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Factsheet
November 2025

Innovative financing for the Pact on Migration and Asylum

Financial instruments and blended finance

European Commission

European Investment Bank | Advisory

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Abbreviations

Abbreviation	Full name
AMIF	Asylum, Migration and Integration Fund
BDS	Business development services
BMVI	Border Management and Visa Instrument
CEB	Council of Europe Development Bank
CPR	Common Provisions Regulation
DG HOME	Directorate-General for Migration and Home Affairs
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
ESF/ESF+	European Social Fund / European Social Fund Plus
FMFIB	Fund Manager of Financial Instruments in Bulgaria
ISF	Internal Security Fund
MFI	Microfinance institution
PAFMI	Partnerships and Financing for Migrant Inclusion
RCD	Reception Conditions Directive
SIFTA	Social Inclusive Finance Technical Assistance
SME(s)	Small and medium-sized enterprise(s)
TCN(s)	Third-country national(s)

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01 Introduction

1.1 The Pact on Migration and Asylum

The Pact on Migration and Asylum[1], adopted by the European Parliament in April 2024, is a set of new rules[2] managing migration and establishing a common asylum system at EU level.

The four pillars of the new migration and asylum policy include:

Figure 1: A common EU system to manage migration.

Secure external borders	Fast and efficient procedures	Effective system of solidarity and responsibility
Robust screening	Clear asylum rules	Permanent solidarity framework
Eurodac asylum and migration database	Guaranteeing people's rights	Operational and financial support
Border procedure and returns	EU standards for refugee status qualification	Clearer rules on responsibility for asylum applications
Crisis protocols and action against instrumentalisation	Preventing abuses	Preventing secondary movements

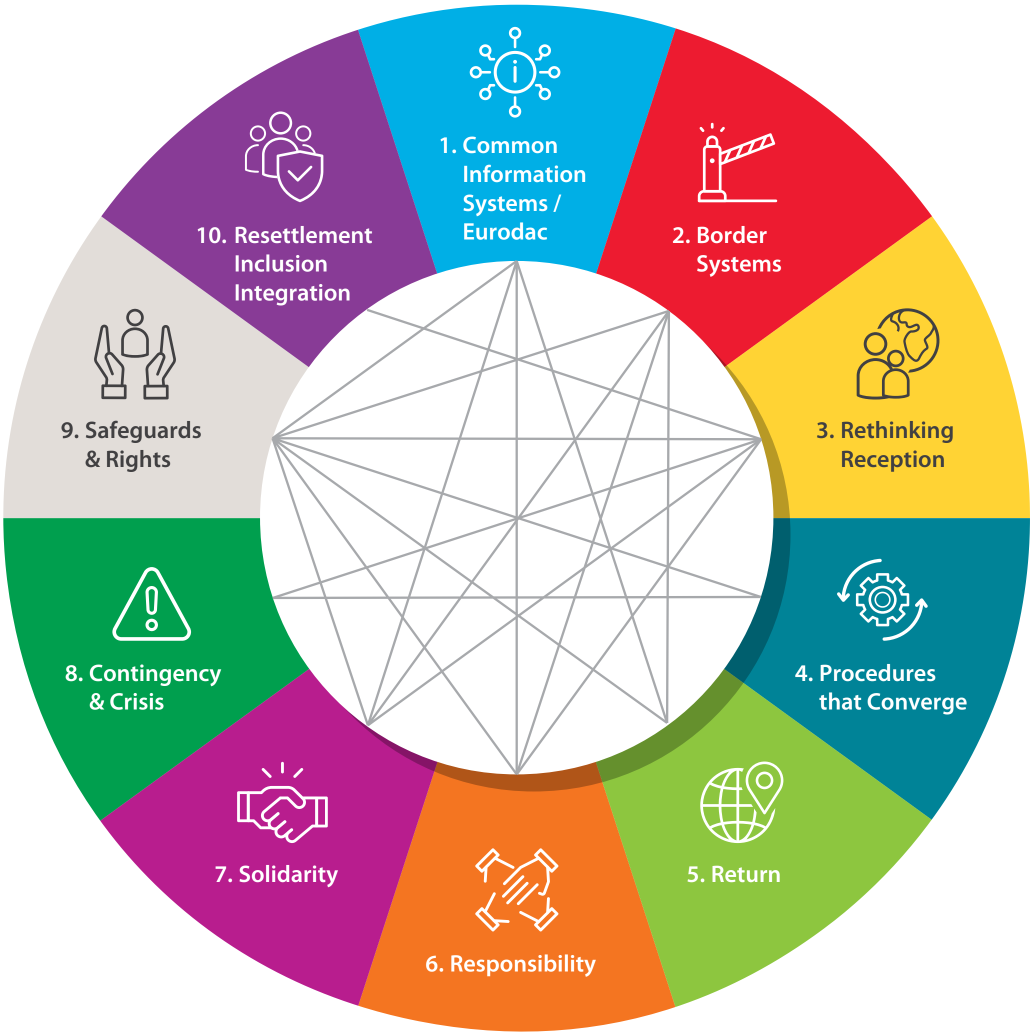
Embedding migration in international partnerships		
	Preventing irregular departures	Fighting migrant smuggling
	Cooperation on readmission	Promoting legal pathways

Source: https://home-affairs.ec.europa.eu/policies/migration-and-asylum/pact-migration-and-asylum_en#what-is-the-pact-on-migration-and-asylum.

1 For more information visit the European Commission website: Pact on Migration and Asylum - European Commission.
2 For more information visit the European Commission website: Legislative files in a nutshell - European Commission.

The Common Implementation Plan[3], published in June 2024, set the target for full operationalisation of the Pact on Migration and Asylum by July 2026 and grouped the core obligations into ten building blocks:

Figure 2: Common Implementation Plan for the Pact on Migration and Asylum.



Source: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Common Implementation Plan for the Pact on Migration and Asylum.

Following the key milestones for the two-year implementation period, the Member States were requested to provide their National Implementation Plans to the Commission by end 2024. These plans outline how each Member State will adapt the Pact's obligations to its own legal and operational systems, considering national challenges and readiness levels.

3 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Common Implementation Plan for the Pact on Migration and Asylum.

In March 2025, the Commission mobilised a package of EUR 3 billion under the Asylum Migration and Integration Fund (AMIF) and the Border Management and Visa Instrument (BMVI) for the preparation and implementation of the Pact on migration and asylum (the 'Pact'). These additional resources will be shared across the AMIF and BMVI programmes of all Member States to support Pact-relevant actions and, in the case of AMIF, actions related to the management of displaced persons from Ukraine benefiting from temporary protection. Additionally, at the same time, most of the Member States will receive further allocations in their AMIF and BMVI programmes, stemming from the programmes' mid-term review process. The mid-term budget that is reaching the Member States amounts to around EUR 900 million for AMIF and EUR 530 million for BMVI. Both, the Pact and the mid-term additional allocations, will be assigned to the programmes by the end of 2025 and will cover the period 2025 to 2027.

Concerning specifically the Pact, the Commission has identified strategic priorities for funding, reflecting essential elements that are required for ensuring preparedness for a smooth functioning of the Pact at European level. Among others, the priorities most relevant for financial instruments and blended finance include:

- Sufficient capacity and effective functioning of reception systems;
- Correct implementation and effective functioning of key elements of the Asylum and Migration Management regulation, such as Dublin transfers and the new Solidarity Mechanism;
- Putting in place and delivering on the new system for the border (screening and border procedures);
- Capacity to ensure fast and smooth returns after the issuing of return decisions.

1.2 Objective and audience of this fi-compass factsheet

This fi-compass factsheet aims to assist Member States in identifying **innovative financing solutions**, involving specifically **financial instruments** and **blended finance**, for measures implementing or linked to the EU Pact on Migration and Asylum, where financing beyond sole grant funding can be considered. The publication is primarily intended for Managing Authorities responsible for programming and implementing EU Funds – the Asylum, Migration and Integration Fund (AMIF) and other relevant EU funding instruments such as the European Social Fund Plus (EFS+) and the European Regional Development Fund (ERDF) – that support, among other objectives, the implementation of these measures. It can also be helpful for other audiences, including financial institutions and final recipients.

The factsheet examines such solutions in support areas linked to three building blocks:

- **Building block 10 'Resettlement, Inclusion and Integration'** – contributing to promoting entrepreneurship and employment;
- **Building block 3 'Rethinking reception'** – contributing to addressing needs related to reception centres and housing;
- **Building block 2 'A new system to manage migration at the EU external borders'** – contributing to infrastructure development.

For each area, project types suitable for innovative financing are identified. The factsheet summarises key options for innovative financing that may be considered for these project types.

These non-exhaustive examples can help authorities explore innovative financing strategies for some of the measures foreseen in or linked to their respective National Implementation Plans.

This document is aimed at providing a first overview, serving as a source for inspiration and reflection at national level. For more information, please contact your counterparts at Directorate-General for Migration and Home Affairs (DG HOME) as well as the fi-compass team.

02

A look beyond grants: Financial instruments and blended finance

2.1 What are financial instruments

Financial instruments in the meaning of Art. 2 of the Common Provisions Regulation[4] are a form of support where EU shared management Funds are delivered via a structure through which financial products are provided to final recipients. Financial instruments can take different forms such as **loans, guarantees, equity and quasi-equity**. Financial instruments provide an alternative to grant funding and are suitable wherever the investment is likely to lead to financial returns or savings which can be used to repay the investments.

An example of a financial instrument supporting third-country nationals (TCNs), among other vulnerable groups, is the Mikromezzaninfonds implemented under the 2014-2020 European Social Fund (ESF) in Germany.

Set up in 2013, the Mikromezzaninfonds II provided mezzanine capital through silent partnerships. This type of investment is similar to a loan, but the investor participates in the profits of the enterprise. Final recipients of Mikromezzaninfonds were mainly small and medium-sized enterprises (SMEs) as well as enterprises led by people from vulnerable groups, including TCNs, who are often excluded from traditional access to finance for their entrepreneurial undertaking due to e.g. high-risk perception or no collateral and credit history.

Read more about this example here: A solution for Benjamin.

Some financial instruments are also managed centrally by the European Commission, for instance the InvestEU programme. An example of an InvestEU product that supports also TCNs, among other vulnerable groups, is the Microfinance & Social Entrepreneurship Portfolio Guarantee Product, implemented by the European Investment Fund (EIF).

Member States have also the option to contribute a portion of their Cohesion Policy funds or Recovery and Resilience Facility (RRF) resources to the InvestEU **Member State compartment**[5], tailored to their specific policy priorities. As of 1 January 2023, Member States can contribute to the Member State compartment up to 3% of the initial national allocation through one or more programme amendment requests. Under the Member State compartment, loans, guarantees or equity investments can be offered as a complement to other public and private investments. Setting up a Member State compartment is possible for example for the ESF+ or ERDF.

4 Regulation (EU) 2021/1060.
5 More information on the Member State compartment can be found in the fi-compass publication 'ESF+ financial instruments. Handbook', pages 38-40.

The use of allocations under the 2021-2027 Home Affairs Funds – the AMIF, the BMVI as well as the Internal Security Fund (ISF) – is not possible for the Member State compartment according to Article 2(11) Regulation (EU) 2021/523[6].

Financial instruments offer **benefits** that make them an attractive addition to traditional grant support:

- **Revolving effect**: money repaid by final recipients can be reused multiple times as repayments are reinvested into new projects to support the programme objectives.
- **Leverage effect**: financial instruments can attract additional public and private co-investment to multiply the amount of financing available to final recipients.
- **High impact**: financial instruments can address investment needs in areas that are economically viable but underserved by the market. Financial instruments are closer to the market and implemented by financial intermediaries who bring their own sector expertise. Thus, finance is targeted at viable projects with robust business plans, increasing the impact of the investments made.
- **Complementarity to grants**: the CPR created broad opportunities to combine financial instruments under shared management Funds with different types of grants, including interest rate subsidies, technical support, capital grant and capital rebate[7]. These combination opportunities further enhance the potential range of financial instruments.
- **Targeting financing gaps**: financial instruments allow for the tailoring of interventions to address specific market gaps, for example by increasing access to microfinance for entrepreneurial migrants.
- **Flexibility and social return**: financial instruments can be designed to accommodate investments with longer payback periods or lower immediate returns, such as investments in migrant education or community housing. They enable public policy to support socially valuable interventions that are not always attractive to private investors.

New to financial instruments?

This fi-compass page can help you get up to speed in the world of EU shared management financial instruments.

Dedicated fi-compass resources on financial instruments in the area of integration of TCNs can be found here, including the study 'The potential for financial instruments supporting migrant integration'.

6 Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017.

7 More information on combination of financial instruments and grants can be found in the fi-compass publications 'Combination of financial instruments and grants' and 'Combining ESF+ financial instruments with grants'.

2.2 What is combination and blended finance

Under certain conditions, using financial instruments together with grants allows more resources to be mobilised, results in a larger overall impact, and helps address the needs of final recipients, including project elements that may not generate revenue and therefore require grant support.

Financial instruments can be used together with grants in different ways. In practice, there is no single specific definition of the terms 'combination' and 'blending', and in some resources they are used interchangeably with other expressions such as 'pooling' or 'mixing'. For the purpose of this publication, we use the following understanding.

Combination is a concept used in the context of the Common Provisions Regulation (CPR), although with no formal definition[8]. It covers a broad range of situations where financial instruments and grants are brought together *in the framework of EU shared management Funds*. Combination may involve different sources of funding supported by the EU budget, or different forms of support, such as grants alongside loans or guarantees. In the 2021-2027 programming period, combination can take place either within a single operation or across two separate operations, and specific CPR rules apply to how such support may be structured and used in practice. When combining in a single operation, the grant is directly linked to the financial instrument and targets the same final recipients, for example through a technical support subsidy, capital grant, interest rate subsidy or capital rebate[9]. The financial instrument and the grant together form one operation, which is subject to the financial instrument provisions of the CPR (with certain exceptions, for example VAT). When combining in two operations, the same project or final recipient may receive support from both a grant and a financial instrument, which remain distinct and subject to separate rules, eligible expenditure and reporting.

Blended finance is a broader concept and is generally not used in the context of the CPR, but rather in the wider financial sector to describe the process whereby different resources are mixed within a single mechanism or facility and subsequently used in financial products. In such cases, the various funding sources form a single, homogeneous funding stream. Blending can, for instance, combine EU grants *with loans or guarantees from EU-level financial institutions* such as the European Investment Bank (EIB), the European Investment Fund (EIF) or the Council of Europe Development Bank (CEB). Its primary purpose is to de-risk investments and make projects bankable.

Typical lenders in such schemes are national promotional banks and institutions (NPBIs) as well as international financial institutions such as the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

What are NPBIs?

National promotional banks and institutions (NPBIs) are public financial entities established by EU Member States to support their economic development and public policy objectives at national and regional levels. In many Member States, NPBIs are strategic partners in designing and implementing financial instruments under shared management Funds. Their experience in this area, local market knowledge, risk-sharing capabilities and co-financing possibilities make them well-positioned to deliver tailored investment solutions. Collaborating with NPBIs enables Managing Authorities to optimise the use of shared management Fund resources, including when combining grants with financial instruments.

8 The legal basis is set out in the Common Provisions Regulation [Regulation (EU) 2021/1060 of the European Parliament and of the Council], in particular Article 58(4)–(6).

9 For further details, refer to the fi-compass factsheet on the Combination of financial instruments and grants under shared management funds in the 2021-2027 programming period

Blended finance examples:

Partnerships and Financing for Migrant Inclusion (PAFMI)

The AMIF Union Action financed Partnerships and Financing for Migrant Inclusion (PAFMI) initiative aimed to support the integration of migrants in the EU through the development of new partnerships and new forms of financing[10]. The grants supported four pilot projects in Belgium, Finland, Italy and the Netherlands, each focusing on migrant integration through training, coaching, mentoring, financial education and community-based initiatives. In case of three of the four PAFMI projects, these actions were linked to CEB loans to microfinance institutions and municipalities, which provided microloans to migrant entrepreneurs and funding for local integration projects. This structure demonstrated how grants and financial instruments can effectively work together: grants reduced the risk and enabled capacity-building, while loans expanded access to finance. The PAFMI pilots thus showed the added value of blended finance for financial inclusion, both at the level of municipalities and local authorities implementing integration projects, and at the level of microfinance institutions providing credit to migrant entrepreneurs.

InvestEU Blending Facility for Microfinance

The InvestEU Blending Facility for Microfinance, financed by the European Social Fund Plus (ESF+) and implemented by the Council of Europe Development Bank (CEB), is a new initiative with the aim to improve access to finance for vulnerable groups and strengthen the microfinance ecosystem across the EU. CEB loans under InvestEU will be combined with grants in the form of business development services (BDS) and interest rate subsidies, in order to expand affordable microcredit for groups such as migrants, women, Roma, NEETs[11] and low-income individuals.

10 PAFMI was implemented by the Council of Europe Development Bank (CEB), with a EUR 3.5 million EU contribution through the AMIF.
11 Not in Education, Employment or Training.


Organic ingredients
and Lots of Love

03 Innovative financing solutions for three key support areas

The building blocks of the Common Implementation Plan may encompass a broad range of measures across different areas. While many of these are best supported through non-repayable grant financing, particularly in areas with limited revenue-generating or cost-saving potential, others may present opportunities for more innovative financing approaches, including financial instruments combined with different types of grants as well as blended finance.

These areas have been identified as having the greatest potential for such innovative financing solutions:

Relevant building block of the Common Implementation Plan	Key support area with potential for innovative financing solutions beyond grants
Building block 10 'Resettlement, Inclusion and Integration'	Entrepreneurship and employment
Building block 3 'Rethinking reception'	Reception centres and housing
Building block 2 'A new system to manage migration flows at the EU external borders'	Infrastructure development

The sections below present potential financing solutions beyond traditional exclusive grant funding to support each of these three key areas relevant to the implementation of the Pact for Migration and Asylum, with examples of relevant projects suitable for innovative finance as well as examples of such innovative finance solutions. Ultimately, the choice of the financing modalities depends on each Member State's priorities as outlined in their National Implementation Plan.

3.1 Building block 10 and supporting entrepreneurship and employment

3.1.1 Context

Art. 17 Reception Conditions Directive

Member States shall ensure that applicants have access to the labour market no later than six months from the date on which the application for international protection was registered.

Building Block 10 'Resettlement, Inclusion and Integration' of the Common Implementation Plan refers *inter alia* to measures to enhance entrepreneurship and employment of TCNs in the EU. Integration capacity encompasses the ability of Member States to provide timely and inclusive access to housing, language learning and other social services to TCNs but also access to the labour market and entrepreneurship. Enhancing employment and business opportunities for TCNs is crucial to implementing the Pact on Migration and Asylum.

Provision of opportunities for TCNs to launch entrepreneurial activities or join the labour market offers clear economic and social benefits to the Member States. Besides driving economic growth and creating new jobs, it helps to integrate TCNs faster in their new host country. Dedicated TCN entrepreneurship and employability support can start already in the early integration phase of TCNs and contribute to their long-term integration.

TCNs face persistent barriers to labour market entry and business creation. These are often linked with unfamiliarity with legal and administrative systems, language barriers and limited access to finance. Tailored **business development services (BDS)**[12] are critical to overcoming some of these challenges, yet the BDS offer to TCNs is often limited and underfunded.

On the supply side of financing, **microfinance institutions** (MFI) – offering small entrepreneurial loans to vulnerable groups such as TCNs – face challenges to meet the high demand for such financing. Many microfinance providers lack sufficient liquidity to scale lending, especially to riskier or more excluded groups. Their access to external capital is often constrained by high interest rates, which would need to be passed on to borrowers. To lend to TCNs viably, microfinance providers often require also risk-sharing mechanisms such as guarantees. Products like the InvestEU Microfinance & Social Entrepreneurship Portfolio Guarantee, implemented by the EIF, are valuable, but frequently oversubscribed and inaccessible to smaller MFIs. In this context, there is a need for innovative financing models ideally blending financial instruments with grant-funded BDS services.

The fi-compass study 'The potential for financial instruments supporting migrant integration' Part 1: Market Assessment Report, pages 18-59, provides more background information on the barriers for TCNs, the scope and nature of microfinance and the potential of BDS and microfinance for support to TCNs.

12 Business Development Services (BDS) refer to non-financial services provided, directly or indirectly, by financial intermediaries to micro-entrepreneurs, typically including mentoring, coaching and training services. For more information on BDS, please see fi-compass study 'The potential for financial instruments supporting migrant integration' Part 1: Market Assessment Report, page 29.

3.1.2 Examples of project types potentially suitable for innovative financing

Some project types implementing or linked to the Pact on Migration and Asylum and focusing on the area of entrepreneurship and employment might be suitable for innovative financing including repayable forms of support – such as financial instruments combined with grant or blended finance.

Examples of such project types are included in the table below:

Table 1: Project types in the area of entrepreneurship and employment potentially suitable for financing through innovative solutions (non-exhaustive list).

Project type	Objective
Language and civic education courses	Promote linguistic integration and social cohesion by enabling TCNs to communicate effectively, understand local norms and engage independently with public services and civic life, and ultimately helping them to access the labour market of their new home country.
Vocational training aligned with local labour markets	Improve the employability of TCNs by equipping them with job-relevant skills that respond to regional labour shortages and economic opportunities, thereby facilitating their labour market integration.
Access to microfinance for entrepreneurial TCNs	Facilitate the creation of micro and small enterprises by TCNs through access to tailored financial support, such as microloans with favourable financing conditions.
Business development services (BDS)	Enable TCNs to pursue self-employment or freelance work by improving their entrepreneurial skills, financial literacy and vocational training.
Social and solidarity-based entrepreneurship	Promote the creation and development of cooperatives or social enterprises led by or employing TCNs to foster social inclusion and job creation.

Source: fi-compass.

3.1.3 Examples of innovative financing solutions in the area of entrepreneurship and employment

The project type examples mentioned above can be suitable for different forms of innovative financing. Current financing models such as financial instruments (e.g. loans and guarantees supporting microfinance) or blending of loans and grants often do not meet the high demand. Therefore, additional innovative financial solutions are needed to expand financing supporting entrepreneurship and employment of TCNs and other vulnerable groups. A number of financing sources can be considered as suitable, depending on the scope of the projects.

Examples of potential innovative financing solutions in the area of entrepreneurship and employment are summarised in the below table.

Table 2: Examples of potential innovative financing options in the area of entrepreneurship and employment (non-exhaustive list).

POTENTIAL FINANCING OPTIONS	Option 1 Guarantee instrument supporting microfinance, potentially combined with grant	Option 2 Liquidity instrument supporting microfinance, potentially combined with grant	Option 3 Loans supporting social enterprise finance, potentially blended with grant	Option 4 Guarantee instrument supporting social enterprise finance, potentially combined with grant
Financing structure	Portfolio guarantee facility combined with grant support	Loan financial instrument combined with grant support	Loans blended with grant support	Portfolio guarantee facility combined with grant support
Purpose of the financing	• Microloans supporting entrepreneurial TCNs (among other vulnerable groups); • Grants for e.g. interest-rate subsidy, capital grant and/or technical support (covering e.g. different types of BDS such as mentoring, coaching and training).	• Microloans supporting entrepreneurial TCNs (among other vulnerable groups); • Grants for e.g. interest-rate subsidy, capital grant and/or technical support (covering e.g. different types of BDS such as mentoring, coaching and training).	• Support to social enterprises delivering vocational training, civic education, or language courses to TCNs; • Grants for e.g. technical support.	• Improve access to financing for projects promoting TCN labour market integration, such as enterprises delivering language and civic education courses, vocational training, or BDS tailored to the needs of e.g. TCNs; • Grants for e.g. interest-rate subsidy, capital grant and/or technical support (covering e.g. different types of BDS).
Potential financial sources[13]	• Central guarantee financial instrument (InvestEU) or national or regional guarantee financial instrument under e.g. ESF+; • Grant components can be financed through different sources such as AMIF, ESF+ or other EU resources, national, regional, local budgets.	• National or regional financial instrument under e.g. ESF+[14]; • Grant components can be financed through different sources such as AMIF, ESF+ or other EU resources, national, regional, local budgets.	• Loans by e.g. EIB, CEB, NPBIs; • Grant components can be financed through different sources such as AMIF, ESF+ or other EU resources, national, regional, local budgets.	• Central guarantee financial instrument (InvestEU) or national or regional guarantee financial instrument under e.g. ESF+; • Grant components can be financed through different sources such as AMIF, ESF+ or other EU resources, national, regional, local budgets.

13 Final recipients can potentially also benefit from additional grant support, if such schemes are created and depending on the scope and definition of a particular project and subject to alignment with the eligibility rules for both forms of support.
14 Potentially also a direct loan from e.g. EIB, CEB, NPBIs to a microfinance provider is possible.

POTENTIAL FINANCING OPTIONS	Option 1 Guarantee instrument supporting microfinance, potentially combined with grant	Option 2 Liquidity instrument supporting microfinance, potentially combined with grant	Option 3 Loans supporting social enterprise finance, potentially blended with grant	Option 4 Guarantee instrument supporting social enterprise finance, potentially combined with grant
Type of financial intermediary involved in the financial instrument	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIF); • Microfinance providers.	• National / regional promotional banks and institutions; • Microfinance providers.	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIB, CEB); • Social enterprise finance providers including ethical banks and other social financial institutions.	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIF); • Social enterprise finance providers including ethical banks and other social financial institutions.
Final recipients[15]	TCN entrepreneurs (among other vulnerable groups).	TCN entrepreneurs (among other vulnerable groups).	Final recipients may comprise but are not limited to social enterprises, foundations and cooperatives focused on integration, education and employment of TCNs.	Final recipients may comprise but are not limited to social enterprises, foundations and cooperatives focused on integration, education and employment of TCNs.

15 The final recipients shall be eligible under EU and national law, the relevant programme and funding agreement.

POTENTIAL FINANCING OPTIONS	Option 1 Guarantee instrument supporting microfinance, potentially combined with grant	Option 2 Liquidity instrument supporting microfinance, potentially combined with grant	Option 3 Loans supporting social enterprise finance, potentially blended with grant	Option 4 Guarantee instrument supporting social enterprise finance, potentially combined with grant
Examples	**The InvestEU Microfinance and Social Entrepreneurship Portfolio Guarantee Product** The Microfinance and Social Entrepreneurship Portfolio Guarantee Product is part of the InvestEU programme within its Social Investment and Skills window. It is an example of a centrally managed financial instrument. The product is implemented by the EIF and aims to enhance access to finance for micro- and social enterprises (including the self-employed), including TCNs, thus supporting the development of a nascent market for inclusive and social finance. It is offered to financial intermediaries in the form of a capped (counter-) guarantee. The rate is up to 80% with respect to each loan transaction and the cap is set at the level of the expected loss, but not exceeding 30% of the loan portfolio. Eligible financial intermediaries are banks, non-banks, credit cooperatives and leasing companies. Support from this product can be complemented with BDS grant support to e.g. microfinance providers. Read more here.	**Mikrodarlehen, Saxony, Germany** The 2014-2020 ESF microloan instrument in Saxony, Germany was implemented with a financial size of EUR 17m from the OP resources for transition regions. The instrument is an example of a financial instrument implemented with shared management Funds. The management of the fund was entrusted to SAB, the regional promotional bank of the Federal State of Saxony. The microloan instrument provided affordable and tailored financing for microentrepreneurs active in the region, together with soft support aimed at increasing the technical capacity of the final recipients. Read more here.	**EIB loan to Banca Etica, Italy** Banca Etica, a cooperative bank operating in Italy, and the EIB signed in 2024 a EUR 60m loan, which is expected to mobilise over EUR 165 million in investments aimed at generating social impact. The loan enables Banca Etica to finance operations in three key areas: refugee integration, gender equality and social cohesion. Specifically, the refugee integration component supports initiatives of e.g. Italian cooperatives and social enterprises facilitating labour market access for refugees. This financial support is complemented by advisory services provided by EIB Advisory under the Social Inclusive Finance Technical Assistance (SIFTA) programme, part of the InvestEU Advisory Hub initiative. Read more here.	**The InvestEU Skills and Education Portfolio Guarantee Product** The Skills and Education Portfolio Guarantee Product is part of the InvestEU programme within its Social Investment and Skills window, implemented by the EIF. The product supports investments in skills, education and training. Eligible financial intermediaries are those providing financing to students and learners, entities investing in upskilling their workforce, entities supplying education and training and entities supplying services ancillary to education. The product has a cap rate of up to 25% of the loan portfolio and 80% with respect to each loan transaction for individuals (students and learners) and 70% with respect to each loan transaction for SMEs, small mid-caps or small public enterprises. Read more here.

POTENTIAL FINANCING OPTIONS	Option 1 Guarantee instrument supporting microfinance, potentially combined with grant	Option 2 Liquidity instrument supporting microfinance, potentially combined with grant	Option 3 Loans supporting social enterprise finance, potentially blended with grant	Option 4 Guarantee instrument supporting social enterprise finance, potentially combined with grant
Examples	**Guarantee for microloans, Bulgaria** The instrument is an example of a financial instrument implemented with shared management Funds. The capped portfolio guarantee for microloans was developed with a financial size of EUR 3.1m from the 2014-2020 ESF Operational Programme Human Resource Development and was implemented by the Fund Manager of Financial Instruments in Bulgaria (FMFIB). It targeted small businesses, owned and managed by people from vulnerable groups, including TCNs. The primary objective of the instrument was to facilitate easier access to finance and the creation of new jobs, including those in self-employment opportunities. The instrument addressed the financing gap for target recipients deemed too risky by the market and was designed to provide preferential conditions compared to market offerings considering rates and costs. Support from such instruments can be complemented with BDS grant support to microfinance providers. Read more here.	**Qredits' Entrepreneurial Training Programme for Migrants under PAFMI** The Qredits' Entrepreneurial Training Programme for Migrants was part of DG HOME Union Action funded PAFMI initiative and aimed to promote the financial inclusion of migrants in the Netherlands by providing BDS, including entrepreneurship training targeted at TCNs with a business idea or with an entrepreneurial background from their country of origin. The project was managed by Qredits, a microfinance institution in the Netherlands, in collaboration with the Netherlands Chamber of Commerce and the Dutch Council for Refugees. The AMIF grant financed the training and coaching components, while access to **microloans was supported through Qredits with financing backed by the Council of Europe Development Bank (CEB).** This blended structure enabled the participants to improve their business skills, expand their network and improve opportunities to secure business funding (microloan) and be successfully self-employed. Qredits provided the funding for the purpose of starting a business through a CEB loan backed by InvestEU. Read more here.		

POTENTIAL FINANCING OPTIONS	Option 1 Guarantee instrument supporting microfinance, potentially combined with grant	Option 2 Liquidity instrument supporting microfinance, potentially combined with grant	Option 3 Loans supporting social enterprise finance, potentially blended with grant	Option 4 Guarantee instrument supporting social enterprise finance, potentially combined with grant
Examples	**BDS pilot for migrants and refugees under the EaSI Microfinance Guarantee** The BDS pilot within the Employment and Social Innovation (EaSI) programme, was a pioneering grant initiative launched in 2018 to support financial and social inclusion of migrants and refugees in the EU. It provided partial coverage for the costs incurred by participating financial intermediaries for their mentoring, coaching and training activities for this vulnerable group. The pilot, managed by the EIF, has aided over 2 000 entrepreneurial migrants and refugees and played an important role in promoting self-employment among those that had previously been excluded from traditional credit channels. Read more here.			

Source: fi-compass.

For more information, please read the fi-compass study 'The potential for financial instruments supporting migrant integration' Part 2: Design options for financial instruments and potential combination with grants pages 8-29.

3.2 Building block 3 and supporting reception centres and housing

3.2.1 Context

Art. 20 Reception Conditions Directive

Where Member States provide housing in kind, they shall ensure that such housing provides the applicant with an adequate standard of living […] as well as with necessary support to account for applicants' special reception needs. The housing provided shall take one or a combination of the following forms: (a) premises used for the purpose of housing applicants during the examination of an application for international protection made at the border or in transit zones; (b) accommodation centres; (c) private houses, flats, hotels or other premises adapted for housing applicants.

Art. 4 Return Border Procedure Regulation

Member States shall require the persons referred to in paragraph 1 [i.e. TCNs] to reside for a period not exceeding 12 weeks in locations at or in proximity to the external border or transit zones. Where a Member State cannot accommodate such persons in those locations, it may resort to the use of other locations within its territory.

Building block 3 'Rethinking reception' of the Common Implementation Plan refers *inter alia* to the reception capacity of Member States. Thus, the provision of adequate reception facilities and other temporary housing solutions for TCNs play a key role in the implementation of the Pact on Migration and Asylum.

Reception capacity relates to the ability of Member States to provide adequate material conditions – such as **housing** – to applicants for international protection, while also addressing their healthcare, education and early integration needs. The recast Reception Conditions Directive (RCD) aims to harmonise standards across the EU, ensuring comparable living conditions and supporting effective asylum procedures, including transfers under responsibility rules. Member States are to transpose the recast RCD into national law by 12 June 2026.

Reception facilities offer usually only short-term shelter. In this context, also the provision of subsequent, more permanent housing solutions for TCNs plays a key role in ensuring integration of TCNs in their new home country. Without stable housing, TCNs face severe barriers, for instance in accessing employment.

The decline of investments in the affordable and social housing sector since 2009 has led to a general housing crisis in the European Union, i.e. a shortage in both the quantity and quality of available dwellings and a growing demand for accommodation, severely affecting the general population, and especially the vulnerable groups.

For the majority of TCNs entering the EU, the private rental market remains the primary and often the only housing option available. This heavy reliance presents major challenges. TCNs generally face greater difficulty than EU nationals in securing adequate and affordable housing. Common demand-side obstacles include high upfront costs (e.g. deposits, insurance, broker fees), precarious employment conditions, language barriers and discrimination. TCNs are also often required to provide extensive documentation, such as proof of financial stability, employment contracts and legal residence status, which can be difficult to obtain, especially shortly after arrival. Meanwhile, supply-side limitations persist due to underinvestment, limited targeted housing stock for TCNs, and insufficient coordination between housing and integration services.

For more background, read the fi-compass study 'The potential for financial instruments supporting migrant integration' Part 1: Market Assessment Report, pages 61-90.

Many of the above challenges occur within the broader context of the EU's housing market, which has prompted the European Commission to develop the first-ever European Affordable Housing Plan[16]. This plan aims to address the housing crisis affecting millions of people across the EU. As part of this initiative, the Commission is conducting an Affordable Housing Dialogue throughout 2025 to collect knowledge and data from stakeholders across Member States[17].

Additionally, the Commission has published in April 2025 the Staff Working Document titled 'Model for Financial Instruments and Grants with Co-financing from the EIBG and Others for Affordable Housing'. This document outlines combined financial instruments and grant options to help Member States address market failures and accelerate the provision of affordable housing. The proposed models aim to support investments in both tangible and intangible assets.

3.2.2 Examples of project types potentially suitable for innovative financing

Some project types implementing or linked to the Pact on Migration and Asylum and focusing on the area of reception centres and, more generally, inclusive housing might be suitable for financing, including repayable forms of support; such as financial instruments combined with grant or blended finance.

Examples of such project types are included in the table below:

Table 3: Project types in the area of reception centres and housing potentially suitable for financing through innovative financial solutions (non-exhaustive list).

Project type	Objective
Reception centres and other temporary housing for TCNs – New construction or repurposing of existing buildings	Build modular, scalable reception facilities or refurbish and energy-efficient modernisation of existing buildings to accommodate high and unpredictable inflows of migrants and asylum seekers, including in border or transit zones.
Affordable housing – Renovation of existing buildings	Refurbish and modernise buildings to transform them into energy-efficient long-term housing units for vulnerable groups / general population, including TCNs.
Affordable housing – Construction of new buildings	Building new affordable housing units to provide safe, accessible and affordable homes for vulnerable groups / general population, including TCNs.
Provision of non-financial services linked to housing for TCNs	Develop integrated support services tailored to the needs of vulnerable groups, including TCNs, with a focus on social inclusion.
Supporting relocation of TCNs	Provide financial support to cover part of the housing-related expenses (such as rent, deposits, utilities or relocation costs) for TCNs, to facilitate smoother integration.
Technical infrastructure for education and vocational BDS	Improve physical and digital access to learning and entrepreneurship support.
Capacity building of education and training institutions	Enhance the quality and scalability of education and vocational programmes by equipping training providers with skills and methodologies adapted to the needs of migrant learners.

Source: fi-compass.

16 Read further: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14670-European-affordable-housing-plan_en
17 This dialogue includes a public consultation, which runs until 17 October 2025, aiming to gather input on various aspects of affordable housing, including financing, state aid, construction, zoning and permitting, labour and skills, rental markets, and governance.

3.2.3 Examples of innovative financing solutions in the area of reception centres and housing

The project type examples mentioned above can be suitable for different forms of innovative financing. Current financing models such as financial instruments (e.g. energy efficiency renovation loans, personal loans) or blending of loans and grants are, however, often fragmented and insufficient in scale. Therefore, additional innovative financial solutions are needed to expand financing of inclusive and sustainable housing solutions. A number of financing sources can be considered as applicable, depending on the scope of the projects.

Examples of potential innovative financing solutions for the area of reception centres and housing are summarised in the below table.

Table 4: Examples of potential innovative financing options in the area of reception centres and housing (non-exhaustive list).

POTENTIAL FINANCING OPTIONS	Option 1 Affordable housing loan financial instrument, potentially combined with grant	Option 2 Education infrastructure loan financial instrument, potentially combined with grant	Option 3 Integration microfinance financial instrument, potentially combined with grant	Option 4 Reception housing loans, blended with grant
Financing structure	Loan financial instrument[18] combined with grant support	Loan financial instrument combined with grant support	Microfinance instrument combined with grant support	Loans blended with grant support
Purpose of the financing	• Loan for the renovation (e.g. improving energy efficiency) of existing buildings for affordable housing. The repayment of the loan can be financed e.g. through future energy costs savings; • Grants can cover e.g. interest rate subsidy for the loans, technical support (e.g. investment plan preparation, early integration measures), capital grant (covering the financial viability gap in the projects).	• Loan to finance the development, modernisation and digitalisation of physical infrastructure and equipment for vocational education and entrepreneurship support (e.g. upgrading training centres, procuring ICT tools and equipment, refurbishing learning spaces); • Grants can cover e.g. interest rate subsidy for the loans, technical support (e.g. investment plan preparation, feasibility studies, content-related improvements such as development of curricula tailored to migrant learners), capital grant (covering the financial viability gap in the projects).	• Small personal loans for rental deposits, agency fees, moving costs and other expenses linked to accessing the housing rental market by TCNs (and potentially other vulnerable groups); • Grants can cover e.g. interest rate subsidy for the microloans to make them more affordable, technical support (e.g. investment plan preparation, any early integration measures for TCNs linked to the project).	• Loan for the new construction or repurposing of existing buildings for reception centres and other temporary housing for TCNs; • Grants can cover e.g. interest rate subsidy for the loan, technical support (e.g. early integration measures), capital grant (covering the financial viability gap in the project).

18 Potentially, also direct loans from e.g. EIB, CEB, NPBIs are possible.
Example: **The PTBS affordable housing loan in Poland**
In 2017, the EIB granted a loan of EUR 33 million to Poznańskie Towarzystwo Budownictwa Społecznego Sp. z o.o. (PTBS), a Polish municipal housing company for an affordable housing project of an overall EUR 66 million. The loan was used to build approximately 1 300 affordable housing units in the city of Poznań to combat social exclusion and provide affordable housing for people whose incomes are too high to qualify for social housing but not sufficient to secure housing on the open market. The new affordable housing units were completed by 2021. The units are rented out with a purchase option under certain conditions. The loan was used to construct the housing units, along with the necessary technical infrastructure such as the water mains, sewage system, urban road system, garages, and above-ground parking spaces. The funding was also used to build commercial and community services infrastructure and recreational and educational facilities. Read more here.

POTENTIAL FINANCING OPTIONS	Option 1 Affordable housing loan financial instrument, potentially combined with grant	Option 2 Education infrastructure loan financial instrument, potentially combined with grant	Option 3 Integration microfinance financial instrument, potentially combined with grant	Option 4 Reception housing loans, blended with grant
Potential financial sources[19]	• Loan from national or regional financial instrument under e.g. ERDF; • Grant components can be financed through different sources such as ERDF, AMIF, ESF+ or other EU resources, national, regional, local budgets.	• Loan from national or regional financial instruments under e.g. ESF+; • Grant components can be financed through different sources such as ERDF, AMIF, ESF+ or other EU resources, national, regional, local budgets.	• Loan from national or regional financial instrument under e.g. ESF+; • Grant components can be financed through different sources such as ESF+, AMIF or other EU resources, national, regional, local budgets.	• Loans by e.g. EIB, CEB, NPBIs; • Grant components can be financed through different sources such as AMIF, ESF+ or other EU resources, national, regional, local budgets.
Type of financial intermediary involved	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIB, CEB).	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIB, CEB).	• National / regional promotional banks and institutions; • Microfinance institutions; • Ethical and social financial institutions.	• National / regional promotional banks and institutions; • International financial institutions (e.g. EIB, CEB).
Final recipients[20]	Final recipients may comprise but are not limited to private individuals, homeowner associations, housing cooperatives, municipalities and other public and private institutions.	Final recipients may comprise but are not limited to public and private providers of vocational education and training, municipalities, NGOs and non-profit organisations delivering capacity-building services, entrepreneurship support centres and other institutions responsible for educational infrastructure.	Individuals, including TCNs, that meet the eligibility criteria set out in the funding agreement.	Final recipients may comprise but are not limited to bodies in charge of providing reception centres and other temporary housing for TCNs, e.g.: municipalities/ communes and their associations, municipal legally dependent public enterprises, other public bodies, cooperatives.

19 Final recipients can potentially also benefit from additional grant support, if such schemes are created and depending on the scope and definition of a particular project and subject to alignment with the eligibility rules for both forms of support

20 The final recipients shall be eligible under EU and national law, the relevant programme and funding agreement.

POTENTIAL FINANCING OPTIONS	Option 1 Affordable housing loan financial instrument, potentially combined with grant	Option 2 Education infrastructure loan financial instrument, potentially combined with grant	Option 3 Integration microfinance financial instrument, potentially combined with grant	Option 4 Reception housing loans, blended with grant
Examples	**ERDF residential energy efficiency financial instruments in Lithuania** Financial instruments in combination with grants have been used by Lithuania's Ministry of Finance and Ministry of Environment to support loans for investments in energy efficiency of the country's multi-apartment residential buildings. The financial instruments under the ERDF have supported the development of a single product known as the 'Modernisation Loan' which forms the centerpiece of the Lithuanian government's programme to improve energy efficiency in residential properties. Grants are used in combination with the financial instruments to fund technical support, interest rate subsidies and capital rebates and a 'one-stop-shop' service arrangement was also established that has been key to the successful delivery of the programme. Read more here. Similar financial instruments e.g. under the ERDF can be combined with additional grant components to additionally cover e.g. early integration measures in such buildings provided to e.g. TCNs. Support from such financial instruments / loans can be complemented with grant supporting a variety of projects, e.g.:	**EIB loan for new vocational training campuses in Helsinki, Finland** In 2023, the EIB signed a EUR 110 million loan agreement with KOy Helsingin Toimitilat to build two new vocational education campuses in Myllypuro and Roihupelto for Stadin AO in Helsinki. These new energy-efficient buildings, exceeding Finland's near-zero-energy standards by over 10%, will consolidate Stadin's training activities from 14 sites into two, and incorporate solar panels, heat pumps, low-emission materials and circular-economy design features. The project supports Finland's vocational education reform towards competence-based, student-centred learning, while aligning with the EIB's goals on innovation, digital and human capital, and climate sustainability. Read more here.	**Rental microloan – Zweite Sparkasse, Austria** People who intend to rent an apartment and receive either low incomes or social transfers are usually unable to pay rent deposits and purchase furniture and household equipment, e.g. kitchen appliances. Due to lack of attachable income and corresponding seizures, conventional banks cannot offer financing for this. In cooperation with social organisations, Zweite Sparkasse in Austria provided a rental deposit loan of up to max. EUR 5 000, with a fixed interest rate and no fees, with monthly instalments and with five years duration. The guarantee for these loans is provided by ERSTE Foundation. Similar financial instruments can be implemented e.g. under shared management Funds. Read more here (pages 12-13).	**EIB loan to Banca Etica, Italy** Banca Etica, a cooperative bank operating in Italy, and the EIB signed in 2024 a EUR 60m loan, which is expected to mobilise over EUR 165 million in investments aimed at generating social impact. The loan enables Banca Etica to finance operations in three key areas: refugee integration, gender equality and social cohesion. Specifically, the refugee integration component supports initiatives of Italian cooperatives for projects improving the living conditions for refugees. This financial support is complemented by advisory services provided by EIB Advisory under the SIFTA programme, part of the InvestEU Advisory Hub initiative. Read more here.

POTENTIAL FINANCING OPTIONS	Option 1 Affordable housing loan financial instrument, potentially combined with grant	Option 2 Education infrastructure loan financial instrument, potentially combined with grant	Option 3 Integration microfinance financial instrument, potentially combined with grant	Option 4 Reception housing loans, blended with grant
Examples	**The 'LeMi' learning café in Nuremberg, Germany** The 'LeMi' learning café opened in 2019 with support from an investment grant from the Migrant and Refugee Fund. It was linked to a CEB loan to wbg Nürnberg GmbH Immobilienunternehmen, Nuremberg's public real estate company and a subsidiary of the City of Nuremberg. The grant funded the renovation of the café as well as new equipment and staff costs. The project was implemented by the municipal company, Noris-Arbeit (NOA). A small team of teachers and social workers offer language and basic skills training plus help with everyday problems such as correspondence with authorities, professional orientation and job searches. While the café supported the social integration of migrants and refugees in Nuremberg, it also provides long-term unemployed people with skills training and is a welcoming place to make friends, contacts and connections. Read more here.	**EIB loan to ILB for school building projects in Brandenburg, Germany** In 2024, the EIB granted a EUR 100 million loan to the Investitionsbank des Landes Brandenburg (ILB), the region's promotional bank, to fund new construction, renovation and digitalisation of nurseries, schools and vocational schools across Brandenburg. The funding covers IT equipment and teacher training to boost digital skills for students and educators. Located in a largely rural cohesion region, the initiative supports energy-efficient upgrades and modern learning spaces, helping ILB to flexibly assist communities under the region's municipal investment programme. Read more here. Support from such loans can be complemented with grant support (e.g. for similar initiatives as the LeMe Café mentioned for option 1).	**The 'PerMicro Family' loan, Italy** PerMicro is an important Italian microfinance provider based in Turin, with a mission of social inclusion. PerMicro targets people with primary financial needs (incl. housing) who are excluded from traditional credit channels due to insufficient credit history or a precarious employment situation. The purpose of PerMicro's family loans (small personal loans) is to help individuals and families deal with costs of goods and services. A wide range of purchases can be made using personal loans, incl. home renovations, furniture and home equipment. A large proportion of PerMicro clients use personal loans for housing-related expenses. Read more here.	**Refugee housing loans by NRW.Bank, Germany** North Rhine-Westphalia, Germany's most populous region, has been facing high refugee inflows and housing pressure. NRW. BANK, the region's promotional bank is providing for its municipalities and other eligible entities a refugee housing loan NRW.BANK. Flüchtlingsunterkünfte with favourable conditions. These loans can finance the construction, refurbishment and extension of residential buildings for temporarily or permanently housing refugees. To support this loan programme, NRW.Bank has itself signed loans with the EIB, the CEB, the KfW and Rentenbank der Agrarwirtschaft. Read more here.

Source: fi-compass.

For more information, please read the fi-compass study 'The potential for financial instruments supporting migrant integration' Part 2: Design options for financial instruments and potential combination with grants pages 31-41.

3.3 Building block 2 and supporting infrastructure development

3.3.1 Context

Art. 8 and Art. 15 Screening Regulation

Third-country nationals subjected to the screening […] shall undergo a security check to verify whether they might pose a threat to internal security. That security check may cover both the third-country nationals and the objects in their possession.

The screening shall comprise the following elements: […] (c) identification or verification of identity […]; (d) the registration of biometric data […].

Building Block 2 'A new system to manage migration flows at the EU external borders' of the Common Implementation Plan refers inter alia to the strengthening of EU external borders. In this context, the development and modernisation of border infrastructure and the deployment of innovative technologies are essential to ensuring the effective implementation of the Pact on Migration and Asylum.

The implementation of the Pact will create a seamless approach to further enhance effective management of the external borders of the European Union. It offers the necessary tools to manage the arrival of TCNs. All irregular migrants will be registered and subject to a screening of their identity, security risk, vulnerability and health. This includes persons apprehended within the territory who have not yet been subject to screening or a border check and all persons who apply for international protection at a border crossing point.

Each Member State is required to have the capacity to screen all irregular arrivals and to host a certain number of applicants for international protection for the duration of the border procedure in adequate conditions.

Member States will need to identify the locations to carry out screening and the border procedures. If necessary, they will have to scale up or build the necessary infrastructure. The infrastructure should include screening facilities for irregular migrants and applicants for international protection which have to conform with the standards of the Return Directive (in the case of irregular migrants) and the recast Reception Conditions Directive (in the case of applicants for international protection). Infrastructure should also include reception centres for applicants for international protection (including appropriate capacity for detention) to meet the Member States' 'adequate capacity' requirements and which have to conform with the standards of the Reception Conditions Directive, also taking into account the specific requirements for families with children.

3.3.2 Examples of project types potentially suitable for innovative financing

Some project types implementing or linked to the Pact on Migration and Asylum and focussing on the area of infrastructure development might be suitable for financing including repayable forms of support such as financial instruments combined with grant or blended finance.

Examples of such project types are included in the table below:

Table 5: Project types in the area of infrastructure development potentially suitable for financing through innovative financial solutions (non-exhaustive list).

Project type	Objective
Upgrade of existing border posts	Expand and modernise outdated infrastructure to improve integration of border control functions, including identification, screening and biometric data collection.
Construction and modernisation of border screening facilities	Ensure efficient, humane and legally compliant registration and initial screening of TCNs at the EU's external borders by financing the construction of modular, scalable facilities.
Deployment of dual-use screening technologies	Enhance the EU's technological capability to monitor and control borders through the deployment of dual-use tools such as surveillance drones, smart sensors and biometric recognition systems.
Data and biometrics infrastructure development	Set up or upgrade secure digital systems for capturing, storing, and processing biometric and identity data during the screening process to ensure interoperability with EU-wide databases.
Screening of persons and objects infrastructure	Provide equipment and secured spaces for screening objects in possession of TCNs, enhancing security protocols and more effective, standardised border procedures.

Source: fi-compass.

3.3.3 Examples of innovative financing solutions in the area of infrastructure development

The project type examples mentioned above can be suitable for different forms of innovative financing. A number of financing sources can be considered as applicable, depending on the scope of the projects.

Examples of potential innovative financing solutions for the area of infrastructure development are summarised in the below table.

Table 6: Examples of potential innovative financing options in the area of infrastructure development (non-exhaustive list).

POTENTIAL FINANCING OPTIONS	Option 1 Intermediated loans, potentially blended with grant	Option 2 Infrastructure loans blended with grant	Option 3 Equity investments or venture debt, potentially blended with grant	Option 4 Infrastructure guarantee instrument
Financing structure	Loans blended with grant support	Loans blended with grant support	Equity or venture debt financial instruments, blended with grant support	Portfolio guarantee facility
Purpose of the financing	Support for upgrading existing border infrastructure, building modular screening facilities, and procuring biometric equipment; Grants can cover e.g. interest rate subsidy for the loans, technical support (e.g. design and preparation).	Long-term infrastructure loans to build or modernise key screening centres, enhance data systems or procure dual-use equipment (e.g. drones); Grants can cover e.g. interest rate subsidy for the loans, technical support (e.g. design and preparation).	Financing for tech providers of dual-use or security-related innovations (e.g. drones, biometric software, surveillance systems); Grants can cover e.g. interest rate subsidy for the loans, technical support (e.g. proof of concept, incentivise prototypes, testing and deployment in public security contexts).	The guarantee instrument covers part of the credit risk of loans for border or reception infrastructure (e.g. upgrades, installation and development of border and screening infrastructure).
Potential financial sources[21]	Loans by e.g. EIB, NPBIs. Grant components can be financed through different sources such as AMIF, BMVI, ISF, ERDF or other EU resources, national, regional, local budgets.	Loans by e.g. EIB, NPBIs. Grant components can be financed through different sources such as AMIF, BMVI, ISF, ERDF or other EU resources, national, regional, local budgets.	Equity / venture debt by e.g. EIB, EIF, NPBIs. Grant components can be financed through different sources such as AMIF, BMVI, ISF, ERDF or other EU resources, national, regional, local budgets.	Central guarantee financial instrument (InvestEU) or national or regional guarantee financial instrument;
Type of financial intermediary involved	National / regional promotional banks and institutions; Commercial banks; International financial institutions (e.g. EIB, CEB).	National / regional promotional banks and institutions; International financial institutions (e.g. EIB).	National equity funds, security-focused VC funds; International financial institutions (e.g. EIB).	National / regional promotional banks and institutions; Commercial banks; International financial institutions (e.g. EIF).
Final recipients[22]	Final recipients may comprise but are not limited to regional/ local authorities, public infrastructure developers, security agencies.	Final recipients may comprise but are not limited to public sector (e.g. Ministries of Interior or Defence), municipal security departments, public-private entities.	Final recipients may comprise but are not limited to SMEs and start-ups developing border control, surveillance, AI or biometric technologies.	Final recipients may comprise but are not limited to regional/ local authorities, public security agencies, border police.

21 Final recipients can potentially also benefit from additional grant support, if such schemes are created and depending on the scope and definition of a particular project and subject to alignment with the eligibility rules for both forms of support.
22 The final recipients shall be eligible under EU and national law, the relevant programme and funding agreement.

POTENTIAL FINANCING OPTIONS	Option 1 Intermediated loans, potentially blended with grant	Option 2 Infrastructure loans blended with grant	Option 3 Equity investments or venture debt, potentially blended with grant	Option 4 Infrastructure guarantee instrument
Examples	**EIB loan to BPCE, France** Groupe BPCE is the second-largest banking group in France and the fourth largest in the euro zone in terms of capital. The EIB and the BPCE banking group have signed a EUR 300m loan agreement in favour of SMEs in the security and defence sector in France. The objective is to facilitate access to financing for SMEs investing in strategic areas such as cybersecurity, surveillance, resilience and defence technologies. SMEs involved in undertakings in the area of infrastructure development related to building block 2 and financed through loans from BPCE backed by the EIB loan can potentially also benefit from additional grant support, depending on the scope and definition of a particular project and subject to alignment with the eligibility rules for both forms of support. Read more here.	**Loan to further strengthening Italy's security and defence capabilities** In 2025, the EIB has signed a EUR 107.5m strategic agreement with the Italian Ministry of Economy and Finance and the Ministry of Defence with the goal of further strengthening the country's security and defence capabilities. The operation is part of the EIB's broader commitment to European security and defence. The EIB financing will contribute to the purchase of helicopters. Read more here.	**Venture debt support to a drone start-up, Germany** The EIB and the German drone start-up Quantum Systems have signed in 2021 a loan agreement of up to EUR 10m to further develop capabilities in the areas of autonomous flight and artificial intelligence. Quantum drones combine vertical take-off and landing-capabilities with long-range surveillance capabilities that can help governments in cases of e.g. natural catastrophes. The company targets the growing governmental market, where a limited number of companies based in the United States and Israel have historically provided systems, and the commercial market. Read more here.	**InvestEU Guarantee Products** The EIF's InvestEU guarantee products are designed to enhance access to finance for a wide range of final recipients, including SMEs, social enterprises and cultural and creative sectors in the EU. These portfolio guarantees cover specific policy areas such as sustainability, innovation, digitalisation and social inclusion. By sharing risk with financial intermediaries, the guarantees incentivise lending to higher-risk or underserved segments, enabling more favourable loan conditions and broader outreach. Each product is tailored to support EU policy goals and is implemented through selected intermediaries following a standard selection and due diligence process. Read more here.

POTENTIAL FINANCING OPTIONS	Option 1 Intermediated loans, potentially blended with grant	Option 2 Infrastructure loans blended with grant	Option 3 Equity investments or venture debt, potentially blended with grant	Option 4 Infrastructure guarantee instrument
		Loan for rail border crossings and infrastructure, Ukraine The EUR 50m EIB loan signed in 2025 aims to support Ukraine's rail border crossings and infrastructure. The loan was signed with Ukraine's national railway company, Ukrainian Railways (Ukrzaliznytsia) to upgrade key rail border crossing points with Poland, Slovakia, Hungary and Romania. The upgrades will help streamline the movement of goods and passengers. This financing was supported by the EU Connecting Europe Facility and the EIB Advisory. Read more here.	**Venture debt support to a cybersecurity firm, France** Gatwatcher is a French company established in 2015 and recognised as a European leader in cyber threat detection and protecting the networks of businesses and public institutions, including the most critical ones. In 2025, the company received a EUR 25m venture debt investment from the EIB, helping the company to accelerate the development of its advanced detection technologies and support its international expansion in a context of rising cyber threats and renewed focus on European autonomy. Companies receiving similar support can potentially also benefit from additional grant support. Read more here.	

Source: fi-compass.


quantum-systems.com

04 Conclusion

Innovative financing solutions, including financial instruments combined with grants and blending of loans and grants, present a valuable opportunity to expand the range of financing options to consider for measures implementing or linked to the Pact on Migration and Asylum. While grant funding remains the most appropriate form of support for many measures outlined in the National Implementation Plans, certain interventions – particularly those linked to building blocks 2, 3 and 10 – may be well suited to at least partially repayable forms of support, especially where projects are bankable or generate measurable savings.

The strategic combination of funding sources – such as AMIF, ESF+, ERDF or other EU resources, national, regional and local budgets, and investment from actors like NPBIs, EIB, EIF or CEB, as well as private investors – can help create synergies that extend beyond the scope of the Pact and support broader policy objectives. By exploring the full spectrum of innovative financing options, Managing Authorities and other stakeholders can address the challenge of delivering a wide range of necessary measures within limited budgets. In the case of the financial instrument components of combined or blended products, the resources are repaid by final recipients and can potentially be recycled to support future investments.

In addition, strong collaboration between relevant institutions and other stakeholders and the establishment of effective stakeholder networks are essential to managing migration for the long term and addressing the specific challenges faced by Member States in this regard.

The fi-compass platform provides a broad range of resources on financial instruments in the area of migration. For more information, please contact your counterparts at DG HOME or the fi-compass team.

Notes

Notes

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