Social Investment Pact - as a response to the crisis

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The European Parliament adopted a resolution on the Social Investment Pact - a response to the crisis.

The Parliament recalled that the unemployment rate has increased from 7.1% in 2008 to more than 10% in January 2012 in the EU 27, affecting especially young persons, low-skilled workers and long-term unemployed. It also recalled that some 80 million Europeans are currently at risk of poverty and the level of children and adults living in jobless households has increased to almost 10% in 2010; whereas this, combined with child poverty, the rising number of working poor as well as high unemployment among young people will lead to an even higher risk and inheritance of poverty and social exclusion in the future.

In this extremely difficult context and financial and economic crisis, Parliament supported a renewed social policy approach whose outlines may be summarised as follows:

Renewed approach to social investments in Europe: the Parliament recalls that social investments, being the provision and use of finance to generate social as well as economic returns, aim at addressing emerging social risks and unmet needs. These last focus on public policies and human capital investment strategies that help and prepare individuals, families and societies to adopt to various transformations.

If they are well-targeted, social investments are important to reassuring a proper employment level for both women and men in the future, stabilising the economy, enhancing the skills and knowledge of the labour force and raising the competitiveness of the European Union. In this context, social investments should therefore be treated not only as spending but primarily as **investments, with a double dividend** that will give real returns in the future. They should be an important part of EU and Member States' economic and employment policies, and of their responses to the crisis, in order to achieve the employment, social and education objectives set out in the Europe 2020 strategy. Parliament moreover b elieves that facilitating and focusing on social entrepreneurship and access to microfinance for vulnerable groups and those furthest away from the labour market is essential in the context of social investment, in that they allow the creation of new sustainable jobs, often persisting changes in the economic cycle.

In general, the Parliament considers that the crisis requires a modernisation of the European Social Model, a rethinking of national social policies and a transition from welfare states, that mainly respond to damages caused by market failure, to “activating welfare states”, that invest in people and provide instruments and incentives.

Activating welfare states: the Parliament calls on Member States and the Commission to maintain a balance between action addressing the immediate challenges resulting from the crisis and action of a medium- and long-term nature. Special priority is foreseen for activities that aim to:

- help the unemployed get back to work, and to create preconditions for a smoother transition from education and training to professional life;
- fight youth unemployment;
- boost economic growth and improve work productivity as well as work distribution;
- improve well-being at work and reduce the causes of withdrawal from professional life;

- invest in lifelong education and training for all age groups;
- invest in innovation by supporting the manufacture of innovative goods and services;
- eliminate the causes of gender segregation in the labour market;
- enhance the balance between the flexibility and security of employment contracts to promote employment and help in reconciling family and professional life;
- adapt pension systems to changing economic and demographic conditions;
- fight poverty and social and medical exclusion, with a particular focus on preventive and proactive work.

The Parliament insists that **youth employment** be an important part of the social investment strategy, to avoid the loss of a generation, and Member States are encouraged to:

- develop partnerships between schools, training centres and local or regional businesses;
- provide training and high- quality youth internship programmes, in cooperation with enterprises as well as senior employee sponsorship schemes;
- promoting entrepreneurship as well as a European youth guarantee and creating incentives for employers to engage graduates;
- securing a better transition from education to work and promoting European and regional mobility.

Overall, the Parliament stresses **personal responsibility**, bearing in mind that individuals also need to think about what they can do to ensure they are on the winning side in the race for talent. It invites Member States and the Commission to take all possible measures to improve education systems at all levels. These measures must provide for a good balance between security and flexibility in the labour market, by providing both adequate social protection coverage for people in periods of transition and access to training with the aim of securing full-time work.

Better governance through the Social Investment Pact: the Parliament encourages the Member States to make better efforts to include social investments in their medium and long-term budgetary targets. It notes that, in order to secure proper implementation of employment and social targets, the recently developed system for macroeconomic and budgetary surveillance in the EU must be supplemented by **improved monitoring of employment and social policies**. The Commission is called on, therefore, to consider developing a scoreboard of common social investment indicators for monitoring the progress made in the Member States and at the Union level in this regard and to promote the corporate responsibility of companies, especially SMEs, by creating a **European social label**.

Moreover, the Parliament calls on Member States to consider signing to a "**Social Investment Pact**", which sets investment targets and creates a reinforced control mechanism for improving efforts to meet the employment, social and education targets of the Europe 2020 strategy. This "Social Investment Pact", like the "Euro Plus Pact", would contain a list of specific measures in form of social investments to be taken by Member States in a given timeframe in order to meet the employment, social and education targets in line with the Annual Growth Survey and National Reform Programmes. In this context, a

regular surveillance framework should be put in place. The Commission should take all possible measures to encourage and assist Member States to sign the “Social Investment Pact”, and to introduce evaluation of employment, social and education goals in the European Semester 2013.

Lastly, the Parliament invites the Member States to ensure that the Multiannual Financial Framework 2014-2020 contains **appropriate budgetary resources to stimulate and support social investments in Europe** particularly via the mobilisation of the Structural Funds, especially the European Social Fund. The Commission may also, when it so deems appropriate, make other possible sources of financing available to the Member States for the purpose of social investments.