Urban Agenda for the EU Partnership for the Inclusion of Migrants & Refugees
Final Conference

INCLUSION BLENDING FACILITY
Patricia B. Llopis

Brussels
4th December 2018
Inclusion Blending Facility – Background

- EIB Action on Better Funding under EU Agenda Partnership for the Inclusion of Migrants and Refugees
- Market test the proposed Inclusion Blending Facility
- Interviewees: city officials responsible for...
  - investments esp. social infrastructure and social housing
  - migration and refugee integration
  - stimulating industry / enterprise or building links with SMEs, micro-enterprises and micro-entrepreneurs.

Discussion topics
- Current financing challenges
- Financing sources
- Current regulatory constraints
- Inclusion Blending Facility
The peak continues but it is receding

Although some cities still experience high inflows of migrants and refugees

Source: Eurostat
Cities financing challenges

- Funding from a variety of sources but mostly EU and national

- Used in different ways:
  - Integration of new arrivals
  - Social infrastructure
  - Access to labour market
  - Integration activities

- Difficulties in obtaining funding:
  - High competition
  - Difficulties in partnering with other institutions
  - Unfavourable structural and administrative conditions
Unfavourable structural conditions

- Little control over how funding for integration projects is managed
- Complexities in the governance structure
- Legal impediments
- Asymmetric information
- Unreliable and unpredictable national transfers
Unfavourable administrative conditions

- Administrative burden
- Burdensome and complex procedures
- Overcomplicated justification of payments thus increasing administrative costs
- Rigid and limiting calls for proposals
- Preparation, implementation and management of EU funds is too onerous and discouraging
- Lack of financial instruments experience
Market failure and financing gaps

Identified market failures:
- Obtaining support from financial institutions is not a viable or interesting option for cities.
- There is a lack of interest from local commercial banks to lend to and work with cities.

Financing gap:
- EUR 250,000 – several million
Cities’ suggestions to improve their access to funding

- Ensure direct access to funding
- Involve cities and beneficiaries in the decision making process
- Increase flexibility in funding allocation and use
- Ensure the sustainability and continuity of funding
- Simplify administrative requirements
- Better coordination and cooperation between national-regional levels and between cities
- Increase capacity building
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Potential benefits

- Address current financing gaps
- Better involvement of cities in the decision making process
- Direct access to funding
- Synergies with other sources of funding
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Potential project typology

- Healthcare infrastructure and related services
- Housing provision
- Job creation and entrepreneurship
- Integrated investment programmes
- Capacity building
Key messages and conclusions

- Identified market failure and financing gaps
- Solutions that meet cities’ needs
- Need for direct access to funding
- Integrated investment programmes
- Financial and non-financial types of support
- Blending of grants and financial instruments
- Favourable conditions, adequate maturities and limited administrative burden
Any Questions?