



A4i: Joint Terminology

The objective of this joint terminology is to ensure everyone in the project shares the same understanding of a variety of different terms relevant for the project implementation.

Social Services

There is no EU general definition of social services in EU documents. However, the Commission Communication on social services of general interest provides the following definition of social services:

- “statutory and complementary social security schemes, organised in various ways (mutual or occupational organisations), covering the main risks of life, such as those linked to health, ageing, occupational accidents, unemployment, retirement and disability;
– other essential services provided directly to the person. These services that play a preventive and social cohesion role consist of customised assistance to facilitate social inclusion and safeguard fundamental rights. They comprise, first of all, assistance for persons faced by personal challenges or crises (such as debt, unemployment, drug addiction or family breakdown). Secondly, they include activities to ensure that the persons concerned are able to completely reintegrate into society (rehabilitation, language training for immigrants) and, in particular, the labour market (occupational training and reintegration). These services complement and support the role of families in caring for the youngest and oldest members of society in particular. Thirdly, these services include activities to integrate persons with long-term health or disability problems. Fourthly, they also include social housing,”

Although imperfect, it is primarily this definition which is understood as social services within the framework of a4i.

Social Care and Support

There is no EU wide definition of social care and support services.

For the sake of a4i, social care and support is seen as referring (primarily) to the second part of the definition of social services, as referred to above.

It is [also widely acknowledged](#) that social services refers to [the Statistical Classification of Economic Activities in the European Community \(NACE\)](#) as 87 for ‘residential care activities’ and 88 for ‘social work activities without accommodation’, which would – for instance- exclude many forms of social housing. Other codes may also be relevant but are not as widely acknowledged.

Capital

“*Capital*” is a stock of something at a point in time.

There are many different kinds of capital. While physical capital, essentially infrastructure and equipment, is the obvious one, others are financial capital (the total of resources in money terms in the hands of individuals or enterprises), natural capital (the environment, which offers ecological services), human capital (the embedded competences of people, mainly based around their educational and health status), and social capital. The latter is a very slippery concept, in that it is defined as the networks of trust, reciprocity and habits of cooperation between people enabling a society to function. The size and impact of such networks are difficult either to measure or to operationalise¹, and perhaps even more so than the other intangible capital stocks. It is also not obvious what “investing” in them means

For the purposes of a4i, the focus should be on the stocks of physical capital and human capital (and consequently the respective investments in each) applied to social support systems, rather than to other concepts of capital. We can dismiss financial capital as too narrowly focused on actual money or things that can be traded into it; natural capital is not relevant; and social capital is too vague to be useful (though presumably enhancing it will always be a good thing).

Investment

investment is the increase of a capital stock (and disinvestment is correspondingly a reduction of the stock, such as through abandonment, obsolescence and depreciation). It should be noted that there is one common confusion even within the finance industry, between “saving” and “investment”. Saving is the supply of funds from, for example, households or any other economic entity, and investment is the subsequent spending of such funds. We are more concerned for a4i with investment as such – that is, spending to build capital - but evidently that can only take place after somebody has done some saving (which colloquially at the time might have been called investment). The two actors can of course be the same person, but very often there are intermediaries.

¹Much of the recent development of thinking about social capital comes from the work of Robert Putnam, a political scientist. Most famous is his “Bowling alone: The collapse and revival of American community”, Simon & Schuster, 2001. His writing also includes “Making democracy work; Civic traditions in Modern Italy”, RD Putnam with R Leonardi & RY Nanetti, Princeton University Press, 1993. Putnam made the argument for Italy that the south was relatively impoverished in terms of “civic community”, and that this led directly to economic impoverishment (Lampedusa’s *The Leopard* puts the same idea more dramatically). However, it could be said that paradoxically the Mafia has in fact very significant reserves of “social bonding capital”, in that there are social norms which condition and specify what is regarded as acceptable in-group behaviour; it is just that the result would not be conventionally regarded as benign, particularly outside of the group.

Also note that investment (aka *capital* expenditure) should as an important principle be distinguished from *current* expenditure. Investment must always have a longer-term perspective: an expenditure is made now, with an expectation of the returns taking place over a substantial subsequent period. Current expenditure is consumption: here today and gone tomorrow. The term “investment” should not be misused as just a way of expressing “spending of which I approve” – this can be what, for example, politicians hope is understood when they say they have sanctioned “investment in the health service”, when what they actually mean is there is some extra spending on staff, which quite likely will not have long-term consequences. Investment therefore does have a technical and substantive meaning, and this is what should be used for the a4i project: that is, spending now to generate gains later. It follows that some spending in the social sectors is current consumption, and some is capital investment. There is nothing wrong with the consumption

component, but the need to distinguish between the two is stated in the recent EASPD statement that estimated capital investment needs (e.g. from the report of the HLTF) “do not take into account the day to day cost of service provision; which covers the majority of social services’ expenditure”².

Social Investment

The Project Description defines “Social investment (as) about investing in people. It means policies designed to strengthen people’s skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation”. The a4i project does not seek to cover the full spectrum of sectors who benefit from social investment as described above, but focus within the limit of “social care and support services” or – at times- “social services”; the two of which have similar meanings (see definition above).

For the sake of the a4i project, social investment refers primarily to “investing for an increase in physical and/or human capital, in the field of social care and support”. Such social investment will primarily revolve around two forms:

- Investing in physical infrastructure (offices, training and workplace facilities, accessibility and/or energy measures, technology and ICT, various forms of housing, etc)
- Investing in working capital (funding labour temporarily until a service gets reimbursed)

Social investment” does not map to in useful ways to “social capital” (see above definition of “capital”), unlike the other pairings of investment and capital, because of the ethereal nature of the idea of social capital itself.

Infrastructure

“*infrastructure*” is reasonably limited to a physical capital stock (composed of facilities, buildings and equipment”

Standard Financial Instruments

²T Bignal & R Vaughan, Investing in social care and support: A European imperative, EASPD, 2017. Notably, a piece of capital investment here or elsewhere should generate future gains of some kind (better outcomes or lower cost) which are intended to repay the investment.

Private investment, primarily by banks, into organisations; through means which primarily look to ensure the financial return on investment for the investors. This is primarily done through different forms of banking loans.

Emerging Financial Instruments

Private investment by investors into organisations; through means which seek to have both a financial and a social return on investment. In many cases, the social impact nature of the investment also influences the financial return on investment requested by the investor. This is done through instruments such as crowdfunding, payment-by-result schemes, social impact bonds and others.



Co-funded by the
Erasmus+ Programme
of the European Union

A4i – Alliance for Inclusive Investment in Social Care and Support
600958-EPP-1-2018-1-BE-EPPKA2-KA