



Brussels, September 2018

Joint Position Paper on

The European Commission's InvestEU proposal

I. The Social sectors' perspective on Social Infrastructure Investment

This Position Paper represents the view of the main representatives of the **social services, health, education, social housing and ageing sectors** at European level. We have joined forces to **help unlock investment into local innovative social infrastructure projects** which would help to further improve the quality of service provision across the continent. Moreover, by delivering services based on the needs of the people they serve, Public Authorities will both increase public satisfaction and reduce costs.

The **High-Level Taskforce on Social Infrastructure's report [Boosting Investment in Social Infrastructure in Europe](#)**" (2018) highlighted our reality that Europe is poorly prepared to face its investment gap in social infrastructure. The report estimates the investment gap in social infrastructure alone to be **€150 billion per year** for the next ten years. Social infrastructure primarily means infrastructure in the fields of social care and support, social housing, health and education. Meeting such a gap is a necessity if we are future proof and build up the resilience of Europe's social model. This should be a political priority for all if we are to reduce inequalities and territorial disparities and increase public satisfaction.

We re-affirm our joint belief that Public Authorities have the responsibility to guarantee sufficient investment into social, health, education and housing. Only through consistent public investment can Europe guarantee the affordability, availability, adaptability, accessibility and quality of such crucial services for its citizens. Given the pressures on public budgets and growing demand for such services, it is important to explore and identify new and better ways to spread out the risk of such public



investment through other long-term investment mechanisms; yet without undermining the aforementioned requirements.

Social infrastructure investment has remained a struggle in the current EFSI programme, limited to under 4% of its total investment. This is in part due to difficulties in transforming good social infrastructure project ideas into viable projects for the European Investment Bank. Other explanations are the ill-suited design of the EFSI programme for social infrastructure investment and the EIB's current limitations to directly fund smaller local infrastructure projects (under €25 million). EASPD's 2017 report "[Investing in Social Care & Support, a European Imperative](#)" highlights many of these challenges.

II. What we like in the InvestEU proposal

We therefore welcome the general orientation of the [European Commission's proposal to set-up the InvestEU programme](#) post-2020; which improves upon the previous EFSI mechanism in several ways.

We view the following five aspects as particularly positive

- Creation of a **"Social Investment & Skills" objective & policy window (Art. 3 & 7)**; doubling the guarantee dedicated to such investments in EFSI, thus responding to the increase in demand and emerging political priority of this issue.
- Development of **window-specific investment guidelines (Art. 7.6)**; recognising the different needs of the sectors involved in these four windows.
- Significant yet realistic increase of the **budget dedicated to capacity-building (Art. 20)**; which will be crucial to link up local innovative project ideas to the InvestEU programme.
- Stronger focus on reaching out to **smaller and local projects (Art. 20.6)**, which are the standard for social infrastructure projects.

We encourage policy-makers on all sides to defend and promote these 5 excellent proposals by the European Commission.

III. How to further improve the InvestEU proposal

1. It is equally our belief that **four additional changes are needed for the InvestEU programme to make real transformational differences in the social, health, education and housing sectors in terms of innovation, quality and sustainability**, in line with the European Pillar of Social Rights, the Sustainable Development Goals and the UN Convention on the Rights of Persons with Disabilities. We encourage a stronger emphasis on ensuring **that InvestEU is used to support quality social infrastructure projects**, which best respond to the real needs of citizens and to sustainability. By ensuring that our social, health, education and housing



services best meet the needs of the people they support, Public Authorities will increase public satisfaction, reduce costs, reduce inequalities and strengthen social cohesion. The emphasis on quality and innovative social projects is one of the big success stories of the European Structural and Investment Funds, it should also be the objective of the InvestEU programme. This may mean investing into projects which are smaller, innovative and financially riskier, yet still economically viable and with a higher social return; rather than larger, risk-free, yet outdated, projects. Investing into quality social projects would be the real added value of an EU guarantee, especially with a stronger long-term return. In terms of mechanisms, this could be done through a similar system to the “enabling conditions” in the Common Provisions Regulation and/or by setting the guarantee rate in direct correlation with the “quality of life impact” to be achieved.

2. The proposed governance framework is also very top heavy with the experts in the Advisory Board, Project Team and the Investment Committee expected to come from the implementing partners or financial experts, with very little room for input from the sectors benefitting. This would again lead to distancing the InvestEU instruments to the innovative social projects which exist at local level. We therefore **encourage the creation of a window-specific Steering Board** -made up of various sectoral representatives from the beneficiaries, investors and independent experts- **to bridge this gap**. These Steering Boards would also be ideal instruments through which to develop the Investment Guidelines.
3. Whilst we welcome the important increase in the Capacity Building budget, there is significant risk that this budget be used to build capacity on the investors side alone, primarily through the implementing partners. Our sectoral experience shows that the biggest barrier to unlocking investment in social infrastructure is the challenge in transforming the many innovative and viable social project ideas into bankable projects for investors. **We therefore strongly encourage that an important proportion of this dedicated budget is used to directly build capacity within the social sectors**. This will help to create a sustainable pipeline of quality social infrastructure projects for the years to come, supporting people at local level and financed by the InvestEU programme. The Steering Board could play the intermediary role.
4. **One of the specificities of social infrastructure investment is that it relies heavily (and for good reasons) on public investment; either directly or indirectly. Therefore, unlocking social**



infrastructure investment requires a secure and continuous stream of public funding; an area which has been limited the past decade with a severe impact on the sectors involved. Through the “investment clause 2.2”, the Stability and Growth Pact allows Member States to deviate from the Pact’s rules when they are co-financing investment projects supported by the European Fund for Strategic Investments, under certain conditions. Therefore, short of reforming the EU fiscal rules which has had a proven detrimental impact on social infrastructure investment, **we strongly encourage a more systematic use of the investment clause 2.2 in the Stability and Growth Pact to help unlock social infrastructure investment in Europe..**

Put together, the European Commission’s five proposals and our four recommendations **aim to create a virtuous circle between authorities, investors, and the social, health, education and housing sectors**; helping to leverage significant investment into local innovative social infrastructure projects, thus ensuring that InvestEU has both a positive economic spill over and a strong social impact on the lives of people in Europe.

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