The European Globalisation Adjustment Fund 2007 - 2014

European Implementation Assessment

IN-DEPTH ANALYSIS

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Ex-Post Impact Assessment Unit

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In-depth Analysis

On 8th September 2015, the Committee on Employment and Social Affairs (EMPL) requested authorisation to draw up an own-initiative Implementation Report on the activities, impact and added value of the European Globalisation Adjustment Fund (EGF) between 2007 and 2014 - Rapporteur: Mrs. Marian Harkin MEP (ALDE, IE). This triggered an automatic implementation assessment from the Directorate General for Parliamentary Research Services (EPRS).

This analysis has been carried out in-house, by the Ex-Post Impact Assessment Unit of the Directorate for Impact Assessment and European Added Value, within DG EPRS. This European Implementation Assessment consists of an in-depth analysis of the implementation of the European Globalisation Adjustment Fund (EGF) and impact of EGF-funded measures in applicant Member States since the launch of the EGF in 2007 up to the end of 2014, taking into account the evolution of the EGF's enabling regulations.

Abstract

This European Implementation Assessment aims to provide a detailed overview of a range of official reports and evaluations concerning the European Globalisation Adjustment Fund (EGF) between 2007 and 2014, namely the Commission's Annual Reports from 2008 through to 2012 on the activities of the EGF, the Report from the Commission on the activities of the EGF in 2013 and 2014, the mid-term review of 2011 and the final ex-post evaluation of the EGF in 2015. For this exercise, the analysis also draws on the findings of a European Court of Auditors Special Report, on past EESC and CoR opinions on the EGF, as well as on European Parliament and Member State positions, and on a range of other information sources.

This assessment aims to consolidate the main findings of previous evaluations, reports and positions into a presentation of the overall achievements and difficulties recorded with the EGF over the period under review, in order to identify areas for improvement in the activities selected for EGF funding and in the implementation and monitoring of the fund.

What is most apparent is that while the fund has clearly benefitted workers being made redundant in large enterprises, particularly the most vulnerable groups, and especially in a select group of Member States, further improvements are needed to ensure that the fund is used across more sectors more evenly, to the greater benefit of SMEs, and also to promote entrepreneurship. Finally, this assessment identifies ways in which the application process and implementation phase could be made more efficient, and suggests various means to better focus monitoring and future evaluations of the EGF.

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1. Introduction

The European Globalisation Adjustment Fund (EGF) was originally established on 1 January 2007 with the intention of counteracting 'negative consequences for the most vulnerable and least qualified workers' which are 'affected by redundancies resulting from changes in world trade patterns.'[1] Such changes can be characterised 'by a substantial increase in imports into the Union, a serious shift in Union trade in goods and services, a rapid decline of the Union's market share in a given sector or a delocalisation of activities to third countries.'[2] In the meantime, the fund's scope has now been broadened to support workers affected by redundancies related to the effects of the global financial and economic crisis.[3] Initially, financial assistance was provided for 'active labour market measures that form part of a coordinated package of personalised services designed to re-integrate redundant workers into the labour market.'[4] However, in the latest EGF regulation, this objective has been made more specific, and the fund is now intended to 'facilitate the re-integration of the targeted beneficiaries and, in particular, disadvantaged, older and young unemployed persons, into employment or self-employment.'[5] For reference, the Commission maintains and regularly updates a dedicated website on the EGF.[6]

From the EGF's general policy objective of stimulating smart, sustainable and inclusive growth, this fund supplements European Structural Fund spending in Europe's regions, although the function of the two funds is different: European Structural Funds support 'strategic, long-term goals,' while the EGF 'provides tailor-made assistance to redundant workers in response to specific, large-scale mass redundancies' and accordingly provides short-term assistance.[7] Furthermore, contrary to European Structural Funds, the EGF does not function on the basis of a carefully considered spending framework or implementation strategy that is developed at national level and approved by the Commission. The EGF works similarly to an EU grant scheme, to which Member States apply for co-funding, following the identification of beneficiaries at the Member State level. Nevertheless, the Commission reviews applications to check them against the eligibility criteria and the European Parliament and European Council scrutinise the Commission's recommendation before approving individual cases of EGF funding.

Section 2 of this assessment will explain the regulatory framework governing the EGF, and how it has evolved. It is accompanied by a table outlining the main changes. A quantitative analysis of EGF cases between 2007 and 2014 will then be provided in Section 3, with a breakdown by sector and by Member State, and including a detailed part on the automotive and aviation sectors. Section 4 will then examine the Commission's evaluation objectives and provide an overview of the evaluations published. This section will also examine the European Court of Auditors' Special Report on the EGF, Committee of the Regions (CoR) and Economic and Social Committee (EESC) opinions, European Parliament positions on the EGF, as well as the more vocal reservations expressed by certain Member States. This will help to establish, in Section 5, a consolidated overview of the main achievements and benefits of the EGF, as well as of its main implementation problems.

Readers are reminded that the analysis of EGF case data presented in this European Implementation Assessment corresponds to the review period of the related Employment and

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[1] Regulation (EC) No 1927/2006.
[2] Regulation (EU) No 1309/2013, Article 2 (2).
[3] Regulation (EC) No 546/2009, Article 1, and Regulation EU No 1309/2013, Article 1.
[4] Regulation (EC) No 1927/2006, Article 3.
[5] Regulation (EU) No 1309/2013.
[6] http://ec.europa.eu/social/main.jsp?catId=326&langId=en
[7] Report on the activities of the European Globalisation Adjustment Fund in 2013 and 2014, (COM(2015)0355), 22 July 2015.

Social Affairs Committee (EMPL) own-initiative (INI) implementation report, Rapporteur Marian Harkin (ALDE, IE). This timeframe starts in 2007 with the establishment of the fund, and extends up to the end of 2014. This is not exactly the same timeframe as for the Commission's final ex-post evaluation of the EGF, which stops at the end of 2013, corresponding to the Multiannual Financial Framework's seven year spending cycle (2007-2013), and therefore excluding the evaluation of case-data since the introduction of the most recent EGF Regulation, which applies from January 2014. In addition to the 2007 to 2013 period, this European Implementation Assessment will also include observations on cases falling under the new EGF Regulation, as is also the case with the Commission's Report on the activities of the EGF in 2013 and 2014 COM(2015)0355) and its Annex.

Finally, this publication does not cover the analysis of the EGF from a gender equality perspective, which is the subject of a separate study coordinated by the Policy Department for Citizens' Rights and Constitutional Affairs.

2. Legislation governing the EGF and how it has evolved

Three Regulations have governed the functioning of the EGF since its introduction:

a) Regulation (EC) No 1927/2006
b) Regulation (EC) No 546/2009 amending Regulation (EC) No 1927/2006
c) Regulation (EU) No 1309/2013 repealing and replacing Regulation (EC) No 1927/2006

a) Originally, the EGF was established in order to 'provide support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation.' The co-funding rate was capped at 50%[8] and the implementation timeframe for an EGF project was limited to 12 months starting from the date of submission by a Member State of an application for EGF co-funding.[9] However, since its introduction in January 2007, the functioning of the EGF has been reformed twice.

b) In 2009, during the first Multiannual Financial Framework (MFF) spending period (2007 to 2013), an adaptation of the EGF came into effect. The intervention criteria for funding a project were relaxed. In particular, the number of redundancies required for a project to become eligible for funding was reduced from 1000 to 500. In addition, in order to give more time for the 'measures to be effective in reintegrating into employment the most vulnerable workers',[10] the timeframe for carrying out actions in the framework of the fund was extended from 12 to 24 months.[11]

Furthermore, by way of derogation from the main objective of the fund, as part of this reform, the scope of the EGF was widened, in the wake of the 2008 economic and financial crisis, to support workers who were made redundant as a direct consequence of the crisis. This measure, accompanied by a temporarily increased co-funding rate of 65%, was phased out on 31 December 2011.[12] However, despite the short application period of the crisis-related criterion (2009 to 2011 - see table 2, p.9), a significant increase in the number of applications to the EGF was observed, with 76 crisis-related projects, as compared to the total of 58 trade-related projects for the entire 2007 to 2014 period.[13]

[8] Regulation (EC) No 1927/2006, Article 10(1).
[9] Ibid, Article 13(2).
[10] Regulation (EC) No 546/2009, Recital 9.
[11] Ibid, Article 8, amending Article 13(2).
[12] Ibid, Article 1, amending Article 1.
[13] Report on the activities of the European Globalisation Adjustment Fund in 2013 and 2014 (COM(2015)0355), p. 22.

c) With the latest reform of the EGF, which entered into force in 2014, and applies for the 2014-2020 period, the possibility to support workers affected by crisis-related redundancies has now been re-introduced in view of the continued impact of the crisis. Additionally, the co-funding rate has been raised to a maximum of 60%.[14] Furthermore, funding can not only be provided to support large enterprises or SMEs, but also formerly self-employed persons.[15] Additionally, if redundancies occur in regions eligible under the Youth Employment Initiative, Member States may 'provide personalised services co-financed by the EGF' to young NEETs (Not in Employment, Education or Training) and 'up to a number of NEETs (...) equal to the number of targeted beneficiaries' as a derogating measure, until 31 December 2017.[16] Furthermore, the range of eligible actions has been significantly broadened, and now includes measures to promote entrepreneurship, notably investments up to €15 000 for the promotion of a business start-up or an employee takeover.

Significantly, however, in contrast to the expansion in the type of activities which the EGF can support today, the annual appropriations in the EU budget earmarked for the EGF have now been considerably cut, from €500 million to €150 million.[17] However, theoretically, given that €542.4 million EGF funding was requested between 2007 and 2014[18] - which is an average of €67.8 million per year over eight years - this reduced budget may still prove sufficient in relation to the annual spending levels to date. It may also leave a reasonable margin for applications to be concentrated within a short timeframe, following an event such as the 2008 crisis, if another crisis were to occur. On the other hand, such a reduced budget may also send out a negative signal about the EGF's overall merits or past performance and could therefore perhaps discourage Member States from submitting applications to the fund. The reason why the annual budget for the EGF was adjusted downwards for the 2014-2020 spending round is that applications to the fund were far below the €500 million annual limit specified in the Interinstitutional Agreement on cooperation in budgetary matters laying down the Financial Framework for the 2007-2013 spending period. This decision also reflected the position of a potential blocking minority of Member States in the European Council[19] during the negotiations on the 2013 EGF Regulation, which expressed concerns with the fund's rationale.

Finally, understanding permissible EGF funding levels following the introduction of the 2009 EGF Regulation requires the combined reading of Article 10(1) new - which replaces the corresponding article in the 2006 EGF Regulation - and Article 1a (new), which is a supplementary paragraph to Article 1 of the 2006 EGF Regulation (see table 1, p.7). From a purely legal point of view, the wording of the 2009 Regulation arguably leaves it unclear as to whether the 65% crisis-related co-funding rate should also have been applied to trade-related cases during the crisis derogation period (instead of the standard 50% ceiling). However, from the Commission's figures, a 65% ceiling was clearly applied to all EGF cases up to 31 December 2011, and the agreement reached in informal trilogues supports this. No explanation was found as to why the legal drafting of these provisions was left in such an uncertain state. In any case, this question has been superseded with the wording of the 2013 EGF regulation, which features a harmonised 60% EGF co-funding ceiling.

[14] Regulation (EU) No 1309/2013 Article 13(1)
[15] Ibid, Article 6(1)(c).
[16] Ibid, Article 6(2).
[17] Alessandro D'Alfonso, DG EPRS, Library briefing on the European Globalisation Adjustment Fund 2014-2020, 5 December 2013.
[18] Report on the activities of the European Globalisation Adjustment Fund in 2013 and 2014 (COM(2015)0355), p. 21.
[19] As evidenced in House of Commons Session 2012-13, General Committee Debates, European Committee Debates, European Committee B, European Globalisation Adjustment Fund, 3 December 2012.

Table 1: Evolution in the provisions of the EGF regulations

	Regulation (EC) No 1927/2006	**Regulation (EC) No 546/2009** (amending Regulation 1927/2006)	**Regulation (EU) No 1309/2013** (repealing Regulation 1927/2006)
Budget	**€500 million per year**		**€150 million per year**
Co-funding rate (max.)	**50%** (Art. 10 (1)).	**65%** until 31 December 2011 (Art. 10 (1)), then **50%.**	**60%** (Art. 13).
Objectives/ Scope	Stimulating economic growth and creating more jobs in the European Union. Establishes the EGF to enable the Community to provide support for **workers made redundant as a result of major structural changes in world trade patterns due to globalisation** where these redundancies have a significant **adverse impact on the regional or local economy**. (Art.1)	Stimulating economic growth and creating more jobs in the European Union. Establishes the EGF, to enable the Community to provide support for **workers made redundant as a result of major structural changes in world trade patterns due to globalisation** where these redundancies have a **significant adverse impact on the regional or local economy**. The EGF shall also provide support to workers made redundant as a **direct result of the global financial and economic crisis** (derogation until 31 December 2011 - amended Art. 1)	The EGF shall contribute to smart, inclusive and sustainable economic growth and to promote sustainable employment in the Union by enabling the Union to demonstrate solidarity towards, and to support **workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis or as a result of a new global financial and economic crisis.** (Art. 1 and 2.)
Intervention criteria / Minimum redundancies	At least **1000 redundancies** over a period of 4 months in an enterprise in a Member State. At least **1000** redundancies, over a period of 9 months, particularly in small or medium-sized enterprises. If conditions not entirely met, intervention remains admissible when redundancies have **serious impact on employment and the local economy**. (Art. 2)	At least **500 redundancies** over a period of 4 months in an enterprise in a Member State. At least **500** redundancies over a period of 9 months, particularly in small or medium-sized enterprises. If conditions not entirely met, intervention remains admissible when redundancies have **serious impact on employment and the local economy**.(new Art. 2)	At least **500 workers being made redundant or self-employed persons'** activity ceasing, over a reference period of 4 months, in an enterprise in a Member State. At least **500 workers being made redundant or self-employed persons'** activity ceasing, over a reference period of 9 months, particularly in SMEs, all operating in the same economic sector. Projects in small labour markets or exceptional circumstances may be considered if conditions not entirely met, when the redundancies have a **serious impact on employment and the local, regional or national economy** (Art 4)

	Regulation (EC) No 1927/2006	**Regulation (EC) No 546/2009** (amending Regulation 1927/2006)	**Regulation (EU) No 1309/2013** (repealing Regulation 1927/2006)
Eligible Actions	Active labour market measures that form part of a coordinated package of personalised services **designed to re-integrate redundant workers into the labour market**. (Article 3).	Active labour market measures that form part of a coordinated package of personalised services **designed to re-integrate redundant workers into the labour market**. (Article 3).	Active labour market measures that form part of a coordinated package of personalised services**, designed to facilitate the reintegration of the targeted beneficiaries and, in particular, disadvantaged, older and young unemployed persons, into employment or self-employment. Also supports up to €15 000 investment in business start-ups and employee take overs.** (Article 7).
Application Deadlines and Processing	The Member State shall submit an application for a contribution from EGF to the Commission **within a period of 10 weeks** from the date on which the conditions set out in Article 2 for mobilising the EGF are met. (Article 5).	The Member State shall submit an application for a contribution from EGF to the Commission **within a period of 10 weeks** from the date on which the conditions set out in Article 2 for mobilising the EGF are met. (Article 5).	The applicant Member State shall submit an application to the Commission **within 12 weeks** of the date on which the criteria set out in Article 4(1) or (2) are met. **Within two weeks** of the date of submission of the application (...) the Commission shall **acknowledge receipt** of the application and inform the Member State of any additional information it requires in order to assess the application. Where such additional information is required by the Commission, the **Member State shall respond within six weeks** of the date of the request. The Commission shall complete its assessment of the application's compliance with the conditions for providing a financial contribution, **within 12 weeks** of the receipt of the complete application. Where the Commission is unable ... to comply with that deadline, it shall provide a written explanation setting out the reasons for the delay. (Article 8).
Funding Period	The Member State shall use the financial contribution, as well as any interest earned thereon, **within 12 months** of the application pursuant to Article 5. (Article 13).	The Member State(s) shall carry out all eligible actions included in the coordinated package of personalised services **as soon as possible, but no later than 24 months** after the date of application pursuant to Article 5. (Article 13).	The Member State shall carry out the eligible actions set out in Article 7 **as soon as possible, and not later than 24 months** after the date of submission of the application pursuant to Article 8(1). (Article 16).

	Regulation (EC) No 1927/2006	Regulation (EC) No 546/2009 (amending Regulation 1927/2006)	Regulation (EU) No 1309/2013 (repealing Regulation 1927/2006)
Technical Assistance	At the initiative of the Commission, subject to a ceiling of **0.35%** of the financial resources available for that year, the EGF may be used to finance monitoring, information, administrative and technical support, audit, control and evaluation activities necessary to implement this Regulation. (Article 8).	At the initiative of the Commission, subject to a ceiling of **0.35%** of the annual maximum amount of the EGF, the EGF may be used to finance the preparation, monitoring, information and creation of a knowledge base relevant to the implementation of the EGF. (Article 8).	At the initiative of the Commission, a maximum of **0.5%** of the annual maximum amount of the EGF may be used to finance the preparation, monitoring, data gathering and creation of a knowledge base relevant to the implementation of the EGF. (Article 11).

Table 2: Four regulatory periods: a summary of the core provisions

2007-2009	2009-2011	2012-2013	2014-2020
Regulation (EC) No 1927/2006.	Regulation (EC) No 1927/2006 amended by Regulation (EC) No 546/2009.	Regulation (EC) No 1927/2006 amended by Regulation (EC) No 546/2009.	Regulation (EU) No 1309/2013.
50% co-funding rate for **1000+** redundancies owing to globalisation, over a **12-month period**.	**65%** co-funding rate for **500+** redundancies owing to globalisation, over a **24-month period**. and **65%** co-funding rate for **500+** redundancies **owing to the global financial and economic crisis**, over a **24-month period** (crisis derogation).	**50%** co-funding rate for **500+** redundancies owing to globalisation, over a **24-month period**. **No crisis derogation.**	**60%** co-funding rate for **500+** redundancies owing to globalisation or financial and economic crises, over a **24-month period**. **Broadened scope permanently reintroducing the crisis criterion, a higher co-funding rate** as well as **eligible actions for youth and the self-employed**, and **investment support in business start-ups and employee take overs (max. €15000)**.

3. Quantitative analysis of EGF cases (2007-2014 period)

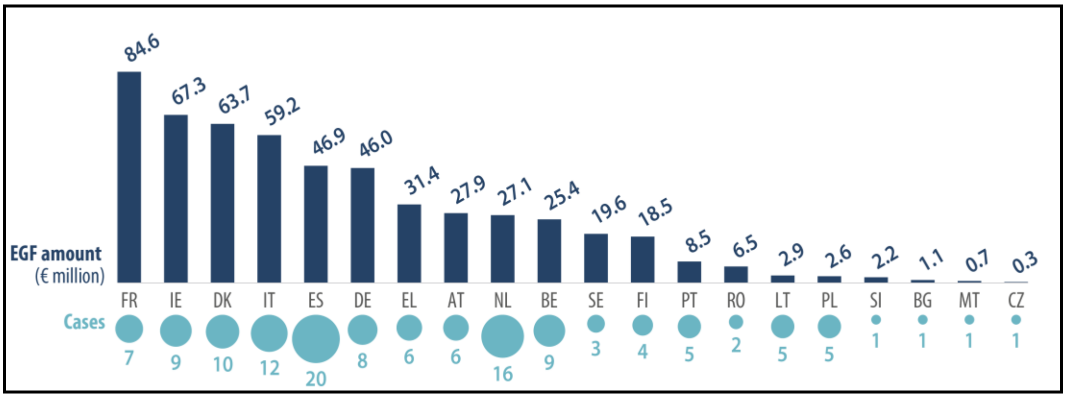
3.1. EGF applications and workers targeted per Member State

3.1.1. Distribution of EGF applications by Member State in value

The table below provides the total number of EGF applications by Member State for the 2007-2014 period and lists their corresponding overall value.[20]

Member States which have applied for EGF funding	Applications	Total EGF assistance in € million
AT	6	27.9
BE	9	25.4
BG	1	1.1
CZ	1	0.3
DK	10	63.7
DE	8	46
IE	9	67.3
EL	6	31.4
ES	20	46.9
FI	4	18.5
FR	7	84.6
IT	12	59.2
LT	5	2.9
MT	1	0.7
NL	16	27.1
PL	5	2.6
PT	5	8.5
RO	2	6.5
SI	1	2.2
SE	3	19.6
Total	**131**	**542.4**

From these figures, the chart below[21] shows, in decreasing order, the distribution of EGF applications by Member State in terms of value and in relation to the number of cases per Member State.



[20] Source: Summary of EGF applications - 2007 to date, data extracted up to the end of 2014. This dataset includes 15 applications, which were subsequently withdrawn and a Bulgarian application (EGF/2009/022), which was rejected. Furthermore, based on this document, there were 131 cases between 2007 and 2014, whereas the Commission's Annex 1 of COM(2015)355 final, table 2, p. 5 records 134 cases. This discrepancy is explained in Section 4.3.1.(a), p.20.

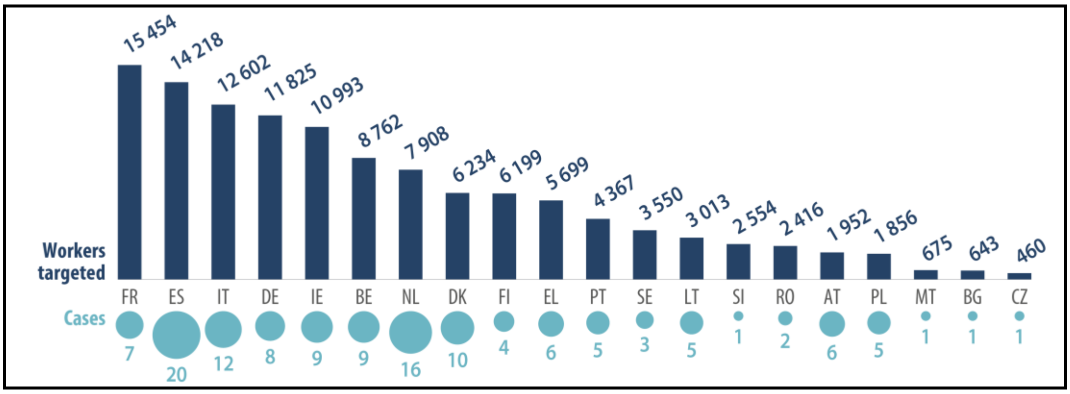
[21] Graphics by Christian Dietrich, EPRS.

3.1.2. Distribution of EGF applications: numbers of workers targeted per Member State

The table below provides the total number of EGF applications by Member State for the 2007-2014 period and the corresponding overall number of workers targeted.

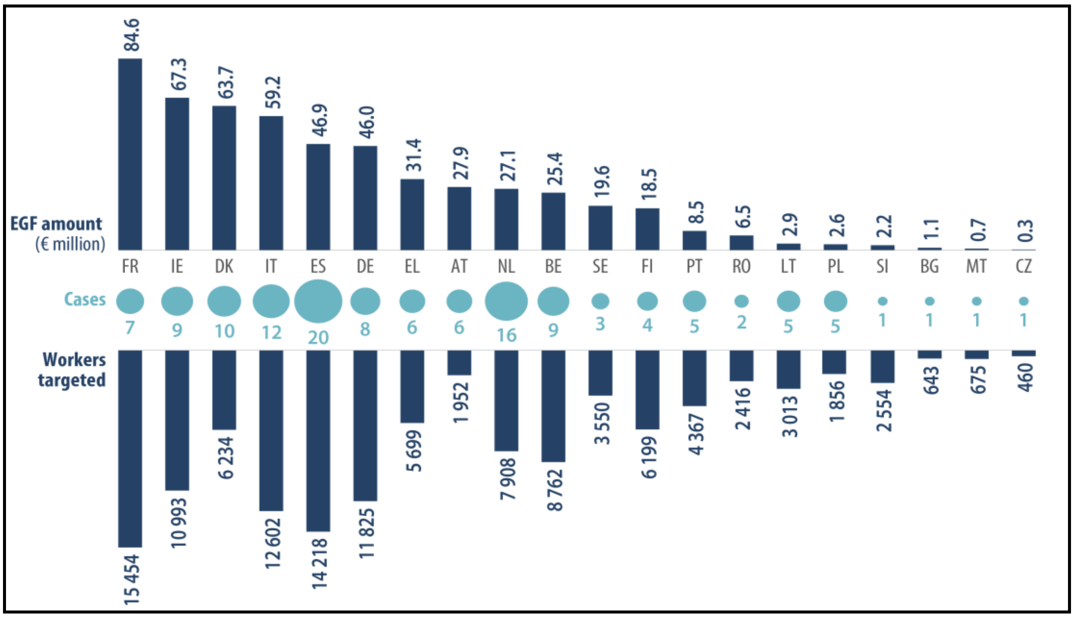
Member State which have applied for EGF funding	Applications	Total number of workers targeted
AT	6	1 952
BE	9	8 762
BG	1	643
CZ	1	460
DK	10	6 234
DE	8	11 825
IE	9	10 993
EL	6	5 699
ES	20	14 218
FI	4	6 199
FR	7	15 454
IT	12	12 602
LT	5	3 013
MT	1	675
NL	16	7 908
PL	5	1 856
PT	5	4 367
RO	2	2 416
SI	1	2 554
SE	3	3 550
Total	131	**121 380**

From these figures, the chart below shows, in decreasing order, the distribution of numbers of workers targeted by Member State and in relation to the number of cases submitted per Member State.



3.1.3. Overall remarks on EGF assistance per Member State

Consolidation of tables 3.1.1. and 3.1.2. with EGF funding value as the baseline:



- **Of the top six beneficiary Member States in EGF funding value,** two are comparatively small EU economies: Ireland and Denmark. **Ireland and Denmark significantly benefited in terms of EGF assistance in value, in relation to the relative size of their economies** by comparison to the larger Member State beneficiaries in the top six. Of the top six Member States in terms of EGF impact on numbers of workers targeted, some inconsistencies can also be observed, notably for Belgium and Ireland, in relation to larger Member States. **Although these observations may highlight a degree of imbalance in the EU geographical distribution of EGF funding, the varying policies of applicant Member States chiefly determine the extent to which the EGF is used**.

- Taking the number of applications and EGF funds granted per Member State in relation to the numbers of workers targeted, and discarding additional factors at play, such as varying costs (unemployment assistance and retraining) from one Member State to another, certain **basic quantitative observations may point towards a further examination of the efficient use of funds:**
  - **The figures for Spain and the Netherlands reveal a more efficient use of the EGF,** with a high spread of cases targeting a larger number of workers, at a lower average cost. **Denmark's and Austria's use of the fund appears to be significantly less efficient**, with a small number of relatively high value cases targeting a manifestly more limited number of workers, **with EGF funding per worker frequently exceeding €10 000.**
  - **Ireland has simply relied heavily on the EGF however, it could possibly improve on maximising efficiency in the funding's impact, as could perhaps France and Greece.** Although for Greece this concerns only the envisaged impact because only one of the six applications was implemented, the observation still points toward problems, at either the case planning or the implementation stage.
  - **Belgium's use of the EGF between 2007 and 2014 is amongst the financially most efficient** in terms of the impact on the numbers of workers targeted. For the remaining applicant Member States: **Italy, Germany, Finland, Portugal and a number of smaller countries also display an efficient use of EGF funding in relation to the numbers of workers targeted.**

  These observations should however be caveated because, up until 2014, there was no ceiling on allowances in EGF Regulations. A ceiling of 35% of overall project costs for allowances now features in the 2013 Regulation (Article 7).

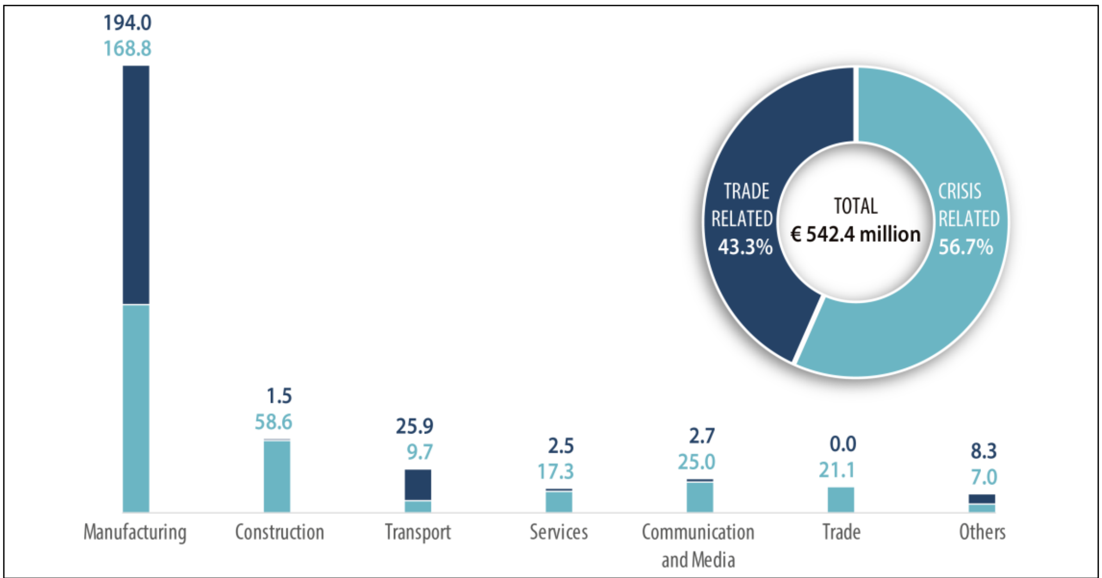
3.2. Main economic sectors funded by the EGF and numbers of workers targeted

3.2.1. Distribution of EGF funding by sector in value

The table below compiles EGF case value data between 2007 and 2014, based on the Commission's figures,[22] broken down into standard activity sectors.

Sector[23]	Number of EGF applications	EGF amount in € million	Crisis related	Trade related
Manufacturing	84	362.8	168.8	194
Construction	15	60.1	58.6	1.5
Transport	3	35.6	9.7	25.9
Services	5	19.8	17.3	2.5
Communication and Media	13	27.7	25	2.7
Trade	6	21.1	21.1	0
Others	5	15.3	7	8.3
TOTAL	**131**	**542.4**	**307.5**	**234.9**

From these figures, the charts below show the proportion of EFG assistance allocated to crisis- or trade-related cases in value and broken down by sector, for the 2007-2014 period.



[22] Source: [Summary of EGF applications - 2007 to date](). Data extracted up to the end of 2014.

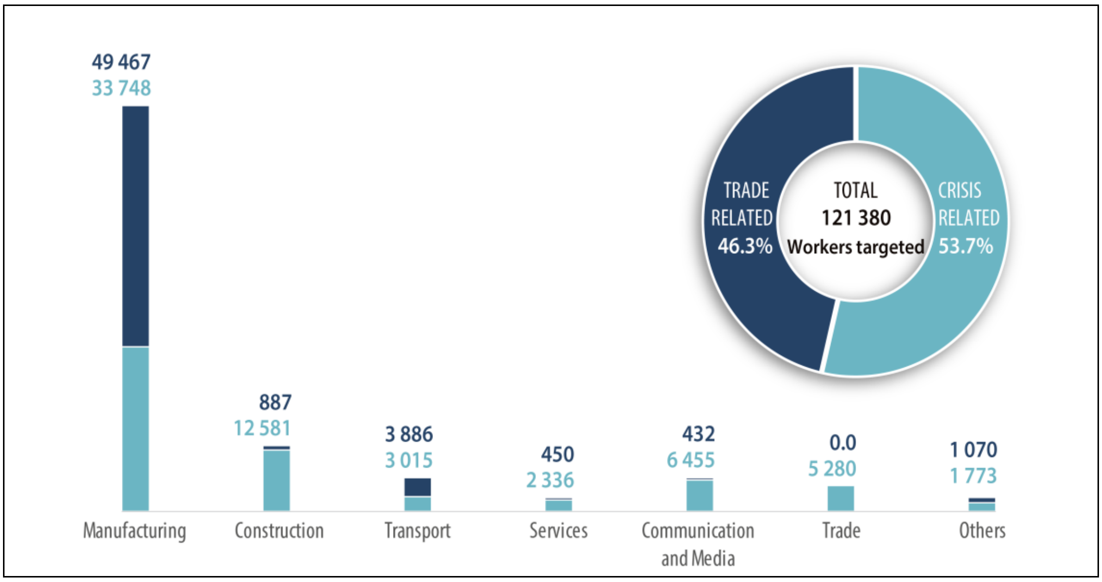
[23] The Commission's evaluations comprise 45 sectors in total. In this analysis, these sectors are grouped into broader categories**. Manufacturing:** Automotive, motorcycles, machinery and equipment, domestic appliances, solar modules, electronic equipment, computers, consumer electronics, mobile phones, textiles, wearing apparel, shoe manufacturing, metalworking industry, basic metals, crystal glass, jewellery, glass. **Construction:** Construction of buildings, architectural and engineering activities, building materials, specialised construction activities, carpentry/joinery, ceramics, stone/marble. **Transport:** Transport, air transport, road transport. **Services:** ICT services, aircraft maintenance, food and beverage service activities, social work activities. **Communication and Media:** Programming and broadcasting, information and communication, publishing, printing industry, call centre activities. **Trade:** Wholesale trade, retail trade. **Others:** Chemicals, pharmaceuticals, bakery products, slaughterhouses, tobacco products.

3.2.2. Distribution of EGF intervention: numbers of workers targeted by sector

The table below compiles EGF case data between 2007 and 2014 in terms of numbers of workers targeted, based on the Commission's figures,[24] and broken down by sector:

Sector	Number of applications	Number of workers targeted	Workers targeted: Crisis related	Workers targeted: Trade related
Manufacturing	84	83 215	33 748	49 467
Construction	15	13468	12 581	887
Transport	3	6 901	3 015	3 886
Services	5	2 786	2 336	450
Communication and Media	13	6 887	6 455	432
Trade	6	5 280	5 280	0
Others	5	2 843	1 773	1 070
TOTAL	**131**	**121 380**	**65 188**	**56 192**

From these figures, the charts below show the proportion of workers targeted by the EGF according to whether these workers were targeted in crisis- or trade-related cases and broken down by sector, for the 2007-2014 period:



[24] Source: Summary of EGF applications - 2007 to date. Data extracted up to the end of 2014.

3.2.3. Overall remarks on EGF assistance by type and by sector

- From both perspectives (funding value and numbers of workers targeted), **EGF action has chiefly concentrated on** the **manufacturing** sector, **and to a lesser degree, on** the **construction** sector.
- From both perspectives (value and numbers of workers targeted), it is clear that **the European Globalisation Adjustment Fund is, in practice, a Globalisation and *Crisis* adjustment fund** in terms of its effective use over the period under review.
- **In fact, crisis-related cases accounted, in value, for over half of the total number of cases from 2007 to 2014, whereas in this period, the timeframe within which the crisis criterion applied was three and a half years out of eight.** As such, the rate at which crisis-related cases were submitted during the derogation window i.e. from July 2009 to December 2011, and from January 2014 onwards (once the new Regulation included the crisis criterion on a permanent basis), was **more than twice as intensive** as trade-related applications over an equivalent period (averaging out the total number of trade-related cases over eight years).
- Moreover, **apart from the predominant manufacturing sector and the transport sector, in all other sectors the EGF is almost exclusively used for crisis adjustment cases**. There is, however, overlap between what constitutes a globalisation adjustment case and a crisis-related case, an issue which is covered in more detail in Sections 4.4.4, and 5.1.

3.3. EGF cases in the automotive and aviation sectors

3.3.1. Overview

The European Parliament has previously shown particular interest in scrutiny over EGF cases relating to the automotive and the aviation industries (air transport and aircraft maintenance) for justified reasons, since these sectors have typically included cases involving the most significant EGF applications in terms of value and in terms of the number of workers targeted. A number of cases in these two sectors were high profile according to their noteworthy local or regional impact, for example the Air France and Renault EGF cases[25] (see also Section 4.4.3). In view of MEPs' past interest, a detailed breakdown of all cases in these two categories is provided in the following table.[26]

Case reference	Sector	Member State	Company	Trade / Crisis - related	EGF amount in €million	No. of Workers targeted
EGF/2009/021	Aircraft maintenance	IE	SR Technics	Crisis	7.4	850
EGF/2013/014	Air transport	FR	Air France	Trade	25.9	3 886
EGF/2014/016	Aircraft maintenance	IE	Lufthansa Technik	Trade	2.5	450
	Aviation Total				**35.8**	**5 186**

[25] EGF/2013/014 FR/Air France (COM(2014)701); EGF/2011/019 FR/Renault (COM(2011)0420).
[26] Source: Summary of EGF applications - 2007 to date. Data extracted up to the end of 2014.

Case reference	Sector	Member State	Company	Trade / Crisis - related	EGF amount in €million	No. of Workers targeted
EGF/2007/001	Automotive	FR	Peugeot	Trade	2.6	267
EGF/2007/010	Automotive	PT	Lisboa-Alentejo	Trade	2.4	1 122
EGF/2008/002	Automotive	ES	Delphi	Trade	10.5	1 589
EGF/2008/004	Automotive	ES	Castilla-León	Trade	2.7	588
EGF/2009/007	Automotive	SE	Volvo	Crisis	9.8	1 500
EGF/2009/009	Automotive	AT	Steiermark	Crisis	5.7	400
EGF/2009/013	Automotive	DE	Karmann	Trade	6.2	1 793
EGF/2009/019	Automotive	FR	Renault	Crisis	24.5	3 582
EGF/2010/002	Automotive	ES	Cataluña automoción	Crisis	2.8	1 429
EGF/2010/004	Automotive	PL	Wielkopolskie	Crisis	0.6	590
EGF/2010/015	Automotive	FR	Peugeot (PSA)	Crisis	11.9	2 089
EGF/2010/031	Automotive	BE	General Motors Belgium	Crisis	9.6	2 834
EGF/2011/003	Automotive	DE	Arnsberg and Düsseldorf Automotive	Crisis	4.3	778
EGF/2011/005	Automotive	PT	Norte-Centro Automotive	Crisis	1.5	726
EGF/2012/005	Automotive	SE	Saab	Trade	5.5	1 350
EGF/2012/008	Automotive	IT	De Tomaso	Trade	2.6	1 010
EGF/2013/006	Automotive	PL	Fiat Auto Poland	Trade	1.3	777
EGF/2013/012	Automotive	BE	Ford Genk	Trade	0.6	479
EGF/2014/006	Automotive	FR	Peugeot (PSA)	Trade	12.7	2 357
	Automotive Total				**117.8**	**25 260**
TOTAL[27]					**€153.6**	**30 446**

3.3.2. Distribution of EGF assistance in the automotive and aviation sectors

From this overview table, there are two immediate observations: EGF assistance in the automotive and aviation sectors has apparently concentrated on supporting the workers of large enterprises. It is also apparent that more than half of the Member States who use the EGF have applied for EGF funds for workers in the automotive and aviation sectors, i.e. 10 Member States, whereas according to the Commission's records, 19 Member States in total have made use of the EGF.[28]

Furthermore, between 2007 and 2014, although a fair proportion of EGF cases i.e. 22 out of a total of 131 cases (around 16%), have concerned these two sectors, these have been financially intensive cases, since roughly 25% of the EGF - in value and in the number of supported workers - has been towards the automotive and aviation sectors, the vast majority of which were automotive cases. Indeed, for the 2007-2014 period, it should be noted that both the number of workers targeted and EGF funding levels were far more substantial for the automotive sector than for the aviation sector. As compared to the overall figures for the 2007-2014 period (for which the Commission's data reveals that the total number of workers targeted by the EGF was 121 380 workers, corresponding to €542.4 million in EGF funding), the automotive industry has accounted for around 21% of the number of workers targeted, while around 4.3% of overall workers were targeted for the aviation sector. In terms of value, with €117.8 million in EGF funding, the automotive sector has accounted for about 21.7% of total EGF funding over the eight year period. For the aviation sector, this stands at about 6.6% (€35.8 million).

[27] Case EGF/2012/004 (Santana) is not included in this table, given that the case was withdrawn. Note that Annex 1, COM(2015) 355 final, p.2. features this automotive sector case, see Section 4.3.1.(a).

[28] Source: Summary of EGF applications - 2007 to date. Data extracted up to the end of 2014, discounting the unique Bulgarian application (EGF/2009/022), which was rejected.

Additionally, it can also be observed that the split is roughly even between 12 trade globalisation and 10 crisis-related cases concerning the automotive and aviation sectors, whereas in the eight year spending period, the EGF funding of crisis-related cases was only allowed for three and a half years (July 2009 to December 2011 and 2014). Looking specifically at the application dates of the relevant automotive cases, however, a high concentration of crisis-related cases concern the automotive sector (9 cases out of 11) over the comparatively short timeframe during which the crisis derogation applied, and then featured permanently, from 1st January 2014 onwards.

According to ACEA, the European Automobile Manufacturers Association, 12.1 million people were employed in the EU automotive sector in 2012 (5.6% of the EU workforce generating 6.3% of EU GDP). ACEA also explains that the vehicle manufacturing sector alone accounts for 2.3 million high skilled workers. This equates to 7.6% of EU total employment in manufacturing.[29] However, EGF assistance geared towards automotive workers accounts for roughly 21% of the total number of workers targeted by the EGF between 2007 and 2014, and approximately 30.4% of the total number of workers targeted in the manufacturing sector. This is, therefore, a higher share than what might be expected, suggesting that Member States may be concentrating applications in the automotive sector at the expense of other sectors affected by globalisation forces and the crisis.

3.3.3. Possible interpretations of automotive and aviation sector data

Since the vast majority of EU enterprises are small and medium-sized enterprises (SMEs) (including microenterprises), which, moreover, employ the vast majority of EU workers, a doubt is cast over whether Member States have been using the EGF to support workers being made redundant in SMEs in these two economic sectors to a sufficient degree, with EGF cases having apparently not supported workers of smaller second tier suppliers in the automotive and aviation sectors, but almost exclusively workers of large enterprises and major first tier suppliers. This could fuel concerns, at least for these two sectors, that EGF assistance has principally been invoked by Member States to alleviate the frustration of workers and their Unions with the redundancy programmes of national or multi-national champions.

Given the large number of individual sectors which have been supported by EGF funding overall, i.e. 45 sectors according to the Commission's detailed breakdown, such a concentration on automotive and aviation cases - by more than half of the Member States which use the EGF - could be regarded as a particular dependency on EGF funding for these two sectors. This could furthermore be unrepresentative of Member States' actual EGF assistance needs.

Before drawing any conclusions, it is necessary, however, to investigate further the proportion of EGF assistance to the automotive and aviation sectors in value and numbers of workers targeted in relation to total EGF funding. In so doing, it is apparent that any particular focus on the aviation sector between 2007 and 2014 appears to be unwarranted, because EGF funding for this sector chiefly concerns the exceptional, albeit high profile, Air France case (EGF/2013/014), covered in more detail in Section 4.4.3. Conversely, interest in scrutinising EGF funding to the automotive sector is legitimate for two additional important reasons, which may also be derived from the Commission's figures:

- a large amount of EGF funding was geared towards the French vehicle manufacturing industry i.e. €51.7 million (about 9.5% of total EGF funds over the entire period) targeted at a comparatively limited 8 295 workers (about 6.9% of the total number of workers targeted by the EGF). This EGF contribution to French automotive workers, at approximately €6 233 per worker, is also significantly higher (approximately 44% higher) than the EU average of EGF funds per worker;

[29] http://www.acea.be/automobile-industry/facts-about-the-industry

- EGF funds for the EU automotive sector worth €70.7 million and targeting 13 928 workers correspond to crisis related cases, equivalent to about 13% of total EGF spending and 11.5% of the total number of workers targeted, which at €5 076 per worker, is approximately 23.3% higher than the EU average of EGF funds per worker for the whole spending period.

Finally, the fact that 9 out of the 11 automotive EGF cases in the derogation window were crisis-related cases reinforces the general observation made in Section 3.2.3. Indeed, in this window, rather than establishing a derogation provision, crisis-related cases became the near exclusive mechanism through which EGF funding was secured for the automotive sector, thus potentially diverging significantly, at least in this sector, from the fund's initial rationale of responding to globalisation adjustment forces. That said, with the 2013 reform, the fund is now clearly there to address problems created by both globalisation and by crisis-related forces.

3.3.4. Overall remarks on the automotive and aviation sectors

- Between 2007 and 2014, **the rate of EGF assistance to aviation sector workers does not stand out as abnormal**. With only one exceptional high profile case (Air France), which is covered in more detail in Section 4.4.3, and only three cases in total, no particular trends can be identified.
- However, **a need for additional research on the balanced use of EGF funding may be justified, since the automotive sector alone accounts for 19 cases, around 21% of the number of workers targeted and about 21.7% of total EGF funding between 2007 and 2014, which is approximately 30.4% of the total number of workers targeted in the manufacturing sector. Proportionately, this is far more than the share of EU automotive workers in the total number of manufacturing workers (7.6%).**
- EGF assistance in the automotive sector has furthermore apparently concentrated on supporting the workers of large enterprises, raising **concerns that Member States' use of EGF assistance does not adequately cater for assistance to SME workers in the supply chain** (more detail in Section 4.3.2).
- An argument could even be made for singling out **the automotive sector in France** as perhaps having excessively benefitted from EGF funding as compared to other sectors in other Member States; furthermore, this is **EGF assistance which may have departed too much from the originally intended objective of the fund of addressing trade globalisation**. Indeed, another concern could also be voiced over the fact that the EU automotive sector's crisis-related applications have been numerous, compared to trade-related applications, and have furthermore financed **EGF supported activities, which are somewhat expensive per worker**. However, to confirm this hypothesis, it would be necessary to study any disparities between, in particular, the costs of re-training (and other EGF-supported activities) from one Member State to another, and to factor in that these costs are perhaps significantly higher than the EU average for French workers, and possibly also for the re-training of automotive workers, who may (or may not) be hampered by a more limited set of transferrable skills.
- The imbalance identified between, on the one hand, the number of EU automotive workers as a proportion of EU manufacturing workers, and on the other, the significantly higher proportion of automotive workers represented in the total of manufacturing workers targeted by the EGF between 2007 and 2014, may justify **further research to confirm that the EU automotive sector was indeed more affected by globalisation forces and the crisis than the rest of the EU manufacturing sector** in this timeframe, something which has not been confirmed in evaluations thus far. Indeed, **this initial analysis would tend to highlight instead that large EU vehicle manufacturers were more likely to have suffered from continued structural over-capacity or profitability issues** over the spending period, which were no doubt **exacerbated by the crisis** and which were particularly acute in France, Sweden and Belgium, with an apparent knock on effect on major first tier suppliers in Spain and Germany, and, therefore, that the related EGF cases were perhaps not intrinsically linked to globalisation forces.

4. Analysis of EGF evaluations and positions

4.1. Commission publications on the evaluation of the EGF in the 2007-2014 period

Key publications:

- Ex-post evaluation of the European Globalisation Adjustment Fund (EGF) - Final Report, August 2015, written by ICF international, and its executive summary.
- Report on the activities of the European Globalisation Adjustment Fund in 2013 and 2014 (COM(2015)0355) (+ Annex), 22nd July 2015.

Annual reports and mid-term evaluation:

- Communication from the Commission to the European Parliament and Council - Solidarity in the face of Change: The European Globalisation Adjustment Fund (EGF) in 2007 - Review and Prospects. COM(2008)421 final.
- Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2008. COM(2009)394 final.
- Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2009. COM(2010)464 final.
- Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2010. COM(2011)466 final.
- Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2011. COM(2012)462 final.
- Report from the Commission to the European Parliament and the Council on the activities of the European Globalisation Adjustment Fund in 2012. COM(2013)782 final.
- Mid-term evaluation - European Globalisation Adjustment Fund: Final report. (2011), written by GHK (an ICF international entity).

4.2. Summary of the evaluation objectives

In evaluating the impact of the EGF and its added value, the stated objective is to review how EGF support has had an impact on individual participants, namely the labour market status of the assisted workers at the end of the implementation period of the relevant EGF case (employed/unemployed), and if possible, at a later stage. In this context, the evaluation aims to compare individual beneficiary outcomes with those of individuals who did not receive EGF support, or similar workforce redeployment initiatives at the Member State level. The authors also intend to review broader impacts, such as those on the family members of individual beneficiaries, on civil society organisation, as well as on local and regional institutions, and study what factors have hindered or supported the intended effects of EGF funding. Finally, the scope of evaluation also includes analysing the cost effectiveness of EGF cases.

In terms of evaluating the EGF's added value, the objectives also include ascertaining the extent to which the EGF generates community added value, whether or not EGF funding replaces expenditure that Member States are obliged to provide regardless, and the identification of good practices and their added value dimension. For details, see Section 1.2. of the final ex-post evaluation.

4.3. Assessment of the Commission's reports, the external evaluations, and their findings

4.3.1. Methodology and presentation

The methodological approach in evaluating the EGF is overall sound and thorough, especially considering that pertinent data is not easy to gather, and furthermore, that a variety of additional factors also come into play and complicate retrospective analysis, for example: specific Member State circumstances, regional characteristics, specificities concerning the sector of intervention, varying national or regional economic circumstances, and differing employment regulatory environments; all of which are often markedly different from one part of the Union to another.

The evaluation method is outlined in section 1.3. of the final ex-post evaluation and comprises a variety of detailed surveys and case studies, using different types of analytical tools and statistics in relation to: funding levels by Member State and by sector, the numbers and categories of workers targeted, the activities funded, the implementation outcomes and the reasons for returning unused EGF funds. The regularity and detail of the Commission's reporting on the functioning of the fund is a good practice in itself and transparency in the monitoring and reporting processes is not an issue. This provides a good basis for the evaluation. Furthermore, the evaluation makes a number of recommendations, including for improved reporting and data collection. Accordingly, this section is limited to the identification of two areas for improvement, which are important nevertheless.

a) The presentation of overall case value data

Firstly, the final evaluation occasionally features slightly higher rates, and somewhat masks (at least not putting into charts) actual spending after the return of unused EGF funds. In the context of current debates on less EU spending, this could be counter-productive in that it might give the impression that the evaluators attempted to convince certain stakeholders of its effectiveness, principally Member States which were sceptical of the benefits of the fund. There are, in particular, certain discrepancies between EGF-application funding as presented in the final evaluation and actual application funding, namely, an additional €18.8 million, mainly spread over three cases. However, this is simply due to an administrative error. For the 2015 Biennial Report, two cases were mistakenly included in the Commission's reporting although they had in fact already been withdrawn at the time the data was gathered (EGF/2011/022 ES/Castilla y León - Castilla la Mancha (Crisis/Wooden Doors) and EGF/2011/024 IT/Medcenter Container Terminal (Crisis/Warehouse and Storage).[30] The third case was withdrawn after the reporting deadline expired (EGF/2012/004 ES/Santana (Trade/Automotive)).[31]

The reason for the discrepancy on overall EGF expenditure in the final ex-post evaluation and in this analysis is because the Commission's reports only provide a snapshot of EGF accumulated figures at a given moment in time. Therefore, the Commission's tables setting out the trends can include some EGF cases which were later withdrawn by Member States or rejected. Furthermore, case budgets can also be adjusted (downwards) after the official transmission of the application to the Commission. Due to these weaknesses in reporting, the financial value of applications in a given year might decrease slightly with time. Since the findings of the mid-term and final ex-post evaluations were not adjusted accordingly, the Commission's monthly overview: 'Summary of EGF applications - 2007 to date,' should always be the reference document when looking for the most accurate accumulated figures. This assessment nevertheless takes the view that the Commission's reports and the evaluations still provide valuable qualitative insights.

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[30] See Report from the Commission on the activities of the EGF in 2011, table 1, p.7.
[31] Ibid, table 1, p.6.

b) The presentation of beneficiary reach rates

The definition of beneficiary reach rate is 'the proportion of those workers participating in the EGF measures in proportion to the number targeted in the original application'.[32] The final ex-post evaluation's method for calculating EGF beneficiary reach rates is not necessarily consistent and this affects the observations on the actual impact of EGF funding which are derived from this indicator. For this rate, the final evaluation reports that, on average, 78% of the number of intended beneficiaries in the 2007-2013 period ended up benefiting from EGF funding. However this average includes 20 cases (roughly 27% of the 73 cases in the final evaluation), where the beneficiary reach rate was equal to or exceeded 100%,[33] with the highest recorded rate being 130%. The ex-post evaluation explains that reach rates above 100% mostly follow on from the fact that additional workers were made redundant after the application deadline, but were still able to be included for support under the same EGF cases.

The problem with this method is that the definition of beneficiary reach rate is not entirely accurate, and this rate is in reality lower than 78%. The fact that the EGF funding originally allocated in these 20 cases reached more than the original number of planned beneficiaries does not justify allowing this rate to exceed 100% by retaining the basis for calculating the overall percentage as the originally envisaged number of total redundancies. Even if the Regulation allows, under certain circumstances, for additional redundant workers to become eligible under the same EGF case, the method for calculating a final representative beneficiary reach rate in each case would be to re-calculate the rate according to the new (grand) total number of workers actually made redundant to which the EGF case funding finally corresponded. Arguably, it is inappropriate only to include those additional workers which the EGF funding was finally able to support, while maintaining the original number of intended beneficiaries as the denominator.

The evaluator's method therefore delivers a slightly optimistic proportion, at least for each of the 20 cases concerned, and accordingly, an inaccurate overall average. This could be construed as drawing attention away from the fact that certain EGF cases demonstrated a worryingly low beneficiary reach rate, dropping in the worst case to 1% (for case EGF/2007/005 IT Sardinia).[34] In an attempt to ascertain the real situation with regard to the average total EGF reach rate, capping at 100% the top 12 cases in the final evaluation where the reach rate was allowed to exceed 100%, the adjusted average beneficiary reach rate comes to approximately 77%. However, this re-calculation still omits one case with a very low beneficiary reach rate, which may result in a reduction of 1% on the overall average. Furthermore, this corrected estimate also favourably assumes that there are no additional cases with beneficiary reach rates lower than 100%, and which nevertheless take into account additional beneficiaries after the deadline, but not the revised total number of workers made redundant. If there are, in fact, many such cases, this may have a more significant negative impact on the overall average beneficiary reach rate.

32 Ex-post evaluation of the EGF. Final Report, Executive Summary, p.4, and Final Report, Section 2.3. p.24.
33 Ibid, Section 2.3. p.24 and table p.26.
34 Ibid, Section 2.3. p.24. Note that figure 3, p.26. does not include the Sardinia case, and also omits a second case with a very low beneficiary reach rate, but the overall 78% reach rate appears to take these cases into account.

4.3.2. Re-employment rates, the return of unused funds, and the EGF's impact on SMEs

The final ex-post evaluation stresses that the budget implementation rate of the EGF over the period studied (2007-2013) was 55%, meaning that 45% of allocated EGF funds were unused and returned to the Commission. Note that the evaluators have also allowed budget implementation rates to exceed 100%, owing to overspend, which was delivered through national funds, but only for two EGF cases. Although, this only has a marginal impact on the reported overall average budget implementation rate, it raises again the question as to whether many other cases also display inflated budget implementation rates owing to national overspend, which might unduly boost the overall average rate. [35]

The evaluation also explains, for the 73 cases in the 2007-2013 period, that the average re-employment rate was 49%,[36] meaning that despite EGF assistance, roughly half of the assisted beneficiaries were back in paid work at the end of EGF case implementation periods. For calculating re-employment rates, the evaluation refers to workers actually assisted[37] and not to workers originally targeted, so the average re-employment rate is in reality 49% of those workers who actually benefited from EGF-funded measures. Considering that the average budget implementation rate was 55%, the effective re-employment rate could therefore be deemed to be as low as about 27% of the originally targeted workers. However, to determine accurately the re-employment rate of workers initially targeted, the methodology would also need to take out of the equation the final number of targeted workers who returned to employment pursuant to their own efforts. Given that this data is not provided, there is insufficient evidence to conclude that, on average, only 27 % of the workers targeted by EGF funds were effectively re-employed pursuant to the benefits they derived from EGF measures. In addition, the ratio between amounts spent and workers re-employed is not necessarily linear. So, while the average effective re-employment rate is not as low as 27%, it is also clearly not as high as 49%. Finally, these observations exclude reemployment data concerning the 18 EGF cases submitted in 2014.

Furthermore, it is apparent from the final evaluation, and from this analysis, that the EGF may have had a limited impact on SMEs, although the EGF regulations clearly provide scope for SME workers to be targeted. This may be regarded as a serious problem, given that SMEs and micro-enterprises employ the vast majority of EU workers and constitute the engine of EU growth, and are typically the main target beneficiary group for many flagship EU interventions today.

On this subject, the final evaluation explains that stakeholders in the German Arnsberg and Düsseldorf Automotive case (EGF/2011/003) remarked that the administrative resource associated with the EGF cases was high and that with the German model of implementation, the EGF is not considered to be a very suitable or efficient resource for the implementation of cases linked to redundancies in SMEs due to the high cost of co-ordination required between a large number of stakeholders.[38]

However, the final evaluation also cites that, in a few cases, a coordinated 'sectoral' response was made possible thanks to EGF funding. For instance, in the transport sector case of AT/Niederösterreich-Oberösterreich (EGF/2011/001), workers from several hundred SMEs received EGF support. In this case, the EGF provided support to workers made redundant in a specific sector that would not have otherwise received targeted support at the national level.[39]

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[35] Ex-post evaluation of the EGF. Final Report, Section 2.5.2, p.42, and figure 8, p.43.
[36] Ibid, Section 3.2, p.46.
[37] Ibid, Section 3.2, box 4 p.46.
[38] Ibid, Section 3.4.2, p.69.
[39] Ibid, Section 4.3.2, p.102.

In its recommendations, the final evaluation states that 'Article 2 (b)' crisis cases, dealing with dismissals from a large number of SMEs, face particular challenges in the delivery of the assistance citing as the case the geographical dispersion of beneficiaries across a large number of companies.[40] The evaluation then proposes that these additional challenges should be acknowledged already at the planning and application stage and that additional resources need to be pre-arranged for the management and delivery of such multiple company cases. This lack of focus on SME workers is also confirmed when studying the Member State websites advertising the EGF to national stakeholders. Where such a website, or dedicated section on a government website, actually exists, these generally limit themselves to basic information on the functioning on the fund (see Table 3, p.25). None of the existing national websites provide detailed guidance to stakeholders at the local or regional level on how to make best use of the EGF, and in particular on how to coordinate action for the benefit of SME workers, nor on how to make best use of the new provisions following the introduction of the 2013 EGF Regulation. For this, these websites typically point to that of the Commission.[41]

Finally, selected Commission feedback on case studies[42] provides an overview of EGF good practice cases, looking in particular at EGF intervention in the telecommunications industry in the following two Finnish and German cases: EGF/2007/003/DE/BenQ and EGF/2007/004/FI/Perlos. The telecoms sector peaked in the 1990s with R&D, design and manufacturing performed in Finland and Germany. However, it then made losses in what became a highly competitive global mobile phone production market, and the Finnish and German production capabilities quickly collapsed. Accordingly, the employment landscape suddenly and dramatically changed. The outcome of EGF funding for employment transition measures was considered to be an extremely valuable addition to other funding sources available nationally, in particular for the most vulnerable groups of affected workers. In the Finnish Perlos case, 57% of the workers were employed 11 months after being made redundant. In the BenQ case in Germany, of the 3 303 employees made redundant, 84% had found stable employment by the end of the implementation period.

Notably, for these two cases, the final evaluation also highlights an observable positive trend between resources used on the promotion of entrepreneurship and the self-employment rate at the end of the measures, indicating a high degree of success with the use of these EGF measures in promoting and fostering entrepreneurship.[43]

[40] Ex-post evaluation of the EGF. Final Report, Recommendation 4, p.124.
[41] http://ec.europa.eu/social/main.jsp?catId=326&langId=en
[42] European Globalisation Adjustment Fund in Action: Stories on opportunities created by the EGF, European Commission, October 2011.
[43] Ex-post evaluation of the EGF. Final Report, Section 3.2, figure 9, p.55.

4.3.3. Overall remarks on evaluations and Commission reports

- **The absence of support for and use of the EGF by all Member States is apparent.** (see Section 4.4.4).

- **The EGF budget implementation rate over the period covered in the final ex-post evaluation of the EGF (2007-2013) was 55%, meaning that 45% of allocated EGF funds were unused and returned.**

- **Moreover, the average re-employment rate of workers *assisted* was 49%, which means, given the 55% budget implementation rate, that fewer than 49% of the workers originally *targeted* were re-employed by the end of the budget implementation period.** Note, however, that establishing a more precise figure would require data on the numbers of targeted workers who found new employment by their own means and, that in order to put the effective re-employment rate into perspective, it should furthermore be compared to Member States' average Public Employment Service (PES) data on reintegrating unemployed workers into sustainable jobs.

- **EGF policy design at EU and Member State level needs to focus on maximising the impact of the fund. Indeed, the main problem is likely to occur at the funding implementation stage**, which the Commission has linked, in certain cases, to the initial over-estimation of costs by applicant Member States.[44] Furthermore, in view of this:

    - The evaluators' own assessment, compounded by EPRS's observations on EGF assistance to the automotive sector and the general apparent lack of information and guidance at Member State level, is to **recommend enhancing the awareness of challenges for regional projects during the planning phase, in particular for innovative EGF projects enabled by the new 2013 EGF Regulation**. This may deserve being brought to the forefront of policy concerns regarding the future management of the EGF at the Member State level.

    - **Solutions should furthermore be investigated to boost the take-up of the EGF for the benefit of SME workers and to implement more widely coordinated packages of personalised services which foster entrepreneurship**.

  ➢ This should help with improving the re-employment rates and with ensuring that EGF funds are more fully used.

- Despite the quality of the Commission's data collection, monitoring and the content feedback in the evaluation of the EGF between 2007 and 2013, **additional specifications for the design of EGF monitoring indicators may be justified**. In particular, **it may be appropriate to adjust the beneficiary reach rate and budget implementation rate calculation methodology in the context of future reviews, and to henceforth follow the approach of not permitting these rates to exceed 100%**.

  ➢ More accurate and complete reporting on beneficiary reach and budget implementation rates would help to better measure actual participation levels and effects ex-post, and identify problems with greater certainty.

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[44] Ex-post evaluation of the EGF. Final Report, Section 2.5.2, p.42.

Table 3: Links to national websites promoting the EGF

Country	Institution	Link
Austria	Sozialministerium (Ministry of Social Affairs).	http://www.egf.or.at/
Belgium	Agence FSE Wallonie.	http://www.fse.be/index.php?id=fondseuropendemondialisation
	ESF Agentschap Vlaanderen.	http://www.esf-agentschap.be/nl/over-ons/europees-globalisatiefonds/europees-globalisatiefonds
Bulgaria	MLSP (Ministry of Labour and Social Policy).	No dedicated website.
Cyprus	Ministry of Labour, Welfare and Social Insurance.	No dedicated website.
Croatia	Ministartsvo poduzetništva i obrta (Ministry of Business and Trade).	http://europski-fondovi.eu/program/europski-fond-za-prilagodbu-globalizaciji-egf
Czech Republic	Ministerstovo Práce a Sociálních Věci (Ministry of Labour and Social Affairs).	http://www.mpsv.cz/cs/21194
Denmark	Erhvervsstyrelsen (Ministry of Business and Growth, Danish Business Authority).	https://regionalt.erhvervsstyrelsen.dk/om-globaliseringsfonden
Estonia	Sotsiaalministeerium, Tööturu osakond (Ministry of Social Affairs, Employment Department).	No dedicated website.
Finland	Työ- ja elinkeinoministeriö (Ministry of Employment and the Economy).	http://egr.fi/en/
France	Ministère du travail, de l'emploi, de la formation professionnelle et du dialogue social, Délégation générale à l'emploi et à la formation professionnelle (Employment Ministry).	http://travail-emploi.gouv.fr/emploi/maintenir-dans-l-emploi/accompagnement-des-licenciements-economiques/article/fonds-europeen-d-ajustement-a-la-mondialisation-fem
Germany	Bundesministerium für Arbeit und Soziales (Ministry of Labour and Social Affairs).	https://www.bmas.de/DE/Themen/Soziales-Europa-und-Internationales/Europa/Programme-und-Fonds/europaeischer-fonds-fuer-die-anpassung-an-globalisierung.html;jsessionid=D4AF53ADEB52B2800765DBFC061D53A9
Greece	Ειδική Υπηρεσία Συντονισμού και Παρακολούθησης Δράσεων Ευρωπαϊκού Κοινωνικού Ταμείου (ΕΥΣΕΚΤ), Υπουργείο Εργασίας και Κοινωνικής Ασφάλειας & Κοινωνικής Αλληλεγγύης. (ESF Actions Coordination and Monitoring Authority (EYSEKT), Ministry of Labour, Social Security and Welfare).	http://www.esfhellas.gr/en/Pages/EGF.aspx (to access website, cancel login page)
Hungary	Nemzetgazdasági Minisztérium (Department of Employment Programmes Ministry for National Economy).	No dedicated website.
Ireland	Department of Education and Skills.	http://egf.ie/
Italy	Ministero del Lavoro e delle Politiche Sociali (Ministry of Labour and Social Policy).	http://europalavoro.lavoro.gov.it/EuropaLavoro/Info/Che-cos-il-FEG

Country	Institution	Link
Latvia	Labklājības ministrija (Labour Market Policy Department, Ministry of Welfare).	No dedicated website although EGF activities are reported on: http://www.lm.gov.lv/text/2657
Lithuania	Europos Socialinio Fondo Agentūra (European Social Fund Agency).	http://www.esf.lt/en/globalisation_adjustment_fund limited to a short description of the fund
Luxembourg	Ministère du Travail, de l'Emploi et de l'Economie Sociale et Solidaire (Ministry of Work and Employment).	No dedicated website.
Malta	Ministeru tal-Affarijiet Ewropej u Implimentazzjoni tal- Programm Elettorali 2014 (Ministry for European Affairs and Implementation of the Electoral Manifesto 2014).	https://eufunds.gov.mt/en/EU%20Funds%20Programmes/Other%20Programmes/Pages/European-Globalisation-Adjustment-Fund.aspx
Netherlands	Directie Werknemersregeling, Agentschap SZW, Ministerie van Sociale Zaken en Werkgekegenheid (Ministry of Social Affairs and Employment).	https://www.agentschapszw.nl/subsidies/egf
Poland	Ministerstwo Rozwoju, Departament Europejskiego Funduszu Społecznego (Ministry of Development).	http://www.mr.gov.pl/efg
Portugal	IEFP - Instituto do Emprego e Formação Profissional (Institute of Employment and Professional Training).	No dedicated website.
Romania	ANOFM Agenţia Naţională pentru Ocuparea Forţei de Muncă (National Agency for Employment).	http://www.feg.anofm.ro/
Slovakia	Ministerstvo práce , sociálnych vecí a rodiny (Ministry of Labour, Social Affairs and Family of the Slovak Republic).	No dedicated website.
Slovenia	Ministrstvo za delo, družino, socialne zadeve in enake možnosti (Ministry of Labour, Family, Social Affairs and Equal Opportunities).	http://www.mddsz.gov.si/si/delovna_podrocja/trg_dela_in_zaposlovanje/espg/
Spain	Unidad Administradora del Fondo Social Europeo (UAFSE), Ministerio de Empleo y Seguridad Social (Administrative Unit of the European Social Fund, Ministry of Employment and Social Security).	http://www.empleo.gob.es/uafse/es/feag/
Sweden	Arbetsmarknadsdepartementet (Ministry of Employment).	No dedicated website.
United Kingdom	Department for Work and Pensions.	No dedicated website.

4.4. Overview of other EU institutions' analyses and Member State concerns

This section provides an overview of the main evaluations or opinion on the functioning of the EGF, which have been published by other EU institutions, and also covers notable Member State concerns, based on their own assessments of the EGF.

4.4.1. European Court of Auditor (ECA) findings

The ECA has published a Special Report on the EGF entitled 'Has the European Globalisation Adjustment Fund Delivered EU Added Value in Reintegrating Redundant Workers?'[45] In this Report, the ECA found that nearly all beneficiaries were offered personalised and co-ordinated assistance, and that 'the EGF delivered EU added value when used to co-finance services for redundant workers or allowances not ordinarily existing under Member States' unemployment benefit systems'.[46] However, the ECA also identified a number of concerns with the uses of EGF funding, and focussed *inter alia* on a recommendation aiming at curbing EGF expenditure on activities, which are not deemed to carry EU added value, in particular the EGF funding of income support measures. On this subject, the report noted that the share of income support measures in relation to total funding exceeded 50% in four Member States: Austria, Germany, Italy and France, with a total average of 33% in the spending period before the latest 2013 reform.[47] However, the ECA also points out that the new EGF Regulation has capped at 35% of total costs[48] such measures, which are equivalent to income support, and which 'would have been paid by the Member States anyway'[49] and do not display EU added value.[50]

The ECA also stressed that, compared to the European Social Fund (ESF), the application procedure for EGF funding takes more time and is generally very long, lasting 41 weeks from the point of application to the final decision to pay.[51] This roughly corresponds to the Commission's own calculations of an average of 303 days (i.e. about 43 weeks).[52] The ECA explains that this is partly because the EGF is not included in the Multiannual Financial Framework (MFF). A formal decision by the Council and Parliament is therefore required to authorise the funding of each case[53] after the Commission has assessed the compliance of the request with the conditions for providing a financial contribution.[54] The ECA notes that this problem can be linked to the nature of the fund as a flexibility instrument.[55] In any case, the length of the application procedure has accordingly been criticised by the ECA as having negative consequences for the use of the fund,[56] resulting in the preference of some Member States for relying on the ESF over the EGF,[57] bearing in mind that both funds have complementary objectives. Furthermore, until the 2013 reform, the Commission was not subject to a deadline for assessing Member State applications. However, the

45 ECA Special Report No.7, 2013.
46 Ibid, p.1.
47 Ibid. p.22, table 4.
48 Regulation (EU) No 1309/2013, Art. 7 (1).
49 Ibid. p.28.
50 Ibid. p.20.
51 ECA Special Report No.7, 2013, p.1, p.13. and p.24.
52 Ex-Post evaluation of the EGF. Final Report, Section 2.2.1, p.23.
53 Ibid. p.25. and p.38.
54 Regulation (EU) No 1309/2013, Article 8(4).
55 Alessandro D'Alfonso, DG EPRS, Library briefing on the European Globalisation Adjustment Fund 2014-2020, 5 December 2013, p.2.
56 ECA Special Report No.7, 2013, p.29.
57 Ibid, p.13.

ECA also noted that in order to make assistance available as quickly as possible,[58] Article 8 of the 2013 EGF Regulation sets out deadlines for the application procedure with regard to the assessment carried out by the Commission.[59] Finally, the ECA cited the possibility for Member States to supplement applications at any time as one explanation for the extended length of the application procedure.[60] It noted that the legislator has now also introduced a deadline in order to address this problem, requiring Member States to provide additional related information to the Commission to speed up the application assessment process.[61]

4.4.2. CoR and EESC opinions on proposals for EGF Regulations

The CoR has adopted three opinions on the EGF, in 2006, 2009 and 2012:
- Opinion on the Proposal for a Regulation on establishing the EGF, ECOS-IV-004 - CdR 137/2006.
- Opinion on the Proposal for a Regulation on establishing the EGF, ECOS-IV-034 - CdR 84/2009.
- Opinion on the EGF for the Period 2014-2020, ECOS-V-023 - CdR 334/2011.

In these opinions, the CoR has mainly stressed the need for involving local and regional authorities and social partners in the application process as well as for streamlining the process,[62] called for a lower threshold on the number of required redundancies,[63] and opposed the extension of the EGF to include farmers.[64] The CoR has also notably called for the need for clear Commission guidance on using the EGF for the benefit of social partners and local and regional authorities.[65]

The EESC has produced three main opinions on the EGF, adopted in 2006, 2009 and 2012:
- Opinion on the proposal for a Regulation establishing the EGF, OJEU 2006/C 318/05.
- Opinion on the proposal for a Regulation amending Regulation (EC) No 1927/2006 on establishing the EGF. OJEU 2009/C 228/103.
- Opinion on the proposal for a Regulation on the EGF (2014-20), OJEU 2012/C 143/42.

These opinions essentially focus on concerns about the slow 'application to approval' procedure, and its' associated bureaucracy and significant cost.[66] The EESC is also concerned about the limited take up of the EGF as a fund, and at the same time, largely in favour of its more extensive use, proposing lower thresholds (namely on redundancies: 200 instead of 500), and a higher co-financing rate of 75% in order to achieve this objective[67] as well as promoting the EGF through extensive information campaigns.[68] One recurring theme in the EESC's opinions is ensuring the involvement of social partners in the application process to support the effective use of the EGF.[69] Another noteworthy EESC proposal is to consider reviewing the application procedure. The EESC implies that EU regions should be given the possibility of applying directly for funding, avoiding a lengthier centrally-managed application process at the national level.[70] Furthermore, the EESC

[58] Regulation (EU) No 1309/2013, Recital 21.
[59] Ibid, Article 8(4).
[60] ECA Special Report No.7, 2013, p.25, referring to Regulation (EC) No 546/2009 (Art. 5(1)): 'The application may be supplemented subsequently by the Member State.'
[61] See Regulation (EU) No 1309/2013, Article 8(3): 'Where such additional information is required by the Commission, the Member State shall respond **within six weeks** of the date of the request.'
[62] CoR opinion on the proposal for a Regulation on the EGF (2006), Recommendations 2, 4 and 7; CoR opinion on the proposal for a Regulation on the EGF (2009), box Recommendation p.1, and point c) p.6. and p.7; CoR opinion on the EGF for the period 2014-2020, box Recommendation p.1.
[63] CoR opinion on the proposal for a Regulation on the EGF (2006), Recommendation 3.
[64] CoR opinion on the EGF for the period 2014-2020, box Recommendation p.1.
[65] Ibid, Amendment 4, p.11.
[66] EESC opinion on the proposal for a Regulation on the EGF (2012), points 1.2. and 3.4.
[67] Ibid, points 1.1, 1.3, 4.2, and 4.4; and EESC opinion (2009), point 4.10.
[68] EESC opinion on the proposal for a Regulation on the EGF (2012), points 1.4. and 4.3.
[69] Ibid, point 4.3; EESC opinion (2009), points 4.13. and 5.4; EESC opinion (2006), points 1.5. and 5.8.
[70] EESC opinion on the proposal for a Regulation on the EGF (2012), point 4.5.

does not support providing funding to farmers and to owners of SMEs, in order not to create tensions with other special EU programmes for these stakeholder groups, and to avoid unfair competition.[71] Underpinning this, the EESC has also regularly stressed the need to ensure complementarity of the EGF with the ESF and the other structural funds.[72]

4.4.3. European Parliament positions and notable EGF cases

The European Parliament's concerns and recommendations on the management of the EGF are recorded in reports on Commission legislative proposals on the EGF, in its resolutions concerning individual case approvals and in a non-legislative resolution.[73] Firstly, the Parliament has noted that the lengthy procedure for mobilising the EGF is a major obstacle to the proper functioning of the fund, and has accordingly supported the introduction of faster and more efficient intervention procedures (covering the application process and the release of funds).[74] Notably, in the context of the 2013 reform, the Employment and Social Affairs Committee proposed that incomplete applications be supplemented with additional information within three months, and that the Commission should finalise its assessment within ten weeks of receipt of complete applications (instead of twelve).[75] Ultimately, the application procedure was accelerated, but with pressure essentially applied on the Member States to submit any required additional information within six weeks of a Commission request (with the possibility of a two-week extension). The Committee's ten-week proposal was rejected and twelve weeks was maintained for the Commission to process completed applications, in addition to the initial two weeks to inform the applicant of the receipt of the initial application and request any additional information.[76]

The Parliament has also taken the view that the EGF can deliver the best EU added value through the effective support of training and re-training activities aimed at re-integrating workers into sustainable employment following mass redundancies, particularly where unanticipated industry restructuring generates skills mismatches.[77] As a consequence, the Parliament has supported the need to ensure the complementary action of the EGF with funding from Union Cohesion or Structural Funds, and in particular, with those measures financed by the ESF aimed at adjusting to global challenges in order to achieve sustainable economic growth, as well as the complementary action of the EGF with any state aid.[78] The Parliament has also objected to the EGF supporting the agricultural sector.[79] In relation to 'effective use' and complementarity issues, the Parliament has furthermore been particularly vocal in seeking to ensure that the EGF does not fund activities which should, in any case, be supported by the Member States as provided for under national law. In the most recent update of the EGF Regulation, the Employment and Social Affairs Committee accordingly proposed that allowances - in particular job search allowances - be capped at 25% of the total costs of coordinated packages of personalised services (down from 50%). Those services should focus instead on active labour market measures such as training activities.[80] However, this position was not fully reflected in the 2013 Regulation: the ceiling currently stands at 35%.[81]

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[71] EESC opinion on the proposal for a Regulation on the EGF (2012), points 1.5, 4.7, 4.8. and 4.10.
[72] EESC opinion (2006), point 1.6; EESC Opinion (2009), point 4.15.
[73] Resolution on the future of the EGF of 29 September 2011 - 2011/2794(RSP)
[74] Ibid, Point 7, and EMPL Committee Report on the European Globalisation Adjustment Fund (EGF) 2014-2020, Rapporteur Marian Harkin (ALDE, IE), 2011/0269(COD), e.g. Amendments 85, 86 and 91.
[75] EMPL Committee Report on the EGF 2014-2020, e.g. Amendment 58 to Article 8.
[76] See Regulation EU No 1309/2013, Article 8, Paragraphs 1 to 4.
[77] Resolution on the future of the EGF of 29 September 2011, Points 2 and 16.
[78] Ibid, Point 6, and EMPL Committee Report on the EGF 2014-2020, e.g. Amendments 69 and 75.
[79] EMPL Committee Report on the EGF 2014-2020, e.g. Amendments 41, 42, 43, 46 and 84.
[80] Resolution on the future of the EGF of 29 September 2011, Points 2 and 16, EMPL Committee Report on the EGF 2014-2020, e.g. Amendments 47, 53, 54, and 73 and in particular Compromise Amendment 50.
[81] See Regulation EU No 1309/2013, Article 7(1), Second sub-paragraph and point (b).

The Employment and Social Affairs Committee has otherwise placed a strong emphasis on ensuring that social partners are involved in the application process,[82] on EGF intervention fostering innovation, on coherence with the objectives of the Europe 2020 strategy, on reinforcing the Commission's technical assistance to applicants[83] and the dissemination of best practices, and on ensuring that EGF funding is not used indirectly by profit-making multinationals to limit the costs of handling restructuring. The Parliament has also expressed concern over the fact that some Member States have not yet made use of the EGF even though mass redundancies have occurred pursuant to globalisation forces or the crisis.[84] In relation to the Parliament's key concerns, the following EGF cases attracted particular attention amongst MEPs in the 2007 to 2014 period:

- **EGF/2013/014 FR/Air France** (COM(2014)701), which the Parliament approved.[85] This trade-related case attracted attention because it targeted the largest number of workers and was the highest value EGF case to date i.e. 5 213 workers (of which 3 886 were expected to participate in the measures) and an overall case budget of €51.8 million (including an EGF 50% contribution of €25.9 million) - see Table in Section 3.3.1. This case accounted for 4.7% of total EGF expenditure over the 2007-2014 period, with €6 665 EGF funding per worker. MEP concerns focused on the chances that several such large scale applications may run the risk of depleting the fund and limiting EGF action in other cases. Furthermore, the high financial provision for allowances and the limited provision for training activities in the package drew criticism for the cases' potential to simply fund redundancies (although it should be noted that the 35% cap on allowances did not apply in 2013). The decision to approve the case reflected concerns over the possible misuse of funds to enable multinationals to circumvent responsibilities under national law or collective agreements, although the relevant clause is customary in decisions on EGF cases. [86]

- **EGF/2011/019 FR/Renault** (COM(2011)0420), which the Parliament approved. This crisis-related case was the next most significant EGF case, targeting 4 445 workers (with 3 582 expected to participate), and costing €37.6 million (including an EGF 65% contribution of €24.5 million) - see table in Section 3.3.1. This case again gave rise to MEP concerns over the possible misuse of EGF funds to enable multinationals to employ a more flexible workforce and avoid responsibilities under national law or collective agreements. This concern was also covered in a standard clause of the final decision to approve the EGF case.[87]

- **EGF/2014/014 DE/Aleo Solar** (COM(2014)726), which the Parliament approved. This German trade-related case was of significantly less magnitude, as it targeted 657 workers (476 of which were expected to participate), and featured a total budget of approximately €1.8 million (including EGF co-funding of €1.1 million i.e. 60%). The case nevertheless attracted MEP attention, but in broad support of the case, as the context was one of a 40% collapse in market prices of solar modules brought on by a decline in demand combined with global over-capacity following the substantial growth in Chinese production and imports into the EU. This situation also led to EU duties on Chinese solar module imports given that their retail prices were below German production costs.[88]

[82] EMPL Committee Report on the EGF 2014-2020, e.g. Amendment 71.
[83] Ibid, e.g. Amendments 78 and 79.
[84] Resolution on the future of the EGF of 29 September 2011, Point 15.
[85] For details on the budgetary procedure, see the Annex to this publication.
[86] European Parliament resolution of 16 December 2014 on the proposal for a decision on the mobilisation of the EGF (EGF/2013/014 FR) (COM(2014)0701 – C8-0247/2014 – 2014/2185(BUD)), paragraphs 8 and 13.
[87] European Parliament resolution of 15 December 2011 on the proposal for a decision on mobilisation of the EGF (EGF/2009/019 FR) (COM(2011)0420 – C7-0193/2011 – 2011/2158(BUD)), paragraph 4.
[88] European Parliament resolution of 10 March 2015 on the proposal for a decision on mobilisation of the EGF (EGF/2014/014 DE) (COM(2014)726 – C8-0012/2015 – 2015/2018(BUD)), paragraphs 4 and 5.

4.4.4. Member State concerns

While a majority of EU Member States actively and consistently submit requests for EGF funding, a minority of Member States have maintained longstanding doubts about the EGF, some of which are possibly still linked to the context in which the EGF was originally conceived.[89] A sizeable number have not used the EGF at all. The Commission noted that by 31 December 2014, eight Member States had still not applied for EGF support namely Croatia, Cyprus, Estonia, Hungary, Latvia, Luxembourg, Slovakia, and the United Kingdom.[90] Croatia arguably did not have a reasonable opportunity to make use of the Fund in the period under review, since it acceded to the Union on 1 July 2013. Otherwise, this group of Member States roughly corresponds to those with no dedicated EGF website (see table 3, p.25). Of the more vocal sceptics, the United Kingdom and Sweden have questioned the potential of the EGF instrument to deliver EU added value. While Sweden has applied for EGF funding in three cases, the United Kingdom has entirely refrained from using the fund.

The Swedish government tends to regard the EGF as lacking European added value. It has argued that the main responsibility for taking active measures to manage transitions should rest with individual Member States and that the EU's role should be supportive and complementary. Furthermore, the Swedish government has expressed concern, in particular, at the use of EGF funds for crisis-related cases. [91] This has not stopped Sweden from relying on the EGF. However, it has only used the EGF three times: for two trade-related cases EGF/2011/015 SE/Astra Zenica and EGF/2012/005 SE/SAAB, and for only one crisis-related case EGF/2009/007 SE/Volvo.

For the Volvo case, the Swedish National Audit Office (NAO), published a Report in 2015 on training support for workers made redundant,[92] in which it recommended using EGF instruments in combination with regular labour market measures because 'it is impossible in advance to determine whether large redundancy notices have structural or financial causes,' and accordingly 'the government should avoid unilaterally focusing on the type of adjustment measures which provide entitlement to support with funds of the EGF.' While this would tend to play down concerns over the significant use of the EGF for crisis-related cases, and the compatibility of such use with the fund's original objective of responding to trade globalisation pressures, the fundamental reason why the Swedish NAO made this recommendation is because the audit concluded that 'persons who have participated in training initiatives funded by the EGF based on redundancy notices at Volvo Cars and its subcontractors have had a slower return to work compared to a matched control group.'

Although the Swedish NAO makes a point of caveating its findings as strictly limited to the Volvo case, it identified a worrying lock-in effect in that participants involved in training activities were less inclined to seek employment compared to a control group who also lost their jobs in connection with mass redundancies but did not participate in the scheme. As a result, the Swedish NAO could not see any long term positive effects on unemployed workers' return to work. Furthermore, the Swedish NAO also carried out a review of the vocational specialism of participants in the Volvo project over time, and noted that there did not appear to be any major differences between EGF beneficiary workers and others who were made redundant at Volvo in terms of changes in vocational specialism, despite the EGF project's focus on re-training.[93]

[89] See Hartlapp, Metz & Rauh, Which policy for Europe? Oxford University Press, 2014, p.80. and p.81.
[90] Report on the activities of the EGF in 2013 and 2014 (COM(2015)0355), p.22.
[91] See Marc Hall: EU globalisation fund in peril as countries seek budget cuts, Euractiv, November 2012.
[92] 'Training support for persons given redundancy notices at Volvo Cars - retrained for work?' (RiR 2015:01), Report Summary, Swedish National Audit Office, February 2015.
[93] Ibid, p.2. and p.3.

The United Kingdom has made clear that it opposes the EGF on principle as it is highly sceptical about its effectiveness or efficiency. According to an Explanatory Memorandum[94] by Priti Patel MP, Minister responsible for Employment in the Department for Work and Pensions, concerning the Report from the Commission on the Activities of the EGF in 2013 and 2014, the underlying concern of the British Government is 'to ensure that EU funds deliver the best possible value for money for taxpayers, as evidenced by real policy results and budgetary restraint in the EU over the coming years.' The UK's detailed concerns focus on what it considers 'a poor return on EGF investments' in view of the effective re-employment rate (of 44,9% in 2013 and 2014), highlighting that for two specific cases, this rate was next to none.

Furthermore, the UK draws attention to the high EGF funding recovery rate of 50.2% in the same period despite the Commission's efforts to improve fund management and budget implementation. The low number of EGF applications by the newer Member States, and the high volume of crisis-related applications (placing a greater financial burden on EU resources) are also singled out as problematic.[95] Moreover the Minister of State in the Department of Work and Pensions, Mark Hoban, MP, stressed in a House of Commons European Committee debate in 2012 that 'the Government believes that other instruments, such as the European Social Fund, are more suitable for improving the capacity of national institutions and programmes to manage labour market shocks.'[96] However, it is also likely that the underlying reason that the UK government maintains objections to using the EGF is because relying on the EGF would negatively impact on its rebate on the overall EU budget.[97] As the former Commissioner for Employment, Social Affairs and Inclusion, László Andor, explained in a reply to a written question by Jonathan Arnott MEP (EFDD, UK) in October 2014: 'As a general rule, the UK correction returns to the UK two thirds of the difference between the amounts paid in from its national budget to the EU budget and the amounts that are allocated to UK beneficiaries from the EU budget during its execution. Payments to the UK from the EGF increase the latter and as such decrease the UK rebate.'

In the current context, the EGF could still arguably benefit UK stakeholders in certain circumstances, in particular UK steel industry workers,[98] a sector for which the prospect of EGF funding has reportedly been discussed, as evidenced in a question put to Minister Hoban in 2012.[99] Moreover, the idea that the high volume of crisis-related cases places a greater financial burden on EU resources should be put into perspective, in particular since EGF funding only accounts for a fraction of the EU budget as compared to Structural Funds and that actual spending levels have always been well below the budgetary ceiling.

Finally, a number of smaller Member States are likely not to rely on the EGF because they benefit from a higher EU co-financing ceiling of 80% or 85% under European Structural Funds.[100] Since Structural Funds have complementary objectives, it may not be worthwhile to invest their relatively limited administrative resources in submitting EGF applications.

[94] Explanatory Memorandum on a European Union Document: Report from the Commission to the European Parliament and the Council on the Activities of the European Globalisation Adjustment Fund in 2013 and 2014. 11303/15 & ADD 1, paragraphs 35 and 39.
[95] Ibid, paragraph 36.
[96] House of Commons Session 2012-13, General Committee Debates, European Committee Debates, European Committee B, European Globalisation Adjustment Fund, 3 December 2012.
[97] Bailey, David & Clancy John, Euro funding to help unemployed workers goes unclaimed. Why? The Case for Re-Wiring the Economy, Blogs from the Blackstuff - Birmingham Post, 5th Way Press, 2010, Vol. 1, p.68.
[98] e.g. Sean Farrell and David Hellier, 'Steelworkers march on parliament as prime minister promises compensation,' The Guardian, 28 October 2015.
[99] House of Commons Session 2012-13, General Committee Debates, European Committee Debates, European Committee B, European Globalisation Adjustment Fund, 3 December 2012, question from Stephen Timms, MP, concerning the Redcar Blast Furnace.
[100] See Common Provision Regulation (CPR) No. 1303/2013, Article 120 (3).

4.4.5. Overall remarks on other EU-institution and Member State analyses

- **A recurring concern over the effective functioning of the EGF relates to the application and budgetary approval processes**, in particular the associated bureaucracy and significant costs incurred.
- **Improvements have already been made to the application procedure** in the 2013 EGF Regulation in order to streamline the process, and also with the possibility, since 2014, of submitting applications online through the System for Fund Management in the European Union (SFC). However, **additional improvements could still be made** e.g. possibly regarding the Commission's twelve-week period for reviewing completed applications, in particular, reviewing the need for the time-consuming requirement to translate proposals for individual EGF funding decisions into all official languages of the Union.
- **The EGF's effectiveness could be improved by involving local and regional authorities and social partners even more in the application process.** Furthermore, proposals to enable EU regions to submit applications directly could be envisaged. In relation to this, it may be appropriate to **reinforce the Commission's technical assistance capabilities, in particular for providing detailed guidance and disseminating best practices.**
- **On the budgetary approval process, explained in Annex, there is limited scope for improving timescales** owing to the nature of the fund in responding to unpredictable circumstances. In particular, it would probably be untenable to include the EGF, as a flexibility instrument, in the Multiannual Financial Framework, because EGF intervention cannot be forecast sufficiently in advance.
- **Particular concerns have been expressed over ensuring that the EGF does not replace state obligations**, and furthermore over ensuring EGF-case **compliance with Union and national laws**, and that **EGF funding should not help multinationals circumvent responsibilities** under national law or collective agreements. There have also been **consistent requests to ensure complementarity of the EGF with the ESF and with other structural funds as well as with any state aid. These have now been addressed, but by adding some additional burdens to application requirements** (Article 8 of the EGF 2013 Regulation), which may impact negatively on the speed at which applications can be prepared.
- **The EGF delivers the best EU added value when used to co-finance services for redundant workers not ordinarily existing under Member States' unemployment benefit systems, and when these are focused on training and re-training activities (and not allowances)**, particularly where unanticipated redundancies have led to industry restructuring resulting in labour market skills mismatches, **and in particular for the most vulnerable groups.**

5. Conclusions

5.1. General observations

Member State strategies for the use of the EGF would appear to differ, sometimes significantly, as may efficiency in the use of EGF funding, as shown in Section 3, although this hypothesis requires additional supporting evidence. A select group of Member States have relied extensively on EGF assistance, with France, Ireland and Denmark in the lead on EGF spending in value, and with again France, Spain and Italy in the lead in terms of impact on numbers of workers targeted. To take examples at opposite ends of the spectrum, a basic quantitative analysis tends to reveal that Spain and the Netherlands have been using the fund more appropriately, submitting a higher number of EGF applications across various industry sectors, and that on the other hand, France and Ireland have been using the EGF less efficiently, concentrating EGF applications on workers in a more limited number of large companies, at the expense of SMEs.

Furthermore, according to the findings in Section 3.1.3, it may be appropriate to investigate means to better ensure Member States' efficient use of EGF funding given that certain countries consistently seek EGF assistance for cost-intensive cases which target a comparatively low number of workers, notably Austria, Denmark, and to a lesser extent France and Ireland. Moreover, according to the findings of Section 3.2.3, the manufacturing and construction sectors have clearly benefited the most from EGF funds in value, as well as in terms of the number of workers targeted. In particular, within manufacturing, the automotive sectors in France, Spain, Germany, and Belgium, have benefited extensively. Therefore, it may also be worth investigating how to better ensure that Member States support a more balanced delivery of EGF funding across the manufacturing sector.

Between 2007 and 2014, crisis-related EGF cases dominated over trade globalisation cases. This somewhat calls into question whether the use of the fund still corresponds to its original objective of responding to globalisation adjustment forces. However, there is undeniably a fine line between what constitutes a trade globalisation and a crisis-related case, and the argument that such a differentiation is not that important has been made by EGF supporters and sceptics alike. In any case, this debate has been somewhat superseded by the 2013 EGF Regulation, where crisis- and trade-related cases have been included on an equal footing, with a harmonised EGF funding ceiling of 60%.

Finally, the European Parliament and the Council could perhaps have used their budgetary vetoes more actively, in particular for certain cases where it was doubtful that EGF funding was set to deliver any significant EU added value. On the other hand, the scrutiny period for the Council and Parliament is so short that the onus remains mainly on the Commission, which has more time to evaluate applications, to recommend rejecting certain cases, or press for better implementation processes. One example of this is the Sardinian textiles case (EGF/2007/005/IT), where the Commission's scrutiny was very limited, as evidenced in the proposal for a decision, and where the EGF budget implementation rate was ultimately the lowest, at 3%, with consequently the lowest beneficiary reach rate of 1%.[101] Nevertheless, it should be noted that the Commission did force the withdrawal of 15 cases in the 2007-2013 period, as well as rejecting one case.[102]

[101] Commission ex-post evaluation of the EGF, Final Report, table 3, p.39 and Section 2.3, p.24.
[102] Summary of EGF applications - 2007 to date. See cases at stage '0' and Bulgarian application (EGF/2009/022).

5.2. Main benefits and problems with the EGF over the 2007-2014 spending period

- **The EGF has delivered added value** in a number of cases **concerning workers of large enterprises, or in regions where key industry sectors faced sudden and mass restructuring** owing to globalisation forces or to the financial and economic crisis. However, **the effective re-employment rate is unclear** and certain Member States have either not used the fund at all, or to a very limited degree.

- **The EGF delivers the best EU added value when used to co-finance services** for redundant workers **not ordinarily existing** under Member States' unemployment benefit systems, in particular **for the most vulnerable groups** of affected workers, and when these are focused on **retraining activities where globalisation forces have generated skills mismatches** in the labour market.

- **Certain Member States could improve** on maximising **efficiency** in the impact of EGF funding, and improving their processes **at the funding implementation stage**. **Local and regional authorities and social partners could be more actively engaged** in the implementation process. Member States' reporting requirements could also be improved.

- **Further reductions to timescales for the review of applications** are possible, as well as investigating whether to allow **regional authorities to submit applications directly**. The EGF's effectiveness could also be improved by **providing better guidance on eligible actions and applications** for local and regional authorities, and social partners.

- Given the urgency of releasing funds to targeted workers, since the management of the EGF is a shared responsibility between applicant Member States, and European review, scrutiny and budgetary authorities, **Member States should strengthen the quality of their applications, and the Commission, Council and Parliament could more actively block EGF cases** displaying inefficiency or a propensity to help multinationals circumvent responsibilities, or applications which continue to target the same sectors in the same Member States, unless the reasons are duly justified.

- **EGF assistance does not sufficiently cater for assistance to SME workers** in the supply chain. Accordingly, **Member States could consider supporting applications in a more balanced manner**.

5.3. The scope of future evaluations

In relation to these conclusions, future evaluations could include additional analyses:

- An evaluation of the use of the EGF in relation to its originally intended objectives, focusing on the use of EGF funds against measurable outcome-focused results, in particular on **the effect of the restriction of pecuniary allowances in the 2013 Regulation to 35%** of all costs, and on **the capacity of EGF-funded cases to return unemployed workers to sustainable jobs**.

- An evaluation of **the use of the EGF for projects to support entrepreneurship and start-up activity** in growth-intensive/value added sectors e.g. ICT.

- For an informed analysis of **the efficient use of EGF funds, the monitoring of national costs for the activities supported by the EGF, broken down by eligible action and by supported sector**, to determine Member State and EU averages.

- A **survey of all eight Member States that have not requested any EGF funding** to identify the reasons and **new areas of improvement in the EGF's management and scope,** and a **survey of national Public Employment Services results**[103] on reintegrating unemployed workers into sustainable jobs.

[103] This would follow up on the partial survey carried out in the Mid-term evaluation - European Globalisation Adjustment Fund: Final report, Section 3.2.2.2. p.32.

Annex - The Budgetary Approval Process for EGF cases

In order to secure EGF funding for specific projects, Member States need to submit an application to the European Commission. If the Commissions' assessment, based on the criteria established in the EFG Regulation, is positive, the European Parliament and the Council then need to approve the funding.[104]

The institutional setting of the EGF is characterised by its flexibility character, providing for targeted financial assistance where redundancies occur due to changes in trade patterns or financial and economic crises. Accordingly, the budgetary framework of the EGF remains outside the Multiannual Financial Framework (MFF),[105] meaning that the MFF does not provide for a dedicated budgetary line for the EGF. As pointed out, for example, by the EESC,[106] 'the main disadvantage if the EGF were to be integrated into the ESF would be the necessity for a clear allocation from the EU budget, in spite of the fact that it is impossible to plan or programme mass redundancies.'

Therefore, the decision to mobilise financial assistance under the EGF is taken by the Council and the European Parliament acting together as the budgetary authority, in a special budgetary procedure as described in the Interinstitutional Agreement of 2 December 2013. Following the proposal by the Commission to mobilise the EGF, the Council takes its decision by qualified majority voting, and the European Parliament does so by a majority of its component Members and three fifths of the votes cast. Both institutions have one month after the referral of the Commission proposal in order to take a decision.[107] Accordingly, the deadlines for the Council and European Parliament to effectively scrutinise individual EGF cases are particularly short.

In parallel, the Commission also tables a proposal for 'a transfer to the relevant budgetary lines.'[108] If the mobilisation of the fund is approved by the budgetary authorities, the funding is entered into the general budget of the European Union,[109] and funds are allocated from the unused funds of other EU programmes. Even if the EGF remains outside the budgetary lines of the MFF, the maximum amount of funding under the EGF is fixed in the Council Regulation which lays down the MFF. For the period 2014-2020, this amount is currently set at €150 million per year (in 2011 prices).[110]

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104 Alessandro D'Alfonso, 'European Globalisation Adjustment Fund: Tackling job losses due to changes in trade patterns,' European Parliament Library Briefing, 9 September 2013, p.2. and p.3.
105 Regulation (EU) No 1309/2013, Recital (3).
106 EESC Opinion on the Proposal for a Regulation on the EGF (2012), point 3.5.
107 Regulation (EU) No 1309/2013, Article 15(4).
108 Interinstitutional Agreement of 2 December 2013, point 13.
109 Regulation (EU) No 1309/2013, Article 15(2)
110 Council Regulation No. 1311/2013 (EU, Euratom) laying down the Multiannual Financial Framework for the years 2014-2020, Article 12, OJ L 347, 20.12.2013, L347/888, p.890.

This European Implementation Assessment, produced by the Ex-Post Impact Assessment Unit of the European Parliamentary Research Service (EPRS), aims to present an assessment of the European Globalisation Adjustment Fund (EFG) in the period 2007-2014, highlighting the main achievements of the fund and the key implementation problems and concerns. This in-depth analysis is based on an in-house examination of the European Commission's statistics and reports on the EGF and on the external evaluations of the functioning of the EGF (2007-2013) carried out for the Commission. It also draws on other EU institution and Member State analyses. It has been drafted to support the Committee on Employment and Social Affairs' Own-Initiative Implementation Report on the EGF 2007-2014, Rapporteur: Marian Harkin MEP (ALDE, Ireland).

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