

The High Level Task Force (HLTF) on financing social infrastructure and maximizing public value

EUROPEAN COMMISSION DIRECTORATE-GENERAL FOR HEALTH AND FOOD SAFETY

**Seminar on "Strategic investments for the future of healthcare"
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The Challenges of Social Europe

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The future of Europe for the next decades is worrisome: demographic perspectives and growing youth unemployment represent huge challenges for public finance and welfare state sustainability – especially in high debt and low growth environment.

We need to re-build trust among European citizens; give them good reasons to fight Euro-skepticism and populisms, which are growing stronger by the day.

Our main task is then is to give a strong political message: the European Union takes care of its citizens starting from the young and the older generations.

Moreover - White Economy produces jobs and growth – this should be a driving force in EU future economic and fiscal policies.

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At the EU level we need

- Full coverage of kindergartens to increase women's employment;
- schools and universities to meet the challenge produced by changes in educational models;
- long term caring for the elder which weigh on families and on the economic system as a whole;
- affordable housing for young families and for new citizens coming from outside the Union.

We need to **move from the “Europe of Things to the Europe of the People”**.

The High-Level Task Force (HLTF)

**Financing Social Infrastructure and Maximizing
Public Value**

High Level Task Force – Social Infrastruttura

PROMOTERS: ELTI (European Association of Long Term Investors), European Commission, EIB and Integrate .

TIMING: January -December 2017

FINAL OUTPUT: Report to the European Commission.

HLTF: Romano Prodi (Chair) and Christian Sautter (Deputy Chair) .

WG1: On Investments Needs - Lieve Fransen (Chair)

WG2: On Financial Models and Funding Sources - Steve Wright and Edoardo Reviglio (Chair)

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PURPOSE AND OBJECTIVES

- Review the financing of social infrastructure in the EU, and to understand how and to what extent these projects can, as appropriate, be transformed into “investable initiatives”.
- The results of the HLTF may support and have also relevance for all major European investment actions – via European Structural and Investment Funds, NPBs, the EIB Group and other entities.
- Clarify the current status in originating and funding social infrastructure in the EU, and give recommendations for what needs doing to generate a more consistent supply projects, while assessing the ultimate affordability of its financing (sources & instruments).
- Define the concept of “public value”, and elaborate metrics for integrating various forms of public value into projects for social investment.

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- **WG1** encompasses current investment patterns in the public sector, what affects them, and accordingly derives estimates of the future financial resource needs in the context of the wider settings of public authorities and services.
- **WG2** is focused on how to finance those future investment demands. Further, it will study the matching of the expectations of private investing institutions with government willing-to-pay.

In essence, the two WGs address different parts of a puzzle that the Task Force itself will combine together and translate into recommendations for capital investment financing policy for social infrastructure for the public sector.

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WG 1

CURRENT AND FUTURE SOCIAL INFRASTRUCTURE INVESTMENT NEEDS IN EUROPE

By the end of its function as part of the HLTF SI, WG1 will have delivered data, intelligence, case examples, key messages and recommendations that address the following:

The potential shortage of public infrastructure investment, and particularly in priority sectors (education, health and affordable housing) estimating future demand for social infrastructure and services;

Need for changed capital stock to service complex trends in these sectors (current welfare systems and their perspective model development);
Feasibility of including quantifiable public value metrics in project appraisal.

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WG 2 -

MODELS & FUNDING SOURCES FOR FUTURE SOCIAL INFRASTRUCTURE INVESTMENT IN EUROPE

By the end of its function as part of the HLTF SI, WG2 will have drawn on the material delivered by WG1, and on other sources, and it will have generated methodologies, case examples, data and recommendations that address the following summarised areas:

- The requirement for new financial models – including pan-European platforms and greater standardization of procurement and financing schemes - for the service-intensive sectors, with payment mechanisms more clearly related to public value metrics, and with appropriate governance arrangements;
- The demand of Long-Term Investors for financial products backed by social infrastructures;
- The constraints for banks and institutional investors in financing social infrastructures.