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REPORT FROM THE COMMISSION

**on the *ex post* evaluation of the European Globalisation Adjustment Fund (EGF)
2014-2020**

{SWD(2021) 381 final}

Background

The European Globalisation Adjustment Fund (EGF) was set up in 2006 to show solidarity with, and provide support to, workers who were made redundant as a result of major structural changes in world trade patterns caused by globalisation. The scope of the initial EGF Regulation¹ was broadened in 2009² to include redundancies resulting from the global financial and economic crisis. The EGF co-finances up to 60%³ of the measures implemented by the Member States to help redundant workers re-integrate into the job market. For the period 2014-2020, the scope was broadened further⁴ to cover redundancies caused by any new global financial and economic crisis. It also allowed Member States facing high youth unemployment to include young people ‘not in education, employment, or training’ (NEET) in EGF applications under certain conditions⁵.

Scope of the *ex post* evaluation

In line with Article 20 of the EGF Regulation, the Commission carried out an *ex post* evaluation to assess whether the EGF achieved its objectives in 2014-2020.

The *ex post* evaluation covers 49 approved EGF applications (i.e. cases)⁶ submitted to the Commission between 2014 and May 2020⁷. The cases, concerning 12 Member States (Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and Sweden), cover 27 economic sectors, with the retail sector (six cases), motor vehicles sector (five cases) and automotive sector (five cases), accounting for most of the applications. Since 2017, the number of EGF applications has fallen thanks to economic recovery, which has reduced the data available for analysis. However, six applications were submitted at the end of 2020, of which four due to the impact of the COVID-19 pandemic.

The effectiveness – including the impact-, efficiency, coherence, relevance and EU added value of the EGF were evaluated.

The *ex post* evaluation is presented as a staff working document (SWD). The SWD is primarily based on the results of a supporting study provided by independent external experts. The supporting study was discussed with members of the Commission’s Inter-Service Steering Group, composed of all key stakeholders from different Commission departments,

¹ [Regulation \(EC\) No 1927/2006, OJ L 406, 30.12.2006, p. 1](#)

² [Regulation \(EC\) No 546/2009, OJ L 167, 29.6.2009, p. 26](#)

³ Between 2007-2009 and 2012-2013, the EGF co-financing rate was 50% during and it was increased to 60% during 2009-2011 and 2014-2020 (See Annex 6 of the accompanying SWD).

⁴ [Regulation \(EU\) No 1309/2013, OJ L 347, 20.12.2013, p. 855–864](#), (to be referred to hereinafter as ‘the EGF Regulation’).

⁵ Until 31 December 2017, the condition to support NEETs was that some of the redundancies occurred in NUTS 2 level regions eligible under the Youth Employment Initiative (YEI). In 2018, [Regulation \(EU, Euratom\) 2018/1046](#), extended the clause until the end of 2020 and changed the conditions. Under the new conditions, the link to the YEI was removed and Member States could support NEETs from regions that had at least 20% youth unemployment rate.

⁶ The 49 EGF cases starting with EGF/2014/001 and until EGF/2020/001 (inclusive) are in Table 6 of the accompanying SWD.

⁷ Between 1 January 2014 and 31 December 2020, Member States submitted 59 applications, of which, 54 applications were approved, four were subsequently withdrawn and one was rejected by the Council. Of the seven applications received in 2020, one application (EGF/2020/001 ES/ Galicia ancillary shipbuilding) was covered by the supporting study and the remaining six could not be covered because they were submitted at the end 2020. Figures from the applications received in 2020 are included. However, as the results will only be available in 2023, they could not be analysed at this stage.

and was accepted by the Commission's Directorate-General for Employment, Social Affairs and Inclusion in December 2020. Further evidence for the SWD was gathered and analysed from previous reports and evaluations on EGF, the experience of Commission staff managing the EGF, knowledge sharing with relevant EGF stakeholders from all Member States and the Commission's internal EGF database which includes data on all the EGF cases between 2007 and 2020. The results of this evaluation provide lessons for the implementation and design of the EGF.

This report summarises the main results for the EU institutions and bodies and social partners⁸.

Main conclusions

Effectiveness of the EGF

The EGF provides targeted, tailored and individualised support to beneficiaries, putting them in a more favourable position than people who did not benefit from EGF support. The EGF removes barriers to participation and ensures that all beneficiaries are treated equally, with particular attention to vulnerable and/or disadvantaged groups.

EGF measures are offered on top of standard national measures and/or intensify them. The EGF results are often better in terms of beneficiaries helped and re-integration rates than what can be achieved by national support measures alone. No displacement effects were observed at case level.

The possibility to support NEETs was used in 12 of the 49 EGF cases, by five Member States (Belgium, Greece, Ireland, Spain, and Portugal). The general perception was that the EGF is not the best tool to target young people and that other EU instruments, such as the Youth Employment Initiative (YEI), are more appropriate. Still, wherever it has been used, the help has largely been taken up (about 62%) by the young people targeted. In some cases, the possibility to support NEETs was considered a key added value of the EGF.

The EGF allows Member States to experiment with innovative active labour market measures that might not be normally available to workers who had been made redundant. If the innovative measures proved to be successful, then Member States, like Belgium, Finland and Italy,⁹ have subsequently incorporated them into their standard assistance.

The involvement of social partners and companies laying off workers had a positive impact on the effectiveness of EGF cases by contributing to a better design and implementation of the measures. Their involvement in Finland, Sweden, Spain, also sometimes guided the beneficiaries to find new jobs as soon as possible.

⁸ In line with Article 20 (2) of the EGF Regulation.

⁹ In Belgium, examples of such measures include the workshops reflecting on self-confidence and self-esteem, the awareness and support for entrepreneurship, and the setting up of the '*Coup de Boost*' project targeting NEETs. Based on the EGF experiences, Finland adapted in 2016 the national 'change security model' to make it obligatory for employers laying off workers to participate in the implementation of labour market measures. In Italy, the EGF served as an opportunity to experiment with measures such as the 're-employment voucher', and reconciliation allowances to balance the private and working life and to facilitate participation in training. These measures are not part of the usual national support provided in Italy.

The broader use of the EGF is hindered because of the need to demonstrate in an application the link between the redundancies and either ‘globalisation’ or the ‘financial and economic crisis’. This has proved challenging as it is increasingly difficult to identify and demonstrate the decisive factor that triggered a restructuring event. For applications submitted under the criteria of small labour markets or exceptional circumstances, it must also be proven that the redundancies have a ‘significant impact’ on the economy, especially on employment levels. According to the exchanges with stakeholders during the EGF contact persons meetings organised by the Commission, most Member States considered that finding the right evidence is an obstacle.

Delays in starting to implement an EGF case hinders its effectiveness. Among the reasons for such delays are the lengthy and complex decision-making process at EU level (on average 28.8 weeks from the date of application), the national administrative procedures in the Member States, the case management at national/regional level and Member States’ lack of experience in using the EGF. In about 15% of the cases, Member States were not willing to take the risk of pre-financing the EGF measures with their own public funds while waiting for the formal approval from the EU. When such delays occur, workers may find a new job on their own, or lose interest in participating in the EGF measures.

The limited data collection and monitoring requirements set out in the EGF Regulation are an obstacle to carrying out a more thorough analysis of the EGF performance. This limitation has been addressed in the 2021-2027 EGF Regulation¹⁰ by including a detailed list of indicators to be reported on.

The visibility of the EGF is also limited, even among its beneficiaries. Member States are responsible for providing information about the EGF, but they consistently underspend on information and communication activities. On the Commission’s side, clear information is available on the internet, and networking seminars are organised twice a year for Member States to share their experiences. Since 2019, the Commission also started sharing information on the EGF via social media (Twitter). That said, there is still scope to improve the visibility of the outcomes of specific EGF cases.

Overall, the EGF is effective and has successfully met its objective of showing solidarity with, and helping people who had been made redundant because of large-scale restructuring events, to find new jobs. The average re-integration rate of workers who had been made redundant into the job market improved compared to the previous funding period (from 49% to 60%). However, the results are case specific and depend on several factors, such as the economic and labour market situation in the region. It is difficult to compare re-integration rates over cases and to find suitable indicators to compare similar measures. To improve performance measurement, it is recommended that Member States develop case-specific targets in the future.

Beyond re-integration into the labour market, the EGF has produced long-lasting positive effects on beneficiaries’ general employability, such as new skills and qualifications, increasing their confidence and teaching them how to use social networks. Member States should carry out a qualitative assessment of the results, for example, by periodically surveying EGF beneficiaries about their experience.

¹⁰ [Regulation \(EU\) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers \(EGF\) and repealing Regulation \(EU\) No 1309/2013](#)

Efficiency of the EGF

Overall, EGF cases tend to use up part of the resources allocated to them (the absorption rate). Absorption rates improved compared to the previous period, from an average of 55% to 59%, with major differences between cases. Part of the reason for a low absorption rate is that Member States often do not know the background and the specific needs of the target group when estimating the total budget at the application stage. Budgetary flexibility during implementation is important to allow for reallocations in response to the specific needs of the beneficiaries.

Reallocation of funds was possible during the 2014-2020 period, and Member States used it when implementing about 30% of cases for reallocations below 20% of the planned budget. For reallocations above 20%, Member States must inform the Commission. This has occurred only in about 10% of cases.

There are no clear trends in terms of resources spent compared to the number of beneficiaries helped or who have returned to work. Costs are largely dependent on national and regional specificities, as well as the nature of the measures offered, and the beneficiaries' background. However, 80% of the EGF cases were more cost-efficient¹¹ than expected and the actual amount spent per beneficiary assisted was lower than planned. In 68% of cases, the cost-effectiveness¹² of the EGF improved over time¹³.

The lengthy decision-making process at EU level¹⁴ causes delays in implementation. However, procedures at national/regional level are a more significant source of inefficiency. The duration of the application procedure averages around 200 days for 2014-2020, down from about 300 days in the previous programming period. Considerable delays were also caused by a longer approval by the budgetary authority¹⁵, which in most cases¹⁶ took an average of nine weeks, instead of the six provided for in the EGF Regulation. A faster procedure at EU level, and a simplified application process requiring less evidence and statistics to demonstrate the link between the redundancies and globalisation or the crisis criterion, would help improve the efficiency of the fund.

Coherence of the EGF

At case level, no overlaps with other EU or national funding were identified. The EGF complements other EU funds such as the European Social Fund (ESF). The ESF offers an anticipatory, pre-programmed support for promoting employment, while the EGF offers reactive support, in response to a high number of unexpected job losses. The EGF adds value in this regard, because it is mobilised on a needs basis, when Member States need financial support to help workers who had been made redundant. However, there is scope for better aligning the EGF and the ESF, as some Member States choose to fund EGF-type measures with ESF, because of the higher co-financing rate of the ESF. This is in particular the case for support to young people, as both the EGF and the YEI support NEETs in regions with high levels of youth unemployment.

¹¹ Costs compared to the number of beneficiaries helped.

¹² Costs compared to the number of beneficiaries re-integrated.

¹³ 18 months after the end of the implementation of EGF measures.

¹⁴ The EGF is an emergency relief instrument, outside the ceilings of the multiannual financial framework (MFF) and the co-financing of each EGF case must be approved by the European Parliament and the Council.

¹⁵ The budgetary authority is made up of the European Parliament and the Council.

¹⁶ The six-week deadline was met in only 10 of the 49 cases.

The EGF is coherent with national policies and offers sufficient flexibility to complement and/or add to the Member States' labour market measures at national, regional and/or local level. However, Member States should better coordinate the EGF with the recommendations set out in the EU Quality framework for anticipation of change and restructuring (QFR)¹⁷.

Relevance of the EGF

The scope of the EGF was relevant during the 2014-2020 period, while at the same time it would benefit from broadening of the scope in light of new challenges facing the European labour market (like automation, digitisation, transition to low-carbon economy), and in line with the EU's strategic and long-term priorities.

The limited use of the NEETs clause, in 12 out of 49 cases, and the nature of the EGF as an emergency fund to help people after losing their job, rather than addressing structural unemployment issues, make it less relevant to provide support to young people. Several stakeholders questioned whether the EGF was the right tool to provide assistance to NEETs. There are other mechanisms at EU level, namely the ESF and its YEI, that are better placed to provide supporting measures for this specific group.

Overall, the EGF is relevant and remains an important tool in helping and showing solidarity with people affected by restructuring events due to globalisation and crisis-related challenges. At the same time, stakeholders from most Member States indicated that an adjustment to the scope of the fund, to account for any cause of job losses, requiring less evidence to support an application and lowering the threshold of workers who had been made redundant, would improve the mobilisation of the EGF and its relevance.

EU added value of the EGF

The EGF adds value beyond what could be achieved by Member States alone. The EGF creates '*volume effects*', by increasing the financial support available to beneficiaries and helping more people find jobs than would be possible only with national and other EU funds. It also provides more intensive and targeted support than national measures, striving to leave no one behind.

In terms of '*scope effects*', the EGF supports all groups of beneficiaries, while national measures often target people furthest from the labour market. It enables Member States to offer support they cannot normally provide, such as training courses for smaller groups of participants, or financial incentives to start a business¹⁸.

The EGF also creates '*role effects*', as experimentation with innovative measures and lessons-learned from implementation have been or will be incorporated into the regular measures at national or regional level (see Box 1).

¹⁷ [COM\(2013\)882 final](#).

¹⁸ Based on the 2014-2020 EGF case studies.

Box 1. Example of ‘role effect’ from the EGF case study in Estonia

The EGF experience showed that workers who had been made redundant were more interested in acquiring a formal education through EGF measures than in the standard national measures. Based on this experience, the possibility to enrol in formal education was mainstreamed at national level and made available to everyone who is either unemployed or employed but in need of updating their education level or acquiring professional training. The EGF also provided improved access to language training in the region, including at different skill levels. This experience was used to design better access to language training as a measure to prevent unemployment.

‘Process effects’ are created because the EGF strengthens partnerships between public and private stakeholders that continue to exist beyond the EGF project (see Box 2).

Box 2. Example of ‘process effect’ from the EGF case study in Finland

In the EGF case regarding the Broadcom redundancies, an innovative way to approach the tender process was developed and carried out. The innovative aspect of the tender was that the content of the training courses for experts in the ICT sector was not provided in the tender documents, but was developed by the training providers. This approach produced some completely new kinds of training courses.

The findings and conclusions are considered reasonably robust, even if the results of the public consultation and the beneficiary survey have to be taken with caution¹⁹.

Lessons-learned

The stakeholder consultations conducted before and during the evaluation, i.e. before and during the COVID-19 pandemic, showed that the EGF would benefit from a *broader scope* adapted to other major challenges facing the European labour market (like automation, digitisation, transition to low-carbon economy). This broadened scope was included in the 2021-2027 EGF Regulation.

A simplified and shorter application process, with less evidence required, would improve the EGF’s effectiveness. This was included in the 2021-2027 EGF Regulation.

The flexibility of the EGF in terms of measures offered, and the degree to which the measures can be tailored to individual beneficiaries’ needs, backgrounds and interests are one of the important success factors. The flexibility to complement and/or add to the Member States’ measures at national, regional and/or local level, ensures that the EGF provides EU added value.

Improving monitoring and reporting, and future evaluation of the EGF’s impact (at Member State and EU level) requires more detailed monitoring data collected in a systematic manner,

¹⁹ Only 39 replies were received during the public consultation. Of those, only 15 respondents were aware of the EGF. The public consultation alone cannot be considered as representative. On the beneficiary survey, only 950 replies were covered by the analysis, i.e. only 3.5% of the total beneficiaries assisted. There is a certain degree of bias about the results, as half of them were from higher-educated ICT professionals, mostly from Finnish cases. Therefore, they are not necessarily representative of the experience of all beneficiaries across all EGF cases and Member States.

especially on the category of workers benefiting from the measures (professional and educational background), their employment status and the type of employment found. The success of EGF measures should be measured not only through re-integration rates, but also through more qualitative means, like new skills and qualifications, social networks and self-confidence gained as a result of participating in the EGF measures. The 2021-2027 EGF Regulation has also included a beneficiary survey to be carried out after each EGF case.

A certain degree of *budgetary flexibility* is needed for Member States to reallocate EGF funds based on needs that emerge during implementation, so long as those changes are justified. Reallocation of funds was already possible during the 2014-2020 programming period, and Member States often made use of it. This flexibility was maintained in the 2021-2027 EGF Regulation and should be better communicated to Member States.

There is scope to better align the co-financing rates of the EGF and the ESF to ensure the *coherence* of the funding. This issue was addressed in the 2021-2027 EGF Regulation.

As underlined in the mid-term evaluation of the 2014-2020 EGF and confirmed by this evaluation, an important lesson-learned by Member States was on *organisational learning*. To evaluate the results achieved, the implementation of the cases should be finalised to ensure enough evidence can be collected and analysed. The 2021-2027 EGF Regulation addressed the issue of the timing of the evaluation to allow sufficient time to fully implement the EGF cases.

An *improved communication*, both general and targeted, at Member State and EU level, would improve the visibility of the outcomes of specific EGF cases. This issue was addressed by the 2021-2027 EGF Regulation.

2021-2027 EGF Regulation

The 2021-2027 EGF Regulation²⁰ has taken into account the findings of previous evaluations and assessments, which were confirmed by this evaluation. It has also addressed most of the stakeholders' recommendations in all Member States.

The most significant changes introduced in the 2021-2027 EGF are:

- broadening the scope of eligibility to any unexpected major restructuring;
- decreasing the threshold of dismissals from 500 to 200;
- aligning the co-financing rate with the ESF+ (while maintaining 60% as the minimum threshold);
- increasing the maximum annual ceiling up to EUR 186 million (2018 prices).

Simpler and faster application procedures requiring less supporting evidence from Member States and with shorter deadlines both for Member States and for the Commission were also introduced. Further requirements on communication and publicity were also introduced. NEETs will no longer be supported by the EGF.

The 2021-2027 EGF Regulation includes specific common indicators and a beneficiary survey to monitor implementation and measure impact for each EGF case. The final report to

²⁰ [Regulation \(EU\) 2021/691 of the European Parliament and of the Council of 28 April 2021 on the European Globalisation Adjustment Fund for Displaced Workers \(EGF\) and repealing Regulation \(EU\) No 1309/2013](#)

be submitted by Member States will include not only re-employment rates, but also some qualitative information, such as the qualifications gained by the end of the implementation period. This should improve the monitoring and evaluation of EGF's effectiveness. The Commission's proposal for setting case-specific targets and reporting on the type of employment found were not included in the final agreement between the European Parliament and the Council.

The Commission proposed a faster procedure at EU level, which would have simplified the formal approval by the European Parliament and the Council. However, it was not included in the final agreement on the 2021-2027 EGF Regulation, so the current formal approval procedure is maintained.