

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

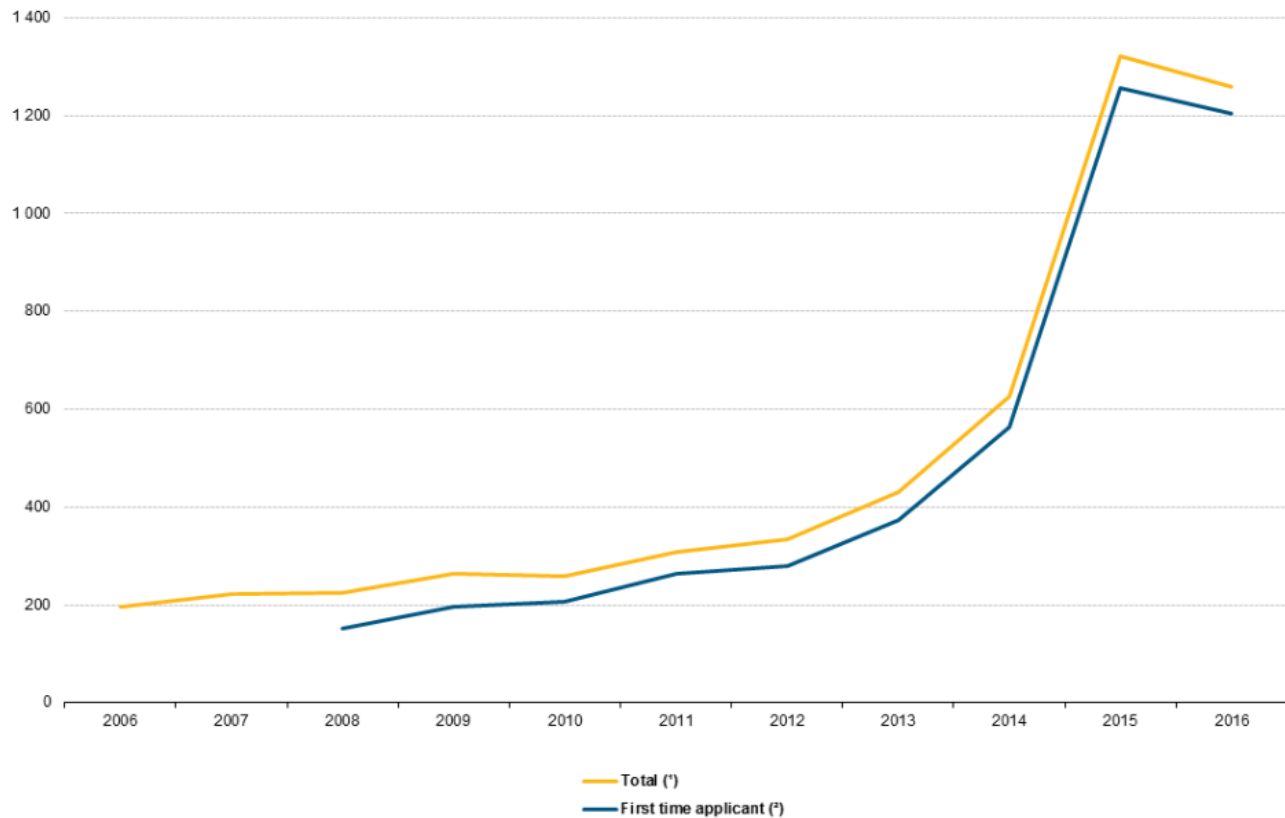
**INCLUSION BLENDING FACILITY**  
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# Inclusion Blending Facility – Background

- 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

# European migration trends



- 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



# Inclusion Blending Facility

## 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

# Inclusion Blending Facility

## 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?

