



European Youth Forum Reaction The Investment Plan for Europe

The European Youth Forum welcomes the European Commission's [Investment Plan for Europe](#) due to the potential it has to restore Europe to a place of high employment, quality work, high competitiveness and innovation.

The level of investment in the European Union has dropped since its peak in 2007 by 15% - and is currently at a level that is too low to fight unemployment effectively. High employment rates are essential for a healthy economy and an inclusive society; stimulating economic activity through increased spending, increasing individuals' financial security and promoting higher living standards. Unfortunately though, youth unemployment rates continue to be at staggeringly high levels, leading to growing rates of poverty and social exclusion, and an increase in inequalities.

Supply-side measures have been promoted over the past years to combat this, but the European Youth Forum has been calling for such measures to be accompanied by clear investment to create jobs. While overall job creation is needed, greater effort should be put into looking at the long-term sustainability of the investment by creating quality jobs.

The bottom line for policy should be that investment in the economy must turn the tide of increasing inequality. The Investment Plan for Europe must play a role in this: with more than 5 million young unemployed, quality jobs creation is a vital issue for our society and economy as a whole: in 2011, for example the economic loss due to the disengagement of young people from the labour market was €153 billion. This will have a large long-term impact due to the cost of bringing people back into employment and overcoming the scarring effects, especially the inequality caused by unemployment. Ultimately, the sustainability of our welfare societies at large is at stake- especially considering that European populations are ageing.

As such, the European Youth Forum would like to highlight certain areas of concern and put forward suggestions on the rolling out of the Investment Plan for Europe.

Investment must be made in quality jobs

The quality of the Investment Plan depends very much on the quality of the submitted projects and on the selection of the projects by the Selection Committee of the newly formed European Fund for Strategic Investment (EFSI). The European Youth Forum stresses that **the Investment Plan must prioritise investment that creates sustainable, quality jobs**. A recent report from the [International Labour Organisation](#) reveals that if investment projects are selected with careful consideration of their employment creating effect, the impact could be up to 2.1 million new jobs by 2018.

The Investment Plan should also be accompanied by a longer-term employment strategy that focuses on quality jobs and balanced labour market reforms. Labour market reforms should not promote precarious work, and should have measures in place that ensure that young people are not disproportionately hit if the labour market takes a turn for the worse, as was the case after the financial crisis of 2008.

Social and youth dimension of investments

In order to address the dire social situation of Europe, which is particularly negatively impacting the younger generation, the social dimension of the Investment Plan must be taken into consideration. Given that the EU is far from achieving the social targets of EU2020, and that the mid-term review of EU2020 has been regrettably postponed to 2016, the Investment Plan must now be taken as an opportunity to achieve these targets, and contribute to reducing poverty, social exclusion and inequality. In order to guarantee a high social rate of return, the European Youth Forum is calling for **social indicators** to be part of the selection criteria of projects submitted for financing.

Furthermore, with almost 5 million young people unemployed in Europe, a particular focus should be placed on investments that can create quality jobs for young people specifically. It is not a given that the Investment Plan, or other economic and monetary measures such as the Quantitative Easing measure of the European Central Bank will by default either create jobs, or create jobs for young people. As a result, as stated by President of the Commission Jean-Claude Juncker, “a significant amount should be channeled towards projects that can help the younger generation back to work” due to the multiplying effect that this can have on society and the economy.

The European Youth Forum is therefore calling for prioritisation of investment that supports the creation of **sustainable, quality jobs for youth**. A particular focus should be given to innovative projects that consider the long term potential and development of young people, such as projects in education, and research and innovation. The need for such a youth dimension in the selection of projects should be considered when deciding on the composition of the Selection Committee of the EFSI.

Such investment in young people now will have long-term benefits: job creation that starts early if young entrepreneurs are supported; lower costs for social services if people are included and well integrated in society from early on; lower costs of retraining in the future if their education prepares young people for life.

Countries with lowest employment rates should be targeted

Furthermore, despite predictions of money supply becoming easier as a result of these measures, the Investment Plan should avoid fuelling already booming areas and make sure it supports overall balanced growth across all of Europe. The disparity in unemployment levels across the EU (ranging from 4.8% in Germany, to 25.8% in Greece) can have long-term effects and must be addressed. As shown by the International Labour Organisation, if part of the funds were to be distributed according to Member States' level of unemployment, favouring countries with higher unemployment, total employment gains would approach 2 million. Moreover, the countries in greatest need would observe the highest increases in employment and thus narrow the labour market disparity across the European Union. The European Youth Forum is calling for **funds to be allocated with consideration to unemployment levels** in Member States in order to yield the best and most equitable job gains across the EU.

Commitment of significant resources from Member States

The feasibility of the Investment Plan lies in part in the hands of the Member States. The initial €21 billion reserve (€15 billion from the European Commission and €5 billion from the EIB reserves) might not be enough to achieve the €315 billion euros of investment targeted. And even if it is enough, there are varying doubts over whether this fund is enough to overturn the economy towards a more sustainable path of

growth. The European Youth Forum is urging Member States to commit **more resources to the EFSI** in order for it to reach and, if possible, go beyond its target level of investment, and actually make an impact on European economy and society.

Funding and transparency

The European Youth Forum calls upon tight coordination between all European Union institutions, especially including the European Parliament as a directly elected body, to make sure the Investment Plan is put into action as soon as possible. However, it is absolutely crucial that this Investment Plan does not jeopardise effective funding of already existing EU programmes that support economic development and investment and the participation of young people in European societies and civic space. It would be a sad day if already functional, excellent programmes such as Erasmus+, so commended by a number of current Commissioners at the time of their parliamentary hearings as being essential for Europe, would fall victim to political bickering in the process of agreeing on the funding for the Investment Plan.

Furthermore, the EU institutions and political leaders must demonstrate leadership by making sure that the Investment Plan is implemented in a transparent way and its impact monitored objectively, especially taking into consideration the social impact and sustainable quality job creation. If this package leads to furthering inequalities, we would consider it a failure for the young generation.