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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Building an open and secure Europe: the home affairs budget for 2014-2020**

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{SEC(2011) 1359 final}

## **1. HOME AFFAIRS FUNDING**

### **1.1. Home affairs funding in the wider context**

The creation of an area of freedom, security and justice is a cornerstone of the European project. Home affairs policies contribute to this project by shaping a Europe where persons can enter, move and live freely, confident that their rights are respected and their security assured. An integrated approach to migration and security can bring benefits to the EU and its non-EU partners. The growing importance of home affairs policies has been confirmed by the Stockholm Programme<sup>1</sup> and its Action Plan<sup>2</sup>. This is also one of the areas which have seen important changes under the Lisbon Treaty<sup>3</sup>. In the field of internal security, the Commission's communication on the Internal Security Strategy in Action<sup>4</sup> identifies clear strategic goals and provides a basis for concerted action to address common security challenges in the years to come. Through cooperation and solidarity at EU level and with non-EU countries, substantial progress has been made towards creating a more open and secure Europe.

In spite of this progress, Europe still faces many challenges. A comprehensive, coherent and effective response is needed to the challenge of migration. Citizens also expect the Union to contribute to providing security by combating organised crime, terrorism and other threats. The EU budget plays an essential role in turning the Union's home affairs objectives into tangible results. The creation of an area of freedom, security and justice is achieved by means of a range of 'tools' including spending programmes, networks, large-scale IT systems and EU agencies.

In its Communication of 29 June 2011 on the next Multiannual Financial Framework<sup>5</sup>, the Commission proposed a home affairs budget of €10.9 billion (current prices) for the period 2014-2020 which represents a continuation of the level of spending foreseen at the end of the 2007-2013 financial framework and remains below 1% of the overall EU budget. Building on evaluation results and stakeholder consultation, the design of the next Multiannual Financial Framework is an opportunity to better align spending at EU level with the Union's strategic policy objectives. Crucially, it is also a chance to improve and simplify the way funding is delivered. This Communication sets out how the Commission has grasped these opportunities in the home affairs area.

### **1.2. A look ahead: challenges in the home affairs policy area**

Over the next decades, the Union will continue to face important challenges in the area of home affairs. It will need to fight against trafficking in human beings and to properly address irregular migration. At the same time, the Union must continue to show solidarity with those in need of international protection. The completion of a more protective and efficient Common European Asylum System which reflects our values remains a priority.

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<sup>1</sup> Council document 17024/09 of 1-2 December 2009

<sup>2</sup> COM(2010)171 final of 20 April 2010

<sup>3</sup> OJ 2008 C115 of 9 May 2008

<sup>4</sup> COM(2010)673 final of 22 November 2010

<sup>5</sup> COM(2011)500 final of 29 June 2011

Given demographic changes, structural changes in the labour markets and patterns of competition for skills, a forward-looking legal immigration and integration policy will be crucial for enhancing the EU's competitiveness and social cohesion, enriching our societies and creating opportunities for all. It should be seen in the context of the seven flagship initiatives presented in the Europe 2020 Strategy<sup>6</sup> which aim to help the EU overcome the current financial and economic crisis and achieve smart, sustainable and inclusive growth.

Ensuring a safe and secure environment is necessary and beneficial to the economic, cultural and social growth of the EU. The EU has a decisive role to play, whether it is by addressing the threats of serious and organized crime, cybercrime and terrorism, and by ensuring the management of EU's external borders or by responding swiftly to emerging crises caused by man-made or natural disasters. In the era of globalisation, where threats are growing and increasingly have a transnational dimension, no Member State can respond effectively on its own. A coherent and comprehensive European answer is needed to ensure that law enforcement authorities can work effectively across borders and jurisdictions.

While law enforcement measures are necessary to guarantee the security of Europe, it is of paramount importance that such measures respect fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union.

Cooperation with non-EU countries and international organisations is crucial to achieving these goals. Recent events in Northern Africa have demonstrated how important it is for the EU to have a comprehensive and coordinated approach to migration, borders and security. The increasingly important external dimension of the EU's home affairs policies must therefore be reinforced, in full coherence with the Union's foreign policy.

### **1.3. The added value of EU intervention**

The management of migration flows and security threats present challenges which cannot be dealt with by the Member States acting alone. The EU budget is one of the Union's key tools to tackle these challenges. It offers value added both by addressing the unbalanced calls on different Member States in a Union without internal borders; and by financing cross-border actions more efficiently than is possible at purely national level.

Some Member States face a particularly heavy pressure, for example, due to their specific geographic situation and the length of the external borders of the Union that they have to manage. The abolition of internal border controls must be accompanied by measures for the effective control and surveillance of the Union's external borders. The principle of solidarity and fair sharing of responsibilities between Member States is therefore at the heart of the common policies on asylum, immigration and external borders. The EU budget provides the means to address the financial implications of this principle. In the area of security, serious and organised crime, terrorism and other security-related threats are increasingly cross-border in nature. Transnational co-operation and coordination between law enforcement authorities is essential to successfully prevent and fight these crimes, for example through the exchange of information, joint investigations, common training activities, interoperable technologies and common threat and risk assessments.

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<sup>6</sup> COM(2010)2020 final of 3 March 2010

Dealing with migration flows, the management of the EU's external borders and the security of the EU requires substantial resources and capabilities from the Union, as well as from the Member States. Improved operational co-operation and coordination involving the pooling of resources in areas like training and equipment creates economies of scale and synergies thereby ensuring a more efficient use of public funds and reinforcing solidarity, mutual trust and responsibility sharing for common EU policies among Member States. This is particularly relevant in the area of security, where financial support for all forms of cross-border joint operation is essential to enhance cooperation between police, customs, border guards and judicial authorities.

In relation to the external dimension of home affairs, the adoption of measures and the pooling of resources at EU level will increase significantly the EU leverage necessary to convince third countries to engage with the Union on those migration and security related issues which are primarily in the interest of the Union and the Member States.

## 2. FUNDING PRIORITIES

### 2.1. The future home affairs budget at a glance

On 29 June 2011, the Commission presented its proposal on the Multiannual Financial Framework. In the area of home affairs, the Commission proposed an overall budget of €10,911 million (current prices) for the period 2014-2020, a considerable increase compared to the average over the current Multiannual Financial Framework (€6,449 million for the period 2007-2013, current prices). This figure covers not only spending on financial programmes but also funding for large-scale IT systems and the EU agencies active in the home affairs area<sup>7</sup>.

<b>Home affairs budget 2014-2020</b>	<b>€million (current prices)</b>
Asylum and Migration Fund <i>including Resettlement Programme and European Migration Network</i>	3,869
Internal Security Fund <i>including new large-scale IT systems</i>	4,648
Existing large-scale IT systems and IT Agency	822
<b>Subtotal</b>	<b>9,339</b>
Agencies <i>(Europol, Frontex EASO, Ceuol and EMCDDA)</i>	1,572
<b>Total</b>	<b>10,911</b>

### 2.2. Two Funds to support home affairs policies

The Commission proposes to simplify the structure of the home affairs programmes by reducing the number of Funds to two: an Asylum and Migration Fund and an Internal Security Fund. Two comprehensive financing frameworks are needed to support the very different but complementary key policies of migration and security as they will be at the heart of home

<sup>7</sup> European Police Office (EUROPOL), European Police College (CEPOL), European Agency for the Management of Operational Cooperation at the External Borders (FRONTEx), European Asylum Support Office (EASO), European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)

affairs also in the period beyond 2013. The legal architecture of the Funds is explained in Annex 1.

With an overall budget of €3,869 million (current prices), the Asylum and Migration Fund will focus on people flows and the integrated management of migration. The Internal Security Fund will have a global budget of €4,648 million (current prices) to support the implementation of the Internal Security Strategy<sup>8</sup> and a coherent and comprehensive approach to law enforcement cooperation, including the management of the EU's external borders.

Both Funds will have an external dimension to support actions in and in relation to third countries which cater primarily for EU interests and objectives, have a direct impact in the EU and its Member States and ensure continuity with activities implemented in the territory of the EU. This funding will be designed and implemented in coherence with EU external action and foreign policy. It is not intended to support actions which are development oriented and will complement, when appropriate, the financial assistance provided through external aid instruments. While those instruments either support beneficiary countries development needs or support general EU political interests with strategic partners, home affairs funds will support specific actions in third countries in the interest of EU migration policy and EU internal security objectives. They will therefore fill a specific gap and will contribute to completing the toolbox at the disposal of the Union.

Each Fund will also provide for a rapid response in the event of emergencies so that the EU can respond quickly and effectively to migration or security-related crises.

#### *2.2.1. Asylum and Migration Fund*

The Asylum and Migration Fund will focus on **the integrated management of migration flows covering different aspects of the common EU asylum and immigration policy**. It will support actions in relation to asylum, legal migration and the integration of third-country nationals, and return operations. Funding for these activities is currently covered by three separate Funds, the European Refugee Fund, the European Fund for the Integration of Third-Country Nationals and the European Return Fund respectively.

In the area of **asylum**, the priority is the development of the Common European Asylum System (CEAS) by ensuring the efficient and uniform application of the EU acquis on asylum. Financial support will therefore be provided for measures implemented to improve the reception conditions of asylum seekers and asylum procedures in the Member States.

Efforts also need to be increased to set-up a more effective system of responsibility-sharing between Member States and with third countries. The Fund will therefore support the establishment of a **Union Resettlement Programme** for which an amount of €60 million has been earmarked. The aim of the Programme is twofold: to provide durable solutions to an increased number of refugees by supporting their transfer from outside EU territory and their establishment in an EU Member State; and to maximise the strategic impact of resettlement through a better targeting of those persons who are in greatest need of resettlement on the basis of common EU resettlement priorities. These priorities will be established for two year-periods with the involvement of the European Parliament and the Council and in cooperation with the United Nations High Commissioner for Refugees (UNHCR) and the European

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<sup>8</sup> COM(2010)673 final of 22 November 2010

Asylum Support Office. The Fund will also support the transfer of beneficiaries of international protection within the EU ('intra-EU relocation'). To this end, financial incentives (lump sums) will be provided to those Member States that commit to resettling or relocating a number of persons through a biennial 'pledging' exercise on the basis of common EU resettlement priorities. In this context, the Fund will also contribute to strengthening third countries' capacities, in particular in the framework of Regional Protection Programmes.

In the area of the **integration of third-country nationals**, funding has so far supported Member States in setting-up national strategies for the integration of third-country nationals or in strengthening the national strategies already in place. In the next programming phase, focus will be on a local, more targeted approach, in support of consistent strategies specifically designed to promote the integration of third-country nationals at local or regional level such as civic orientation courses, participation in social and civic life, equal access to services etc. Particular attention will be paid to the specific needs of the most vulnerable groups of migrants such as refugees, unaccompanied minors, elderly people and victims of trafficking. In addition, pre-admission measures implemented in the countries of origin will also be supported as a crucial means of facilitating legal migration to the EU and promoting integration at an early stage. The support provided by the Asylum and Migration Fund for the integration of third-country nationals and actions by the European Social Fund for the improvement of migrant's skills and labour market integration will be complementary.

In order to facilitate legal migration, the Fund will also provide financial support to third countries for the implementation of measures in the framework of **Mobility Partnerships** taking place either in the EU or in third countries and aiming at pursuing primarily EU needs and priorities.

In relation to **return**, focus will shift from capacity building for return management to support for sustainable returns, assisted voluntary return programmes (without excluding forced return operations) and reintegration measures, as well as for improving the treatment of the target groups during the pre-return process, in particular the detention conditions. Readmission agreements are an important tool for an efficient management of migration flows, in particular in fighting irregular immigration, and an important component of the EU return policy, because they facilitate the swift return of irregular migrants. Funding will therefore be available to strengthen third countries' capacities to **readmit** irregular migrants, either in terms of reintegrating their own nationals or onward readmission of third-country nationals to their countries of origin.

The first lessons drawn from the events in the Southern Mediterranean demonstrate that the EU needs to be able to respond rapidly and effectively to situations of crisis and sudden arrivals of a high number of persons, including mixed flows. The Fund includes financial resources which can be triggered quickly in response to different types of migration-related crises. The widening of the scope of the Emergency Aid Reserve, if agreed between the Commission, European Parliament and Council in the context of the draft Interinstitutional Agreement on cooperation in budgetary matters and on sound financial management<sup>9</sup>, could also add financial means in case of such emergencies.

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<sup>9</sup> COM(2011)403 final of 29 June 2011

### 2.2.2. *Internal Security Fund*

The Internal Security Fund<sup>10</sup> responds to the call of the Stockholm Programme for the creation of a Fund to support the implementation of the **Internal Security Strategy** and a **coherent and comprehensive approach to law enforcement cooperation**, including the management of the Union's external borders. The activities currently supported by the Specific Programmes ISEC (Prevention of and the fight against Crime) and CIPS (Prevention, Preparedness and consequence management of Terrorism and other Security-related risks) will therefore be covered by the Internal Security Fund, as well as those supported by the External Borders Fund.

In relation to **internal security**, the Fund will provide financial support for police cooperation, crime prevention and the fight against serious cross-border crime, as well as for crisis management and the protection of EU critical infrastructure. The Fund will help to combat serious and organised crime in its many forms by strengthening practical law enforcement cooperation through, for example, financial support for joint operations of law enforcement authorities (including Joint Investigation Teams), the pooling of resources, the exchange of information and best practices or training for the law enforcement community.

Funding will also be provided for the development of common tools, including interoperable IT systems and secure communication channels at Member State level necessary for law enforcement cooperation. In order to combat the growing threat of cybercrime, financial support will be provided for the setting up of a Cybercrime Centre through which Member States and EU institutions will be able to build operational and analytical capacity for investigations and cooperation with international partners. In addition, funding is made available for particularly innovative projects which aim at developing new methods or technologies, especially the testing and validating of the outcome of EU funded security research. This will help close the gap between the research results achieved with support from the 8<sup>th</sup> Framework Programme and their serial application in practice for the benefit of the law enforcement community.

Financial support will also be provided for **critical infrastructure protection** and for enhancing the capacity of Member States and the EU to manage terrorism and other security related risks and crisis situations. The Fund will also support measures cutting off terrorists' access to funding, including through the setting-up of a European Terrorist Finance Tracking System (European TFTS)<sup>11</sup>, explosives and Chemical, Biological, Radiological and Nuclear (CBRN) substances. Funding will also be available to promote actions to address the issue of violent radicalisation and recruitment and to support victims of terrorism.

Support will also be provided for the **external dimension of internal security** policy for example to cooperate with third countries on issues directly affecting the Union such as trafficking in human beings, drugs and weapons, dismantling international criminal networks, preventing terrorism and other security-related risks.

Moreover, in the area of internal security, there may be incidents or newly emerging threats which require a quick and effective response at EU level, for example terrorist attacks or large-scale cyber-attacks. An **emergency response mechanism** has therefore been built into

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<sup>10</sup> For the reasons set out in Annex 1, the Internal Security Fund is set up through two separate instruments which jointly constitute the Fund.

<sup>11</sup> COM(2011)429 final of 13 July 2011

the Internal Security Fund to allow the EU to release funding for a rapid initial intervention in collaboration with the Member States concerned. This mechanism will complement the funding available under the EU Solidarity Fund, created to come to the aid of any Member State in the event of a major natural or man-made disaster, and the funding under the Civil Protection Financial Instrument which deals with natural and man-made disasters (accidents).

In the area of **external borders**, it is time to further support with the EU budget Member States' efforts on border control and to do this in a more consistent and systematic way, based on the notion of border control as a 'public service' carried out by the Member States in the interest of and on behalf of the EU. The Fund will provide operating support to help compensate the efforts made by Member States to secure the external borders of the Union. Support will also be available for the reinforced implementation of the Schengen acquis, consular co-operation on visa (e.g. increasing local border traffic and creating common visa application centres) and the further development of an integrated border management system by improving, replacing and upgrading equipment/infrastructure for visa and borders according to new technological developments. This would in particular include enhancing the operational capabilities of the Member States within the framework of EUROSUR standards.

In relation to the **external dimension of border management**, the Fund will provide targeted support to enhance cooperation with third countries and to reinforce certain key aspects of their border surveillance and management capabilities in areas which are of particular interest and which have a direct impact in the EU. For example, in the framework of EUROSUR, funding could be made available to link third countries' systems and infrastructures to the EU's in order to allow for the regular exchange of information.

#### *Large-scale IT systems: a particular challenge*

The large-scale IT systems which support the management of migration flows across the external borders of the Union bring a high EU added value. However, experience has shown that the development and management of such system can be particularly challenging. In its June 2011 Communication, the Commission proposed to set aside a separate envelope of €822 million (current prices) for the management of **existing large scale-IT systems** (Schengen Information System II, Visa Information System and Eurodac). The management of these systems will be transferred from the Commission to the future IT Agency when it begins operations in 2012.

In relation to **new IT systems**, a **specific programme** with a budget of €1.1 billion (current prices) is created within the Internal Security Fund for the development by the Commission and in the Member States of future IT systems, such as the Entry/Exit System and the Registered Traveller Programme (the 'smart borders' package)<sup>12</sup>. Development of these new systems will not start until the European Parliament and the Council have adopted the systems' legal basis setting out clearly their specifications. Therefore no expenditure is expected until 2015, when the Commission envisages to entrust the development of the systems to the IT Agency. A multiannual strategic framework will set out the main actions to be carried out and their corresponding budget as well as a timetable for implementation. In order to achieve cost savings and to ensure technical consistency and a smooth implementation, the Fund will cover the costs for the development of both the central and national components of the new systems. When these systems become operational, support

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<sup>12</sup> COM(2011)630 final of 25 October 2011



for operational costs at central level would be transferred to the IT Agency. Member States will be able to use the operating support under their multiannual programmes to cover the operational cost of these systems at national level.

### **3. IMPROVED DELIVERY OF FUNDING**

#### **3.1. Programming and management of home affairs funding: focus on flexibility and results**

The bulk of home affairs funding will be implemented under the shared management method, i.e. in partnership with the Member States. Shared management will therefore become the main delivery mechanism for all home affairs policies, including internal security. However, this will not be a mere continuation of the shared management system currently in place but a move towards a more results-oriented and simplified shared management.

Direct and indirect management will be maintained for technical assistance, specific transnational or particularly innovative projects and for most of the actions in and in relation to third countries, as well as to support non-state actors, to promote events and studies and to release funding quickly in the event of emergencies.

During the public consultation on the future of home affairs funding, stakeholders raised demands for simplification and easier access to funding. These demands were taken into account in the design of the new home affairs Funds. In its resolution of 8 June 2011, the European Parliament welcomed the Commission's intention to reduce the number of home affairs financial instruments to a two-Fund structure and where possible to move to shared management, believing that this approach would contribute significantly to the increased simplification, rationalisation, consolidation and transparency of home affairs funding<sup>13</sup>.

Robust monitoring and evaluation arrangements are essential in order to be able to measure the progress made in the implementation of the Funds. However, migration and security are areas which do not lend themselves to the definition and use of precise indicators because they are essentially driven by external factors or difficult to monitor. For example, the number of asylum seekers arriving in the EU depends on political instability in third countries and it is difficult to measure the extent of irregular immigration due to its clandestine nature. Spending levels for migration and security should therefore not be made dependent exclusively on numerical data which do not necessarily reflect the situation on the ground or are driven mainly by external factors. For this reason, the evaluation and monitoring arrangements proposed for the two Funds are based on both quantitative and qualitative assessments (including risk assessments) which take into account a range of indicators.

##### *3.1.1. Shared management*

For the resources implemented under shared management a flexible programming and reporting cycle is needed to ensure that the Member States' national programmes are fully aligned with EU level priorities and objectives.

The Commission proposes to move from the current system of annual programming within a multiannual framework in line with broadly defined political priorities to multiannual

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<sup>13</sup> P7\_TA(2011)0266 of 8 June 2011

programming preceded by a 'policy dialogue'. At the start of the next Multiannual Financial Framework, the Commission will initiate a single senior-level policy dialogue on home affairs funding with the individual Member States and, in the case of some parts of the Internal Security Fund, the Schengen associated states, prior to the negotiations on their multiannual programmes. By involving the central responsible authority of each participating State and focusing on how it will use EU funding to contribute to achieving all EU home affairs policy objectives, the policy dialogue will lead to a better focus on objectives, results and impacts (rather than inputs and outputs). The Commission will inform the European Parliament of the outcome of the dialogue.

As a rule, the distribution of funding between Member States will be based on a combination of a basic and a flexible amount. The basic amount, calculated on the basis of objective criteria and Member States' needs, will be allocated to the Member States at the start of the next Multiannual Financial Framework. This will ensure continuity of funding and give Member States the predictability they need to plan their national programmes adequately. A flexible amount will be added to the basic amount depending on each Member State's willingness to finance under its national programme actions that respond to specific EU priorities (to be distinguished from the 'Union actions' under centralised management). This funding would be allocated in two phases, during the policy dialogue at the start of the Multiannual Financial Framework and following a mid-term review in 2017. The envelope set aside for resettlement and/or relocation activities under the Asylum and Migration Fund will be distributed between the Member States on the basis of a biennial pledging exercise.

Taking into account the outcome of these policy dialogues, the national multiannual programmes will describe the baseline situation; lay down the general objectives the Member States are seeking to achieve in the home affairs area and the specific objectives they intend to achieve with the resources of the Fund. For those objectives, the programme will identify targets and examples of key actions. In addition, a financial plan will indicate how the allocated resources are to be committed and spent over the entire seven year period.

In order to assess progress, the Member States will have to report annually on the results achieved under their programmes and financial management. The policy dialogue will be resumed in the event a Member State requests changes to its multiannual programme. A mid-term review in 2017 will be the occasion to re-examine the situation in the Member States, the delivery of the programmes so far, and to allocate new resources for the last three years of the next Multiannual Financial Framework (2018-2020). These additional resources will be made available taking into account risks/needs assessments and/or changing EU priorities. The Commission will inform the European Parliament of significant changes to the multiannual programmes and of progress in the implementation of the programmes in general.

The management and control systems to be set up by the participating States will be simplified. In line with the revised Financial Regulation, they will aim to strengthen accountability by assigning responsibility for financial management to one authority, to reduce the number of layers of control and to contribute to providing assurance on the accounts, the proper functioning of the system, the legality and regularity of transactions and respect of the principle of sound financial management.

### 3.1.2. *Centralised management (direct and indirect)*

The funding that will be channelled through the Member States' national multiannual programmes will be complemented by appropriations earmarked for policy-driven activities to be managed under direct and indirect management.

Eligible actions are defined broadly in order to provide for a range of tools for law making and policy coordination. The so-called 'Union Actions' will provide support for transnational actions, particularly innovative actions and most of the actions in and in relation to third countries (external dimension). Funding will also be available for emergency actions implemented under a rapid emergency mechanism, to support networks such as the European Migration Network, technical assistance, studies and events, as well as the development under the responsibility of the Commission of new IT systems for the management of migration flows across the external borders of the Union.

These allocations will be treated as a single envelope, to be spent in view of policy developments or the situation in Member States or third countries. It is therefore possible that in a given year the full envelope will be spent on only one type of actions, for example emergency actions.

At a time of an expected reduction in the human and administrative resources available to the Commission, far less recourse will be made to calls for proposals which are time-consuming and labour intensive. In order to ensure flexibility and the quick and efficient delivery of funding, emergency actions and 'Union Actions' will be implemented by a range of actors such as international organisations (contribution agreements) and civil society organisations (framework partnerships) or by entrusting specific tasks to existing EU agencies such as Frontex, Europol and the EASO; the latter bearing in mind that agencies are also subject to staff reductions.

## 4. WHAT CHANGES? THE MAIN INNOVATIONS

Simplification is a major concern of stakeholders. The Stockholm Programme calls for "better/easier access" of beneficiaries to home affairs funding. During the public consultation on the future of home affairs funding, stakeholders also stressed the need to reduce administrative burden and simplify.

Considerable efforts have therefore been made to ensure that the new Funds are designed to optimise the delivery of funding. That is why there are significant differences between the architecture and regulatory framework of the new Funds and the set-up of the current generation of home affairs spending programmes. The main innovations are:

**An Asylum and Migration Fund and an Internal Security Fund.** Reducing the number of home affairs Funds to two comprehensive financing frameworks facilitates an integrated approach to spending on migration and security, making it easier to fund actions which are at present on the nexus between financial instruments. For example, due to the narrow definition of the target groups which can benefit from assistance, support for the improvement of reception and detention centres is currently spread across the European Refugee Fund and the Return Fund, depending on the type of target group that will benefit from the improvements (asylum seekers or those awaiting return). By bringing support for such measures together under a single Asylum and Migration Fund, synergies can be created and ultimately,

economies of scale. Reducing the number of spending programmes also increases the visibility of home affairs funding and therefore ensures that the impacts and added value of home affairs spending are properly appreciated. The actions funded by the home affairs Funds will seek full coherence with other EU policies, such as cohesion policy and justice and citizenship, and will be implemented in complementarity with the financial assistance provided through the EU instruments which support those policies.

**A common regulatory framework.** A shared set of rules on programming, reporting, financial management, controls and evaluation will generate a better understanding of the rules by all stakeholders and will ensure a high degree of coherence and consistency. Coherence is also reinforced by aligning the regulatory framework of the home affairs Funds with the revised Financial Regulation, its implementing rules and the rules that will apply to the other EU instruments under shared management, in particular those covered by the Common Strategic Framework.

**A policy dialogue for improved and more results-oriented shared management.** Moving, under shared management, to multiannual programming with a senior-level policy dialogue will ensure that the Member States' national programmes are fully aligned with EU policy objectives and priorities and focus on achieving results and impacts. The discontinuation of annual programmes will reduce significantly the administrative burden for the Commission, the Member States and the beneficiaries. The distribution of appropriations between the Member States on the basis of a combination of a basic and flexible amount will reconcile the need for continuity and stability with the need for flexibility and adaptation to change.

**An external dimension.** The external dimension components in each Fund will give the EU the means to pursue and achieve EU home affairs policy priorities and cater primarily for EU interests and objectives, supporting actions in third countries having a direct impact in the EU and its Member States. By ensuring continuity of financing, starting in the EU and continuing third countries and vice-versa, the internal and external aspects of migration management and internal security will be addressed more coherently for example in relation to the resettlement of refugees, implementation of readmission agreements, regional protection programmes, as well as cooperation with third countries to fight against trafficking of human beings, prevent terrorism and reinforce their external borders. Except for some specific actions, in particular under the Asylum and Migration Fund, these activities will be implemented by the Commission (centralised management) in partnership with third countries and key international organisations and in full coherence and complementarity with the Union's foreign policy and the funding provided through EU external aid programmes. The EU's external aid instruments will remain the main source of funding to support third countries' capacity building in the areas of migration and security.

**A better use of the expertise of the home affairs agencies.** The home affairs agencies play an important role in supporting practical co-operation between the Member States. In order to use more effectively the competences and expertise of the home affairs agencies, the Commission envisages making use of the possibility offered by the Financial Regulation to entrust the agencies with specific tasks in the framework of their missions, in accordance with their legal bases and in complementarity to their work programmes. This would be the case for actions which are of an ad hoc nature and where their successful implementation relies on the operational and technical expertise of the agencies. This is without prejudice to the overall staff reductions foreseen.

**An effective and rapid response to crises.** Recent events in Northern Africa illustrate how important it is for the EU to be able to react quickly and effectively to rapidly evolving crisis situations. A flexible emergency response mechanism in the two Funds will allow the EU to respond appropriately to mixed migratory flows and to crises in the area of internal security, such as terrorist attacks or cyber attacks. Fast-track procedures will ensure that funding can be released in a matter of days. Within the framework of shared management, Member States also have the possibility of including a reserve amount for unforeseen events in their multiannual programme. The Member State would be required to notify the Commission of its intention to use this reserve but no revision of the multiannual programme would be required, thus increasing flexibility in the event of crises.

## LEGAL ARCHITECTURE OF THE TWO FUNDS

Four legislative proposals are needed to establish, in accordance with the Treaty, two Funds which can cover the policy objectives of migration and security in a comprehensive manner, and to properly underpin the operation of the two Funds through a common and simple framework.

Unlike the Asylum and Migration Fund, which is established through a single Regulation, the creation of the Internal Security Fund requires the adoption of two legislative instruments. This is due to the Treaty provisions that apply to the home affairs area, in particular different voting rules in the Council stemming from variable geometry pursuant to Protocols 19 (on the Schengen acquis), 21 (the position of the United Kingdom and Ireland in respect of the area of Freedom, Security and Justice) and 22 (on the position of Denmark, including in relation to Title V, part three of the Treaty).

The Internal Security Fund is therefore created as a comprehensive financing framework which is composed of two separate acts, setting up the different components of the Fund and laying down the objectives, the eligible actions and the envelopes of each component:

- A Regulation establishing, as part of the Internal Security Fund, the instrument for financial support for police co-operation, preventing and combating crime, and crisis management;
- A Regulation establishing, as part of the Internal Security Fund, the instrument for financial support for external borders and visa.

The two Funds should function as much as possible with identical delivery mechanisms and have a structure that resembles as closely as possible that of other EU financial instruments under shared management, in particular the Funds covered by the Common Strategic Framework. This is achieved through the creation of a horizontal instrument, applicable to the Asylum and Migration Fund and the two components of the Internal Security Fund (either directly or through cross-references), laying down the rules on programming, management and control, financial management reporting and evaluation. It will also provide for the establishment of a common Committee.

The creation of this common instrument presents three distinct advantages. First, it avoids duplication and reduces significantly the number of (otherwise identical parallel) provisions in the two Funds. Second, it achieves simplification and consistency because the same rules will apply to all beneficiaries, regardless of which home affairs instrument their funding comes from, thereby facilitating understanding of and access to the Funds. Third, the establishment of a common Committee for both Funds will encourage each participating State to designate one single interlocutor for all home affairs policies.