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# Migrant integration in small municipalities.

# An assessment of the System Protection for Asylum Seekers and Refugees in Italy.

## Introduction

In recent years, due to political instability in the Middle East, North Africa, Asia (but also Latin America), the number of asylum applications in the European Union countries has increased. In 2021, 2,3 million immigrants arrived in the EU from non-EUcountries. This is an increase of nearly 18% compared with 1,9 million in 2020, but still below the pre-COVID-19 level of 2.7 million in 2019 (Eurostat, 2024).

In 2022, 875,000 people applied for international protection in the EU countries for the first time. This is an increase of 63% compared with 2021 and is the highest number since the peaks recorded during the refugee crisis related to the war in Syria in 2015 and 2016 (ibid.).

The increasing number of asylum seekers has, among other things, led to more negative public attitudes towards refugees and their reception (Migration Data Portal, 2018). National governments, local authorities and N.G.O.s have struggled to find ways of dealing with the challenge of accommodating these newcomers while taking public attitudes into account. Marginalization and (institutional) discrimination, exclusion from formal and informal social networks and high unemployment rates remain key challenges to the successful settlement of refugees in Europe (Steele and Abdelaaty, 2018; Bakker, Dagevos and Engbertsen, 2017; Puggioni, 2016).

Following the increased arrival of third-country nationals in Europe during the last years, integration has become a crucial issue. The immigration debate often focuses on culture, identity, and security of the destination countries but it pays insufficient attention in the sphere of demography and economics (Peri G., 2020). The population decline and an increase in average ages could disrupt labour markets, threaten the fiscal sustainability of pension systems, and slow down economic growth, unless total net immigration offsets such declines. Migrants are usually younger than natives in the receiving country. Relative to natives, a larger proportion of immigrants are of working age. Therefore, new immigrants increase the size of the labour force, countering its natural decline in the advanced economies of the North, where people are aging out of the group at a faster rate than the young are entering.

Although immigrants are overrepresented in capital-cities and in their metropolitan areas, where jobs and diasporas are concentrated (OECD, 2023), in Europe, small and medium-size towns and rural areas have seen increasing arrivals of migrants either spontaneously or through national redistribution policies (Abdou and Katsiaficas , 2023).

Depopulation processes, particularly combined with population aging, constitute a serious challenge for society, the economy, and policy (Reynaud and Miccoli, 2018). Since the 1970s, low levels of fertility (under the replacement fertility rate) and ongoing reductions in mortality have allowed the Italian population to become one of the oldest in the world (Golini, 2000). The process of population aging in Italy has not been

uniform across space and time, but rather it varies widely across different geographical areas of the country. Many small Italian areas are experiencing a much higher level of population aging (Miccoli and Reynaud, 2016). Population decline causes social and economic changes that can exacerbate the issue (Reynaud and Miccoli, 2018). Depopulation and its evolution in the various Italian territories depend on a combination of the various characteristics of the relevant area. The typology of the territory, the role of agriculture, the industrialization process, and the different demographic dynamics contribute to shape the depopulation evolution.

Within this framework, this study focuses on small and medium-size towns in Italy. Since the mid-1900s, these towns have experienced high rates of emigration to large cities or abroad causing a collapse of local economies. From then on, it has been increasingly difficult to live in those places and to return to them.

In 2002 the Italian Ministry of Interiors issued a new immigrants' integration policy which lasted till 2018. Article 32, 1-sexies of Law 189/02 established the System of Protection for Asylum Seekers and Refugees (SPRAR), a national reception and integration system. In practice, the policy financed a series of actions in which the first reception is accompanied by social and work integration courses, such as literacy courses, the inclusion of children in school, vocational training and retraining courses, support in the search for job opportunities, support in the research of housing. SPRAR's activities were centered around the choice to exploit, as far as possible, resources and services already present in the territory and also used by the Italian population, avoiding creating ad hoc structures (Censis, 2005). All Italian municipalities could apply for funding for activities to welcome and integrate immigrants, involving the participation of stakeholders and the reinforcement of local services to benefit the entire community, both native-born and immigrant's resident in the SPRAR.

**Aim of the study**

The purpose of this paper is to examine to what extent the SPRAR policy: (1) affects the socio-economic and demographic development of small municipalities in Italy; (2) supports the growth of the entire community: hosted and local population. In particular, the focus of this paper is the case study of the municipality of Riace: does it represent a valid example of fair economy for the growth of small municipalities?

Riace is a small town, in Reggio Calabria province (Italy). In 2021, the total population amounted to 1,813 residents; 9.15% of foreign population; 21.3% the population aged 65 years or older and an average age of 44 years (Istat database, n.a.). Riace's economic model adhered to SPRAR with some specific adjustments. The local community in collaboration with several NGOs developed an innovative approach to address the integration challenges.

The reception of refugees in Riace started in 1998 when 300 Kurdish refugees landed at the Ionian coast and spontaneously received support by local inhabitants. Ever since, refugees have been hosted in houses that were abandoned by local emigrants looking for work abroad or elsewhere in Italy, leaving behind an impoverished 'ghost town', mainly inhabited by elderly people (Driel E., 2020). Over time a comprehensive settlement programme for refugees has been developed in Riace. From 2002 to 2018, local organizations and the municipality launched Riace's economic model which was financed by SPRAR funding. It provided several initiatives aimed at the revival of local ancient crafts, with restoration and sustainability projects and with solidarity tourism. The goal was to connect the settlement of refugees with the development of the local community. Riace's economic model envisaged a special currency that refugees could use for their groceries in local shops. This so-called 'bonus money' can be used as a local currency and it was necessary as the project depended on government funds that were often paid with a few months delay. Once the funds arrived local shop keepers could exchange the bonus money for Euros. The bonus money provided refugees with some financial autonomy and supported the local economy because the currency could only be spent in Riace (Driel E., 2020).

Furthermore, other villages have adopted parts of Riace's approach and some of them actively cooperate with the municipality of Riace in spite of resistance from the local mafia. This raises the question of whether, and in which ways, the Riace model can serve as an example for the settlement of asylum seekers in other European regions.

To answer to these questions, the study makes use of quantitative methods.

**Data and methods**

The data used in the analysis are almost entirely taken from Istat, the Italian National Institute of Statistics. The data about the resident population at municipal level, from 1972 to 2018, are referred to January 1st of each year. The statistical units are 410 municipalities located in Calabria region, one of which is Riace, the treated unit. Database takes into account the results of the Bilancio Demografico [Permanent Population Census] and it provides information on annual flows of births, deaths and internal and external migration.

Information about both employment and unemployment rate are available only for the years of census. While data about per capita income are available from 2000 on database taken from the Ministry of Economy and Finance (Department of Finance, n.d.).

The demographic and economic variables can correctly account for the growth of municipalities, first of all from demographic point of view: if adult population, namely people who could enter in market job, increases there are more possibilities for a stronger economic system. To consider the migration rate is necessary to understand if there is a return to the small municipalities and how much foreign population weights on the total population. Moreover, the employment and unemployment rate plus per capita income provide a picture of the economic stability of the people livingin these municipalities.

The methodology adopted is the Synthetic Control method (Abadie et al., 2010; Abadie, 2021) as it allows to make causal inference when, as in this case, there is one treated unit (Riace) and many control units. In particular, this technique is often used in the literature for policy evaluation (Abadie and Gardeazabal al. 2003; Abadie et al.2010; Abadie et al. 2015; Barone et al. 2016; Peri and Yasenov 2017; Gomis-Porqueras and Puzzello, 2018; Cerqua, Di Stefano and Pellegrini, 2023). Riace is taken as the treated unit and the size of the sample donors' set is reduced by municipalities located in the region of Riace: Calabria. The sample is aimed at considering a common support between the treated and the untreated units, based on a set of exogenous characteristics, predetermined for their geographical position and urbanization features, like demographic dimension, economic peculiarity and the factors that can influence the growth of the units.

The panel dataset has the municipality as observation unit and the years from 1972 to 2018 as the time dimension. The treatment year is 2003.

Only for the following preliminary study, the analysis sets the time period from 1991 to 2018 and it considers 97 municipalities in Reggio Calabria province, where Riace is located.

The dependent variable is the logarithm of the population in years from 1991 to 2018, which provides mixed-evidence regarding the socio-economic consequences in the municipalities (van Dalen and Henkens, 2011). Because labour (equivalent to population) is one of the key inputs to production, it is axiomatic that population growth increases total output(GDP) as long as additional workers can be employed (Coleman and Rowthorn, 2011). Conversely, a decreasein population has been interpreted as the key process of shrinkage of rural districts in contrast to the simultaneous growth of urban poles (ibid.). Depopulation has also been indirectly connected with the conceptual frame of 'demographic transitions', affecting together economic cycles, metropolitan transformations and rural development (Bocquier and Costa, 2015). Finally, depopulation is implicating on abandoned agricultural land and on the growth of rural areas and can be seen as one the main factors of futureland use (Kroll and Haase, 2010).

The synthetic outcome is estimated using as predictors the level of the dependent variable in years from 19791to 2002, the average over the pre-event period of the share of foreign population (in 2001, 2002), the share of young, adult and older population (from 1991 to 2002), the ageing index (from 1991 to 2002), the employed and unemployed rate (in 1991 and 2001), the pro capita income (from 2000 to 2002).

The intuition of the SCM is simple: units that are similar in both observed (including the outcome variable) and unobserved characteristics to the treated unit should produce similar trajectories of the outcome variable over long periods of time. Once it is established that the treated unit and the synthetic control have similar behaviour for long periods of time prior to the intervention, then a discrepancy in the outcome variable following the intervention is interpreted as produced by the intervention.

**Preliminary results**

The preliminary results of the analysis (figure1) show that both treated and synthetic units follow the same trend in the pre-intervention period and after the treatment the discrepancy increases even more. It can be concluded as a positive treatment effect. If the SPRAR system with the Riace model had not been adopted, the municipality would have followed the decreasing trend of the synthetic unit. Robustness test of placebo in space strengthens the validity of the preliminary results.

To understand the territory's ability to increase its economy is crucial especially when it was in a fragile condition. In this regard, the study of demographic dynamics can provide valuable insights, as they reflect the attraction and repulsion forces of places and ultimately their vitality. This empirical evaluation is associated with relevant implications from a policy perspective: the integration of migrants as part of society and not as individuals to be helped and isolated.

Further results will be available for IPC conference.

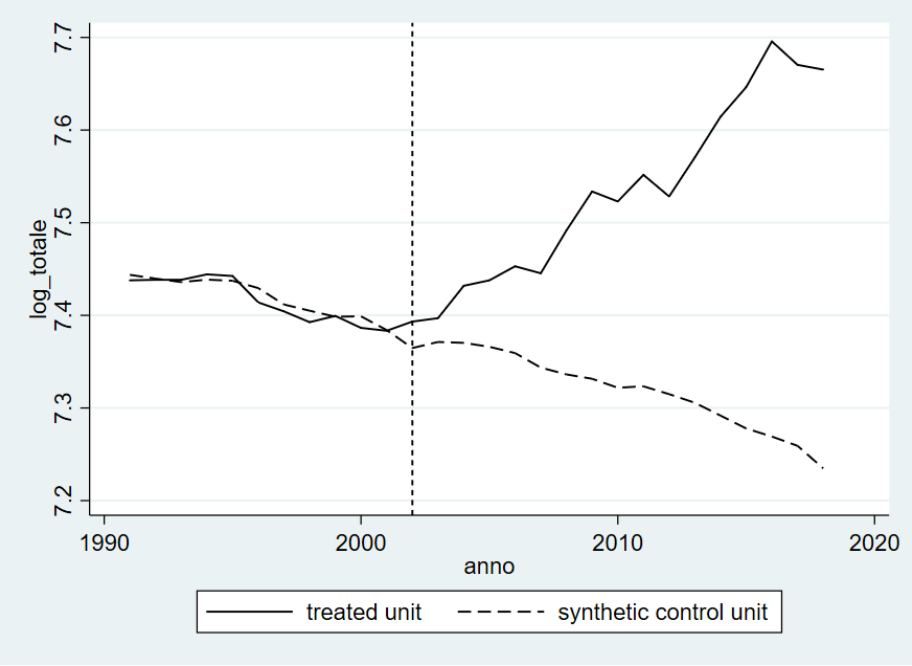


*Figure 1 Synthetic control method elaborated on STATA*