



Brussels, December 2019

### Joint Position: “InvestEU and the Economy of Wellbeing: making the most of local know-how”

#### Key messages and recommendations

- While public responsibility for social infrastructure remains paramount, InvestEU offers additional opportunities to support public authorities to finance adequate, appropriate, accessible and high-quality social infrastructure in social care and support, health, education, housing and ageing services.
- InvestEU is an opportunity to finance projects which bring genuine added value and respond to society’s needs today and in the future. Implementing Partners must go beyond traditional, very large infrastructure projects and reach out to underfinanced, smaller, community-based projects, as well as innovative projects linked to training and upskilling staff, digitalisation, improving energy efficiency measures, and delivering health-promoting services across the life course.
- There is a risk that InvestEU will not maximise its potential and bring genuine additionality through its Social Window if the European Commission and Implementing Partners are not pro-active in engaging with the different sectors involved. Capacity building must target not only banks and regional authorities, but also build project developers’ capacity to bundle projects. Implementing Partners will struggle to find the right projects without informed and empowered project developers.
- We recommend that the European Commission and Implementing Partners:
  - Ensure the right targeted instruments are set up and used, as described in our Scoping Note <sup>1</sup>
  - Establish an Advisory Group at European level to ensure the Social Window meets real needs on-the-ground
  - Support the establishment of investment and bundling platforms at local level
  - Create a thematic advisory service for integrated social infrastructure – similar to Urbis for urban development<sup>2</sup>
  - Ensure clarity and support on the blending of InvestEU with ESF+, ERDF, and other funding and financing mechanisms.

<sup>1</sup> Steering Board for Social Investment: “[Scoping Note: Social Infrastructure Investment in Europe](#)” (2018)

<sup>2</sup> European Investment Advisory Hub: “[Urbis](#)” (2019)



## I. Our perspective on the potential of InvestEU

This Position Paper represents the view of the main representatives of the **social services, health, education, social housing and ageing sectors** at European level. In 2018, we joined forces to form the Steering Board for Social Infrastructure to **help unlock investment into local innovative social infrastructure projects** which would help to further improve the quality of service provision.

The Steering Board welcomes InvestEU as an opportunity to improve access to finance for social infrastructure across the European Union. On paper, InvestEU improves the EU Investment Plan in several ways: (1) the creation of a window dedicated to Social Investment and Skills demonstrates a commitment to earmark social investment, reduce inequalities, and create the right instruments to allow it to happen; (2) the significantly boosted capacity-building budget can also allow for support in the development of quality local projects and (3) the Investment Guidelines will help to ensure that the supply of investment meets the real needs on-the-ground and the sectoral trends in the social field (e.g., deinstitutionalisation, health-promoting services).

In addition, we also encourage the stronger focus on reaching out to smaller and local projects, which are the standard for social infrastructure projects. Indeed, InvestEU can open many additional opportunities for public authorities and social services actors to design and deliver innovative projects which otherwise they may not have been able to implement.<sup>3,4</sup>

As noted in our [August 2018 position paper](#), we re-affirm our joint belief that public authorities, supported by adequate legal, policy, and resource frameworks, have the responsibility to guarantee sufficient investment into social, health, education, housing and ageing sectors. Only through consistent, cross-party and sustainable public investment, based on an assessment of needs, can Europe guarantee the affordability, availability, adaptability, accessibility and quality of such crucial services for its citizens. Yet given the pressures on public budgets and growing demand for such services – as well as the significant and growing investment gaps identified in recent reports<sup>5</sup> – it is important to explore and identify new and alternative ways to support public investment through other long-term investment mechanisms without compromising public responsibility or sacrificing service quality. Meeting the investment gap is a necessity to future proof of Europe’s social model and should be a political priority for all if we are to reduce inequalities and territorial disparities and increase public satisfaction.

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<sup>3</sup> EASPD. “[Why investment in community-based services is the future?: Briefing note for private investors.](#)” (2019)

<sup>4</sup> EuroHealthNet. “[Financing Health Promoting Services – An Information Guide.](#)” (2019)

<sup>5</sup> High Level Taskforce on Investing in Social Infrastructure in Europe: “[Boosting Investment in Social Infrastructure in Europe](#)” (2018)



## II. The main challenges for the social sector to use InvestEU

While the overall framework of InvestEU is an improvement over the EU Investment Plan, there is still important work to be done to ensure that InvestEU reaches and helps to develop and support quality community-based projects on-the-ground. Uncertainties remain on the types of instruments that will be developed to ensure the Social Window meets its targets. Social infrastructure investment has remained challenging under the EU Investment Plan due in part to difficulties transforming high-quality social infrastructure project ideas into viable projects for the European Investment Bank and other implementing partners.<sup>6</sup> We believe significant and pro-active efforts should be made to support the development of such projects under InvestEU.

Important questions also remain around the potential and the ultimate use of the capacity building programme. Social service providers – and implementing partners – often have knowledge gaps which limit their ability to either seek additional sources for investment or to invest in relevant and high-quality social infrastructure. The capacity building needs of different social sectors (e.g., social care and support, social housing, health, education) and different Member States and regions also tend to vary, as they are more or less familiar with the financial guarantees provided by InvestEU, the opportunities of private financing, and what types of social infrastructure could be eligible for and/or attract funding. InvestEU is a notable illustration of the social sector’s broader need for further capacity to access private investment instruments as a whole. How will the capacity building budget support the project development needs of all actors involved in InvestEU’s success? And how will this capacity building – or its lessons – reach individual community-based projects?

## III. What is the role for European organisations? How can they support and build up the demand for investment to unlock the full potential of InvestEU?

In order for the InvestEU programme to reach its full potential and **make genuine transformational differences in the social, health, education, housing and ageing sectors**, we strongly encourage more emphasis on **supporting quality social infrastructure projects**. This is in line with the European Pillar of Social Rights, the UN Sustainable Development Goals, and the current Economy of Wellbeing focus of the Finnish Presidency of the EU. Such projects respond to the real needs of citizens, and in so doing, they may increase public satisfaction, reduce costs, reduce inequalities, enforce the enjoyment of human rights and, eventually, strengthen equality and social cohesion.

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<sup>6</sup> EASPD. “[Investing in Social Care & Support, a European Imperative.](#)” (2017)



Investing in high-quality and community-relevant social projects would be the real added value of an EU guarantee<sup>7</sup>, especially with a stronger long-term return. Yet making full use of this guarantee may require investing into projects which are smaller and more difficult to analyse using traditional risk measures, yet which are still economically viable and, ultimately, offer higher social returns.<sup>8</sup> It may also require some bold and innovative adaptations to the ways in which the relevant social sectors, implementing partners, and other actors work together.<sup>9</sup>

The Steering Board for Social Infrastructure would suggest that social sector representatives at the European level provide a natural bridge between the aims and objectives of the European Institutions and Implementing Partners and the providers delivering services in communities across Europe. To take advantage of this link, the Steering Board would **encourage the creation of a Social Window-specific advisory group** made up of various sectoral representatives from European organisations, beneficiaries, investors and independent experts to support successful implementation of the Investment Guidelines and appropriate development of targeted financing instruments.

As noted above, one of the primary challenges to unlocking social infrastructure investment is transforming innovative, viable and scalable social project ideas into bankable projects for investors. We therefore **strongly advise that an important portion of the capacity building budget be used to directly build capacity in the social sector**. This can help guarantee a sustainable and accessible pipeline of attractive and high-quality social infrastructure projects for years to come.

The Steering Board for Social Infrastructure is a ready-made, highly-knowledgeable and reliable intermediary to ensure these recommendations are met. We could support, for instance, the identification of investment needs, guide the use of the capacity-building budget, train investors on the realities of social sector projects and their beneficiaries at the grass-root level, advise on the development of suitable instruments, communicate about InvestEU to a wide range of stakeholders, and, above all, ensure that social, health and care, education and housing service providers are prepared to take advantage of the opportunities InvestEU brings to the social sector, building up the demand for InvestEU friendly-projects.

In sum, the Steering Board for Social Infrastructure **aims to create a virtuous circle between authorities, investors, and the social, health, education, housing and ageing sectors**; helping to leverage significant investment into local innovative social infrastructure projects, thus ensuring that InvestEU supports “an economy (of wellbeing) that works for the people.”

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<sup>7</sup> EASPD. “[Why investment in community-based services is the future?: Briefing note for private investors.](#)” (2019)

<sup>8</sup> EuroHealthNet. “[Financing Health Promoting Services – An Information Guide.](#)” (2019)

<sup>9</sup> Lifelong Learning Platform and Cedefop. “[Implementing a holistic approach to lifelong learning: Community Lifelong Learning Centres as a gateway to multidisciplinary support teams.](#)” (2019)

