

# European Globalisation Adjustment Fund (EGF)

## 2014-2020

2011/0269(COD) - 17/12/2013 - Final act

**PURPOSE:** to ensure the continuation of the European Globalisation Adjustment Fund throughout the next financial programming period continue from 1 January 2014 to 31 December 2020.

**LEGISLATIVE ACT:** Regulation (EU) No 1309/2013 of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

**CONTENT:** this Regulation establishes the European Globalisation Adjustment Fund (EGF) for the period of the Multiannual Financial Framework from 1 January 2014 to 31 December 2020.

**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. Specific rules are set out in this regard.

**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**.

**Non-eligible actions:** 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.

**Social partners:** the coordinated package of personalised services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners.

**Applications:** 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:** 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. Any form of discrimination should be prevented in access to 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. It shall highlight the role of the Union and ensure that the contribution from the EGF is visible.

**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** for each of the components of the coordinated package of personalised services in support of the targeted beneficiaries and for any preparatory, management, information and publicity, control and reporting activities.

**Budgetary procedure and financial framework:** the 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.

The appropriations concerning the EGF shall be entered in the general budget of the Union as a provision: a budget of EUR 150 million/year is provided for this purpose under the MFF.

The Commission, on the one hand, and the European Parliament and the Council, on the other hand, shall endeavour to minimise the time taken to mobilise the EGF.

**Payment and use of the financial contribution:** provisions specifying the conditions of payment as well as the technical conditions are laid down in the Regulation. The Commission shall pay the financial contribution to the Member State concerned in a single 100 % pre-financing payment, in principle within **15 days**. The pre-financing shall be cleared when the financial contribution is wound up.

The Member State shall carry out the eligible actions as soon as possible, and not later than **24 months** after the date of submission of the application.

**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. In cases where the actual cost of an action is less than the estimated amount quoted, the Commission shall adopt a decision, by means of an implementing act, requiring the Member State concerned to reimburse the corresponding amount 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.

**ENTRY INTO FORCE:** 21.12.2013. It shall apply to all applications submitted between 1 January 2014 and 31 December 2020.