

Reception Centers' Funding and Asylum Seekers Integration: Evidence from Italy

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2. Does reducing funding to asylum seekers' primary reception centers have the unintended effect of increasing migrants' crime propensity/reducing their economic integration?
 - ▶ In response to large migration flows and a rise in anti-immigration sentiment in Europe, many governments are restricting access to welfare benefits for migrants
3. How does the market of reception providers react to the policy?
 - ▶ Intensive government subsidy, private operators, low monitoring

Outline

Institutional Context

- The Italian reception system

- Primary reception centers in Italy (CAS)

- 2018 "Safety Decree" Reform

Data Overview

Empirical Strategy

- Asylum Seeker and non-Asylum Seeker Cohorts

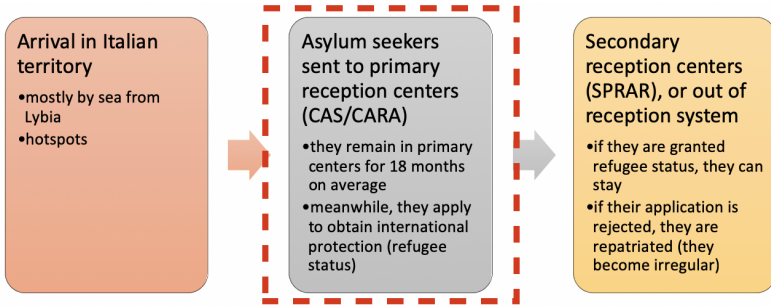
Results

- Crime

- Economic Integration

Mechanisms

The Italian reception system



▶ Mediterranean Route

▶ Trend in Arrivals

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- ▶ **CAS reception centers (emergency reception centers):** primary reception centers hosting around 80% of asylum seekers (they hosted around 70,000 asylum seekers per year between 2018-20)
 - ▶ According to the Italian Dispersal Policy, the number of migrants allocated to each province is assigned based on the resident population

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 - ▶ According to the Italian Dispersal Policy, the number of migrants allocated to each province is assigned based on the resident population
- ▶ **Reception Centers Management:** the distribution of centers within the provincial territory happens through public tenders managed by the prefectures:
 - ▶ CAS centers are assigned to private operators, via an official tender published by the prefecture, usually, once every 2 years.
 - ▶ The prefectures publish public tenders, specifying the duration of the contract, basic services that should be provided, and funding per migrant.

Primary reception centers in Italy (CAS)



- ▶ Dimension varies a lot: the median RC counts 15 available spots, and the largest RC counts around 500 available spots.
- ▶ The quality of care and services varies: some RC host hundreds of asylum seekers who live in hotel-like structures, other centers organized as shared apartments hosting 4-6 people.
- ▶ Intense public debate related to bad management and the precarious and unhealthy conditions of AS.
 - ▶ Scandals related to mafia infiltration, lack of regulation.

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Institutional Context: the "Safety Decree" Reform

The "Safety Decree" reform was approved on October 5, 2018 and took effect starting from January 1, 2019:

1. Reduction of daily funding per migrant, granted to primary reception centers (CAS) by 34% on average (from 35 to 23.19 euros per migrant per day)
 - ▶ Elimination of all "non-essential" services: language classes, legal assistance, psychological assistance (only board and lodging, pocket money of 2.5 euro per day still provided)
2. Political propaganda around reform: stop "immigration business"

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2. Political propaganda around reform: stop "immigration business"
3. Other changes induced by the reform: elimination of humanitarian protection permit + only refugees can access secondary reception.

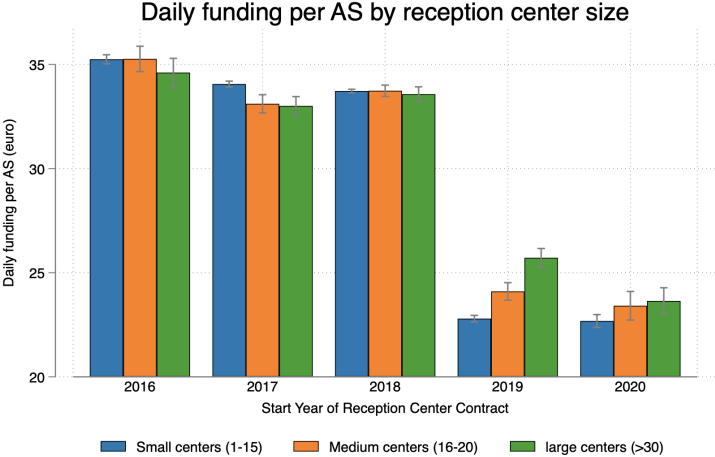
▶ [More on reform](#)

How did the reform affect the market of reception services?

Anecdotal Evidence:

- ▶ Reform *"de facto favored the creation of large centers managed by multinationals or for-profit organizations and many of the small non-profit organizations and cooperatives were excluded from the accommodation panorama"* (AIDA, 2021)
 - ▶ Reduction was larger for smallest centers: 21,35 euro pro-die/pro-capite for small centers, 25.5 for large centers.

Reduction in funding by reception center size



1. Asylum seekers data:

- ▶ from ISTAT: number of asylum seekers/total migrants residing in each province by nationality (2016-20).
- ▶ Ministry of Interior: n. of asylum seekers hosted in primary reception centers by nationality-province, 2018.

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- ▶ Data at the reception centers level from Openpolis and Ministry of Interior: data on funding (2018-20), contract start (2018-20), and end date (2018-20), and the number of people hosted (2016-20), reception providers (2016-20).

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3. Crime/Economic Integration:

- ▶ data on the number of crimes reported by police to the judicial authority in 2016-20 by province and nationality of the perpetrator from the Ministry of Interior.
- ▶ data on job contracts start and end dates by nationality and type of permit (ISTAT).

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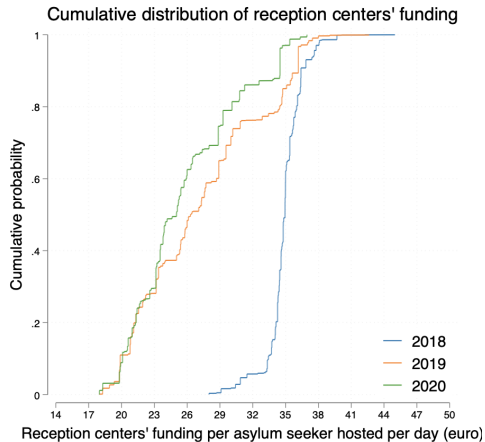
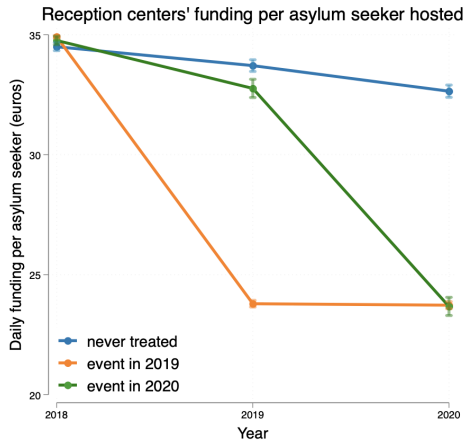
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Mechanisms

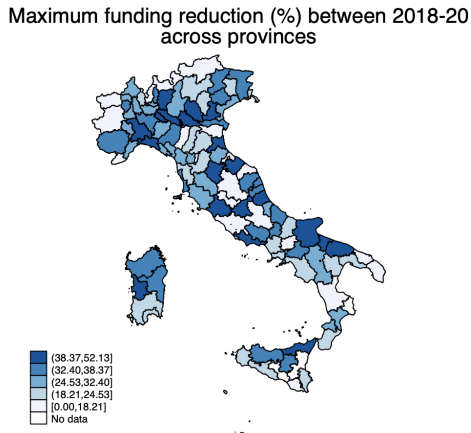
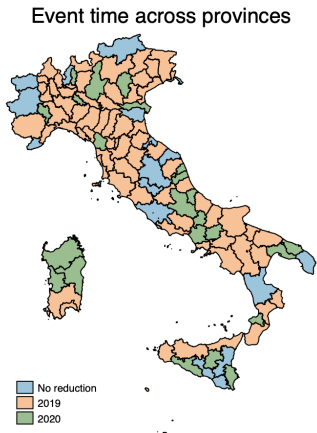
1. Exploit staggered adoption of the policy across provinces:
 - ▶ The new regulations only applied to contracts stipulated after January 1, 2019.
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2. Dynamic DiD comparing crimes committed by cohorts of asylum seekers in treated vs untreated/not-yet treated provinces.
 - ▶ Placebo: no effects for non-asylum seekers cohorts.
 - ▶ Event time defined as (i) year of a major drop in funding (either 2019, 2020, or untreated - threshold 15%); (ii) use expiration dates of contracts as an instrument for the reduction in funding.

Reduction in reception centers' funding by province



Reduction in reception centers' funding by province



Asylum-seekers and non-asylum seekers cohorts

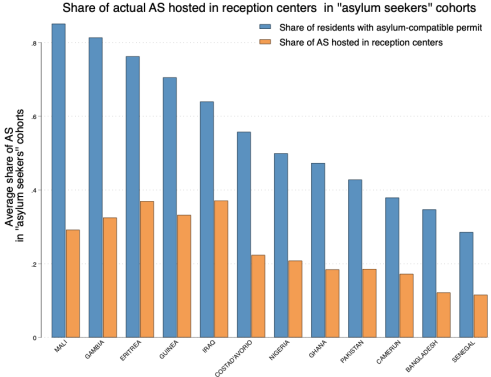
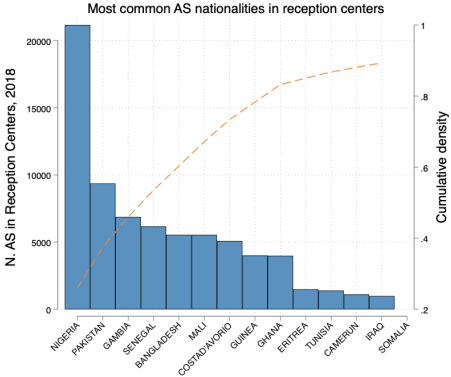
A nationality-province cohort is an **"asylum seekers" (AS) cohort** if:

- ▶ nationality is one of the main AS nationalities (nationality covering 90% of asylum seekers hosted in reception centers in 2018)
- ▶ there is at least one AS hosted in primary reception center in province p in 2018 (year prior to the reform)

A nationality-province cohort is a **"non-asylum seekers" cohort** if:

- ▶ one of main migrants' nationalities (covering 90% of migrants)
- ▶ not an asylum seekers cohort

Asylum Seekers (AS) Cohorts' Nationalities



▶ AS cohorts: 56% AS, 23% AS hosted in reception centers [▶ Table](#) [▶ Non-AS Cohorts](#)

Estimating Equation 1

$$CP_{npt} = \alpha_0 + \sum_{k=-4, k \neq -1}^{k=1} \beta_k D_{p(nt)}^k + v_{np} + \mu_t + \delta X_{npt} + \varepsilon_{npt} \quad (1)$$

- ▶ CP_{npt} is crime propensity of a cohort
- ▶ $D_{pt}^k = 1(t - G_p = k)$ is a dummy equal to 1 if relative time with respect to the event (the reduction in funding) is k in province p
- ▶ Standard errors clustered at the province level. Observations weighted by size of cohort.
- ▶ v_{np} nationality by province FE, μ_t year fixed effects.
- ▶ X_{npt} controls include: total number of migrants (all nationalities), share of asylum seekers, N. of spots in reception centers.

β_k : change in crime propensity of a cohort of nationality n and province p after the reduction in funding in treated vs untreated provinces.

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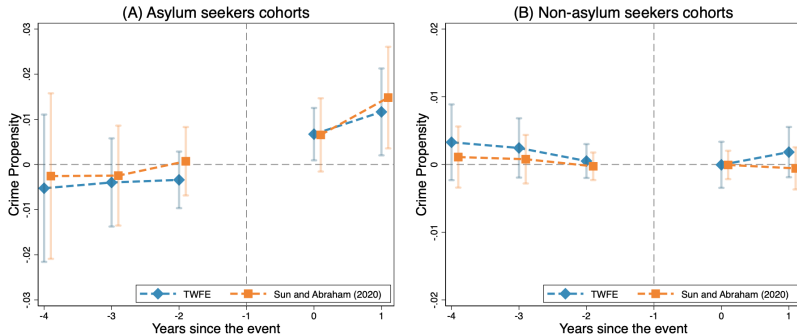
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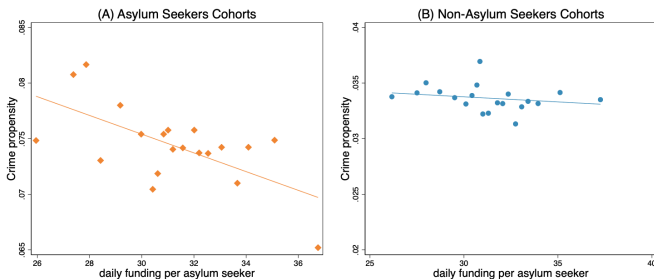
Mechanisms

Crime propensity and reduction in reception centers funding



Crime propensity and reduction in reception centers funding

$$CP_{npt} = \alpha_0 + \beta \text{Daily Funding}_{p(nt)} + v_{np} + \mu_t + \delta X_{npt} + \varepsilon_{npt}$$



⇒ -10 euros of daily funding per AS (3,650 euro per year) lead to an increase in crime propensity of around 1 pp (15%). [▶ Table](#)

⇒ Effect driven by South-Center regions [▶ Heterogeneity North-South](#)

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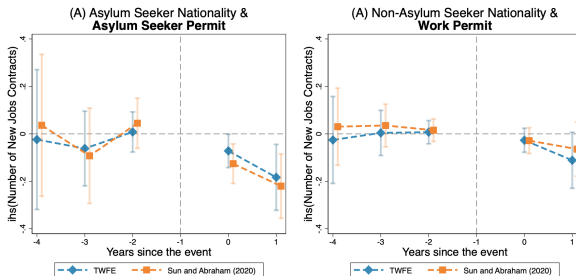
Mechanisms

Economic Integration: $ihs(N. \text{ of New Jobs})$

- ▶ Compare number of AS hiring (formal jobs) in treated and untreated provinces over time.
 - ▶ Placebo: workers from non-asylum seeker nationalities + work permit
 - ▶ Asylum seekers: asylum seekers' nationalities + asylum seeker permit
 - ▶ Control for N. of AS and migrants
- ▶ Heterogeneity North-South: Effect driven by South

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→ Hiring of AS drops by 10% (mean is 63 jobs) ▶ [Table](#)

2 possible broad mechanisms:

1. **Reduction of minimum required integration services** for all reception providers.

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1. **Reduction of minimum required integration services** for all reception providers.
2. **Change in the composition of reception providers** towards "bad" providers.
 - ▶ "high quality" centers exit the market: small NGOs with reputation concerns exit the market and do not participate in public tenders post-reform; when they remain, they find other sources of funding to continue providing good quality services.
 - ▶ More centers are managed by low-quality profit-driven providers
 - ▶ decrease in small centers organized in shared apartments.
 - ▶ increase in the concentration of reception providers.

Type of providers

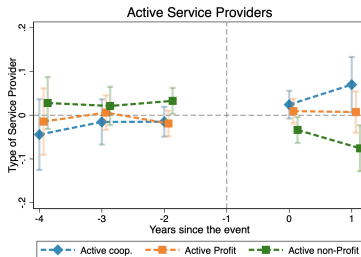
Identify reception providers (around 6,500) based on their legal form:

- ▶ **Non-Profit:** associations, foundations, church-affiliated providers.
 - ▶ 28% of reception providers
- ▶ **Social Cooperatives:** organizations aimed at providing services or products for the benefit of the community. Unlike associations and foundations, they can have a profit-making purpose, but they have to reinvest part of their profit in the organization and they can only distribute to shareholders a percentage of profits.
 - ▶ 46% of reception providers
- ▶ **For-Profit:** Purpose of generating profits.
 - ▶ 17% of reception providers

▶ Summary Statistics

Fewer active non-profit providers after the reform, more cooperatives

$$1(\text{Type of provider}_t)_{ipt} = \alpha_0 + \sum_{k=-4, k \neq -1}^{k=1} \beta_k D_{p(it)}^k + \nu_p + \mu_t + \varepsilon_{ipt}$$



- ▶ N. of active non-profit providers ↓ by 17%
- ▶ **Additional Results:** ↑ in the concentration of providers (HHI index) ▶ HHI service providers , ↓ small reception centers ▶ HHI service providers

1. Lowering funding to reception centers affects the integration of beneficiaries.
 - ▶ Increase in crime propensity and decreased number of new (formal) jobs contracts for asylum seekers cohorts.

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2. Market of reception providers is publicly funded and with low monitoring + reduction in funding is higher for small centers.
 - ▶ NGOs managing small-sized centers are not willing to reduce the quality of services and exit; private operators gain market shares and the quality of services decreases.

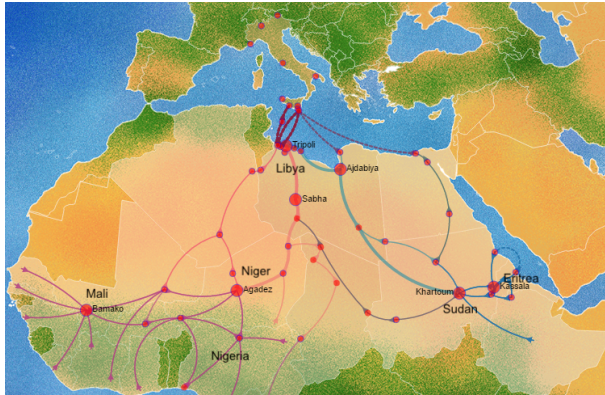
Conclusions

1. Lowering funding to reception centers affects the integration of beneficiaries.
 - ▶ Increase in crime propensity and decreased number of new (formal) jobs contracts for asylum seekers cohorts.
2. Market of reception providers is publicly funded and with low monitoring + reduction in funding is higher for small centers.
 - ▶ NGOs managing small-sized centers are not willing to reduce the quality of services and exit; private operators gain market shares and the quality of services decreases.
3. Effects are concentrated in the South, where monitoring of reception providers is lower/informality is higher/exit of non-profit providers is higher.

Thank You!

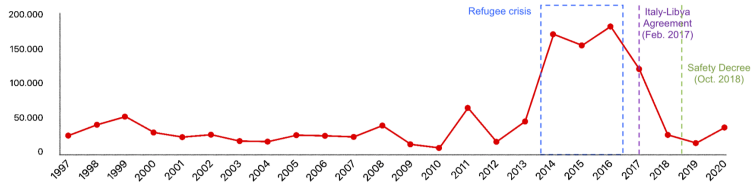
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Mediterranean Route



▶ go back

Trend in Arrivals



Reception Centers Characteristics (2018-20)

	Mean	SD	p25	p50	p75	Observations
	(1)	(2)	(3)	(4)	(5)	(6)
contract duration (months)	18.144	9.877	11.733	16.133	24.333	17321
available spots	15.311	25.592	5.000	7.000	15.000	17360
asylum seekers hosted	12.560	20.099	4.000	6.000	12.000	17363
asylum seekers hosted, small centers	6.980	4.209	4.000	6.000	9.000	14928
asylum seekers hosted, medium centers	31.856	8.762	24.000	30.000	39.000	1834
asylum seekers hosted, big centers	92.273	52.311	61.000	75.000	100.000	601
daily funding per host	30.344	6.462	26.000	33.000	35.000	17363

[▶ go back](#)

Lower funding to primary reception centers (change in tender specification scheme)

- lower funding per day per asylum seeker: from 33 euro on average to 23 euro on average (30% average reduction)
- Elimination of all "integration services": language classes, legal assistance. Only room and board provided.

Elimination of "humanitarian protection"

- Before the reform, the type of permits available to asylum seekers were international protection, subsidiary protection, humanitarian protection.
- After the reform, humanitarian protection eliminated.
- As a consequence, number of irregular migrants expected to increase after the reform.

Less people qualified to enter the secondary reception phase (SPRAR-SIPROIMI)

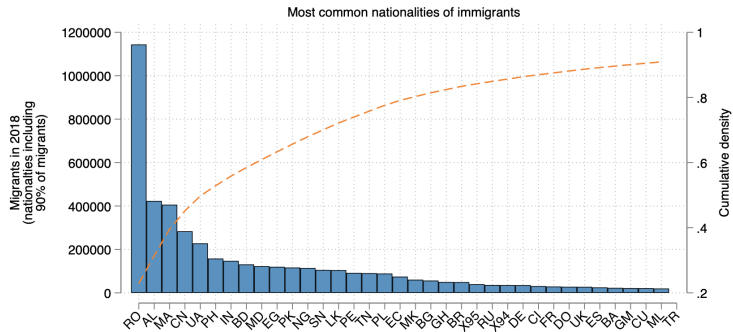
- Before the reform, both asylum seekers and "refugees" (those who have already obtained their asylum permit) could access secondary reception centers.
- After the reform, only "refugees" could access secondary reception centers.

Summary Statistics AS and non-AS cohorts

	Mean	SD	p25	p50	p75	Observations
	(1)	(2)	(3)	(4)	(5)	(6)
Asylum Seekers Cohorts						
Migrants presence (all migrants)	582.124	1,472.871	73.000	185.000	516.000	1159
Asylum seekers presence	155.916	219.557	42.000	90.000	175.000	1129
Asylum seekers in primary reception centers	61.519	97.563	11.000	30.000	71.000	1159
Asylum seekers in primary reception centers, share	0.229	0.211	0.074	0.171	0.331	1159
Asylum seekers presence, share	0.565	0.329	0.269	0.556	0.916	1159
Crime rate	0.083	0.110	0.021	0.051	0.103	1159
Non-Asylum Seekers Cohorts						
Migrants presence (all migrants)	1,163.250	4,939.079	72.000	215.500	709.000	2382
Crime rate	0.050	0.100	0.008	0.024	0.048	2379
Asylum seekers in primary reception centers, share	0.000	0.000	0.000	0.000	0.000	2379

▶ go back

Nationalities of non-AS cohorts



▶ go back

Crime propensity and reduction in reception centers funding

	Dependent Variable: Crime Propensity					
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Asylum Seeker Cohorts						
Treated Province xPost	0.0104*** (0.00364)	0.0112*** (0.00372)	0.00723** (0.00350)			
Daily Funding per Asylum Seeker (10€)				-0.00636** (0.00271)	-0.00689*** (0.00253)	-0.00679*** (0.00242)
R-squared	0.829	0.834	0.845	0.899	0.899	0.904
N. Obs	5766	5766	5766	3363	3363	3363
Mean DV	0.0746	0.0746	0.0746	0.0721	0.0721	0.0721
Sd Dependent Variable	0.0856	0.0856	0.0856	0.0826	0.0826	0.0826
Panel B: Non-Asylum Seeker Cohorts						
Treated Province xPost	-0.0000563 (0.00131)	0.000904 (0.00120)	0.000923 (0.00100)			
Daily Funding per Asylum Seeker (10€)				-0.00111 (0.00114)	-0.000788 (0.00111)	-0.00110 (0.000959)
R-squared	0.809	0.810	0.816	0.892	0.892	0.894
N. Obs	11852	11852	11852	6898	6898	6898
Mean DV	0.0336	0.0336	0.0336	0.0321	0.0321	0.0321
Sd Dependent Variable	0.0370	0.0370	0.0370	0.0364	0.0364	0.0364
Nationality-Province FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Year by Region FE			✓			✓

- 1pp increase in crime propensity of AS cohorts - 15% [▶ go back](#)

Heterogeneity: North versus Center-South

	Sample: South-Center				Sample: North			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treated Province \times Post	0.0119** (0.00565)	0.0162*** (0.00494)			0.00430 (0.00424)	0.00381 (0.00405)		
Daily Funding per Asylum Seeker (10 euro)			-0.00954** (0.00372)	-0.0137*** (0.00334)			-0.00270 (0.00384)	-0.00268 (0.00366)
R-squared	0.750	0.752	0.750	0.752	0.887	0.895	0.887	0.895
N. Obs	3184	3184	3073	3073	2582	2582	2582	2582
Nationality-Province FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
Controls		✓		✓		✓		✓
Mean DV (crime propensity)	0.0807	0.0807	0.0802	0.0802	0.0701	0.0701	0.0701	0.0701
Sd Dependent Variable (crime propensity)	0.0836	0.0836	0.0834	0.0834	0.0868	0.0868	0.0868	0.0868

▶ go back

Table: Dependent Variable is $ihs(N. \text{ of New Jobs})$

	AS nationalities and AS permit			Non-AS nationalities and work permit		
	(1)	(2)	(3)	(4)	(5)	(6)
T × Post	-0.0806 (0.0515)	-0.133** (0.0569)	-0.113** (0.0501)	-0.0312 (0.0310)	-0.0189 (0.0237)	-0.0170 (0.0246)
R-squared	0.916	0.937	0.940	0.973	0.978	0.978
N. Obs	6630	6630	6474	8736	8735	8551
Nationality-Province FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Nat.-Year FE		✓	✓		✓	✓
Region-Year FE		✓	✓		✓	✓
Controls			✓			✓
Mean New Contracts	63.700	63.700	63.700	226.692	226.692	226.692
Sd New Contracts	144.240	144.240	144.240	781.550	781.550	781.550

→ Controls: $ihs(N. \text{ migrants})$, $ihs(N. \text{ asylum seekers})$, $ihs(N. \text{ tot. spots})$ to check that effect not driven by change in number of asylum seekers [▶ go back](#)

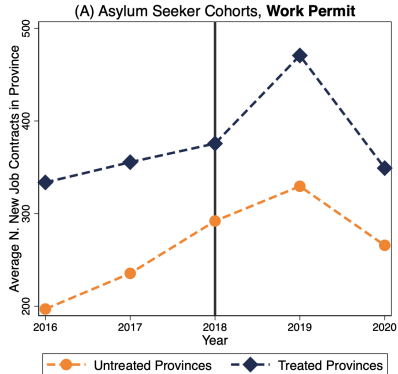
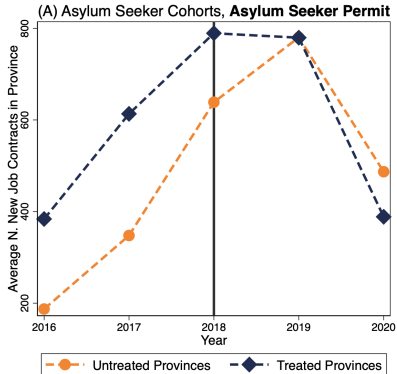
Heterogeneity by Macro-Area, $\text{lhs}(\text{N. of New Jobs})$

Table: Dependent Variable is $\text{lhs}(\text{N. of New Jobs})$

	Sample: South-Center			Sample: North		
	(1)	(2)	(3)	(4)	(5)	(6)
T × Post	-0.100 (0.0704)	-0.159* (0.0878)	-0.165** (0.0755)	-0.120* (0.0618)	-0.101 (0.0700)	-0.0562 (0.0683)
R-squared	0.918	0.936	0.939	0.918	0.940	0.942
N. Obs	3640	3640	3640	2990	2990	2990
Nationality-Province FE	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓
Nat.-Year FE		✓	✓		✓	✓
Region-Year FE		✓	✓		✓	✓
Controls			✓			✓
Mean New Contracts	57.726	57.726	57.726	70.974	70.974	70.974
Sd New Contracts	146.442	146.442	146.442	141.196	141.196	141.196

▶ go back

Reception Centers Funding and Jobs in Agriculture, South



▶ go back

Reception Operators

	Mean	SD	p25	p50	p75	Observations
	(1)	(2)	(3)	(4)	(5)	(6)
Reception providers characteristics						
for profit providers	0.170	0.376	0.000	0.000	0.000	6541
non-profit providers	0.280	0.449	0.000	0.000	1.000	6541
social cooperatives	0.463	0.499	0.000	0.000	1.000	6541
number of spots by provider	89.921	262.620	22.000	46.000	96.000	6541
Avg. dimension (N. of spots) of centers managed by provider	28.415	36.991	8.200	16.000	34.000	4752
N. reception centers managed by provider	5.256	11.063	1.000	2.000	5.000	4752
For-Profit Providers						
number of spots by provider	75.545	96.072	25.000	50.000	86.000	1111
Avg. dimension (N. of spots) of centers managed by provider	39.104	34.138	16.300	27.000	50.000	756
N. reception centers managed by provider	2.655	3.769	1.000	1.000	3.000	756
Non-Profit Providers						
number of spots by provider	81.661	147.864	18.000	38.000	83.000	1830
Avg. dimension (N. of spots) of centers managed by provider	26.072	41.101	7.417	13.667	26.500	1311
N. reception centers managed by provider	4.845	8.950	1.000	2.000	5.000	1311
Social Cooperatives Providers						
number of spots by provider	96.782	156.921	24.000	50.000	108.000	3027
Avg. dimension (N. of spots) of centers managed by provider	26.591	34.731	8.000	14.727	30.400	2259
N. reception centers managed by provider	6.232	12.853	1.000	3.000	6.000	2259
Characteristics at the province level						
N. of service providers per province	13.082	10.540	6.000	11.000	17.000	500
Tot. spots per province	1,049.885	1,162.698	468.000	813.500	1,261.500	400
Tot. spots in small centers (1-20 spots)	422.355	393.729	123.500	322.500	611.500	400
Tot. spots in medium centers (21-50 spots)	285.435	247.258	102.000	216.000	389.500	400
Tot. spots in big centers (50 plus)	342.095	943.535	0.000	154.000	348.500	400

(1) Increase in concentration of providers (HHI index)

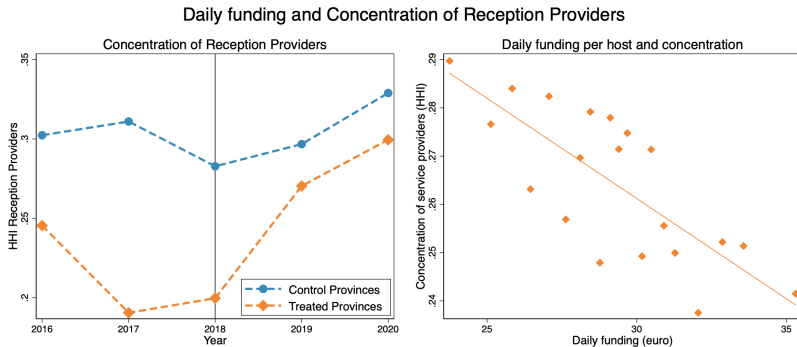


Figure: HHI index of reception providers (market shares are shares of total spots managed by a provider)

$$HHI_{pt} = \sum_{i=1}^{N_{pt}} (\text{Share Spots}_i)^2$$

(1) Increase in concentration of providers (HHI index)

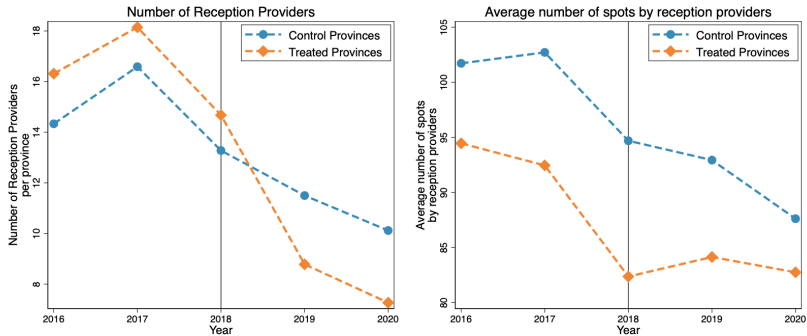


Figure: Number of reception providers, and average number of spots managed by providers

▶ go back

(2) fewer small reception centers

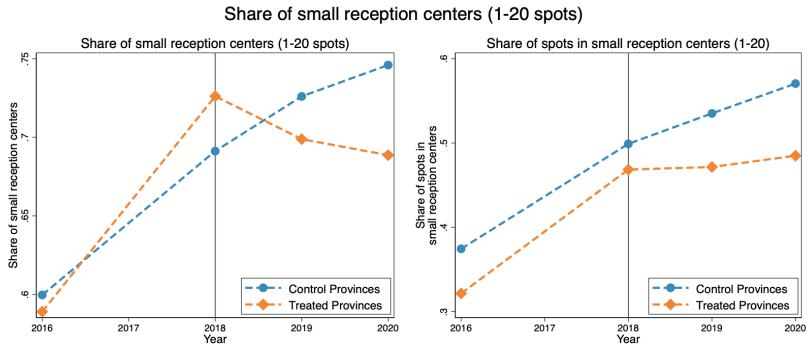


Figure: Share of small reception centers and share of spots in small reception centers

▶ go back