

Special Instruments

European Globalisation Adjustment Fund (EGF)

Lead DG: EMPL

Associated DGs: BUDG

I. Overview

What the programme is about?

The European Globalisation Adjustment Fund (EGF) expresses Union solidarity by providing support to workers made redundant as a result of major structural changes in world trade patterns due to globalisation or the negative effects of the global economic and financial crisis. The EGF is an emergency relief instrument and co-finances active labour market policy measures to help redundant workers. In regions of high youth unemployment, the EGF provides also support for young people not in employment, education or training (NEETs). The EGF co-finances up to 60 % of the cost of the measures proposed by the Member States. The EGF is outside of the Multiannual Financial Framework (MFF) and due to its specificity, it does not have an annual budget that should be absorbed.

EU added value of the programme

The EGF's added value was clearly confirmed in the mid-term evaluation 2014-2020 published in 2018 ⁽¹⁾. The EGF created true EU added value by increasing the number, variety and intensity of services offered to more dismissed workers and for a longer period of time than would be possible without the EGF funding. EGF measures are always offered on top of standard national measures and intensifying them.

Member States' final reports confirmed that the EGF allows better tailor-made and more in-depth assistance to targeted beneficiaries than would be possible without it, including measures to which they would not normally have access (e.g. third-level education). The EGF enhances Member States' attention to vulnerable people, such as the lower-skilled ones or those with a migrant background, and provides support with a better counsellor-beneficiary ratio.

The result of the beneficiary survey, carried within the frame of the EGF mid-term evaluation, has shown that 67 % of the respondents were of the opinion that the EGF is creating EU added-value by offering assistance to workers made redundant in major restructuring events.

Implementation mode

Shared management with Member States

II. Programme Implementation Update

Implementation Status (2017-2019)

The implementation of EGF cases takes the form of coordinated packages of personalised services, which consist of tailor-made assistance. The EGF can co-finance a range of services for the redundant workers, from individual job guidance, career advice, coaching and training courses, to assistance in setting up their own business. These services help the workers re-position themselves on the labour market and return to employment as quickly as possible by enabling them to update their knowledge and skills, or benefit from other suitable means, e.g. mobility allowances, childcare allowance.

As a special instrument applied in unforeseen events, the EGF is only mobilised if a Member State requests EGF funding. The Member State has to demonstrate a clear causality between the job losses and either globalisation or a financial and economic crisis. The number of EGF applications has always been highly cyclical, following economic trends.

Between 2017 and 2019, 14 applications (10 in 2017, 3 in 2018 and 1 in 2019) were submitted by 10 Member States (Belgium, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, Spain and Sweden) out of which 13 resulted in the mobilisation of EUR 41 million from the EGF funding to the benefit of 12 896 targeted workers and 1 155 NEETs. Due to some divergent views on the link between the eligibility criteria and the redundancies, as justified in this case, the vote on one application submitted in 2019 by Belgium did not reach qualified majority in the Council, thus the EGF support could not be mobilised.

From the 13 successful applications, 9 were submitted under the trade-related globalisation criterion and 4 under the economic and financial crisis criterion. These cases covered 11 different sectors. The greatest number of workers targeted were in the machinery and equipment sector (2 285), followed by retail trade (2 225) and air transport (1 858).

⁽¹⁾ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SWD:2018:0192:FIN:EN:PDF>

Key achievements

The overall aim of the EGF is to ensure that the largest possible number of beneficiaries find sustainable employment as soon as possible. The main sources of information on the results achieved by the EGF are the final reports submitted by the Member States, six months after the end of the implementation. Based on the final reports received between 2017 and 2019, it can be observed that on average 61 % of the assisted workers have taken up new employment following EGF intervention.

One of the cases supported by EGF in 2018 looked into the manufacture of wearing apparel sector from Portugal. Following the application submitted by the Member State, the EGF mobilised EUR 4.7 million to support 1 161 workers made redundant in this sector and 730 NEETs under 30 years old. The redundancies occurred in the NUTS level 2 regions of Norte, Centro and Lisboa, where the unemployment rate is higher than the national average (9.5 % vs 8.9 %). The impact of the redundancies in the affected territories was linked to the difficulties of redeployment for workers with low educational level and low skills (78 %). More than 20 % of the workers were over 55 years old and 88 % were women. The personalised services provided to redundant workers and NEETs consisted of vocational and continuing training, promotion of entrepreneurship and training allowances to cover costs incurred by the job-seeker during a training. The final report on the implementation of the financial contribution is expected to be submitted to the Commission in December 2020.

In terms of operational effectiveness and efficiency, the EGF cases from 2017 and 2018 in Finland (Rauma, Broadcom, Computer programming, Microsoft and Retail) can be regarded as examples of best practice. At the end of the implementation period, up to 92 % of the workers have found reemployment. The absorption rate was also high: about 83 % of the EGF funds were used.

The key elements that led to these results include:

- 1) wide consultation for the preparation and implementation of the EGF measures, including representatives of the dismissed workers, the trade unions, the employers, the regional and national authorities and the local government;
- 2) experienced regional network of labour offices and regional development offices which, along with the Ministry of Economy and Employment, is very efficient in identification of the beneficiaries, planning and implementing the EGF measures;
- 3) service providers experienced in EGF;
- 4) very quick reaction of the Member State to the dismissals.

All the key achievements presented above contribute to the Sustainable Development Goals (4) *Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*, (5) *Achieve gender equality and empower all women and girls*, (8) *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all* and (10) *Reduce inequality within and among countries*.

Evaluations/Studies conducted

The key findings of the latest mid-term evaluation were presented in the Programme Statement linked to the 2020 draft budget.

Based on Article 20 of EGF Regulation, the 2014-2020 ex post evaluation is due by 31 December 2021. The survey from the contractor on which the Commission will base its Staff Working Document on the ex post evaluation is due by the end of 2020.

On 16 September 2019, the Commission presented the regular biennial report ⁽²⁾ to the European Parliament and Council, providing a qualitative and quantitative assessment of the activities of the EGF in 2017 and 2018. The report focuses on the applications submitted, decisions adopted, actions funded and results achieved by the EGF.

Forthcoming implementation

During the last year of the current programming period, the Commission will continue monitoring the implementation of three ongoing EGF cases and assess seven final reports expected to be submitted in 2020.

In its Communication on the coordinated economic response to the COVID-19 outbreak (COM(2020) 112 final), the Communication on Coronavirus response (COM(2020) 143 final) and its proposal to amend the Regulation laying down the multiannual financial framework for the years 2014-2020 (COM(2020) 174 final), the Commission underlined that the current health crisis has brought about significant economic implications and there is a need to mobilise all available resources to enhance economic recovery. To this end, the EGF can be mobilized to provide support in case of permanent redundancies due to the critical economic situation, triggered by the Covid-19 crisis. Applications presented by Member States will be assessed by the Commission, who will prepare a proposal for the mobilisation of the EGF if the conditions set out in the EGF regulation are fulfilled.

In order to foster the exchange of best practices and discuss issues of common interest, the Commission organises biannual EGF Contact Persons' meetings (CPM), inviting the Member States' representatives responsible for managing the EGF cases on the ground. In 2020, these meetings have been planned in March (in Lisbon) and in October (in Brussels).

At the same time with the CPM, the Commission organises the EGF Networking Seminars for policy-makers, project promoters, counsellors, trade unions and beneficiary representatives. The Seminar in March 2020 is dedicated to the ex post evaluation of the EGF for the 2014-2020 programming period.

⁽²⁾ <https://ec.europa.eu/transparency/regdoc/rep/1/2019/EN/COM-2019-415-F1-EN-MAIN-PART-1.PDF>

Throughout 2020, the Commission will continue to conduct monitoring visits and to attend events or conferences related to the EGF in the Member States.

Outlook for the period 2021-2027

On 30 May 2018, the Commission transmitted to the European Parliament and the Council a proposal for EGF Regulation post 2020 ⁽³⁾ with improvements, such as broadening the scope of the EGF to any type of significant restructuring event regardless the cause and lowering the threshold from 500 to 250 dismissed workers. This would ensure that the fund is flexible enough to respond to current and future economic challenges such as automation and digitalisation, the transition to low carbon economy, etc., and become more inclusive. The Commission also proposed to align the EGF co-financing rate with the highest ESF+ co-financing rate in the respective Member State.

Moreover, the Commission has proposed to make available technical assistance for further avenues to exchange information and for peer-to-peer learning activities. To better analyse the EGF's effectiveness, the Commission proposes to extend the number of common output and results indicators in order to collect more detailed monitoring data, especially on the category of workers (professional and educational background), their employment status and the type of employment found. Flexibility and simplification have also been at the core of the Commission proposal.

The Commission will continue to support the negotiations by providing expertise, if needed, to both Council and Parliament.

III. Programme key facts and performance framework

1. Financial programming

Legal Basis	Period of application	Reference Amount (EUR million)
Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006	2014 – 2020	

	Financial Programming (EUR million)							
	2014	2015	2016	2017	2018	2019	2020	Total Programme
Administrative support	0,3	0,6	0,4	0,3	0,3	0,6		2,6
Operational appropriations	120,1	159,3	165,2	168,6	172,0	175,1	179,3	1 139,6
Total	120,4	159,9	165,6	168,9	172,3	175,7	179,3	1 142,2

2. Implementation rates

	2019				2020			
	CA	Impl. Rate	PA	Impl. Rate	CA	Impl. Rate	PA	Impl. Rate
Voted appropriations	175,748	0,33 %	0,610	4,66 %	179,263	0,00 %	10,000	0,00 %
Authorised appropriations (*)	199,467	0,29 %	24,536	0,61 %	187,774	0,00 %	19,054	0,25 %

(*) Authorised appropriations include voted appropriations, appropriations originating from assigned revenues (internal and external) as well as carried-over and reconstituted appropriations; the execution rate is calculated on 15 April 2020

3. Performance information

Programme performance

The EGF contributes to smart, inclusive and sustainable economic growth and promotes sustainable employment in the Union by enabling it 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, a consequence of a continuation of the global financial and economic crisis addressed in Regulation (EC) No 546/2009, or as a result of a new global financial and economic crisis.

The EGF is implemented through shared management with the Member States. Hence, it is the responsibility of the Member States to programme and implement the active labour market measures best suited to reintegrate targeted beneficiaries into sustainable employment, either within or outside their initial sector of activity.

As a special instrument (and not an operational programme) applied in unforeseen events, the EGF is only mobilised if a Member State requests EGF funding. The number of EGF applications has always been highly cyclical, following economic trends. In 2019, the Commission received only one application, which could be explained by fewer massive layoffs (involving more than 500 redundancies) due to globalisation and overall improvement of the economic situation in the Member States that facilitates the reintegration of workers into the labour market. EGF objectives are met and demonstrate the EU added value directly to the general

⁽³⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018PC0380&from=EN>

public. Based on the final reports received between 2017 and 2019, it can be observed that on average 61 % of the assisted workers have taken up new employment following EGF intervention. However, when analysing case by case, this varied from 40 % to 92 %. Taking into consideration that the beneficiaries supported by EGF co-funded measures are usually among those facing the greatest difficulties on the labour market, these results are very encouraging. The results are also influenced by absorption capacities of local and regional labour markets. Hence, the reintegration rate may considerably differ depending on the economic sector, and the area concerned. It is worth mentioning that while assessing the applications for the EGF funding, the Commission advises that the measures should reflect the prospected needs of the local or regional labour market.

The mid-term evaluation of the 2014-2020 EGF identified a few areas for improvement. These include the mobilisation procedure that was considered to be too long. Furthermore, many Member States reported problems putting together the extensive background analysis of the event (globalisation or crises) that triggered the redundancies. These concerns have been addressed through the Commission proposal for the next MFF where EGF shall base support solely on the significant impact, set as a minimum of 250 displaced workers.

Specific objectives

Specific Objective 1: 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, as a result of a continuation of the global financial and economic crisis addressed in Regulation (EC) No 546/2009, or as a result of a new global financial and economic crisis

Indicator 1: Proportion of redundant workers reintegrated into employment following EGF supported measures								
Baseline	2014	2015	2016	2017	2018	2019	2020	Target
2012	Milestones foreseen							2020
47 %				49 %			> 50 %	> 50 %
	Actual results							
	49 %		47 %		60 %	65 %		

Methodology: The actual results, milestones and targets are yearly.

Narrative: The increase of reintegration rate mostly results from the economic recovery in the Member States concerned, combined with targeted measures that help beneficiaries find job quickly. It is important to note that reintegration rates vary widely not just across Member States, but also within Member States, depending on the regions or sectors concerned, the profiles of beneficiaries, etc.

Source: The results reported by the Member States in their final reports submitted to the Commission by calendar year.

Unit of measure: Percentage.

Expenditure related outputs

Outputs		Number of outputs foreseen (F) and produced (P)						
		2014	2015	2016	2017	2018	2019	2020
Active labour market policy (ALMP) measures for workers made redundant as a result of changes in world trade (number people)	F	na	na	na	na	na	na	na
	P	13 848	13 273	5 030	11 166	1 730	0*	
Measures supporting NEETs (number people)	F	na	na	na	na	na	na	na
	P	1 893	1 051	0	425	730	0*	

* The vote on one application submitted in 2019 by Belgium did not reach qualified majority in the Council, thus the EGF support could not be mobilised.

4. Contribution to Europe 2020 Strategy and mainstreaming of policies

Contribution to Europe 2020 headline targets

Table Contribution to Europe 2020 headline targets

75 % of the population aged 20-64 should be employed
20 million less people should be at risk of poverty

Narrative justification Contribution to Europe 2020 priorities

100 % (lines 04 04 01 + 40 02 43)

Gender mainstreaming

The Article 10 of the EGF Regulation provides for the Commission and the Member States to ensure that equality between men and women and the integration of the gender perspective are integral parts of and promoted during the various stages of the implementation of the financial contribution from the EGF. To that end, the Member States formally confirm the respect of this

principle at the time of application where they provide a breakdown of the workers targeted for assistance. This is, however, a general principle applied across the implementation of the EGF and it is not relevant to estimate budget contributions.

Between 2007 and 2019, the greatest number of redundant workers benefiting from EGF support came from sectors, which traditionally employ more men than women (motor vehicles, computer, electronic, machinery and construction of buildings). As consequence, most workers made redundant and then targeted by the EGF applications were male (68 % men vs. 32 % women). However, since 2017, a significant number of redundancies took place in sectors with high numbers of employed women (retail trade, call centre, wearing apparel and financial services) hence 55 % of men and 45 % of women were targeted by the EGF between 2017-2019.

In 31 % of all EGF cases women represent at least 40 % of the dismissed/targeted workers and in 20 % of cases they are representing more than 50 %.

In eight cases there is a positive balance i.e. the percentage of targeted women is higher than the percentage of dismissed women. This difference goes between 4.5 % – 9 % in four of the cases, between 10.25 % – 13.25 % in three of the cases and is 26 % in one case.

5. Programme contribution to the Sustainable Development Goals ⁽⁴⁾

SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Measures aimed at upgrading and updating skills are among the core measures offered by EGF assistance. Long-term educational programmes are also eligible for EGF funding.

SDG 5 Achieve gender equality and empower all women and girls

The EGF is helping to achieve gender equality by providing support to all dismissed workers. However, it has been observed that the greatest number of redundant workers benefiting from EGF support came from sectors, which traditionally employ more men than women (motor vehicles, computer, electronic, machinery and construction of buildings). Therefore, in certain areas, men are more disadvantaged. However, starting 2017 a significant number of redundancies took place in sectors with high numbers of employed women (retail trade, call centre, wearing apparel and financial services) hence 55 % of men and 45 % of women were targeted by the EGF between 2017-2019.

SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As stipulated by the EGF Regulation, the aim of the fund is to contribute to smart, inclusive and sustainable economic growth and to promote sustainable employment in the EU by enabling the Union to demonstrate solidarity towards, and to support workers made redundant. Thus, sustainability and inclusiveness are among the core values of the EGF and the Member States when drawing their application and should favour measures aiming at reintegration into sustainable employment. They are invited to show how the measures are compatible with the shift towards a resource-efficient and sustainable economy.

Furthermore, EGF measures aim particularly at disadvantaged people, helping them to return to the labour market and obtain decent work. Job creation and fostering entrepreneurship are the focus of many EGF cases. The goal to achieve higher levels of economic productivity through diversification, technological upgrading and innovation is indirectly supported by improving and updating the skills of workers made redundant due to restructuring events, and by making them ready for future job market needs. In NUTS 2 level regions where youth unemployment rates are at least 20 %, the EGF may provide personalised services to NEETs. In cases implemented in Belgium (Hainaut-Namur Glass and Hainaut Machinery), Greece (Supermarket Larissa) and Spain (Castilla y León mining of coal), the support offered has been picked up to a large degree by the young people targeted and has provided them with assistance that they would not have received through national mainstream services.

SDG 10 Reduce inequality within and among countries

The EGF is an emergency fund and is only mobilised in redundancy events that have a significant impact on the regional economy. By offering upskilling measures to workers made redundant, the EGF helps regions to offer measures to make their workers ready for future labour market needs, thereby fostering economic growth. Some EGF cases also include measures that foster responsible mobility of displaced workers.

⁽⁴⁾ This section should be read in conjunction with the ‘Key achievements’ section.