European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 11/12/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 543 votes to 126, with 22 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014 - 2020).

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council.

Objectives: the aim of the EGF shall be to 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. ,

Actions benefiting from financial contributions from the EGF shall aim to ensure that the largest possible number of beneficiaries participating in these actions find sustainable employment as soon as possible.

Scope: the Regulation shall apply to applications by the Member States for financial contributions from the EGF for actions targeting:

- 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**, demonstrated, in particular, by a substantial increase in imports into the Union, a serious shift in Union trade in goods or services, a rapid decline of the Union market share in a given sector or a delocalisation of activities to third countries, provided that these redundancies have a significant adverse impact on the local, regional or national economy;
- workers made redundant and self-employed persons whose activity has ceased as a result of the continuation of the global financial and economic crisis.

Intervention criteria: a financial contribution from the EGF shall be provided in the following cases:

- at least **500 workers being made redundant or self-employed persons' activity ceasing**, over a reference period of **four 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 **nine months, particularly in SMEs**, **all operating in the same economic sector** defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS 2 level, or in more than two contiguous regions defined at NUTS 2 level provided that there are more than 500 workers or self-employed persons affected in two of the regions combined;
- **when the redundancies have a serious impact on employment** and the local, regional or national economy, the applicant Member State shall specify which of the intervention criteria are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed **15 % of the annual maximum amount of the EGF**.

Specific provisions are laid down to determine the calculation of redundancies and of cessation of activities.

Eligible beneficiaries: may include:

- workers made redundant and self-employed persons whose activity has ceased, calculated in accordance with the draft Regulation. The workers and self-employed persons shall be considered eligible provided that they were made redundant or their activity ceased after the general announcement of the projected redundancies and provided that a clear causal link can be established with the event which triggered the redundancies during the reference period.

Applicant Member States may, until 31 December 2017, provide personalised services co-financed by the EGF to up to a number of **young people** not in employment, education or training (NEETs) under the age of 25.

Eligible actions: a financial contribution from the EGF may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate:

- the re-integration of the targeted beneficiaries and, in particular, disadvantaged, older and young unemployed persons, into employment or self-employment including in particular tailor-made training;
- special time-limited measures, such as job-search allowances, employers' recruitment incentives;
- measures to stimulate in particular disadvantaged, older and young unemployed persons to remain in or return to the labour market.

The costs of the measures may not exceed 35 % of the total costs for the coordinated package of personalised services.

The cost of investments for self-employment, business start-ups and employee take-overs may not exceed EUR 15 000.

Actions which are the responsibility of enterprises by virtue of national law or collective agreements **shall not be eligible** for a financial contribution from the EGF.

The actions supported by the EGF shall not substitute passive social protection measures.

At the initiative of the applicant Member State, a financial contribution from the EGF may be made for the preparatory, management, information and publicity, control and reporting activities.

Applications: the draft Regulation specifies the content of applications and deadlines to be respected. It stated that these should include a description of the components of the package of personalised services. The Commission may also request additional information.

Based on information provided by the Member State, the Commission should complete its assessment of the compliance of the application with the conditions for granting a financial contribution within 12 weeks of receipt of the complete application.

The measure details in particular information that should be provided to the Commission to analyse the application. A complete application shall contain the following information: a reasoned analysis of the link between the redundancies or cessation of activity and the major structural changes in world trade patterns, an assessment of the number of redundancies and an explanation of the events giving rise to those redundancies; the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by sex and age group; the sources of national pre-financing or co-funding and other co-funding if applicable.

Complementarity, compliance and coordination: a financial contribution from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements.

Support for targeted beneficiaries should:

- complement actions of the Member States at national, regional and local level including those co-financed by Union funds;
- be limited to what is necessary to provide solidarity and temporary, one-off support for targeted beneficiaries;
- ensure that the specific actions receiving a financial contribution from the EGF shall not also receive assistance from other Union financial instruments.

Equality between men and women and non-discrimination: measures have been introduced to ensure that equality between men and women and the integration of the gender perspective are an integral part of, and are promoted during, the various stages of the implementation of the financial contribution from the EGF.

Technical assistance at the initiative of the Commission: 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.

Information, communication and publicity: the Commission should implement information and communication activities on EGF cases and outcomes based on its experience with the aim of improving the effectiveness of the EGF and ensuring that Union citizens and workers know about the EGF. It should maintain and update regularly an internet website to provide updated information on the EGF. It should report on the use of the EGF every two years by country and by sector.

Determination of financial contribution: the Commission should propose as quickly as possible the amount of a financial contribution from the EGF, if any, that may be made within the limits of the resources available. The amount may not exceed 60 % of the total estimated costs.

Budgetary procedure: the draft Regulation outlines the conditions to mobilise the financial resources in the framework of the EU budget and the general framework of a budgetary procedure associating the European Parliament and the Council.

Payment and use of the financial contribution: provisions specifying the conditions of payment as well as the technical conditions are laid down in the draft Regulation.

Final and biennial report: Member States concerned shall present a final report to the Commission on the implementation of the financial contribution, including information on aspects such as the type of actions and main outcomes, etc.

By 1 August 2015 and every two years thereafter, the Commission shall present to the European Parliament and to the Council a comprehensive, quantitative and qualitative report on the activities under this Regulation. The report shall focus mainly on the results achieved by the EGF and shall in particular contain information relating to applications submitted, decisions adopted, actions funded, including statistics on the reintegration rate for assisted beneficiaries per Member State.

Evaluation: the Commission should carry out on its own initiative and in close cooperation with the Member States: by 30 June 2017, a mid-term evaluation of the effectiveness and sustainability of the results achieved; by 31 December 2021, an ex-post evaluation with the assistance of external experts, to measure the impact of the EGF and its added value.

Management and financial control: provisions have been introduced as regards the management and financial control. Member States shall take responsibility in the first instance for the management of actions supported by the EGF and the financial control of the actions. They shall make the financial corrections required where an irregularity is ascertained.

Reimbursement of financial contribution: provisions have been introduced as regards the reimbursement of financial contribution in cases where the actual cost of an action is less than the estimated amount quoted. Where the Member State concerned fails to comply with the obligations stated in the decision on a financial contribution, the Commission shall take the necessary steps by adopting a decision, by means of an implementing act, to require that Member State to reimburse all or part of the financial contribution received.

Repeal: Regulation (EC) No 1927/2006 is repealed with effect from 1 January 2014. It shall continue to apply for applications submitted up to 31 December 2013.