

## Unlocking EFSI for Social Services

### I. Context

Social Services are one of the **biggest job creators** in Europe today with **over 1.7 million new jobs** created since 2008 and play a key role in empowering all people to play an active role in society. The sector already employs over **10 million people** and is **fast growing** to respond to demographic and other changes.

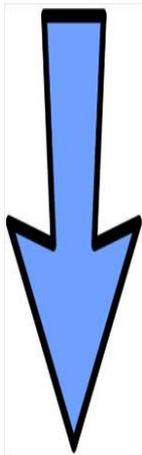
The development of **high quality community-based care and support services, fit for 21<sup>st</sup> century** needs, has been significantly hindered due to a decrease in both public and private investment. **Access to financing to build the social infrastructure of tomorrow is therefore an absolute must.**

In facilitating access to private financing for so-called “riskier projects”, the European Fund for Strategic Investments can play a key role in **bridging this gap**. Yet, to date, only 4% of EFSI has been dedicated to this sector, with **under 1% going into social services; despite its key role towards jobs, growth and achieving a social Triple A for Europe.**

### II. Unlocking Investment into Social Services

Based on a series of studies and discussions, the European Association of Service providers for Persons with Disabilities (EASPD) proposes the following solutions to unlock investment into social services:

#### STRUCTURAL



1. **Earmarking/Off-setting** mechanisms to ensure social investment is guaranteed (to counter current “natural earmarking”)
2. **Sectoral Involvement** in EFSI (Social Investment Leverage Group and/or DG EMPL)
3. **Better Communication** (de-centralising the EIAH, national sectoral platforms, involvement of responsible authorities, etc)
4. **Targeted Programmes** (reducing thresholds, project clustering, grants to build local partnerships, social-specific instrument, sectoral capacity building)
5. **Improved Promotion** (European Conference, national/local events, one-stop-shop website, toolbox)

#### TECHNICAL

##### 1. Earmarking/Off-setting mechanisms.

The current EFSI structures have been successful in unlocking investment into sectors already experienced with EIB operations and private financing. This has led to a “natural earmarking” for certain sectors. Changes to the current structures are necessary if EFSI is to be diversified, notably to the social sector. The European Commission has proposed earmarking for large-scale projects in line with COP21 commitments. Similar earmarking should be considered an option for projects building the social infrastructure of tomorrow. Other mechanisms such as “off-setting” could also be relevant here, as well as defining indicative sectoral targets built and developing appropriate action to achieve the established targets.

## 2. Sectoral Involvement.

It is clear that the European Investment Bank has very little knowledge of the social services sector, with very limited past experience. There is currently very little know-how as to how social services operate and how they could bring a return for any investor, despite clear positive evidence in this regard. EFSI does not currently have any representative from or expert on social services in its Governance (Steering Board, Investment Committee, etc). One option could be to include a representative from DG EMPL in the Steering Board. Another could be to support the development of a European Social Investment Leverage Group, with representatives from social services, user organisations and sectoral financial intermediaries. This group could provide a bridge between the EFSI mechanisms and the sector, by providing expertise, sharing know-how and promoting EFSI within the sector at national level.

## 3. Better Communication.

EFSI has a communication problem when it comes to the social sector; who either are not aware of it or do not immediately see it as relevant for their investment needs. The creation of national/regional/local sectoral platforms could bring different stakeholders together to facilitate communication on the ground, as well as to help group project ideas. As the main source of investment into social services comes from public authorities, the successful involvement of the responsible authorities (often regional or local) in EFSI would also help to facilitate communication and take-up of EFSI. Setting up a stable network of **national offices for the European Investment Advisory Hub** would help to build capacity on-the-ground.

## 4. Targeted Programmes.

The current investment needs for many service providers appears to be € 1-10 million; thus below the current Infrastructure Window threshold. Tackling issue could be done by lowering the threshold for certain sectors and by supporting platforms which help to cluster projects together. Additionally, the development of a specific instrument for social services, focusing primarily on the triangle between responsible authorities, private investors and social services, should be considered. Grant schemes to support the development of local partnerships would be an effective mechanism as is done by the Council of Europe Development Bank's work on Social Housing,. Last but not least, the lack of technical knowledge on how to access private funding within the sector could be solved through the creation of a new capacity building investment initiative for social services, possibly through EaSI. The main barrier to investment for social services is more the sector's current lack of capacity than the ability of private investors to invest.

## 5. Improved Promotion.

Too many social service providers are not aware of EFSI. A series of events at national/local level, coordinated through the sector's European representatives, should be organised. These national/local events could be backed up by an annual European Conference to discuss the sector's developments in terms of access to finance. EASPD hopes to organise some of these events in 2017. A one-stop-shop online website, to be created by EASPD in 2017, should be given resources to expand further, in the following years.

**Putting in place these proposals would help to create an enabling eco-system for the social services sector to take full advantage of EFSI. This would reflect the Mr Jean-Claude Juncker's and the European Commission's strong commitment to create a social triple A for Europe.**

## III. Contact Details

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