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COVER NOTE

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Delegations will find attached document SEC(2023) 716.

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REGULATORY SCRUTINY BOARD OPINION

EU Talent Pool

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EUROPEAN COMMISSION
REGULATORY SCRUTINY BOARD

Brussels,
RSB

Opinion

Title: Impact assessment / EU Talent Pool

Overall opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

The EU and its Member States face the prospect of an ageing population and shrinking labour force. EU employers are facing shortages in many professions. Skilled/qualified third-country nationals living outside the EU lack adequate channels to present themselves to EU employers.

The EU Talent pool platform aims at addressing labour and skills shortages by supporting international recruitment of third country nationals via legal migration pathways.

(B) Summary of findings

The Board notes the additional information provided in advance of the meeting and commitments to make changes to the report.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The report does not sufficiently elaborate on how the EU Talent pool platform will function in practice, in particular as regards its interoperability with national systems and articulation with Talent Partnerships.
- (2) The report does not sufficiently quantify and compare the costs and benefits of all options. It does not clearly separate the comparison of options in terms of effectiveness and efficiency from the analysis of impacts.

This opinion concerns a draft impact assessment which may differ from the final version.

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(C) What to improve

(1) The report should better describe the expected practical functioning of the EU Talent pool platform. As regards Talent Partnerships, the report should provide an overview of the current situation and its possible evolution, and how the EU Talent pool platform will articulate with current and future partnerships, also in light of the voluntary nature of Member States' participation in Talent Partnerships and/or the EU Talent Pool matching platform.

(2) The report should be clear, upfront, about the assumptions behind gradual participation of the interested Member States. It should better highlight the EU value-added of the EU Talent pool platform and how it would provide support to Member States based on economies of scale and other identified benefits, including in parallel to their own instruments. It should further elaborate on the interoperability of the EU Talent pool with national systems. It should be also clear on how the list of occupations of EU and national relevance will be established. The specific objectives should be expressed in SMARTer terms, so that success of the initiative can be adequately measured.

(3) The report should present the costs and benefits of all options in the main report. Moreover, it should provide further explanation of and evidence for the estimates and assumptions at the basis of the costs and benefits, and their potential evolution, including as regards Member States participation. It should consider providing ranges for some of the impacts facing higher levels of uncertainty, in particular as regard the net fiscal contribution of third country nationals and additional remittances to third countries.

(4) The report should present a clear overview of all impacts and costs and benefits, (including key quantitative estimates) of all options. The impact analysis should inform the scoring of the options and be clearly separated from the actual comparison of options, undertaken in terms of effectiveness, efficiency and coherence.

The Board notes the estimated costs and benefits of the preferred option(s) in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG may proceed with the initiative.

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Proposal for a Regulation of the European Parliament and of the Council establishing the EU Talent Pool
Reference number	PLAN/2022/2652
Submitted to RSB on	8 September 2023
Date of RSB meeting	27 September 2023

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

I. Overview of Benefits (total for all provisions) – Preferred Option		
Description	Amount	Comments
Direct benefits		
Simplification of international recruitment procedures for employers (e.g. easier and faster identification and matching)	EUR 150-400 (per employer) EUR 74 500 000 (for all employers participating in the EU Talent Pool)	The costs associated with international recruitment are normally borne by employers (between EUR 1 500 and EUR 2 500 per candidate. EUR 8 500-10 000 is support of recruitment agencies). As the new platform would be free to use for business, and especially SMEs, cost savings for employers would result from the fact that they do not need to pay additional money to publish their vacancies online or recurring to external support services.
	n.a. (not quantifiable savings)	Apart from direct costs savings, the preferred policy option would result in more effective and quicker recruitment of TCNs residing abroad . Benefits related to employers are mainly linked to time-savings across the various steps of the recruitment process (e.g. provision of information and personalised support, matching and searching tools and possibility to include fast-track procedures). However, these time savings are not quantifiable (see Annex 10). Cost savings would be mainly linked to the time saved throughout the entire recruitment process. Overall shorter recruitment procedures would mean that the third-country workers would commence their job sooner, which in turn could lead to more efficiency

		<p>on the labour market in terms of greater job matching and shortages filled, as well as potential increases in business productivity. This will also result in fiscal benefits in terms of tax contributions. In addition, the preferred PO would ensure better quality of matches and profiles, thus further benefitting businesses productivity and growth. The preferred option has also an important added value in reducing the barrier of entries for companies that cannot otherwise allocate financial resources to international recruitment, especially among Small and Medium Enterprises (SMEs). (See annex on SMEs test).</p>
	<p>EUR 11 500 (per employer) EUR 3 132 195 000 (all employers participating in the EU Talent Pool)</p>	<p>A part from non quantifiable savings, the preferred option foresees the possibility for Member States to introduce fast-track procedures. If those measures are introduced by all Member States, the preferred option would reduce the total time needed for international recruitment by around 3.5 months while increasing the chances of successful matches. Thus, this option has a relatively strong financial impact in terms of opportunity costs (additional revenue when conducting international recruitment with the Talent Pool).</p>
<p>Simplification of international recruitment procedures for TCNs (e.g. easier and faster identification and matching)</p>	<p>n.a. (not quantifiable)</p>	<p>As described above with regard to the employers, TCNs would benefit from time-savings across the various steps of the recruitment process (access to single platform to find vacancies, information provision and support etc.). However, these time savings are not quantifiable. In addition, protection against unfair recruitment and working conditions under the preferred option is expected result in fairer payment and working conditions, which may increase</p>

		labour productivity in the medium to long run.
	EUR 3 750 (per TCNs) EUR 1 044 065 000 (for all TCNs recruited via the EU Talent Pool)	A part from non quantifiable savings, the preferred option foresees the possibility for Member States to introduce fast-track procedures. If those measures are introduced by all Member States, the preferred option would reduce the total time needed for international recruitment by around 3.5 months while increasing the chances of successful matches. In terms of opportunity costs this would result in additional wages stemming from the use of the EU Talent Pool.
Indirect benefits		
Net Fiscal Contribution of TCNs	EUR 1 510 (per TCNs' capita)	Public finances of Host member States would benefit from net fiscal contribution of Third Country Nationals. This covers not only all types of cash benefits received at the individual or household level, such as family benefits, unemployment benefits, and pensions, but this also includes the monetary value of in-kind benefits that individuals receive for health, social housing and education. In general, welfare expenditures in favour of EU nationals are higher; i.e., EU nationals tend to benefit more from public expenditures than migrants. The Preferred options will benefit concerned Member States, accordingly, depending on their participation to the EU Talent Pool.
Indirect benefits		
Additional remittances to third countries	EUR 1286 (per TCNs) EUR 348 521 447 (for all TCNs recruited via the EU Talent Pool)	The economies of Third Countries will benefit from additional remittances sent by people coming

		<p>to work within the EU as a result of the successful matches provided by the EU Talent Pool.</p> <p>The estimation of increased remittances third countries is done by multiplying the average share of income which third-country nationals send home, estimated at 15%, with the EU average annual median income, and by the number of additional third-country nationals who become mobile, or come / remain in the EU. This estimate must be taken with caution because it is based on a world-wide sample and the patterns of remittances may vary remarkably across continents and type of migrants.</p> <p>The share of remittances is taken from a UN online publication, "Remittances matter: 8 facts you don't know" about the money migrants send back home. It represents a global, not EU-specific, share.</p>
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II. Overview of costs – Preferred option									
		Citizens/Consumers		Businesses		Administrations		EC	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
PO 2	Direct costs	n/a	n/a	n/a	n/a	n/a	EUR 10 892 000*	EUR 6 936 556 (IT platform development)	EUR 7 769 603 (including, staff, IT maintenance and other costs)
	Indirect costs	n/a							

*Assuming 11 Member States participating (it includes 3 FTEs per Member States and Liaison officers in partner countries)

With regard to table III below, no new or removed administrative burden on businesses and citizens is expected under the preferred option.

III. Application of the 'one in, one out' approach – Preferred option(s)			
[M€]	One-off (annualised total net present value over the relevant period)	Recurrent (nominal values per year)	Total
Businesses			
New administrative burdens (INs)			
Removed administrative burdens (OUTs)			
<i>Net administrative burdens*</i>			
Adjustment costs**			
Citizens			
New administrative burdens (INs)			
Removed administrative burdens (OUTs)			
<i>Net administrative burdens*</i>			
Adjustment costs**			
Total administrative burdens***			

(*) *Net administrative burdens = INs – OUTs;*

(**) *Adjustment costs falling under the scope of the OIOO approach are the same as reported in Table 2 above. Non-annualised values;*

(***) *Total administrative burdens = Net administrative burdens for businesses + net administrative burdens for citizens.*