

European Globalisation Adjustment Fund (EGF) 2014-2020

2011/0269(COD) - 16/05/2018 - Follow-up document

The Commission presented a report on the mid-term evaluation of the European Globalisation Adjustment Fund (EGF).

The evaluation covers all 29 applications for EGF assistance received in 2014 and 2015. The cases, concerning **10 different Member States, cover 21 economic sectors**, with the automotive sector (four cases) and retail sector (three cases) accounting for the most EGF applications over this time period.

Main conclusions: as the mid-term evaluation of the EGF was carried out at an early stage, only limited information and experience relating to the current period could be gathered. In addition, the improved economic situation has led to a decrease in the number of applications for EGF assistance, which has further reduced the available evidence.

The report concludes the following:

- the **re-integration rate** of redundant workers into the job market improved compared to the previous funding period (from 49 % to 56 %). It is therefore not only difficult to compare re-integration rates over cases, but also to find suitable comparators of similar measures. In order to overcome this obstacle it is highly recommended that Member States develop case-specific targets;
- the mobilisation of assistance offered to redundant workers can either be justified by showing that redundancies occurred as a result of '**globalisation**' or the '**financial and economic crisis**'. However, neither of these two terms has been defined in the EGF Regulation. In general, the lack of definitions can be perceived as offering a certain flexibility, but also as leaving grey areas of uncertainty. Finding the right evidence to justify a case is a major challenge and frequently keeps Member States from applying;
- Member States are not certain about how to show that redundancies are likely to have a **significant impact on the economy**, especially on the employment levels, as this impact is also not further defined by the Regulation. It seems to be very important that the significant impact be defined more clearly, for example by developing specific indicators or a scorecard that would help analyse the impact;
- **administrative and financial capacity problems of national authorities** during both the application and implementation phases are a further obstacle for Member States when deciding on a possible application;
- a derogation clause allows Member States facing high youth unemployment rates to include young people 'not in education, employment, or training (**NEET**)' in EGF applications until the end of 2017. Member States concerned showed a great interest in using it, except Spain. However, in total, the derogation was used only in nine cases in three different Member States;
- **EGF measures are offered on top of regular national measures** and/or intensify them. No displacement effects were observed at case level. The help offered by the EGF would otherwise not have been available. This shows the complementarity and additionality of EGF measures. EGF assistance also removes barriers to participating in national or EGF measures, by offering additional services such as travel assistance or childcare facilities;
- on the **sustainability of results**, no robust data is available. General employability improved due to the upgrading and updating of skills. At an individual level it was observed that beneficiaries developed higher self-esteem, which was likely to result in a more proactive approach to job seeking;

- as for the **efficiency of the assistance mobilised**, the length of procedures during the decision-making process has still been criticised despite the substantial shortening of the timing and the stricter deadlines for Commission and Member States;
- more efforts are needed to **ensure the coherence of funding**. There is scope to better align the EGF and the European Social Fund (ESF);
- lastly, it is necessary to take account of the **EGF's scope** which covers globalisation and the financial crisis, but no other major economic developments such as those resulting from automation for example.

Implications for future policy design: the mid-term evaluation shows that the EGF generated **European added value** by providing support to workers who have lost their jobs during major restructuring. However, the Commission considers it necessary to improve the design of the EGF. Several challenges could be addressed in the future, especially in the light of the post-2020 debates.

The report makes the following recommendations:

- **review or redefine the design of the EGF**, including its scope and the criteria that trigger its use: as the notion of 'significant impact' is not clearly defined, it seems important to define a **clear indicator on employment and social effects**. Redundancies below the usual threshold of 500 workers in rural areas could, for example, fall under the derogation clause in Article 4(2) of the EGF Regulation. In addition, consideration could be given to including all large-scale redundancies that have a serious impact within the scope of the EGF;
- oblige Member States to **collect more detailed monitoring data**, in particular on the category of workers (professional and educational background), their employment status and the type of employment found;
- **strengthen the capacity to submit EGF applications**: as redundancies can occur unexpectedly, it is important that Member States are ready to react immediately and can submit an application as soon as possible. A permanent budget for technical assistance could allow for constant capacity building in Member States;
- integrate EGF assistance more closely into the EU's quality framework for **anticipating change and restructuring**, and develop a more coordinated approach both for measures to prevent large-scale restructuring and for one-off reactive measures such as those currently co-financed by the EGF;
- determine whether the EGF is the right solution to **assist NEETs** or whether other means could better reach the young people concerned.

Lastly, the **European pillar of social rights**, which takes account of the changing realities of the work environment, should be taken into consideration.