BRIEFING NOTE 01/2016

EUROPE'S REFUGEE CRISIS: FROM EMERGENCY RESPONSE TO LONGER-TERM INTEGRATION

The fundamental principle of global solidarity and responsibility sharing recognises that "the grant of asylum may place unduly heavy burdens on certain countries, and that a satisfactory solution of a problem of which the United Nations has recognised the international scope and nature cannot therefore be achieved without international co-operation".

The Preamble of the 1951 UN Refugee Convention

Introduction

Management of the refugee crisis is one of the main challenges facing Europe and its society today, not only because of the magnitude and pace of the crisis itself but also on account of the complexity of its social, political and economic implications. It is first and foremost a humanitarian crisis on a global scale, but at the same time it is specifically a crisis of policy that caught the European Union unprepared. Immediate responses therefore need to be implemented from top political level down to hands-on level, before long-term solutions can be found for the settlement and integration of refugees in accordance with European and international standards.

In the context of such a large-scale crisis and despite the significant efforts that have already been made by a number of states, existing mechanisms are showing their limits in terms of solidarity and responsibility sharing. Today, more solutions are required to alleviate the strain on host countries and to offer a better future to the populations fleeing war, violence and persecution.

By virtue of its mandate and origins, the CEB has a role to play in the current crisis. As a social development bank, it will seek, firstly, to respond to this emergency situation and, secondly, to work towards the longer-term objective of the social inclusion of these highly vulnerable populations.

This briefing note describes the scale and complexity of the current refugee crisis. It also assesses the immediate humanitarian and longer-term integration needs in transit and destination countries in Europe and their implications for the CEB's role in response to these challenges both now and in the future.

Disclaimer

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Acknowledgements

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1. The scale and complexity of Europe's refugee crisis: a unique challenge

The past months have been a dramatic period for Europe, faced with an unprecedented influx of asylum seekers and refugees[1] from conflict-ridden Syria, Iraq, Eritrea and other parts of the world, thus representing the biggest refugee surge since World War II. Due to high levels of uncertainty about the on-going conflicts, this trend is likely to continue.

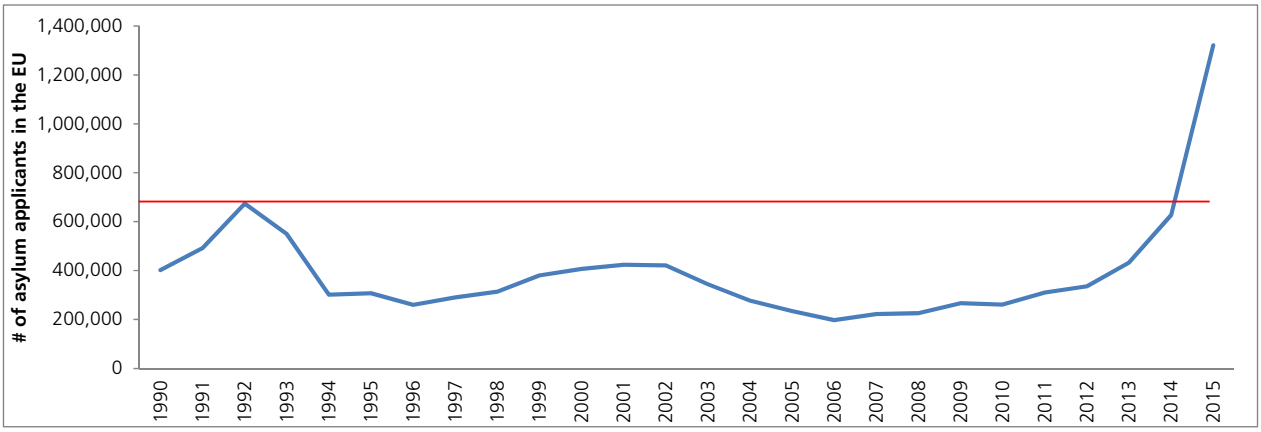
"Syria is the biggest humanitarian and refugee crisis of our time, a continuing cause of suffering for millions which should be garnering a groundswell of support around the world. A tragedy of this scale demands solidarity beyond funding. Put simply, we need more countries to share the load by taking a greater share of refugees from what has become the biggest displacement crisis of a generation."

Filippo Grandi, United Nations High Commissioner for Refugees

▪ A historic refugee surge in Europe

Having peaked in 1992 (673,900 applications in the EU-15) and again in 2001 (424,000) when the EU member states received large numbers of asylum applications[2] from former Yugoslavia, the number of asylum applications in the EU had fallen to just below 200,000 by 2006 (see Figure 1).

Figure 1: Asylum applications in the EU, 1990-2015



Source: UNHCR (1990-1997), Eurostat (1998-2015): [migr_asyctz] and [migr_asyappctza]

There was then a gradual increase in the number of asylum applications within the EU from 2006 to 2012, after which the numbers rose sharply to 432,000 in 2013, 627,000 in 2014 and 1.3 million in 2015. The number of asylum applications received within the EU-28 in 2015 was almost double the number recorded within the EU-15 in 1992. According to Eurostat[9], of the 1.3 million asylum seekers registered in 2015, a total of 229,000 persons were granted refugee status in the EU at first instance, 56,000 were granted subsidiary protection status and 22,000 were granted authorisation to stay for humanitarian reasons.

This historic surge represents only a part of total net migration in the EU (see Figure 2). Historically, labour migration has been the most significant form of migration across Europe and the dominant pathway in Western and Southern Europe since the 1950s[3]. Over the past fifteen years, international migration towards the EU has varied considerably. Net migration flows to EU countries represented on average around 1.2 million per year over the period 2000-2014, representing only 0.2% of total EU population and having peaked in 2003 and 2013 with 1.7 million. A sharp decrease was observed during the period 2009-2012

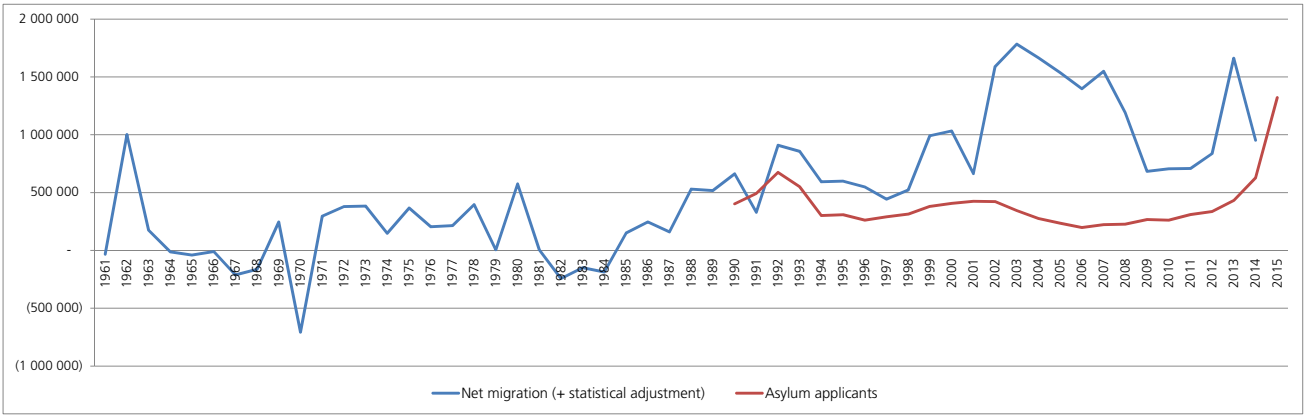
[1] It is important to distinguish between the terms "asylum seeker" (see footnote 2), "refugee" and "migrant". The term "**migrant**" is a generic term for anyone moving to another country with the intention staying for a certain period of time. The term "**humanitarian migrant**" refers to people who have successfully applied for asylum and have been granted some sort of protection – refugee or other status (see footnote 2). In practice, only a minority of asylum seekers are granted refugee or some other form of humanitarian migrant status, while the rest have to leave the country. If not, they become "**undocumented migrants**".

[2] Asylum statistics include: (1) **asylum seekers** who have lodged a claim (asylum applications) and whose claim is under consideration by a relevant authority; and (2) persons who, after consideration, have been recognised as **refugees**, or have been granted another kind of international protection (subsidiary protection), or were granted protection on the basis of the national law related to international protection (authorisations to stay for humanitarian reasons), or were rejected from having any form of protection. Source: Eurostat

[3] Source: CEB (2015), The integration of migrants in Europe, Chapter 1.

corresponding to the financial crisis in Europe. Net migration peaked again in 2013 and dropped in 2014. Having peaked in 1992 and until recently, total asylum applicants represented only a limited share of the total net flow, but have become a more relevant component of total migration with the on-going refugee crisis.

Figure 2: Net migration (1961-2014) and asylum applicants (1990-2015) in the EU



Source: CEB graph based on Eurostat migration flows [demo_gind] and asylum applicants presented in Figure 1. Note: Net migration is the difference between immigration to and emigration from a given area during the year. Since many countries either do not have accurate figures on immigration and emigration, or have no figures at all, net migration has to be estimated. It is usually estimated as the difference between the total population change and the natural increase during the year.

These increasing arrivals (mainly by sea), with their trail of tragic human losses, have led to a humanitarian crisis not only for Southern European and transit countries, but also for the entire European continent. The situation has reached crisis proportions at Europe's Southern border and transit regions, reflecting the limited capacity of countries to respond to the humanitarian challenge and to process asylum requests. For final destinations, the integration of those accepted into the labour market and wider society is a further challenge. Social, political and security concerns compound these challenges.

Across the European continent, the impact of this crisis is uneven, being concentrated in a few countries:

- Now the largest refugee-hosting country worldwide, **Turkey** is the most affected, with 2.7 million Syrian refugees[4] (56% of total Syrian refugee inflows and 3% of its own population), mostly under temporary protection status.

  As from 4 April 2016, the first *resettlements* from Turkey and *returns* from Greece (under the "one in, one out" scheme) are taking place in the context of the 18 March EU-Turkey Agreement[5] to end the irregular migration from Turkey to the EU and replace it with legal channels of resettlement of refugees to the EU. The implementing task on the ground is with the Turkish and Greek authorities, with EU financial and logistical support. The EU-Turkey Deal has raised serious concerns as to whether it can be effectively implemented while fully respecting the human rights of refugees and other migrants and complying with international obligations[6].

- Within the EU, **Greece** and **Italy** are the major entry points by sea (and, to a lesser extent, **Bulgaria** by land) while **Germany**, **Sweden** and **Austria** (countries with favourable economic but challenging demographic conditions) are the main destination countries. Due to its geographical location, **Hungary** also received a record number of first-time asylum applications in 2015, representing 14% of the EU total, but recorded first instance rejection rates above 80% during the same year.

- For the **Western Balkan states**, operating as "new" transit countries (but also as origin or destination countries), such large-scale inflows are a new experience and represent a huge humanitarian challenge at local level. However, due to reinforced border controls or closed borders for unregistered refugees on the Balkan route, other EU and non-EU countries could be (more) affected, either as "new transit routes" or even new destinations.

[4] According to the UNHCR (as at 25 April 2016), an additional 2.1 million Syrian refugees are registered in Egypt, Iraq, Jordan, Lebanon and North Africa. Source: http://data.unhcr.org/syrianrefugees/regional.php
[5] For more details: http://www.consilium.europa.eu/en/press/press-releases/2016/03/18-eu-turkey-statement/
[6] On 1 April 2016, UNCHR called for safeguards to be in place before returns begin http://www.unhcr.org/56fe78c56.html

A complex and multi-faceted crisis

Due to a number of political/geopolitical, economic and societal aspects, the current refugee crisis is becoming increasingly complex to address. More than in previous refugee crises, today's asylum seekers are very diverse in terms of country of origin, profile and motivation[7], which is increasing the pressure on national asylum systems and reception/integration structures in the host countries.

- Despite the public focus on large inflows from Syria, the **origin countries** are in fact more heterogeneous. The main countries from which asylum seekers in the EU in 2015 originated were **Syria** (29%), Afghanistan (14%), Iraq (10%), Kosovo (5%), Albania (5%) and Pakistan (4%)[8]. The country of origin is a key factor in the recognition of the refugee status or other forms of international protection. The recognition rate for Syrian nationals currently stands at 95% while, for example, for people from Albania, Kosovo and Serbia the chance of a positive outcome for an asylum claim is less than 5%. This is in line with the recent decision taken by some EU member states of considering the Western Balkan states to be 'safe countries of origin'.

- At the same time, the top **asylum countries** also vary significantly across the EU, reflecting the size of established communities, language and historical ties, recognition rates by country of origin/destination and the different migration (and smuggling) routes taken. In 2015, the highest number of asylum applications was registered in Germany (476,510, representing 36% of total applications (1,312,600) in the EU-28), followed by Hungary (177,135), Sweden (162,450), Austria (88,160), Italy (84,085) and France (75,750)[9].

- Refugees are different from economic migrants in terms of **demographics** and **skills**, in addition to their motivations for leaving their home countries and in the likelihood that they establish long-term residence in their destination countries. The current situation is further complicated by the blurred distinction between humanitarian and economic migrants since many asylum seekers migrate also for economic and/or family reasons.

- In terms of **age** distribution, more than four in five (83%) of the first time asylum seekers in the EU-28 in 2015 were less than 35 years old; those in the age range 18-34 years accounted for slightly more than half (53%) of the total number of first time applicants, while nearly 3 in 10 (29%) applicants were minors aged less than 18 years old[10].

- In 2015, 23% of **minors** were **unaccompanied** and in need of immediate assistance. Almost 90,000 unaccompanied minors registered among asylum seekers in the EU-28 in 2015 (with 40% recorded in Sweden). Slightly more than half were Afghans and a substantial majority were males (91%). Syria (16% of the total number of unaccompanied minors) was the second main country of citizenship of asylum seekers considered unaccompanied minors in the EU in 2015. While the number of unaccompanied minors stood between 11,000 and 13,000 in the EU over the period 2008-2013, it almost doubled in 2014 to reach slightly more than 23,000 persons, then nearly quadrupled in 2015[11]. This is a seriously worrisome aspect of the crisis, requiring specific responses in terms of housing, supervision, schooling and support measures.

- The distribution of first time asylum applicants by **gender** shows that more men than women sought asylum in the EU in 2015. Among the younger age groups, males accounted for 55% of the total number of applicants in 2015. There was a greater degree of gender inequality for asylum applicants who were 14-17 or 18-34 years old, where around 80% of applicants were male, with this share dropping back to two thirds for the age group 35-64[9].

- The current refugees are not generally the poorest of the poor in their countries of origin[12] and tend to have higher **skills** than the general population in their origin countries. Refugees do have skills, although less than migrant workers and they are also less highly educated than the general population in the host countries. It is possible that the most recent wave of asylum seekers are better educated than past immigrants from the same countries of origin[13].

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[7] Source: OECD Migration Policy Debates, Is this humanitarian crisis different?, N°7 September 2015
[8] Source: http://ec.europa.eu/eurostat/documents/2995521/7203832/3-04032016-AP-EN.pdf/790eba01-381c-4163-bcd2-a54959b99ed6
[9] Source: http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tps00191&language=en
[10] Source: http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics
[11] Source: http://ec.europa.eu/eurostat/documents/2995521/7244677/3-02052016-AP-EN.pdf/19cfd8d1-330b-4080-8ff3-72ac7b7b67f6
[12] The high cost of illegal border crossing implies that only wealthier individuals can afford the journey from countries like Syria to Europe.
[13] Although reliable data on the skills and education of the current asylum seekers are not available, some recent statistics exist. For example, in Germany, 21% of Syrian asylum seekers who arrived in 2013-14 reported having tertiary education, close to the average for the native population (23%). Source: IMF (2016), The Refugee Surge in Europe: Economic Challenges, Staff Discussion Note, January 2016.

Another element of complexity in this crisis relates to the **current macroeconomic condition of European countries**, which are in the process of getting out of the most serious economic crisis since World War II. Record levels of unemployment, in particular youth unemployment, unevenly distributed across the European continent, together with, among other things, worrying data on poverty, labour market segmentation and slow economic recovery, may become an impediment to the integration and inclusion of refugees, if not appropriately tackled. The situation is made even harsher by the presence of strict rules on the consolidation of the countries' fiscal stance. This aspect can particularly complicate the social inclusion and integration of refugees into the labour market. It comes as no surprise that the current asylum seekers have a strong preference for EU destinations with low unemployment, such as Germany, Austria and Sweden.

Last but not least, **negative public perception** makes management of the crisis even more problematic. Diverse forms of discrimination, xenophobia and racism, based on myths and prejudiced views are on the rise. People feel threatened by the arrival of a conspicuous (or even a small) number of asylum seekers and refugees, as they see the possibility of increased competition in access to services or employment, especially when and where unemployment is high and social conditions are particularly tough. Moreover, the recent growing support for xenophobic and anti-immigration political parties and movements across the EU denotes a serious trend that cannot be taken lightly.

▪ The challenge of collective and coordinated action

The EU, its institutions and its member states have specific legal obligations to individuals on its territory, at its land and sea borders. Governments have to ensure respect for human rights and respond in accordance with the fundamental values at the heart of the Union's *acquis communautaire*.

The new **European Agenda on Migration**, adopted in May 2015, addresses the difficulties connected with the management of this unprecedented influx of people. This requires extra efforts to be made in the strengthening of border management and search and rescue operations, as well as in the updating of the Common European Asylum System (in particular the Dublin rules), and the establishment of a European relocation and resettlement scheme. In September 2015, the EU formally agreed to relocate 160,000 migrants (representing only a small fraction of total arrivals) across the EU over the coming two years. As at April 2016, around 1,500 have been relocated.

As part of implementation of the Agenda, on 6 April 2016[14], the European Commission presented options for reforming the Common European Asylum System in five priority areas and for developing safe and legal pathways to Europe. The first legislative package in this respect was presented on 4 May 2016[15] and a second stage of legislative proposals reforming the Asylum Procedures, Qualification Directives, as well as the Reception Conditions Directive will follow to ensure full reform of all parts of the EU asylum system. The Commission will also present an EU Action Plan on Integration.

> *"The refugee crisis has shown the weaknesses in our Common European Asylum System. Let there be no doubt: those who need protection must continue to receive it, and they should not have to put their lives in the hands of people smugglers. But the current system is not sustainable. Different national approaches have fuelled asylum shopping and irregular migration, while we have seen in the ongoing crisis that the Dublin rules have placed too much responsibility on just a few Member States. In the immediate term we have to apply the existing law to stabilise the situation. Beyond that, we need a sustainable system for the future, based on common rules, a fairer sharing of responsibility, and safe legal channels for those who need protection to get it in the EU."*
>
> Frans Timmermans, First Vice-President of the European Commission

While important building blocks have been put in place, implementation on the ground has been lacking. Further and even greater efforts are required in order to find rapid, effective and fair ways to create the necessary conditions for integrating asylum seekers and refugees into society. This can only be done if the external and internal policies of the Union and its member states are synergetic, complementary and fully and timely implemented, based on solidarity, fair sharing of responsibilities and full respect for international obligations and human rights.

[14] For more details: http://europa.eu/rapid/press-release_IP-16-1246_en.htm
[15] For more details: http://europa.eu/rapid/press-release_IP-16-1620_en.htm

2. Humanitarian and integration challenges: from short-term to longer-term needs

Since the drivers of move for asylum seekers and refugees (fleeing violence, war and persecution) are different from those of economic migrants (driven by better economic opportunities), their needs are specific. Because asylum seekers and refugees leave their countries forcefully, they are the most vulnerable group among all migrants, suffering from psychosocial and post-traumatic stress disorders or forms of disability and often having serious health needs.

The refugee crisis has given rise to large-scale humanitarian and integration needs in transit and destination communities[16], requiring not only immediate and coordinated action but also longer-term and more structural responses. At the same time, as some borders are now closed and government responses change so do the migration routes that people choose to take, so the needs in each location are constantly evolving.

"The current surge in refugees is a challenge with an upside potential. With appropriate policies, this rich source of human capital can be harnessed with benefits for everyone."

Christine Lagarde, International Monetary Fund Managing Director

▪ Early action at all levels: from national to local response

The sooner refugees know whether they can stay, the more effort and (scarce) resources they can invest in their integration into host country societies. The sooner a decision is taken, the fairer and more feasible it is to send back those whose requests are refused in full respect for international law and human rights. Furthermore, early action should be seen as an "investment": for example, the earlier refugees get formal labour market access, the better their integration prospects in the long run.

As integration remains the responsibility of member states, action is required at national level, especially in the EU countries where significant numbers of refugees have received or are expected to receive asylum. The distribution of refugees across regions and municipalities should come with adequate support and resources from the national level. Effective integration largely depends on there being adequate capacity and implementation at local level. Even though host countries such as Germany and Sweden have long-standing experience in the integration of migrants and refugees, the current situation calls for comprehensive and coordinated policies and measures, particularly in terms of access to housing, education, health and employment.

▪ The key role of labour market integration

Empirical evidence[17] shows that the labour market performance of refugees is usually less positive than that of economic migrants, particularly in the short run: while their asylum application is being considered, asylum seekers face greater legal barriers to employment. Furthermore, while economic immigrants, by definition, choose their destination to maximise employment opportunities, the primary goal of refugees is to secure personal safety.

Granting asylum seekers early access to the formal labour market or self-employment is a key pre-requisite for their rapid integration in the workforce. Enabling them to become language proficient, to get their educational and professional credentials recognised and, if needed, to complement their skills with additional training will be critical for their successful integration and for these flows to have a positive economic impact in the destination countries.

While in the short term, the economic impact of the refugee surge is materialised in additional public spending for the provision of first reception and basic support services such as shelter, food, water, medical and social care, in the medium to long run, the impact on employment and GDP will mainly depend on the speed of the integration of refugees into the labour market and the extent to which the newcomers' skills will complement those of the native labour force[18]. The IMF has calculated that, if the majority of refugees and other new arrivals successfully integrate into the EU job market, by 2020, GDP for the EU as a whole could rise by about 0.25%, and between 0.5% and 1.1% in countries with high concentrations of refugees, such as Germany, Sweden and Austria[18].

[16] The needs in the origin (conflict) and neighbouring host countries are not covered in this briefing note.
[17] An important caveat is that existing studies do not generally distinguish between economic immigrants and refugees.
[18] Source: IMF (2016), The Refugee Surge in Europe: Economic Challenges, Staff Discussion Note, January 2016

▪ A holistic approach to integration via education, financial inclusion and access to housing

Migrant integration is a complex multi-dimensional and long-term process going beyond economy and labour markets. It also implies social, educational and spatial aspects – all closely interrelated, with failure in one area having negative implications for the rest. Migration and migrant integration have to be addressed as cross-sector themes, encompassing several dimensions such as housing, health, education and employment.

Better migrant integration is an objective yet to be achieved in most destination countries. Compared to the native born, immigrants as a whole still tend to have worse socio-economic outcomes (see Table 1), with improvements observed across time and generations. The gaps are particularly large in job skills, relative poverty and household overcrowding.

Table 1: EU average differences between immigrants/the children of immigrants and native born/the children of native born, 2013 or most recent year

Immigrants	
Employment rate	-1.9
Unemployment rate	4.2
Labour force participation rate	1.2
Share of workers hired under a temporary contract	4.7
Share of workers in low-skilled jobs	9.4
Share of self-employed	0.7
Over-qualification rate among highly-educated employed	11.0
Share of highly educated	4.0
Share with only basic literacy skills among 16-64 year-olds	18.3
Poverty rate	12.3
Share of persons living in an overcrowded dwelling	8.4
Native-born immigrant offspring	
Share of low achievers in reading at the age of 15	11.1
Share of persons aged 15-34 neither in employment, education or training	8.4

Source: OECD/European Union (2015), Indicators of Immigrant Integration 2015: Settling In, OECD Publishing, Paris.
Notes: (1) The figures show the differences between foreign- and native-born unweighted averages (and between native-born immigrant offspring and the offspring of natives). (2) Unless otherwise stated, outcomes are compared for those aged 15-64.

Education inclusion and language training

Early integration into the education system is crucial for refugee children since they not only need to learn the host-country language, but also to catch up for the years of missed schooling. Academic scholarships and apprenticeship programmes will be important for refugee students so they continue their education and training. Education is indeed a key determinant of subsequent labour market performance and may affect social integration.

Financial inclusion

Access to financial services can facilitate integration. Many barriers may hinder the access to, and use of, formal financial services by asylum seekers. These include documentation requirements (such as proof of residency), high transaction fees, lack of financial literacy, language barriers, and cultural and religious differences. Microfinance can help immigrants to access credit. Immigrant entrepreneurship can be promoted with tailored products such as microcredit for self-employment and microenterprise creation, and specific services such as legal assistance and pre-loan assistance with business planning. The private sector can play a crucial role in this respect.

Access to adequate housing

Immigrants' housing conditions depend to a large extent on circumstances, such as the type of entry. During asylum procedures, migrants are normally offered housing in reception facilities. These establishments, however, are often substandard and overcrowded. In the rental market, limited information and access to credit, and sometimes discrimination by landlords, expose immigrants to inadequate housing. Social and affordable housing is a solution, but some households are not eligible and, even when they are, the application process can take a long time before they can actually enter the house. The inflow of refugees is expected to put pressure on the market for affordable housing in the main destination countries. The expansion of affordable accommodation is particularly crucial in areas where it is easier for refugees to find work. Refugees also risk concentrating in deprived neighbourhoods, leading to their further segregation and exclusion. Addressing poverty, housing and social exclusion requires a holistic approach, through targeted employment, education, health and housing measures.

3. The CEB's role in the crisis: from immediate to longer-term response

Set up by the Committee of Ministers of the Council of Europe in 1956 as the Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe, the CEB is the oldest IFI and the only development bank with an exclusively social vocation in Europe. With a mandate to operate in its 41 member states[19] and a particular focus on the countries in Central, Eastern and South Eastern Europe, known as "target countries", the CEB has become an important financial tool to contribute to European solidarity.

Article 2 of the CEB's Articles of Agreement states:

"The primary purpose of the Bank is to help in solving the social problems with which European countries are or may be faced as a result of the presence of refugees, displaced persons or migrants consequent upon movements of refugees or other forced movements of populations and as a result of the presence of victims of natural or ecological disasters. The investment projects to which the Bank contributes may be intended either to help such people in the country in which they find themselves or to enable them to return to their countries of origin when the conditions for return are met or, where applicable, to settle in another host country."

As a social development bank and a policy taker, the CEB assists its member countries upon request with "**emergency projects**", financed in the event of crisis situations (such as refugee sheltering and post-conflict assistance) and with longer-term "**integration projects**", aimed at the social inclusion of migrants and other vulnerable populations. While the CEB's emergency assistance focuses mainly on accommodation facilities and the voluntary resettlement of refugees and displaced persons as conditions allow, in the longer term, the CEB provides financing for local infrastructure, decent and affordable housing, language acquisition, skills development and job creation to help those entitled to stay to integrate as effectively and quickly as possible. Depending on the type of assistance needed, the CEB provides loans and, in specific cases, grants (see Boxes 1 and 2).

▪ Emergency response

The CEB responded to the current refugee crisis by creating its **Migrant and Refugee Fund**, the MRF (see Box 1). The primary purpose of the Fund is to finance transit and reception centres in affected countries. The grant activities signed to date (€ 16.6 million) support CEB member states' efforts to ensure that migrants and refugees who arrive on their territory enjoy basic human rights such as shelter, food and medical aid, as well as personal security.

Box 1: The CEB's new "Migrant and Refugee Fund"

The Migrant and Refugee Fund ("MRF" or "Fund") is a trust fund, set up by the CEB in October 2015, to help its member states deal with migrant and refugee flows (see the CEB's MRF webpage).

The CEB endowed the MRF with € 5 million in seed money, targeting additional grant contributions of € 20-25 million from the Bank's member countries and other donors. As at end-April 2016, additional contributions of € 13.1 million have been pledged.

The MRF's resources assist CEB member states in setting up and operating reception and transit centres. Other types of projects that facilitate the integration of migrants and refugees will also be eligible. All projects must comply with the European Convention on Human Rights and the European Social Charter.

[19] **Albania**, **Bosnia and Herzegovina**, Belgium, **Bulgaria**, **Croatia**, **Cyprus**, **Czech Republic**, Denmark, **Estonia**, Finland, France, **Georgia**, Germany, Greece, Holy See, **Hungary**, Iceland, Ireland, Italy, **Kosovo**, **Latvia, Lithuania**, Liechtenstein, Luxembourg, **Malta**, **Republic of Moldova**, **Montenegro**, Netherlands, Norway, **Poland**, Portugal, **Romania**, San Marino, **Serbia**, **Slovak Republic**, **Slovenia**, Spain, Sweden, Switzerland, **"the former Yugoslav Republic of Macedonia"**, **Turkey**. Note: Countries in bold are the CEB's target countries in Central, Eastern and South-Eastern Europe.

Depending on how the refugee crisis evolves and on the capacity and willingness of donors to further contribute to the MRF, this grant facility can also be used as a blending mechanism to help CEB member states integrate these populations and enable them to rebuild their lives in dignified conditions. The CEB's experience shows that medium to long-term integration requires initiatives related to housing, education and vocational training, health and/or a variety of other community services, generally organised and provided at local level, with varying degrees of central state level support and coordination.

Meanwhile, an immediate, flexible, financing support of € 2 million was approved in October 2015 in favour of the Greek Region of North Aegean to create two "open accommodation centres" on the **island of Lesbos**, offering 100 places for asylum-seekers, including 40 for unaccompanied children. The CEB's rapid mobilisation of funding to cover the project's cash flow gaps has allowed the Region to swiftly meet the planned capital investment needs and enabled quick implementation of the project. The CEB's funding has thus served to bridge capital financing gaps and facilitated the implementing Region's absorption of EU funds.

▪ Medium to long-term integration

CEB support has long focussed on housing as an instrument for medium to long-term integration. Nevertheless, several projects have recently been approved by the CEB in line with the cross-sector approach of the countries concerned. The CEB has reacted to migration pressures by financing projects in its sectors of action such as "housing for low-income persons", "improving living conditions in urban and rural areas", "education and vocational training", "health" and "creation and preservation of viable jobs". While not explicitly labelled as projects in favour of refugees, migrants and displaced persons, the added value of such projects has been fully or partially based on their social impact on migrants by addressing different but essential and complementary needs such as access to housing, schooling at all levels, healthcare, training and microcredit. By virtue of its mandate, the CEB thus works towards the longer-term objective of promoting the social inclusion of migrants and other vulnerable populations.

Two recent initiatives illustrate the CEB's action in this field in **France**:

- In June 2015, the CEB approved a € 100 million loan to **Adoma**, the leading landlord for first-level social housing in France and a major housing provider for those with the greatest difficulty in finding adequate accommodation: young people entering the job market, job-seekers and single workers on low incomes, individuals on minimum social benefits, single-parent families and retired immigrant workers. The programme financed by the CEB will help retired migrant workers to stay in their own homes and will provide housing solutions to asylum-seekers, homeless persons and Travellers.

- In March 2016, the CEB approved a € 200 million loan to the **City of Paris** to part-finance investments in education infrastructure and reception facilities for refugees. More specifically, this CEB financing will be used for the construction of new schools and the renovation of existing buildings in the 18th, 19th and 20th districts of Paris, which have populations of different origins whose average household incomes are well below the city median. Furthermore, the CEB funds will finance emergency reception facilities and will also be used for welfare centres and the provision of French language courses, with the aim of facilitating the long-term integration of migrants and refugees.

Furthermore, several projects to be implemented in **Germany** are being considered in the CEB's pipeline to facilitate the integration and social inclusion of new refugees into society.

The Bank's pro-active approach regarding medium to long-term integration can also be illustrated by the **Regional Housing Programme** (RHP), which is structured and managed by the CEB (see Box 2). The RHP is a joint initiative by Bosnia and Herzegovina, Croatia, Montenegro and Serbia whose aim is to contribute towards resolving the protracted displacement situation of refugees and displaced persons following the 1991-1995 conflicts on the territory of former Yugoslavia by providing them with durable housing solutions in old or new places of residence, often combined with income-generating activities. The RHP provides a telling example of international assistance and commitment where the CEB plays a leading role in contributing to the sustainable resettlement of refugees and displaced persons in the Western Balkans.

Box 2: The Regional Housing Programme

Since 2010, the CEB has been actively involved in a joint initiative, called The "Joint Regional Programme on Durable Solutions for Refugees and Displaced Persons" known as the "Regional Housing Programme" (RHP), whose purpose is to provide some 74,000 refugees and displaced persons (or 27,000 households) with durable housing solutions in the four Partner Countries: Bosnia and Herzegovina, Croatia, Montenegro and Serbia. The RHP is supported by the international community, including the European Union, the United States of America, the UNHCR, the OSCE and the CEB. The total cost of the RHP is estimated at € 584 million. To date, the international community has pledged € 268 million, including € 230 million pledged by the European Union.

The CEB's main role is to manage the multi-donor RHP Fund and other related accounts (with contributions totalling € 186 million at end-2015) and to assist the Partner Countries in preparing and implementing their housing projects. The CEB also monitors the use of grants disbursed from the RHP Fund, facilitates coordination among stakeholders and manages the technical assistance financed by the European Union (see the CEB's Regional Housing Programme webpage).

The housing solutions to be provided include:

- Provision of flats and houses through building, reconstruction, renovation or purchase;
- Provision of construction materials;
- Accommodation in social welfare institutions.

Refugees and internally displaced persons will be provided with the choice of either: voluntary return and reintegration in their place of origin, or integration in their current place of residence.

At end-2015, the number of homes delivered in 2014 and 2015 reached 236. The number of homes delivered annually should further increase in the coming years. By end-2018, the estimated number of beneficiary families who have been provided with a home should be over 6,600.

The RHP is an ambitious initiative in terms of its size and regional scope. The Programme will not only enable tens of thousands of people to live in dignity at last, but, by fostering reconciliation between the Partner Countries, it will also contribute to peace and prosperity in the region.

▪ Looking ahead

Given the CEB's long-standing experience and bearing in mind that member states are likely to seek assistance in integrating refugees through several sectors, it is highly likely that cross-sector integration programmes will become an essential element of the response by recipient countries in the years to come. A **cross-sector approach** in the field of integration of refugees, displaced persons and migrants will require enhanced financing instruments that can facilitate blending mechanisms combining grants and loans, increased reactivity on emergency aid, and speedier bridging finance, since a timely, customised response remains extremely important in these programmes.

In the longer term, the CEB will continue to provide financing for integration projects with a migrant component, targeted to vulnerable populations. In particular, the CEB will continue to finance social investment projects aimed at improving living conditions and strengthening the social inclusion of the most vulnerable groups, including those with migrant backgrounds. To this end, the Bank will continue to provide financing for local infrastructure, decent and affordable housing, skills development and job creation, while following a more localised approach and combining hard and soft investments. Specially designed legal support services, publications in different languages, social and counselling services, education support programmes, health information and screening programmes together with measures to enhance access to the labour market are just some examples of the "soft" measures that will need to be expanded and developed to meet the needs of migrants in the long-term.



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