



Long Term Investment and Reindustrialisation Intergroup



#Invest4Future

INVESTING IN A SOCIAL EUROPE : SOCIAL INFRASTRUCTURES AND THE NEXT MFF *26 September 2018 – European Parliament Minutes of the Conference*

Speakers:

- **Pervenche BERÈS**, MEP, Member of the "Common Goods and Public Services" & of the "Long-term Investment & Reindustrialisation" Intergroups
- **Shadin VIRATHAM**, Team Leader - EaSI social finance, DG Empl, European Commission
- **Laurent ZYLBERBERG**, Chairman, European Long-Term Investors Association (ELTI)
- **Filippo MUNISTERI**, Policy Officer, Relations with European and International Financial Institutions, DG Ecfm, European Commission
- **Edoardo REVIGLIO**, Economist, Cassa Depositi e Prestiti,
- **Sorcha EDWARDS**, Secretary general of Housing Europe
- **Valeria RONZITTI**, Secretary General of CEEP
- **Jérôme HAMILIUS**, Director, Council of Europe Development Bank



I. Welcome address and keynote speeches

Pervenche BERÈS, MEP, Member of the "Common Goods and Public Services" & of the "Long-term Investment & Reindustrialisation" Intergroups introduced the conference recalling her long advocacy for social investments back when she chaired the Committee for Employment and Social Affairs. In this spirit, she welcomed the creation of a window explicitly dedicated to social investments within the InvestEU Fund. She then cited the report "Boosting Investment in social infrastructures"¹ by the High-Level Task Force on Social Infrastructures, conducted throughout the year 2017 and which called for better targeting social infrastructures in the next Multiannual Financial Framework. In parallel, transparency and disclosure on behalf of private investors and enterprises is very important to attract capital and maximize potential of InvestEU. The non-financial reporting regulation will be key in this regard. Mrs Berès concluded her intervention emphasizing the importance of the European investment stabilisation function (EISF), currently in discussion, together and beyond InvestEU.

Shadin VIRATHAM, Team Leader - EaSI social finance, at the Directorate General for Employment, Social Affairs & Inclusion, then took the floor to present the Commission's perspective on the social challenge of the next MMF. He claimed social investments were a key priority of the Commission since the start of the Junker Commission. In this regard, he cited the Götteborg summit and the pillar of social rights, notably equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The economic crisis has left public authorities with less resources which need to be compensated through other schemes such as social investments in healthcare and education. The next MFF comprises this dimension in virtually all proposals (ESF +, Horizon Europe...). For instance, the social window of InvestEU is expected to deliver massive investment in microfinance.

The roundtable was then introduced by **Filippo Munisteri**, Policy Officer for relations with European and International Financial Institutions at the Directorate General for Economic and Financial Affairs for a presentation of the InvestEU Fund. InvestEU is a major simplification compared to the current MFF. One instrument instead of 14, which will be more policy-driven than EFSI. Public and private investment will be mobilised with the support of an EU budget guarantee of EUR 38 billion that will back the investment projects of implementing partners such as the European Investment Bank (EIB) Group, National Promotional Banks and Institutions (NPBIs) as well as the European Bank for Reconstruction and Development (EBRD) and the Council of Europe Bank (CEB) and increase their risk-bearing capacity. EUR 650 billion in additional investment in four policy areas are expected to be triggered. The idea is to combine the strength of the EIB Group with the local knowledge and expertise of other players to do more outreach and to cover also smaller tickets. This will foster innovation and new financial products for specific sectorial, regional or local needs and ensure a balanced geographical coverage of the InvestEU Fund. Significant technical assistance will be deployed for promotional institutions in need of capacity building and larger and more experienced institutions are expected to support this effort.

He then moved specifically on the Social investments and Skills window, set up to support investments in tangibles and intangibles assets to foster inclusive growth, education health, well-being and fairer income distribution in the EU. In this regard, the findings of the "High Level Task Force on Investing in Social Infrastructure", which has been initiated by ELTI and chaired by Romano Prodi was a source of inspiration as well as feedback from organizations from the social and financial field. InvestEU places more emphasis on social investment and skills. The allocation for budgetary guarantees and financial

¹ Lieve Fransen, Gino del Bufalo, Edoardo Reviglio ["Boosting Investment in social infrastructures in Europe"](#) January 2018

instruments in the social sector under the current MFF amounts to €2.2 billion whereas InvestEU allocates €4 billion of the EU guarantee to this policy area. The goals of this window are ambitious: €50 billion of investments should be triggered in order to bring forward the highly needed infrastructure and social services. While all the projects will have to be ultimately economically viable and generate revenues for the investors, the financial products in use, their investment guidelines, pricing and return conditions will change according to the specific policy sector, the market gap to be addressed and the specific project structure. Moreover, InvestEU in the post-2020 MFF would also pursue efforts made under the financial instruments of the EaSI programme. Technical assistance supporting the preparation of social investments and skills shall ensure full support for sustainability proofing of investment projects from the grant or pre-investment stage onwards and can also be based on self-assessment diagnostic methods supported by advisory services helping beneficiaries in structuring their project and tailoring it to the target group in question.

M. Munisteri concluded his intervention around the monitoring framework, based on output, outcome and impact indicators which will be needed to track the projects and progress and to report to the investors that will join InvestEU sponsored projects and platforms. The framework may be based, among others, on the Pillar's social scoreboard for the social dimension of the window, and on the monitoring system of current programmes in cultural and creative sector or under the ESF.

Sorcha EDWARDS, Secretary general of Housing Europe then took the floor praising in the InvestEU regulation a clear manifestation of the strong European will to further invest in the social dimension of the EU in the long-term. She then cited several features of the Window on social investment & skills within Invest EU such as an appropriate start to tackle the investment gap identified by the report "Boosting Investment in social infrastructures in Europe", a significant increase of the budget dedicated to capacity-building, locally-oriented and a stronger focus on reaching out to smaller and local projects. She emphasized the need of InvestEU not to compartmentalize social policies as integrated solutions are a successful approach already conducted by the social housing sector (for instance, Federcasa in Italy, engage with the health, care and social mediation sector). Regarding climate objectives, she welcomed the proposal's commitment toward climate mainstreaming (30% of the overall envelope) – in line with Housing Europe's policy recommendations. It will open new doors for advancing investment in energy efficiency measures and the use of renewables in housing.

There remain several challenges to address though like the specificities of national housing challenges. Also, when given the possibility for Member States to shift funds from Cohesion Policy to the InvestEU guarantee, one should make sure that initially allocated funds towards social infrastructure, should remain under that target in InvestEU. Also, a more systematic use of the investment clause 2.2 of the Stability and Growth Pact should be encouraged for national co-financing and the financial products of InvestEU should be consistent with the sustainable development principle according to EU commitment to SDGs;

She concluded her intervention offering Housing Europe's expertise in the development of the investment guidelines on the social investment & skills window, as well as in the development of the sustainability proofing and guidance being developed by the Commission in cooperation with implementing partners. Finally, the Advisory Hub should be composed of social housing experts.

Valeria Ronzitti, Secretary General of CEEP, then took the floor. She claimed that as much as EFSI was a very good initiative, after a long pause concerning social investments, it did not prove to do much better than other investment schemes: economic infrastructures were, as always, much better

targeted. On the next MFF, she warned the audience not to be focus too much on sectoral regulations but also address the legal framework encompassing them all.

Jérôme Hamilius, Director at the Council of Europe Development Bank then delivered conclusive remarks on the important global and domestic challenges the EU faces as regards social and economic inequalities. Many policies (for instance social housing and formation for youth) require immense financial needs. To this he replied that International Financial Institutions (IFIs) and National Promotional Banks and Institutions (NPBIs) have the money, and then enquired whether diffusion of the resources was just a matter of finding the right conduct to reach the beneficiaries in need. He concluded saying these institutions have the knowledge of local actors, and the experience. Invest EU is a very important proposal which will foster social investments. To that end, direct access to the guarantee for IFIs and NPBIs is very important.

Laurent Zylberberg, Chairman, European Long-Term Investors Association (ELTI), followed this intervention reminding the specificities but also common features of social investments within investments in general. He refuted claims regarding a gap between first and 2nd tier National Promotional Banks and Institutions as collaboration will be conducted. Competition is between projects and not Implementing Partners.