



European Fund for Strategic Investment & Social Inclusion

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Background Information

The economic and financial crisis decreased the ability or willingness of public authorities to invest in public services. This has similarly been matched by weak investment into the real economy by private investors. This has clearly hindered Europe's economic and social recovery from the crisis

Given this context, the European Commission and the European Investment Bank (EIB) launched the European Fund for Strategic Investment, seeking to overcome this investment gap by using public money to mobilise private investment into strategic areas.

What is the European Fund for Strategic Investment?

- A 16 billion EUR guarantee from the EU budget, complemented by an allocation of 5 billion EUR of EIB's own capital, aiming to secure at least 330 billion EUR additional investment into the European GDP..
- The objective is to address a funding gap that is hampering the ability of enterprises to expand and innovate to their full potential due to limited access to private funding for certain high-risk projects.
- Implemented through two pathways: 1. The "Infrastructure & Innovation window" for projects over €25 million and 2. The SME Window, for investments under €25 million EUR, through financial intermediaries (banks, etc)
- Through the EFSI, the EIB aims to provide funding for economically viable projects (i.e. with a return) where it adds value, in particular for projects with a higher risk profile. It focuses on sectors of key sectors able to deliver a positive impact on the European economy, including the social sector.
- Instruments available within the EFSI are (different types of) loans, guarantees, credit enhancement products and equity-type products.

What opportunities are there for Social Services?

There is significant need for investment in Social Services. This can be explained by the often [diminishing public expenditure](#) into the sector, alongside trends such as the rising demand for services, [unlocking the sector's job creation](#) and the [development of community-based services](#).

It is clear that EFSI should not be seen as the solution to all problems, especially given the unique role public investment brings towards ensuring the continuity and sustainability of high quality social services.

EFSI could be a useful tool for social service providers seeking better conditions for private sector investment into certain specific projects aiming to improve or build community-based social



infrastructure and projects in the field of innovation and human capital development. In the future, and already on paper today, it may also be possible to use both EFSI and European Structural and Investment Funds to develop innovative projects and help scale them up.

What possible threats are there for Social Services?

As of mid-2016, only 3% of EFSI investment was dedicated to “social infrastructure”. Significant efforts must be made by the EIB and the European Commission to unlock the demand for financing in social services; currently limited by a lack of awareness about EFSI and the social services sector, complex procedures and technical and economic conditions, as well as overly strict definitions and eligibility criteria.

Another issue of concern is that the EFSI may be used to finance investment into out-dated segregating residential institutions, leading to the social exclusion of children, people with disabilities, elderly people and the homeless from society. The quality assessment criteria used by the EIB for investment in health and social services are currently not fully in line with EU principles and values, especially when it comes to the process of de-institutionalisation.

It is also essential that Public Authorities understand the complementary role private financing can play in supporting investment in social services, but that adequate and increased public investment is the main guarantor for ensuring the affordability, availability, accessibility, adaptability of quality services in Europe.

What next for EFSI and Social Services?

- Working to raising awareness about EFSI and bridging the gap between EFSI and social services at national/local level
- Calling for targeted campaigning from the EIB & the European Commission to unlock investment into social services, such as a large-scale scheme similar to the [Guarantee initiative to support SMEs cultural and creative sectors](#)
- Ensuring that the European Parliament’s report on the “Implementation of EFSI” includes reference to unlocking the EFSI for quality social services
- Fighting for improved quality criteria within the EIB to guarantee that investment is only made into community-based services, rather than segregating settings.

Additional Information

- The EFSI [website](#) and [leaflet](#)
- EASPD [Study on Unlocking the EFSI for Social Services](#)
- Who to follow on Twitter: #investEU @EIB @MiguelGilTertre @AuraSalla @jyrkikatainen

For more information, please contact

Thomas Bignal
EASPD Policy Officer
T. +32 2 282 46 19
thomas.bignal@easpd.eu
www.easpd.eu

