

Activities, impact and added value of the European Globalisation Adjustment Fund between 2007 and 2014

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The Committee on Employment and Social Affairs adopted the own-initiative report by Marian HARKIN (ADLE, IE) on the activities, impact and added value of the European Globalisation Adjustment Fund between 2007 and 2014.

The Committee on Budgets, exercising its prerogative as associated committees in accordance with [Article 54 of the Rules of Procedure](#), also gave its opinion on the report.

Members noted with satisfaction the finding from the Commission's report on the EGF's activities in 2013 and 2014 and welcomed the extension of the funding period from one to two years. The report noted that the EGF interventions should be directed to investments that contribute to growth, jobs, education, skills and workers' geographical mobility and should be coordinated with existing EU programmes, especially in the regions and sectors already suffering from the adverse effects of globalisation or restructuring of the economy. It noted that the European Structural and Investment Funds (ESI) can act as follow-up measures in the EGF areas of support by stimulating investment.

Members considered that the functioning of the EGF has been improved by the reforms to the regulation and that the reduced appropriations earmarked for the EGF in the annual budget have been sufficient to provide the necessary assistance and support that is both vital and necessary for people who have lost their jobs and that the Commission should make improvements to the EGF database.

The Commission is invited to **fully anticipate the effects of trade policy decisions** on the EU labour market, also considering the evidence based information of these effects that have been highlighted by the EGF application. The EGF suffers from a serious lack of awareness on the part of some Member States, social partners and companies. Thus, Members called on the Commission to step up its communication efforts in this area.

The report emphasised that the EGF cannot under any circumstances act a substitute to a serious policy to prevent and pre-empt restructurings. It stressed the importance of a true industrial policy at EU level to bring sustainable and inclusive growth. It called on the Commission to carry out **sector-specific studies on the impact of globalisation** and, on the basis of the findings, make proposals to encourage companies to anticipate changes in their industries and to prepare their workers before making them redundant.

Beneficiaries of the EGF: Members welcomed the conclusions in the Court of Auditors' report that nearly all EGF-eligible workers were able to benefit from personalised and well-coordinated measures tailored to their individual needs and that nearly 50 % of workers who received financial assistance are now back in employment. They believe that the involvement of targeted beneficiaries or their representatives, the social partners, local employment agencies and other relevant stakeholders in the initial assessment and application is essential in order to ensure positive outcomes for beneficiaries.

The report welcomed the emphasis in the new regulation on older and younger workers and the inclusion of NEETs in certain applications. The Commission is called upon to include in its mid-term evaluation of the EGF a **specific qualitative and quantitative assessment of the EGF support to young persons not in employment, education or training (NEETs)**, especially in view of the implementation of the Youth

Guarantee and the necessary synergies between national budgets, the ESF and the Youth Employment Initiative (YEI).

The Commission is also called upon to ensure that in all EGF applications women and men are treated equally.

Cost effectiveness and added value of the EGF: the report called on the Commission and the Member States to use the scope for implementing the EGF budget **more flexibly and effectively**, with the focus on outcomes, impact and value added. They considered that the application procedure should be made faster and invited the Commission to assess thoroughly the reasons for the low implementation rates and to propose measures to **address the existing bottlenecks** and ensure optimal use of the fund. The co-funding rate of 60 % should not be increased.

Members regretted the fact that according to the Court of Auditors one third of EGF funding compensates national workers' income support schemes with no EU added value. They also regretted the diminished funding for the EGF and considered that EGF and ESF measures should be used to complement each other.

Impact on SMEs: concerned that the EGF has had a very limited impact on SMEs, Members called on the Commission to further reorient the EGF towards SMEs which are key players in the European economy. They stipulated that there should be more use of the derogation from the eligibility threshold, particularly to benefit SMEs and to take the 'Think Small First' principle into account in the planning and application stages.

Data requirements: the report recommended Member States to:

- set **quantitative re-integration objectives** and systematically differentiate between EGF, ESF and other national measures specifically designed for workers affected by mass redundancies;
- distinguish between the two main types of EGF measures, i.e. active labour market measures and income support paid to workers,;
- provide more detailed information on the measures accessed by individual participants in order to allow a more accurate cost-benefit analysis of different measures.

The Commission is called on to provide **information on the type and quality of jobs found** by people who have been re-integrated into the labour market and on the medium term trend as regards the rate of integration achieved through EGF interventions.