

# Social Investment Pact - as a response to the crisis

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The Committee on Employment and Social Affairs adopted the own-initiative report by Danuta JAZLOWIECKA (EPP, PL) on the Social Investment Pact – as a response to the crisis.

**Renewed approach to social investments in Europe:** the report defines social investments as the provision and use of finance to generate social as well as economic returns which focus on public policies and human capital investment strategies that prepare individuals, families and societies to adapt to various transformations. Targeted social investments 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.

Members note 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 committee 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, and to give special priority to 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, preventing early-school-leaving, and special training for sectors with labour shortages;
- 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;
- adapt pension systems to changing economic and demographic conditions, and reduce the economic dependency ratio by e.g. creating conditions for working longer on a voluntary basis.

Member insist 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;
- promote entrepreneurship as well as a European youth guarantee and create incentives for employers to engage graduates;
- secure a better transition from education to work and promote mobility.

The report also stresses the need to take all possible measures to improve education systems at all levels and to provide for a good balance between security and flexibility in the labour market.

**Better governance through the Social Investment Pact:** Members note 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 committee calls, therefore, on the Commission 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.

It further 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 e.g. 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. This should be subject to a regular surveillance framework with a strong role for the European Commission and the European Parliament and the involvement of all relevant formations of the Council.

The report calls on the Commission to 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 committee calls on Member States to ensure that the Multiannual Financial Framework 2014-2020 contains **appropriate budgetary resources** to stimulate and support social investments in Europe, and to make the Structural Funds, especially the European Social Fund, supportive of social investments. When the Commission deems it appropriate, other possible sources of financing should be made available to Member States for the purpose of social investments.