

The Social Investment Package

Briefing Paper

The **Social Investment Package** (SIP) is a series of **non-binding documents**, adopted by the European Commission on February 20th as a **response** to:

- the **economic crisis** that is threatening the achievement of the EU target to lift at least 20 million people out of poverty and social exclusion by 2020;
- the **demographic changes** that are shrinking the size of the working-age population in Europe next to a growing share of ageing people.

The framework communication represents an important **paradigm shift**, framing the social expenditure as an investment rather than as a cost. It is **accompanied by**:

1. A Commission **Recommendation** on 'Investing in **Children**: breaking the cycle of disadvantage' containing an integrated policy framework to improve children's opportunities
2. A Staff Working Document (SWD) containing evidence on **demographic and social trends** and the role of social policies in responding to the social, economic and macro-economic challenges the EU is facing
3. A SWD following up on the **2008 Commission Recommendation on Active Inclusion** for people excluded from the labour market
4. The third **Biennial Report on Social Services of General Interest** to help public authorities and stakeholders understand and implement the revised EU rules on social services
5. A SWD on **Long Term Care**, presenting challenges and policy options;
6. A SWD on confronting **homelessness**, explaining the situation of homelessness in the European Union and possible strategies to consider;
7. A SWD on **Investing in Health**, containing strategies to improve the efficiency and effectiveness of health systems in a context of tighter public healthcare budgets and discussing how health can contribute to increasing human capital and social inclusion; and
8. A SWD outlining how the **European Social Fund** will contribute to implementing the Social Investment Package.

The full text of the communication and of the accompanying documents can be found on the EC website: <http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes>

OBJECTIVES:

The package aims to **incentivise** Member States to maintain **investment in social policy** areas despite the current negative fiscal situation as this might help save future costs for social expenditures. Social investment is intended in the package as the enhancement of people's capacities and the support to their participation in society and in the labour market.

According to the Communication, Member States should act through **simple, targeted and conditional social investment**, aiming at modernising social protection systems, implementing active inclusion strategies and investing throughout people's lives.

It is addressed to Member States and outlines a series of actions they can undertake in order to implement it as well as the role of the European Commission in making it all happen.

CONTENT OF THE FRAMEWORK COMMUNICATION:

According to the Communication, Member States should act through simple, targeted and conditional social investment, in three directions, that are illustrated in the document:

1. Modernising social protection systems

2. Implementing active inclusion strategies

3. Investing throughout the individual's life

This strategy can be put in place through the European Structural and Investment Funds (ESI), as illustrated in the section:

4. Guidance for the use of EU Funds 2014-2020

This is followed by a set of initiatives, crucial to ensure a targeted and integrated approach of social investments, listed in the section:

5. Targeted EU initiatives

In its concluding chapter, the Communication indicates the axes on which Member States should implement the actions and directions of the package, as explained in the section:

6. Instruments

The contents of the document are presented in more detail in the following section, giving priority to what can be relevant for social services in the disability sector and EASPD membership.

SOME BACKGROUND INFORMATION:

Simple, targeted and conditional social investment, *what does it mean?*

Simple investment: reducing the administrative burden and simplify benefit systems and their administration for users and providers

Conditional investment: Social investment should focus on the outcome for the individual and society at large, be granted for as long as needed, and so in principle be temporary in nature. In addition, certain kinds of support should be reciprocal: conditional upon the individual achieving an appropriate and specific goal to the best of his/her abilities, as often done e.g. regarding unemployment benefits.

Targeted investment: social policies should be better targeted towards those most in need, ensuring better take-up rates to improve adequacy and sustainability at the same time.

What is the European Semester?

The "European Semester" is a cycle of economic and fiscal policy coordination within the EU that aims to ensure sound public finances, foster economic growth and prevent excessive macroeconomic imbalances in the EU.

Its focus is on the six-month period from the beginning of each year. During the European Semester the member states align their budgetary and economic policies with the objectives and rules agreed at the EU level.

It starts in November-December of each year with the adoption of the Annual Growth Survey from the Commission. On the basis of that, EU Member States' submit their programmes of economic and structural reforms, "National Reform Plan" (NRPs) the following March. The Commission then reacts by providing them with Country-Specific Recommendation (CSRs). The European semester process already has and will continue to have an increasing role in shaping socio-economic policies at national level.

1. MODERNISING SOCIAL PROTECTION SYSTEMS

This section encourages Member States to improve the adequacy and the fiscal sustainability of social policies. This means using the available resources more efficiently and effectively through simplifying, better targeting and considering conditionality when designing policies. Some concrete examples on how to implement this are included in the SWD “Investing in health”.

More specifically, Member States are asked to:

- Put greater focus on policies such as care, education, training, active labour market policies, housing support, rehabilitation and health services;
- Improve the sustainability of the health systems and report these progresses in their National Reform Programmes (NRPs);
- Simplify benefit systems and their administration for users and providers, reduce administrative burdens as well as fraud and increase take up (e.g. through one-stop-shops).

The Commission will support Member States by:

- Improving its monitoring, in the framework of the European Semester;
- The Social Protection Committee (SPC) will work on the financing of the social protection system and on its efficiency and effectiveness in the context of the Open Method of Coordination on social protection and social inclusion (Social OMC);
- Setting up an expert panel to provide independent advice on effective ways of investing in health.

This action requires employers and governments in Member States to further increase labour force participation by removing remaining obstacles to full participation, and to increase job creation and demand for labour.

This is addressed in particular by the SWD “Follow-up on the implementation by the Member States of the 2008 European Commission recommendation on active inclusion of people excluded from the labour market – Towards a social investment approach”.

More specifically, Member States are asked to:

- Fully implement the Commission Recommendation on Active Inclusion (2008) integrating its three pillars: adequate income support, inclusive labour markets and enabling services. Put in place legal frameworks ensuring access to efficient, high quality and affordable social services;
- Address barriers to women’s and other underrepresented workers’ participation in the labour market, through labour market regulations, parental leave regulations, and fiscal incentives;
- Develop concrete strategies for social innovation, such as public-private-third sector partnerships;

- Ensure adequate and predictable financial support and provide for training, networking and mentoring in order to support evidence-based policies;
- Support social entrepreneurs by providing incentives for start-ups, by expanding their knowledge and networks and by providing them with an enabling regulatory environment;
- Explore and develop innovative ways of securing additional private financing for social investment.

The Commission will support Member States by:

- Monitoring reforms towards active inclusion in the framework of the European Semester;
- Providing an updated Guide on how EU rules on State aid, internal market and public procurement apply to social services, public authorities and service providers, and facilitating regular exchange of information with stakeholders;
- Providing guidance to Member States on how to use social policy innovation in implementing Country Specific Recommendations (CSRs) including examples of how to use the European Structural and Investment (ESI) Funds;
- Presenting a report on the implementation of the Communication 'Solidarity in Health: Reducing Health Inequalities in the EU'.

3. INVESTING THROUGHOUT THE INDIVIDUAL'S LIFE

This section is about the importance of responding to specific needs arising in life: from childhood, to youth and the transition from school to work, parenthood, from the beginning to the end of one's career to old age. This means adapting integrated services, cash benefits and assistance to the critical moments in the life of a person, and preventing hardship from materialising later.

This is addressed in particular by the Commission Recommendation on "Investing in Children: breaking the cycle of disadvantage" and the SWD "Long-term care in ageing societies".

For example, Member States are asked to:

- Implement the Recommendation on 'Investing in Children: breaking the cycle of disadvantage', through a combination of cash and in kind benefits, and access to quality early education, health and social services;
- Assess the extent to which older people can realise their potential through the Guiding Principles for Active Ageing and Solidarity between Generations and active ageing.

The Commission will support Member States by:

- Improving data collection, with a special focus on children;
- Working together with the SPC on a report on long-term care policies to support healthy and active ageing and raise the capacity for independent living of people of all ages, using all the potential of new technologies, including e-health, and monitoring progress towards sustainable, adequate social protection against long-term care risks
- Assisting Member States to designing long-term care strategies through a "policy makers' manual".

4. GUIDANCE FOR THE USE OF EU FUNDS 2014-2020

The European Structural and Investment (ESI) Funds, in particular the ESF, as well as the Programme for Social Change and Innovation (PSCI) 2014-2020 and the Fund for European Aid to the Most Deprived (FEAD) are important instruments for the Member States to implement the strategy set out in the Social Investment Package.

Some concrete guidance on the use of the European Social Fund is included in the SWD “Social investment through the European Social Fund”.

For example, Member States are asked to:

- Allocate cohesion policy and rural development resources to human capital development, including employment, social inclusion, reducing territorial inequalities, active and healthy ageing, accessibility of social, education and health services, and lifelong learning.
- Address the multiple needs of disadvantaged people with coordinated action by ESI funds;
- Seek ways to complement EU resources with funding from the World Bank, the Council of Europe Development Bank and the European Investment Bank group;
- Test new approaches (such as ICT-enabled innovation) to social policies including through the PSCI, and then scale-up the most effective innovations using the ESI Funds;
- Involve stakeholders, particularly civil society organisations.

The Commission will support Member States’ efforts by:

- Developing operational policy guidance for the ESI Funds fully reflecting a Social Investment approach and monitoring outputs and results
- Developing a knowledge bank with Member States and including both policy lessons and good practices from the ESI Funds. It will support through the ESF the development of “poverty maps”, identifying local areas of multiple and severe disadvantage to ensure that interventions impact on the target population;
- Supporting capacity building, through the ESF, of national and regional authorities for implementing effective policies

5. TARGETED EU INITIATIVES

The Commission also presents a set of key initiatives to ensure a targeted and integrated approach of social investments, such as:

Measures to stimulate funding in social investment:

- Supporting social enterprises' access financing: European Social Entrepreneurship Funds, a label to help investors easily identify funds that support European social businesses making investments easier and more accessible;
- Exploring the use of new financial instruments, such as micro-financing;
- Incentivising private investors to finance social programmes through Social Impact Bonds, by offering returns from the public sector if the programmes achieve positive social outcomes.

Support adequate livelihoods/ Improve awareness of social rights:

- Ensuring adequate livelihoods improving minimum income schemes;
- Administrative capacity building and streamlining to provide one-stop shops;
- Enhancing financial inclusion;
- Protecting people against financial difficulty;
- Improving access to information for citizens on job search services, unemployment benefits, child allowances, healthcare, or student grants.

Investing in Children / Early Childhood Education and Care:

6. INSTRUMENTS

The Commission calls on Member States to pursue the actions and directions set out in this Package.

This can be done following three main axes:

1. Strengthening social investment as part of the European Semester
2. Making the best use of EU funds to support social investment
3. Streamlining governance and reporting

EASPD POSITION ON THE SIP IN A NUTSHELL:

EASPD **welcomes** the Social Investment Package for its **positive re-orientation** towards social policy as a social investment that yields important economic and social returns over time. We also support the **life-cycle approach** to social investment and the recognition of the vital **role** that **social provision** plays at key points in the lives of individuals through helping them to confront life's risks and cope with key transition points.

Some **concerns** arise from the fact that this articulated package is **not binding** for Member States and that the main **instrument** of implementation will be the European Semester that nowadays **lacks effectiveness** and is a process that seldom involves civil society as it should.

Moreover, the **use of structural funds** to support Member States in the implementation of the Package is **positive**, but the **objective** of the strategy **won't be reached without stopping with cuts** to social expenditure and social investments at national level if austerity measures remain in place and cuts to social expenditure continue.

EASPD offers its **contribution** for a full implementation of this Package in many areas, such as:

- **social innovation** in the social services sector,
- the impact, the job-creation potential, the promotion of **quality employment** and social dialogue in the sector,
- the impact of the EU's Internal Market on the **organisation of social services** at a national level,
- the implementation of the **Europe 2020** at national level,
- the use of **EU's Structural and Investment Funds** to support the implementation of the SIP and identifying stable future funding systems for the Social Services sector.