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WORKING DOCUMENT OF THE COMMISSION SERVICES
Subject: Criteria concerning EGF funded actions and their cost

Introduction

At the meeting of the Committee on Budgets which took place on 21 July 2009, the Commission was asked to provide explanations as to why the measures proposed for co-funding by the EGF by one Member State may cost more (or less) per targeted worker than those proposed by another Member State.

This fiche updates a previous version, dated December 2007, on the same subject.

1. **Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund (EGF)** in its Article 5 lays down that the Member States can apply for EGF funding. Member States, in their application, present the measures they have designed to form a co-ordinated package of personalised services to reintegrate redundant the workers into the labour market (Art. 3).

The budget in the application thus contains the cost of the package which the Member State will provide for the redundant workers, taking account of :

- the workers themselves (skills, education, age, etc.),
- the environment (locality, region, Member State),
- the measures already available to the workers (national sources, ESF, etc.).

These elements are referred to in more detail below.

2. The **EGF Regulation** in its **Article 3** lays down a non exhaustive list of the type of actions potentially eligible for EGF co-funding :

Article 3

Eligible actions

A financial contribution under this Regulation may be made 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, including:

- (a) job-search assistance, occupational guidance, tailor-made training and re-training including ICT skills and certification of acquired experience, outplacement assistance and entrepreneurship promotion or aid for self-employment;
- (b) special time-limited measures, such as job-search allowances, mobility allowances or allowances to individuals participating in lifelong learning and training activities; and
- (c) measures to stimulate in particular disadvantaged or older workers, to remain in or return to the labour market.

The EGF shall not finance passive social protection measures.

Article 5.2. lays down the contents of the application to be presented by the Member State, with section (d) focusing on the actions :

2. The application shall contain the following information:

<etc...>

- (d) the coordinated package of personalised services to be funded and a breakdown of its estimated cost, including its <etc...>

The Commission then assesses the application and presents the following :

Article 10

Determination of financial contribution

1. The Commission shall, on the basis of the assessment carried out in accordance with Article 5(5), particularly taking into account the number of workers to be supported, the proposed actions and the estimated costs, evaluate and propose determine as quickly as possible the amount of financial contribution, if any, that may be made within the limits of the resources available.

3. Actions which can be included in an EGF application

The EGF Regulation provides a list of potential actions which may be included in an application. Member States may select among these actions the most appropriate ones, and may include other actions, provided that all of them are active labour market policies.

Member States are thus in a position, according to the circumstances of each case, to assemble the most appropriate co-ordinated package of personalised services, taking account of the needs of the group of workers concerned and of any advice given to them by the stakeholders involved in the case.

Member States are also increasingly networking, exchanging ideas on good practice and on innovatory measures proposed and implemented by other Member States.

The Commission services discuss with Member States both the appropriateness and the costing of the measures proposed. In this discussion, the social protection / active labour market policy / etc., environment is taken into account, in order to establish the measures which can usefully complement what is being done by the Member State already. When assessing what is useful, the Commission looks at the immediate labour market environment (e.g. the effects of mass redundancies on the particular town or region, which may call for an increased effort to support the relevant workers) and at the categories of workers to be integrated.

4. Cost of the actions

For each action, Member States estimate how many workers are likely to be included, and for how long, and what average cost per worker is therefore budgeted to arise.

Differences between the budgets presented by Member States in different applications may come about for any of the following reasons :

- numbers of workers to be provided for;
- numbers and types of actions to be included in the budget;
- per capita cost of each action;
- duration of each action.

Focusing specifically on the per capita costs of the same type of action in different applications, these could vary for a number of reasons :

- labour market circumstances of the regions may be different : if the rate of unemployment (particularly for the relevant skills category or categories) in the region is high, measures may need to be more intensive and expensive;
- some Member States may already be providing far-reaching services to unemployed persons in the relevant category, while others may not -- the latter may therefore wish to apply for a higher amount per person;

- some Member States may not wish to apply for support significantly in excess of that allocated to other redundant workers, and may therefore decide to keep the per capita aid at a lower level;
- in some circumstances, relatively expensive measures may promise to be particularly effective for the workers concerned;
- some Member States may not wish to budget a high Member State contribution and may therefore decide to limit the amounts applied for.

The Commission, in its interaction with the Member State, expects to be supplied with full information on the measures and the itemised budget, so as to be in a position to understand and accept the reasoning behind the figures provided, in the context of the provisions of the EGF Regulation.

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