

Funding and functioning of the European Globalisation Adjustment Fund

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The Committee on Budgets adopted the own-initiative report by Miguel PORTAS (GUE/NGL, PT) on the funding and functioning of the European Globalisation Adjustment Fund. The Committee on Employment and Social Affairs gave its opinion as an associated committee under Rule 50 of the European Parliament's Rules of Procedure

Members take the view that the EGF's added value as an EU social policy instrument lies in the fact that it provides visible, specific, targeted and temporary financial support for personalised programmes for the reskilling and reintegration into employment of workers affected by collective redundancies in sectors or regions undergoing severe economic and social disruption. However, they consider that the increase in the number of applications for EGF funding and the difficulties experienced in implementing the EGF call for improvements to be made to the fund's procedural and budgetary arrangements at the earliest opportunity. Members call on the Commission to bring the submission of its **mid-term evaluation forward to 30 June 2011** in order to remedy the fund's clearest shortcomings. **This evaluation should focus on the following:**

- **the contributions granted** with reference to the following qualitative aspects: (i) the rate of success in reintegration and assessment of the upgrading of the skills of the beneficiaries; (ii) the measures financed in response to each EGF application and results on the basis of reintegration; (iii) the impact of the EGF on its beneficiaries' network and on the small and medium-sized enterprises potentially affected by the redundancy plan and whose employees could profit from the fund; (iv) the impact of contributions from the EGF by age group in benefiting Member States and sectors.

- the contributions granted from the budgetary point of view, with particular reference to: (i) the reasons for the large disparity between the resources requested from the EGF and the amounts reimbursed by the beneficiary Member States when the assistance is already concluded; (ii) in the cases where Member States have made reimbursements, which were the financed programmes and measures not executed; (iii) the reasons for the large disparities between Member States in terms of the funding provided per worker in the different EGF applications; (iv) the proportion of overall funding in relation to other national and company-specific support measures;

- **the EGF's functioning and of the experience gained**, and measures that will substantially **reduce the length of the EGF mobilisation procedure** should be introduced. Members state that the time required to mobilise the EGF could be halved if the following measures are formulated and adopted: (i) applications for mobilisation of the EGF should be drawn up by Member States as soon as a collective redundancy has been announced, and not after it has taken place; (ii) the Commission should inform Member States that an application could be presented from the first day when the intervention criteria have been fulfilled; (iii) enhanced communication with the Member State concerned in this process; (iv) the Commission should have the necessary human and technical capacities; (v) the Commission should take decisions on the mobilisation of the EGF within 3-4 months after having received the application.

The Commission is also asked to provide the Member States with a set of guidelines for the design and implementation of applications for EGF funding geared to a fast application procedure and a broad consensus among stakeholders on the strategy to be applied. For their part, Member States are asked to:

- accelerate the procedure by prefinancing the measures that should start from the day of the application;
- involve the social partners right from the outset in the task of preparing applications and provide information on and publicise the funded actions ;
- put in place a communication and administration structure for the EGF at national level, in consultation with all stakeholders, and to exchange good practice at European level.

Speed up and simplify procedures: the committee states that more effective coordination between the Commission and the European Parliament must be ensured, so that the time limit for decision-making could be reduced. The Commission must take due account of Parliament's calendar, and must inform Parliament in due time on difficulties and/or blockages encountered while assessing the Member States' applications.

Members state that any of these steps should not in any way limit or decrease the power of Parliament as one arm of the budgetary authority while deciding on the mobilisation of the fund.

Financial crisis: the period of validity of the derogation inserted in 2009 with a view to assisting workers who lose their jobs as a result of the economic and financial crisis should be extended until the end of the current MFF and that the cofinancing rate should, therefore, be maintained at 65%, given that the underlying causes on which their approval was based are far from having been removed..

EGF budget: Members note the inclusion, for the first time, in the Commission's Draft Budget 2011 of payment appropriations for the EGF, which is an important element in the overall reflection on the visibility of this fund. They consider, however, that these payment appropriations might not be sufficient to cover the amounts necessary for EGF applications in 2011. They reiterate, therefore, their demand not to finance EGF applications exclusively through transfers from ESF lines. With regard to the future of the EGF, this will be determined in the framework of negotiations on the next MFF. Several options could be examined, particularly that of **establishing an independent fund** with its own commitment and payment appropriations. Members stress that the conversion of the current EGF measures into a permanent means of support for active job-seeking measures would show a political will to develop a European social pillar that would be complementary to Member States' social policies and capable of revitalising the European approach to professional training. They point out that the EGF should remain distinct in its objectives from the ESF and the European lifelong learning programmes, given that the EGF focuses on enhancing the abilities of each of the workers assisted, rather than on providing a response to the concerns of businesses or on the delivery of across-the-board services to training establishments.

Lastly, Members call on the Commission to improve its reporting on the use of the EGF by substantially fleshing out its annual reports and regularly forwarding to Parliament information on Member States' implementation of financial contributions.