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Juncker Plan: social investment

Some senior EU officials are calling for part of the €315 billion under the **Juncker plan to be invested in social projects**, which do not only generate costs, but are also a factor of development[1]. But is the EU really able to implement the recommendations of the 2013 Social Investment Package? Considering the discussions at the two conferences co-hosted by Confrontations[1], **it is doubtful.**

If we limit ourselves to using existing tools, there are a number of issues that have to be addressed:

- defining social impact goals ex ante for budget and financial rationalisation reasons and then accurately measuring them ex post is difficult when the goals in question concern human capital, innovation and very long-term investment, as there will always be an element of unmeasurability;
- monetising impact assessments to incorporate them into cost/benefit analyses can therefore lead us to invest only in what we already know and to steer the future with our eyes constantly on the rear-view mirror, while granting increasing authority to experts;
- Lastly, investment in social organisations that are an integral part of long-standing systems of protection cannot be governed by straightforward venture capital rules. Therefore, to maintain the necessary diversity of methods, an essential programme of theoretical and practical research is being implemented.

Nicole Alix,
Confrontations Europe

[1]« Unequal Europe, Recommendations for a more Caring EU », High level groupe report on « Social Union », Les Amis de l'Europe, spring 2015.

[2].http://www.confrontations.org/fr/conferences/2015

Social impact investment: testing, evaluating, debating

In June 2013, B. Hamon asked me to represent France in a **G8 task force** on **social impact investment**. I accepted for three reasons. Because it was the Minister for the Social and Solidarity Economy who was asking, which was a reflection of the French government's position on the matter. Because France must take part in international discussions on the subject, and not just drop it simply because the British and Americans have taken the leading role. And because we are going through a period of social and economic change and new social approaches are needed. I am interested in finding out how we can "**go from social spending to social investment**" while continuing to adhere to objectives of general interest. Social impact bonds are not, in my opinion, deemed to replace subventions, but they should complete them, by financing innovation.

I set up a committee of 29 qualified individuals with backgrounds in solidarity finance, social entrepreneurship, public and private banking, academia, government, international organisations and so on. I have just one regret, which is that traditional associations working in the health and welfare sectors for example are under-represented. For a year I took part in meetings of the international task force, and I have a few remarks I would like to make. First, the diversity of the French committee was an advantage in itself. Second, these people are not used to talking to each other and do not know each other very well. We decided to continue these valuable discussions into 2015. Talking to other countries helps us progress and move forward. Seven countries shared their experiences in social and financial innovation with the task force, which was chaired by Ronald Cohen. It acted as a "knowledge centre" on this new and exciting subject. However, I quickly realised that **there is not enough past experience of social impact investment to develop sure and universal methods**. **Everyone is searching,** in particular for **greater efficiency, in terms of social public spending/measurable results for the beneficiaries.** France can be proud of its efforts in this respect. We presented the French solidarity finance system to the task force, putting the spotlight on solidarity-based employee savings and 90/10 funding.

The French report contained **21 proposals**. Unfortunately, the debate focused rather too quickly on "social impact bonds". Social impact investment is a much broader concept. It involves using public money as leverage. It obliges stakeholders to sit down around a table and define common objectives, identify the resources needed and develop assessment indicators. This requires further reflection and public debate.

Therefore, the initiatives taken by Confrontations Europe in Paris and Brussels are very important: they allowed an **open debate** between numerous stakeholders and they offered an **opportunity for academics to study the subject in depth.** Eve Chiappelo's work is, in this respect, promising. Another key point is that they **stepped up the debate with the Germans.** Their social model is significantly different to the Anglo-Saxon model. We need to listen to what they have to say about social impact investment. Last but not least, they **aimed to develop a pan-European approach.**

President Juncker needs to tell us what role he foresees for social impact investment in his plan to stimulate the economy through investment (€300 billion). He also needs to pick up Commissioner Barnier's work on social entrepreneurship and the measurement of social impact as a matter of urgency.

As for me, I have set my sights on two goals: **protecting the interests of beneficiaries and promoting co-production.**

Hugues Sibille,
President of the French Committee for Social Impact Investment.

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