wave of the carried out between October and December 2022. It also found that companies from the service sector had more frequent contact with refugees from Ukraine than those from the manufacturing sector and that the more urgently specialists are needed in a company, the more frequently these companies have already contacted Ukrainian refugees (Network Companies Integrate Refugees, 2023).

<sup>51</sup> These included job fairs connecting the private sector and refugees from Ukraine (Chamber of Commerce and Industry, 2023c) and the Founders Day for refugees from Ukraine to support entrepreneurship (Chamber of Commerce and Industry, 2023a).

<sup>52</sup> A possible explanation is that good language skills increase the chances of labor market integration on the one hand and on the other hand improve through work, e.g. through the exchange with colleagues. Source: Brücker et al., 2023.

<sup>53</sup> 18% indicated they had no German language knowledge, 46% very poor, 27% basic, 6% good, 2% advanced knowledge. Source: Brücker et al., 2023.

<sup>54</sup> Integration courses are financed by the BAMF and are implemented as the main measure to promote language acquisition. Integration courses are intensive courses (about four months) combining language course and information about the German culture, laws and how to live in Germany. Until recently, integration courses were accessible only to refugees whose claim has been recognized or who have good prospects of staying.

<sup>55</sup> In August 2023, 126,000 Ukrainians were participating in integration courses (Federal Employment Agency, 2023c).

by NGOs or language schools<sup>56</sup>. The first wave of the IAB-BIB/FREDA-BAMF-SOEP survey is consistent with BAMF data. According to the survey about 35 percent of Ukrainian refugees had either attended or completed a BAMF integration or other courses<sup>57</sup>, with only 9 percent of respondents reporting to have enrolled in a language course two months after arrival and 33% of respondents four months after arrival (Brücker et al., 2023). The course take-up increased over time: at the time of the second wave of the IAB-BIB/FREDA-BAMF-SOEP survey collected between January and March 2023, 65 percent of Ukrainian refugees were participating in a language course while 10% had already completed one.

**Participation in integration and language courses differed depending on refugees' employment status and childcare responsibilities.** 51 percent of the non-employed attended their first course after six months compared to 42 percent among the employed (Brücker et al., 2023). Parents with young children (under 7 years) are less likely to attend integration courses: six months after arrival 39 percent of refugees with children less than 7 years old were attending a course, compared to 54 percent of parents with older children (between 7 and 17 years) and to 48 percent among refugees without any children (under 18 years). These differences are likely to be related to the family care obligations and the lack of childcare services, with a disproportionate effect on women, given that female single parents are significantly more common (72 percent) than male (8 percent) (Brücker et al., 2023). These findings are consistent with other evidence for Germany, showing that two years after arrival, employment rates of refugee women only reach 11% of the employment rate of refugee men (see Appendix Table A1 in Brell et al., 2020).

**As of August 2023, two in five Ukrainians living in Germany were registered at the Job Centers.** Overall, about 63 percent of Ukrainian nationals in working age (estimated to be about 790,000 according to BAMF data) were registered jobseekers in August 2023<sup>58</sup>. The number of Ukrainians registered jobseekers at the Job Centers increased from 20,000 as of February 2022 to 503,000 as of August 2023<sup>59</sup>. The number of registered unemployed increased from 8,000 to 212,000 (69 percent women) in the same period<sup>60</sup>. Registered unemployed were either participating in integration courses (126,000), or in vocational training (52,000), parenting/at home taking care of relatives (26,000) or were not available for other reasons (long-term inability to work, disability pension, etc.) (4,400).<sup>61</sup>

**The participation in labor market activation measures among Ukrainians has also been increasing over time.** As of May 2023, over 19,000 Ukrainians had benefited from different types of labor market activation measures (eight times more than before the war) (Figure 2). Over 13,000 Ukrainians participated in *activation measures* (counselling services to identify and overcome job placement barriers, assistance to apply to a job offer, foreign language courses, coaching to start an

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<sup>56</sup> Data is centrally collected only for participation in integration courses financed by the BAMF. Instead, it is not possible to centrally aggregate the total number of persons attending other types of language course offered by NGOs or language schools.

<sup>57</sup> Representing about 270,000 refugees - 15% reported to have taken another language course and 1% that they had visited both types of courses.

<sup>58</sup> This is lower than the share of registered jobseekers among refugees (74 percent) as self-reported in the IAB-BIB/FREDA-BAMF-SOEP first wave survey during the Fall 2022.

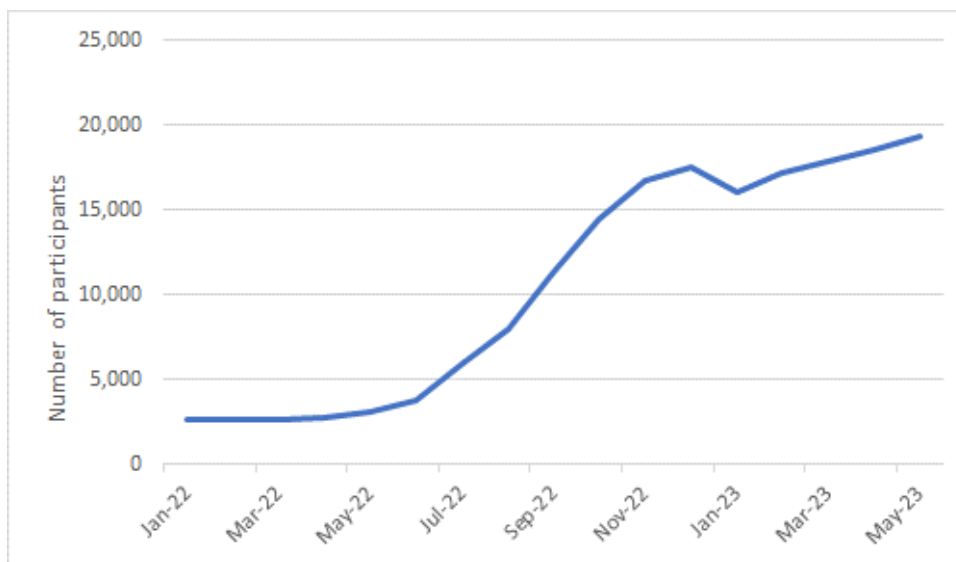
<sup>59</sup> Source: Federal Employment Agency, 2023c.

<sup>60</sup> Compared to 6,000 in February 2022. Comparing with March 2023 data on refugees from other nationalities, the number of unemployed Ukrainian refugees actively looking for a job is significantly higher than among refugees from Syria (101,000) or Afghanistan (30,000).

<sup>61</sup> Data for April 2023, source: Source: Federal Employment Agency, 2023c.

own business, etc.), while over 6,000 benefited from active labor market programs not specifically targeted to refugees. Specifically, over 2,000 benefitted from employment support measures (e.g., wage subsidies paid out to employers and start-up grants for prospect entrepreneurs) and approximately 4,000 benefitted from other measures such as career counselling services, vocational training and individualized support measures. The learning of German language at a basic level is likely to explain part of the increased participation in ALMPs since basic language skills are required to participate in ALMPs offered at the Jobs Centers.

**Figure 2. Ukrainians participating in labor market activation measures by Job Centers**



Source: Federal Employment Agency (2023a): Effects of refugee migration from Ukraine on the labor market and the basic benefits for jobseekers, available at [https://statistik.arbeitsagentur.de/DE/Statischer-Content/Statistiken/Themen-im-Fokus/Ukraine-Krieg/Generische-Publikationen/AM-kompakt-Auswirkungen-Fluchtmigration-Ukraine-Arbeitsmarkt.pdf?\\_blob=publicationFile](https://statistik.arbeitsagentur.de/DE/Statischer-Content/Statistiken/Themen-im-Fokus/Ukraine-Krieg/Generische-Publikationen/AM-kompakt-Auswirkungen-Fluchtmigration-Ukraine-Arbeitsmarkt.pdf?_blob=publicationFile), Accessed on 30.11.2023.

#### 4.2 Employment outcomes

**Across the world, refugees usually have worse jobs outcomes than both natives and other migrant groups.** Data for the European OECD countries show that – after controlling for other relevant individual characteristics – refugees have employment rates that are 23 percentage points lower than their peers who have come as labor migrants (Dumont et al., 2016). Refugees generally are engaged in low skilled jobs in low-paid sectors (Kanas and Steinmetz, 2021; Fasani et al., 2022), their wages are in the lowest earning decile (Brell et al., 2020; Akgüç and Welter-Médée, 2021; Fasani et al., 2022) and their earning gap to economic migrants persists over their stay (Bevelander and Pendakur, 2014; Brell et al., 2020).

**Female refugees experience slower labor market integration, facing higher constraints especially during the first years after arrival<sup>62</sup>.** In Germany, the female–male employment ratio two years after arrival, employment rates of refugee women only reach 11% of the employment rate of refugee men in Germany, which stands in sharp contrast to the female–male employment ratio among immigrants (40%) or the native-born majority (88%) (see Appendix Table A1 in Brell et al., 2020).

<sup>62</sup> Kosyakova, et al., 2023b.

**Given the strong focus on integration courses and the long asylum procedures, refugees in Germany have on average lower employment rates during the first years after arrival compared to other host countries but catch up later on.** The employment rate for refugees during the first two years after arrival is low, at less than 20 percent in Australia, Finland, Denmark, Germany, Norway and Sweden, and more than 20 percent only in the United Kingdom, the United States, and Canada (Brell et al., 2020). However, employment rates improve with length of stay: the employment growth over the first five years in Germany is high (at 5 percent), indicating that the refugees' labor integration process in Germany continues over time to reach 30 percent employment rate 5 years after arrival (about the same as Denmark and Finland, but lower than in other HICs) (Brell et al., 2020). A cross-country comparative analysis based on the European Union Labor Force Survey (EULFS) 2008, shows that on average more than 25 years are needed for refugees to achieve employment the same level of employment rate as the majority native-born in Europe (Dustmann et al., 2017)). In Germany, for example, refugees reach an employment rate of 70% 14 years after arrival, whereas other immigrants reach this level after six years of residence (Brücker et al., 2019).

**Similarly, Ukrainian refugees in Germany had worse (albeit improving) job outcomes during the first months compared to Ukrainian refugees in other European countries.** The formal employment rate<sup>63</sup> among Ukrainian refugees in Germany after the first 6 months since the start of war is estimated at 7 percent, significantly lower than in Denmark (53 percent), Lithuania (50 percent), Estonia (41 percent), Ireland (32 percent), Spain (between 18 and 38 percent depending on returned migration assumptions), Poland (25 percent), Czech Republic (20 percent) (Dumont et al., 2023)<sup>64</sup>.

**More than one year since the start of the war, evidence suggests that more than 1 in 10 Ukrainian refugees in working age have found a job in Germany.** As of June 2023, more than a year after the start of the war, about 152,000 Ukrainians accepted a job subject to social insurance contributions<sup>65</sup>, 95,000 more people since the start of the war<sup>66</sup>. Assuming that all Ukrainians who contributed after February 2022 are refugees, then approximately 12 percent of refugees in working age have a job subject to social contributions. Moreover, additional 40,000 (4 percent of refugees in working age) have a job not subject to social insurance contributions<sup>67</sup>. The first wave of the IAB-BIB/FREDA-BAMF-SOEP survey presents similar employment to population ratios for refugees:

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<sup>63</sup> The formal employment rate is defined here as the rate of jobs subject to social security contributions over the working age population.

<sup>64</sup> It has to be noted that the employment to population ratios are not strictly comparable across countries due to data limitations. While the same definition of employment to population ratio applied is the same, data collection on refugees may differ. Estimates also do not take into account foreign language knowledge and social networks effects.

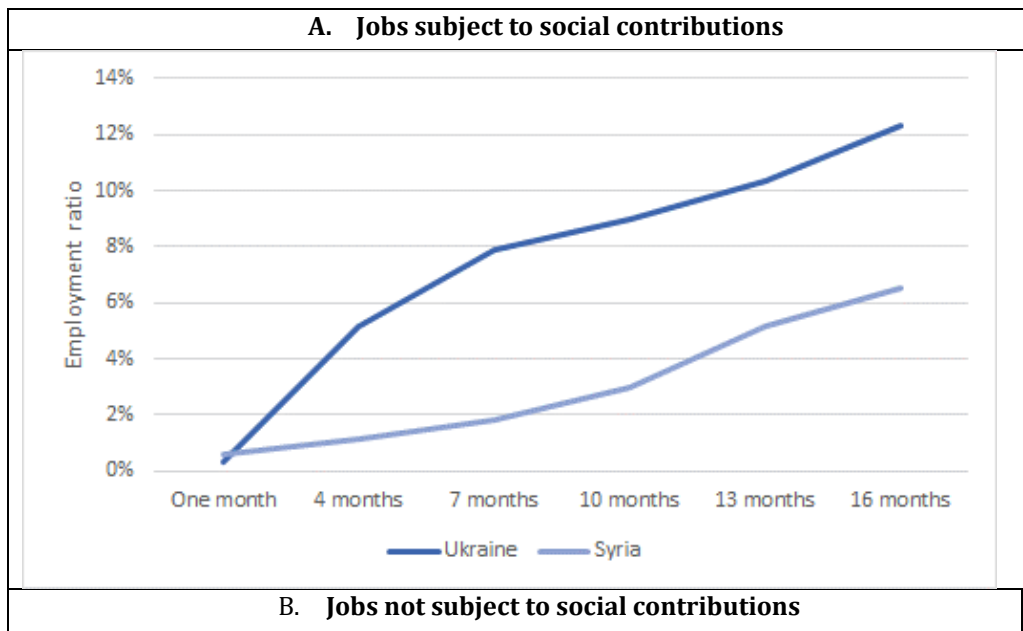
<sup>65</sup> Definition taken from Federal Statistical Office of Germany, 2023a and includes *marginal* jobs. The number is compared with 205,000 Syrians and 92,000 Afghans who had a formal job at the same time.

<sup>66</sup> By June 2023, there were 152.000 Ukrainian employees with social insurance contributions. This represents an increase by 95.000 persons compared to the 57.000 employed Ukrainians before the start of the war. Source: Federal Employment Agency, 2023c.

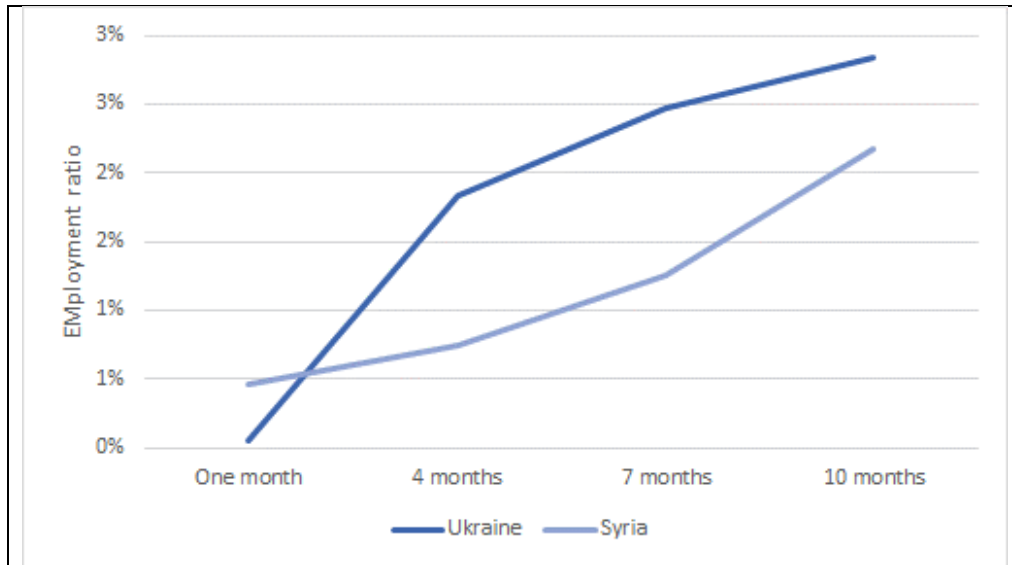
<sup>67</sup> These are jobs with income limit (max. 6,240 Euro per year) and occasional jobs (the length does not exceed three months or 70 working days per year). In these jobs the insurance (and taxes) are paid by the employer alone, whereas employees are exempt from long-term care and unemployment insurance, and can request exemption from pension contributions. Health insurance is mandatory and has to be covered by the employee. By June 2023, there are 40.000 Ukrainian employees without social insurance contributions. This represents an increase by 32.000 persons compared to the 8.000 employed Ukrainians before the start of the war. Source: Federal Employment Agency, 2023c.

when asked about their employment status<sup>68</sup>, 17 percent of Ukrainian refugees of working age (18-64 years) reported to be employed in Germany and they found employment 6 months after arrival. Employment ratios are higher among men (24 percent) than women (16 percent) according to the survey. Employment rate based on the second survey is slightly higher at 18 percent (22 percent among men and 17 percent among women). The probability of employment increases with levels of education, German language skills, accommodation in private housing, if partner lives in Germany and the intention to return to Ukraine; whereas the employment probability is lower for women living with their minor children in the household, particularly if the children do not attend any childcare facility and for those refugees in need assigned to the residence place (Brücker et al., 2022; Kosyakova et al., 2023a).

**Figure 3. Employment ratios among Ukrainian and Syrian refugees by duration of stay after their respective forced migration shock**



<sup>68</sup> The estimation of the employment rate according to the IAB-BIB/FREDA-BAMF-SOEP survey is broader than the estimate based on administrative data and includes: paid apprenticeships in firms, vocational training, jobs without social contributions and jobs with social contribution (full time, part time). Employment estimates according to the Federal Employment Agency data do not include self-employment.



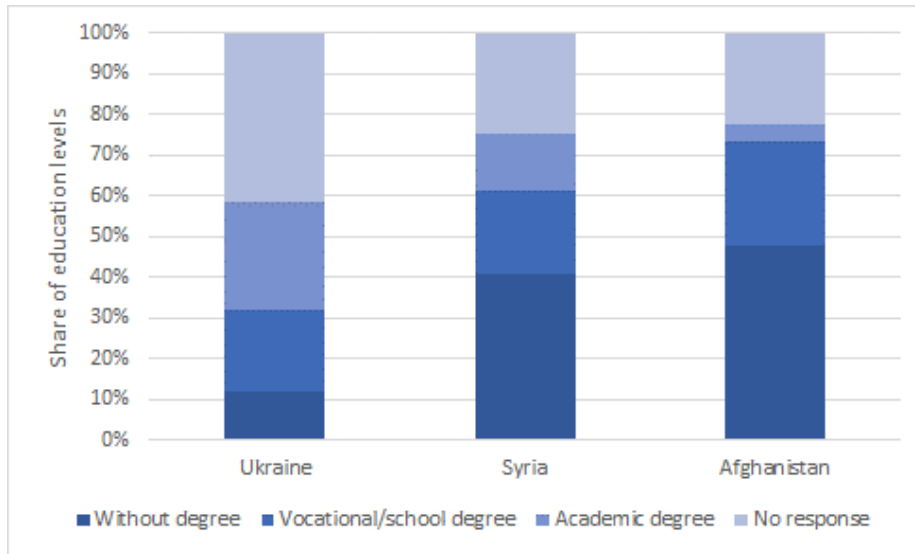
Source: Federal Employment Agency (2023c): Migration monitor (Monthly numbers). Germany, available at [https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche\\_Formular.html?nn=1961220&topic\\_f=migrationsmonitor](https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=1961220&topic_f=migrationsmonitor), Accessed on 30.11.2023.

Note: Figure report monthly employment to working age population ratios. Monthly employment ratios are rescaled to the time of the shock that caused forced migration. Month zero 1 February 2022 for Ukrainians and August 2015 for Syrians. Since the employment information provided by Jobs Centers and the Federal Employment Agency is provided by nationality and not by refugee status, we assume that all Ukrainian nationals employed after February 2022 are refugees. We adjust employment statistics for Syrian similarly. We construct employment to population ratios estimating the working age population of Ukrainian refugees steady at 770,000 over the first 16 months after the start of the war, consistently with the IAB-BIB/FREDA-BAMF-SOEP survey and at 272,806 for Syrian refugees (Central Register of Foreign Nationals (BAMF) 2015, reported by the Federal Statistical Office of Germany). Jobs subject to social contributions exclude self-employment.

**The labor market inclusion of Ukrainian refugees in Germany during the first year has been faster compared to other refugee groups.** Figure 3 compares the monthly employment ratios among Ukrainian and Syrian refugees one month to 16 months after the respective shocks that caused their forced migration, with the two panels differentiating between category of jobs. The employment rate among Ukrainian refugees is double (10 percent) the one among Syrian refugees a year after arrival in Germany. Interestingly the informal rate grows faster among Ukrainians despite being lower during the first two months. The immediate access of Ukrainian refugees to integration courses, ALMPs and the whole “regular” social protection system due to the EU Directive may have contributed to allow Ukrainians to integrate much faster in the labor market than Syrians who had to undergo lengthy asylum request procedures. Other factors such as the higher education and availability of social networks explain better jobs outcomes among Ukrainians<sup>69</sup>.

<sup>69</sup> Fendel et al., 2023.

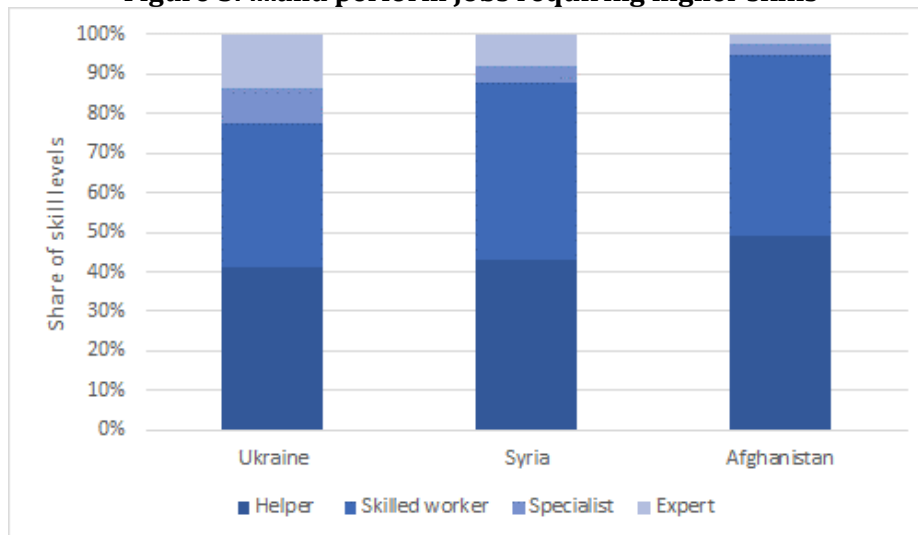
**Figure 4. Ukrainian formal workers are more educated than Syrians and Afghans**



Source. Federal Employment Agency (2023c): Migration monitor (Monthly numbers). Germany, available at [https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche\\_Formular.html?nn=1961220&topic\\_f=migrationsmonitor](https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=1961220&topic_f=migrationsmonitor), Accessed on 30.11.2023.

Data refer to February 2023 for workers paying social security contributions.

**Figure 5. ....and perform jobs requiring higher skills**



Source. Federal Employment Agency (2023c): Migration monitor (Monthly numbers). Germany, available at [https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche\\_Formular.html?nn=1961220&topic\\_f=migrationsmonitor](https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=1961220&topic_f=migrationsmonitor), Accessed on 30.11.2023. Data refer to February 2023 for workers paying social security contributions.

**Ukrainian refugees who are formally employed are more educated and hold jobs at both ends of the skills spectrum but are more likely to be in higher-skilled jobs than other refugee groups.** Ukrainian refugees are more educated than the average Ukrainian and the average German. Ukrainian formal workers<sup>70</sup> in Germany have also higher educational levels compared to formal

<sup>70</sup> These statistics include also long-term immigrants that are generally better integrated.



workers with other nationalities: 27 percent have academic degree compared to 14 percent of Syrian and 4 percent of Afghan workers (Figure 4). Similarly, Ukrainian formal workers are more likely to be employed in jobs requiring high skills than Syrians and Afghans in Germany: 22 percent of Ukrainian formal workers work as specialists or experts compared to 12 percent of Syrian and 5 percent of Afghan formal workers (Figure 5)<sup>71</sup>. Almost one-third of employees work in people-related service jobs, followed by production jobs (24%), other economic service jobs (21%), commercial and business service jobs (17%), and IT/science jobs (5%).<sup>72</sup> Looking at the occupational change for Ukrainians since December 2021, there has been a shift of Ukrainians working in jobs at helper level (23 percent as of December 2021, 37,2 percent June 2022 and 40 percent September 2022), while the share of Ukrainians working at specialist or expert level has been slightly decreasing from 32 percent in December 2021 to 25 percent and 23 percent in June and September 2022 respectively. This could be explained by the fact that, given the wish to integrate quickly in the labor market despite hurdles like skills recognition, refugees from Ukraine may be taking up more low-level jobs than before. Nonetheless, comparing the structure of employment of Ukrainians with the one of population groups coming from other important refugee countries, e.g. Syria<sup>73</sup> and Afghanistan<sup>74</sup>, it is evident that Ukrainians continue to work in comparatively higher-level jobs.<sup>75</sup>

## 5. Lessons learned from the German experience integrating Ukrainian refugees

### 5.1 Good practices

**Investing in refugees' human capital early on can contribute to better job outcomes in the medium term.** While initial employment rates of refugees in Germany tend to be lower than in other countries due to the time spent in integration courses, these initial delays pay off in the medium term, resulting in better jobs outcomes for refugees (in terms of jobs requiring higher order skills and higher earnings). Refugees employed in skilled occupations are not uncommon in Germany, especially in jobs related to catering and warehouse management.

**The move towards quicker access to integration support accelerates refugees' labor market integration process.** The EU temporary directive for Ukrainian refugees and its adoption in Germany contributed to their quicker labor market integration compared to refugees from other nationalities. By granting two years of stay and a work permit, the EU temporary directive contributed to reduce uncertainty among Ukrainian refugees on their legal status in the short term, cut the duration of asylum procedure, and, hence, reduced integration barriers. In general, shorter asylum procedures facilitate labor market integration: for refugees of other nationalities, the decision on an asylum application accelerates the start of a first employment and the transition to the first language course in Germany<sup>76</sup>. While recent reforms in Germany have also shortened the time needed for other refugee groups to access language and integration measures, the restricted access to employment services during the asylum application procedure may affect labor market integration<sup>77</sup>. There is also a consensus in the literature that long inactivity and unemployment spells among refugee populations may cause deskilling, as well as distress and mental health issues, which,

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<sup>71</sup> As of February 2023. Source: Federal Employment Agency, 2023c.

<sup>72</sup> Source: Federal Employment Agency, 2023b.

<sup>73</sup> In 2022, on average: helper level: 40,5%, skilled work: 49%, specialists/experts: 10,5%.

<sup>74</sup> In 2022, on average helper level: 45%, skilled work: 50,5%, specialists/experts: 4,5%.

<sup>75</sup> Sources: Federal Employment Agency, 2023c.

<sup>76</sup> Kosyakova and Brenzel, 2020; Hainmueller, J., Hangartner, D., & Lawrence, D. (2016). When lives are put on hold: Lengthy asylum processes decrease employment among refugees. *Sci. Adv.*, 2, e1600432.

<sup>77</sup> Damelang and Kosyakova, 2021.

in turn, may further reduce their employability<sup>78</sup>. Overall, early action is crucial to avoid permanent detachment from the labor market and human capital losses<sup>79</sup>. As such, the context for refugee admission and giving refugees access to integration measures and labor market rights is an important step to promote their self-sufficiency and full contribution to host countries.

**Language skills continue to be a cornerstone of integration in Germany.** Evidence from high income countries shows that investing in language training programs is important for the long-term labor market integration of refugees and inter-generational integration (Baharet al 2024). For example, in Denmark, participation in language training early on allowed refugees to access careers in more complex types of jobs and increased earnings based on a rigorous impact evaluation (Foged et van der Werf 2023). In Germany, the provision of free German classes for working-age people has been a key action to facilitate access to a variety of services as well as to promote inclusion into social life in the country based on qualitative evidence. Language courses are provided at different levels (beginner, medium, advanced) to best match refugees needs<sup>80</sup>. They represent a first intervention to step into other services and ALMPs such as professional training, counseling, employment subsidies which require at least a basic level of German, since these are the same programs offered to native Germans. The provision of language skills training requires additional resources which low and middle-income countries may not be able to invest, despite the high returns documented in HICs<sup>81</sup>.

**Strong and tailored outreach efforts helped address information barriers and improve take-up of key services.** For example, online portals in different languages can ease access to information on social protection services, residence permits and job opportunities. The German federal government launched a portal tailored to Ukrainian refugees which provides general information on residence permits and return, access to social benefits, healthcare, housing, employment services, financial support for families, to existing networks<sup>82</sup> in different languages including Ukrainian, Russian, English and German. Similarly, the Federal Employment Agency introduced a [hotline](#) specifically for refugees from Ukraine to provide information on job search and vocational training and summarized key information on the available social benefits as well as labor market integration in a dedicated [website](#), both in Ukrainian and Russian language. Social media can also be leveraged to reach out to different groups and disseminate information on service provisions. Telegram and Facebook have been widely used in Germany for this purpose.

**Streamlining bureaucratic procedures, including via digitalizing services, has contributed to improve uptake of services and promote employment.** Learning from the COVID pandemic, an [online application system](#) for accessing some social and employment benefits was activated to limit overburdening of Job Centers. Additionally, during the pandemic, Job centers took special measures to facilitate access to the Citizen's benefit by introducing a temporary simplification of the asset and income tests (Federal Ministry of Labour and Social Affairs, 2022). While the digitalization process to issue the Citizen's Benefits had started before the pandemic, the pandemic contributed to accelerate the implementation of the digitalization in some Job Centers<sup>83</sup>. While the online application system is available in German, it is possible to download [information material and](#)

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<sup>78</sup> Walther et al., 2020; Ambrosetti et al., 2021; Jaschke and Kosyakova, 2021; Ruiz and Vargas-Silva, 2018.

<sup>79</sup> OECD, 2017; Kanas and Steinmetz, 2021; Marbach, 2018 on employment bans

<sup>80</sup> While in cities language courses are easily accessible, in more rural areas their number is limited and often far from the place of residence of refugees.

<sup>81</sup> Rigorous evidence on the labor market impact of language training in lower income countries is absent (Peri et al. 2024).

<sup>82</sup> The website lists [various regional Telegram groups](#) in Germany, with the goal of fostering networks with other Ukrainians and information sharing on numerous topics.

<sup>83</sup> For further information, see German Association for Public and Private Pension Provision, 2022.

[detailed explanations](#) on how to complete the application in Ukrainian, Russian and English. In addition, interpreters were made available in Job Centers to facilitate [refugees' access to information](#). Similarly, the establishment of quick procedures for the recognition of “unregulated” qualifications was an important step to facilitate employment. Currently, the formal recognition of regulated qualifications (teachers, doctors) in Germany may take from 3 to 6 months. The German Chamber of Commerce and Industry introduced a quick initial assessment in form of brief counselling sessions specifically designed for refugees from Ukraine, to record their qualifications and work experience for further career support and facilitate the hiring process even in case of missing formal certificates. While formal recognition procedure is necessary in the regulated professions and takes longer, most of the professions under the chamber are unregulated and in principle can be “signaled” to employers so that refugees can start working immediately without lengthy formal recognition procedures (Chamber of Commerce and Industry, 2023b). With the result of the initial assessment, companies can get an impression of the professions in which applicants have been trained and have gained experience (see Chamber of Commerce and Industry, 2022).

**Actively involving non-governmental actors has increased the readiness of the German system to respond to sudden and unexpected large refugee inflows.** In the German system, NGOs play a fundamental role to help refugees navigate the administrative and documentation requirements to be followed to submit applications. NGOs are also key players that facilitate the labor market integration of refugees by raising awareness, providing information on the steps for skills recognition and access to services, delivering individualized counseling and career orientation services, connecting refugees with employers, supporting employers' reach out and hire refugees, as well as referring to training providers and supporting enrolment<sup>84</sup>. Some services are outsourced to NGOs by federal government agencies (Job center and chamber) to provide support specifically targeted to refugees which, for example, the Job Centers may not offer<sup>85</sup>. Collaboration with the private sector has also shown to be essential. The German Chamber of Commerce and Industry organized Job fairs in Berlin targeted refugees from Ukraine in 2022 to address constraints related to access to information and connect private sector and refugees. More than 1,000 refugees were informed about job offers from about 60 companies selected among those with previous experience hiring refugees and identified to maximize participation. Jobs offers included a mix of jobs requiring basic language, only English and more advanced German language, with and without childcare provided.

## 5.2 Remaining challenges

**Mobility restrictions applying to large shares of refugees may limit refugees' opportunity to find employment and to fully contribute to the economic life of host countries.** In 2016 Germany introduced a residence obligation which requires refugees hosted in state-provided accommodation

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<sup>84</sup> In addition, some NGOs serve as intermediate agents between refugees and employers. By providing job search assistance and job matching services to refugees and to employers hiring refugees, they complement the Jobs Centers. For example, Arrivo Berlin and Club Dialogue are used to work with a pool of employers already sensitized to work with Ukrainian refugees. They do also provide services to help employers (especially SMEs) deal with all the bureaucracy barriers and requirements to hire migrants. Club Dialogue actually reported that since the war and the EU directive, it is actually easier to hire a Ukrainian because they are already in the country and the simplification procedures.

<sup>85</sup> Specific lessons emerging from the NGO Club Dialogue in providing job search assistance and job matching services include: (1) the intensity of individual counselling: the longer the individual counseling the more effective (130 hours counseling) but more costly and time intense; (2) hiring counselors from the origin countries of refugees (Syria, Turkey, Ukraine) who speak the language; (3) integrate refugees in training courses and schools with natives (once they have minimum language knowledge) and avoid segregating them in separate classes.

to reside in the municipality in which their asylum application was processed for at least three years. Receipt of social benefits has also become conditional on their residence in the municipality in which their asylum request is processed. Residence-related barriers together with settlement policies may limit refugees' labor market and economic integration as (i) refugees may end up being assigned residence in municipalities where employment opportunities or other employment-related services (childcare, language courses, etc.) are scarce; and (ii) by discouraging labor mobility and job search efforts in municipalities with better jobs prospects. In Germany, mobility restrictions among migrants—and particularly among refugees—resulted in reduced and delayed employment (Brücker et al., 2019). Similar findings are found in Sweden (Edin et al., 2004) and European countries with spatial dispersal policies (Fasani et al., 2022) with similar restricted residence requirements.

**Not taking into account labor market needs and the local supply of services is an important shortcoming of the system that regulates the geographical distribution of asylum-seekers.** As discussed above, Germany enforces state-based distribution policies that require refugees to settle in certain states based on tax revenues and population size. The experience with state-based distribution of refugees in 2015 resulted in large shares of refugees in regions with weaker supply of services, which have significantly hindered integration (Brücker et al., 2020). According to Brücker et al. (2022) distributing refugees by regions according to: (1) labor market situation, (2) childcare infrastructure and (3) housing costs, can increase employment rates by 5 percent. The recent experience with Ukrainian refugees confirms that the supply of local services is an important factor to consider when setting distribution quotas<sup>86</sup>. For example, the increased demand for federal and local social protection by Ukrainian refugees has put Job Centers under pressure. In some contexts, the overreliance on social services may trigger concerns by natives, thus, hampering integration<sup>87</sup>.

**Despite existing efforts, the formal recognition process in some professions remains slow, making refugees' employment in these jobs difficult or causing significant delays in labor market entry.** The recognition of skills and qualifications is often a long-lasting process, especially in some professions, thus becoming an additional barrier to employment for a population that already faces multiple challenges. As such, some refugees remain unemployed or find employment in jobs below their qualification levels, as shown in earlier section of this note. Additionally, as many professions in Germany require certified qualifications, apprenticeships and advanced language skills, there is an important share of jobs that is not accessible to many refugees – many of which in key sectors with labor force shortages such as health care and elderly care. This is, for example, the cases of the nursing profession, which, to be recognized, requires two years of apprenticeship and one year of internship. Given the strong system of apprenticeships and qualifications in Germany, historically there are professions where the formal recognition process takes a long time. The Covid-19 pandemic has opened the door for new procedures to facilitate the employment of foreign doctors with pending accreditations in some Germany states (Moroz, Shrestha and Testaverde, 2020). These innovations could represent a useful starting point for the streamlining of the recognition process for other states and some professions.

**The inflow of Ukrainian refugees has re-emphasized the need to develop or strengthen some key services.** The provision of childcare services in many German regions was limited even before the recent migration wave from Ukraine<sup>88</sup>. Given the demographics of Ukrainian refugees (mostly mothers with children and dependents), the limited availability of childcare facilities has resulted

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<sup>86</sup> In fact, the vast majority of Ukrainian refugees are living in Nordrhein-Westfalen, Bavaria and Lower Saxony. Source: Statista, 2023b.

<sup>87</sup> Card et al., 2012; Dustmann and Preston, 2006 and 2007; Facchini and Mayda, 2009, 2012; Muller and Tai, 2020.

<sup>88</sup> See also Fendel et al., 2023.

into lower uptake of childcare services and higher barriers to employment among single Ukrainian mothers. Mental health services are another area that has emerged as in need of strengthening. Despite the fact that Ukrainians and recognized refugees have access to the same services as Germans in terms of psychological support, most of these services are not tailored to the needs of populations that have experienced traumatic forced displacement. This gap is currently filled by NGOs on an ad-hoc basis, however, more resources would be needed to structurally address these issues. Moreover, these services are often not accessible for refugees who are still in the asylum procedure, leading to a worsening of mental health illnesses. Finally, while significant attention has been paid to language training, the supply of providers is geographically concentrated in some urban areas, and less available in rural villages.

**While the implementation of the EU temporary directive represents an important milestone, going forward applying the Directive consistently will be key to avoid unequal treatments and to prevent refugees from losing trust in the EU system.** The implementation of the EU temporary directive showed that EU countries can activate fast responses to address refugees' needs and represents an important precedent in the history of the European admission, reception and integration system. However, going forward it will be important to ensure that the same treatment can be provided to other refugee groups fleeing similar situations of danger. Preventing and addressing potential discriminating treatments will be key from a human rights perspective, but also to prevent increasing distrust in the whole European system. Trust in the system is, in fact, essential to motivate integration efforts in people who arrive in host countries after experiencing traumatic experiences and represents a core element for the success of multicultural societies. As such, communicating clearly and transparently the reasons behind certain policy decisions and ensuring that these decisions imply an equal treatment of all refugee groups will be key in the years to come. Given the strong role of CSOs in Germany, their role could be leveraged to maintain an open communication with all refugee groups are well informed.

### 5.3 Final remarks

**The increasing number of refugee crises across the world and the long duration of refugees' stays abroad draw the attention to the need for longer term and sustainable responses.** Refugee flows have become more frequent over the last decades and may increase in the future, not only because of conflict and violence, but also due to additional factors such as climate change and natural disasters. While the evidence suggests that refugees tend to stay long periods in their host countries, the international community has mainly followed an *emergency* and short-term approach to respond to refugee crises. The 2023 WDR draws the attention to the need for longer term and more sustainable responses that can provide protection to refugees, while at the same time ensuring that the costs of hosting forcibly displaced populations do not fall on a small number of countries (WDR 2023).

**More than one year after the outbreak of the war in Ukraine, initial evidence suggests that the German system keeps its strong focus on investing in skills for the long-term integration of refugees.** Germany has been home to different types of migration flows over the last decades, including of forcibly displaced people. The experience acquired with responding to different flows of foreign nationals has made clear that investment in refugees' human capital development (language skills, professional skills development and recognition) is key for their sustainable inclusion into the German society. The Ukrainian crisis has generated unprecedented flows of refugees raising questions on the capacity of systems to effectively absorb these large flows. The integration and employment outcomes of Ukrainian refugees recorded so far, without major breakdowns in the provision of public services, and with the continued support of the German civil society, confirm Germany's focus on refugees' long-term integration rather than just on their more immediate employment.

**A number of structural characteristics of the German system, coupled with special measures introduced following the Ukrainian crisis, enabled Ukrainian refugees to integrate and access more higher skilled (and better paid) jobs.** Overall, a multiplicity of benefits and services are provided to refugees in Germany, even before refugee status is granted. Once their asylum claim is recognized, most refugees have access to the same social benefit schemes as German citizens with all the cash benefits and services linked to them. Years of experience led the country to realize that the complexity of refugees' needs is hard to address by the government sector alone. As such, strong partnerships with NGOs and the private sector were developed to increase the capacity and resilience of the system. Additionally, the country has put a strong focus on immediate teaching of language skills, understanding that this aspect is crucial to activate refugees' integration process. Ukrainians refugees also benefited from the automatic recognition of their temporary protection status, therefore, avoiding the long waiting times that often prevent access to different types of benefits and that put other groups of asylum seekers in a limbo. Similarly, most Ukrainians refugees were not subject to the distribution quota and, therefore, could decide freely where to settle in the country and move across localities in response to economic opportunities.

**Nevertheless, the large inflows of Ukrainian refugees also offered the opportunity to reflect on some aspects of the German system that could be improved.** The criteria used to decide on the allocation of asylum-seekers across states is not responsive to economic needs nor it takes into account potential capacity constraints on the supply side of key public services such as childcare, schools, hospitals, job centers. Unlike other refugee groups, Ukrainian refugees have the possibility to move freely in the country, which likely contributed to the better employment outcomes than those of other refugee groups. However, this freedom of movement had also adverse consequences, such as creating pressure on public services in some localities, especially in areas with high concentration of Ukrainians. This show that there is space in the Germany system to improve geographic distribution of asylum-seekers, without losing sight of the balance between economic opportunities and capacity of services at local level. Similarly, while forcedly displaced populations are provided with a wide range of services and benefits, the Ukrainian crisis drew the attention to the under-supply of certain services that are fundamental for the long-term integration and well-being of refugees, such as childcare and psychological support, especially in certain areas of the country.

**Importantly, the evidence documented in this paper suggests that not losing sights of longer-term integration outcomes is possible even after episodes of massive forced displacement.** By giving immediate access to protection, labor markets, mobility and integration support, the implementation of the EU directive shows that a quick, comprehensive and structured response to refugee crises is possible and can result in positive socio-economic outcomes. The German approach is an example of how countries may follow a sustainable strategy, even when facing large inflows. Instead of implementing an emergency response, the approach followed for Ukrainian refugees was to invest in equipping refugees with the skills needed to improve their long-term labor market prospect. Years of investment in a strong integration eco-system that benefits from the contributions of different stakeholders was key in the German case to react quickly and to readily start the process that can transform short-term potential integration costs into long-term economic opportunities. Via this approach, investing in refugee integration allows countries to expand their workforce and becomes an investment with positive economic returns. However, it is of high importance to ensure that these measures benefit all refugee groups equally and that they are based on transparent criteria to avoid discrimination and potential backlashes from other groups.

**In lower income countries or in contexts with less dynamic labor markets, the support of the international community could be instrumental to implement a similar approach.** Significant financial resources, a well-functioning public administration, and a dynamic labor market are key elements that contribute to the success of the German integration model and that are not necessarily all present in other country contexts. This is especially true for low- and middle-income countries, which are the main destinations of refugees across the world, but also for high income countries in which economic opportunities are less available and informality is more common. As such, the 2023 WDR discusses the need for more international cooperation in support of host countries, given the high costs they face to integrate refugees, especially in contexts where local capacity is already stretched or lacking. More support can take the form of financial resources or relocation of an agreed number of refugees to countries with more capacity to provide the services they need. Additionally, the 2023 WDR shows the potential benefits of successful integration which is promoted through measures that get refugees closer to economic opportunities or income support. Mobility, right to work, social protection programs, skills development are successful interventions to reach this goal. However, for these measures to be sustainable and to prevent backlashes, the experience suggests that it is important that host communities are not left behind and that support is also provided to them.

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## ABSTRACT

Forced displacement has become more frequent in the last decades, with refugees often spending many years abroad. While international responses often focus on immediate needs, investment in refugees' longer-term integration is increasingly important to support their transition to self-sufficiency. This paper documents the key features of the German integration system and its adaptations following the Ukrainian crisis in the period between December 2022 and August 2023. The emerging evidence suggests that while refugees' labor market integration in Germany is at first slower than in other EU countries, early investment in refugee's human capital especially in language skills, allows access to better jobs in the medium-term. Years of investment in a strong integration ecosystem was key to quickly start a process that turns short-term integration costs into long-term economic opportunities.

JEL Codes: E24, F22, F51,F53, J61, J63, J68, K37, O15.

Keywords: refugees, integration, Germany, displacement, skills, human capital, conflict.

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