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COMMISSION STAFF WORKING PAPER

**Proposal for a Council Decision establishing the European Refugee Fund
for the period 2005-2010**

Extended Impact Assessment

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Extended Impact Assessment

1. INTRODUCTION

The subject of this Extended Impact Assessment is the Commission proposal for the second phase of the European refugee Fund, a financial instrument that was initially created in September 2000 by Council Decision 2000/596/EC in support of the establishment of an area of freedom, security and justice, and in particular of a Common Asylum Policy as defined both by article 63 of the Treaty and by the conclusions of the European Council of Tampere of October 1999.

The first phase of the European Refugee Fund, which runs from 1 January 2000 to 31 December 2004, was established by Council Decision 2000/596/EC¹. The proposal for a legal base for the second phase of the European Refugee Fund should be presented by the Commission at the latest at the beginning of 2004 so as to enable the new instrument to be operational from 1 January 2005.

The Decision to undertake an Extended Impact Assessment for this proposal was taken late (June 2003), and is in many ways a “pilot exercise” at Commission services level so it may not address all the requirements usually expected from such an evaluation. However, a certain number of supporting documentation and consultation processes have been specifically implemented in order to develop this document, as detailed under section 7 of this document.

The reflection on possible policy options for the second phase of the European Refugee Fund was already quite advanced at the time when this Extended Impact Assessment was undertaken. Also, the main choice policy choices were made in 2000, when the first phase of the ERF was created. The Extended Impact Assessment does not, therefore, set out the main architecture of the instrument. It was, however, useful to reassess the main objectives of the instrument in the light of developments since 2000 in the area of asylum policy, and adapt the specific objectives of the ERF to the overall objectives of this policy. Furthermore, it allowed the Commission services to thoroughly reflect on the expected impacts of the instrument in this broader context.

The European Refugee Fund is a financial instrument whose prime objective is, in the context of the development of a Common Asylum Policy and, at a later stage, of a Common European Asylum System, to “promote a balance in the efforts made by Member States in receiving and bearing the consequences of receiving refugees and displaced persons”.

¹ Council Decision of 28 September 2000 establishing a European Refugee Fund (2000/596/EC), OJ JO L 252 of 6/10/2000, p. 12

As a financial instrument, the assessment of the expected impact of the European Refugee Fund must take into account not only the economic, social and environmental consequences of the actions to be implemented, but also consider other issues such as effectiveness and efficiency of interventions. As an accompanying measure to a series of legislative initiatives aiming at the development of common European rules in the area of asylum, it must also take into account the effects of the adopted or to be adopted legislation in this area. Any expected impact of this instrument, and therefore policy choices made also have to take into account the accession of 10 new member States (some of them will constitute new external borders of the European Union) as from 1st May 2004.

2. WHAT ISSUE/PROBLEM IS THE PROPOSAL EXPECTED TO TACKLE?

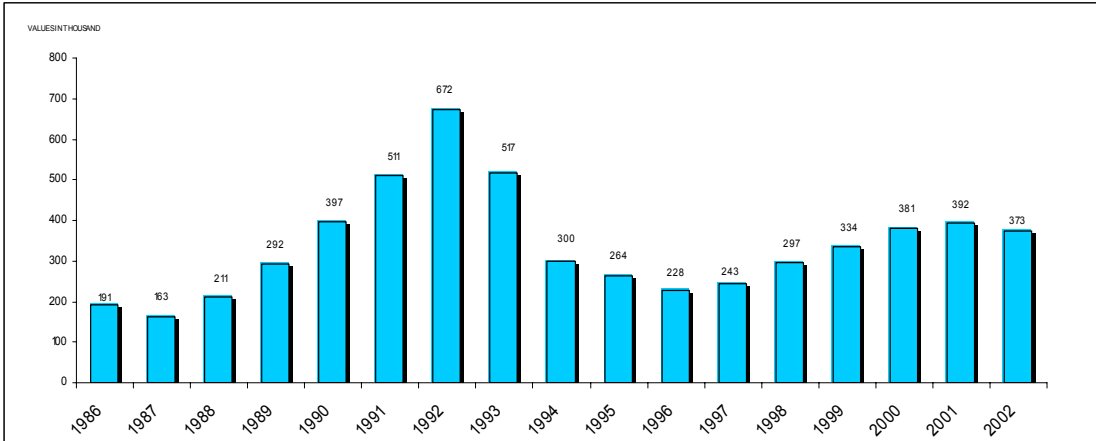
- What is the issue/problem in a given policy area expressed in economic, social and environmental terms including unsustainable trends?
- What are the risks inherent in the initial situation?
- What is the underlying motive force?
- What would happen under a “no policy change” scenario?
- Who is affected?

Issue and risks:

The European Union as been faced with a drastic increase in the number of persons seeking asylum on the territory of the Member States since the early 1990s. These were first linked to the crisis in ex-Yugoslavia. Since then, the number of persons seeking asylum in the Union decreased until 1996 and then rose from 1997 to stabilise in 2002, when over 378.000 persons applied for asylum in a Member State of the Union and acceding countries. However while there may be a relative decrease in 2003, there are important differences among Member States, with some of them seeing a significant increase in numbers of asylum applications.

TOTAL ASYLUM APPLICATIONS IN THE EU, 1986 TO 2002 * (1000)

(Source: Eurostat)

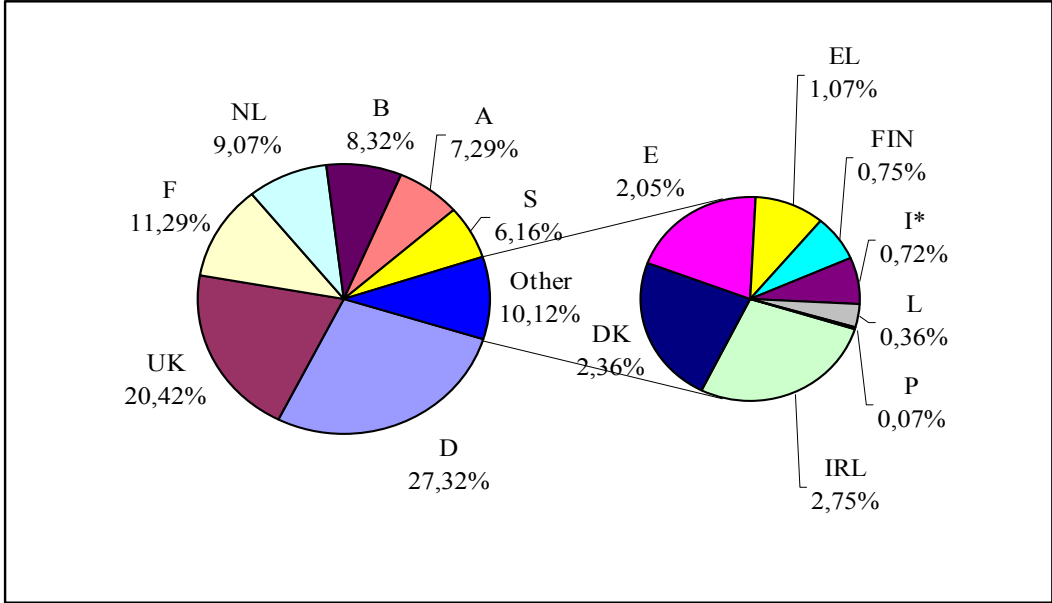


available for Italy 2001 and 2002

The situation of Member States faced with an influx of asylum seekers is very different, due to a variety of factors, such as the relative level of wealth, the geographical position, the existence of historic links with third countries of origin of asylum seekers, and the presence on the Member State's territory of existing communities of refugees and third country nationals from certain countries of origin. These conditions, as well as national differences in legal frameworks related to asylum may lead to secondary movements of Asylum Seekers between Member States.

DISTRIBUTION OF ASYLUM APPLICATIONS BETWEEN MEMBER STATES, 1999 - 2002 *

(Source: Eurostat)



* no data available for Italy 2001 and 2002

It is very difficult to predict future trends in numbers of asylum seekers and refugees. All international crises, wars, national conflicts, abuse of human rights have a bearing on incoming flows or on the returnability of relevant groups.

The Common European Asylum policy creates common standards and has effects on the obligations of Member States with regards to the reception of asylum seekers and asylum procedures, integration of refugees and the return of asylum seekers, refugees and displaced persons. There is a growing need to enhance efficiency and decrease the duration of asylum procedures. New EC standards also aim at reducing divergences in interpretation of the needs for protection and thereby ensuring that persons who are genuinely in need of protection receive it to adequate and comparable standards in all the Member States. The implementation of the Dublin II Regulation and Eurodac clarifies the system of identification of Member State responsibility for examining an asylum claim and will also have new impacts in particular for new Member States.

Europe also has an international role to play in sharing responsibilities with other regions in the world in receiving refugees and safeguarding the quality of the international protection system, the basis of which is the Geneva 1951 Convention. Europe also has a role to play in modernising the international protection system with a view to finding better durable solutions and challenges of a rapidly changing world situation. This is even more so since the adoption by the international Community in 2002 of the Agenda for protection.

Economic dimension:

It is difficult to have precise and comparable economic data on the cost of asylum systems in Member States, as, firstly, these figures are considered highly political at Member State level, and are therefore not widely used. Methods vary in calculation of such costs; some Member States include in their estimates all costs related to asylum related measures (including running costs of administration of the asylum procedures, social welfare and health benefits of asylum seekers and refugees, ...); others only the costs related to direct provision of services to asylum seekers or refugees. For example, Germany estimated that the cost of their reception system in 2002 was 1.5 billion Euros, while Ireland estimated the total cost of their reception, integration and voluntary return measures at 200 million Euros. In France, the cost of providing reception facilities alone to asylum seekers was estimated at 170 million €. It is clear, however, that the total cost of maintaining a quality asylum system can have a significant bearing on public expenses.

At the same time, refugees and asylum seekers can represent a contribution to the workforce in the Member States, and valuable human capital.

Social dimension:

Adequate reception of asylum seekers and refugees is an obligation of International Law. That implies the provision of material conditions for reception of asylum seekers, health services, education of children etc., as well as legal guarantees for asylum seekers during the asylum procedures. Asylum seekers and refugees can be faced with racial tension and the risk of social exclusion. For refugees and other persons benefiting from international protection, there is a need to tailor integration policies to specific problems often linked to a significant degree of qualification (intellectuals, journalists, engineers, MDs) not recognised in the host country and the specific needs of vulnerable persons and victims of torture, taking also into account gender issues and the best interests of children.

Questions of systemic efficiency in Member States must also be considered. These are in particular: inefficient asylum systems, lengthy procedures, administrative problems, backlog of application processing leading to very delayed decisions (up to several years), costs of reception schemes and determination procedures, opposition by local authorities and population. Developing good relationships with civil society, NGO and Refugee Community Organisations require human and financial investments on a large scale. Return of those who are either not granted protection or of refugees once conditions in their home country have changed is often difficult. It is, however, one of the conditions of the efficiency and credibility of the asylum system, as well as of other systems for organised legal migration. Such returns must be based on respect for human rights and sustainable solutions must be sought.

Risks of a “no policy change” scenario:

Solidarity and burden-sharing in the area of asylum are express provisions of the Treaty establishing the European Community, and were introduced through the Amsterdam Treaty. They are therefore an essential part of the progressive establishment of an area of freedom, security and justice.

Furthermore, if there was no second phase to the ERF, there would be a risk that efforts undertaken under 1st phase, which have produced significant results would be undermined at the very time when the first wave of EC legislation in the field of asylum enters into force.

That could be particularly detrimental for the new Member States with asylum systems in the early stages of development.

Who is affected?

- Asylum seekers and refugees, whose claims must be assessed fairly and efficiently, in full respect of international obligations and human dignity.
- Refugees, in need of integration further to having to live in a new country following forced migration after often traumatising experiences.
- Member States administrations at central, regional and local level, through the provision of services and cost to the National budget.
- NGOs and Refugee Community Organisations who often provide most of the services with regard to reception, integration and return.
- International organisations, other host countries and regions of origin.
- EU citizens; although the social and economic costs of asylum seekers are often difficult to accept, there remains an awareness that asylum is part of our European heritage.

3. WHAT MAIN OBJECTIVES IS THE PROPOSAL EXPECTED TO REACH?

- What is the overall policy objective in terms of expected impacts?
- Has account been taken of any previously established objectives?

The general objectives of the common asylum policy are the full respect of the right to seek asylum and the establishment of a Common European Asylum System, based on the full and inclusive application of the Geneva Convention, thus ensuring that nobody is sent back to persecution, i.e. maintaining the principle of non-refoulement.

This System should include, in the short term, a clear and workable determination of the State responsible for the examination of an asylum application, (a system for the identification of asylum seekers (Eurodac) also supports such a determination framework), common standards for a fair and efficient asylum procedure, common minimum conditions of reception of asylum seekers, and the approximation of rules on the recognition and content of the refugee status. It should be completed with measures on subsidiary forms of protection offering an appropriate status to any person in need of such protection. To that end, the Council should adopt, on the basis of Commission proposals, the necessary decisions according to the timetable set in the Treaty of Amsterdam.

In the longer term, Community rules should lead to a common asylum procedure and a uniform status for those who are granted asylum valid throughout the Union. The Commission adopted a policy paper on this matter in November 2000.

In case of mass influx of displaced persons, a special mechanism for temporary protection on the basis of solidarity between Member States will support the integrity of the asylum system.

The main objective of the European Refugee Fund is set by the Treaty establishing the European Community (Article 63.2.b): to promote a balance of efforts between Member States in receiving and bearing the consequences of receiving refugees and displaced persons.

The aim of the instrument is to express solidarity at Community level and to alleviate the pressures felt by Member States most affected by reception of refugees and displaced persons in facing the consequences of this reception, which includes reception conditions during asylum procedure (and ensuring fair and efficient asylum procedure), integration of recognised refugees and promoting voluntary return solutions for rejected asylum seekers and refugees who wish to return to their country of origin. Furthermore, the European Refugee Fund is one of the instruments of a Common Asylum policy, and as such the measures supported by the Fund should seek to complement and support the EU legislation already adopted or soon to be adopted in the area in order to support the progressive implementation of a Common Asylum System at all levels (common legislation and development of common best practices).

The ERF is an important part of an overall policy for building a common European asylum policy. Reducing divergence between asylum systems and progressive implementation of common standards at EU level will have a cost, which will be greater for Member States with larger number of asylum seekers and refugees, but also to new Member States. The Community should contribute to correcting those imbalances and to supporting Member States in complying with their obligations. Furthermore, it should facilitate the involvement of all relevant stakeholders (governments, administrations, regional and local authorities, NGOs and Refugee Community Organisations, asylum seekers and refugees themselves) in the cross-fertilisation of ideas and in transnational exchanges of views and personnel to make the common asylum policy a practical reality.

In drawing this impact assessment, and formulating the policy options available, account has been taken of previously established objectives underlying the first phase of the European Refugee Fund and their likely achievement, through the results of the mid-term review carried out in 2003 (executive summary of the report attached). Account also has to be taken of completion of other objectives (legislation) and the level of complementarity already achieved or soon to be achieved with these.

Finally, account must also be taken of the other objectives being formulated in related policies, such as the integration of third country nationals, management of illegal immigration and future objectives for enhanced solidarity (including financial) in all areas as set out in the draft constitutional Treaty, which will affect the expected results, impacts, and objectives of the new phase of the European Refugee Fund.

4. WHAT ARE THE MAIN POLICY OPTIONS AVAILABLE TO REACH THE OBJECTIVE?

- Which policy instruments have been considered?
- What is the basic approach to reach the objective?
- What are the trade-offs associated with the proposed option?
- What « designs » and « stringency levels » have been considered?

- Which options have been discarded at an early stage?
- How are subsidiarity and proportionality taken into account?

4.1. Identification of policy options

As underlined above, the ERF forms part of a series of policy measures and is an accompanying instrument to legislative proposals. It must therefore contribute to both the objectives of promoting greater solidarity between member States in bearing the consequences of the reception of refugees and asylum seekers and support the progressive implementation of a common European asylum policy.

The decision to undertake this extended impact assessment was taken late, and with the first phase of the European Refugee Fund already in force. At this time, major policy options such as “no policy change”, or the simple replacement of a financial instrument by a non-financial instrument (such as open method of coordination) had already been rejected, as they did not satisfactorily address the requirements of the Treaty regarding burden-sharing. The policy options envisaged are therefore all based on the principle of financial support of the Community to the Member States, aimed at promoting a better balance of efforts and resources among Member States in the area of asylum.

The mid-term evaluation of the first phase of the ERF, carried out in 2003, has already validated the main principles of the European Refugee Fund:

- the allocation of the ERF to the Member States is in line with the principle of proportionality when interpreted in terms of the number of asylum applications relative to *per capita* GDP. This means that the distribution of funding between Member States is relevant to the overall ERF objective of promoting a balance in the efforts of the Member States in bearing the consequences of receiving refugees and displaced persons;
- the measures for reception, integration and voluntary repatriation currently are and will continue to be relevant in light of the evolving needs in the Member States and in the European Union in the sense that there is clearly a need for the activities being undertaken in the fields represented by these three measures. The evaluation also concluded that currently there is no need for additional measures.
- the decentralised structure of the ERF helps to ensure the relevance of the activities carried out within each measure, because the evolving needs, which the Fund is aimed at addressing are determined at the national level close to the problems.
- The evaluation showed substantial results in relation to both individuals and systems/structures across all three areas. In addition the analysis showed that the projects had largely been successful in terms of achieving their planned objectives and results and the qualitative assessments of the effects on the participants were positive.

However, the mid-term evaluation also raised certain questions in particular with regard to the effectiveness and the European added value of the first phase of the European Refugee Fund. Therefore, the policy options examined took into account in particular the weaknesses identified by the evaluation:

- the potential added value deriving from the existence of a fund whose coverage is restricted to refugees and persons seeking protection is considerable. However, there is an overlap of

funding possibilities of the ERF integration measure and those funding possibilities covered by the European Social Fund and the EQUAL Initiative.

- the evaluation also found that the general level of impact on the national policies in the areas of reception, integration and voluntary repatriation, as well as on harmonisation among the Member States, remained rather limited.

- Finally, the evaluation also pointed to implementation weaknesses, in particular to what was perceived as excessive administration and bureaucracy. This caused funding delays detrimental to the work of the project managers (mostly NGOs), and the need for increased support from the Commission on management of European Community Funds on a decentralised basis.

Four policy options were therefore considered:

- to abandon the European Refugee Fund as a separate Financial solidarity initiative, but mainstreaming measures aimed at refugees and asylum seekers into existing Community instruments such as the European Social Fund;

- the continuation of the European Refugee Fund as a purely redistributive financial instrument covering the needs identified and expressed by the Member States;

- a completely centralised financial instrument where the Commission would both identify needs and priorities at a European level, select and co finance actions to be supported to encourage actions that correspond to needs at Community level.

- a more strategic “solidarity” instrument with a reinforced link to European asylum policy, and greater cooperation and cross-fertilisation dimension at national and European level.

4.2. Impacts expected from identified policy options.

The four policy options identified above were assessed with regard to potential impacts on target population, systems and structures and the management resources necessary at national and Community level.

Mainstreaming of asylum seeker and refugee issues into existing solidarity programmes

With this option, specific initiatives would be sought in the actions of and the Community initiatives under the European Social Fund for the target population of asylum seekers and refugees. The advantages of this option would lie in the existence of an integrated treatment of the target population through a single instrument, and a “guichet unique” for actions aimed at integration of refugees and asylum seekers into the European labour market and European society. However, the role of such an instrument as an accompanying measure to the progressive implementation of a Common Asylum Policy (including asylum procedures) would be lost. Furthermore, the criteria of expression of “burden” or responsibility in the area of asylum are not, in most cases, related to the criteria determining the division of resources between Member States and regions within structural funds (relative wealth, in particular), and the relative distribution of funds through instruments such as the ESF would not reflect adequately the specific needs arising from the uneven distribution of asylum seekers across Member States. Finally, only part of the activities currently covered by the European Refugee Fund, and necessary to ensure a full complementarity with the development of a Common Asylum Policy could be covered through the ESF, and that is the integration of asylum seekers and refugees into the labour market. Essential actions, such as structuring and

developing reception capability, improvement of asylum procedures and voluntary return schemes (representing over 70 % of measures implemented throughout the first phase of the ERF) would not be covered in such an option.

The European Refugee Fund as a purely redistributive financial instrument

In this option, the ERF would mainly act as a redistributive mechanism, based on the number of persons within the target group registered or admitted in each Member State. Each Member State would then invest the funds in accordance with its identified needs and priorities, based purely on national strategy. This option, which is, in essence, the one adopted for the first phase of the European Refugee Fund, would have the advantage of reflecting closely on the reality of needs in the field, and would be easier to manage at Community / Commission level. However, the mid-term review showed the limits of such an approach, which acts mainly as a financial compensation instrument and has little or no impact on improvement of coordination and convergence of national policies in the context of a Common European Asylum policy.

A centralised financial instrument

In view of the limitations identified above with regard to the first phase of the ERF, one could be tempted to refocus completely the financial support towards projects with a strong European added value and transnational impact, in order to ensure full adequacy of actions supported to the common standards developed. However, this approach would prove difficult to manage at EU level due to the level of human resources required and would run the risk of a disconnection between objectives and targets set at EU level and the actual needs of the target population and actors in the field (governments, NGOs, regional and local authorities) in the Member States. Furthermore, many of the actors involved would not, due to their limited size, be able to work on a transnational level or have the management capacity to present and sustain project at EU level, and an excessive centralisation of the ERF would create mainly administrative restrictions to accessing the funds for these entities. Finally, there are still significant differences in Member States asylum policies and levels of services available to asylum seekers and refugees, which require solutions adapted to those differences.

A more strategic instrument of “solidarity” in the area of asylum

This last option, which is the one chosen, aims at correcting the weaknesses identified with the first phase of the ERF, building on the progressive establishment of a common asylum policy and the common European asylum system, and recognising the still wide diversity of asylum systems between Member States. It encourages a progressive convergence and consistency not only of legislation, but also of material and social conditions for the reception, the integration and the return of asylum seekers, refugees and displaced persons. In addition, strong and supportive actions at EU level would be supported, disseminated and discussed, in order to bring out innovative new approaches or methods and mainstream them into national policies and systems. Different parameters were considered in this regard, which are detailed in section 5 below.

5. WHAT ARE THE IMPACTS - POSITIVE AND NEGATIVE - EXPECTED FROM THE DIFFERENT OPTIONS IDENTIFIED?

- What are the expected positive and negative impacts of the options selected, particularly in terms of economic, social and environmental consequences, including impacts on management of risks? Are there potential conflicts and inconsistencies between economic, social and environmental impacts that may lead to trade-offs and related policy decisions?
- How large are the additional ('marginal') effects that can be attributed to the policy proposal, i.e. those effects over and above the "no policy change" scenario? Description in qualitative terms and quantified as far as possible. Monetisation may be used where appropriate.
- Are there especially severe impacts on a particular social group, economic sector (including size-class of enterprises) or region?
- What are the impacts over time?
- What are the results of any scenario, risk or sensitivity analysis undertaken?

5.1. Impacts of identified policy options

With regard to the policy option envisaged, and of the elements brought forward by the mid-term evaluation of the first phase of the European Refugee Fund, several parameters in particular were considered and discussed at the Conference organised by the Commission on 30-31 October 2003, and through a specific questionnaire addressed to a selected number of organisations, including ERF Responsible Authorities (implementing administrations at national level) in the Member States. This focused in particular on:

- target groups of the ERF (continued relevance, reduction of potential overlaps with other Community programmes);
- Implementation structures and management procedures (a more efficient cooperation between European and national level, more efficient management and better value for money for projects);
- Increasing the impact of the ERF in all areas covered (reception, integration, return) and knowledge sharing at the European level.

Measures and target groups of the ERF

In view of the often common needs of refugees and other categories of persons such as migrants, the question was raised of the continued relevance of a financial instrument targeted only at refugees and persons seeking international protection. The stakeholders consulted explicitly emphasised the importance of the need for targeted resources and expertise to deal with refugees and their needs as a positive outcome of the Fund's focus on refugees and persons seeking international protection. Even though persons seeking or enjoying international protection have the same basic needs for reception and integration as other immigrants, it should be remembered that these persons have not chosen to leave their country of origin for the purpose of economic migration and therefore may not find themselves in the same starting position as other immigrants. This indicates a need for additional help to

integrate and in particular to access mainstream activities at the earliest possible opportunity. Unlike economic migrants, persons in need of international protection often have no family, communities or networks to fall back upon on arrival. Furthermore, if the available resources were to be dispersed among all migrant groups, there would be a real risk of refugees and persons in need of international protection failing to receive the necessary support. It was however noted that, in some instances, the gaps existing in the provision of services to other migrants leads to economic migrants presenting themselves as refugees in order to receive the support at a level that is otherwise available only to asylum seekers and/or refugees. Therefore, whilst a specific programme aimed at strengthening the implementation of a fair and efficient asylum system is fully justified by the specific characteristics of international protection measures, additional measures could be considered within the framework of immigration policy in order to further cover the needs of migrant populations.

Implementation arrangements

Decentralisation

The main positive impact of decentralisation is that the national management level is closer to the needs of the target groups, and possesses the knowledge required to deal with the local situations, legislation and organisational structures. This means that national needs can be addressed more rapidly and effectively. Furthermore, a decentralised management model gives the National Responsible Authorities more freedom in ensuring complementarity with similar national activities, thereby making it possible to avoid duplicating activities, and ensure additionality. However, in decentralising management to the national level, it was perceived that another level of management had naturally been added to the overall structure of the Fund, complicating financial procedures and delaying payments to operators.

Strategic programming and European Added Value

Finally, the duration of one year for national programmes and projects was clearly identified as a major limitation. For Member States, one year is not enough to develop a thorough strategy. Furthermore, the quite complex inter-institutional arrangements provided for in the first ERF decision had a negative consequence on the formulation of programming, the resources of both National Administrations and Commission staff having to concentrate on meeting set deadlines for adoption of documents. This was not conducive to a thorough reflection and dialogue on policy formulation and strategic planning. It is therefore proposed to move towards multi-annual strategic programming based on 3 year period, while keeping possibilities to adapt financial allocations to member States and annually, on the basis of the actual evolution of the target population. The role of the Commission in the strategic programming phase would be enhanced, in particular to encourage the development of strategies and actions aimed at the implementation of standards defined in EU legislation, as well as encouraging the development of higher standards or innovative approaches.

Sustainable management rules:

The choice of shared management for the European Refugee Fund, based on the model of Structural Funds, has proved very cumbersome for Member States administrations in charge of managing decentralised actions. This is particularly true for an instrument representing yearly appropriations not exceeding 45 M€ per year, i.e. less than 0,4 % of the volume of the European Social Fund alone. It is therefore proposed, in order to ensure sound financial management and consistency of evaluation of actions co-financed, to define more precisely and develop specific management and monitoring tools for the second phase of the ERF in

order to support the Member States management systems, and to raise slightly the amount of funds that can be used for the purposes of technical assistance by the Member States.

Cross-fertilisation and exchange of good practices:

The second phase of the ERF should also concentrate on the development of dialogue, consultations, dissemination and exchanges of information both at national and European level. To this end, the Community Actions should be strengthened, and aimed at developing easily accessible tools for dissemination of information and results (for example web-based databases), and regular consultations between actors (Commission, governments, NGOS, Refugee Community Organisations, regional and local authorities, refugees and asylum seekers themselves) at both national and EU level. Arranging meetings for project managers to create a forum for dialogue could also increase knowledge sharing, and thereby strengthen the impact of the programme. Such activities, including possibly the establishment of different EU thematic working groups, would enable worthwhile trans-national exchanges via virtual means of communication (internet and email newsletters) and occasional thematic workshops.

5.2. Impacts of proposed policy option

The table in Annex I details the expected impacts of the proposed policy options in terms of economic, social and, where possible, environmental impacts. It considers positive and negative impacts of all three measures (reception, integration and return) on the target groups of the Fund (asylum seekers and persons benefiting from international protection), as well as on other actors such as Member States, partners of the asylum policy (NGOs, local authorities) and the EU citizens. The main impacts can be summarised as follows:

- **Expected impacts for final beneficiaries (asylum seekers and refugees):**

- reception conditions and asylum procedures : improvement in quality / quantity of material reception conditions for persons seeking protection (health, housing, education, social benefits, access to the labour market), fairer and more effective asylum procedures;

- integration : decrease in dependence on social welfare, improved access to the labour market for refugees enabling them to support themselves at an earlier stage, increased participation in social life through civil society organisations and other relevant channels, improved well-being and self-esteem;

- voluntary return : changed or improved conditions enabling refugees and asylum seekers to return home in a sustainable way, development of skills of returnees with a positive impact on the country of origin.

- **For Member States:**

- contribution to the economic responsibility undertaken by the Member State in relation to the reception of asylum seekers and refugees and implementation of a common asylum policy;

- contribution to changes in processes / policies by development of higher standards, fairer and more effective asylum procedures, reduction of the length of asylum procedures, improvement of reception, integration and return capacity, improvement of qualification of staff , exchanges of experiences and best practices at EU level.

- **For partners of asylum policy (NGO, Refugee Community Organisations, local and regional authorities):**

- capacity building and development of new services and greater involvement of self-help organisations;

- improvement of qualification of staff, increased cooperation of services / structures in developing capacity in the area of reception;

- **For the EU citizens:**

- awareness raising to the issue of refugees and asylum seekers

- better acceptance of reception centres by local communities.

From the analysis of the tables, a few general conclusions can be drawn:

First, positive impacts outweigh negative impact for all measures and at all levels. This is particularly true as regards social impacts.

A redistributive analysis shows that the target group who benefits most directly is that of asylum seekers and refugees. Consideration was given to how to address illegal immigrants/residents. The conclusion was that the asylum coherence of the ERF should be safeguarded but that this could be covered by possible other instruments and budget lines within the mandate of JAI policies.

Most importantly, significant important systemic effects have been identified with regard to the member States and the organisations working in this area (NGOs and Refugee Community organisations). It must be noted that the situation varies from country to country, most notably in terms of the degree of consolidation of the asylum systems and the experience with the three measures.

When the type of impact is considered, the most significant are in the social sphere - economic impacts are more indirect and may be more difficult to identify given the scale of the Fund -. Direct implementation costs have not been quantified and it will be an issue to be dealt with by the monitoring system of the Fund. Indirect and associated costs are more difficult to assess. Environmental impacts are quite weak, which is consistent with the formulation of objectives (they do not include environmental considerations). It has not been possible to differentiate these impacts by target group.

Identified impacts on countries of origin present a somewhat ambiguous picture – if it is clear that a better management of asylum flows accompanied by a policy of voluntary return can have positive impacts in the development of these countries, there are also associated risks. These include, for example, risks of asylum seekers and refugees losing contact with their countries of origin, and also risks of qualified people leaving these countries (brain drain).

To conclude, it can be said that, overall, expected impacts across the three measures are coherent with the formulation of the main objectives of the Fund. Indeed, the overall impacts reflect the main policy goal of the ERF, i.e. the contribution to the implementation of the common asylum standards and guidelines agreed at EU level and convergence of practices across Member States to support an open and secure European Union, fully committed to the obligations of the Geneva Convention and other relevant human rights instruments, and able to respond to humanitarian needs on the basis of solidarity.

6. HOW TO MONITOR AND EVALUATE THE RESULTS AND IMPACTS OF THE PROPOSAL AFTER IMPLEMENTATION?

- How will the policy be implemented?
- How will the policy be monitored?
- What are the arrangements for any ex-post evaluation of the policy?

The proposed programme for the period 2005-2010 will be based on two programming periods of 3 years, which will give rise to multiannual strategies to be agreed between Member States and the Commission on the basis of guidelines issued by the Commission. The management of the Fund will be consolidated through harmonised management instruments (shared management between the Commission and Responsible national Authorities), which will ensure both an adequacy of actions implemented to the specific needs identified in the Member States, and improve financial management through the implementation of common administrative, financial and monitoring terms of reference. As regards monitoring, specific common reporting tools (database, set of indicators) will be developed, and used for the annual reports to be presented by Member States.

The improvement of asylum statistics collection (against the background of the Action plan implemented by the Commission and the next Commission proposal for a framework Regulation for development of consistent Community statistics in the field of asylum and migration to be adopted in 2004) will support better sharing of resources.

Furthermore, the “consultation, dialogue and cross-fertilisation” dimension of the programme will be reinforced through strategic dialogue with stakeholders, reinforcement of the Community dimension projects and transnational partnerships, as well as the development of specific tools for the dissemination of results and exchanges of information.

Evaluations will be carried out both at national and European level at key dates :

- mid-term evaluation of implementation of the programme at mid-term of the first programming period (mid-2007), in order to take into account the first results of the programme also on the basis of the final evaluation of the first phase of the European refugee Fund (ex-post evaluation to be carried out in 2005-2006), and propose adjustments of the programme in respect of the development of new solidarity instruments in the area of asylum and migration (cf. article .III-169 of the Draft Constitutional Treaty) as well as the new phase of the Financial Perspectives.
- ex-post evaluation of the first multi-annual programming period at the end of 2009, with a view to contribute to a proposal to be made by the Commission on the further development of the European refugee Fund after 2010.
- ex-post evaluation of the impact of the Fund at the end of 2012.

7. STAKEHOLDER CONSULTATION

- Which interested parties were consulted, when in the process, and for what purpose?
- What were the results of the consultation?

A wide consultation was carried out for the preparation of the proposal for the second phase of the European Refugee Fund, including:

- a survey of all Member States national authorities as well as all projects supported between 2000 and 2002 (response rate of projects was 43 %), carried out within the framework of the mid-term evaluation of the first phase of the European Refugee Fund (January to November 2003) ;

- Conference organised by the European Commission on 30-31 October 2003, which attracted over 350 participants from 15 Member States and 10 acceding countries, representing all partners involved in the implementation of asylum policy (national government representatives, regional and local authorities, NGOs, Refugee Community Organisations, . This Conference, whilst presenting the first results of the mid-term evaluation of the first phase of the European Refugee Fund, was an opportunity to gather opinions and proposals for the second phase of the instrument. The debates were organised around five workshops, focusing on new developments and needs in the three fields of intervention of the European Refugee Fund (reception, integration and return), and “horizontal” themes (development of best practices, the added value of transnationality, definition and expression of solidarity in the area of asylum policy).

- a specific questionnaire on some of the questions raised by the mid-term evaluation and options envisaged through the conference was sent to a very large number of Organisations and to all Member States’ responsible Authorities involved with the first phase of the ERF.

The results of these consultations was the following :

- The overall validation of the criteria used for the expression of solidarity needs to take into account criteria linked to the relative responsibility undertaken by each Member State (GDP), and to the short term specific needs of the 10 acceding countries with regard to structural development of their asylum systems;
- The need to strengthen the European dimension of the ERF, both in terms of objectives and operations;
- The ERF should receive substantially increased financial resources in order to have a substantially greater impact on structures, processes and policies, in particular given the increased need to transpose and adopt new EC legislation in the field of asylum;
- The ERF should be driven by the principle of additionality to, strengthen capacity and encourage innovation;
- Need for increased dialogue both at national and transnational level between all actors involved;
- Multi-annual programming periods and multi-annual project duration;
- A simplified and proportionate management and control system.

8. COMMISSION DRAFT PROPOSAL AND JUSTIFICATION

- What is the final policy choice and why?
- Why was a more/less ambitious option not chosen?
- Which are the trade-offs associated to the chosen option?
- If current data or knowledge are of poor quality, why should a decision be taken now rather than be put off until better information is available?
- Have any accompanying measures to maximise positive impacts and minimise negative impacts been taken?

The mid-term review of the first phase of the evaluation as well as the wide consultation undertaken through the Conference organised by the Commission on 30-31 October 2003 have brought useful results on the assessment of measures aimed at improving the relevance, effectiveness and efficiency of the European Refugee Fund.

The mid-term evaluation considered that substantial results were achieved within all three measures: reception, integration and voluntary return. The projects were largely successful in terms of achieving their planned objectives with a fairly high direct impact on the final beneficiaries, especially in the field of integration.

However, the evaluation also showed that the general level of impact on the national policies in the areas of reception, integration and voluntary repatriation, as well as on harmonisation and burden sharing among Member States remains too limited to demonstrate substantial added value. This is due, in particular to the highly “symbolic” financial dimension of the Fund in terms of actual contribution to the levels of expenditure that Member States are facing in relation to asylum. It is also due to a certain number of weaknesses identified in the structure and management of the Fund: a one year project duration which does not enable innovative projects to reach their full fruition and ascertain sustainability, management arrangements causing funding delays to project promoters which are detrimental to the proper implementation of projects, complexity and heaviness of the management process with regard to the actual size of the Fund, lack of cooperation between stakeholders at national and EU level for the implementation of the Fund.

Consequently there is a need to improve the implementation structures and to strengthen the role of the EC in co-ordinating national strategies in order to ensure added value and the exchange of good practice.

ANNEX 1

5.2 IMPACTS EXPECTED FROM THE PROPOSED OPTION

	Positive Impacts	Negative impacts
5.2.1. RECEPTION CONDITIONS		
<u>Economic impacts</u>		
Overall impact	<p>Improved reception conditions lead to more effective systems and hence better use of resources.</p> <p>Setting-up proper reception systems coordinated at European level leads to economies of scale, less overlap and mismanagement.</p> <p>Proper reception of asylum seekers facilitates their transition through the system and can favour better integration (hence less costs overall).</p> <p>Better understanding and exchanges / application of best practices between MS, leading to increased cost/efficiency in national systems.</p>	<p>Cost of improving reception conditions; risk of creating precarious systems which lead to ineffectiveness.</p> <p>Money spent on reception, in particular on hard infrastructure, cannot be used elsewhere, often at the expense of integration measures.</p>
Asylum seekers and refugees	<p>Improving reception conditions increases the living standards of asylum seekers. Better conditions for persons seeking protection (health / housing / education / social benefits / access to the labour market).</p> <p>Better support and living conditions may decrease the economic need to resort to undeclared labour markets.</p>	
Member States	Increased solidarity leads to better share of financial	Costs to national budgets (co-funding obligations,

	<p>burdens in this area.</p> <p>Also, provides contribution to the economic responsibility undertaken by the Member State in relation to the reception of asylum seekers and refugees.</p> <p>Knowledge of practices elsewhere in EU may contribute to improving own reception systems and hence better effectiveness.</p>	<p>management costs).</p> <p>Improvement in capacity led by demand or qualitative improvements in reception conditions?</p>
NGOs and Refugee Community Organisations	Access to more funds allowing for capacity building, consolidation and development of new services.	
Countries of Origin of Asylum Seekers and Refugees	If better reception leads to better integration for accepted asylum seekers, then it can benefit country of origin in the longer term.	If reception conditions are improved, less likely that asylum seekers want to return to country of origin
EU citizens	If better reception leads to less undeclared work, the functioning of the labour market will be more transparent for all.	
Social impacts		
Overall impact	<p>Better reception conditions facilitate full protection of asylum seekers' fundamental rights.</p> <p>Improved reception leads to fairer asylum systems.</p> <p>Implementation of common standards across the EU is essential element of common asylum policy.</p>	<p>If reception conditions improved solely for asylum seekers (and not e.g. for illegal immigrants) risks of perceived discrimination and unequal standards.</p> <p>Risk that common standards are a minimum, i.e. less than some current national standards.</p>

<p>Asylum seekers and refugees</p>	<p>General well-being - higher self esteem</p> <p>Better access to education and training.</p> <p>Improved language skills.</p> <p>Improved health and living conditions.</p> <p>Better recognition of acquired qualifications and skills.</p> <p>Focused approach towards groups at risk (e.g. unaccompanied minors, women)</p>	
<p>Member States</p>	<p>Better reception standards should contribute to improve the quality of the asylum procedures and to a smoother integration of refugees in the host society and/or quicker return to countries of origin.</p> <p>Ensuring respect for fundamental rights and fair living conditions to asylum seekers may be beneficial to other categories of population in need of protection (e.g. illegal immigrants, the homeless).</p>	<p>Risk of perceived inequalities (also vis-à-vis own nationals in exclusion situation) may lead to social tensions and xenophobia.</p>
<p>NGOs and Refugee Community Organisations</p>	<p>Consolidation of reception systems would create more permanent structures.</p> <p>This can benefit an increased role of these organisations in the system, offering them a more stable framework.</p>	

Countries of Origin of Asylum Seekers and Refugees	Better reception standards should contribute to a smoother integration of refugees in host society and/or quicker return to countries of origin.	Better reception conditions may attract more asylum seekers from these countries?
EU citizens	Better reception of asylum seekers can lead to a feeling of reinforced solidarity in society and participation to the European humanist tradition.	Risk of perceived unequal treatment across similar groups.
Environmental impacts		
Overall impact	Indirectly, improved reception conditions should impact favourably on the environments as they will allow for better housing and living conditions of AS in general. Also, by smoothing their integration in society, it can also foster easier access to environmental services and education (e.g. on recycling, etc.).	A possible negative impact would be the strain on resources resulting from the need to accommodate a growing number of Asylum seekers.
5.2.2. INTEGRATION		
Economic Impacts		
Overall impact	Moderate increase in labour force Less segmentation in the labour market, by a decrease in undeclared work. So more transparency in the labour market. Increased free movement of refugees within the EU.	Increased costs for welfare, education, labour market policies.

Refugees and other persons benefiting international protection	<p>Access to labour market</p> <p>Self-supportive</p> <p>Increased revenue</p> <p>Acquisition of social rights</p>	Fewer possibilities for undeclared work.
Member States	<p>More efficient (less segmented) labour markets.</p> <p>Increase in workforce.</p> <p>Successful integration policies may lead to the most advantage being taken from previous qualifications, and hence better use of human capital.</p>	Increase in public expenditure (welfare, labour market policies, etc.)..
NGOs and Refugee Community Organisations	<p>Increased funding and probably longer-term as integration projects last longer.</p> <p>Development of linkages with relevant public services.</p>	Very demanding field of work, requiring multidisciplinary approach, and investments in training capacity.
Countries of Origin of Refugees and other persons benefiting international protection	Better integration may lead to bigger remittances from refugees.	Less prospects of return.
EU citizens	Increase in regular workforce should allow for a better balance between revenue/ tax.	Increase in tax to support increased costs to national budget.
Social impacts		
Overall impact	<p>Greater social cohesion, with less “ghettoisation” and discrimination</p> <p>Increased participation in social life of refugees, both women and men.</p> <p>Cultural enrichment in society through</p>	<p>Attracting more asylum seekers and risks of increasing illegal entry.</p> <p>Risks of incoherence the development of countries of origin, and hence with EU and national development and trade policies.</p>

	acknowledgement of diversity.	
Refugees and other person benefiting international protection	<p>Increased social acceptance and inclusion; increased social status.</p> <p>Legal employment and secure social framework.</p> <p>Access to benefits.</p> <p>Increased participation in political processes, namely at local and EU level.</p>	
Member States	Better integration leads to cohesive societies, and hence social stability.	<p>Risk of increased attractiveness may lead to increase in illegal entries.</p> <p>Greater number of asylum applications may lead to backlogs in the system.</p>
NGOs and Refugee Community Organisations	<p>Reinforcement of integration strand and capacity leads to diversification of activities and longer-term follow-up of refugees.</p> <p>May increase possibilities of greater involvement of refugees themselves in these organisations.</p> <p>Seen as having more active role in the integration of refugees, not only “passive” reception.</p>	
Countries of Origin of Refugees and other persons benefiting international protection	Better integration of refugees in host countries may favour contacts with country of origin	Risks of brain drain

EU citizens	Better integration of refugees could lead to more awareness and tolerance, as they would be seen as full members of the society, playing an active role.	
Environmental impacts		
Overall impact	Successful integration of refugees in host countries should contribute to greater awareness of environmental problems; it could also benefit host countries through learning with other cultures, which can be more environmental friendly.	
5.2.3.VOLUNTARY RETURN		
Economic Impacts		
Overall impact	This policy tool allows for a clear response to be given to those AS or refugees whose demand has been rejected, or who would like to return to their countries of origin after a period in the host country. It therefore makes asylum systems more comprehensive and transparent. It offers a way out to those who would otherwise be in a dead end situation, leading many times to precarious and illegal living conditions.	Expensive policy instruments which require the development of strong partnerships with countries of origin to offer chances of real reintegration.
Asylum seekers and refugees	Successful reintegration in country of origin would allow for stable livelihood and income sources.	Living standards and prospects of improved conditions may decrease when returning to countries of origin

Member States	May allow for a decrease in undeclared work. In relative terms, may be a more effective policy alternative for fighting illegal immigration rather than repressive action alone.	Costs: expensive policy tool in absolute terms.
NGOs and Refugee Community Organisations	Capacity building in this policy area.	
Countries of Origin of Asylum Seekers and Refugees	Managed return (in particular of qualified workforce) with support for reintegration, can favour economic development.	If return is not properly managed by local authorities may cause disruption in local economies and labour markets.
EU citizens	Indirectly would benefit from more transparent labour markets.	Costs: no resort to (cheap) undeclared work.
Social Impacts		
Overall impact	Better management of asylum flows by providing rejected asylum seekers with an exit situation, and refugees with a possibility of easier return. It safeguards the integrity of the asylum system.	
Asylum seekers and refugees	Fairer treatment of asylum seekers; quicker procedures, less waiting; more reintegration opportunities in countries of origin.	Increased emphasis on return programmes decrease length of stay in the EU and possibilities of illegal stay. Also, voluntary return not always attractive issue after rejection of asylum claim. Need to ensure mechanisms are in place to stimulate and respect free will of asylum seekers.
Member States	Policy impact: give higher priority to return programmes as an instrument of asylum policy;	

	Facilitate fight against illegal residents.	
NGOs and Refugee Community Organisations	Capacity building and diversification of activities. Increased role in return programmes, with the involvement of refugee organisations. May help these organisations to establish links in country of origin.	
Countries of Origin of Asylum Seekers and Refugees	If based on partnerships with countries of origin, voluntary return can contribute to the development of these countries and facilitate the reintegration of AS. Eg, development of skills of returnees with a positive impact on the country of origin (reconstruction of home country, contribution to development of new economic and social activities).	Possible negative impacts would be an unmanaged return, where the consequences for local economy and society could be disruptive.
EU citizens	Perception of fairer or more efficient treatment of asylum seekers and of the fight against abuse of the asylum system.	
Environmental impacts		
Overall impact	The expected decrease in the numbers of illegal stays can have positive impacts on the environment. The return to countries of origin can also favour greater environmental awareness in these countries.	