EU Funds in the area of migration

Local and Regional Governments' perspective

CEMR views on the future of "EU funds in the area of migration" ahead of the post-2020 MFF negotiations and programming

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Introduction

As an integral part of the current discussion on the future MFF and following on from the *Reflection Paper on the Future of EU Finances*, the European Commission launched a series of public consultations covering all the major spending areas to gather views from interested parties on how to make the very most of every euro of the EU budget. In this context, CEMR has been working to assess how to better use and improve EU funds in the area of migration.

CEMR has been engaged in the Partnership on the Inclusion of Refugees and Migrants of the Urban Agenda (which serves as our main advocacy "entry point" on migration and integration) and in particular, in the drafting of the actions focusing on EU funding, blending and unaccompanied minors.

In addition to the work done through the Partnership, CEMR drafted this response, mainly developing the CEMR Position Paper on the MFF, and the different elements provided in the CEMR Resolution (2015)[1] and Call (2016)[2] on this topic. Furthermore, the recommendations of the Partnership are attached as ANNEX and included in the key messages below.

Key messages:

1. **Earmarking more resources dedicated to integration** in the post-2020 MFF and guarantee the access of local authorities by **strengthening the partnership principle and multilevel governance conditionality for Member States**;
2. Using **blending mechanisms in order to trigger more resources by combining different EU funds and instruments such AMIF and European Investment Bank resources** as well as strengthening the use of **microfinancing;**
3. Assessing the possibility of partially providing **direct funding** to local authorities under AMIF resources, as well as the potential use of "**block grants**";
4. Strengthening the **partnership principle in the AMIF and in other funds such as ERDF and ESF,** as well as the **monitoring instruments** at the national level to guarantee coordination, transparency and equal access for LRG's;
5. Moving **from an emergency-oriented approach to a long-term strategy on integration**, through finding a better balance between resources dedicated to integration, return and relocation/resettlement;
6. **Simplifying** rules to access funds and introducing **more flexibility** to allow better access to funding from mid and small LRG's.
7. **Create synergies between existing funding mechanisms** to avoid duplication and guarantee the best use of funding.

[1] http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_resolution_refugees_final_EN-0.pdf
[2] ccre.org/img/uploads/piecesjointe/filename/CEMR_Call_for_a_real_common_european_asylum_policy_EN.pdf

Context

Local and regional governments (LRG's) play a key role in integration. LRG's in arrival, transit and destination countries in Europe are in a central position regarding the social, humanitarian and financial challenges caused by migration. They have a particular role in guaranteeing basic protection to asylum applicants and in the reception and integration of newcomers in our society. LRG's are also the places where asylum seekers wait for a decision on their asylum claim and where services (i.e. houses, schools, health, employments, etc.) are to be provided to them.

LRG's exert a 'pull effect' on migrants associated with networking, education and employment opportunities.[3] Municipalities face the need to support integration closer than national authorities, and act accordingly. This has been confirmed by the Council's Common basic principles for immigrant integration policy in the European Union states: "integration is a process that takes place primarily at the local level".[4] The December 2016 *Council Conclusions on the integration of third country nationals legally residing in the EU*[5] as well as the *Action Plan on the integration of third-country nationals*[6] explicitly reinforced the strategic role of the local level.

One of the priorities set by the Council Conclusions was "Ensuring better coordination of key actors at national, regional and local level and promoting mainstreaming of integration in all relevant policy areas". It also called to "Fully implement the partnership principle" as enshrined in Article 12 of Regulation (EU) No 514/2014 (governing the implementation of the AMIF) of the European Parliament and of the Council. The Action Plan on integration also encouraged Member States to "strengthening communication between local, regional and national levels", introducing instruments such as the European Integration Network[7], to which selected cities, together with EUROCITIES and CEMR, were invited in March 2017. In addition, the conclusions of the different workshops of the *DG HOME INFO DAY on 'EU funding for the integration of third-country nationals'* of March 29, 2017 need to be also recalled when designing future programmes in the field on migration and integration.

As a European challenge, we consider that the exodus of thousands of persons seeking asylum and protection in Europe cannot solely be considered as an emergency situation, but needs to be addressed as a problem requiring structural and effective measures that take human rights into consideration.

The need for better integration of migrants and refugees will stay acute for the next decades. While the number of migrants and refugees entering the EU decreased significantly after the 2015-2016 peaks, the need for better integration will remain a top European priority.

The integration of the refugees and migrants who entered the EU in 2015-2018 requires long term efforts while prospects of similar levels of migration fluxes are likely to continue, and risks of conflicts remain high, thus making new peaks in migration flows in the future highly possible.

[3] http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_statistics_at_regional_level
[4] http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/82745.pdf
[5] http://data.consilium.europa.eu/doc/document/ST-15312-2016-INIT/en/pdf
[6] https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/20160607/communication_action_plan_integration_third-country_nationals_en.pdf
[7] https://ec.europa.eu/futurium/en/content/dg-home-meeting-european-integration-network-brussels

Responses to the questions of the Consultation

Current programmes / funds add value compared to what Member States could achieve at national, regional and / or local levels

Funding at the European level, and more concretely funds targeting local and regional authorities is very valuable even if it is still too small to be fully able to help LRG's in responding to the challenges on integration of migrants and refugees. EU funding guarantees more resources at all levels, as well as it requires some sort of coordination between tiers of government is present and a holistic and integrated approach. The current challenges with respect to EU funds in the area of migration are:

- **How to make funds more accessible for LRG's**
- **how to find synergies between existing funds**
- **how to allocate more resources**
- **how to move from an excessively emergency-oriented approach to a long-term strategy**

Proposals for modification to the objectives of the programmes / funds in this policy area

There are many projects for integration financed with EU funds. Within the current funding-structure integration-projects are funded mainly by the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the Asylum Migration and Integration Fund (AMIF).

LRG's encounter various problems in accessing EU funds for integration, depending on the funds and the Member States or regions, ranging from a total lack of relevant calls for proposals in some Member States, to restrictive calls for proposals in others (e.g. difficulties to support large scale, long term, and comprehensive interventions, but also of medium and small-sized projects), as well as a lack of access and capacity. The bottlenecks outlined in this paper have been identified through the preparatory work leading to the "Expert guide for urban and funding authorities: Using EU funds for supporting LRG's efforts for inclusion of migrants and refugees" commissioned by the Partnership on the Inclusion of Refugees and Migrants of the Urban Agenda of the EU to the Metropolitan Research Institute published in early 2018.

Challenges faced by European LRG's to access EU funding for integration have also been regularly highlighted since 2014 – e.g. by networks such as CEMR through regular consultations with their members. They have also been addressed during the conferences organised by the Partnership on the Inclusion of Refugees and Migrant of the Urban Agenda in 2016-2017, and they have been mentioned in the public feedback to the Partnership too.

Strengthening of synergies among programmes / funds to avoid possible overlaps / duplication and strengthen coherence

The alignment of EU funds to the needs of local authorities should be improved. This could be achieved through the strengthening of the partnership principle across EU Funds, which would guarantee an effective and meaningful involvement of local authorities in the definition of priorities for integration spending. Concrete examples of areas where the partnership principle could be further highlighted, include:

- The future AMIF regulation, for instance, should strengthen the partnership principle in general by developing a code of conduct similarly to ESF and ERDF funds;
- The European code of conduct on the partnership should be improved in the regulatory framework;
- Draft operational programmes could be submitted to the Commission by the national authorities with a meaningful endorsement by key partners, including LRG's.

In order to promote further complementarity between funds (AMIF/ERDF/ESF), **synergies shall be strengthened, among others, at the national level**. This would help avoiding overlaps, conflicting priorities or diverging rules (on eligibility for instance). The following changes could be envisaged:

- Member states could define more clearly their strategy by mainstreaming and strengthening the partnership principle, ensuring that all relevant actors are involved. This would enable a safer, more transparent and less discriminatory integration for migrants and refugees;
- A single set of rules should be applied for ESIF and AMIF programmes in order to ensure coherence in programming, management/monitoring requirements. And a simpler framework for accountability and valorisation should be developed.

In order to align EU-funding to the integrated approaches at all levels of public administration, it is proposed to **widen the target beneficiary group** of AMIF to 'individuals with migrant background".

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ANNEX

RECOMMENDATIONS OF THE PARTNERSHIP ON THE INCLUSION OF REFUGEES AND MIGRANTS OF THE URBAN AGENDA

FOR IMPROVING CITIES' USE OF AND ACCESS TO EU FUNDS FOR INTEGRATION OF MIGRANTS AND REFUGEES IN THE NEW PROGRAMMING PERIOD

a) Main bottlenecks

When identifying the barriers European LRG's encounter when they wish to access EU funding for the integration of migrants and refugees, different and often interrelated aspects are mentioned:

1. The root of most problems is that while LRG's face the increasing need to support integration, decisions on allocation of relevant EU funds are made by national authorities. For both direct management and shared management funds, little or no involvement of municipalities in the programming phases and/or in decision-making is registered, especially in the AMIF-situation.

2. In some Member States, LRG's are not recognised as key partners by AMIF responsible authorities (see Article 4 of the AMIF Regulation 516/2014[8]).

3. Integration of migrants and refugees can be better prioritised by programmes supported by ESF and ERDF.[9] Whereas the ESF regulation encourages MS to invest in Migrants, asylum seekers and refugees, who are explicitly referred to as target groups by the ESF regulation. In general, the partnership principle is weaker for AMIF than for ESF and ERDF. LRG's report limited multi-level governance efforts with respect to this fund.

4. Given that LRG's have no direct access to funding, LRG's enter a complex "playing field" when they want to make use of relevant EU-funds. Different levels of public authorities (EU, national, regional and local) are involved in the allocations of EU-funding for integration of migrants and refugees. The political priorities at local, regional or national level might not be aligned, while politisation and arbitrary allocation (lack of transparency) can also be identified. The lack of a structured multilevel governance framework tends to increase the barriers to efficient expenditure of the relevant EU funds for the benefit of local authorities.

5. The integration budget lines through AMIF, ESF, EASI and ERDF can be overlapping (in terms of priorities, target groups, policy objectives, etc.). LRG's may struggle to navigate EU funding processes without guidance on which funds to apply for and how to best leverage resources to do so. In addition, there seems to be limited coordination between different DGs at EU Level and ministries at national level. There are many differences in timelines to issue calls, in priorities, eligibility, reporting, financial accountability rules and deadlines across the different EU funds used.

b) Related issues

Related to these barriers, and notwithstanding the urgency, the perception is that the administrations in some Member States (and some regions) that are responsible for the management of the funds (especially AMIF) seem to have a lack of capacity to manage the fund quickly and efficiently.

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[8] " For the purposes of the Fund, the partnership referred to in Article 12 of Regulation (EU) No 514/2014 shall include relevant international organisations, non-governmental organisations and social partners."

[9] The ESIF programmes were planned in 2012-14 and adopted mainly in 2014, before the arrival of migrants and refugees increased. Amending adopted programmes is always difficult, as it re-opens deals made by a large number of stakeholders and it requires time. However, amending adopted programmes is possible, especially when based on the needs assessment, (see e.g. the ERDF programme of Brussels region).

As has been established by a High-Level Group on Simplification (commissioned by DG Regio) there seem to be overly complex and long bureaucratic procedures to access and to manage the funds. Flexibility and simplification have been claimed being necessary: *"Although the achievements of the EU Cohesion Policy are undeniably positive, the current volume of rules does not always make life easy for local authorities managing EU funds or businesses looking to apply for EU funding".*

Simplification is therefore key and the European Commission should look into how to further simplify access to EU funds in the budget framework post 2020[10]" (Cfr. High Level Group on simplification). The so called "gold-plaiting", i.e. topping up by additional national requirements[11] and excessive red tape and extensive formal controls with no account of proportionality, is labelled as responsible for the difficulties found during the implementation phase. By definition the AMIF interventions focus only on third-country nationals, whereas the integration-challenges in European LRG's involve a much wider population of citizens who have a migrant-background (for example: first or second-generation migrant). Programmes to foster inclusion and social cohesion that are developed and implemented at local level, in principle also include the receiving community (integration being a 'two-way process') and therefore basically include all citizens.

It would be favoured, in terms of project- and programme-management, should this broader approach (and definition of the target group) to the integration-challenges be adopted as well. For instance, LRG's have encountered difficulties in working with AMIF-funds in projects to help children in schools. The children were a mix of third-country nationals and migrants from EU Member States (thus formally not 'third-country nationals'). This creates administrative burdens, as it is not efficient to organise separate projects or programmes for children from third-countries only.

The initiative by the European Commission to launch a call for Urban Innovative Actions (UIA) is quite recent. There are different aspects for these calls that are in the interest of European LRG's, such as the fact that they work in a direct contract between the city-administration and the European Commission. But because these calls are highly focused on innovation, LRG's report that in the social domain (inclusion/integration), projects that have proven to be effective are not deemed innovative enough to be granted UIA funding. The UIA initiative is then insufficient to tackle the challenges we face.

In conclusion, LRG's find it difficult to attract financing from private sector institutions, in response to the need of major investments in social infrastructure. Much of the investment needs are not revenue generating even though they may bring strong social and economic benefits. This is why EU funds are so important and they need to be reinforced, together with blending and microfinancing.

c) Main Recommendations

1. The following changes are proposed to the segment of ERDF and AMIF funding under shared management:

A. Earmarking of funds for integration of Migrants & Refugees

- **The earmarking of AMIF** funds dedicated to integration should be increased from 20% to 30%. With a view to ensure that such resources would be accessed at the local level, a principle of conditionality should be applied to Member States and local authorities to access these earmarked funds;

[10] This is the main message that the High-Level Group of Simplification seeks to feed into the discussion on the future of the EU finances which the Commission launched on 28 June 2017 with its dedicated reflection paper, the final paper in the series of five reflection documents released following the publication on 1 March of the Commission's White Paper on the Future of Europe.

- **Earmarking of ERDF** to sustainable urban development shall be increased from 5 percent[12] to 10/15 percent, while ensuring a specific focus on deprived communities.

B. Implementation of the instrument of a Block Grant, with an integrated, flexible and multi-fund scheme

The Block Grant is particular oriented to provide the EU with an effective and specific funding instrument able to address the specific challenges at urban level through comprehensive strategies. In the case of migration and integration from the perspective of LRG's, it fulfils the need for a clear, ambitious and targeted funding which contributes to the inclusion of migrants and refugees in the EU. Like in the Urban Poverty Partnership of the Urban Agenda of the EU, the proposed Block Grant would have the following characteristics:

- **Multi-fund**: combining or pooling resources from different EU funds (typically the AMIF, ESF and the ERDF) to achieve a leverage effect in the integration of migrants and refugees.
- **Flexible:** through local integration Plans, Block Grants will be flexible enough to adjust to local needs and changing challenges, to combine sectoral policies and to involve all the local stakeholders. For example, enabling re-granting would improve the involvement of the private sector, NGOs, and the development of local initiatives.
- The Block Grant will be managed by urban authorities (where applicable in the governance structure of the Member States) with flexibility.
- I**ntegrated**: The Block Grant could focus on deprived areas: a specific focus on deprived neighbourhoods can be ensured to make it possible to merge with the block grant action which is proposed by the Urban Poverty Partnership. Especially where in the Urban Poverty Partnership reference is made to the inclusion of vulnerable groups. The flexibility will allow local authorities addressing these challenges on the basis of their specific local reality and necessities.

2. Proposed recommendations to facilitate more direct access to European funds:

A. Direct funding under AMIF: meaning that LRG's could directly apply to the Commission under the AMIF **for LRG's which are most in need** and struggling with the inclusion of migrants and refugees. To better assist those LRG's, additional funding could be made accessible to the applicant local government for capacity building. The following conditions could be taken in to account:

- The city should be able to provide objective evidence of facing substantial challenges in one or several policy priorities as referred in the EU Action Plan on the integration of third country nationals[13];
- The local government should have developed a dedicated action plan (analysis of the context, objectives to be reached, comprehensive integration strategy to meet expected results, financial plan, etc.);
- In the case that LRG's may not have the capacity, technical assistance and capacity building measures they should be made available by Member States and/or the EU.

[12] Article 8 of Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

[13] Key policy priorities are listed in the 'Communication COM (2016) 377 final': Pre-departure/pre-arrival measures, education, labour market integration and access to vocational training, access to basic services and active participation and social inclusion.

- A multilevel-agreement (EU, MS and associations of local and regional government) should in principle be envisaged to ensure transparency and need-assessment.

B. **Set up of a pilot group of LRG's** in the new programming period benefitting from direct access to the AMIF Funds as related to integration. To demonstrate the potential impacts of direct funding to LRG's, a learning cycle would be developed and implemented. Lessons learned would help informing a dedicated strategic learning framework that would be monitored by national, EU and local level experts.

C. **The Establishment of Financial Blending Facilities** for LRG's can help to address the identified financing gaps and establish synergies. This Inclusion Blending Facility should enable to combine resources from AMIF and possibly also other EU-funds (like ESIF) with EIB loans or other EIB Group instruments (especially in relation to microfinance and social impact), which would make financing directly available to LRG's and/or financial intermediaries to implement investments and actions targeted to migrant and refugee inclusion alongside financing for other investments in the city budget. The implementation is on a voluntary basis and does not replace other instruments.

D. The **Inclusion Blending Facility** would potentially finance a wide typology of projects, including financial and non-financial types of support, such as housing provision, healthcare infrastructure, initiatives to stimulate job creation and entrepreneurship and institutional capacity building, all as part of an integrated investment programme.

   It is recommended that the Inclusion Blending Facility offers a suitable variety of financial products, including equity, loans and guarantees at favourable financial conditions and adequate tenors, building on the experience from other financial instruments and ensuring added value. The Inclusion Blending Facility is a separate action of the Partnership on Inclusion of Migrants and Refugees and will be published in March/April 2018.

E. Within the remit of its competences, the European Union should be able to act swiftly and efficiently to provide effective support to **emergency needs of European LRG's**. Concretely, LRG's could be added to the list of bodies that are eligible for emergency financial assistance under AMIF. Meaning LRG's should be able to have direct access to the AMIF concerning emergency financial assistance.

F. **Regarding the instrument of Urban Innovative Actions**, it is recommended to widen the scope. In order to better address longer-term societal challenges that LRG's are facing, a different approach could be envisaged, which is the use of an instrument that allows strategic, long term interventions.

   This instrument would increase the possibilities for European LRG's to duplicate successful programmes and projects on inclusion.

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About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 60 national associations of municipalities and regions from 41 European countries. Together these associations represent some 130,000 local and regional governments.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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