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

Disclaimer:

This paper is adopted by the Partnership on the Inclusion of Migrants and Refugees in the framework of the Urban Agenda for the EU. The paper aims to contribute to the discussion on Better Funding, as defined in the Pact of Amsterdam establishing the Urban Agenda for the EU: *'The Urban Agenda for the EU will contribute to identifying, supporting, integrating, and improving traditional, innovative and user-friendly sources of funding for Urban Areas at the relevant institutional level, including from European structural and investment funds (ESIF) (in accordance with the legal and institutional structures already in place) in view of achieving effective implementation of interventions in Urban Areas.'*

This paper may not reflect the official positions of individual members of the Partnership. The use of the word 'cities' in this paper should be interpreted as 'Urban authorities'.¹

1. Introduction

Cities have a key role in integration. Cities 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. Our cities are also the places where most 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.

Cities exert a 'pull effect' on migrants associated with networking, education and employment opportunities.² Municipalities face the need to support integration closer than national or regional 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".³

The December 2016 *Council Conclusions on the integration of third country nationals legally residing in the EU*⁴ as well as the *Action Plan on the integration of third-country nationals*⁵ explicitly reinforced the strategic role of the local level.

¹ As stated by the Pact of Amsterdam "the term 'Urban Authorities' is used to address the relevant public authorities responsible for the governance of the aforementioned 'Urban Areas', be it local, regional, metropolitan and/or national authorities".

² http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_statistics_at_regional_level

³ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/82745.pdf

⁴ <http://data.consilium.europa.eu/doc/document/ST-15312-2016-INIT/en/pdf>



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 Network⁶, to which selected cities, EUROCITIES and CEMR were invited in March 2017.

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 2015-2016 requires long term efforts and the number of migrants entering the EU was significant also before 2015-2016. Prospects of similar levels of migration are likely to continue, and risks of conflicts in neighbouring regions remain high, thus making new peaks in migration flows in the future possible.

2. Cities face barriers in accessing EU funds for integration

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).

Cities nevertheless 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).

As a result, cities have documented difficulties on the access to funding relating to migrant and refugee reception and integration. 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 cities' efforts for inclusion of migrants and refugees" commissioned by the Partnership to the Metropolitan Research Institute and which will be published early 2018.

Challenges faced by European cities to access EU funding for integration have also been regularly highlighted since 2014 - e.g. by networks such as EUROCITIES and CEMR through their regular

⁵ 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

⁶ <https://ec.europa.eu/futurium/en/content/dg-home-meeting-european-integration-network-brussels>

consultations with their members. They have also been addressed during the conferences organised by the Partnership in 2016-2017, and they have been mentioned in the public feedback to the Partnership on Inclusion of Migrants and Refugees.

a) Main bottlenecks

When identifying the barriers European cities 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 cities face the increasing need to support integration, decisions on allocation of relevant EU funds are made by national or regional 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 or regions, cities are not recognised as key partners by AMIF responsible authorities (see Article 4 of the AMIF Regulation 516/2014⁷).
3. Integration of migrants and refugees can be better prioritised by programmes supported by ESF and ERDF.⁸ 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. Cities report limited multi-level governance of the fund.
4. Given the cities have no direct access to funding, cities 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. The lack of a structured multilevel governance framework tends to increase the barriers to efficient expenditure of the relevant EU funds.
5. The integration budget lines through AMIF, ESF, EASI and ERDF can be overlapping (in terms of priorities, target groups, policy objectives, etc.). Cities 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 and reporting and financial accountability rules, in deadlines, etc. across the different EU funds used.

⁷ " 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."

⁸ 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).

b) Related issues

Related to these barriers, and notwithstanding the urgency (the migration challenges at city level), the perception is that the administrations in some Member States and 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.

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 2020⁹” (Cfr. High Level Group on simplification). The so called “gold-plating”, i.e. topping up by additional national requirements¹⁰ 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 cities involve a much wider population of citizens who have a migration-background (for example: first or second generation migrant). Programmes to foster inclusion and social cohesion that are developed and implemented at city-level, in principle also include the receiving community (integration being a ‘two-way process’) and therefore basically include all citizens at city-level.

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, cities 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 interests of European cities, 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, cities report

⁹ 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.

that in the social domain (inclusion/integration) projects that have proven to be effective are not deemed innovative enough to be granted UIA funding.

In conclusion, cities 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.

3. Inclusion of Migrants and Refugees: recommendations for post-2020 integration funding

‘Better access to EU-funding’ is one of the agreed deliverables of the Urban Agenda for the EU, as agreed in the Pact of Amsterdam. Following the overview of bottlenecks on access to EU funding, this paper will now look closer into the recommendations for a more effective implementation of interventions in European Cities on the challenges of integration.

Should the structure of the relevant EU funds remains the same in the new programme period, there are a few recommendations that could facilitate cities to better use these funding instruments to support the integration of migrants and refugees.

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;
- **Earmarking of ERDF** to sustainable urban development shall be increased from 5 percent¹¹ to 10/15 percent, while ensuring a specific of focus on deprived communities.

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

With regard to this recommendation the Partnership on Inclusion of Migrants and Refugees is fully in agreement with the Action Plan of the Urban Poverty Partnership, where the instrument of a ‘Block Grant for Urban Authorities’ is proposed as well.

¹¹ 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.

The Block Grant is particularly 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 the Partnership on Inclusion of Migrants and Refugees, 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 recommendation, 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.
- **Integrated:** 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. A proposal is that direct funding to AMIF, meaning that cities can directly apply to the commission under the AMIF funding, can be made accessible for cities which are most in need and struggling with the inclusion of migrants and refugees. To better assist those cities, additional funding can be made accessible to applicant cities. 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 nationals¹²;
 - The city 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 cities may not have the capacity, technical assistance and capacity building measures they should be made available by Member States and/or the EU.
 - A multilevel-agreement should in principle be envisaged.

¹² 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.

- B. **Set up of a pilot group of cities** 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 cities, 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 cities and SMEs 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 cities 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. 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.
- D. 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 cities**. Concretely, cities could be added to the list of bodies that are eligible for emergency financial assistance under AMIF. Meaning cities should be able to have direct access to the AMIF concerning emergency financial assistance.
- E. **Regarding the instrument of Urban Innovative Actions**, it is recommended to widen the scope. In order to better address longer-term societal challenges that cities 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 cities to duplicate successful programmes and projects on inclusion.

3. Recommendations focussing on better synergies between European funds with a focus on the inclusion of migrants and refugees

- A. 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 partnership in general by developing a code of conduct similarly to ESF and ERDF funds;
 - The European code of conduct on partnership should be improved in the regulatory framework;
 - Another tool for increased partnership could be if draft operational programmes would be submitted by the national authorities to the Commission with a meaningful endorsement by key partners, including major cities.
- B. 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 for instance including a multilevel approach by mainstreaming and strengthening the partnership principle and make sure that all 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 coherency regarding for instance programming, management and monitoring requirements. And a more simple framework for accountability should be developed.
- C. 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 a migrant background’.