

# **A child-centred investment strategy**

**Why the Investment Plan for Europe  
needs to prioritise children**

**WORKING PAPER**



**Eurochild**  
Putting children at  
the heart of Europe

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## About Eurochild



Eurochild advocates for children's rights and well-being to be at the heart of policymaking. We are a network of organisations working with and for children throughout Europe, striving for a society that respects the rights of children. We influence policies, build internal capacities, facilitate mutual learning and exchange practice and research. The United Nations Convention on the Rights of the Child is the foundation of all our work.

### **Eurochild AISBL**

Avenue des Arts 1, B – 1210 Brussels, Belgium  
Tel. +32 (0)2 511 70 83 Fax +32 (0)2 511 72 98  
[info@eurochild.org](mailto:info@eurochild.org) – [www.eurochild.org](http://www.eurochild.org)

### **For more information, contact:**

Réka Tunyogi  
Advocacy & Parliamentary Officer, Eurochild  
[reka.tunyogi@eurochild.org](mailto:reka.tunyogi@eurochild.org)

Eurochild working papers are exploratory texts that allow for discussions on emerging policy areas and their implications on children's rights.



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## SUMMARY

This European Commission has made investment a priority. Its objective is to return the European Union to a place of economic growth and prosperity. In this paper Eurochild argues that a child-centred investment strategy is a precondition to achieving sustainable and equitable economic and social development. A child-centred investment strategy prioritises investment in five pillars: education, early years policies, health promotion, community development and family strengthening, and social protection and welfare support.

EU Member States have primary responsibility for these policy areas. However, the EU plays a critical role both in influencing national policies through its macro-economic governance tools and through the structural and investment funds. Eurochild explores whether the new European Fund for Strategic Investment, a flagship initiative of the Juncker Commission, can also contribute to a more child-centred investment strategy.

### Section 1: A child-centred investment strategy

Soon after the new European Commission took office in November 2014, it presented the Investment Plan for Europe<sup>1</sup>, aiming to “strengthen Europe's competitiveness and to stimulate investment for the purpose of job creation”. The Commission sees the Plan helping to boost economic recovery and increase competitiveness; whilst strengthening the European dimension of our human capital, productive capacity and physical infrastructure.

The Plan is part of Juncker's ‘holy trinity’: structural reforms, fiscal responsibility, and investment. Achieving a social Triple A rating – another of Juncker's priorities – must also be seen within this trilogy.

In this paper we explore the third pillar of ‘investment’. Building on repeated references to human capital, we argue that investment must take a rights-based approach and prioritise children.

Child rights are not a marginal issue<sup>2</sup>. They are the foundation for building resilient, prosperous and inclusive societies. Beyond the moral and legal imperative to protect the human rights of children, there are also robust economic arguments in favour. **Eurochild advocates for a children-centred investment strategy based on 5 pillars: education, early years, health promotion, community development and family strengthening, social**

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<sup>1</sup> COM(2014) 903 final

<sup>2</sup> All EU member states have ratified the United Nations Convention on the Rights of the Child and are bound to report on its implementation every five years.

**protection and welfare support**<sup>3</sup> (outlined in detail below). Across all these areas we argue not only for increased investment but also reform in how benefits and services are delivered. We believe significant savings and improvements in outcomes can be achieved when public investment encourages innovation, more joined up thinking and collaboration across sectors.

## 1. Invest in education systems that encourage innovation, accountability and inclusiveness

Despite widespread recognition that quality education is key to social mobility, employability and citizenship, a recent report from UNICEF finds that more than a third of OECD countries have reduced public education spending after 2010, and several more froze it.<sup>4</sup>

Across Europe education outcomes are still strongly correlated to social-economic status. Children whose families are less well-off tend to achieve worse at school and are more prone to leave the education system early. Young drop-outs are on average less likely to get a job or earn enough to exit the vicious circle of poverty<sup>5</sup> and can fall between the net. It is known that investing in high quality education from an early age helps prevent early school-leaving, save costs on the long-term and increase young people's chances on the labour market.<sup>6</sup>

Understandably the EU has made tackling youth unemployment a top political priority. However this has not led to prioritising investment and reform in our education systems. We believe that across Europe education systems are failing children, in particular those disadvantaged by their socio-economic circumstances, disability, ethnicity or migration status, etc. Curricula are still predominantly driven by academic achievement, whilst important education is much more than developing knowledge and cognitive skills. The UNCRC refers to the aims of education as being “the development of the child’s personality, talents and mental and physical abilities to their fullest potential” (Article 29). We argue that in today’s rapidly changing society, self-awareness, tolerance, an appetite for learning, curiosity and confidence are among the most important attributes to develop during childhood.

Despite the EU’s limited competence in the education field, the EU has coordinated decades of cooperation between Member States and produced strong policy documents. Still these efforts remain largely on paper.

Investment is therefore not only about upgrading the schools infrastructure and ensuring education systems keep pace with the digital agenda. We believe **investment in education needs to encourage innovation, accountability and inclusiveness**. Inspiration can be drawn

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<sup>3</sup> The 5 pillars are not listed in any order of priority, except that because education has been identified as a particular priority of the Investment Plan for Europe, this is explored in more detail.

<sup>4</sup> UNICEF Office of Research (2014). ‘Children of the Recession: The impact of the economic crisis on child well-being in rich countries’, *Innocenti Report Card 12*, UNICEF Office of Research, Florence.

<sup>5</sup> [OECD Literature Review on Policies to Prevent Dropout and Early School Leaving](#)

<sup>6</sup> DG Education and Culture study on the [effective use of early childhood education and care \(ECEC\) in preventing early school leaving \(ESL\)](#) (2014)

from tried and tested learner-centre education models that should move from the margins to the mainstream.

Investment in education should go beyond formal schooling and official curricula. More and more families depend on after-school clubs and organised holiday activities. Free public provision of such services is often unavailable or of low quality. Many children from disadvantaged backgrounds are deprived access to music, art and culture, leisure activities and sports which are essential for children's well-being and development.

## 2. Make early years policies – including, but not limited to, ECEC – an investment priority

If high quality education for all is recognised as vital for strengthening human capital and building more equitable societies, it follows that public investment should be weighted towards the early years. A growing body of neuro-science points to the critical importance of the first 5 years of a child's life in brain development<sup>7</sup>. Positive early childhood experiences help lay the foundations for highly-prized skills such as the ability to think creatively and laterally, to build positive relationships, to communicate effectively, to adapt to new situations, to cope in stressful situations.<sup>8</sup> Conversely, if a child misses out on a stimulating and nurturing environment in the early years, it can be difficult to catch up and can negatively affect life-time chances.

The European Union has made investment in childcare a priority. Driven by the need to increase female labour market participation, the EU adopted the so-called Barcelona targets in 2002. They called on Member States to increase childcare provision to at least 90% of children between 3 years old and the mandatory school age, and at least 33% of children under 3 years of age by 2010. However a majority of EU Member States have not reached the targets, the gap being greatest for under 3s.<sup>9</sup> The EU's education and training targets (ET2020) set the objective that at least 95% of children between the age of 4 and the mandatory school age should attend early education. More than half of EU Member States have failed to meet the target, with children from disadvantaged backgrounds being much less likely to have attended ECEC for longer than one year.<sup>10</sup>

It is clear that most EU Member States invest insufficiently in ECEC provision, a situation exacerbated by budget cuts in several countries. Furthermore it is widely recognised that increasing provision alone will not deliver its promise of narrowing the gap in education outcomes across different socio-economic groups. **Children from disadvantaged groups only benefit if ECEC services are free, accessible and of high quality.** The Commission's work on a

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<sup>7</sup> See for example work of the Centre on the Developing Child at Harvard University <http://developingchild.harvard.edu/>

<sup>8</sup> [Eurochild's recommendations for EU action on early childhood education & care \(2011\)](#)

<sup>9</sup> European Commission (2013) Barcelona objectives: The development of childcare facilities for young children in Europe with a view to sustainable and inclusive growth

<sup>10</sup> European Commission (2014) The 2014 Education and Training Monitor

quality framework<sup>11</sup> is therefore very welcome but needs to be accompanied by a plan to support implementation.

To break the cycle of disadvantage, investment in ECEC services needs to sit within a broader policy package that support children's development in the early years. This includes parental leave, reconciliation measures, health promotion, community development and family and parenting support (see pillar 4).

### 3. Promote public investment in health promotion and prevention

Health care systems in Europe are under enormous strain due to an ageing population, the increasing prevalence of non-communicable disease, and massive medical advances with all its associated costs. There is also a growing body of evidence linking poor health outcomes with socio-economic determinants such as neighbourhood deprivation, lower parental income/wealth, parental educational attainment, higher parental job strain, parental unemployment, or household material deprivation,<sup>12</sup> which can only increase the burden on the health care system. Investment in integrated services which reach out to vulnerable and disadvantaged families can produce long-term gains in health, well-being and life-chances.

In 2011, the Council of Europe committee of ministers adopted 'Guidelines on child-friendly health care' emphasising five key principles: participation, promotion, protection, prevention and provision<sup>13</sup>. It calls on member states to adapt their health-care systems accordingly.

The World Health Organization's work on preventing child maltreatment notes how investing early in the life course in violence prevention will improve mental and physical health outcomes, as well as impacting positively on educational achievement and social inclusion.<sup>14</sup> They also note, however, that there is still much to be done in Europe on data collection to be able to monitor implementation of action plans against child maltreatment.

Similar to education and early childhood education and care, inclusiveness and high quality in health care services will result in a more equal society. Rather than the bulk of resources going into disease treatment, **investments need to be increased in health promotion and prevention**. To improve children's health more emphasis needs to be put on the promotion of a healthy diets and physical exercise, linking closely to the regulation of marketing towards children.

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<sup>11</sup> European Commission, 2014, Proposal for key principles of a Quality Framework for Early Childhood Education and Care, DG Education & Culture.

<sup>12</sup> Goldblatt P, Siegrist J, Lundberg O, Marinetti C, Farrer L & Costongs C (2015). Improving health equity through action across the life course: Summary of evidence and recommendations from the DRIVERS project. Report produced as part of the 'DRIVERS for Health Equity' project, <http://health-gradient.eu/>. Brussels: EuroHealthNet.

<sup>13</sup> Guidelines on child-friendly health care, adopted by the Council of Europe Committee of Ministers on 21 September 2011

<sup>14</sup> WHO Investing in children: the European child maltreatment prevention action plan 2015-2020

#### 4. Strengthening support to local communities

The economic crisis and resulting austerity measures have been linked to declining mental health across Europe.<sup>15</sup> For families in particular, precarious employment, job losses and cuts to vital support services and benefits can lead to conflict and stress. Parents' ability to provide secure and loving environments in which children grow and thrive can be compromised.

Over recent years there has been significant evidence accumulated on the positive impact of parenting interventions, ranging from universally accessible support and advice on positive parenting, to more targeted interventions for families with multiple or chronic problems (alcohol or drug abuse, school absenteeism, depression)<sup>16</sup>. Such **community-based services can play a critically important role in preventing family breakdown, preventing neglect and abuse and therefore reducing the burden on child protection services and improving health, education and civic participation outcomes**. The civil society sector has noted an increase in demand for family support, yet budget cuts are affecting their capacity to adequately respond.<sup>17</sup>

In recent years EU policy and funding has supported EU Member States transition from an over-reliance on institutional care to family-based and family-like alternatives. Whilst the numbers of children in institutional care has declined in several central and eastern European countries, rates of family separation have not fallen, pointing to a lack of community-level support to vulnerable families<sup>18</sup>. Many western European countries also still retain an over-reliance on institutional care both for children with disabilities and in the child protection system, often resulting in life-long dependency on welfare and care services, with the consequent drain on public budgets.

#### 5. Welfare support needs to ensure adequate living standards

As stated in the UNCRC Article 27, all children have 'the right to a standard of living adequate for the child's physical, mental, spiritual, moral and social development'. All EU member states have ratified the UNCRC and are therefore obliged to support parents and provide the necessary material assistance to implement this right. Minimum income schemes are an important part of the solution. Social protection has an important redistributive role and also lays the ground for more successful social investment.

Incentivising parents to return to work, investing in skills development and training should be an encouragement but never a punitive approach as it could drive families and children

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<sup>15</sup> <https://psychagainstausterity.wordpress.com/>

<sup>16</sup> For detailed analysis of evidence and evaluation methodologies see Eurochild, January 2015, Policy Position on Evidence and Evaluation Methodologies for Family and Parenting Support Policies and Practice

<sup>17</sup> Eurochild (2012) How the economic and financial crisis is affecting children & young people in Europe

<sup>18</sup> Opening Doors for Europe's Children, country snapshots May 2015, Eurochild & Hope & Homes for Children [www.openingdoors.eu](http://www.openingdoors.eu)

further to the margins of society<sup>19</sup>. The design and implementation of social protection reforms require consultation with those most likely to be affected.

## **Section 2: EU influence: Opportunities and challenges**

### **EU financing tools can support more social investment**

With the Investment Plan for Europe<sup>20</sup>, the European Commission has made a welcome move away from total faith in austerity, creating an opportunity for structural reforms that pave the way for a more sustainable and resilient recovery.

Eurochild agrees with the call of the Investment Plan for more clarity in policy-making and the effective use of scarce public resources. It encourages governments to invest more when there is fiscal space and pursue the necessary structural reforms. The exemption from macroeconomic imbalances procedures (MIP) offered to projects financed under the new European Fund for Strategic Investments (EFSI) is an extra push for mobilising public investment.

The Plan identifies the challenge of existing resources not being channelled to projects of added value, and in fact recommends making better use of public resources, including the Structural and Investment Funds. The multiannual framework of Cohesion Policy, and the 20% ring-fencing within the European Social Fund for reducing poverty and promoting social inclusion have the potential to trigger sustainable investments in human resources with EU support. It is also required by the ex-ante conditionalities that social inclusion measures financed through the Structural and Investment Funds contribute to a national inclusion strategy.

The Investment Plan's policy orientations are targeted at national, regional and local authorities, and set objectives such as investing in human capital, specifically naming education and health care. However through the guarantee fund (EFSI) and its governance structure, the EU is incentivising private investment in structural reforms. Thus it is useful, and to the credit of the European Parliament, that the text of the financial regulation establishing the fund was improved to include a reference to necessary policy coherence with Europe 2020 targets and the 2013 Social Investment Package, which supports stronger investment in the social field.

### **But growth and jobs remains the predominant paradigm**

The current political climate at European level continues to drive a rather narrow agenda. It was envisaged that the European Semester (the EU's macro-economic governance tool) be used to deliver on the broader Europe 2020 targets including poverty reduction and early

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<sup>19</sup> See upcoming comments paper on the DG EMPL peer review 'Conditional cash transfers and their impact on children, Ensuring adequate resources throughout the life cycle from a children's perspective' (Hungary, 8-9 October 2015)

<sup>20</sup> COM/2014/0903 An Investment Plan for Europe



school leaving. However there has been a growing disconnect as the European Semester appears to serve a much more limited and short-term perspective defined by jobs and economic growth alone.

This is partly due to the political urge to simplify and reduce the number and scope of EU initiatives, under the guise of bringing the EU closer to people. However, it moves the European Union further away from the objectives set out in the Lisbon Treaty, such as “to promote peace, its values and the well-being of its peoples” (article 3) or “the guarantee of adequate social protection, the fight against social exclusion and a high level of education, training and protection of human health” (article 9 – horizontal social clause).

The Juncker Commission plans to launch an initiative to help deliver on the promised social AAA rating will hopefully redress the balance. The EC acknowledges that “excessive inequalities reduces the EU’s growth potential”<sup>21</sup>. There is also strong evidence that investing in more equal societies will reduce the long-term burden on public budgets.

The growing emphasis on ‘upwards social convergence’ and social governance in the Eurozone is welcome and should be reflected in implementation of the Investment Plan. At a minimum, investment projects must be validated to ensure they do not contradict to agreed policy objectives such as inclusive education or tackling social exclusion. European Investment Bank loans and the European Investment Advisory Hub (EIAH) of the Investment Plan could actively promote investments in the qualitative and inclusive dimension of education reforms through good practices and case studies.

Regarding the financing of investments, Eurochild cautions that where private capital supports public social service provision a profit-making logic does not prevail over the general interest enshrined in the mission of these services. It is the State’s responsibility to ensure accountability, quality and sustainability of services with an accompanying legal, financial and regulatory framework<sup>22</sup>, even in the case of a guarantee fund like the EFSI with risk financing for private investors.

## Recommendations

### 1. Prioritise children

As stated in the EC Recommendation *Investing in Children: Breaking the cycle of disadvantage*<sup>23</sup>, ‘preventing the transmission of disadvantage across generations is a crucial investment in Europe’s future’. Since its adoption, several national seminars have been organised with EC support to explore how Structural and Investment Funds can be used to implement the Recommendation. However follow-up of these seminars is weak and there is

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<sup>21</sup> Speech by Commissioner Marianne Thyssen at Roundtable with Civil Society organisations: Forging common action to achieve the Social Triple A for Europe, 1 October 2015

<sup>22</sup> For more information see Social Platform Position Paper on financing of social services (2015)

<sup>23</sup> 2013/112/EU: Commission Recommendation of 20 February 2013 Investing in children: breaking the cycle of disadvantage

no overall implementation plan or monitoring of how the Recommendation has impacted member state policies or public investment.

The renewed focus on investment in this Commission must build on the Recommendation and promote investing in children. The child-centred investment strategy outlined above places particular emphasis on education since this has been singled out as an investment priority of the Investment Plan. However addressing disadvantage in childhood requires an integrated and child-rights approach for it to be successful in the long-term.

## **2. Keep social and well-being objectives at the forefront of EU policy**

The Economic and Monetary Union, the European Semester, the Europe 2020 strategy are ultimately tools to deliver a more prosperous Europe for all. In reality monetary and fiscal policies have been allowed to override broader social goals and have contributed to growing inequalities and fragmentation in our societies. The Lisbon Treaty and Fundamental Rights Charter should stand as the guiding light for all EU policies, legislation and funding. With this common focus, there is also an urgent need to breakdown the silos of EU policy making and to take a more systemic approach.

## **3. Ensure investment projects support EU values and policy orientations**

The Lisbon Treaty and the EU Charter of Fundamental Rights set out the values on which the Union is based. Among them is children's rights and the consideration of their best interests as explicit objectives in EU internal and external action. As the European Ombudsman's office pointed out, the Commission should, in its assessment of the success of programmes and actions financed through European Structural and Investment Funds<sup>24</sup>, include considerations of how they have contributed to the promotion of respect for the fundamental rights enshrined in the Charter. Such a clause is more than relevant for the Investment Plan as well.

## **4. Facilitate meaningful involvement of civil society**

Civil society has enormous expertise both in service delivery and ensuring those directly affected by policies are given a voice. When planning policy reform and investment it is vital that efforts are made to engage civil society organisations. It is also important to build in their capacity to offer a representative voice. The pillars of a child-centred investment strategy are interconnected and child rights organisations could make a valuable contribution to its realisation.

Involving civil society both at EU and national level in meaningful ex-ante consultations on implementing the public-private partnerships also helps ensure oversight and policy coherence on projects especially in the fields highlighted in this paper.

## **5. Respect the role of the public sector in social service provision**

Reducing public spending should not be the first priority of public-private partnerships in service provision, particularly in social (i.e. also education and health) services. All partners

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<sup>24</sup> Ombudsman makes eight proposals to Commission to avoid Fundamental Rights violations in multi-billion Euro 'cohesion' policy, May 2015

must recognise that the core business of the partnership is to promote the general interest of the public and social outcomes. Especially for structural reforms in social services the expectations of private funders as well as of public authorities must always be assessed; and it must be ensured that partners respect key principles. Nonetheless openness to new ideas and approaches is essential for all partners involved.