



European Globalisation adjustment Fund (EGF)

Frequently Asked Questions

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Disclaimer

http://ec.europa.eu/geninfo/legal_notices_en.htm#disclaimer

Relevant Documentation

Regulation (EC) No 1927/2006, consolidated version :

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1927:20090702:EN:PDF>

Application form

http://ec.europa.eu/social/BlobServlet?mode=redirLinks&url=http://ec.europa.eu/employment_social/egf/docs/egf_application_form_v12.doc

Application Guidance Notes

<http://ec.europa.eu/social/BlobServlet?docId=2709&langId=en>

Financial form (Estimated Budget)

http://ec.europa.eu/social/BlobServlet?mode=redirLinks&url=http://ec.europa.eu/employment_social/egf/docs/egf_financial_plan.xls

Final report structure and guidelines (Statement justifying the Expenditure)

<http://ec.europa.eu/social/BlobServlet?docId=3286&langId=en>



1. APPLICANTS

1.1. Question: Who may apply for support from the EGF?

Answer: Only Member States may apply. The initiative for an application may come from stakeholders, i.e. from the affected locality or region, or from the social partners involved, or the workers involved – but the application has to be submitted by the Member State and signed by a person authorised to represent the Member State.

The normal representatives of the Member State are the relevant ministry, or the Permanent Representation to the EU of the Member State.

1.2. Question: Could a region be delegated to represent the Member State for the purposes of submitting an EGF application?

Answer: This is possible, but this delegation would have to be documented and signed by the delegating and the receiving party.

2. GLOBALISATION / TRADE RELATED CRITERIA

2.1. Question: What types of evidence should a Member State provide to demonstrate the link between job losses and the impact of structural changes in world trade patterns?

Answer: The EGF application form requires applicant Member States to provide a “reasoned analysis of the link between the planned or actual redundancies and major structural changes in world trade patterns”. Evidence should, as far as possible, come from recognised and reliable sources (for example, [Eurostat](#) or a national equivalent). Member States should provide clear statistical information and background, demonstrating that redundancies follow in particular a substantial increase of imports into the EU, a rapid decline of the EU market share in a particular sector, or the delocalisation of the business to a non EU country. Data related to delocalisation to third countries should demonstrate there is a substitution of production previously carried out within the EU by production in a non EU country.

3. REDUNDANCIES

3.1. Question: When can a redundancy be counted towards the minimum of 500 redundancies required by the EGF Regulation?

Answer: Article 2 of the EGF Regulation lays down three possibilities for selecting the point in time:

- (1) when an employer gives notice to a worker of his or her intention to terminate the contract of employment; this is normally (but not necessarily) done by means of an individual letter of dismissal, or
- (2) when there is a de facto termination of the contract of employment before its expiry, i.e. the date when the worker actually leaves the workplace, or



(3) when in conformity with the provisions of article 3(1) of the Council Directive on collective redundancies¹ the employer notifies the competent public authority in writing of the projected collective redundancies.

When choosing this third possibility, the applicant Member State must provide the Commission with additional information on the actual number of redundancies affected, before the Commission has finalised its assessment on whether the conditions for making a financial contribution are met.

A Member State can combine two or three of these options in the same application, but has to clarify which of the three available possibilities of counting the redundancies it has used for each dismissing enterprise.

3.2. Question: Can fixed-term workers or temporary agency workers, who work for the enterprise where the lay-offs occur, be included in the total of at least 500 redundancies?

Answer: Workers with fixed-term contracts with the enterprise(s) where the lay-offs occur can be counted towards the minimum of 500 redundancies only if their contract of employment is terminated before its expiry through a notice of dismissal or de facto termination.

For temporary agency workers, it is likely that the agency is a supplier (of personnel) to the main dismissing enterprise. If so, temporary agency workers can be counted towards the minimum of 500 redundancies provided that their contracts with the agency are terminated as a result of the lay-offs in the main enterprise. A clear connection between the two events must be demonstrated.

In such cases, both categories of workers mentioned above may also be included in the measures co-funded by the EGF.

If, on the other hand, their contracts expire and are not renewed, such workers may neither be counted towards the threshold of 500 redundancies, nor may they be included for the purposes of the measures.

3.3. Question: Can workers who have volunteered for early retirement or voluntary dismissal be included in the total of at least 500 redundancies?

Answer: Workers opting for early retirement or voluntary dismissal can be included in the total of 500 or more redundancies, if they have volunteered following a call for candidates by their employer, and if the other criteria for an eligible application are complied with. They can also be included in the measures co-funded by the EGF, if they wish to pursue new opportunities in the labour market.

3.4. How is the location of an enterprise defined, if it has workplaces in several regions of a Member State?

Answer: In the case of an Article 2(b) application, where the redundancies are counted in one region or two contiguous regions at NUTS II level (http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction), the criterion to be used is the location of the redundant worker's workplace before that workers was dismissed.

¹ Directive 98/59/EC (OJ L225/16 12.8.1998)



3.5. Question: How could a joint application from two or more Member States be put together, where the same event leads to redundancies in more than one Member State?

Answer: If the combined number of redundancies in two contiguous, i.e. physically adjacent, regions in two Member States reaches 500 or more, and the redundancies occur in the same NACE rev 2 division (i.e. sector), these can be linked in two separate applications under Article 2(b) of the EGF Regulation. Thus, redundancies in the two regions can all be counted towards the threshold number of 500 redundancies, but the measures will be devised and implemented separately by each Member State.

A globalisation event which may lead to an application from one Member State under Art 2(a) of the EGF Regulation (i.e. redundancies in an enterprise in a Member State) may also cause redundancies (e.g. among suppliers) in another Member State. Such redundancies, if fewer than 500, could potentially be the object of an application under Art 2(c), mentioning exceptional circumstances. An application could even be presented by the second Member State if the main affected Member State does not choose to apply.

The EGF application form enables Member States to provide clear details of the linkage between any two separate applications.

3.6. Question: How should the concept of "contiguous regions" be interpreted in the case of two regions separated by water, such as islands?

Answer: Contiguity in the sense of Article 2(b), in the case of two regions separated by water, is not defined in the EGF Regulation. It is for the Member State concerned to demonstrate that these two such regions are part of the same local or regional labour market.

3.7. Question: Can workers made redundant in Small and Medium Sized Enterprises (SMEs) benefit from EGF support?

Answer: The EGF can help workers made redundant in SMEs in three possible ways:

- Under Article 2(a), if an SME is a direct contractor or supplier for an enterprise suffering redundancies as a result of the effects of globalisation, then redundancies in the SME may be included in the application submitted by the Member State for the workers of the principal enterprise and its suppliers.
- Article 2(b) was specifically included in the Regulation with a view to covering SMEs in a defined sector in one region (or two physically adjacent regions).
- Under Article 2(c), an EGF application can be made in relation to "small labour markets" (e.g. a remote and sparsely populated region or a geographically isolated area, like an island or a mountain valley), as well as for "exceptional circumstances" (where "the conditions of Article 2 (a) or (b) are not entirely met, and when redundancies have a serious impact on employment and the local economy"). This can also benefit the workers made redundant by SMEs.



3.8. Question: Could EGF assistance be made available under Article 2(a) for the workers made redundant by suppliers of a main enterprise, even if no application is made for the workers of that main enterprise?

Answer: Article 2 of the EGF Regulation does not differentiate between redundancies in a principal enterprise or in its suppliers. However, even though the Regulation does not require any job losses to be shown in the principal enterprise, in order to justify an application for EGF assistance, the Member State must still demonstrate the effects of globalisation on the principal enterprise, and demonstrate that the redundancies in the suppliers are directly linked to the effects of globalisation on the main enterprise.

3.9. Question: Can a Member State include redundancies from suppliers, if not all of their business was with the principal enterprise, which is the subject of the EGF application?

Answer: It is important to show that the redundancies in the supplier are directly linked to the activities of the principal enterprise being affected by globalisation. If the link is substantial, it is possible that all the redundancies in the subcontractor can be eligible for EGF assistance. This is easy to demonstrate e.g. in the case of workers whose workplace was located in the premises of the main enterprise.

3.10. Question: When a company and its suppliers belong to the same sector of activity could they be eligible for EGF assistance under Article 2(b)?

Answer: It is up to the Member States to decide which approach, Article 2(a) or 2(b), will be more beneficial for the redundant workers, provided that the eligibility period of respectively 4 or 9 months is respected.

The Article 2(a) approach does not make any distinction based on the economic sector of activity of the suppliers and can thus include redundant workers who either share the same economic activity of the principal enterprise (e.g. all of them belong to the automotive sector) or belong to different sectors (e.g. the company providing the lunches for the workers of the principal enterprise). This approach does not take into account the geographical location of the enterprises and can be used at national level.

The Article 2(b) approach is based on sectors of economic activity and permits the inclusion of enterprises belonging to the same sector (same NACE rev 2 division) in the same application, provided that all of them are based in the same region or in two physically adjacent regions at NUTS II level. There is no need, in this case, for the enterprises to be engaged in any business relationship with each other.

3.11. Question: Can an application be submitted on the basis of Article 2(b) when all the enterprises mentioned belong to the same group of companies?

Answer: No. For the purposes of an EGF application, enterprises belonging to the same group of companies are considered to be part of the same enterprise. For this reason, an application for redundancies which occurred within the same group of companies must be submitted under the criteria of Article 2(a).



3.12. Question: What is the significance of the phrase "small labour markets" in Article 2(c)?

Answer: The Regulation does not provide a definition of a "small labour market". Possible examples are islands, mountain valleys or remote and sparsely populated regions. Member States wishing to make use of this criterion must provide arguments justifying their view that the labour market in question is a small one.

It is important to bear in mind that the Regulation specifies that a derogation for a small labour market may be argued only "if the intervention criteria laid down [...] are not entirely met". The Member State must specify which of the criteria were not entirely met, and must present a case that is reasonably close to the normal criteria.

3.13. Question: Under Article 2(c), there is a 15% annual ceiling for "exceptional circumstances" but not for "small labour markets". Why?

Answer: This clause, relating to "exceptional circumstances" is not further defined, and it is up to the Member State to explain why the circumstances of the case are exceptional. It was therefore decided to limit the application of this clause in terms of the overall budget available to the EGF.

3.14. Question: Could you give an example of what can be considered "exceptional circumstances"?

Answer: An example of exceptional circumstances could be that a Member State has submitted an application under Article 2(b) (dismissals within the same sector and the same region or two contiguous regions), but further redundancies occur in the same sector (same NACE rev 2 division) due to the same cause and during the same period, but in a different non-contiguous region of the same Member State. In that case an application for EGF assistance for the latter workers can be made under Article 2(c) arguing exceptional circumstances². Other circumstances may exist, and need to be presented for consideration by the relevant Member State.

It is important to bear in mind that the Regulation specifies that exceptional circumstances may be argued only "if the intervention criteria laid down [...] are not entirely met". The Member State must specify which of the criteria were not entirely met, and must present a case that is reasonably close to the normal criteria.

3.15. Question: Is the ten-week period not too short to collect information on all the workers who might be helped by the EGF?

Answer: In their application, Member States can provide the information they already have at the time of submission. This can be complemented during the assessment phase, until the time when the Commission has finalised its assessment on whether the conditions for making a financial contribution are met, by adopting a proposal to the European Parliament and the Council with a view to deploying the EGF.

² Council minutes 8652/09 ADD 1



3.16. Question: Can the Member State submit an application before the end of the reference period for counting the number of redundancies as specified by the Member State in its application?

Answer: No. According to Article 5(1) Member States shall submit an application within ten weeks from the date on which the conditions in Article 2 were met. Therefore, the end of the reference period must be before the date of application (a difference of at least one day is required).

3.17. Question: Can the reference period within which the 500 redundancies must occur be shorter than 4 or 9 months?

Answer: Yes. These periods are maximum periods for counting the number of redundancies. If a Member State does not expect any further redundancies needing to be included, and on the condition that the threshold of 500 redundancies has been met, it can decide to use a shorter reference period in its application.

4. WORKERS ELIGIBLE FOR MEASURES

4.1. Question: What should individual workers wishing to benefit from EGF support do?

Answer: They should get in touch with their Member State's EGF Contact Person, whose details can be found on the EGF website³ (www.ec.europa.eu/egf). They may also contact a trade union, the public employment service or their local or regional authorities and ask them to make the first contact with the EGF Contact Person.

4.2. Question: Can workers dismissed as a result of a mutual agreement with their employer be eligible for EGF supporting measures?

Answer: Yes. Workers who have volunteered following a call by their employer for candidates for voluntary redundancy or voluntary early retirement can be eligible for EGF funded measures if the other eligibility criteria are complied with.

4.3. Question: Can workers made redundant before or after the reference period of 4 or 9 months benefit from EGF assistance?

Answer: Workers laid off before or after the 4-month reference period of Article 2(a) (dismissals in one company and its suppliers), or Article 2(c) when it derogates from the criteria set out in Article 2(a), may be eligible for EGF assistance if:

(1) they are made redundant as a result of the same event which triggered the redundancies during the reference period, and

(2) their redundancy occurred after the general announcement of the projected redundancies, but before the Commission has finalised its assessment on whether the conditions for making a financial contribution are met.

³ <http://ec.europa.eu/social/main.jsp?catId=581&langId=en>



On the other hand, workers dismissed before or after the nine-month period of Article 2(b) (dismissals within the same sector and the same region or two contiguous regions) cannot be included in an application as potential beneficiaries of EGF assistance.

4.4. Question: If redundant workers find a new part-time job, can they still be included in training (and other) measures for the rest of the time? For instance, if the person works for 4 hours a day, can the EGF co-finance their training for 3 hours a day?

Answer: If this can already be anticipated at the time of application, it is best to provide the details of such a scheme in the application itself. A mix between work and training may be an integral part of a programme for the integration of a group of workers, in that there may be an element of job experience provided to them while training, or there may be an element of coaching or mentoring at the start-up phase of a new job.

If the eventuality arises at the worker's initiative during a training phase, the Commission should be informed and measures be taken by the Member State to ensure that the worker is counted for EGF expenditure only during those periods when s/he is being trained and that a record exists of the fact that s/he is authorised to work part-time in addition to the training. The reasoning for permitting this transitional phase is that, although the person may have found a part-time job, s/he may not yet be fully reintegrated in the labour market and the part-time training may be necessary for them to further improve their skills.

4.5. Question: According to Article 3a, workers must have been made redundant in order to qualify for EGF support. Can they receive passive unemployment benefits? Will this exclude them from EGF aid while they are still unemployed?

Answer: As long as the beneficiaries are eligible under the terms of Article 3a of the EGF Regulation, they qualify for assistance from the EGF. While the EGF itself cannot fund unemployment benefits, it does not prevent the Member State from paying these to workers benefiting from EGF funding for active labour market policy measures.

5. APPLICATIONS: INFORMATION REQUIREMENTS

5.1. Question: If an application concerns a number of different regions or areas, must they all be described, or only those most affected by redundancies?

Answer: This information helps the Commission to analyse the impact of the redundancies on the local, regional and national economy and to assess whether the actions proposed in the application are realistic, targeted and adequate. It is up to the applicant Member State to present the impact of the redundancies in the relevant area by describing the area and characteristics most relevant to the application, in particular the way in which the area is affected by the redundancies, and the alternative job opportunities existing or to be created in the regions or areas.

5.2. Question: If the application mentions responsible actors and authorities in several localities varying little in terms of structure, function and competencies, could it contain a schematic description rather than a detailed description of each one?

Answer: This seems reasonable. Should the Commission or another European institution need to contact an actor or authority in a particular locality, they would in any case



do so via the managing authority proposed by the Member State under Article 5(2)g of the EGF Regulation.

5.3. Question: What information is required under Article 5(2)f concerning the procedures followed for consulting the social partners?

Answer: The Member State should confirm that the social partners have been consulted according to the procedures laid down in national legislation, and indicate the dates and details of these consultations. The Commission is interested above all to know about any consultations of the social partners about the package of measures to be co-funded by the EGF.

5.4. Question: Can personalised services, such as training or counselling, be contracted out to accredited bodies, so that the Member State uses part of the EGF contribution to pay such a body?

Answer: Personalised services can be delivered by means of specialised, accredited bodies such as training institutions. These bodies should be mentioned in the application form. The costs per worker should be specified in the financial form and - for the purposes of keeping an audit trail - the accredited body must keep with its invoices a list of the named workers to whom it has provided services and the dates when the services were provided.

5.5. Question: In an application for EGF funding, who analyses the application form and documentation provided?

Answer: The initial analysis is carried out by the services of the European Commission. A proposal for funding is then made by the Commission to the Budgetary Authority (i.e. the European Parliament and the Council), which can approve or reject the Commission's proposal.

5.6. Question: Can Member States contact the Commission services and discuss their potential applications or applications at the drafting stage?

Answer: The Commission very much encourages Member States to contact its services before or during the drafting stage of their application. Such contacts are in the interests of both the Member State and the Commission and help to reduce the time required for the processing and approval of applications. An early consultation and exchange of views on the feasibility of the case and the initial drafts of the application can help the Member State to prepare a formal application which is complete and contains the elements required by the Commission. Therefore the services of the Commission offer their assistance and other guidance before the formal application is submitted and welcome any query or request for a meeting that could lead to an eligible application.

5.7. Question: What is the role of the EGF Contact Persons in each Member State?

Answer: The EGF Contact Persons are the national co-ordinators of EGF cases for their respective countries. They are the first port of call for any interested party wishing to enquire about past, present or future EGF cases presented by the Member State concerned. The Contact Persons together are a formally constituted Expert Group, meeting twice a year, and set up to help the Commission in the implementation of the EGF Regulation.



6. TIMING AND DURATION

6.1. Question: Can expenditure incurred before the date of application be eligible?

Answer: Yes. Expenditure becomes eligible from the date on which the Member State starts to provide the affected workers with the personalised services described and budgeted in the (future) application to the Commission. The starting date can therefore be any time from the moment of the announcement of the dismissals to the public authorities of the Member State, and it is practically always before the date on which the application is sent to the Commission.

All expenditure is at the applicant Member State's own risk until a positive decision on the application is taken by the EU's Budgetary Authority (the Council and the European Parliament). This risk, however, is small once the Commission has finished its positive assessment and adopted its formal proposal.

6.2. Question: Is the length of time available to support a redundant worker restricted - i.e. does the EGF Regulation define an end to the eligibility period?

Answer: Yes. The length of EGF support is restricted by the Regulation, which states that, for all EGF applications made after 1 May 2009, the EGF contribution must be used within 24 months of the date of the application (12 months for those made before 1 May 2009). This means that only time-limited assistance will be provided.

Services (or actions) may continue after the end of the 24-month period, but they cannot be co-financed by the EGF. Those carried out within the 24-month period must be paid for before the final report is submitted to the Commission (6 months after the end of the eligibility period).

The EGF Regulation does not permit an extension of the cut-off date.

6.3. Question: When does the eligibility (or implementation) period start and end?

Answer: In accordance with Article 11 and Article 13 (2) of the EGF Regulation, the eligibility period can start:

- on the date of the formal submission of the application, or
- up to three months following the date of submission, if the applicant Member State in the application opts for a later starting date for the implementation of the support measures, or
- before the submission of the application, if the Member State starts to provide the personalised services defined in the co-ordinated package to the affected workers before submitting the application; this is the normal case.

If the postponement (by a maximum of three months) is used, any expenditure incurred before the chosen date is ineligible.

It is important to bear in mind that all expenditure incurred until a positive decision on the application is taken by the EU's Budgetary Authority (i.e. the Council and the European Parliament) is at the applicant Member State's own risk.



This means the length of the eligibility period may vary: If it starts on the date of the formal submission of the application, or up to three months after that date⁴ as laid down in Article 13 (2) of the EGF Regulation, it is exactly 24 months. On the other hand, if the applicant Member State starts to provide the personalised services of the coordinated package before submitting the application, and the application is subsequently approved by the EU's Budgetary Authority, then the actual eligibility period can be significantly longer than 24 months.

6.4. Question: If a worker receives financial support from the EGF to start his or her own business, can this funding be used during a period lasting longer than the 24 months from the date of application?

Answer: The financial support to start a business must have been paid out in full to the redundant worker before the end of the eligibility period as laid down in the Financing Decision. The worker will continue to utilise the funds after the end of the eligibility period – however, it is only the actual disbursement of the funds that must be documented for audit purposes. Auditors may approach the beneficiary to find out whether they have used the funds within the agreed timing and whether these funds were used for the purposes they were given for.

6.5. Question: Can EGF funding be used beyond the 24-month implementation period, e.g. for workers following courses continuing beyond that date?

Answer: No. The EGF Regulation is very clear on this. Only activities that take place within 24 months of the date of application are eligible for EGF co-financing. Any activities that extend beyond the 24-month period cannot be co-financed by the EGF, but may be financed by the national exchequer or any other available source of funding. This is, however, a matter for the national authorities to organise.

7. BUDGET AND FINANCE

7.1. Question: Can the European Parliament and the Council reject the EGF funding proposed by the Commission?

Answer: Yes. The European Parliament and the Council are free to accept or reject the Commission's proposal and to ask questions in order to provide them with further information. In practice, so far, no application proposed to the Budgetary Authority has been rejected.

7.2. Question: Can Member States budget for preparatory work and administrative expenditure as part of an EGF application?

Answer: Yes. Article 3 of the EGF Regulation provides that Member States can include in their proposed budget both the coordinated package of personalised services to be funded, and activities for implementing this package, i.e. preparatory, management, information and publicity, and control activities. The same co-financing rate applies to all these items. In line with the Structural Funds, a reasonable percentage for the implementing activities should preferably not exceed 4% of the total budget. The application should contain some details on the administrative expenditure proposed.

⁴ As the postponement of the start-up date is only rarely used in practice, the following questions will not each time refer to that possibility.



7.3. Question: From which date is the budgeted expenditure for implementing activities eligible?

Answer: Implementing activities, such as preparatory work or data collection become eligible from the date on which the Member State starts implementing the active labour market measures contained in the coordinated package of personalised services. There must be auditable evidence that one or more of the active measures included in the EGF package has/have started on a specific date (example: invoice indicating the date when the first guidance meeting with a redundant worker takes place).

Administrative expenditure becomes eligible from this initial date. This date must be mentioned in the application form, and it is then included in the Commission's Financing Decision. Expenditure predating this date will not be eligible.

7.4. Question: If an EGF case has been budgeted with 4 % expenditure for implementing activities but by the end of the implementation the actual spending is 7 % due to lower than expected activity costs, will the final payment for implementing activities be reduced to 4 %?

Answer: No. The costs for implementing EGF are agreed in the decision of the Budgetary Authority (Council and European Parliament). As long as the total budget for the case is not exceeded, the eligible expenditure for implementing the EGF package will be accepted (subject, of course, to subsequent audits).

7.5. Question: Is it possible for the EGF to provide financial support to the activities of a body representing the redundant workers ?

Answer: Yes. As long as these activities are directly related to helping the redundant workers in a particular EGF case, they are eligible and even encouraged. Such support could also cover setting up a Monitoring Committee for co-ordinating the measures within the case while they are implemented. Such activities could either constitute measures in their own right, or they could be included under the "management" heading of the financial table. The details should be described in the application form.

7.6. Question: Can a package of EGF measures include passive social protection measures carried out for the benefit of the workers included in an EGF application?

Answer: No. Article 3 of the EGF Regulation lays down that the EGF cannot co-finance passive social protection measures. These include unemployment benefits and early retirement pensions.

Article 3(b) also states that the package of EGF measures can include special time-limited measures, such as job-search allowances, mobility allowances or allowances for individuals participating in lifelong learning and training activities. These allowances can be co-financed only for the time during which the beneficiary participates in the active measures contained in the EGF coordinated package. The eligibility of the time-limited allowances is also conditional upon the beneficiary's full-time participation in the active measures. If necessary, a study can be carried out to establish the pro rata percentage time when the workers are occupied with the active measures and when they are not. This percentage can then be applied to the allowances.



7.7. Question: Do you have any concrete examples that constitute passive social protection measures which are not eligible for funding from the EGF?

Answer: Examples of non-eligible passive social protection supports are those provided to the worker whether or not s/he actively prepares for a new job. These include out-of-work income maintenance (e.g. all forms of unemployment benefits) and support independent of a worker's participation in the EGF co-funded measures, as well as costs for early retirement.

7.8. Question: What is meant in the second paragraph of Article 11 by the use of a flat rate for indirect costs?

Answer: Indirect costs are items related to the running expenses which cannot easily be correlated to a training measure or other eligible activity, such as telephone, heating, electricity, etc.

The use of a flat rate for indirect costs is only permissible in the case of grants, i.e. when the eligible action is not carried out directly by the Member State, but by a third party on the basis of a grant agreement. This implies that, for an eligible action carried out following a public procurement procedure which already includes indirect costs in the price, the flat rate cannot be applied.

In addition, the indirect costs that can be declared on a flat-rate basis may not exceed 20 % of the direct costs of the action to which they relate. Indirect costs must comply with national rules, including accountancy rules on the distinction between direct and indirect costs. The level of the flat rate used by the Member State should be justified and documented for audit purposes.

7.9. Question: Is it possible to use financial means from the EGF package to co-fund the final report required under Article 15 of the EGF Regulation?

Answer: In some cases, this is possible. If so, all expenditure on the final report must be incurred (i.e. carried out) within 24 months of submitting the application, as laid down in Article 13(2) of the EGF Regulation. This would imply an end to the measures for the workers in advance of the deadline of 24 months, as a period of some six months would be required to gather the necessary data and prepare the final report.

7.10. Question: Do all measures undertaken in support of the workers during the 24 months have to be paid for in full by the end of the implementation period?

The activities as such must have taken place within the 24 months (from the date of application). Outstanding bills may be paid after the 24 months are up, but all bills must have been paid by the time the final report is sent in (6 months after the end of the implementation period). Costs arising after the end of this 24-month period, which may include those for preparing the final report or collecting data for the EGF evaluation, cannot be co-funded by the EGF.

7.11. Question: Can Member States include micro-credits for start-up initiatives / business creation as an eligible part of a personalised package?

Answer: Yes. In line with ESF practice, funding allocated to micro-credits in the financial plan are eligible. This funding will be considered as "used", in the sense of Article 13(2) of the EGF Regulation, and therefore non-reimbursable, once it has been lent out for the first time during the EGF implementation period.



7.12. Question: Can workers benefiting from micro-credits as part of the EGF personalised package also receive funding through the EU micro-loan scheme?

Answer: In order to exclude any risk of double financing from EU financial instruments (Article 6.5 of the EGF Regulation), micro-credits intended for start-up initiatives (business creation) which are to receive (co-)funding from the two EU sources would have to support totally separated aspects of the start-up initiative. Each case being different, it is highly recommended that Member States seek the advice of the Commission services before they programme the use of micro-credits from more than one EU financial instrument.

7.13. Question: Can a Member State present an application for EGF support which separates the active labour market measures to be funded entirely by them and those which would be funded entirely by the EGF?

Answer: No. Member States must present an integrated package of measures for the EGF and request EGF co-financing for the entire package. Any measures which they intend to fund themselves, should be described, but not included in the package presented for EGF support.

7.14. Question: Can a Member State application to the EGF contain private co-financing?

Answer: Yes. As the EGF Regulation does not specify the components of the Member State contribution, this is acceptable. However, the private funds, just like the public funds, may not include spending which is obligatory under national law or a collective agreement. In addition, private co-funding is subject to the same audit and control requirements as public co-funding.

7.15. Question: Can a Member State re-allocate amounts of funding between different items while implementing the co-ordinated package of personalised services?

Answer: Yes, this is possible provided that certain principles are respected. While implementing the co-ordinated package of personalised services, Member States have the flexibility of re-allocating amounts between the various items of this package as set out in their application, provided that the total amount of the financial contribution established by the budgetary procedure is not exceeded. If such changes exceed a 20 % increase for one or more of the budgetary items, the revised budget must be communicated to the Commission in writing before the end of the 24-month eligibility period, with each re-allocation explained.

Re-allocation can take place within the coordinated package of personalised services, or within the implementing activities (such as preparation, management, control etc.), or across these two broad categories, provided that the re-allocation respects the principle of sound financial management and is in line with the principle of proportionality.

Member States have to include in their final reports a clear explanation of the re-allocations made during the implementation period.



7.16. Question: Can new measures be introduced in the budget in the course of the implementation of the project?

Answer: This is still possible (but will delay the Commission's assessment) up to the moment when the Commission has finalised its assessment on whether the conditions for making a financial contribution are met, by adopting a proposal to the European Parliament and the Council with a view to deploying the EGF. Once the proposal has been transmitted to the Budgetary Authority, it is no longer possible to introduce new measures in the application or to change this in any way. Following approval by the Budgetary Authority (the Council and the European Parliament), the Commission adopts a Financing Decision, which is transmitted to the Member State. This Financing Decision lays down the adopted measures, the eligibility period and the date of submission of the final report; it cannot be changed, unless the Member State wishes to withdraw the case altogether.

7.17. Question: At the end of the final reporting stage, what happens if a Member State has not spent as much on the package of measures as it estimated in its original EGF application?

Answer: The Member State will be asked to reimburse the unspent financial contribution for the action -- it being understood that the "action" is the implementation of the coordinated package of personalised services described by it in its application. Article 19(1) of the EGF Regulation states: *"In cases, where the amount of the actual cost of an action is less than the estimated amount [...] the Commission shall require the Member State to reimburse a corresponding amount of the financial contribution received."*

The Commission will write a letter to the Member State including its calculations. If these correspond to the calculations already submitted by the Member State in its final report, the Member State will be asked to reimburse the balance within a short time frame.

7.18. Question: Can Member States finance measures from their ESF funds before they receive the decision approving the EGF funding?

Answer: Although it is technically possible to withdraw ESF expenditure and claim it afterwards from another fund, the situation where ESF expenditure is certified already with a view to its withdrawal should be avoided. At the moment when the certifying authority certifies expenditure it should do so with the genuine conviction that the expenditure is eligible and will remain in the programme. If the Member State is uncertain whether the relevant EGF application will finally be approved and the expenditure could be eligible from both ESF and EGF, it is better to wait with the declaration / certification until it is clear with which fund the Member State intends to finance it. In case of withdrawal from a certified ESF claim, in order to make the same claim from EGF, the Member State has to make sure that there is no overlapping of Funds, i.e. that the eligible expenditure has not been paid twice, from both the EGF and ESF. Audit trails have to be clear and correctly documented.



7.19. Question: How should Article 3 be interpreted regarding costs that are not directly linked to the individual participants but are necessary for the measures, e.g. rent for housing the participants working together to start their own businesses, networking and receiving schooling, even running new enterprises - development costs, usually staff costs, specifically aimed at the targeted participants well before the participants receive this new schooling?

Answer: These 'overhead' costs can be allocated amongst the various participants of the measures concerned. In this way they can be considered to be linked to the individual participants, and a simple division will give the 'cost per participant'. Member States may estimate the total cost of each activity (including overheads) and divide it by the estimated number of participants. As long as individual identifiable workers are the beneficiaries of the actions this is an acceptable method of allocating the costs. Member States should keep in mind the need for a properly documented audit trail.

7.20. Question: Are capital goods used as training devices, such as laptops, video projectors or cameras, eligible for co-financing from the EGF?

Answer: Yes, they can be -- but only that portion of depreciation which occurs during the implementation phase of an EGF case is eligible for EGF co-funding.

Capital goods used as training devices for one or more EGF co-funded measure(s), such as laptops, video projectors or cameras, can be considered as "equipment directly linked with the implementation of the action". Provided that the piece of equipment is written off in accordance with the national tax and accounting rules, the portion of the equipment's depreciation corresponding to the duration of the EGF related use can be charged to the EGF accounts. Audit trails have to be clear and correctly documented.

Example: The purchase price of an item used as training device is 800 EUR and the depreciation period of this item according to national rules is four years (i.e. monthly depreciation: 800 EUR / 48 months = 16,7 EUR). In the event that the training device was used for one or more EGF training measure(s) during 20 months, then 16,7 EUR x 20 months = a total of 334 EUR can be charged to the EGF accounts.

8. PROCEDURES AND TIMELINES

8.1. Question: How should an application for EGF co-funding be submitted?

Answer: Please refer to the EGF website where you can find the application form and related documentation.

8.2. Question: Is there a deadline for the submission of an application?

Answer: The latest date on which an application can be submitted (the "deadline date") is calculated as follows (see Article 5(1) of the EGF Regulation) :

4-month or 9-month reference period, within which the eligible redundancies occur,
plus 10 weeks for the preparation of the application.

Applications submitted after that date are ineligible.

8.3. Question: How exactly should the various periods of time be calculated, i.e. the months and weeks stipulated in the EGF Regulation such as the reference



period, the 10 weeks up to the submission of the application, the end of the EGF implementation phase or the date for the submission of the final report?

Answer: The 10-week period for preparing and submitting an application (Article 5(1) of the EGF Regulation) starts on the **last day** of the 4- or 9-month reference period and ends 10 weeks later on the **same day of the week**. Example: if the last day of the reference period is **Thursday** 7.10.2010, the last day for submitting the application is **Thursday** 16.12.2010.

The 4- or 9-month reference period (Article 2 of the EGF Regulation) is calculated **from date to date** - example: from 7.6.2010 to 7.10.2010. Exception: when the same date does not occur in the relevant month, for example: from 31.10.2010 to 28.02.2011 (instead of 31.02).

The 24-month implementation period from the date of application (Article 13(2) of the EGF Regulation) is again calculated according the 'month rule' – example: date of application 16.12.2010 – last day of implementation period 16.12.2012.

The same is true for the 6 months (Article 15(1) of the EGF Regulation) within which Member States are required to submit their final implementation reports – example: last day of implementation period 16.12.2012 means that the last day for submitting the report is 16.6.2013.

The above mentioned approach how to calculate the months and weeks is based on Regulation (EEC, Euratom) No. 1182/71 of the Council of 3 June 1971.

8.4. Question: How should the application be submitted?

Answer: Applications should be submitted formally in writing, duly signed and

- posted by registered letter, with the date stamp showing the deadline date or earlier, or
- sent by courier, with the expedition date showing the deadline date or earlier, or
- brought by hand to the EGF office and receipted by the Commission on the deadline date or earlier.

The Commission additionally requires an electronic copy sent to its EGF applications mailbox EMPL-EGF-applications@ec.europa.eu; this should include a scanned copy of the signature page and should be sent to the Commission on the deadline date or earlier.

At the Member State's request, the electronic copy can be registered by the Commission as the one complying with the deadline, and the paper version can be sent in afterwards.

8.5. Question: Can a Member State submit supplementary information, once an application has been made for EGF support?

Answer: Yes, and in many cases it will need to do so, as not all details may have been available on the date of application. However, it will bear in mind that:

- (1) applications which need to be completed after their submission will take longer to process than those which arrive in their final form;
- (2) any new information received by the Commission will have to be analysed in the light of the original application;



- (3) complementary information cannot be included once the Commission has finalised its assessment on whether the conditions for making a financial contribution are met, by adopting a proposal to the European Parliament and the Council with a view to deploying the EGF.

8.6. Question: How long does the European Union need to take a decision on an EGF application?

Answer: The Commission assesses applications and proposes a Decision to mobilise the EGF to the Budgetary Authority (the European Parliament and the Council). Once the Budgetary Authority has adopted this decision, the Commission adopts its own Financing Decision, addressed to the applicant Member State, and pays the contribution to the Member State within 15 working days following the date of adoption of the Financing Decision. The whole process, from the date of application to the receipt of the payment, normally takes between seven and ten months.

8.7. Question: Is there a document informing the Member State about its deadlines and obligations following approval of its application?

Answer: Yes. The Commission adopts a Decision awarding a financial contribution to the Member State (the Financing Decision). This is a signed original, which is sent to the Permanent Representative in Brussels of the relevant Member State, and in that country's language(s). The Financing Decision lays down all the deadlines for the implementation of the case, the reporting and evaluation obligations, and it gives an estimated budget for the planned measures, as well as the estimated numbers of participants. The total budget mentioned in the Financing Decision is normally paid to the Member State within 15 days of that Decision being taken.

The Financing Decision cannot be changed, and it is of utmost importance for the Member State to comply with all the conditions laid down in it. In case of any mistakes in the Financing Decision, the Member State is asked to contact the Commission Services immediately to have them corrected.

9. INFORMATION AND PUBLICITY

9.1. Question: Does the Commission expect Members States to do any particular communications activity?

Answer: Article 9 of the EGF Regulation lays down who should be informed, and also provides that the information should be visible. The Member State concerned has to provide the information about the EGF and the actions it co-funds, ensuring that the contribution from the EGF is visible and highlighted in the community. It is up to the Member State to choose among the communication actions possible those that are suitable according to national particularities.

Creating a website is a good example of communication as it combines in one tool all the information addressed to the workers concerned, to the social partners, the media and the general public. The Commission also encourages the use of existing EGF dissemination materials such as posters, videos, leaflets, etc.

The Member State may also decide to convene a conference, for instance towards the end of the EGF implementation period, raising awareness of the EGF and of the results of the measures.



All the information activity and publicity material can be covered from the budget set aside for implementing the coordinated package of personalised services within each EGF case.

9.2. Question: Is it sufficient to inform about the EGF assistance in the place where EGF funded measures take place?

Answer: Putting up a sign, if all the workers use the same location, is essential, but more is expected, depending on the circumstances. The workers should, if possible, be individually informed. All information / literature / brochures / posters could for instance contain the EGF logo chosen by the Member State with some words to the effect that the EGF is co-funding. Mentioning the EGF on the relevant web site is important. Member State authorities could communicate with the press, get TV coverage, call meetings with the social partners, convene a conference. It depends of course on the budget which has been proposed and accepted for such activities.

The EGF posters (in the 23 EU languages, plus Turkish) are available here:
(<http://ec.europa.eu/social/main.jsp?catId=326&langId=en&furtherPubs=yes>).

An EGF leaflet (in all official EU languages) is available from the same web site.

9.3. Question: Is it possible to carry out an evaluation study (study of the effect of the funded measures) with EGF funds according to Article 3, last paragraph?

Answer: Yes, this is possible and is welcomed by the Commission. The study must be included in the application, and carried out within the 24-month implementation period.

9.4. Question: According to Article 3, measures such as management and control activities can be funded through the EGF package. Do you have any concrete examples of what constitutes management on the one hand, and control on the other?

Answer: Management is the running of the programme, the overall supervision, laying down guidelines, making sure that the funds reach the right people and the measures are carried out. Management reaches from the Ministry right down to the grass roots, where activities are taking place.

Control is checking whether all this is working properly, including the establishment of all necessary audit procedures and carrying out the required audit activities, again from the centre all the way to the grass roots.

10. MANAGEMENT, AUDITING AND EVALUATION

10.1. Question: Should the management and control system which is applied to the Structural Funds also be applied to the EGF?

Answer: Whilst it is for Member States to decide how to manage the EGF, the management and control systems lend themselves to being taken up by the Structural Funds managing authorities. This is for a number of reasons:

- (1) a Member State may not apply for EGF assistance frequently; therefore, setting up a separate structure may not be necessary;



- (2) given that complementarity between the ESF and the EGF must be ensured by the Member State, it may be helpful for the Member State if the managing authority for the ESF is also responsible for the EGF;
- (3) the results of an ESF systems audit could be directly used for EGF purposes also, hence there would be no need for a specific EGF systems audit.

Even if the ESF system is used, there is normally a need to adapt the system to the (much simpler) needs of the EGF. Such adaptations need to be notified to the Commission, and the same thing is true if a new EGF system is created in the Member State.

10.2. Question: Can Member States use a different auditing system for the EGF, other than that established for the ESF?

Answer: Yes. But Member States should make sure that they follow the guidance (<http://ec.europa.eu/social/BlobServlet?docId=2709&langId=en>), so that their auditing arrangements are appropriate and transparent.

10.3. Question: Does the evaluation involve a lot of work for the Member State?

Answer: The mid-term evaluation has analysed the effectiveness and sustainability of the EGF results by 31 December 2011, and the ex post evaluation will measure the impact and added value of the Fund by 31 December 2014 (see Article 17).

These evaluations are carried out by the Commission, with the assistance of external experts, in close co-operation with the Member States. To this end, the Member States will be requested to provide the Commission with the lists of workers helped by the EGF, prepared at the end of the 12-month or 24-month eligibility period, as the case may be. In addition, the Member States may be contacted for queries or requests for interviews by the evaluators or be asked to comment on draft evaluation reports. Member State representatives may also be invited to participate in technical meetings organised by the Commission.

11. REPORTING AND CLOSURE

11.1. Question: When does the final report have to be presented to the Commission?

Answer: The final report (Article 15 of the EGF Regulation) needs to be sent to the Commission six months at the latest after the end of the implementation period (i.e. normally 30 months after the application date). The deadline for submitting the final report is laid down in the Commission's Financing Decision.

Should Member States opt to close the package of personalised measures before the end of the 24-month from the date of application, this does not advance the date by which the final report is due.

11.2. Question: What information does the Commission expect to receive in the final report?

Answer: Article 15 of the EGF Regulation provides that the final reports should present how the "financial contribution was executed, including information on the type of actions and main outcomes, together with a statement justifying the expenditure and indicating, whenever appropriate, the complementarity of actions with those funded



by the ESF". Furthermore, the Commission's Financing Decision states in Article 4 that the final reports should mention "in particular the labour market status of assisted workers on completion of their participation and at the time of report writing, broken down by category of worker and by type of action from which they benefited".

For more guidelines regarding the requirements of the final reports, Member States are asked to consult the documentation on the EGF website.

11.3. Question: What are the rules for the statement justifying the expenditure funded by the EGF (Article 15)?

Answer: As laid down in Article 15 of the EGF Regulation, a "statement justifying the expenditure" is an integral part of the final report. Member States are required to use the model statement available on the EGF website.

By signing the statement, the authority designated certifies that operations were implemented in accordance with the applicable European and national rules, with the provisions of the EGF Regulation and with the objectives laid down in the EGF Financing Decision. The authority further certifies that all transactions related to the EGF contribution are lawful and that all expenditure included in the "statement of expenditure" table complies with the criteria for eligibility of expenditure set out in the EGF Regulation and has actually been paid.

11.4. Question: What information needs to be available 12 months after the completion of the action (Article 6 of the Financing Decision)?

Answer: Article 6 of the Financing Decision specifies that "for the purposes of carrying out the ex-post evaluation of the EGF, Member States shall make available to the Commission all necessary information that will enable it to evaluate the effectiveness and sustainability of the results obtained, in particular the labour market status for the assisted workers 12 months after the completion of the action, broken down by category of worker and by type of action from which they benefited".

In practical terms, Member States should maintain a database with the contact details of the workers who have been supported by the EGF, so that the evaluators of the EGF can make contact with a sample of workers so as to obtain information about their labour market status one year after the end of the implementation period. If possible, this database should be up-to-date at the moment of the ex-post evaluation. However, should it be too cumbersome or not feasible to update the database after the implementation period, an up-to-date database at the end of the implementation period is acceptable as a minimum requirement.

11.5. Question: How does the Commission close an EGF case?

Answer: When it has received the final report and the statement justifying the expenditure, the Commission sends an acknowledgement to the Member State and asks it to reimburse part or all of the unspent funding (normally 90 % of the balance, in order to leave a safety margin for possible future adjustments) declared by the Member State in its report.

It may also ask the Member State to provide further information on aspects which have remained unclear in the report and statement. Once it is in possession of all the information it needs, it winds up the case within six months. This is done by means of a formal letter, which may also contain the request to pay the remainder of the unpaid balance.

