

Cities at the Forefront:

Policy Proposals for EU-Level Support for Local Labor Market Integration of Migrants

Abstract

European cities are at the forefront of migrant labor market integration, yet they remain insufficiently reflected in EU migration policymaking and funding frameworks. While migration governance is formally shared between the EU and its Member States, the practical responsibilities of reception, integration, and employment support are largely borne by municipalities. This policy note draws on insights from an expert workshop held in Berlin under the European Cities Network on Migration and brings together perspectives from cities and national actors across Europe and neighboring regions. It examines how EU policy can more effectively support local labor market integration through four interconnected areas: promoting legal pathways for migration, revitalizing integration frameworks, establishing EU-wide standards for asylum seeker labor market access, and leveraging digital tools and local innovation. The note also highlights the structural constraints faced by cities, including fragmented funding, weak multilevel coordination, and limited institutional recognition, and outlines institutional and financial reforms needed to strengthen municipal capacity. By linking local practices with EU-level policy design, this paper argues that more inclusive, harmonized, and city-responsive migration policies are essential to ensuring sustainable labor market integration, improving migration governance, and delivering shared economic and social benefits across the European Union.



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Key Takeaways

- **Role of cities in labor market integration:** Cities are front-line actors in migrant labor market integration and possess operational knowledge and practical experience that EU-level policies, funding mechanisms, and legislation must better reflect.
- **Promoting legal pathways for labor migration:** Legal pathways are essential to addressing labor shortages, improving the governance of asylum flows, and generating benefits for sending countries. Key measures include streamlined visa procedures, accelerated recognition of qualifications, enhanced use of the EU Blue Card, coordinated job-seeker visas, and strengthened business partnerships for labor mobility.
- **Revitalizing migrant integration frameworks:** Integration policies across Member States require renewed political commitment. Policy frameworks should be harmonized, inclusive of migrants at all skill levels, and accompanied by alternatives to return for migrants already embedded in local labor markets.
- **Establishing EU-wide standards for asylum seeker labor market access:** The EU should introduce minimum timelines for access to employment and ensure early inclusion of asylum seekers in integration and employment services, in line with the EU's New Pact on Asylum and Migration and the EU Action Plan on Integration.
- **Leveraging digital tools and scaling up local innovation:** Digital tools and AI can improve job matching, service delivery, and integration outcomes if co-designed with migrants and civil society. Local innovations should be systematically scaled up, migrant entrepreneurship supported, and EU-wide ethical frameworks for data use established.
- **Enhancing municipal capacity through institutional and funding mechanisms:** Cities must be formally embedded in migration governance structures. Dedicated multi-year funding, structured intergovernmental coordination, institutionalized stakeholder dialogue, and stronger data capacities are critical to enabling sustainable local action.
- **Scaling up good practices across the EU:** Experiences from cities and countries such as Barcelona, Lisbon, Berlin, Portugal, Sweden, and Finland show that successful local approaches can inform EU-level policymaking when supported through structured coordination and funding frameworks.
- **Overall objective:** The EU should align policy design with on-the-ground expertise to strengthen labor market integration, promote rights-based governance, and ensure migration delivers social and economic benefits across Europe.

Context and Rationale

European cities are at the forefront of migrant integration, particularly in facilitating labor market access. While migration governance is a shared competence between the EU and Member States, many practical challenges—from reception to integration—are experienced and addressed at the local level. Yet, EU-level policies, funding mechanisms, and legislation often fail to fully account for the granular realities cities face in enabling effective and timely labor market integration for migrants, refugees, and asylum seekers. Cities are pivotal actors in realizing effective and humane migration governance in Europe. By aligning EU policy frameworks with local expertise and innovation, the EU can promote sustainable labor market integration, legal pathways, and rights-based migration policies that benefit migrants, cities, and societies alike.

A recent expert workshop in Berlin, organized as part of the European Cities Network on Migration by the Friedrich Naumann Foundation, highlighted the depth of local experience and innovation across Europe. National contexts represented included Lebanon, Italy, Greece, Spain, Turkey, Germany, and Belgium, complemented by EU-level comparative insights. The aim was to respond to the following question: What should the EU do to better support labor market integration of migrants at the city level?

This policy note seeks to lay out a response, bridging local insights with EU-level frameworks based on discussions at this expert dialogue, while offering concrete recommendations and good practice examples. These aim to inform ongoing EU policy debates on the implementation of the New Pact on Asylum and Migration, proposed return directives, the EU Action Plan on Integration, and funding programs such as the Migration Partnership Facility and AMIF.

Following the expert-level discussions, the following themes and recommendations emerged, each addressing the challenges experienced by localities in labor market integration and providing actionable policy recommendations informed by good practices that can be scaled up:

1. Promoting Legal Pathways for Labor Migration

Experts and practitioners from different EU member and neighboring states, as well as cities, underlined the importance of promoting legal pathways for migration for three key reasons:

- 1. Meeting labor market needs and addressing irregular migration:** The EU loses about one million workers annually, with occupational shortages in 42 sectors, particularly in construction, transport, and health. Over 75% of employers in agriculture and hospitality report difficulties hiring, especially during peak seasons. Local perspectives across the EU highlighted labor gaps not only in high-skilled jobs but also in middle- and low-skilled sectors.

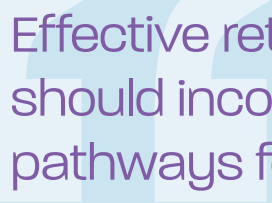
2. **Better governance of asylum flows and irregular crossings:** Legal pathways address the protection needs of asylum seekers, particularly in Mediterranean municipalities and Southern European states (Italy, Greece, Spain), which face inadequate reception and integration systems, legal uncertainty, and public resistance, hampering effective support.
3. **Benefits for sending countries and municipalities:** Legal pathways curb irregular crossings, enhance security, and promote development through remittances.

Key policy recommendations raised by municipalities include:

- **Streamline visa procedures**, including for medium- and low-skilled sectors, in close collaboration with businesses. This is critical for understanding both the skills and procedural needs of businesses. *For instance, reducing work permit processing time from 100 days to 30 days made a significant difference in Sweden, as businesses need employees quickly.*
- **Establishing EU-Wide Standards for Asylum Seeker Labor Market Access** including establishing minimum timelines for labor access across *Member States*. *National reforms such as Spain's new asylum law and Germany's fast-track permits show the feasibility of rights-based migration management.*
- **Ensure automatic or accelerated recognition of degrees and qualifications**, ideally beginning in the source country, to meet the needs of businesses and migrants while facilitating quicker labor market integration. *For example, prospective migrants to the Netherlands and Germany with certain teaching skills can apply for degree recognition in their home countries through an advanced digital platform with a straightforward process.*
- **Enhance and promote the use of the Blue Card Directive**, as two-thirds of EU Blue Cards are still issued by Germany. While many Member States have passed legislation for better implementation in recent years, statistics show that the mechanism is still underutilized. *Technical assessments can also be complemented with soft skills evaluations, inspired by the Australian model.*
- **Pilot job-seeker visa schemes under EU coordination**, such as the *Spanish vocational training model*, where students arriving for one-year vocational and language training at any age are offered a consecutive job search permit, followed by the right to family reunification once employed.
- **Strengthen mobility and matching through business partnerships**, which can be achieved by expanding EU-level programs such as the Migration Partnership Facility for short/seasonal and long-term mobility with pathways to permanent residence. By establishing private sector liaison platforms to co-design mobility schemes, cities can partner with origin countries to design targeted labor mobility frameworks. *Highlighted good practices include Barcelona's support for migrant entrepreneurs, Lisbon's neighborhood revitalization, and Berlin's youth-focused upskilling projects.*

2. Revitalizing Migrant Integration Frameworks as a Sustainable and Viable Policy Alternative

According to the flagship Migrant Integration Policy Index of the Migration Policy Group, between 2019 and 2023, integration policies in the EU advanced by only 0.8 points—signaling overall stagnation. This trend becomes evident when comparing updated policy scores with the previous wave: in most areas, there were no substantial shifts. The modest progress recorded was largely due to gains in education (+3 points), labor market access (+1), and anti-discrimination measures (+1). However, other domains showed minimal or negative movement: citizenship (−1), family reunification (+0.4), health (+0.7), permanent residence (−0.1), and political participation (−1). This stagnation is compounded by wide disparities across Member States. MIPEX scores range from the low 30s (Bulgaria, Slovakia, Lithuania, Latvia) to the 80s (Sweden, Portugal, Finland). Such heterogeneity has significant implications for the integration outcomes of Third Country Nationals—including both low- and high-skilled economic migrants, asylum seekers, and refugees.



Effective return policies should incorporate legal pathways for migrants who demonstrate meaningful integration.

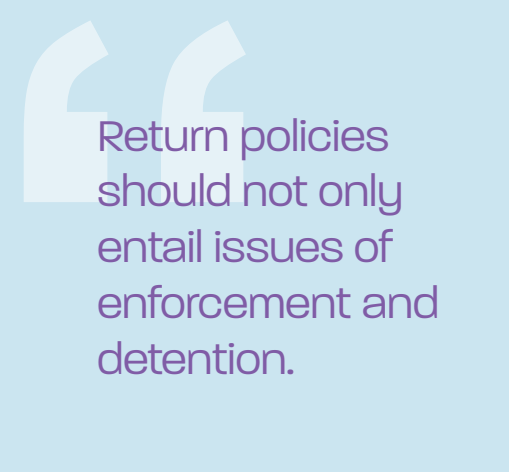
Part of this stagnation reflects the EU's and member states' sustained prioritisation of border management and return policies at the expense of integration, despite the strong interlinkages between the two. In particular, the role of *alternatives to return* remains underdeveloped within EU policy frameworks, even though these mechanisms are closely connected to integration outcomes. Effective return policies should therefore incorporate legal

pathways for migrants who demonstrate meaningful integration. This approach allows for the regularisation of individuals engaged in education, contributing to local and national economies, or belonging to vulnerable groups, thereby ensuring that return frameworks reinforce, rather than underminesu ccessful integration.

Experts pointed out that this trend is important as it is likely to transcend to the local level as integration failures given the limited local competencies in the areas of integration and return, stressing the need to **revitalize and promote integration policymaking across the EU** as a sustainable and rights-based alternative that can better address pressing integration needs.

Policy Recommendations:

- **Harmonising integration policies across Member States:** Local and national governments should be supported in aligning integration frameworks for migrants of all skill levels. Without a holistic and inclusive approach, even well-designed high-skilled programs (e.g., the Blue Card Directive, Talent Partnerships) will have limited impact. *Portugal, Sweden, and Finland provide strong examples of good practices where policies are inclusive, obstacles are minimal, access to rights and services is facilitated, and labor market integration is promoted within a framework of providing secure futures to migrants.*
- **Rethinking return policies for irregular migrants with integration potential:** Return policies should not only entail issues of enforcement and detention. Alternatives to return should be prioritized and refined through a stronger alignment with integration policy, particularly for migrants already embedded in host societies but still subject to return procedures. Many of these individuals are integrated into the labour market, education systems, and local communities, yet remain in legally precarious situations or lack secure status altogether. Return policies that overlook these realities risk undermining successful integration outcomes and wasting human capital. The German *Duldung* system, despite its limitations, provides a useful reference point and could be strengthened through structured “Duldung-to-stable-status” pathways that offer legal security to migrants with demonstrated integration potential.



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3. Leveraging Digital Tools and Scaling Up Local Innovations

The rapid digitalization of integration services—such as job placement, language learning, and cultural orientation—has created both opportunities and gaps at the local level. Many municipalities lack the resources, expertise, and ethical frameworks to design and deploy these tools effectively, leaving them dependent on centralized national systems that do not always reflect local labor market needs. Trust in digital and AI-based tools is further undermined when migrants and civil society are excluded from their design, or when safeguards for data protection are weak. Moreover, innovative local initiatives remain fragmented and rarely scaled up, as there are limited mechanisms to replicate successful projects across Europe or connect them to broader EU policymaking.

Policy Recommendations with Good Practices to Upscale:

- **Co-design digital and AI tools with civil society and migrants** to ensure inclusivity and trust. *Switzerland's Refugee Allocation Algorithm uses data-driven approaches to match refugees to areas with better employment opportunities—a model that could inspire similar EU-level pilots.*
- **Support city-level entrepreneurship hubs** with mentorship and seed funding to foster migrant-led economic activity. Barcelona's migrant entrepreneurship programs and Berlin's youth-focused upskilling initiatives demonstrate how local hubs can create jobs and improve integration outcomes.
- **Develop EU-wide ethical frameworks for migrant data usage** to guarantee transparency, privacy, and accountability.
- **Empower municipalities with decentralized skill-matching services** tailored to local labor needs, supported by EU technical assistance and funding.
- **Scale up and connect promising city-level innovations** across the EU by establishing a knowledge exchange platform and flexible innovation funds. *Example: Lisbon's neighborhood revitalization and integration projects show how local solutions can be replicated in other urban contexts if given EU-level visibility and support.*
- **Link municipal pilot projects to EU legislative debates** so that local innovation informs EU migration and labor policies. *Example: Portugal's local labor mobility frameworks, embedded in bilateral agreements, could serve as input into broader EU labor mobility schemes.*

4. Enhancing Municipal Capacity through Institutional and Funding Mechanisms

Despite being on the front line of migrant reception and integration, cities often lack a formal role in national or EU migration governance structures. Local pilot programs frequently remain isolated and disconnected from broader policy debates, reducing their potential impact. At the same time, funding streams for municipal initiatives are often fragmented, short-term, or overly restrictive, making it difficult to sustain successful programs over time. Dialogue between migrant organizations, municipalities, and national authorities is inconsistent, which undermines coordination and trust. Finally, many cities face significant gaps in migration-related data collection and analysis, limiting their capacity to plan effectively, advocate for resources, and demonstrate evidence-based results.

Policy Recommendations:

- **Strengthen intergovernmental mechanisms** to formally anchor migration

policies at the local level and ensure municipal voices are included in decision-making.

- **Link municipal-level pilot programs to EU legislative debates** so that local innovations can inform broader EU migration frameworks.
- **Secure dedicated national and EU funds** for city-led programs, with flexible and multi-year financing to support sustainable integration initiatives.
- **Institutionalize structured dialogue** between migrant organizations, municipalities, and national authorities to foster coordination and trust.
- **Empower cities with better data tools and resources** to collect, analyze, and use migration data for advocacy, planning, and evidence-based policymaking.

Author bio

Dr. Başak Yavcan is MPG's Head of Research. She is responsible for all of MPG's research activities and research agenda development. She conducts comparative analyses of migration and integration statistics and policies at the national (see, the MIPEX and HumMingBird) and local level (see, REGIN and Whole-COMM).

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Fjona's unique background bridges EU policy analysis with the legal and human rights aspects of migration.

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