



Mid-term evaluation of the European Globalisation Adjustment Fund: final report

Submitted by GHK to DG EMPL, European Commission

Specific Service Order No. VC/2011/0207

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Executive Summary

The purpose of this evaluation was to carry out a mid-term review and assess the effectiveness and sustainability of the EGF through analysis at two levels - the EGF instrument, and the level of the 15 individual cases funded prior to the revision of the EGF Regulation, i.e. between January 2007 and April 2009. The latter also includes assessment at the level of the individual measures funded by the EGF in each of these cases and their beneficiaries.

The 15 cases were implemented in eight Member States (Finland, France, Germany, Italy, Lithuania, Malta, Portugal, Spain), with a total EGF contribution of EUR 35.8 million and reached 13,135 dismissed workers in three sectors – automobile, textile and telecommunications. The assisted workers differed significantly across the cases in terms of their age, gender and skills profile.

There was a varied mix of measures co-financed with EGF assistance, including general job search assistance, provision of training, job search allowances, training allowances, support to entrepreneurship, support to geographical mobility, and employment subsidies offered to employers. The assistance involved a large variety of organisations, depending on the national, regional and local setting, but was predominantly led by the local public employment services. Measures implemented were varied and responded to the demand and local conditions. In line with the principle of subsidiarity the mix of measures are designed at Member State level and are largely consistent with mainstream provision to support transitions back to employment.

Main Conclusions

Re-employment rate, immediately after the end of the EGF assistance, was 41.8% and was rising in the medium term

The average re-employment rate achieved was 41.8%, but increased in the medium-term, and reflected the harder-to-help beneficiary profile and local economic conditions. The re-employment rates exceed the 50% benchmark in 6 out of 15 first EGF co-financed cases, while they fall short of the target in 9 out of 15 funded cases. The variation of re-employment outcomes achieved is vast: from the high of 78.2% in the case of BenQ (DE) to significantly lower rates of 4-6% in the North-Centre (PT), Catalonia (ES) and Sardinia (IT) cases.

In the medium term (12+ months after the conclusion of EGF assistance) re-employment rates did increase in the majority of cases (where information is available), despite the impacts of the global economic crisis unfolding in the local economies. The employment rate of EGF beneficiaries has (12 months after the conclusion of EGF co-financed measures):

- Increased over time in 8 cases - Nokia (DE), Piedmont (IT), Perlos (FI), Castilla y Leon and Aragon, Delphi, Catalonia (ES) and both Portuguese cases.
- Declined over time in 3 cases - the Alytaus Tekstile (LT) and Lombardy, Sardinia (IT) cases.
- On average, across the 11 cases the re-employment rate increased by 7 percentage points.

EGF assisted the harder-to-help beneficiary profile

EGF assistance reached the more hard-to-help jobseekers. Due to the EGF architecture, the EU co-financed part of EGF assistance arrived in the locality a significant time period after the redundancies occurred. In the meantime, some dismissed workers re-entered the labour market; and those remaining unemployed and benefiting from EGF assistance were, in many cases, harder-to-help, for example, with a lower skills profile, lower motivational levels, older workers with less motivation for

professional or geographical mobility, women with caring responsibilities. Furthermore, as one of the key features of EGF implementation was the provision of individualised support, the preparation of individual support plans meant that the highest level of assistance was offered to those most in need of guidance, upskilling and other interventions in order to be able to re-enter the labour market.

Local economic conditions and supply side factors were crucial influences on outcomes

The success factors and obstacles explaining the range of re-employment outcomes across the 15 cases are wide-ranging and often closely linked to the precise circumstances of each case. No strong sectoral, geographical or timing patterns were noted to explain the range and variation of labour market outcomes achieved.

Among supply side factors, one of clearly influential factors associated with cases with high re-employment rates is the relatively low proportion of beneficiaries with lower educational levels (ISCED 1-2). Conversely, in cases with low re-employment rates, this proportion tends to be significantly higher. Other supply side factors – such as the proportion of women or older beneficiaries – display less strong associations with variations in re-employment rates.

A key demand side explanation lies in the economic and labour market conditions of the locality where EGF assistance was implemented. Re-employment rates tended to be higher in the localities with lower unemployment rates and more favourable economic development.

EGF worked more effectively where it complemented existing national provision and provided a personalised package of measures

The mix and choice of individual types of measures varied significantly across the 15 cases evaluated, reflecting the subsidiary principle, which meant that measures were designed at national level against the background of existing policy frameworks. It was also influenced by demand from beneficiaries and employers, changing local economic and labour market conditions and the delivery period available. Since many offers are already provided in mainstream employment service measures, it is imperative that EGF cases develop a mix which addresses the needs of individuals and complements existing provision (e.g. in relation to the public policy framework particularly for active labour market policy, the role and resourcing of the PES, the role played by the social partners and the legislative framework etc).

Many stakeholders reported that one of the key success factors in establishing pathways to integration was early profiling and the development of a individual plan of support. This had two main impacts. Firstly, it established an individual connection with beneficiaries which assured them that they were going to be assisted. Secondly, it provided beneficiaries with a personalised plan of intervention which could be pursued with the support of the PES (or other EGF provider).

Here it is important to note that, in line with European Guidelines, many PES have been actively working to increase the provision of personalised assistance to job seekers (through profiling, counselling and the development of individual action plans). However, there is a significant difference between this support and that provided by PES or other nominated agencies for EGF beneficiaries. The key differences relate to the lower ratios between counsellors and jobseekers, a higher frequency of personal meetings, availability of enhanced service to all dismissed workers, availability of a nominated counsellor, stronger contact with employers, a broader set of measures financed, and the ability to follow up all placed jobseekers.

Another important trend is that 4 out of 6 cases with high re-employment rates and 3 out of 4 cases with medium re-employment rates had a strong additional, non-EGF provision of assistance (i.e. financed outside the national co-financing for the EGF). Such additional resources were less likely to be available amongst the cases with low re-employment rates. This would lead to the conclusion that

EGF worked more effectively where it added to the existing national or regional provision – rather than on its own.

The level of innovation in EGF provision is mixed

The research illustrates that the overall “Innovation Performance” of the EGF cases is mixed, with seven cases presenting a relatively high level of innovation (defined as allowing for the implementation of new measures not otherwise funded in the national restructuring framework). Two cases have used EGF as a catalyst to implement existing support in a more intensive way, and six cases have used EGF resources to fund measures already previously implemented in the context of the national restructuring policy framework. In these cases, it could be considered that the EGF did not have a significant influence spurring innovation in the ways in which provision was designed and implemented. This however is at least partly reflective of the situations where assistance was implemented, with mass redundancies occurring and did not encourage developing new ways of working – rather than using ‘tried and tested’ models of assistance.

A discussion of the performance of the EGF in relation to innovation must be seen against the background of evidence that EGF implementation is very closely linked to the existing national restructuring policy framework. This can be advantageous, as EGF funding can be used to build on and enhance or extend existing provision, but can also lead to the level of innovation remaining limited.

EGF has delivered significant added value

As part of the fieldwork conducted during each case study, interviewees were asked about the extent to which the results could have been achieved without EGF support, using other funding sources. A total of 59 stakeholders responded to this question. A total of 12 % viewed that all or most of the results (90- 100 %) could have been achieved without such support and a further 12 % thought that most of the results (61- 89 %) could have been achieved without EGF funding. On the other hand, 14 % of interviewees stated that hardly any of the results could have been achieved without this support. The answer that was most frequently selected (39 % of interviewees selected this answer) was that only some of the results could have been achieved (around 11- 39 %). A further 24 % were of the opinion that around half of the results (40 %- 60 %) could have been achieved without EGF assistance. Noteworthy is the positive opinion of independent experts, amongst whom a significantly higher proportion (29%) considered that hardly any results would have been achieved without EGF support.

Beneficiaries significantly increased in confidence and improved their qualifications

EGF assistance also delivered other outcomes to individuals, delivery organisations and localities. Such less tangible outcomes relate to the distance travelled towards the labour market, even if sustainable labour market integration was not achieved during or within a measured period following EGF intervention. Many stakeholders remarked that beneficiaries had significantly increased in confidence, renewed and improved their job search skills and upgraded their skills and capacities, making it more likely for them to find employment.

The training and qualifications gained by beneficiaries as a result of these measures were varied. In many cases, these qualifications were key in enabling individuals to gain employment in different sectors to those they were previously employed in. Whilst not all beneficiaries were successful in gaining employment, the training and qualifications gained through these measures enhanced their future prospects for gaining employment in the medium to long term.

There were learning effects achieved in the delivery organisations involved in the EGF assistance. These include embedding learning into mainstream practice and enhancing experience in the public employment services with the management of large-scale redundancies.

EGF delivered wider social benefits for beneficiaries' families and local communities

There were a number of impacts on localities. The re-employment of individuals has important benefits for the state in terms of reduced social security costs but also has wider social benefits for beneficiaries' families and local communities as it prevents social discord which can accompany unemployment. The impact of the EGF co-funded assistance on the GDP growth rate is difficult to disentangle from other factors affecting the economic development at the regional and local level. Economic development was, in all EGF localities, severely affected by the 2008 global economic crisis. EGF impact is not reflected in such aggregate macro-economic indicator as GDP.

There are, however, some indications that EGF co-financed measures appeared to contribute to avoiding a worsening of the unemployment situation. In 12 localities where unemployment had increased, this trend can be compared to the national level and trend development. Here, it is observed that in nine localities the unemployment increase has been lower than the national average since the conclusion of EGF measures (Tuscany, Alytus, Lisbon and Alentejo, eastern Finland, Aragon, Castilla y Leon, Catalonia and Andalusia); and in three localities it was higher than the national average (Piedmont, Lombardy, Sardinia).

Complementarity towards the ESF

EGF and ESF are complementary policy measures in dealing with the consequences of globalisation, with ESF providing a long-term strategic response and adjustments required, whereas EGF is expected to act as one-off time-limited and specific response to a single restructuring 'emergency'. What has distinguished EGF co-financed assistance from other measures provided with ESF support (and other national, regional or local funds) was that intense personalised support from the EGF was tailored to the needs of individual workers – as opposed to more generalised support provided for the general unemployed population – and that there was a possibility of flexible provision of support and change to the measure mix and intensity, reflecting any changes to the needs of the beneficiaries and the labour market situation in the locality – as opposed to stricter rules to be followed under the ESF.

Successful implementation requires coordination at national/regional/local level

The budget implementation and beneficiary reach rates vary significantly across the 15 cases evaluated, from 1% to 99%. A range of factors lie behind this variation, ranging from timing of the arrival of the EGF funding in the locality, the quality of communication between the national and the regional/local level and between partners, planning, capacity and coordination structures, local economic climate and rapidly changing conditions on the labour market. In some EGF cases, the very low budgetary implementation and beneficiary reach rates indicate the lack of accurate and informed planning, awareness of beneficiary needs and poor implementation and coordination of EGF assistance between the national, regional and local partners. Here, the efficiency of using EGF resources was low.

A need to cover temporary and agency workers

In relation to solidarity - as a principle of assisting all affected dismissed workers – it was generally implemented in the sense that eligible workers were provided with EGF assistance. Exceptions were noted however in some cases where some workers dismissed after the EGF application date were not helped because of the perception on the part of delivery partners that this was not possible.

Fixed-term and agency workers were generally not assisted because their contracts were often not renewed prior to eventual company closures or mass redundancies – and thus fall outside the EGF reference period of required number of redundancies. Workers in the supply chain of large companies were also not included in most of the EGF cases either because this was not relevant (e.g. they were located abroad) or it was considered to be too challenging to assemble evidence to include them into the application. In some cases, they also lacked effective representation or were more easily re-deployed on other assignments. Thus, it can be concluded that the implementation of the solidarity principle was varied in this respect.

EGF could have better visibility

The visibility of the EGF has been varied amongst the general public, EGF beneficiaries and relevant labour market policy actors. Awareness of the fund among the general public is low. It was generally well-known amongst the stakeholders and partners in the implementing countries. The visibility and knowledge of the Fund has increased with the implementation of additional cases. In the majority of 15 cases evaluated, beneficiaries were aware that they were accessing provision that was funded by the European Commission. In many such cases, however, beneficiaries interviewed during the evaluation did not know the name of the Fund which assisted them, rather referring to it generally as 'European funding'.

The original threshold for redundancies was too high

At the instrument level, the threshold for the number of redundancies required to trigger access to EGF funding (1,000) was considered to be too high, particularly in countries largely shaped by an industrial structure composed of SMEs. The reduction of this threshold to 500 was therefore widely welcomed. Furthermore, the requirements in regard to the reference period for redundancies were considered to be potentially counter-productive and excluded a number of cases which might otherwise have met the eligibility criteria.

The approval process sometimes considered as too long

In addition, the long EGF approval process can be considered to be too slow to offer a genuinely 'rapid response' mechanism in times of crisis. Equity considerations were considered to come into play between countries which were (or were not) able to provide "start-up" funding in advance of EGF resources arriving. In addition, the time taken to formulate and achieve approval for applications in some cases led to a significant compression of the implementation period. Finally, the monitoring and reporting processes of the EGF case outcomes need to be improved, particularly in relation to the information on longer-term outcomes.

Policy Recommendations

This section elaborates policy recommendations with regard to the architecture and processes of the fund. Recommendations on EGF architecture differentiate between the recommendations for amending the legal base for the EGF and for the implementation of the EGF in the Member States.

EGF Eligibility Criteria

It is important to note that a number of the assessments made relating to EGF eligibility criteria have already been taken into account in the review of the EGF regulation. However, as this evaluation pertains to the early phase of the EGF (prior to these revisions), are nonetheless mentioned here. The main factors requiring attention and amendment in relation to the EGF eligibility criteria referred to by stakeholders contacted in pursuance of the research are:

Recommendation 1: to maintain the reduced threshold of 500 redundancies

The threshold for the number of redundancies required to trigger access to EGF funding (1000) pre-May 2009 was considered to be too high, particularly in countries largely shaped by an industrial structure composed of SMEs. The reduction of this threshold to 500 was therefore widely welcomed. However, in some contexts, this reduced number would still be considered too high, as even a loss of 200-300 jobs could cause a significant shock in the locality or region.

The requirements in regard to the reference period for redundancies were considered to be potentially counter-productive and excluded a number of cases which might otherwise have met the eligibility criteria. In particular, it was remarked that the phasing of redundancies is considered by many employers, and indeed trade unions, to be part of a more “socially responsible” management of restructuring. The EGF reference periods were therefore seen as providing the potential to send the message that it would be preferable to compress the effectuation of redundancies in order to qualify, which might have an overall negative effect on restructuring practices – both for workers and localities affected.

Recommendation 2: to promote the inclusion of workers made redundant outside the reference period through more guidance and communication

In a limited number of cases, there was a perception that workers made redundant by the same company shortly after any EGF application could not be included in funded measures. As a result, these cases experienced legitimacy issues related to their “exclusion” of certain workers. Such misunderstandings can be seen to be linked to insufficient communication between the central and regional level.

Recommendation 3: to increase flexibility in the implementation of measures

Further flexibility was also called for to adapt the implementation of the fund to changing economic circumstances in the locality (or indeed the global economy). Some countries felt that further flexibility in the implementation of measures would have been needed following the onset of the economic crisis. While the ability to transfer funding from one budget heading to another was highly welcomed in the EGF (as compared to the ESF), the ESF was seen by many to offer greater opportunities to

respond quickly to the requirements of redundant workers as the ESF application processes were considered to be more speedy and co-financing more generous.

The Approval Process

Recommendation 4 : to review possibilities to speed up the application process

Comments regarding the speed of the EGF approval process were by far the most commonly voiced remarks from the stakeholders. On the whole, the process of approval was considered to be too slow to offer a true rapid response mechanism in times of crisis. Equity considerations were considered to come into play between countries which were (or were not) able to provide “start-up” funding in advance of EGF resources arriving. Some Member States did not have the national resources to provide this, meaning that there was often a significant period of time which elapsed until redundant workers were able to access more tailored support measures (with an impact on potential employability outcomes). In addition, the time taken to formulate and achieve approval for applications in some cases led to a significant compression of the implementation period. In some cases this meant that funds could not be fully utilised and training provision in particular was too short to significantly enhance beneficiaries’ skills and therefore employability. The compression of the funding period was considered to be a particular issue for those individuals furthest from the labour market who often require significant assistance and intervention to allow them to be re-integrated.

Recommendation 5 : to strengthen the capacity for submitting the applications at the national, regional and local levels, provide further opportunities for sharing lessons and good practices

To better reflect the knowledge of delivery partners regarding the needs of the local labour market and beneficiary requirements, the capacity of delivery partners to submit applications could be strengthened. This requires a greater level of cascading of information relating to application procedures and processes from the Commission to Member States and from Member States to delivery partners. In addition to the regular meeting for EGF contact points from Member States a discussion of best practice in relation to EGF funded provision could be considered at national level.

Monitoring and Reporting

Recommendation 6 : to contain clear monitoring requirements, including the follow-up of beneficiaries, and financial means to implement these

Recommendation 7 : to provide further practical advice and guidance on monitoring and reporting, further opportunities for sharing lessons and good practices

On the whole, guidance for monitoring and reporting on EGF cases and their outcomes was considered to be insufficient and lacking standardisation to allow for greater comparability of outcomes. In particular, assessment of the results achieved through EGF assistance was hampered by the lack of follow-up data on beneficiary destinations, the lack of beneficiary outcome data by age and educational profile, and the lack of information linking the participation in individual measures (or their combinations, as pertinent to individual beneficiary circumstances) and re-employment rates after their participation in specific measures. Another key issue is related to data protection issues,

which often make it difficult or impossible to allow beneficiary tracking, thus making the estimation of effectiveness and sustainability much more difficult.

Some of this information was available in some evaluated cases, but cross-case comparisons were not possible.

It is therefore recommended to develop and ensure the implementation of a more elaborated, standard pro-forma for reporting and beneficiary monitoring, which would also encourage analytical reflections on the success of the implementing the EGF assistance and beneficiary re-employment rates achieved.

In regard to monitoring and evaluation, a number of good practices were identified at individual case level, which would benefit from wider dissemination. Information sharing around monitoring systems could become part of regular meetings of EGF contact points.

Promotion of the EGF and national and local visibility

Recommendation 8 : to disseminate existing lessons and practices of raising EGF visibility

Particularly in the early phases of the EGF, some stakeholders felt that knowledge of the availability of the EGF, eligibility criteria and processes for application were too limited and certainly too centralised. Even among those national centres taking a strong leading role, it clearly took some time to develop relevant guidance documents and to raise awareness. Visibility of the EGF has increased with the implementation of cases, but remains lower than that of the ESF. In countries largely having applications under Article 2a, some stakeholders also mentioned some difficulties arising as a result of perceptions of the EGF assisting a category of workers who are generally already considered to be relatively “privileged” in relation to comparable wage rates and assistance available in cases of restructuring.

Institutional management of the Fund

Recommendation 9: to support good communication between the European Commission, national and regional bodies

The EGF is managed centrally by the European Commission, who receives the EGF applications, assesses them, requesting additional information if required and makes proposals for approval by the Council and the European Parliament. At the national level, EGF contact persons (based in labour ministries or institutions dealing with EU funding) act as a conduit of information between the European and regional/local levels, providing the latter with advice and guidance during the submission, implementation and reporting stage, as well as transferring EGF funds received to the locality where the assistance is implemented. The smooth functioning of the process requires a significant amount of well-organised communication, coordination and joined working, which was a challenge in some of the EGF cases evaluated.

1 Introduction

1.1 Introduction

GHK was appointed by DG Employment, Social Affairs and Inclusion in April 2011 to carry out a mid-term evaluation of the European Globalisation Adjustment Fund (hereafter abbreviated as 'EGF'), under specific Service Order No. VC/2011/0207 of the Multiple Framework Contract for the provision for Evaluation and Evaluation Related Services to DG EMPL.

Since 2007, the EGF funds active labour market measures focused entirely on helping workers made redundant as a result of globalisation, for example through: job-search assistance, occupational guidance, tailor-made training and re-training including IT skills and certification of acquired experience, outplacement assistance and entrepreneurship promotion or aid for self-employment. Assistance can also include special time-limited direct financial assistance, such as job-search allowances, mobility allowances or allowances to individuals participating in lifelong learning and training activities.

1.2 The Evaluation – Aims and Objectives

The purpose of the mid-term evaluation was to assess the effectiveness and sustainability of the EGF through analysis at two levels; the EGF instrument, the level of the 15 individual cases implemented between January 2007 and June 2009. The latter also includes assessment at the level of the individual measures funded by the EGF in each of these cases and their beneficiaries. The mid-term evaluation is required by Article 17 of the EGF Regulation (Regulation (EC) No 1927/2006), which stipulates that an evaluation on the effectiveness and sustainability of the results obtained by the EGF must be delivered by 31 December 2011. Table 1.1 provides an overview of the key mid-term evaluation questions. Annex 1 gives full details of the methodological approach, key to which were the consultations with the stakeholders at the national, regional and local levels (80 interviews undertaken) and EGF beneficiaries (46 interviews undertaken).

Table 1.1 Key Evaluation Questions

Evaluation Issue	Spatial Level	Evaluation Questions
Effectiveness	Cases	1. What were the aims formulated by Member States in the applications and to what extent were these intentions carried out?
		2. What are the factors that help or hinder EGF cases achieving their intentions?
		3. What was the impact of EGF supported activities on the participants, implementing bodies and the areas(s) concerned by the individual cases?
		4. What resources did the cases use and how well were resources used?
		5. Did the EGF enable Member States to carry out new types of measures that had not been implemented before?
		6. Could the measures co-financed from the EGF have been implemented under normal Member State / ESF provisions valid at the time?
	The Instrument	7. To what extent has the EGF achieved its instrument level goals?

		<i>8. How, if at all, do overall EGF architecture and processes influence the effects generated by the individual applications?</i>
		<i>9. Which features of the architecture / process need to be modified and how in order to improve the effectiveness of the EGF?</i>
Sustainability	Cases	<i>10. What are the long term effects generated by the EGF measures? In particular, what is the labour market status of the individual beneficiaries 12 months after case completion?</i>
		<i>11. What learning has taken place in national, regional and local authorities as a result of the cases?</i>
	The Instrument	<i>12. What, if any, broader long term effects has the EGF achieved as an instrument?</i>
		<i>13. Which features of the instrument contribute to the sustainability of actions; which ones need to be modified to contribute better to the sustainability of actions?</i>

1.3 Structure of the final Report

The Report consists of the following sections:

- Section 2 provides an overview of the EGF instrument and 15 cases evaluated,
- Section 3 provides an assessment of the effectiveness of 15 cases and EGF as an instrument,
- Section 4 provides an assessment of the sustainability of 15 cases and EGF as an instrument,
- Section 5 offers assessment of solidarity and visibility aspects of EGF,
- Section 6 offers conclusions and
- Section 7 provides policy recommendations.

The report is accompanied by:

- Annex 1 – Description of the methodological approach ,
- Annex 2 – Policy context on ESF and EGF,
- Annex 3 – National restructuring frameworks,
- Annex 4 – Description of EGF measures and delivery partnerships.
- Annex 5 – Benchmarking – a comparison of EGF cases re-employment rates with other re-employment outcomes.
- 15 EGF case reports.

2 The EGF Instrument and the 15 Evaluation Cases

2.1 The EGF Instrument

Under the original EGF regulation, the responsibility for applying and implementing EGF funding lies with the relevant authorities of the Member States concerned, which also had to provide 50% co-financing. An application could be made if the link between job losses and significant structural changes in world trade patterns could be clearly demonstrated by a Member State (Art. 2 of EGF Regulation). This can, for example, take the form of a substantial increase of imports, a given sector experiencing a rapid decline of its EU market share, or economic relocation to third countries. Secondly, it should be demonstrated that these changes will result in one of following situations, related to the three eligibility criteria:

- A: at least 1,000 redundancies over a period of four months in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers (Art. 2(a));
- B: at least 1,000 redundancies, over a period of nine months, particularly in small and medium-sized enterprises (SMEs), in a sector as defined by the Statistical Classification of Economic Activities in the European Community Revision 2 (NACE Rev. 2) in one region or two contiguous regions at NUTS II level (Art. 2(b)); or
- C: in small labour markets or in exceptional circumstances, duly substantiated by the Member State(s) concerned, even if the conditions set out in relation to Articles 2 (a) and (b) – as noted above – are not entirely met, when redundancies have a serious impact on employment and the local economy (Art. 2(c)).

Following the Commission's comprehensive plan to drive Europe's recovery from the current economic crisis presented in November 2008, the European Parliament and the Council of the European Union approved the following changes in June 2009¹:

- the fund's eligibility criteria were broadened until the end of 2011, to include redundancies resulting from the global financial and economic crisis (in addition to the former criteria based on trade-related job losses);
- the EU funding rate was increased from 50% to 65% until the end of 2011, as a special crisis measure;
- the eligibility threshold for EGF applications was lowered from 1,000 to 500 redundant workers in a sector and region or undertaking; and
- the funding period was extended from 12 to 24 months to leave sufficient time for the measures to be effective in reintegrating particularly the most vulnerable workers into new jobs.

The purpose of these changes was to enable the EGF to act as a more effective crisis response instrument, as the global economic downturn which acted to accelerate the migration to lower-cost centres for vulnerable sectors. The result of the changes to the EGF has been a large increase in the number of applications to the fund. Since the amendments were made to EGF eligibility criteria there have been further 52 applications to the fund. Interestingly, 41 of these applications have been made under the provision for support as a result of the global financial crisis, a marked, though not unexpected, increase when one

¹ Regulation (EC) No 546/2009 of the European Parliament and of the Council of 18 June 2009 amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund; see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:167:0026:0029:EN:PDF>

considers that the 15 applications progressed prior to the amendment to the regulation were made under the criterion of trade-related job losses.

2.2 Key features of 15 Evaluation Cases

This evaluation focuses on an examination of 15 cases approved under the original eligibility criteria. A summary of the key facts relating to the 15 cases is contained in Table 2.1.

Table 2.1 EGF Cases: Key Facts

Member State	Case name	Sector	Application Criteria	Payment Date	EGF contribution spent	No. of final beneficiaries	EGF (€/person)	Other information
DE	BenQ	Telecommunications	a	27/12/2007	10,270,092 ²	2,528	4,063	3,303 workers were made redundant at BenQ as a result of insolvency at the end of 2006 at 3 sites (Munich, Bocholt and Kamp-Lintfort). Workers made redundant at BenQ benefited from a wider package of assistance over a total period of 18 months, which included the period of funding co-financed by the EGF, but also drew on resources from other sources.
DE	Nokia	Telecommunications	a	21/12/2009	5,135,646	1,305	3,935	2,300 workers originally made redundant in Bochum (Nokia was one of largest employers in locality). The site of the Nokia plant was located in the structurally weakest part of the region. EGF support enhanced and extended existing support structures offered by the transfer company, thus effectively combining funding from a variety of sources.
ES	Castilla y Leon and Aragon	Automotive	b	22/06/2009	1,926,060	534	3,607	The automotive industry and components was very established in the regions of Castilla y León and Aragón, with significant sectoral decline due to relocation to neighbouring Morocco. A total of 1792 dismissed workers in two companies (Lear Corporation and Delphi Packard).
ES	Catalonia	Textiles	b	05/11/2009	491,821	587	838	Historically strong sector in terms of employment and income in the region, mainly consisting of SMEs, predominantly manual labour; in crisis following the liberalisation of trade with severe impacts at the local level. 1,100 redundancies occurring in 33 textile companies in 2008 were targeted for support in the EGF application.
ES	Delphi	Automotive	a	03/12/2008	10,319,649	1,589	6,494	Delphi Puerto Real (a subsidiary of a global company from the USA specialising in supply of electronics for the automotive industry) was a restructuring case in 2007, affecting around 4,500 direct and indirect employees within the Cadiz Bay, located in Andalusia following the relocation of the production facilities to the tax free zone in Tanger (Morocco). The company had a significant history in the region and since its establishment in 1981 it was a source of employment to many people within the province.

² After recoveries the final EGF spend in this case was EUR 10,268,503

Member State	Case name	Sector	Application Criteria	Payment Date	EGF contribution spent	No. of final beneficiaries	EGF (€/person)	Other information
FI	Perlos	Telecommunications	c	27/12/2007	1,321,253	921	1,435	In January 2007, the manufacturer of components for the telecommunication and electronic sector, Perlos Oyj, in the Joensuu region (eastern Finland) announced that it was to shut down production in Finland and focus its manufacturing activities on low-production cost countries. It was the largest private sector employer in the region. 1,104 redundancies occurred, 964 job losses took place in the Joensuu area.
FR	PSA suppliers	Automotive	a	17/12/2007	2,353,583	267	8,815	Collective dismissals occurred in 2007 among the suppliers of Peugeot Societe Anonyme (PSA) in the automobile sector. 1345 workers were dismissed by the suppliers of Peugeot Société Anonyme (PSA) between the September and December 2006. These dismissals were due to the fact that the automotive sector was being significantly affected by a reduction in its volume of activity and were spread across 18 different suppliers of PSA, implanted in 11 regions across France. EGF assistance was targeted at a group of 267 workers dismissed by the company Ateliers Thomé Génot (ATG) in October 2006. The company was located in Nouzonville, located in the département of Ardennes in the north-east of France, within the region of Champagne-Ardenne, where it was the main employer in structurally weak region. The company had gone into judicial liquidation and was no longer able to provide assistance to its workers.
IT	Lombardy	Textiles	b	15/12/2008	591,331	174	3,398	The textile sector was a very important employer in the Lombardy region (one of the wealthiest regions in the EU-27), and was characterised by small and medium-size enterprises, experiencing a sharp decline due to the increase in imports. The sectoral crisis affected a total of 190 companies in Milan, Brescia, Varese, Bergamo and Como provinces, with a total of 1,816 redundancies. Many of these companies only dismissed one or two employees.
IT	Piedmont	Textiles	b	15/12/2008	953,689	1,298	735	The textile sector is historically a strong and important sector to the Piedmont economy, even though the region's economic competitiveness is mostly based on the construction and service industries, rather than textiles. The sector was dominated by SMEs, which reduced their workforce or closed down their production altogether (closing down in 90% of cases), not being able to face the costs of reorganizing their production processes, diversifying their products and investing in innovation. A total of 202 small and medium-sized companies (SMEs) that were affected by the crisis were

Member State	Case name	Sector	Application Criteria	Payment Date	EGF contribution spent	No. of final beneficiaries	EGF (€/person)	Other information
								included in the EGF application, involving 1,537 employees.
IT	Sardinia	Textiles	b	15/12/2008	277,137	11	25,194	The textile sector has been facing major difficulties since early 2000s. Three companies dismissed 1,044 workers Legler (composed of four plants (Macomer, Siniscola and Ottana in Sardinia and the main one in Bergamo – Lombardy –not included in this EGF case); Queen SpA; and, Euro 2000 s.r.l.
IT	Tuscany	Textiles	b	15/12/2008	803,279 ³	1,352	594	The textile sector was in decline in the province of Prato, where it was a significant employer. A total of 1,588 workers from 480 SMEs were affected and targeted with the EGF assistance.
LT	Alytaus Tekstile	Textiles	a	26/11/2008	296,385 ⁴	619	479	1,089 were workers dismissed from a textile producer Alytaus Tekstilė, located in a structurally weak region of Lithuania, where it was a significant employer and historically provided safe jobs.
MT	Textiles	Textiles	c	30/05/2008	318,920 ⁵	672	475	675 workers were made redundant at the VF Malta and Bortex Clothing companies. These job losses occurred in 2007. At the time of the redundancies, these two employers were among the largest on the island.
PT	Lisbon-Alentejo	Automotive	b	30/05/2008	458,045	558	821	1,544 workers were affected by the closure of three companies in a period of two months (December 2006 and January 2007). Opel was responsible for 929 dismissals, followed by Alcoa Fujikura (440) and Johnson Controls (approx. 180).
PT	North-Centre	Textiles	b	11/11/2009	246,492 ⁶	720	342	The case covered 49 companies (mostly SMEs) in Northern (39) and Central (10) Portugal. The number of dismissed workers per company ranged between 10 and 170, with an overall average of 32. Taking into account the small dimension of most of the companies, few of them individually held a strategic importance on the respective local labour markets, but in the sum their closure posed a considerable problem to the respective regions. Textiles have a long and strong tradition in the Northern and Central regions of Portugal. Largely, they are SMEs and cannot be considered as significant investors in staff training and development, but in

³ After recoveries the final EGF spend in this case was EUR 802,146

⁴ After recoveries the final EGF spend in this case was EUR 295,515

⁵ After recoveries the final EGF spend in this case was EUR 318,431

Member State	Case name	Sector	Application Criteria	Payment Date	EGF contribution spent	No. of final beneficiaries	EGF (€/person)	Other information
								the local labour markets they are providers of sought after jobs.
TOTAL					35,763,382	13,135	-	
AVERAGE					2,384,225	876	€ 4,082	

⁶ After recoveries the final EGF spend in this case was EUR 245,386

2.3 Applications: aims and processes

2.3.1 Rationale and aims of EGF applications

Generally, the main rationale for EGF applications was a large numbers of redundancies affecting a sector resulting from globalisation, the strategic importance of the sector to the national economy and labour market, as well as the weakness of the local labour markets, or their inability to absorb or reintegrate dismissed workers (BenQ (DE), Nokia (DE), North-Centre and Lisbon-Alentejo (PT), Delphi (ES), Lombardia (IT), Piedmont, Tuscany, France, Catalonia (ES), Perlos (FI), and PSA suppliers (FR)). The inability of companies to compete with product prices from abroad was also mentioned in the Catalonia (ES) case, the Italian textile sector, Nokia (DE), BenQ (DE) and Perlos (FI) cases. In France, the inability of the employer to facilitate employees' redeployment in the case of company bankruptcy was also mentioned as an underlying rationale.

Nine of the cases describe the aim of the EGF application as offering redundant workers a wide range of active measures and resources to upgrade their professional skills or retrain and enable workers to be reintegrated into the labour market more rapidly, receiving more wide ranging, instantaneous and intensive support (Lithuania, Malta, Italian cases, Nokia (DE), BenQ (DE), Catalonia (ES), Castilla y Leon and Aragon (ES)).

In most of the cases the ability of the EGF to complement nationally-funded measures was also a strong impetus for the EGF applications. This was given as a reason particularly in the Piedmont, Lombardy (IT), as well as the Portugal Lisbon-Alentejo sector cases. In the Nokia (DE) and BenQ (DE) cases, the EGF was seen as a helpful source of additional funding to assist in re-employment solutions for affected workers by not only enhancing but also extending existing service offers negotiated in the social plan. Further details pertaining to each application are provided in the Table 2.2 below.

Table 2.2 Application details

Country	Case	Processes			
		Application date	Type of application	Duration of measures ⁷	Sector
Germany	BenQ	27 June 2007	Article 2a	1 January 2007 – 26 June 2008	Electronics/Mobile phones
Germany	Nokia	6 February 2009	Article 2a	1 August 2008 - 5 February 2010	Electronics/Mobile phones
Spain	Castilla y Leon and Aragon	29 December 2008	Article 2b	10 March 2008 – 28 December 2009	Manufacturing of motor vehicles
Spain	Catalonia	29 December 2008	Article 2b	1 September 2008 – 28 December 2009	Textile manufacturing
Spain	DELPHI	6 February 2008	Article 2a	1 September 2007 – 5 February 2009	Manufacture of electronics and technologies for the automotive sector
Finland	Perlos	18 July 2007	Article 2c	5 March 2007 – 17 July 2008	Electronics/Mobile phones
France	PSA suppliers	9 March 2007	Article 2a	21 November 2006 – 8 March 2008	Manufacturing of motor vehicles
Italy	Lombardy	17 August 2007	Article 2b	2 January 2007 – 16 August 2008	Textile manufacturing
Italy	Piedmont	10 August 2007	Article 2b	2 January 2007 – 9 August 2008	Textile manufacturing
Italy	Sardinia	9 August 2007	Article 2b	2 January 2007- 8 August 2008	Textile manufacturing
Italy	Tuscany	12 February 2008	Article 2b	1 March 2007 – 11 February 2009	Textile manufacturing
Lithuania	Alytaus Tekstilė	8 May 2008	Article 2a	7 November 2007 – 8 October 2008	Textile manufacturing
Malta	Textiles	12 September 2007	Article 2c	26 June 2007- 11 September 2008	Textile manufacturing
Portugal	Lisbon-Alentejo	9 October 2007	Article 2b	1 July 2007 – 8 October 2008	Manufacture of motor vehicles, trailers and semi-trailers
Portugal	North-Centre	23 January 2009	Article 2b	1 July 2008 – 22 January 2010	Textile manufacturing

⁷ Dates mentioned in the Financing Decisions.

2.3.2 The length of the application approval process

It is the responsibility of national ministries in Member States to work with regional and local authorities and stakeholders to prepare applications on a case by case basis. Ministries can also utilise advice and guidance from the European Commission’s EGF Unit in the formulation of applications. The key factor regarding the duration of this period is the capacity of Member States and partners to carry out the necessary analysis and compile the supporting information required for the application.

Generally, national ministries raised awareness of the possibility of applying for EGF funding, and led or provided an advisory role to the application process, while the application was written by the regional partners (such as the regional authority or the regional PES or equivalent). The length of the application to be approved by the Commission ranged from four months in the case of Delphi (ES), to 15 months in the case of the applications in Piedmont, Lombardy (IT) and Sardinia (IT). Long approval processes largely resulted from the need to provide additional information. In cases where the approval process took longer, partners described the ensuing challenges, for instance with national partners required to take a risk and start the activities with national funding without knowing the outcome of the application.

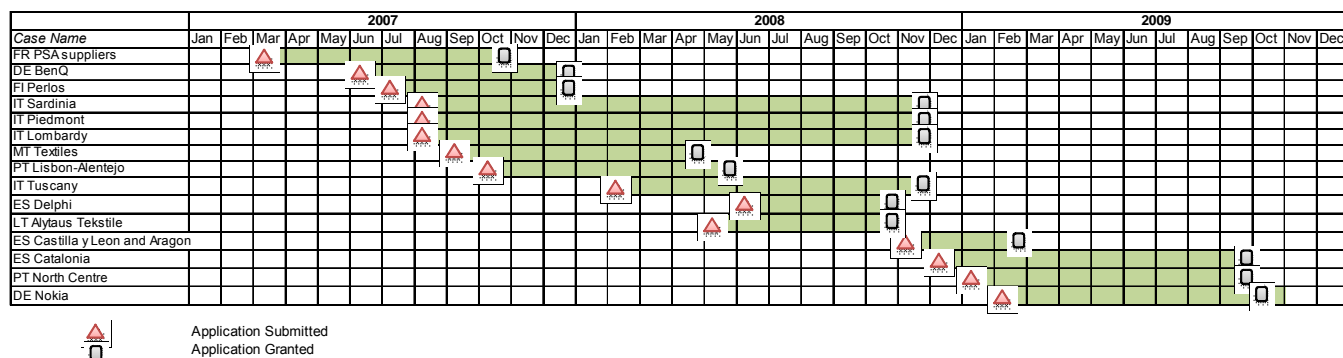
The variance in application periods is illustrated in Figure 2.1.

Once applications have been adopted by the European Commission they must go through the formal scrutiny and approval processes of both the European Parliament and The European Council. The exact length of this stage is largely dependent upon when the application is submitted in relation to the cycle of Parliament and Council sessions during which the applications can be considered.

The research carried out during the case studies compiled for this evaluation indicates that effective use of EGF requires good planning by Member States’ PES and their delivery partners. In order for this to take place they must take into account a number of issues during the application process:

- The degree to which existing national provision meets dismissed workers needs.
- The beneficiary profile, specifically what measures and modes of delivery are likely to be most effective and produce sustainable re-employment.
- How can existing provision be used to provide assistance to beneficiaries until such time as EGF assistance can be certain, and how can EGF add value to this when it becomes available.

Figure 2.1 Application submission and approval timelines for individual cases



▲ Application Submitted
□ Application Granted

Table 2.3 provides an overview of the application process, as well as an assessment of how an extended application process affected the delivery of EGF assistance. It illustrates that in all but three cases stakeholders thought that the application process took longer than it should have done. In four cases (Castilla y Leon and Aragon, Catalonia, Lombardy and Lisbon-Alentejo) partners believe that ultimately this had a negative impact on beneficiaries. In cases where partners believe that the application approval took longer than necessary, but that this did not have a negative impact on beneficiaries, the critical factor was national provision being in place to offer immediate assistance, with EGF funding arriving later in order to supplement the total resource available to assist the dismissed workers. Time taken for formulation of applications and formal approval was noted in a number of cases as a significant challenge. As it is generally considered that early intervention is vital to achieve positive and sustainable outcomes for dismissed workers, this is something which impacted directly on outcomes for beneficiaries in the cases. It was also considered detrimental to the vision of the EGF as a 'rapid response service' to provide the funding at the locality 12 months (and later) after the redundancies have occurred.

Following this, in a number of cases the biggest issue which partners encountered when delivering EGF funded provision was the short and compressed duration of the implementation of measures. As the implementation did not start (or started not using the EGF monies) until the EGF funding arrived at the locality where the implementation was taking place. Even though organisations implementing EGF received indications that the applications are likely to be approved and the funded measures could be backdated, the national financial management principles and regulations meant that the EGF-funded measures could not start until the EGF funding arrived. In some cases, this meant a period of implementation compressed from 12 months planned to 3-6 months on the ground.

During consultation with partners involved in delivering provision to dismissed workers, a small number of cases stated that additional workers dismissed after the EGF application had been approved were not permitted to access the measures funded through EGF, however this was not the case, the workers were eligible and could have benefitted from the funded measures. It would seem that this information was not provided, or was not well understood, by delivery partners in these cases. This inevitably led to confusion for some workers who could not access support that was available to their former colleagues.

Table 2.3 EGF application process, challenges and consequences for delivery

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
BenQ	The national ministry suggested to local actors that EGF funding could be used to supplement the support negotiated with former owners Siemens. Local and regional stakeholders quickly came on board. At least two round tables of key stakeholders (national ministry of labour, regional ministry of labour and the economy, social partners, Public Employment Services and the transfer company) were held to decide on a relevant package of measures to be submitted for EGF funding. All stakeholders referred to the relatively long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament). This made it necessary for the national Ministry to provide up-front funding, which was considered to be associated with some risk, as final approval had not yet been granted.	Yes	<ul style="list-style-type: none"> ▪ EGF was new: it took the responsible Federal Ministry time to draft the relevant guidance and supporting documents for organisations wishing to access such funding, some uncertainties about what types of measures and expenditure were eligible for funding. ▪ Difficult to assemble the relevant documentation to underpin the argument that this insolvency had resulted from globalisation ▪ Long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament). 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: the National Ministry provided up-front funding but the provision of some EGF-funded measures was delayed by a few months
Nokia	The Federal ministry wrote the application with the support of the transfer agency; all other local and national partners met at least once during the application phase. The process benefited from the involvement of the same transfer company which had also been involved in the BenQ (DE) case and was managing the transfer company on behalf of Nokia (Peag).	Yes	<ul style="list-style-type: none"> ▪ Long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament). 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: the National Ministry provided up-front funding but the provision of some EGF-funded measures was delayed by a few months
Castilla y Leon	The EGF application to assist in the crisis involving manufacturers of motor vehicles,	Yes	<ul style="list-style-type: none"> ▪ EGF was new: it took some time to assemble the relevant data 	<ul style="list-style-type: none"> ▪ Delay had no negative impact on beneficiaries: delayed the start date of

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
Aragon	trailers and semi-trailers, originated with the Monitoring Committee (this involved representatives of the Works Council, Regional Public Employment Service, Labour Directorate and the Ministry of Industry, Tourism and Trade) of the two Social plans implemented by the company Lear in Avila. The consultancy implementing the Social plans suggested the use of EGF. The national coordinator, the Managing Authority for the European Social Fund (UAFSE - Spanish acronym) was responsible for submitting the application, working closely with the Region. The application was complemented with additional information on 8 January 2009 in response to EC's queries.		<p>and documents for the application and to fully understand EGF – in hindsight partners would have submitted the application under Article 2c.</p> <ul style="list-style-type: none"> ▪ Late decision by the Spanish authorities to include measures for Aragon ▪ Long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament). 	the activities (in the case of Aragón) also had a negative impact on the timing of the activities that were dependent on the arrival of EGF funds (most significantly in Castilla y León)
Catalonia	The Generalitat de Catalunya, together with its employment department, the Servei d'Ocupació de Catalunya (SOC), decided to apply for EGF assistance concerning the textile sector. The application was submitted in December 2008 (under article 2b of the Regulation) and the approval received in September 2009.	Yes	<ul style="list-style-type: none"> ▪ Long waiting period to receive the final approval: in this case, the approval decision arrived ten months after the original initiation date for the project. 	▪ Delay had no negative impact on beneficiaries: resulted in serious challenges for the implementation of the project and negative impact on results, the PES was forced to continue implementation of the measures for four months after the end of EGF funding.
Delphi	The Andalusian Employment Service (SAE) prepared the application which was channelled through the Administrative Unit of the European Social Fund (UAFSE), the body responsible of managing the funds from the European Social Fund in Spain and it also coordinates its Spanish Autonomous Communities actions.	Yes	<ul style="list-style-type: none"> ▪ Long waiting period to receive the final approval 	▪ Delay had no significant impact on beneficiaries: national provision was available without EGF co-finance; however, if a similar event occurred today, the PES would not be able to start any programme or project without first receiving the EGF co-finance.
Perlos	The application process was initiated by the	No	N/A	N/A

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
	<p>Ministry of Employment and the Economy who were relatively familiar with EGF as an instrument, having been well informed about it following the Finnish EU presidency in the six months leading to the introduction of EGF. The national authorities informed the local and regional authorities of the possibility of EGF funding to co-finance re-employment measures for affected workers. The EGF application was submitted just days after the final redundancies were confirmed (17.07.2007) and the application was approved in December 2007.</p>			
PSA suppliers	<p>The initiative to submit an EGF application to assist suppliers of Peugeot Societe Anonyme (PSA) in the automobile sector, was taken at the national level, following consultations between the Minister of Labour and representatives of the automobile sector. The French EGF Managing Authority (Directorate General for Employment and Vocational Training of the Ministry of Labour) submitted the application on 9th of March 2007, and the approval was received in October 2007.</p>	No	N/A	N/A
Lombardy	<p>The application for funding to assist the textile sector both in Lombardy and Piedmont regions started when the Ministry of Labour notified the Regions of the possibility of applying for EGF funding. After this, the Region, in partnership with Italia Lavoro and the Provinces, wrote the application, with some input from the Ministry. According to the interviewees, the eligibility</p>	Yes	<p>EGF was not well publicised: key elements of the eligibility criteria (reference period, workers eligible, measures, co-financing arrangements with ESF) were not sufficiently clear to delivery partners – as a result the original application was too vague.</p> <ul style="list-style-type: none"> ▪ Insufficient communication 	<ul style="list-style-type: none"> ▪ Delay had no negative impact on beneficiaries: approval was granted at a time when most of the activities were already finishing.

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
Piedmont	criteria (reference period, workers eligible, measures, co-financing arrangements with ESF) were not sufficiently clear at the start, and due to this, the application was quite vague and general. Furthermore, according to the interviewees, the EGF Regulation did not give sufficient guidance about what types of expenditures were eligible. Both of the applications for funding (under 2b of the Regulation) were submitted in August 2007 and the approval from the Commission was received in November 2008.	Yes	<p>and coordination between the delivery partners: partners also found it difficult to respond to Commission requests for further detail due to a lack of understanding regarding EGF and a lack of capacity to respond promptly.</p> <ul style="list-style-type: none"> ▪ Insufficient communication and coordination between the delivery partners: partners were unclear about time periods of eligibility and activities eligible for EGF funding 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: Regional and National funds were already committed to support dismissed workers in the textile sector, activities were already underway when the application form was submitted. ESF funds were also available for entrepreneurship promotion amongst the dismissed workers.
Tuscany	The process for the textile sector application was similar, and the application (under article 2b of the Regulation) was submitted in February 2008 and approved in November 2008.	Yes	<ul style="list-style-type: none"> ▪ Insufficient communication and coordination between the regional, national and European Commission actors: in this case there was also a delay caused by discussions over the eligibility of some workers included in the application. 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: mainstream provision was used to implement the measures prior to EGF approval.
Sardinia	Once the textile manufacturing company had announced the redundancies, a round table involving most of the social partners, except for the owners of the companies, was scheduled in Rome. At this point, National Ministry of	No	N/A	N/A

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
	<p>Labour, regional authorities and trade unions representatives were analysing all of the possible solutions to offer support to dismissed workers. Both regional and national authorities were aware of the possibility of applying for EGF assistance. It was the Regional authority for Employment and Social Policies who drafted the application. The Regional Authority did not have a clear understanding of eligibility criteria and did not receive significant guidance from the Ministry.</p>			
<p>Alytaus Tekstile</p>	<p>EGF application was initiated in a joint effort between the Alytus territorial labour exchange (the local public employment service, PES) and the national Ministry of Labour in view of the mass redundancies faced in the city after the bankruptcy of the company in 2007 and the final dismissal of its remaining workers.</p>	<p>Yes</p>	<ul style="list-style-type: none"> ▪ Long waiting period to receive the EGF funding: in this case, EGF funding arrived twelve months after the redundancies took place, leaving five months to deliver funded activities. 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: national funding was used to implement the assistance activities before EGF funding arrived. Had the application been submitted during the economic crisis, however, this funding would not have been available.
<p>Malta Textiles</p>	<p>The Department for Industrial and Employment Relations (DIER) was a conduit for the EGF textile sector application. The application for EGF assistance (under Article 2c of the Regulation) was submitted on 12 September 2007, and the approval received in April 2008.</p>	<p>Yes</p>	<ul style="list-style-type: none"> ▪ Long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament), leaving only 5 months to deliver measures. ▪ Issue of capacity: the requirement for a relatively small team to go through a long period of application and decision making process with a level of uncertainty regarding the outcome was difficult. 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: mainstream provision was used to implement the measures (mainly profiling of beneficiaries) prior to EGF funding approval. Had the application been submitted during the economic crisis, this would not have been possible.

Case	Application process	Do stakeholders believe the application process was longer than it should have been?	Reasons for application approvals taking longer than envisaged	Consequences for beneficiaries of application approvals taking longer than envisaged
Lisbon-Alentejo	The application was an initiative of the Portuguese Ministry of Labour (MTSS) and the national central body for labour market services, the Institute for Employment and Professional Training (Instituto do Emprego e Formação Profissional (IEFP). The application (under article 2b of the Regulation) was submitted in October 2007, and approved in May 2008.	Yes	<ul style="list-style-type: none"> ▪ Issue of capacity: it took some time to understand the requirements and to assemble the relevant data and documents for the application. 	<ul style="list-style-type: none"> ▪ Delay had no negative impact on beneficiaries: the delay in granting approval meant there was a gap between the redundancies and provision being put in place, provision was then only in place for nine months.
North-Centre	Portuguese Ministry of Labour (MTSS) initiated the application with the IEFP. The application was submitted in January 2009, and approved in September 2009.	Yes	<ul style="list-style-type: none"> ▪ Issue of capacity: it took some time for local delivery partners to understand the requirements and to assemble the relevant data and documents for the application ▪ Long waiting period to receive the final approval (through the various stages of approval in the Commission, Council and Parliament), approval took eight months. 	<ul style="list-style-type: none"> ▪ Delay had no significant impact on beneficiaries: as an emergency measure national funding was used to implement the assistance activities before EGF funding arrived, this placed considerable strain on the PES budget however.

Source: Interviews with Managing Authorities, delivery organisations and other key stakeholders.

2.3.3 Conclusions and lessons regarding the application procedures

There are many cases where the perception is that provision of support to workers was delayed. As a result of the application and approval process taking longer than partners believe it should have, workers were not able to receive assistance as quickly as partners believe that they should have done. It is very difficult to determine to what extent this impacted on employment re-employment rates. However, it is clear that it did not help and may have left workers unsure as to whether support would be made available to them in the form and intensity that the EGF applications proposed.

National provision is important prior to the EGF application approval: regular PES assistance was provided to the dismissed workers while applications went through the formal process of approval. Whilst Member States applying for EGF in later years had the confidence that rejection of the case is rather improbable, the first wave of applications did not necessarily have this level of assurance and funding was provided in a number of cases where Member States were not certain if EGF would be granted to supplement and/or fund additional measures. This was found to be the case in the BenQ, Nokia, Delphi, Piedmont, Alytaus Tekstile, Malta Textiles, and both Portuguese cases. In most cases however it was stated that had the redundancies occurred during the financial crisis then this would not have been possible due to budget constraints.

In cases where the approval process took longer than expected, the delivery of measures foreseen had to be undertaken in a much shorter time-scale than originally intended. This led to a requirement for delivery partners to be quite flexible in their approach to provision, and in some cases this led to measures being delivered intensively close to the end of the EGF funding period in order to ensure that the funding was used, this also involved delivery of shorter training courses than would otherwise have been delivered.

Member States can learn the lessons from the first experience of an EGF application and better plan for the length of time taken to form an application and receive approval for it. In the case of Nokia, partners had a better understanding of which measures and expenditure was eligible for EGF funding; operating from a significantly higher knowledge base partners were able to concentrate their resources on the design and delivery of provision to dismissed workers rather than on administrative and technical issues such as understanding eligibility criteria and the application and approval process. It should also be noted that the experience of these early cases has enabled the Commission to better understand the process and provide better advice to Member States in terms of the evidence required for applications and the proposed measures in each case.

2.4 Profile of assisted workers

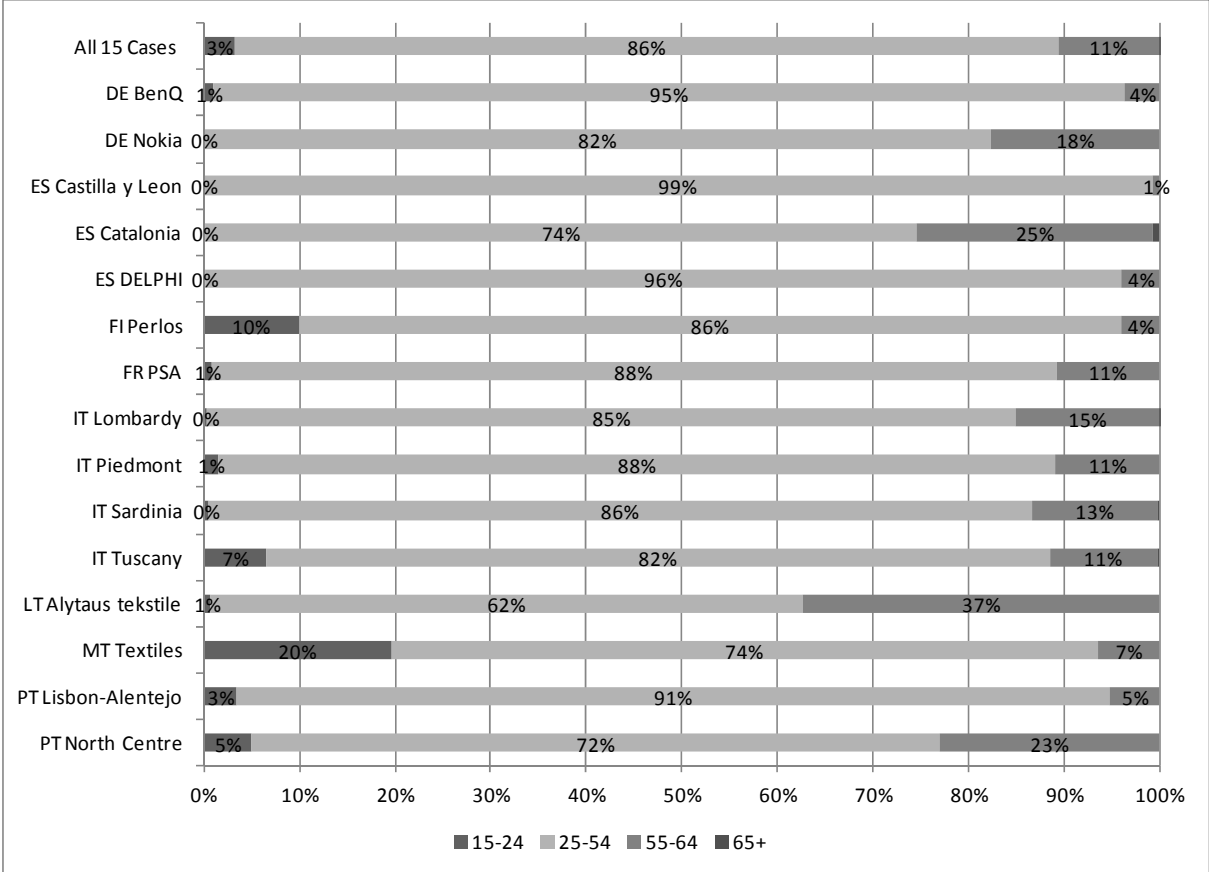
Beneficiary profile information is presented in Figure 2.2, 2.3 and Table 2.4 below.

In relation to the age profile of beneficiaries, the following findings are noted:

- In most cases the vast majority of beneficiaries were aged between 25 and 54. The share of this age group of the overall population of beneficiaries ranges from 62% in the Alytaus tekstile (LT) case, up to 99% in the Castilla y Leon and Aragon (ES) case, with an average of 84% across all 15 cases.
- Younger workers (aged between 15 and 24) make up a comparatively small number of assisted workers, accounting for an average of 3% across all cases. There were, however, some cases with a significant share of younger workers. The Textiles (MT) case provides one such example, with 20% of assisted beneficiaries aged between 15 and 24.
- There was also significant variance between the proportion of older workers (aged over 55) that were assisted by EGF. In the Alytaus tekstile (LT) case this share was as high

as 37% of the overall beneficiary population, for Castilla y Leon and Aragon (ES) it was only 1%.

Figure 2.2 Age profile of beneficiaries



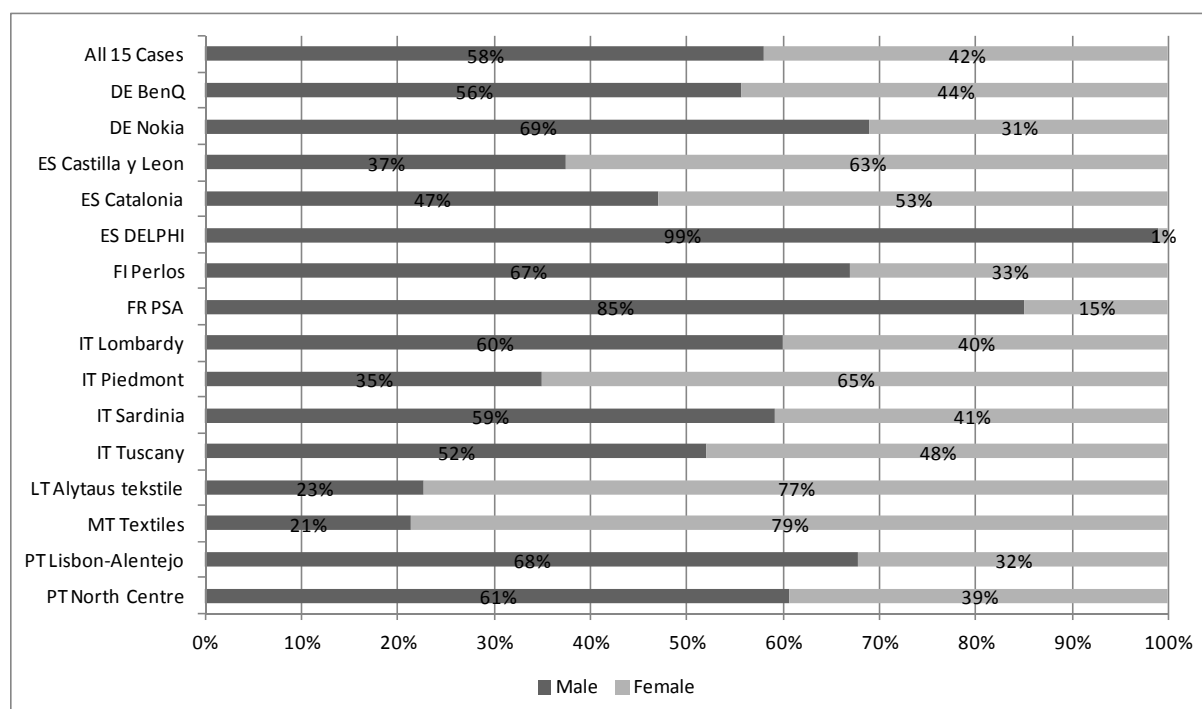
Source: EGF case final reports.

NOTE: Data relating to final beneficiaries is not available for IT Lombardy; IT Sardinia; or IT Tuscany. The analysis in Figure 2.2 uses data relating to the profile of planned beneficiaries

In terms of the gender profile of beneficiaries, the following findings are noted:

- Taken together, the 15 cases assisted slightly more men than women (58% compared to 42%).
- In ten cases, the percentage of male beneficiaries was larger than the percentage of females.
- There was, however, significant variance across cases, this ranged from a split of 99% to 1% in favour of men in the case of ES Delphi, compared to a split of 79% to 21% in favour of women in the case of MT Textiles.

Figure 2.3 Gender profile of beneficiaries



Source: EGF Annual Reports and Case Studies.

NOTE: Actual data relating to final beneficiaries is not available for IT Lombardy; IT Sardinia; or IT Tuscany. The analysis in Figure 2.3 uses data included in the EGF Final Reports submitted to the European Commission.

In terms of the educational profile of beneficiaries, the following findings can be observed:

- The majority of beneficiaries in 13 cases held either Primary or lower secondary education (ISCED 1 and 2) or Upper secondary education (ISCED 3). Of these cases there were five cases where 75% or more of beneficiaries were educated to only Primary or lower secondary education (ISCED 1 and 2)
- There were only two cases where the majority of beneficiaries held Post-secondary non tertiary education (ISCED 4) or Tertiary education (ISCED 5 and 6). These cases were ES Delphi and LT Alytaus Tekstile.

Table 2.4 Educational attainment and gender profile for beneficiaries (**actual beneficiaries**)

		Primary or lower secondary education (ISCED 1 and 2)	Upper secondary education (ISCED 3)	Post-secondary non tertiary education (ISCED 4)	Tertiary education (ISCED 5 and 6)	TOTAL
	Total	168	470	200	391	1229
DE BenQ ⁸	%	14%	38%	16%	32%	100%
DE Nokia ⁹	Total	351	717	58	178	1304

⁸ Data for 7 beneficiaries is not known.

⁹ Data for 1 beneficiary is not known.

	%	27%	55%	4%	14%	100%
	Total	268	150	0	116	534
ES Castilla y Leon and Aragon	%	50%	28%	0%	22%	100%
	Total	481	35	64	7	587
ES Catalonia	%	82%	6%	11%	1%	100%
	Total	15	586	832	156	1589
ES Delphi	%	1%	37%	52%	10%	100%
	Total	77	628	0	209	914
FI Perlos ¹⁰	%	8%	69%	0%	23%	100%
	Total	0	230	27	7	264
FR PSA suppliers ¹¹	%	0%	87%	10%	3%	100%
	Total	899	279	36	0	1214
IT Lombardy ¹²	%	74%	23%	3%	0%	100%
	Total	1205	93	0	0	1298
IT Piedmont	%	93%	7%	0%	0%	100%
	Total	1036		522	0	1558
IT Tuscany ¹³	%	66%		34%	0%	100%
	Total	709	328	3	4	1044
IT Sardinia ¹⁴	%	68%	31%	0%	0%	100%
	Total	32	186	192	209	619
LT Alytaus Tekstile	%	5%	30%	31%	34%	100%
	Total	605	0	32	9	646
MT Textiles ¹⁵	%	94%	0%	5%	1%	100%
	Total	502	47	0	9	558
PT Lisbon-Alentejo	%	90%	8%	0%	2%	100%
PT North Centre	Total	701	14	0	5	720

¹⁰ Data for 7 beneficiaries is not known.

¹¹ Data for 3 beneficiaries is not known.

¹² Data is based on the number of reported beneficiaries in the absence of data on final beneficiaries.

¹³ Data is based on the number of reported beneficiaries in the absence of data on final beneficiaries.

¹⁴ Data is based on the number of reported beneficiaries in the absence of data on final beneficiaries.

¹⁵ Data for 26 beneficiaries is not known.

%	97%	2%	0%	1%	100%
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Source: EGF Case Studies and final reports.

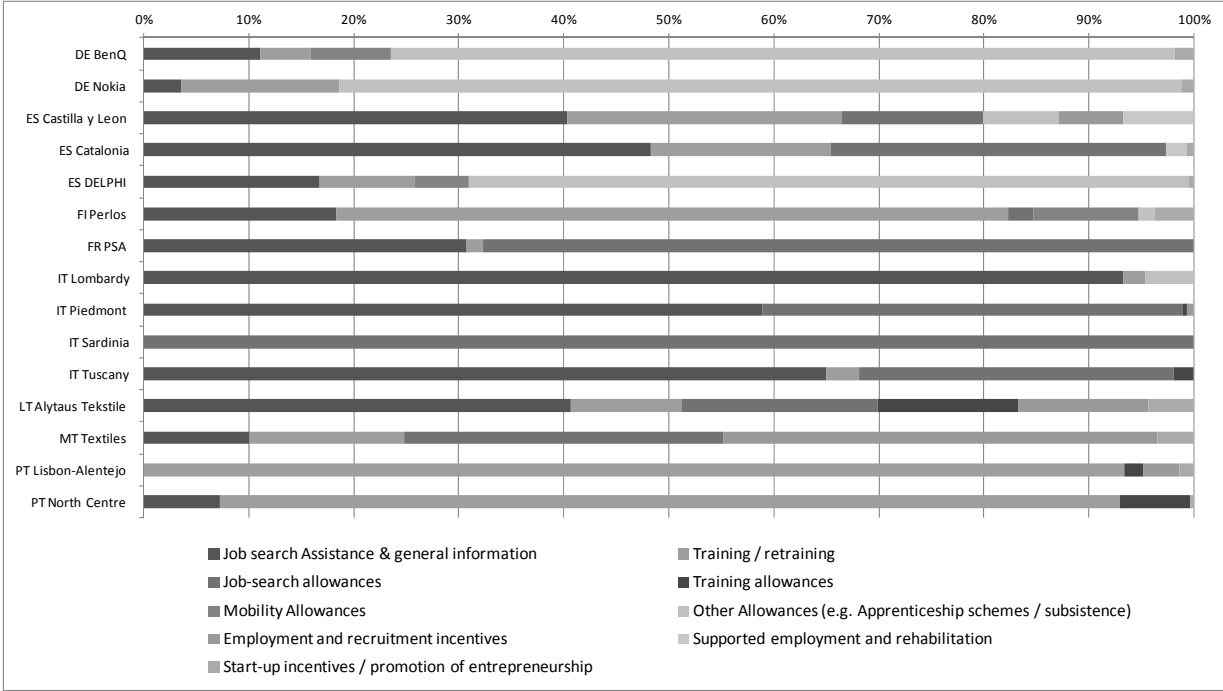
2.5 Overview of measures applied

A range of support measures was provided to dismissed workers, ranging from financial support to cover loss of income, skills validation and retraining both in generic and more specific professional skills, counselling, entrepreneurship support as well as financial assistance to cover the costs of travel and childcare.

Figure 2.4 and the Table below present an overview of the types of measure applied in each case. This analysis uses the definitions applied in the European Commission EGF Annual Reports as a basis for categorising measures. This illustrates the wide range of measures funded by EGF and the varied uses which partners have made of the funding. The range and specific details of measures applied in each case is determined by the requirements of dismissed workers and the mainstream provision available locally.

Annex 4 describes in detail the types of measures applied across the 15 cases.

Figure 2.4 An overview of measures applied in each case (proportion of the overall number of outputs)



Source: Analysis of Case Study Data.

Table 2.5 An overview of measures applied in each case – actual number of outputs*

	DE BenQ	DE Nokia	ES Castilla y Leon and Aragon	ES Catalo nia	ES DELPH I	FI Perlos	FR PSA supplie rs	IT Lomba rdy	IT Piedmo nt	IT Sardini a	IT Tuscan y	LT Alytaus Tekstil e	MT Textile s	PT Lisbon- - Alentej o	PT North- Centre
Job search Assistance & general information	597	117	1,580	738	4,767	175	188	179	875	0	2,085	619	60	0	77
Training / retraining	256	488	1,024	263	2,587	611	10	4	0	0	100	161	87	521	916
Job-search allowances	0	0	529	489	0	23	414	0	594	1044	964	285	181	0	0
Training allowances	0	0	0	0	0	0	0	0	6	0	61	203	0	10	71
Mobility Allowances	408	0	0	0	1,450	96	0	0	0	0	0	0	0	0	0
Other Allowances (e.g. Apprenticeship schemes / subsistence)	4,004	2,609	282	0	19,502	15	0	9	0	0	0	0	0	0	0
Employment and recruitment incentives	0	0	239	0	0	0	0	0	10	0	0	189	245	19	0
Supported employment and rehabilitation	0	0	265	30	0	0	0	0	0	0	0	0	0	0	0
Start-up incentives / promotion of entrepreneurship	99	39	0	10	141	35	0	0	0	0	0	66	21	8	4

Source: Analysis of final case reports.

*Outputs were counted and analysed during the evaluation, based on the number of beneficiaries participating in the measures. In some cases, beneficiaries participated several times in the same type of measures, resulting in a higher number of outputs than the overall number of beneficiaries assisted in the EGF case (see the category 'Other allowances' in BenQ, Nokia and Delphi cases).

2.6 Description of partnerships and delivery mechanisms

In most cases, no new partnership structures or delivery mechanisms were piloted; instead, structures similar to those used to manage other restructuring interventions were used. Many of the cases pointed to extra numbers of staff involved, and the more intensive work made possible with EGF funding. In most cases, the partnerships and interventions to support dismissed workers had at least an implicit link to **national or regional strategies for employment or economic development**.

As would be expected, the structures put in place to manage the interventions differ according to the national framework for delivering support to large-scale redundancies and restructuring. Partners assumed either advisory, coordination or implementation roles. Usually, the National Ministry of Labour had an advisory role, acting as a contact point with the European Commission. Regional Ministries of Labour and Regional Authorities coordinated the measures, in coordination with municipalities; while regional and local public employment services (PES) managed the implementation with training providers provided the training. In France, however, this management role was assumed by *TransitioCTP*, a branch of the national association for vocational training of adults (*Association nationale pour la formation professionnelle des adultes (AFPA)*), the main provider of continuous training to both employees and unemployed in France. In Germany transfer companies managed and delivered the measures, whilst in Spain and Portugal, private sector agencies were hired to either provide extra staff or put in place ad-hoc structures to implement the EGF interventions.

In many of the cases in Spain, an agreement or a protocol was signed between all of the partners involved in the measures that stipulated responsibilities, obligations, activities and procedures. This was described to enable a quick negotiation to avoid delays in the delivery of the programme.

A full description of delivery partnerships is provided in Annex 4.

3 An assessment of effectiveness: 15 cases and the EGF instrument

3.1 Introduction

This section provides an analysis of the key evaluation questions (see section 2) relating to the issue of **effectiveness** of EGF cases and EGF as an instrument. In order to understand the effectiveness of each case and of the EGF Instrument as a whole a number of qualitative and quantitative data sources have been consulted during this study. The findings from this analysis are presented below, conclusions informed by this analysis are presented in chapter 6 of this report.

3.2 Effectiveness of individual EGF cases

3.2.1 Aims formulated in the EGF cases and their achievement

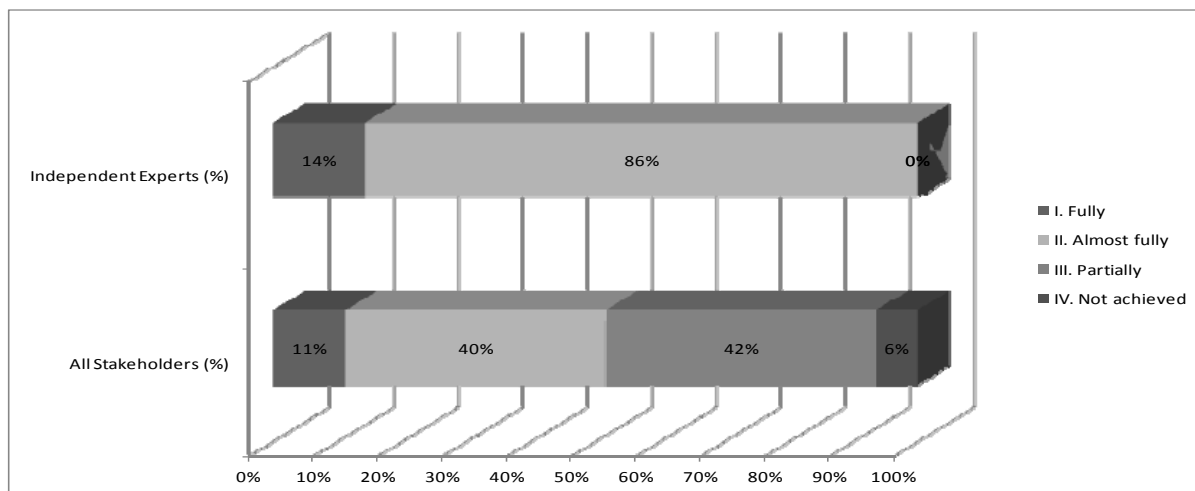
The main aim of all 15 EGF cases reviewed was to provide rapid assistance to workers dismissed to enable their re-employment. In all cases, the redundancies constituted a significant crisis in the locality affected, increasing the level of unemployment and resulting in social tensions. None of the cases reviewed had set targets as to achieving the aim of reintegrating dismissed workers into the labour market. Inter-related to this overarching objective, supporting objectives were:

- Upskill the beneficiaries, update their competences and professional skills, thus improving their employability in the labour market,
- Address personal development issues as required for example, in increasing personal confidence, motivation for job search and re-qualification if necessary,
- Provide a range of services to the affected workers and a level of personalised approach and service to the beneficiaries to support the rapid re-employment.

During stakeholder interviews, the objectives of the EGF applications were discussed and whether these were achieved. In total, 61 responses were received. As Figure 3.1 below demonstrates, the most frequently selected answer was that the objectives were 'almost fully' met (a total of 40 % of interviewees). 42 % answered that they were 'partially' achieved. As can be seen below, only 6 % answered that the objectives have not been achieved. Noteworthy is the overwhelmingly positive opinion of independent experts, which all considered that the objectives of the EGF case application were fully or almost fully achieved.

In general, the national EGF contact persons and local EGF case coordinators had less positive views of whether the objectives in the EGF applications were achieved than the local EGF partners and the independent experts. The majority of national EGF contact persons and local coordinators were of the opinion that the objectives had 'partially' been achieved, while the majority of independent experts saw that the objectives had been 'almost fully' achieved and just under half of the local partners were also of this opinion.

Figure 3.1 Stakeholder views on achievement of the objectives in the EGF application (%)

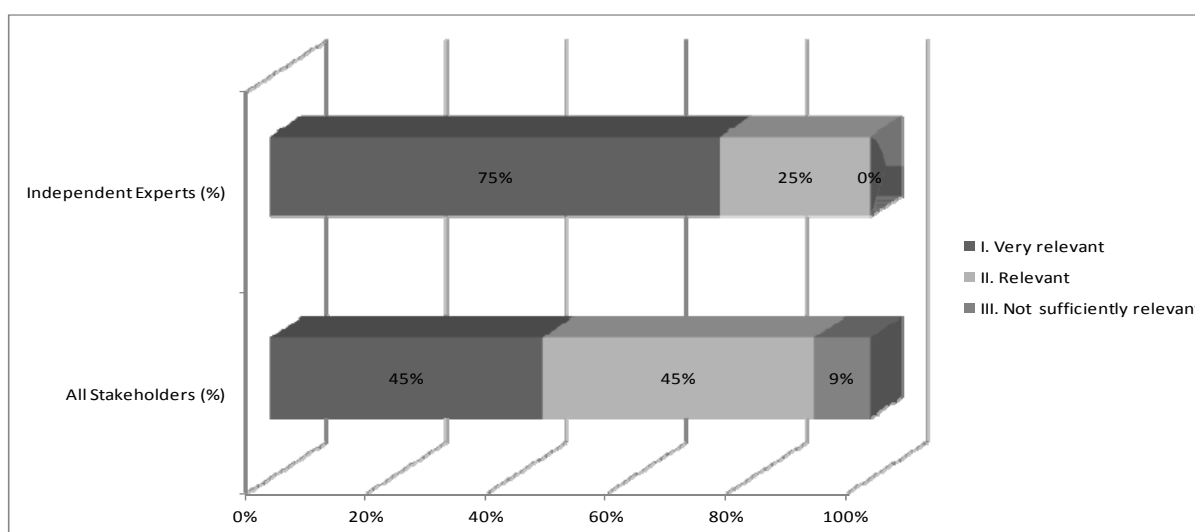


Source: Stakeholder interviews (61 responses).

A question was also explored in the stakeholder interviews relating to the relevance of the EGF funded measures for the workers who lost their jobs. In total, 63 interviewees answered this question. Almost half (45 %) of those who responded to this question stated that the measures were relevant, as can be seen below. Only 10 % were of the view that the measures were not sufficiently relevant..

With regards to the views of the different types of stakeholders, the national EGF centres and independent experts were more positive about the relevance of the EGF measures than the other stakeholders. The majority of these two groups of stakeholders were of the opinion that the measures were very relevant. In particular, all independent experts considered that the measures were relevant and very relevant to the needs of the workers. Meanwhile, the majority of local EGF partners and just under half of the coordinators saw that the measures were relevant.

Figure 3.2 Stakeholder opinion on the relevance of EGF funded measures, (%), independent experts and all stakeholders



Source: Stakeholder interviews (63 responses).

3.2.2 Employment outcomes

The (unweighted) average re-employment rate among affected workers, immediately after the end of the EGF period, is 41.8% across the 15 EGF cases evaluated. The re-employment rates exceed the 50% target in 6 out of 15 first EGF co-financed cases, while they fall short of the target in 9 out of 15 funded cases. The results were strongly influenced by the global financial and economic crisis.

The cases show that EGF co-financing is used to support the re-employment of those who need most assistance in re-entering the labour market and this has a direct impact on the re-employment rate achieved with EGF co-financing. To illustrate this, in several cases the re-employment rate of the dismissed workers (as a whole) is significantly higher than that of the EGF beneficiary group alone because some affected workers were able to find new employment without using/applying EGF co-financed support. For example, the re-employment rate of Nokia (DE) workers in the German case doubles from 30% to 60% when all dismissed workers are taken in account (rather than EGF beneficiaries alone). Thus, EGF plays a particularly important role in supporting some of the hardest-to-help group of workers and it is essential to take this into consideration when thinking about employment outcomes and potential deadweight effects.

The effectiveness of labour market outcomes in many cases (especially cases from Italy and Spain) are hampered by exceptionally high levels of temporary/fixed term/project based employment found by EGF beneficiaries where as few as 1-5 out of every 10 new employment contracts accessed by EGF beneficiaries are permanent contracts. This reflects the importance of fixed-term contracts in the overall employment structure in two countries: in Italy 12.5% of total employees were on fixed-term contracts, this proportion was as high as 25.4% in Spain (EU-27 average was 13.5%, 2009 Eurostat data).

New jobs found by many (but by no means all) EGF beneficiaries have paid less than their previous job: many transnational employers included in this evaluation sample displayed wage rates above the average payable for the respective skill level in the locality/region/country, which has made re-employment more difficult in some cases. Others reasons for salary reductions include exceptionally long employment relationships in the companies in question, shift work and nature of new employment (increase in temporary employment).

3.2.2.1 Overall figures

Figure 3.3 below shows the immediate re-employment outcomes after the conclusion of EGF co-financed measures in the 15 cases evaluated. The (unweighted) average re-employment rate for these 15 cases stands at 41.8%¹⁶. This means that the re-employment rates fall short of the 50% target in 9 out of the 15 first EGF co-financed cases, whilst the targeted re-employment rate was achieved in the following six cases:

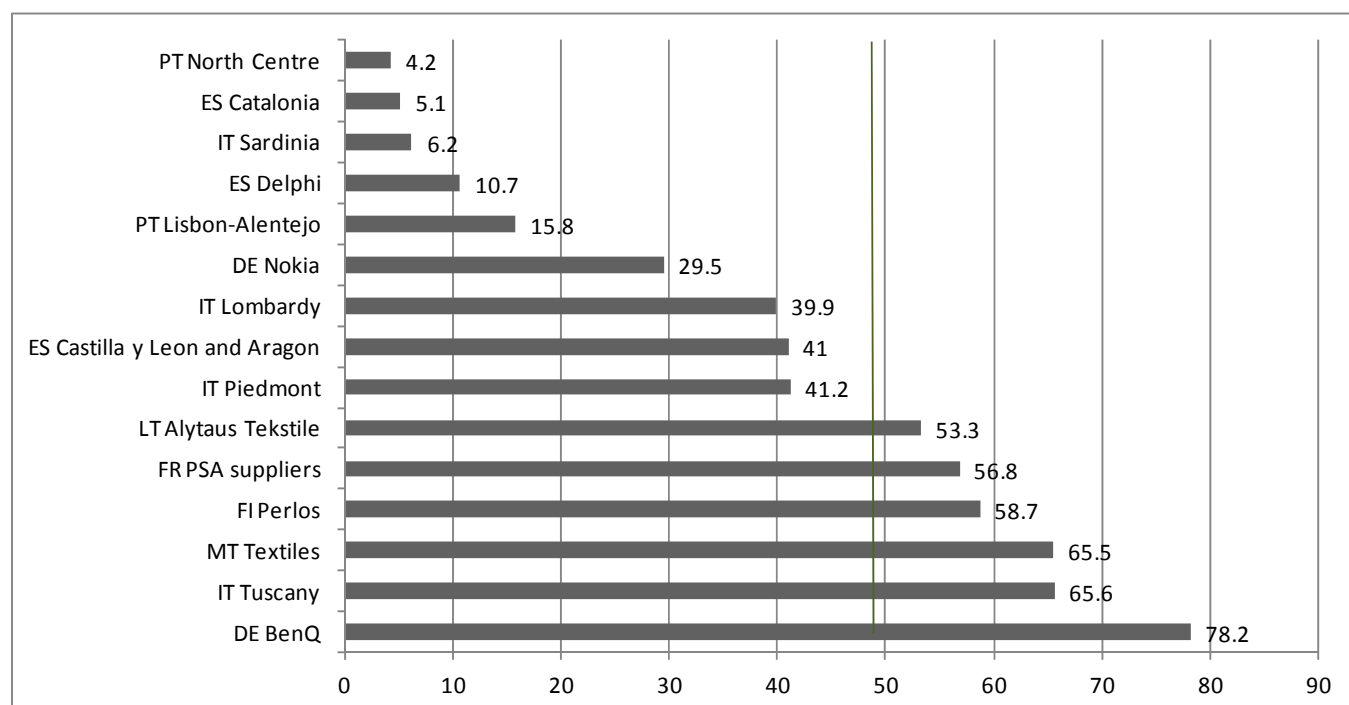
1. BenQ (DE)
2. Tuscany (IT)
3. Textiles (MT)
4. Perlos (FI)
5. PSA suppliers (FR)
6. Alytaus tekstile (LT).

The figure also demonstrates the wide range of re-employment outcomes achieved: the immediate re-employment rates vary from the high of from 78.2% in the case of BenQ (DE)

¹⁶ The re-employment rate refers to workers who were classified either as employees or self-employed after the conclusion of EGF funded measures. Please see Table 4.3 for exceptions to this definition (e.g. France).

in Germany to significantly lower rates of 4-6% in the North-Centre (PT), Catalonia (ES) and Sardinia (IT).

Figure 3.3 Re-employment rates after the conclusion of EGF co-financed measures (%)



Source: Case study and final EGF case reports (see next table for further information).

As explained above, these re-employment rates include individuals registered as both employees and self-employed. Section 3.2.3 shows that the share of self-employed beneficiaries from all employed EGF beneficiaries stood at around 5.8% 12-18 months after being made redundant. This indicates that around 94% of affected workers who were successfully reintegrated back into employment are registered as employees and the rest have set up their own business.

Table 3.1 Labour market outcomes of EGF beneficiaries, after the conclusion of EGF co-financed measures (includes both employees and the self-employed)

MS	Case	Year	EGF beneficiaries *	Employed**	Unemployed	Inactive (E&T, retired, ALMPs, maternity, sick leave)	Unkn own	Notes
DE	BenQ / Telecoms	2008	2 528	78.2%	18.3%	3.5%	0%	Refers to workers who entered the transfer company; period up to the end of transfer measures on 31.12.2007
			1 227	55%	38%	7%	-	EGF funded period only (1 October 2007 – 31 May 2008)
DE	Nokia / Telecoms	2010	1 305	29.5%	56.5%	14.0%	0%	Analysis of workers who entered the transfer company in July 2008, EGF started in April 2009 and ended February 2010

MS	Case	Year	EGF beneficiaries *	Employed**	Unemployed	Inactive (E&T, retired, ALMPs, maternity, sick leave)	Unknown	Notes
								66% of inactive workers were in training
ES	Castilla y Leon, Aragon / automotive	2009	322	43.5%	56.5%	0%	n/a	Castilla y Leon
			192	36.9%	63.1%	0%		Aragon
			514****	41.0%	59.0%	0%		Total
ES	Catalonia / textile	2009	587	5.1%	94.9%		n.a.	At least 190 people (32.4%) obtained a contract six months after the EGF intervention (January 2009-July 2010)
ES	Delphi / Automotive	2009	1 589	10.7%	72.4%	16.9%	n.a.	By February 2009 approximately 1 150 affected workers were still unemployed.
FI	Perlos / Telecoms	2008	913	58.7%	18.6%	22.7%	0%	Around 80-90% of individuals registered as inactive are full-time students (the rest on maternity or longer term sick leave)
FR	PSA suppliers / Automotive	2008	264	56.8%** *	40.2%	3.0%	0%	The re-employment rate reaches 58.6% when only individuals are included who were supported for a significant period.
IT	Lombardy / textile	2008	173	39.9%	60.1%		n/a	Based on a small sample of dismissed workers: only those who benefited from EGF co-financed measures. Consequently, the figures differ from the EGF case final report. The final report states that of the all 1 215 workers who were supported by regional / local authorities, 45.8% were in work again at the end of the implementation period. The employment status of the other non-employed workers (54.2%) was not reported. For the purpose of these statistics, all the workers not in employment are classified as 'unemployed'.
IT	Piedmont / textile	2009	1 424	41.2%	58.8%			According to information from the EGF annual report (immediate labour market outcomes), of the 1 298 workers who benefited from the measures co-funded by the EGF, 48.9% were in work

MS	Case	Year	EGF beneficiaries *	Employed**	Unemployed	Inactive (E&T, retired, ALMPs, maternity, sick leave)	Unknown	Notes
								again at the end of the implementation period. The employment status of the other 51.1 % was not reported.
IT	Tuscan / textiles	2009	1 352	65.6%	26%		8.4%	Provisional figures - TBC
IT	Sardinia / Textile	2008	1 044	6.2%	93.8%	n.a.	n.a.	The majority were receiving wage subsidies from CIGS
LT	Alytaus Tekstile / textiles	2009	619	53.3%	11.6%	0%	35.1%	-
MT	Textiles	2008	672	65.5%	11.9%	22.6%	0%	The majority of beneficiaries registered as inactive are participating in E&T
PT	Automotive (Lisbon - Alejant o)	2008	558	15.8% (or up to 19.0% – see notes)	74.7%	6.2%	3.2%	6 months after EGF intervention Unknowns are those no longer registered as unemployed due to non-compliance. Most are in fact jobseekers that found employment but did not inform the PES. Thus the employment rate is likely to be higher than the one quoted (up to 19.0%).
PT	Textiles (North Centre)	2010	720	4.2% (or up to 5.0% – see notes)	89.7%	5.3%	0.8%	

Source: Case study reports and EGF final case reports.

Note:

The figures presented above should be read with caution given that there are some discrepancies in the definitions used by the local co-ordinators for the target groups and labour market outcomes. As an example, some figures for the 'employed' include all workers who have found work while others include only those who have found permanent employment. Furthermore, not all cases have differentiated between the unemployed and inactive.

* Refers to EGF beneficiaries only, in other words those workers who registered for support with the responsible authority/agency (e.g. PES or a transfer company). Dismissed workers who found a new job or for other reasons did not benefit from EGF funded measures are not included (apart from the two German cases for which two sets of figures are provided: re-employment rate of all affected workers and re-employment rate of EGF beneficiaries). Please note that in some cases re-employment data was not available for every single beneficiary and in some cases the beneficiary group was smaller than at first anticipated due to ineligibility (e.g. being supported before the start of the EGF programme period).

** Employed in this table includes both employees and the self-employed.

*** Employed in the FR case refer to the number/share of beneficiaries in 'sustainable employment', with 'sustainable employed' defined as employed individuals with an indefinite employment contract, employed individuals with a fixed-term/temporary contract of at least 6 months and self-employed individuals who have created/taken over a business.

****The figures differ slightly from those presented in the final report of the case. Based on the latest information provided by the co-ordinators.

3.2.2.2 Benchmarking the labour market outcomes achieved

The different labour market outcomes achieved in the 15 cases can be compared to re-employment rates achieved in other large-scale redundancies. Fuller results of this benchmarking exercise are presented in Annex 5. The table below summarises the rates in other cases where the quantitative outcome information was found. It shows that re-employment rates in four EGF cases, where comparable national level information exists, compare well with the re-employment rates achieved in other large-scale restructuring cases in those countries.

Looking across the 15 cases evaluated, the average re-employment rate of 41.8% is below the other benchmarks where information was collected. Comparing the success of EGF cases with the success of wider PES measures to assist all job-seekers, it is also lower than re-employment rates achieved in the context of such wider PES measures.¹⁷ However, it must be borne in mind that this overall integration rate of PES measures is affected by the fact that local labour market situations are not generally as dramatically affected by large scale redundancies as in the case of EGF supported beneficiaries. The sheer volume of individuals looking for work at the same time, often with outdated skills and in structurally weak regions, has an impact on placement outcomes.

Table 3.2 Re-employment rates achieved in other mass redundancy situations

Country	Nature of event/intervention	of Re-employment rate achieved	EGF case re-employment rates
Finland	8 restructuring cases	35-82%	59% (Perlos)
France	CTP beneficiaries in Charleville Mézières All CTP beneficiaries in France	56.2% 56.2%	55.2% (PSA suppliers)
Germany	Transfer company cases	60%	78.2% BenQ 41% Nokia
UK	UK Rapid Response Service, 2003	Employed: 61% (after 4 weeks)	n/a (UK did not submit any EGF applications)
USA	Trade Assistance Program	Adjustment (TAA) 59% (October 2009- October 2010)	n/a

Source: Annex 5.

As stated above, in total 6 of the first 15 EGF co-financed cases exceeded the 50% target for re-employment of beneficiaries. Stakeholders in these cases were satisfied with the results, though their efforts were also hindered by the effects of the economic crisis. For example, achieving a 65% re-employment rate in the Textiles (MT) is one which local providers are highly satisfied with, given that the majority of the assisted workers were machine operators, with low levels of academic qualification. In addition, many of the dismissed workers have remained engaged in mainstream ETC services and/or the new ESF Operational Programme and may, therefore, achieve employment in the future.

¹⁷ In the UK, 52% of key out-of-work benefit claimants entered employment in 2008 (see Department of Work and Pensions Annual Report 2009; the latest Annual Report 2010/11 does not contain comparable data). In Germany, in 2009 55% became employed after training financed by the PES; 65% after special training for hard to place groups and 75% after subsidy for employment (see statistics from the Bundesagentur für Arbeit http://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Themen/Arbeitsmarktpolitische-Massnahmen/Eingliederungs-und-Verbleibsquote/Eingliederungs-und-Verbleibsquote-Nav.html?year_month=201106)

The table below shows the various groupings of re-employment rate achieved across the 15 cases.

Table 3.3 Re-employment rate, at the end of the EGF funding period

Low (<25%)	Medium (25-50%)	High (>50%)
North Centre, PT (4.2-5.0%)	Nokia, DE (29.5%)	Alytaus Tekstile, LT (53.3%)
Catalonia textiles, ES (5.2%)	Lombardy, IT (39.9%)	PSA suppliers, FR (56.8%)
Sardinia, IT (6.2%)	Castilla y Leon, Aragon, ES (41.0%)	Perlos (FI) (58.7%)
Delphi, ES (10.7%)	Piedmont (IT) (42.6%)	MT textiles, MT (65.5%)
Lisbon-Alentejo, PT (15.8-19.0%)		Tuscany, IT (65.6%)
		BenQ (DE) (78.2%)

The stakeholders from the cases that achieved 'medium' level employment outcomes (30-50%) were typically satisfied with the outcomes they achieved. For example, the coordinators and key partners from Lombardy were relatively satisfied with the 40% redeployment rate, given the profile of the workers (a quarter over 55 years of age, 60% women and low skilled) and believe the employment outcomes compare favourably to other restructuring cases in Italy. However, there is no information available to verify this. The same applies to the other Northern Italian textile sector case (Piedmont), where the local coordinators were particularly successful at finding new jobs for workers over 40 years of age (in comparison to regional averages) through re-training (and thereby moving from the textile sector to other, more competitive, sectors of production). The results were however hampered by high levels of temporary/fixed/project based employment.

It could be said that the immediate labour market outcomes are not satisfactory in a third of the cases (North-Centre (PT), Lisbon-Alentejo (PT), Sardinia (IT), Delphi (ES) and Catalonia (ES)). Even if the rate of re-employment needs to be seen in the context of the weak employment markets as a result of the financial and economic crisis, the redeployment rates achieved in these cases are low. The reasons behind such low re-employment rates are further explained in section 3.3.

3.2.2.3 Average length of time to find new employment

Information on the average length of time to find new employment varied strongly from case to case, and even more so from worker to worker. One common feature however was the importance of early intervention. The longer the workers spent out of the labour market, the more challenging it was for them to be re-employed. In many cases, beneficiaries who were successful in finding jobs with relatively little support did so in the first few months after being made redundant. This also meant that those who were unemployed for more than six months often found it more difficult to find new employment.

In most cases however the average time it took for the affected workers to find new employment was around seven to eight months (e.g. PSA suppliers (FR), Alytaus Tekstilė (LT), Catalonia (ES), and Castilla y Leon and Aragon (ES)).

Table 3.4 Average length in finding new employment

Case	Average length	Further information
PSA suppliers, FR	8 months	-
Lombardy, IT	1-3 months	-
Alytaus Tekstilė, LT	8.5 months (255 calendar days)	Across the whole country for all unemployed the average unemployment duration was around 5 months (2007-2009 average), thus indicating a longer duration of job search

			faced by dismissed <i>Alytaus Tekstilė</i> workers. 2 (1%) of workers who found new employment found it in the first 10 days, 10 (7%) workers found within 10-50 days, 8 (6%) within 50-100 days and 125 (86%) after 100 days.
Lisbon-Alentejo, PT	N/A		88 (47%) workers found a new job within 6 months, further 101 (53%) found work during the following 3 years
North-Centre, PT	N/A		30 (46%) workers found a new job within 3.5 months, further 35 (54%) found work during the following 13 months
Catalonia, ES	7-8 months		-
Castilla y Leon and Aragon, ES	Avila: 220 days (7 months) Salamanca: 173 days (5.5 months)		The difference can be explained by the number of assisted workers (292 in Avila as opposed to 50 in Salamanca) but also illustrates the difficulties in the local job market in Avila.

Source: Case study reports. Note that this information was not available in all cases.

3.2.2.4 The nature of 'new employment' found by dismissed workers

In many cases there were no data available regarding the types and quality of the jobs obtained by EGF co-financed beneficiaries (e.g. BenQ (DE), Nokia (DE), North-Centre (PT)). Information on the nature of new employment is typically obtained through dedicated surveys because the PES do not tend to record information on the type of new employment, salary, skill level, position, etc. Some collect information on the industry or the sector but even this is not available for all the cases.

The available qualitative evidence on the nature of new employment is therefore limited but evidence for example from France, Spain and Italy suggests that even if the EGF co-financed measures put in place have proved effective in getting dismissed workers back into employment, the quality of the new jobs have been somewhat lower, at least in terms of salary and nature of employment in terms of the type of employment contract.

Comparable information on the impact of redundancies on the positions and occupations of EGF beneficiaries who were successful in finding new employment is limited and to a great degree based on anecdotal evidence. In generic terms, those who held senior positions and/or positions with substantial transferable skills (e.g. had international work experience, specialist manufacturing / technology experience and/or skills) found it easiest to get a new job and many did so without any EGF co-financed support. For example, in Lombardy (IT), stakeholders were of the opinion that EGF beneficiaries who found new employment had more 'generic' and transferable skills, and were more adaptable to being employed for instance in the service sector. Workers who were specialised or had a higher level of education, such as engineers, also found jobs much more easily.

3.2.2.5 Salary developments¹⁸

The impact of redundancies on salaries of many EGF beneficiaries has been a negative one. For example, in PSA suppliers (FR) case as many as 86% of the workers who have found new employment have had to accept a pay cut. In Perlos (FI), 38% of workers had to accept a new job that paid less than their previous job¹⁹. Anecdotal evidence from the

¹⁸ Information on the impact of redundancies on salaries is available for five cases. In two cases the information is based on surveys/studies (PSA in France and Perlos in Finland) while in the remaining three cases the information is based on anecdotal evidence alone. It is also important to bear in mind that the data on the new salary levels tends to capture assisted workers only and often exclude those who left the company before the redundancies were finalised (if such a situation applies).

¹⁹ Jolkonen, Arja and Kurvinen, Arja (2009) *Joustavuus ja turvallisuus irtisanomistilanteessa*. *Tapaustutkimus Perlos Oyj:n tuotannon lopettamisesta Joensuun seudulla*. Työ- ja elinkeinoministeriö.

Lithuanian case suggests that many of those who found new employment are paid at the similar level as their previous job in Alytaus Tekstilė (LT), requiring a different but not higher skill level.

One of the major reasons for this tendency in salaries is that in at least 7 out of 15 cases (textile sector in MT, PSA suppliers (FR), BenQ (DE), Nokia (DE), Perlos (FI), Castilla y Leon and Aragon (ES), Lisbon-Alentejo (PT), the level of pay in the companies affected by the redundancies was comparatively high in terms of the industry or average. This was particularly true in companies from automotive and telecoms sectors but also in the case of the Maltese textile case. In fact, many large, transnational employers included in this evaluation display wage rates above the average payable for the respective skill level in the locality/region/country, which can make re-employment more difficult. Consequently, the wage compensation schemes designed to compensate for those workers who accepted lower paid jobs was important in many cases.

Another reason for the relatively high wages was exceptionally long employment relationships in the companies in question. Another contributing factor was the shift work: many blue-collar workers used to work shifts, having a positive impact on their salary. Thus anecdotal evidence from some cases indicates that while some workers have seen a reduction in their salary in their new job, working hours are more sociable.

The salary reductions can also be explained by the nature of new employment. Many workers have had to accept fixed term / temporary (unspecified) employment with negative consequences on pay. In Perlos (FI), 60% of employees on fixed-term contracts had to accept a reduction in their salary (compared to the average of 38%).

Finally, the salary reductions can also be explained by the profile of workers affected by the redundancies. Many dismissed employees in the evaluated cases are blue collar workers and there is some evidence to indicate that blue collar workers were hit harder by the salary reductions than their white collar colleagues. Half of the white-collar workers from Perlos who found a new job soon after the closure of the factory enjoyed a higher salary in their new job. At the same time, nearly 50% of blue-collar workers ended up in jobs that paid less than the job they had at Perlos (FI). Only 25% of white-collar workers were paid less in their new job while only 10% of blue-collar workers reported an increase²⁰.

In Germany (Nokia (DE)) evidence presented by the transfer company and the trade unions suggests that many have had to accept jobs at around 30% less of their previous salary. In the PSA suppliers (FR) case, about 65% have accepted a reduction of more than 20% and slightly more than 20% have reported a loss of salary of up to 20%²¹.

Salary increases achieved were often explained by the fact that the workers who held senior positions and/or positions with substantial transferable skills that were in high demand from other, typically smaller employers, in the region. Therefore, some workers were able to negotiate a good salary. For example, in the Perlos (FI) case, 30% of the workers saw an increase in their salary, while in France 4% of dismissed workers got a pay rise of more than 20%. Evidence also suggests that those who have left their company voluntarily before the confirmation of redundancies are more likely to be able to increase their salary than those who have accepted the redundancy. In the Perlos (FI) case again, over half of employees who left voluntarily were able to negotiate a better pay.

²⁰ Weber, Tina and Nevala, Anne-Mari (2009) Added value of the European Globalisation Adjustment Fund: A comparison of experiences in Germany and Finland. EMCC case studies. European Foundation for the Improvement of Living and Working conditions.

²¹ TransitiCTP/DIRECCTE Champagne-Ardenne, data as of 31/12/07 for ex-ATG workers in the CTP.

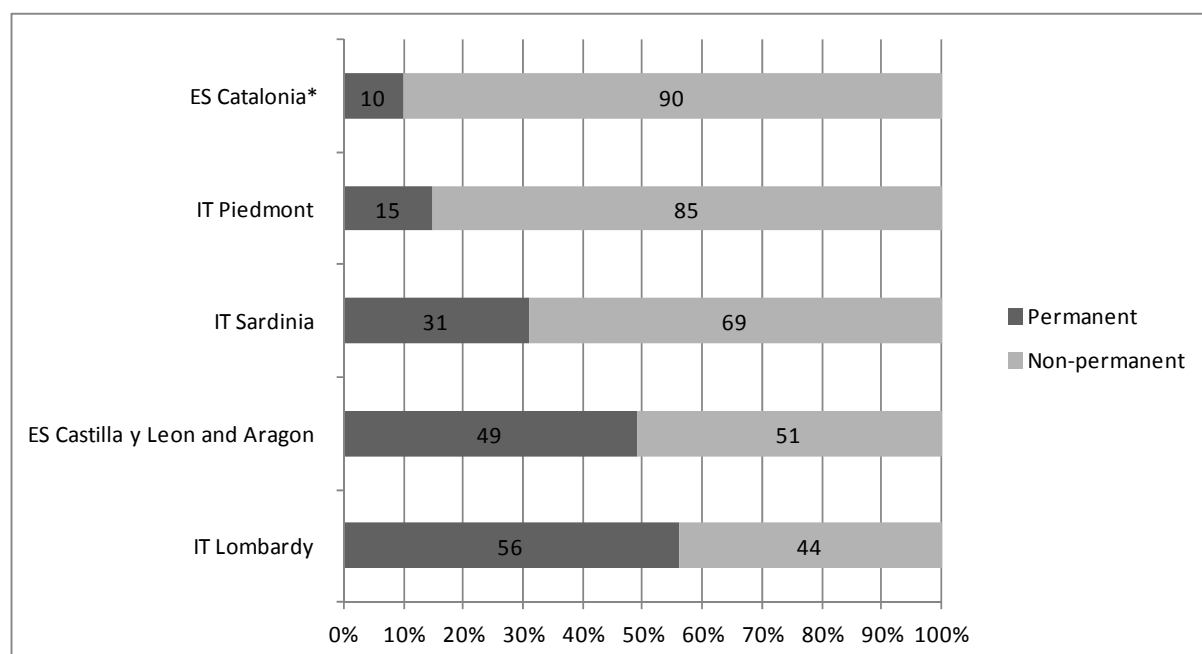
3.2.2.6 The nature of new employment found (temporary vs. permanent)

Overall, the 15 cases have had a two-fold impact on the nature of employment in terms of temporary/fixed term vs. permanent employment. Temporary or agency workers are usually the first not to see their contracts renewed as a company starts to struggle. This usually meant that many of them were not eligible for EGF funded support or even other nationally/regionally/locally funded interventions, thereby making their re-employment path particularly challenging (they are only eligible to benefit from EGF funding if their contracts are ended prematurely as a result of the redundancy).

Second, there is clear evidence to show that the redundancies have increased the number of workers having to accept temporary/fixed term contracts in their new employment. This was especially evident in cases in Italy and Spain where the proportion of workers on fixed-term contracts in overall employment was already high. For example, in Catalonia (ES) case, from the first 325 registered employment contracts that were given to EGF assisted workers almost 90% were temporary and only 10% were permanent contracts²². Just 15% of EGF beneficiaries in Piedmont were able to find permanent employment.

The situation is not as serious for the EGF beneficiaries Lombardy (IT), Castilla y León and Aragón but still as many as 56% of contracts acquired by Lombardy (IT) case beneficiaries immediately after the interventions were either project or fixed-term. Just under half of beneficiaries (49%) from Castilla y León and Aragón case who made a successful transition to employment found a permanent ('indefinite') job. The rest mainly have temporary, casual or fixed term contracts or hold contracts for a specific work or service. One-third of EGF beneficiaries who got a new job (34%) had a contract lasting six months or less²³. This may also be one of the reasons for a general decline in the salaries of many dismissed workers.

Figure 3.4 Permanent vs. non-permanent employment (proportion of new jobs found by EGF beneficiaries)



Source: Case reports. Note this information was not available in all cases.

²² Statistical information provided by the Public Employment Services of Catalonia, the Servei d'Ocupació de Catalunya (the SOC)

²³ Information provided by GRI

* The figures from Catalonia (ES) refer to the number of employment contracts acquired by EGF beneficiaries

Note: There are some differences in the way which the national / regional coordinators and authorities classify permanent and non-permanent employment. Hence, these figures should be seen as indicative only.

In the PSA suppliers (FR) case, the employment outcomes were monitored only for those who found 'sustainable employment'²⁴.

3.2.2.7 The sector of new employment found

Evidence from the case reports indicates that the redundancies led to many EGF beneficiaries to change the sector in which they were working. Changes in the sector of employment seemed to be particularly significant in the Lithuanian, Maltese and Italian (Lombardy (IT)) EGF cases with many EGF beneficiaries from both textile and manufacturing sectors finding new employment in the service sector. This is perhaps not surprising given the long-term nature of structuring decline in the textiles sector in the EU. Anecdotal evidence, for example, from Textiles (MT) indicates that most of the EGF beneficiaries that found new employment are now operating in the service sector, which is expanding in Malta. This is seen by the local stakeholders as a positive outcome given the fact that many had only worked as machine operators and had not had employment outside of the manufacturing sector before.

One would have expected particularly significant changes in the Article 2 (b) EGF cases given that the sectors in those regions witnessed considerable decline. This seems to be true on the basis of evidence that is available from a small number of cases. For example, in the Lombardy (IT) case, the share of the textile sector employment from all new employment found by the dismissed workers declined considerably over the years. Two out of five EGF beneficiaries (42.9%) who found new employment within a year of being made redundant were employed again in the textile sector, but only one in five (18.3%) and one in ten (9.5%) of new jobs were in the same sector three and four years after the redundancies, respectively. This is a reflection of a general decline in the sector but partially also a reflection of the results from re-training efforts. Today the service sector is the main provider of new jobs for EGF beneficiaries in Lombardy (IT) (nearly a third), with mechanics and retail / trade both accounting for more than a quarter of new jobs.

The Alytaus Tekstile (LT) case is another case where not many new jobs could be found from the same sector. The majority of the new jobs found were located in the sales, construction, and administration sectors.

There were more similarities between old and new jobs taken by the EGF beneficiaries of Perlos (FI) and Castilla y León and Aragon (ES) cases. With regards to former, more than two thirds (68%) of workers found new jobs in other manufacturing companies²⁵. Many of them changed from a job at a telecoms/plastic technology sector to one at forestry sector but still remained in a manufacturing environment. Just over half (51%) new jobs taken up by the EGF beneficiaries of the Castilla y León and Aragón cases continued working in the industrial sector. This is due to the high number of satellite companies that depended, to a great extent, on the automotive sector and fitted the profile of the assisted workers. However, the service sector also became an important employer for the automotive sector workers from the Castilla y León and Aragón cases. It has provided nearly half (46%) of new jobs found by the dismissed workers. These service sector jobs were mainly from the tourism sector.

²⁴ Sustainable employment defined as employed individuals with an indefinite employment contract, employed individuals with a fixed-term/temporary contract of at least 6 months and self-employed individuals who have created/taken over a business.

²⁵ Jolkkonen, Arja and Kurvinen, Arja (2009) [Joustavuus ja turvallisuus irtisanomistilanteessa](#). *Tapaustutkimus Perlos Oyj:n tuotannon lopettamisesta Joensuun seudulla*. Työ- ja elinkeinoministeriö.

In the Perlos (FI) case, those who re-trained in the social and health care sectors were particularly successful in finding permanent employment. In total 6% of former Perlos employees ended up in the health and social services sector. This is a relatively high number given that the redundancies took place in a telecoms company specialised in manufacturing components made of plastic. It was however a conscious decision of local decision makers to encourage people to re-train and take up employment in these two sectors as they were identified as sectors experiencing both skill and labour shortages.

3.2.2.8 Relocation

Limited information is available on the number of EGF beneficiaries who relocated to take up new employment. EGF funding however has been used to support job search efforts outside the home city/region and in some cases also to support the relocation of employees who found employment outside their own locality. In Perlos (FI) every tenth dismissed worker had or chose to relocate in order to take up new employment: 7% left the region and 4.5% found work within the region but outside the immediate surroundings of the city where they used to live²⁶. Anecdotal evidence suggests that white-collar workers were more mobile and willing to accept jobs outside their locality than their blue collar colleagues. In Spain, older workers were significantly less likely to relocate to take up new employment than their young colleagues.

3.2.3 Self-employment and entrepreneurship outcomes

Information on the share of dismissed workers who set up their own business after taking part in EGF co-financed measures could be obtained for 12 cases. Evidence from these cases suggests that 2.5% of all EGF beneficiaries had started up their business around 12-18 months after the start of the EGF co-financed measures. The share of self-employed beneficiaries amongst all employed EGF beneficiaries is 5.8%.

Longitudinal data on EGF beneficiaries is showing a higher rate of self-employment because many dismissed workers need more than 12 months to prepare for a new career as an entrepreneur. In Germany (Nokia (DE) case), 2.8% of EGF beneficiaries had set up their business at the end of the EGF co-financing period, but just 8 months later their share had doubled to 6.8% (from 36 to 82 beneficiaries).

The table also shows the number of beneficiaries participating in specific EGF measures providing entrepreneurship support across the 15 cases. This is to assess the success rate of this type of measures to encourage self-employment. It needs to be borne in mind however that information at the individual beneficiary level is generally not available, hence, we cannot ascertain whether those beneficiaries who have participated in such specific entrepreneurship support measures have indeed become self-employed. It could be generally assumed that this was indeed the case, i.e. individuals who benefitted from the entrepreneurship support measures in general were also those who became self-employed. But exceptions to this trend exist, as it is known that almost half of the former Perlos (FI) employees who created their own company did so without any support (while the rest did so by utilising the range of supports available through local networks and EGF).

In general, in the majority of cases (7 out of 12 where information available) the number of beneficiaries becoming self-employed exceeded the number of beneficiaries who participated in entrepreneurship support measures (albeit this excess number is small). This indicates though that here the measures have been successful in stimulating participating beneficiaries to take-up self-employment. However, in 5 cases the opposite happened, as

²⁶ Jolkkonen, Arja and Kurvinen, Arja (2009) [Joustavuus ja turvallisuus irtisanomistilanteessa](#). Tapaustutkimus Perlos Oyj:n tuotannon lopettamisesta Joensuun seudulla. Työ- ja elinkeinoministeriö.

the number of beneficiaries becoming self-employed was lower than the number participating in entrepreneurship support measures (Nokia, BenQ (DE), Delphi (ES), Alytaus Tekstile (LT), North-Centre (PT). In some cases, the difference between participation and outcome is substantial (133 beneficiaries in Delphi (ES), 53 beneficiaries in Alytaus Tekstile (LT) cases). To some extent, this is due to overall low re-employment outcomes achieved (see table 3.1), in particular for Delphi (ES) and North-Centre (PT) cases. However, in cases such as BenQ and Nokia (DE) the overall re-employment rates achieved were high, and thus the reasons for modest success in promoting self-employment amongst the EGF beneficiaries must lie elsewhere.

This is becoming more evident when comparing the national self-employment rates with self-employment outcomes achieved in EGF cases. With the exception of PSA suppliers (FR) case, the EGF beneficiary self-employment rate is lower (and in some instances substantially) than the national self-employment rate (see table 3.2). The relatively low rates of self-employment can be explained by the profile of the workers. In some cases, most workers were at a relatively advanced age, had worked in the same sector all their lives, performing the same tasks with relatively little autonomy. Interviewees felt that the step to entrepreneurship would therefore have been too much of a 'leap' for many of the workers. Becoming self-employed would have required a significant change in work patterns and mentality, and indeed the self-employment rates achieved could be regarded as a significant achievement in their personal work history contexts.

Table 3.5 Entrepreneurship outcomes (after the conclusion of EGF co-financed measures), EGF-financed entrepreneurship support measures and extent of self-employment in the national labour market

MS	Case	EGF beneficiaries (no)	No employed	No self-employed	Share of self-employed amongst all EGF beneficiaries (%)	Share of all self-employed EGF beneficiaries amongst those in employment (%)	Specific start-up incentives/entrepreneurship support (no of EGF supported beneficiaries)	Average self-employment rate in the Member State (as % of total employment) (2007-2009)
			**					
	BenQ /	1 227*	611	65	5.3%	9.6%		11.1%
	- Bavaria	391	262	33	8.4%	11.2%		
	- North-Rhine Westphalia	836	349	32	3.8%	8.4%	99	
DE	Nokia	1 305	349	36	2.8%	9.4%	39	
	Castilla y León and Aragón	342*	135	5	1.5%	3.6%	0	13.8%
ES	Catalonia	n.a.	n.a.	n.a.	n.a.	n.a.	10	
ES	Delphi	1 589	162	8	0.5%	4.7%	141	
FI	Perlos ***	913	484	40	4.4%	7.6%	35	11.7%
FR	PSA suppliers	264	130	20	7.6%	13.3%	0	9.0%
IT	Lombardy	n.a.	n.a.	n.a.	n.a.	n.a.	0	23.7%
IT	Piedmont	n.a.	n.a.	n.a.	n.a.	n.a.	0	
IT	Sardinia	1 044	64	1	0.1%	1.5%	0	
IT	Tuscany	1 241*	885	2	0.2%	0.2%	0	
LT	Alytaus Tekstile	619	317	13	2.1%	3.9%	66	12.4%
MT	Textiles	672	416	24	3.6%	5.5%	21	12.1%
PT	Lisbon-Alentejo	558	84	10	1.8%	10.6%	8	13.9%
PT	North Centre	714	30	0	0%	0%	4	
	Average				2.5%	5.8%	28	

Sources:

Information from evaluation case reports - PSA (FR), Sardinia (IT), BenQ (DE), Nokia (DE) and Perlos (FI)

Information from EGF case final reports for- Delphi (ES), Lisbon-Alentejo (PT) and North Centre textiles (PT)

Information from case reports and EGF final reports for: MT textiles, Alytaus Tekstile (LT), Tuscany (IT), Castilla y León and Aragón (ES)

Employment in Europe (2010) report

* Refers to the EGF beneficiary sample size for which monitoring data is available: employment outcome data is available only for this group of workers. Please note that there are some differences with the figures quoted in Table 4.3 because of the differences in data source or the availability of monitoring data. For example, the figures for Castilla y León and Aragón in this table come from the final report while the latest employment figures provided by the case co-ordinators were quoted in the Table 4.3. In the case of BenQ (DE), the data refers to the group of former BenQ workers who were still in the Transfer Company 1.10.2007 because that is when the EGF funded part of the support started.

** Number of workers registered as employees (rather than as self-employed)

*** Based on estimates given by several local partners that up to 40 businesses were set up by EGF beneficiaries.

The highest share of self-employed beneficiaries was found in PSA suppliers (FR) case, where 7.6% of all EGF beneficiaries and 13.3% of employed beneficiaries had opened their own business.²⁷ Other cases with high rates of self-employment include BenQ (DE), Perlos (FI), Nokia (DE) and Textiles (MT) cases. North-Centre (PT), Sardinia (IT) and Tuscany (IT) cases in contrast demonstrate the lowest rates of self-employment.

Figure 3.5 Self-employment rates (%)



Sources: see table 3.5.

Overall, the entrepreneurship orientated interventions were often regarded as less successful in terms of planned implementation than other active training and active labour market measures. In many cases, the actual number of beneficiaries on such measures fell significantly short of the planned ones. Some local co-ordinators were of the opinion that it was difficult to implement entrepreneurship measures during a 12-month EGF programme period as many workers required longer time to think about their future and got interest in participating in such measures when the programme period was coming to an end. For example, in Catalonia (ES) case, the entrepreneurship measures originally targeted 55 people but only 10 workers participated.

Available evidence from six EGF cases indicates that the gender gap could be less prominent among EGF beneficiaries who have set up their own business than entrepreneurs in general²⁸. Just over half (56%) of 61 EGF beneficiaries from six EGF cases²⁹ who had

²⁷ However, the small number of EGF beneficiaries (267) needs to be kept in mind in the FR PSA suppliers case, as it also means that even the small number of self-employed beneficiaries can make a significant difference to the rate of self-employment in employment outcomes.

²⁸ Please however note that this is based on limited evidence.

opened up their own business immediately after the end of the EGF programme were male. According to Eurostat data (2010), in 2009, 70% of EU entrepreneurs were male, compared to just 30% of females.

The new businesses created by the EGF beneficiaries operated in a range of different sectors: some are naturally linked to the sectors in which they were previously employed but examples could be found of businesses from all different sectors from service and retail sectors to manufacturing and maintenance.

Analysis of key success factors in cases where the proportion of self-employed EGF beneficiaries is highest point to the following:

- *The combination of measures* to support self-employment, including offering individualised support and guidance, providing start-up grants and involvement of actual entrepreneurs in the assistance provided. In BenQ and Nokia (DE) cases support for future entrepreneurs included both group and individual advice sessions helping interested individuals to think through their skills potential for entrepreneurship, possible business plan, acquiring sources of funding etc. In Perlos (FI) case, the local association of entrepreneurs worked with aspiring entrepreneurs and offered information, advice and guidance. Contacts for further advice were also given, a business incubator project was implemented where experienced entrepreneurs helped workers to assess the feasibility of their business plans, and start-up grants were made available. Business start-up grants were also provided. In PSA suppliers (FR) case, the guidance provided may have encouraged some people to consider the route of self-employment – reinforced individual guidance is identified as one of the key strengths of the measure mix, and indeed, people who wanted to follow training in this area could access specific courses (funded outside the EGF). The Maltese textile sector workers demonstrate higher than average levels of self-employment and there was a clear link between the assistance provided to the dismissed workers and the levels of self-employment. The majority of those individuals who started their own business following assistance were formerly machine operatives, most of whom had not done this prior to the assistance they received. This is a significant achievement for the programme, especially when one considers that this type of provision had not been delivered by the public employment service prior to this case.
- *The lack of other locally available employment opportunities* might have encouraged the beneficiaries to consider the self-employment. This is noted in PSA suppliers (FR) case, where given the very limited employment opportunities in the area (structurally weak region with largely rural component where industrial jobs are not seen as sustainable in the long-term), self-employment may have appeared as a relatively viable alternative to many dismissed workers. In Perlos (FI) case, the high rate of self-employment amongst EGF beneficiaries is also observed in structurally weak region of Finland, with few other available employment opportunities. A supporting factor might have also been generally entrepreneurial climate in the region (the rates of entrepreneurship have been consistently above the national average).
- *Existence of other support measures* to encourage the beneficiaries to consider the self-employment as a viable alternative. In all cases with high self-employment outcomes (ie PSA suppliers (FR), BenQ and Nokia (DE) and Perlos (FI), beneficiaries received relatively generous income support allowances. In these conditions, it was easier to think about establishing own business – compared to cases where income support was at the lower level and the pressures to replace the lost income after the dismissals more immediate.

²⁹ Castilla y León and Aragón (ES), Delphi (ES), Tuscany (IT), Alytaus Tekstile (LT), Textiles (MT), Lisbon-Alentejo and North-Centre (PT).

- *The nature of the beneficiary group.* In cases with higher self-employment rates after the EGF co-funded measures, the beneficiary group tended to be younger than the average across 15 cases evaluated³⁰ and with a higher proportion of men than the average across the 15 cases evaluated.³¹ It is known that the propensity to become an entrepreneur declines amongst older workers and amongst women, and such factors could have played a role in increasing the rates of self-employment in EGF cases evaluated.

3.2.3.9 Learning and educational outcomes

Analysis of learning and educational outcomes has been undertaken. For the purposes of this analysis, outcomes, reported through a range of differently named outputs in each case, have been collated into a single training and retraining category. It is important that this analysis is not used to draw comparisons between the relative strengths and weaknesses of each case. Indeed, as shown in table 3.6 below, there are no clear correlations between the number of training outputs and the budgetary proportion spent on training measures and the extent of re-employment rates achieved.

In order to understand why some cases appear to have relatively stronger educational/training outcomes than other cases, it is important to consider the specific details of each case and the extent to which other funding sources were responsible for delivering additional measures. There is also a wide range of other, locally specific issues which impacted on the ability of some cases to provide the support that they originally predicted that beneficiaries would require. In addition other, instrument-level issues played a part in the ability of some cases to deliver measures, for example, the length of time it took for applications to be submitted and approved and misunderstandings regarding which measures EGF were eligible to fund.

Further elaboration of training and retraining measures is outlined in Table 3.6 and highlights the following issues:

- EGF assistance was responsible for more than 7,000 training outputs and on average across the 15 cases accounted for 26% of expenditure on measures. The practical advice, coaching and training provided as part of these measures was therefore highly valued and the benefits to individuals will be useful in the short to medium term, regardless of whether it contributed to them immediately gaining employment.
- Two cases did not include training/retraining in the EGF eligible measures (Piedmont and Sardinia (IT)). It should be noted, however, that such measures were included as part of the overall assistance package to affected workers, albeit funded through non-EGF provision.
- The training and qualifications gained by beneficiaries as a result of these measures were varied. In many cases, these qualifications were key in enabling individuals to gain employment in different sectors to those they were previously employed in. Whilst not all beneficiaries were successful in gaining employment, the training and qualifications gained through these measures enhanced their future prospects for gaining employment in the medium to long term.
- The importance of personal training plans was also an important factor, highlighted in a number of cases. Accurate training plans, which establish a realistic plan for beneficiaries based on their skills and aspirations and the available job opportunities in

³⁰ The proportion of older beneficiaries (55-64) across the 15 cases is on average 11%. It was 4% in BenQ (DE) and Perlos (FI) cases, 11% in PSA suppliers (FR), but higher – 18% - in Nokia (DE) case.

³¹ The proportion of men across the beneficiaries in 15 cases is on average 56%. It was 85% in PSA suppliers (FR) case, 63% in BenQ (DE) case and 61% in Perlos (FI) and Nokia (DE) cases.

the region concerned enabled dismissed workers to take advantage of the training that was made available to them. Linking training with labour market requirements in the locality (through the knowledge of PES for example) was also important in ensuring the relevance of training to the labour market requirements.

- The flexibility of EGF as an instrument is illustrated in this analysis due to the highly varied measures applied in many of the cases. In many cases this built on competencies held by dismissed workers and enabled them to adapt these and take advantage of opportunities available in other related sectors. For example, the technical training in electrical engineering and robotics in the case of BenQ can be noted.
- The importance of the availability of appropriate provision which enables workers to access training measures is also evident. This is vital if workers are to be able to access appropriate training measures and highlights the fact that most cases were successful in bringing together appropriate delivery partnerships.
- Analysis of stakeholder opinion collected through case study research suggests that the extent to which these outputs were spread across the fifteen cases depended largely on the range and appropriateness of mainstream provision in the regional/Member State concerned. Indeed it should be highlighted that this analysis does not signify that some EGF cases provided more effective training than others, many cases supplemented EGF funded training measures with training funded through mainstream provision and/or continued training measures through use of ESF.

Table 3.6 Overview of training and retraining measures provided

Case	Re-employment rate (after the conclusion of EFF co-financed measures)	Number of beneficiaries	Number of different categories of training / retraining measures*	Training / retraining outputs**	% of EGF measure cost spent on training measures (table 5.10)	Nature of training provided	Upskilling dimension
North-Centre	4.2%	720	2	916	71%	<ul style="list-style-type: none"> ▪ 714 workers accessed modular accredited training involving units of training based on identified beneficiary training plans, involving training in a range of sectors and in ICT ▪ 4 workers accessed training to gain professional qualifications based on identified employer requirements 	Re-training was of critical importance to improving the employability levels of predominantly low-qualified beneficiary group. The achieved number of participants in vocational training exceeded the planned.
Catalonia	5.1%	534	2	263	16%	<ul style="list-style-type: none"> ▪ 100 workers accessed training measures identified in personal plans as essential for re-employment in sectors where there was employer demand in the region. This involved a diverse range of vocational training ▪ 163 workers received training focused on transversal skills such as information technologies, oral and written communication, public presentations, news analysis etc. 	Training focused on strategic sectors adapted to the market labour needs and changes and identified demanded occupations
Sardinia	6.2%	1044	0		0%	n/a	
Delphi	10.7%	1589	2	2587	48%	<ul style="list-style-type: none"> ▪ 1,589 individuals received training on general competences for the labour market (training included prevention of labour risks, quality control, new information and communication technologies, English and environmental awareness) ▪ 1,450 individuals received training in industrial sector knowledge (training included, for example, basic computer skills, job skills, languages, basic mechanics, electricity and basic electronics, interpretation of drawings, renewable energies) ▪ 1450 individuals received further, more detailed training, in industrial skills and techniques for operators and/or training in administrative management ▪ 90 individuals also accessed specific training relating to the production of composites as a result of employer requirements resulting from a job offer 	Training was based on individual needs and local labour market requirements

Case	Re-employment rate (after the conclusion of EFF co-financed measures)	Number of beneficiaries	Number of different categories of training / retraining measures*	Training / retraining outputs**	% of EGF measure cost spent on training measures (table 5.10)	Nature of training provided	Upskilling dimension
Lisbon-Alentejo	15.8%	558	2	521	71%	<ul style="list-style-type: none"> 313 workers were provided with vocational training in ICT and/or training for new entrepreneurs (this was compulsory for those who also accessed assistance to create their own employment or company) 10 workers accessed training grants to attend vocational training courses aimed at assisting them to acquire knowledge and skills to gain employment in other sectors. 	Re-training was of critical importance to improving the employability levels of predominantly low-qualified beneficiary group. Support triggered important advances in the proportion of workers in formal education. This, combined with the participation of a large number of workers in short courses of vocational training (mostly in ICT) supported by the EGF tended to improve the self-confidence of the beneficiaries.
Nokia	29.8%	1305	3	488	20%	<ul style="list-style-type: none"> 379 group training courses were funded (including, for example Electrical Engineering; Robotics; Quality Management; Microtechnology; Commercial Sales; Commercial English; and Logistics) 86 individuals received Core Skills qualifications (including German Language and skills courses) 23 individuals received qualifications were funded in order to support identified new employment opportunities where individuals had a job offer 	Training was planned according to the local labour market demand and the needs of beneficiaries
Lombardy	39.9%	174	1	4	3%	<ul style="list-style-type: none"> 4 workers accessed training identified in training plans to enable them to access employment opportunities in different sectors 	Beneficiaries undertook requalification courses to become social workers and care assistants, as the hospital sector had a particular demand for workers in Lombardy. The courses were one of the longest, requiring around 600-800 hours of training (12 months). According to interviewees, many of those who undertook training did find jobs in the sector.
Castilla y Leon and Aragon	41%	671	4	1024	32%	<ul style="list-style-type: none"> 344 workers were provided with generic training was giving theoretical and practical knowledge about job-searching techniques and social abilities 234 workers accessed ICT training courses, the content of which ranged from computer literacy to more 	Training focused on the profile of the dismissed workers and the employment opportunities in the area. Given that 78.1% of assisted workers were 'metal, machinery and related trades workers, professional

Case	Re-employment rate (after the conclusion of EFF co-financed measures)	Number of beneficiaries	Number of different categories of training / retraining measures*	Training / retraining outputs**	% of EGF measure cost spent on training measures (table 5.10)	Nature of training provided	Upskilling dimension
						<p>advanced courses on Graphic Design, AutoCAD and Industrial printing.</p> <ul style="list-style-type: none"> ▪ 373 workers were provided with professional training to access identified employment opportunities or desired career changes available in the region (including forklift operator, in the areas of supplies and logistics, maintenance techniques, domestic services, care sector, leisure activities, renewal energy, health and safety, accountancy and business management (SMEs), security guards, transport, catering and foreign languages ▪ 73 individuals accessed specific training courses after signing an agreement with companies interested in hiring in exchange for the delivery of a training course to prepare the workers 	diversification was facilitated by training
Piedmont	42.6%	1298	0	0	0%	N/A	
Alytaus Tekstile	53.3%	619	1	161	23%	<ul style="list-style-type: none"> ▪ 161 workers accessed training programmes. Training types were provided according to needs identified in personal training plans. Training delivered included 14 programmes cashier-shop assistant; cook-dessert maker; accountancy; hairdressing; tailor-operator; painting; joiner-wood machine operation; woodwork; plasterer-painter; manicurist; tiler; power and lighting net electrician; and bricklayer. ▪ 161 workers were provided with computer training courses 	Training and retraining was critical to re-qualify the beneficiaries whose textile professional skills were not in demand any more in the local market. Subsidies were then paid to employers to take on such re-trained workers and additional subsidies were also available to cover the cost of them acquiring job-relevant skills in the workplace
PSA suppliers	56.8%	267	1	10	1%	<ul style="list-style-type: none"> ▪ 10 workers received training; courses which led to accredited learning based on identified training needs to enable dismissed workers to access employment in different sectors. 	Training provided was of long duration (800 hours on average) and responded to individual and labour market needs
Perlos	58.7%	921	6	611	83%	<ul style="list-style-type: none"> ▪ On-the-job training organised by local training provider and public authorities in association with companies seeking to recruit new staff. 56 former Perlos workers were chosen on these courses, which were mainly 	Over 400 workers took part in the training courses, with nearly 150 individuals participating in more than one course. Every third worker trained

Case	Re-employment rate (after the conclusion of EFF co-financed measures)	Number of beneficiaries	Number of different categories of training / retraining measures*	Training / retraining outputs**	% of EGF measure cost spent on training measures (table 5.10)	Nature of training provided	Upskilling dimension
						<p>organised in companies the metal and wood sectors.</p> <ul style="list-style-type: none"> Group courses at the local university of applied sciences: 37 workers attended courses in health and social sectors and 15 more participated in mechanical and metal engineering training sectors. Individual study places at the local university of applied sciences. The most popular field was the metalworking sector accounting for a quarter of new study places, followed by 18% in services, 13% in health and social fields, and 11% in construction. The remaining places were provided in commerce (9%), electricity (7%), transport (6%) and other sectors (9%). ICT training (31 workers) 	<p>or retrained to obtain a full VET qualification. Re-training proved to be extremely popular among former Perlos workers. Demand for study places at local vocational establishments significantly exceeded the estimate. Re-training has improved the employability of former Perlos workers.</p>
Malta Textiles	65.5%	672	1	87	7%	<ul style="list-style-type: none"> 87 workers were provided with training based on needs identified in personal training plans, this included a wide range of courses aimed at providing employment in different sectors and included ICT training. 	<p>Training contributed to the transition of employment from the manufacturing to service sectors. Most of the workers that found new employment are now operating in the service sector, which is expanding in Malta. This is despite the fact that many had only operated as Machine Operators and had not had employment outside of the manufacturing sector before.</p>
Tuscany	65.6%	1,352	1	4	0.1%	<p>Training vouchers provided the four beneficiaries with access to training courses to update their professional competences.</p>	<p>Training was aimed to develop and update their knowledge and skills, reduce the risk of obsolescence and professional social exclusion, supporting a rapid re-employment.</p>
BenQ	78.2%	2528	2	256	6%	<ul style="list-style-type: none"> 197 group training courses were funded (including, for example: Electrical Engineering; Robotics; Logistics; Driver's Licence; and Commerce qualifications) 59 Individual qualifications were funded to support identified new employment opportunities where individuals had a job offer 	<p>Group qualifications were identified as being in high demand in the local and regional labour market and these were therefore offered to redundant BenQ workers either to build on existing training (or training which had been received during the ESF funding period) or as a new qualification. The re-employment rate after group</p>

Case	Re-employment rate (after the conclusion of EFF co-financed measures)	Number of beneficiaries	Number of different categories of training / retraining measures*	Training / retraining outputs**	% of EGF measure cost spent on training measures (table 5.10)	Nature of training provided	Upskilling dimension
							training courses was 46%.
Total				7,028	26% (average across the 15 cases)		

*Refers to categories as articulated in the final case reports.

**Outputs refer to the fact that in some cases some beneficiaries accessed more than one training measure. In such cases (e.g. Delphi (ES)) all training measures accessed by beneficiaries were counted, resulting in a higher number of outputs compared to the number of beneficiaries.

An important consideration in evaluating the training delivered and its outcomes has been whether the training led to upskilling of dismissed workers who in turn found it easier to re-integrate into the labour market. Quantitative information on the profile workers who accessed training measures (e.g. by their occupational level before and after EGF intervention, using standard ISCO classifications) was generally not available. In addition, information was not available on the level of training provided (or qualification level/duration of the course).³²

In cases where this information was available, positive upskilling results are noted:

- In Lisbon-Alentejo (PT) case, 90.0% of the 558 beneficiaries had nine or less schooling years before EGF intervention. During the three years following the EGF intervention, this percentage dropped to 79.6% (July 2011). Simultaneously, the share of beneficiaries with 11 or 12 years of schooling rose from 8.4% to 18.8%.
- In North-Centre (PT) case, 97 % of the 720 beneficiaries had nine or less schooling years before EGF intervention. This percentage remained almost unaltered during the next three years (July 2011: 96.8%), but there was a considerable change inside this group. The percentage of those who completed the 6th and the 9th year increased between June 2010 (3.5 months after the end of the EGF) and July 2011 from 20.3% to 24.2% and from 10.4% to 17.8%, respectively. This achievement results to a large extent from the upskilling processes initiated and partly concluded under the EGF.

Furthermore, it appears from the evidence collected that training delivered in EGF cases was mostly focussed on shorter-term courses and thus did not lead to the level of upskilling in terms of beneficiaries 'moving up' the ISCED level (e.g. from upper-secondary to achieving the post-secondary education qualification). This was also the case with the view of the short (12-month) implementation period allowed under the EGF in the evaluation reference period.

However, training accessed by beneficiaries in 13 cases did enable the learning of a broad range of skills, which led to general upskilling of dismissed workers:

- new generic skills (such as communication, team working),
- digital competences (e.g. ICT training was provided in 9 cases) and
- new professional skills across a range of professions different from the previous jobs of beneficiaries.

Analysis of evidence presented in individual cases also illustrates a range of qualitative messages from deliverers and stakeholder regarding *what works* in designing and implementing successful learning and educational support for dismissed workers, the following issues were noted as significant:

³² In one case (Alytaus Tekstile, LT), information was available on the occupational profile of beneficiaries (52% of ISCO-88 Group 5). In Alytaus Tekstile (LT) case, 14 training and retraining programmes purchased and implemented were as follows. The evaluator assigned them ISCO 88 skill category level as follows:

Shop assistant (ISCO 88 skill level 5), cashier-shop assistant (5), cook-dessert maker (5); accountant (4), hairdresser (5), tailor-operator (7), painter (7), joiner-wood machine operator (7), woodworker (7), plasterer-painter (7), manicurist (5), tiler (7), power and lighting net electrician (7) and bricklayer (7).

Comparing this to the skills level of assisted workers, it emerges that 8 out of 14 training programmes were at the same skill level as held by the majority of dismissed workers (level 7), and 6 of them involved training which led to upskilling to higher level skills (4 and 5). So the majority of training programmes delivered did not lead to upskilling of beneficiaries, but rather to diversification of their professional skills.

1. **The importance of the connection between qualifications offered and local and regional labour market requirements** was emphasised in a number of cases. This can be ensured through harnessing the knowledge of the delivery organisations and the involvement of the local PES in the designs of training measures.
2. Provision which targets **professional mobility** was highlighted by stakeholders in some cases to be a key contributing fact that enabled beneficiaries to diversity into sectors that they had not previously worked in. This was seen as an important factor which increased the sustainability of outcomes for beneficiaries.
3. **The importance of regular dialogue with employers.** This is very important as a source of understanding employer demand but, moreover, it is important that the PES and delivery organisations harness their knowledge and contacts in order to source “hidden” vacancies not formally reported to the PES or advertised.

3.2.4 Personal development outcomes

As part of the assistance provided to beneficiaries, a number of additional benefits were identified as having been realised as a result of measures provided in the cases considered. The following subsection outlines the personal development outcomes which were highlighted by stakeholders and beneficiaries during the evaluation. Whilst these outcomes cannot be quantified, it is important that they are recognised due to the fact that many of the reported benefits constitute the removal or reduction of barriers to labour market re-employment, many of which will have a long term impact on beneficiaries.

The most significant benefit identified was that beneficiaries reported their **self-confidence** was improved through the experience of participating in the measures provided. Critical to the success of this seems to be the fact that EGF provided sufficient resource to increase the contact time beneficiaries received with employment advisors. In addition the ability of dismissed workers to meet regularly and interact with former colleagues in a positive, supportive environment, contributed to increasing their self confidence and their motivation to find new employment.

The fact that EGF enabled dismissed workers to develop a personal plan with advisors which was tailored to their personal competencies and employment aspirations was also reported by a number of beneficiaries as something which increased their motivation to find work and gave them a sense of empowerment.

Additionally beneficiaries gained **wider knowledge and awareness of labour market possibilities**. This includes increasing their awareness of a range of different careers and understanding where to access information and further guidance.

For some beneficiaries this was their first interaction with a Public Employment Service. Due to the fact that they had not required a service like this in the past, many beneficiaries had low expectations regarding the outcome they would benefit from and/or viewed the services provided with some suspicion. Stakeholders and some beneficiaries supported reported that these barriers were overcome and, on the whole there was **a favourable impression left with beneficiaries, who are more likely to interact with the PES in future**. Exceptions in this regard are cases where time taken to submit and approve applications left workers with a negative impression of the service and of the EU funding as the start of the provision of measures appeared slow and the high initial expectations were not met or not implemented to the same extent.

In many cases EGF enabled the PES to **continue to support workers once they had gained new employment** (for example, through support to acquisition of further work-related skills in the new workplaces). This was highlighted in some cases as an important,

innovative measure which was valued by beneficiaries as it helped them to consolidate new employment - when they had previously been with the same employer for many years.

Interviews with beneficiaries and anecdotal evidence provided by Local Coordinators suggests that beneficiaries who had received entrepreneurship support and been successful in starting their own business have also improved their quality of life due to the fact that they have a **better work life balance** and can spend a greater amount of time with their families. This is due to the fact that they are more in control of their work hours.

In addition, there are some cases where personal development outcomes were not as positive as they could have been given the range of provision possible using the EGF. There are two main aspects to this.

Firstly, in some cases, there could have been a more appropriate differentiation of measures for the needs of client group(s) concerned. For example, in some cases (e.g. Piedmont (IT) and Textiles (MT) reference is made to the difficulty that women found in finding new jobs and the fact that many of them had childcare responsibilities which prevented them from attending courses. In such cases, measures could have perhaps been better tailored to take explicitly account of these factors. This may have increased the frequency and depth of benefits attained by beneficiaries. It should be noted, however, that there are also examples of cases where gender-sensitive provision was noted by stakeholders as a strength, most notably in the Castilla y Leon and Aragon (ES) case.

Secondly, it was noted that, in some cases, the measures could have taken more account of the expectations of different age groups. For example, pathways to employment appropriate for younger workers are not necessarily appropriate of those nearing retirement age. Whilst, as noted above, the development of personal plans was a key element in most cases, there is no significant evidence emerging so far that measures were adapted to take account of the needs of older dismissed workers.

3.3 Success factors and obstacles

3.3.1 Introduction

One of the key evaluation questions has been to identify, across the 15 cases evaluated, factors behind the different re-employment rates achieved immediately after the conclusion of EGF co-funded measures (see section 5.2) and their differing sustainability in the longer term (typically 12 months later) (see section 7.1).

This section presents the results of analysis which has considered factors relating to each case which have contributed to the outcomes for individual beneficiaries. Firstly an overview of the analysis is presented in order to introduce the wide range of success factors and obstacles identified during the case study research. Broadly speaking there are three main elements:

- Supply-side issues: the nature of the beneficiary group;
- Demand-side issues: the local economic climate; and,
- Policy Intervention mix: the way in which EGF integrates and/or adds value to the overall policy response for dismissed workers.

Following this summary the components of each element are examined in more detail.

Analysis comparing the 15 cases in a consistent manner has been complicated due to the lack of beneficiary monitoring data. In four cases, employment outcome data is available only immediately after the conclusion of the EGF co-financed measures. In the absence of

more longitudinal data, it is difficult to make meaningful judgments as at the time that EGF assistance came to an end many beneficiaries would have been in the process of looking for work. It is particularly unfortunate as all these four cases have high re-employment rates and it would therefore be of value to understand whether this employment was sustained in the longer-term. In the other 11 cases where such longitudinal data is available, the measurement period is not uniform – only two cases report outcomes 12 months after the conclusion of EGF measures, making like-for-like comparisons difficult.

The lack of more longitudinal data is also relevant particularly because other studies (e.g. Ohlsson and Storrie 2007³³) indicate that although employment outcomes for those benefiting from special measures may not immediately be better, they are more successful (in terms of quality of job and salary) and sustainable in the long term. In fact, the very limited data across the 15 cases seems to show the opposite, as many workers have to take fixed-term and temporary agency contracts and do not generally earn more. This could also be corroborated with some available information on the training provided, which seems to have provided significant opportunities for professional diversification – but not necessarily large moves to upskilling the beneficiaries .

The re-employment rates are also likely to be substantially influenced by the results of the global economic and financial crisis, but judgements would need to be made as to whether this leads to better outcomes in the long -term in these cases. It is also important to note that we do not have detailed data about exactly which dismissed workers benefited from which measures and how this links with individual labour market outcomes (with the exception of one case evaluated, Alytaus Tekstile (LT)). This makes it difficult to assess the impact of individual/or the mix of different measures on the extent of labour market outcomes achieved.

3.3.2 Overview analysis

The success factors and obstacles explaining the range of re-employment outcomes across the 15 cases are wide-ranging.

While no clear **sectoral** trends could be detected across the 15 cases, the data indicate somewhat higher labour market integration rates in the telecommunication sector cases. The immediate re-employment rates in the sector varied from 30% and 60%, to 78%. The greatest variations were evident in the textile sector as two-thirds of dismissed textile sector workers in the Textiles (MT) case and Tuscany (IT) succeeded in finding new employment immediately after the completion of the EGF intervention, while only 4% of textile sector workers in Portugal, 5% in Catalonia (ES) and 6% of workers in Sardinia (IT) were reintegrated into employment at the end of the EGF case.

There are no clear patterns as to the extent of employment rates achieved relative to the **year** of the conclusion of the implementation of EGF co-financed measures. In 2008, the rates varied from 6% to 78%, in 2009 from 5.1% to 65.6% and in 2010 from 4% to 30%. However, looking across the three years when measures have been concluded, it is apparent that the re-employment rates had declined between 2008 and 2010. This is mostly due to the impact of the global economic and financial crisis on the local and national labour markets.

In terms of **geographical** dimension, most northern and eastern European cases (Germany, Finland and Lithuania) achieved relatively high re-employment rates, but so did the textile sector cases from Malta and Tuscany and the automotive case in France.

³³ 'Long term effects of public policy for displaced workers in Sweden – shipyard workers in the West and miners in the North', No 2007:19, Working Paper Series, Uppsala University, Department of Economics.

As noted above, likely success factors behind the variations of re-employment in 15 EGF co-funded cases can be organised into three areas:

- Supply side,
- Demand side,
- Policy interventions mix – EGF and national mainstream provision to dismissed workers.

The table overleaf brings together data on supply, demand and policy intervention factors together with the re-employment rates across the 15 EGF cases evaluated. No clear-cut explanations for the higher re-employment patterns emerge, but certain trends and tendencies can be identified. Below is the summary analysis of the factors, which are in turn analysed in more detail in subsequent sections.

In relation to the **supply side** factors, one of clearly influential factors associated with cases with high re-employment rates is the relatively low proportion of beneficiaries with lower educational levels (ISCED 1-2). Conversely, in cases with low re-employment rates, this proportion tends to be significantly higher. However, exceptions to this are shown in Malta Textiles and Tuscany (IT) case, where the proportion of beneficiaries with lower educational levels (ISCED 1-2) was very high (94% and 66% respectively). The relatively high re-employment rate in the Malta Textiles case could be explained by the very positive demand side factors – high GDP growth rate (highest amongst the 15 cases) and low unemployment rate in the locality which meant that labour demand was high, even for unskilled workers. The explanation behind the Tuscany (IT) re-employment rate appears to be largely due to workers in the Wage Guarantee Fund (a type of short-term work allowance recipients of which were also provided with EGF assistance) being re-employed after the EGF assistance by their former employer.

Other supply side factors – such as proportion of women or older beneficiaries – display less strong associations with variations in re-employment rates between the 15 cases. The proportion of women was above the average of the 15 cases considered in 3 out of 6 cases with high re-employment rates. The proportion was above average in 2 out of 4 cases with medium re-employment rates, and in one out of 5 cases with lower re-employment rates.

Furthermore, the proportion of older beneficiaries was above the 15 case average in 2 out of 6 cases with high re-employment rates, in 2 out of 4 cases with medium re-employment rates, and in 3 out of 5 cases with lower re-employment rates. Here, the tendency could be identified that amongst the cases with high re-employment rates the proportion of older beneficiaries tended to be lower.

In relation to the **demand side** factors, higher rates of GDP growth and lower rates of unemployment are associated to a greater extent to high re-employment rates achieved in 6 cases, compared to low and medium re-employment rates achieved in 5 and 4 cases respectively. In 3 out of 6 cases with high re-employment rates, GDP grew in the year of the conclusion of EGF measures. This was the case only in 1 case with low (Lisbon-Alentejo, PT, and the growth was minimum at 0.7%) and 1 case with medium re-employment rate (Nokia DE). In both of these groups, the number of EGF cases where GDP rate declined was significantly higher compared to the group of cases with high re-employment rate.

The factors behind the **policy intervention** mix are complex to interpret. One clear trend is however that 4 out of 6 cases with high re-employment rates and 3 out of 4 cases with medium re-employment rates had a strong additional, non-EGF provision of assistance (i.e. financed outside the national co-financing for the EGF). This tended to be less the case amongst the cases with low re-employment rates. This would lead to the conclusion that EGF worked more effectively where it added to the existing national provision – rather than on its own.

This may be particularly relevant because national provision could already start before the EGF funds became available, thus demonstrating the added value of early assistance. This aspect is further explored in section 3.3.5.4.

In relation to the mix of EGF measures themselves and the outcomes achieved, trends are complex. What is clear that in the majority of 15 cases there was a very high concentration of resources on one measure (where more than 50% was spent on 1 measure). Only 2 cases (Delphi ES and Alytaus Tekstile LT) had a more widespread mixture of measures. Since the re-employment rate achieved in Delphi ES case was low, and Alytaus Tekstile (LT) high, this does not allow to conclude that a more widespread mixture of measures leads to higher re-employment outcomes.

Table 3.7 Overview of factors contributing to the re-employment outcomes achieved

	Indicator of effectiveness	Indicator of sustainability	The nature of the beneficiary group			Local economic climate		Policy intervention	
			% of female beneficiaries (figure 4.3)	% of older beneficiaries (55-64) (figure 4.2)	% of beneficiaries with lower educational level (ISCED 1-2) (table 4.4)	GDP growth (year of conclusion of EGF measures) (table 7.3)	Unemployment rate (year of conclusion of EGF measures) (table 7.4)	EGF measure mix (table 5.10, measure with highest proportion of expenditure)	Strong additional non-EGF provision of assistance (my assessment)
Low (<25%)									
	North Centre, PT (4.2-5.0%) Catalonia textiles, ES (5.2%) Sardinia, IT (6.2%) Delphi, ES (10.7%) Lisbon-Alentejo, PT (15.8-19.0%)	↑ (9.0%) ↑ (32.4%) ↓ (4.8%) ↑ (28.6%) ↑ (31.7%)	39% 53% 41% 1% 32%	23% 25% 13% 4% 5%	97% 82% 68% 1% 90%	-2.6 (2009) -4.0 (2009) -0.9 (2008) -3.4 (2009) 0.7 (2008)	10.2 (2010) 15.9 (2009) 12.2 (2008) 26.3 (2009) 8.4 (2008)	71% on training 54% on JS allowances 98% on JS allowances 48% on training 71% on training	No No Partly No No
Medium (25-50%)									
	Nokia, DE (29.5%) Lombardy, IT (39.9%) Castilla y Leon, Aragon, ES (41.0%) Piedmont (IT) (42.6%)	↑ (48.0%) ↓ (32.0%) ↑ (48.0%) ↑ (47.1%)	31% 40% 63% 65%	18% 15% 1% 11%	27% 74% 50% 93%	3.8 (2010) -1.7 (2008) -3.7 (2009) -1.1 (2008)	12 (2010) 3.7 (2008) 12.8 (2009) 5.0 (2008)	80% on STWA 97% on JS assistance 51% on JS assistance 97% on JS allowances	Yes Yes No Yes
High (>50%)									
	Alytaus Tekstile, LT (53.3%) PSA suppliers, FR (56.8%) Perlos (FI) (58.7%) MT textiles, MT (65.5%) Tuscany, IT (65.6%) BenQ (DE) (78.2%)	↓ (23.5%) n/a ↑ (83.5%) n/a n/a n/a	77% 15% 33% 79% 48% 44%	37% 11% 4% 7% 11% 4%	5% 0% 8% 94% 66% 14%	-14.7 (2009) -0.1 (2008) 0.3 (2008) 5.4 (2008) -4.6 (2009) 1.8 (2008)	13.7 (2009) 11 (2008) 9.0 (2008) 5.9 (2008) 5.8 (2009) 4.9 (2008)	30% empl incentives 97% JS allowances 83% training 50% empl incentives 71% JS allowances 87% STWA	No Yes Yes No Yes Yes
Average	41.8%	35.3%	42%	11%	51%				

3.3.3 Supply side factors

Although, as demonstrated above, supply side factors alone did not explain the variations in re-employment rates, the nature of the beneficiary group had an impact on the extent of the re-employment rates achieved.

The groups of beneficiaries that were easier to re-integrate into the labour market were men, younger beneficiaries, and those with a higher educational level and above average vocational skills. The age and education profile of assisted workers in particular affecting re-employment outcomes meant that the 12-month EGF programme period, which applied to the first 15 EGF cases³⁴, was found to be too short for many older workers or the low-qualified to benefit optimally from the extensive educational support.

In most cases considered as part of this evaluation, the beneficiary group faced a range of barriers to re-employment, compared to the overall unemployed population. The most significant of these issues were low skills, low confidence levels as well as age profile. These issues combined to mean that re-employment is a long term challenge; those dismissed workers with the highest levels of qualifications and knowledge of employment opportunities in other companies and/or sectors are obviously more likely to secure employment more quickly and consequently are less likely to require the assistance being provided by EGF.

Below is the detailed analysis of employment outcomes by gender, age and educational profile, as well as motivational factors affecting re-employment rates.

3.3.3.1 *Employment outcomes and gender dimension*

Almost universally, men were more successful in finding new employment than women (based on 14 cases where outcome information by gender is available, lack of such data in Sardinia (IT) case). On average across the 14 cases, 51% of male beneficiaries were re-employed, contrasted with 37% of women beneficiaries of the assistance. This clear trend can be contrasted with very differing proportion of female beneficiaries across the 14 cases, ranging from 1% in Delphi (ES) case to 79% in Malta Textiles case (the average across 15 cases being 42%, see Figure 3.6). Small differences between male and female beneficiary re-employment rates (expressed in the p.p. difference) are observed in cases with low overall re-employment rates (e.g. both Portuguese cases), medium re-employment rates (e.g. Lombardy and Piedmont), and high re-employment rates (e.g. Tuscany). This indicates that the proportion of females in the beneficiary group alone does not explain the variations in re-employment rates across the cases.

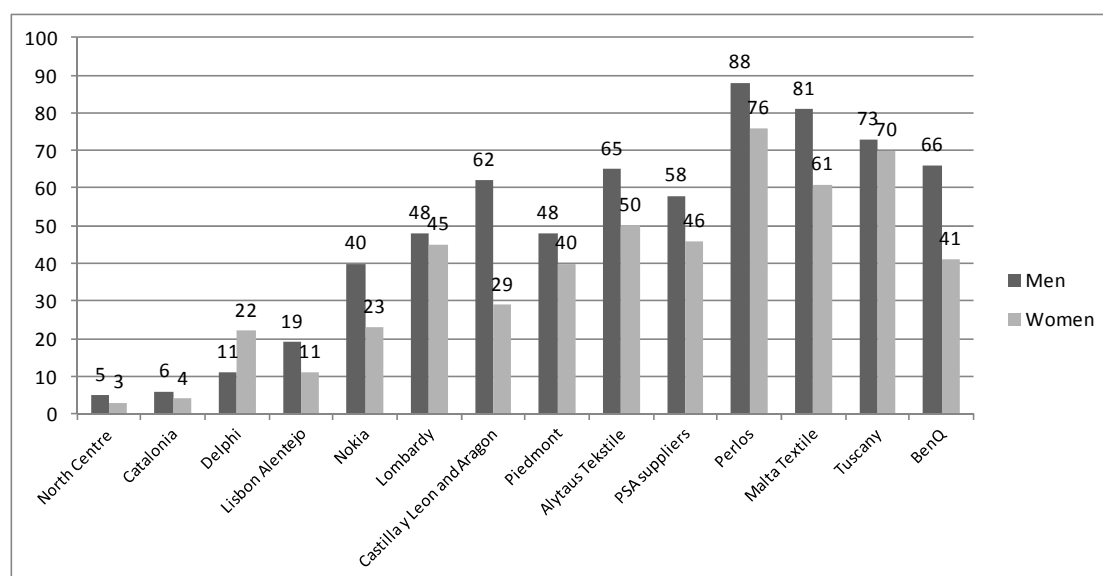
Exceptions to the trend of better male beneficiary re-employment rates can be found in Delphi (ES) case, however, here caution needs to be used in interpreting results as the overall number of female beneficiaries is low (37 out of total 1589) and the overall re-employment rates were low. Noteworthy is also the trend data in Alytaus Tekstile (LT) case, which shows that 12 months after the EGF co-financed measures were concluded women were more successful in finding a job. Amongst employed beneficiaries the proportion of women was 5 percentage points higher than in the total beneficiary group (82% and 77% respectively), suggesting that women were slightly more successful than men in finding new job.

The reasons for the trend of more successful integration of male beneficiaries are complex, and predominantly specific to the case and locality context. Nevertheless, several common factors can be noted.

³⁴ Eligible funding period has since been extended to 24 months.

One is related to perceptions held by women of their own skills and opportunities for re-employment (as opposed to a problem of labour market discrimination faced by women). Many of the women perceived their opportunities in the local labour markets (also in the context of sectoral decline associated with their previous jobs) to be more limited than those for men. Consequently, some of the training and counselling measures delivered focused on re-motivating women, and making them aware of their own skills and capacities. Another reason has been the fact that many of the female beneficiaries had **childcare and family responsibilities**, and found it more difficult to relocate for employment (this is mentioned in BenQ case).

Figure 3.6 Labour market integration rates by gender



Note: re-employment rates refer to different time periods. In most of the cases, re-employment rates are measured after the completion of EGF co-financed assistance. In Perlos (FI) case, figures refer to employment rate three years after the redundancies first took place, in June 2011. In BenQ case, the figures refer to the EGF funding period only (October 2007-May 2008).

This analysis would suggest that consideration needs to be given to reflecting on differentiated needs of female and male beneficiaries in relation to re-employment.

3.3.3.2 Employment outcomes and age dimension

Younger workers found it easier to find employment than older workers and typically their employment pathways have been more sustainable than those of older workers.³⁵ This was explicitly found to be the case in cases with high re-employment rates - PSA suppliers (FR), Perlos (FI), Alytaus Tekstile (LT) - and in cases with low re-employment rates - two Spanish cases (Delphi and Catalonia). This indicates that the proportion of older beneficiaries within the beneficiary group alone does not explain the extent of re-employment rates achieved across the cases.

In PSA suppliers case (FR), the re-employment rate of EGF beneficiaries aged 55+ who participated in labour market integration measures was only 16% while the measures seem to have reached relatively good results with beneficiaries aged 45-50 and 50-55, with their

³⁵ However, case documentation does not contain quantitative data on employment outcomes by age. Hence, the information reported below is based on additional information (quantitative and qualitative) gathered during the evaluation.

re-employment rate into 'sustainable employment' being over 50%³⁶. At the same time two-thirds of 26-45 year old beneficiaries found employment following their participation in labour market integration programmes.

In Catalonia (ES), one of the reasons for not being able to achieve better employment outcomes for older workers was their lack of mobility to move to take up jobs in other towns/cities. For young workers it is easier to move out of their cities to find a job, however, it is not the same case for people with families. Similarly, one of the key developments in Delphi (ES) case was that half of the total dismissed workers chose the preretirement option, thus demonstrating the challenges facing the public agencies to reintegrate the older workers.

In the Alytaus Tekstile (LT) case, it was widely recognised that older people found it difficult to get new employment as employers were latently or even openly looking for younger recruits. Statistics show that the groups of EGF beneficiaries that achieved the least sustainable outcomes were the older workers in the 55+ age group: only 13% of the 55+ are employed at the end of EGF co-financed measures, in comparison with 34% employed in the age group 36-55 and 30% in the age group 25-35.³⁷

In Perlos (FI) case, under 35-year-old employees were 2.8 times more likely to be employed than workers aged 50 years or more. As an example, a year after the redundancies took place – and immediately after the implementation of EGF funded measures – the unemployment rate of 25-29 and 30-34 year old beneficiaries was just 8% and the share of unemployed older workers aged 55-59 and 60-64 was 36% and 50%, respectively.

This analysis would suggest that it may be necessary to reflect on the need to offer additional or different type of support for older beneficiaries.

3.3.3.3 *Employment outcomes and the educational/occupational level of beneficiaries*

Information on the employment outcomes by educational or occupational level of beneficiaries is not contained in the case reports. Additional information on this aspect of successful re-employment was gathered during the evaluation, but it is not available for all cases to enable analysis and cross-case comparison of re-employment rates by educational/occupational level. It indicates, however, that within the beneficiary group in individual cases (where information is available) lower-educated/lower-skilled beneficiaries were more difficult to re-employ. This tendency is reported though across the cases with high, medium and low re-employment rates.

Amongst cases with overall high re-employment rates, in BenQ case (DE), the majority of more highly skilled professionals (primarily located at BenQ's site in Bavaria) found new employment relatively easily in a rather buoyant local labour market, as demonstrated by the numbers of those not entering the transfer company and having left the transfer company by October 2007 (the start of EGF funding period; around 70% of former BenQ employees in Bavaria had found new employment by then). In Perlos (FI) case, high re-employment rates were facilitated by a relatively high share of workers was highly qualified. White-collar

³⁶ Based on information from TransitoCTP/DIRECCTE Champagne-Ardenne, data as of 31/12/07 for ex ATG workers in the CTP.

³⁷ This was also confirmed in the beneficiary interviews undertaken for this evaluation, where all five beneficiaries referred to their age as a key barrier in the eyes of employers. Two beneficiaries interviewed believed that they found new jobs when it became clear to employers that they would not be able to attract younger recruits. The EGF co-financed measures were implemented under a principle of equal opportunities and non-discrimination – also irrespective of age. However, measures specially aimed at older workers – in the sense of positive discrimination within the scope allowed by law – would have been also beneficial (for example, extra subsidies aimed at employers employing an older worker or extra self-confidence/job search motivation support).

workers were 2.8 times more likely to find employment than blue-collar workers. Anecdotal evidence suggests that white-collar workers were more mobile and willing to accept jobs outside the Joensuu region.

In PSA suppliers (FR) case, in relation to the type of occupation held previously, managers, technicians and those who held intermediary occupations had better chances to get back into 'sustainable employment' than (manual and non-manual) skilled workers.

Amongst cases with overall medium re-employment rates, in Nokia (DE) case, low skilled workers, who had made up around 46% of those entering the transfer company, constituted only 22% of those who had found employment, whereas beneficiaries with tertiary degrees, who constituted only 4% of workers unemployed upon entry into the transfer company, made up over 10% who had successfully found employment. In Lombardy (IT) case, in general, beneficiaries who found new employment had more 'generic' and transferable skills, and were more adaptable to being employed for instance in the service sector. Workers who were specialized or had a higher level of education, such as engineers, also found jobs much more easily.

Amongst cases with overall low re-employment rates, the high proportion of lower skilled beneficiaries did affect the re-employment rates. In Delphi (ES) case, it was acknowledged that some of the affected workers had low level of qualifications at the starting point of the programme, thus it also influenced the success of relocation. In both Portuguese cases, workers with a low educational level and low level skills had the greatest difficulties in achieving positive labour market outcomes.

3.3.3.4 *Employment outcomes and the motivation levels of beneficiaries*

Different levels of beneficiary motivation have been highlighted during the evaluation as one of the factors influencing the re-employment rates. There are beneficiaries who are highly motivated and very receptive of the assistance offered, whereas there are also beneficiaries who – for various reasons - are less flexible, lack motivation and/or are preparing for (early) withdrawal from the labour market.

One of the key factors in this respect is the presence of a generous financial package after the redundancy. Whilst providing a high level of income security to the dismissed workers for considerable periods of time, it can also act as a disincentive for early integration into the labour market. This has been reported in BenQ (DE), Nokia (DE), Perlos (FI) and PSA suppliers (FR) cases. However, most of these cases (with the exception of Nokia) have achieved high re-employment rates after the conclusion of measures, so the net effect of such generous allowance might not have been detrimental to the overall re-employment rates. Insufficient data are available to assess whether this has affected the time taken to find new employment (data are only available for PSA suppliers, which had one of the longest timeframes for re-employment).

In the BenQ and Nokia (DE) cases, the disincentive effects to early integration stemming from top-up payments to temporary short-term allowance and the bridging payment (in the case of BenQ) were significant. Although these companies also offered a "sprinter bonus" to individuals leaving the transfer company early, in the case of BenQ there was also a provision for a "bridging payment" of at least EUR 2 700 for each year of completed employment with Siemens for all individuals leaving the transfer company on 31 December 2007 without having found employment. For the transfer company, and particularly for those taking up EGF supported measures, this meant that some workers did not feel incentivised to seriously look for new employment until they were able to avail themselves of this payment at the end of 2007. Evidence was gathered by the transfer company from its counsellors regarding their assessment of why some former BenQ employees failed to find employment. Among the most prominent factors were the deterrent effects of the "bridging

payment” payable to any former BenQ worker still unemployed in January 2008. It is considered that this led many workers to begin their re-orientation process in earnest too late.

In the case of Nokia employees, the reasons for the failure to find placements in employment is more diffuse than in the BenQ case. Although the disincentive of a bridging payment did not exist, other disincentive factors did apply, leading to the high representation of factors such as “unrealistic employment and salary expectations”. This was the result of individuals having commanded relatively high salaries for their skills level, which proved difficult to obtain elsewhere. Further disincentives arose from Nokia’s staged redundancy process which meant that many particularly older workers were out of the labour market and active labour market policy measures for a significant period of time prior to entering the transfer company. This not only affected their motivation but also their re-employment opportunities. Health and family reasons and the potential to leave the labour market altogether also had a role to play. Similarly, the transfer agency noted the psychological impact of the closure announcement (which was entirely unexpected) and long employment record with the same company as factors affecting individuals’ willingness to seek employment elsewhere in the early stages. Finally, another difference between Nokia and BenQ employees was related to their willingness to travel. As the former BenQ plant in Northrhine Westphalia was located in a rather rural area, many employees were more accustomed to travel longer distances to work. This was not the case for the majority of Nokia employees who, despite being located in a large urban agglomeration with easy transport links, displayed a much lower willingness to travel further for work.

A lack of readiness to move to get a new job (resulting from long employment records with the same company, as well as age profile of beneficiaries) was also considered to be a factor affecting job search processes in the Delphi and Catalonia (ES) cases.

In the Perlos (FI) case, it was noted that amongst the factors hindering the re-employment efforts was substantial financial compensation package given by the company to dismissed workers, which reduced the urgency to look for a job.

In the PSA suppliers (FR) case, the temporary allowance (ATP), which was allocated to nearly all beneficiaries, played an important role in lifting material obstacles to job search and training. It is however not possible to assess whether this measure was an efficient incentivisation mechanism: indeed, as the ATP and the other incentives offered were complementary measures, they ‘neutralised’ each other (there were neither gains nor losses associated with an early or a late exit from the scheme, as the amount of the incentive was not fixed, but depended on the number of months during which beneficiaries had already been supported by the ATP). Based on anecdotal evidence, it can be said that some beneficiaries who preferred to receive a bonus could have speeded up their job search by accepting fixed-term or temporary contracts, while others may have preferred spending more time within the scheme.

Motivation levels for job search process were also influenced by low levels of self-confidence following the loss of their job with the former employer, having worked for the same company for many years, having few job-search skills and knowledge of the available employment opportunities (e.g. Castilla y Leon and Aragon (ES) case, Alytaus Tekstile (LT) cases). In both Portuguese cases, due to their relatively advanced age and to their low education and qualification level, and taking into consideration the negative situation on the local labour markets, many of the targeted workers had no confidence in getting a new job.

3.3.4 Demand side factors

3.3.4.1 *Local economic conditions and the impacts of the global economic crisis*

Consideration of the GDP growth rate for the regions impacted by the closures in these 15 cases is useful because it is illustrative of regional economic vitality. Regions and city-regions with strong GDP growth rates generally provide a higher number of job opportunities and more significant opportunities for employment diversification than do those with lower GDP growth rates; it is therefore interesting to consider this indicator in the context of re-employment rates achieved in the cases considered in this evaluation.

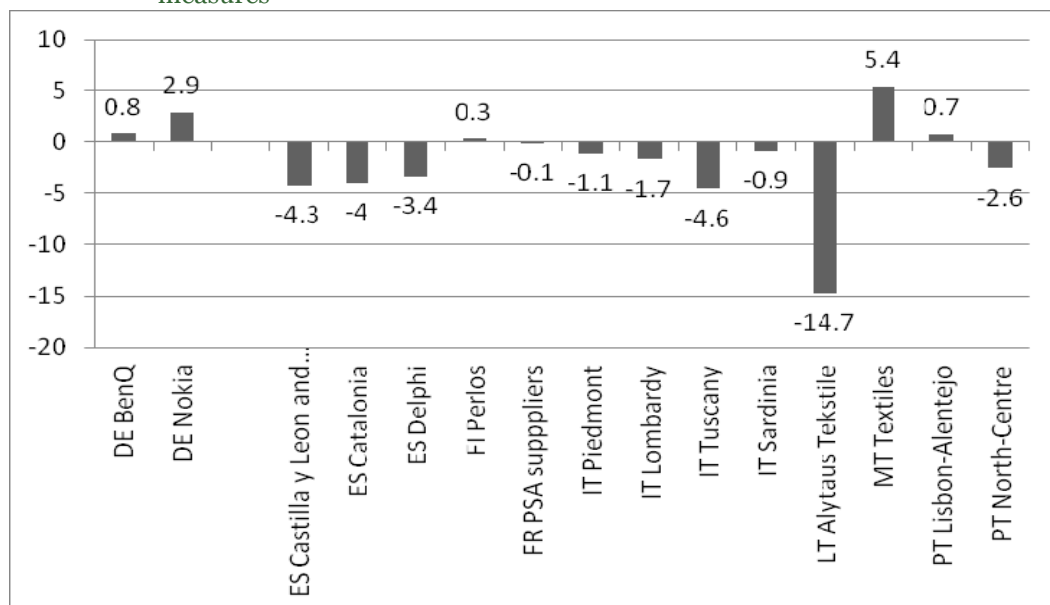
It should be noted, however, that the impact of single plant closures on GDP is negligible and indeed the impact of job losses is not clear cut or instantaneous, indeed where dismissed workers achieved higher value employment this would have a positive impact on GDP. In this context the figures presented below should be understood as providing an illustration of local demand-side trajectory.

As shown in the figure below, high re-employment rates of some EGF cases tended to be achieved to a greater extent in localities with higher rates of GDP growth and lower rates of unemployment. In 3 out of 6 cases with high re-employment rates, GDP grew in the year of the conclusion of EGF measures (Malta Textiles, BenQ (DE), Perlos (FI) cases).

In contrast, GDP grew only in one case with low (Lisbon-Alentejo, PT, and the growth was minimal at 0.7%) and one case with medium re-employment rate (Nokia (DE), 3.8%). Both in cases with low and with medium re-employment rates, the number of EGF cases where GDP rate declined was significantly higher compared to the group of cases with high re-employment rate.

Taking into account that the general economic climate has been worsening during the implementation of the 15 EGF cases and afterwards, improving the employment situation of dismissed workers supported by EGF was very challenging in the context of unfolding global economic crisis. Re-employment of EGF beneficiaries was happening in the context of contracting national and local economies, rising unemployment and fewer job opportunities available. Many companies were seeking to make further redundancies during this period and those that were taking on additional staff had a greater pool of labour which to appoint. The re-employment efforts were hampered by the significantly reduced absorption capacities of labour markets as a direct consequence of the global credit crunch. In some cases this led to delays in finding new jobs for dismissed workers while in others this meant that the affected workers lost their job for the second time over a fairly short period of time. For example, in Alytaus Tekstile (LT) case, the initial labour market outcomes were relatively positive but the situation declined dramatically following the closure of another company with 650 workers in the same town. This increased the competition for new jobs but also had a dramatic negative impact on the local economy as a whole. An exception to this trend was the situation in Germany, where the impacts of global economic crisis were felt to a lesser extent compared to other Member States. This had a significant impact on the extent of re-employment rates achieved in BenQ and Nokia cases.

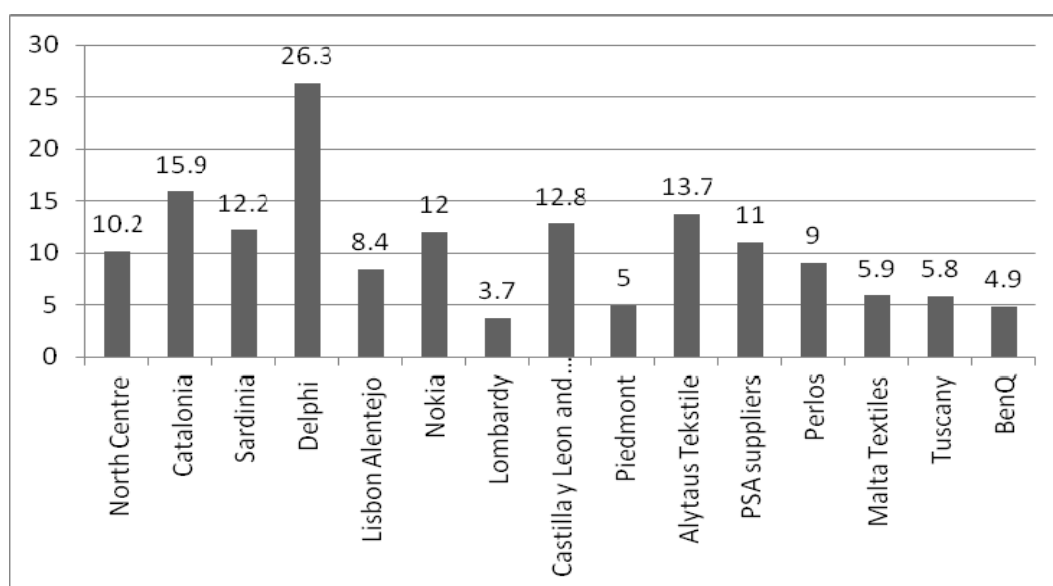
Figure 3.7 Real GDP growth rate, EGF case locality, year of conclusion of EGF co-financed measures



Source: case reports.

Consideration of unemployment rates provides a more immediate understanding of demand-side conditions within the local labour markets in the 15 cases. Similarly, high re-employment rates in EGF cases tended to occur in localities where the unemployment rate was low (although exceptions of Lombardy and Piedmont are notable, here unemployment rates were low, but re-employment rates achieved were only medium). Conversely, all EGF cases with low re-employment rates occurred in the localities where the unemployment rate was high. This meant that re-employment of beneficiaries was much more successful when the local economic conditions were favourable and provided job opportunities for dismissed workers.

Figure 3.8 Unemployment rate, EGF case locality, year of conclusion of EGF co-financed measures



Source: case reports.

In many of the cases evaluated the company closure related to a dominant local employer in a declining sector, with relatively low levels of employment in growing sectors. Indeed, many of the local labour markets concerned could be characterised as operating in a state of low-skill equilibrium – with low demand for high skilled labour driving low supply (or vice-versa). The importance of the local economic and labour market context can be illustrated through several case examples.

Amongst cases with low and medium re-employment rates:

- In Delphi (ES) case, beneficiaries were constrained by the lack of new recruitment within the area, which was a direct consequence of deteriorating economic situation. By end 2008, the unemployment rate had increased by about 35%, compared to the rate at the beginning of that year. The province of Cadiz was the second most affected province of Andalusia, with a constantly increasing unemployment rate. By 2008 Cadiz had an estimated number of 145,000 unemployed people, but unemployment figures continued to grow and by 2009 the registered unemployment figure reached the mark of 155,000 people, of which 75,000 were residents of the Bay of Cadiz.
- In both Portuguese cases, difficult situation on the local labour markets worsened by the general economic downturn prevented higher re-employment rates.
- In Nokia (DE) case, re-employment opportunities at the former Nokia site were primarily open to highly skilled former Nokia staff and did therefore not provide re-employment opportunities for many of the redundant workers, as these were in the main rather low skilled. Future labour market prospects of Nokia workers were complicated by the fact that their salaries tended to be above the regional average for relatively low skilled work, making finding work at a comparable salary more difficult.

Amongst cases with high re-employment rates:

- In Perlos (FI) case, high re-employment rate was considered to be facilitated by relatively diverse industrial landscape of the region and the fact that the redundancies were confirmed during a period of economic growth.
- In PSA suppliers (FR) case, the main obstacles for the redeployment of remaining unemployed dismissed workers were the poor employment prospects in the region. Furthermore, for some beneficiaries who had obtained fixed-term employment contracts (of at least 6 months), these were then not renewed due to the continuing contraction of export markets.
- In Alytus Tekstile (LT) case, crowded local labour supply and severe impacts of global economic crisis are largely behind the declining employment rate of EGF beneficiaries in the longer term. In 2009, another major company in the city has closed down³⁸, bringing another 650 redundant workers into the unemployment and thus further reducing the employment opportunities available in the city. The national unemployment rate more than doubled in 2009 and more than trebled in 2010, compared to 2008 (see table 1), similar developments are noted in Alytus district. Because many employers were downsizing, many beneficiaries who found a job were again dismissed following the principle '*last in, first out*'. The re-employment of dismissed *Alytus Tekstile* workers was happening when the crisis has manifested itself especially harshly in the whole country.

³⁸ *Alytaus Snaigė*, where the EGF application was also initiated (EGF/2009/010). See <http://ec.europa.eu/social/main.jsp?catId=582&langId=en&egfAppId=28&furtherEgfApps=yes>

3.3.4.2 Sectoral and trade trends

Recognising that these local employment conditions and trends take place within a wider set of macro-economic trajectories is important. The following sub-section presents contextual data that illustrates wider, longer term changes within the sectors and Member States concerned in these cases.

Workers dismissed across the 15 cases evaluated had been working in three sectors – textiles, automobile industry and telecommunications. No clear **sectoral** trends could be detected across the 15 cases in terms of correlation between the type of sector and the extent of re-employment rate achieved in the case. However, the data indicate somewhat higher labour market integration rates in the telecommunication sector cases. The immediate re-employment rates in the sector varied from 30% and 60%, to 78%.

The greatest variations were evident in the textile sector as two-thirds of dismissed textile sector workers in the Textiles (MT) case and Tuscany (IT) succeeded in finding new employment immediately after the completion of the EGF intervention, while only 4% of textile sector workers in Portugal, 5% in Catalonia (ES) and 6% of workers in Sardinia (IT) were reintegrated into employment at the end of the EGF case. In the automobile sector, re-employment rates differed from 11% in the case of Delphi to 57% in the PSA suppliers case.

Re-employment rates achieved in 15 cases have been analysed in relation to the patterns of overall sectoral development in the EU in the three sectors of textiles, telecommunications and automobile industry (see table 3.8 below). Data on threatened jobs in three sectors shows the highest (amongst three sectors) loss of jobs in automobile, following by telecommunications and textile sectors. It also demonstrates that over the 2007-2010 period job losses in all three sectors peaked in 2008 and 2009 – the years when most EGF cases concluded the implementation of assistance and dismissed workers were expected to be re-integrated into the labour market.

Table 3.8 Number of jobs threatened, by selected sectors and total, 2007-2011

	2007		2008		2009		2010		2011		Total 2007-2011	
	No	%	No	%	No	%	No	%	No	%	No	%
Telecommunications (Manufacture of electrical and optical equipment)	27,650	8	42,124	7	43,288	6	15,963	4	6,827	11	135,852	6
Textile (Manufacture of textiles and textile products)	9,533	3	18,957	3	17,085	2	7,092	2	137	0	52,804	2
Automobile (Manufacture of transport equipment)	47,603	14	82,713	15	86,792	12	47,174	11	3,174	5	267,457	13
Grand Total (all jobs threatened)	349,435	100	569,900	100	711,449	100	432,337	100	62,089	100	2,125,214	100

Source: European Restructuring Monitor.

In terms of geographical dimension, most EGF northern and eastern European cases (Germany, Finland and Lithuania) achieved relatively high re-employment rates, but so did the textile sector cases from Malta and Tuscany and the automotive case in France.

It is interesting to also consider the trade balances for the Member States in the evaluated cases. This provides an illustration of the extent to which these Member States were net exporters or importers of goods and services. This data provides a broad illustration of the conditions during which the job losses occurred and the re-employment of beneficiaries took place.

The patterns of trade have been contrasted with the re-employment rates achieved to illustrate whether a positive trade balance at the national level correlates with the achievement of higher re-employment rates (see Table 3.9). Data supports this broad trend, as cases with higher re-employment rates occurred indeed in Member States with positive trade balance. This indicates the importance of overall economic situation to the success of EGF assistance.

Table 3.9 Trade balance, million EUR, all products (extra EU-27)

	EGF case re-employment rates (after the conclusion of EGF measures)*	2007	2008	2009	2010
EU-27		-194,459	-256,424	-109,333	-152,983
Germany	1 high; 1 medium	67,682	67,629	67,069	86,473
Finland	1 high	6,927	5,220	4,749	4,996
France	1 high	393	-2,610	6,817	8,917
Malta	1 high	227	231	60	-25
Lithuania	1 high	-1,231	-2,593	-1,156	-1,547
Spain	1 medium; 2 low	-51,025	-58,276	-29,981	-40,863
Italy	1 low; 2 medium; 1 high	-15,317	-21,461	-3,072	-20,227
Portugal	2 low	-5,271	-6,244	-3,198	-4,661

Source: Eurostat. * see table 5.2 for full information on re-employment rates.

3.3.5 The nature of policy interventions – EGF and national mainstream provision

The effect of the different mix of EGF and national provision applied across the 15 cases are complex to interpret. One clear trend is that 4 out of 6 cases with high re-employment rates and 3 out of 4 cases with medium re-employment rates had a strong additional, non-EGF provision of assistance (i.e. financed outside the national co-financing for the EGF). This tended to be less the case amongst the cases with low re-employment rates. This would lead to the conclusion that EGF worked more effectively where it added to the existing national provision – rather than on its own. This may be particularly relevant because national provision could already start before the EGF funds became available, thus demonstrating the added value of early assistance.

In relation to the mix of EGF measures themselves and the outcomes achieved, trends are complex. What is clear that in the majority of 15 cases there was a very high concentration of resources on one measure (where more than 50% was spent on 1 measure). Only 2 cases (Delphi ES and Alytaus Tekstile LT) had a more widespread mixture of measures.

Since the re-employment rate achieved in Delphi ES case was low, and Alytaus Tekstile (LT) high, this does not allow to conclude that a more widespread mixture of measures leads to higher re-employment outcomes.

The effects of EGF measure mix and national provision are discussed in turn below. Analysis of the relative success of individual types of measures is not possible due to the lack of data on the employment outcomes by types of measures applied. Hence, the analysis is based on contrasting the measure mix and re-employment rates achieved at the case level, as well as evidence collected through stakeholder consultations on success of particular types of measures.

3.3.5.1 *Employment outcomes and the EGF measure mix*

The table below shows the distribution of funding across the different types of measures applied in the 15 cases evaluated. The focus of EGF funding was used on the following measures:

- Training and re-training - this was the category with highest proportion of expenditure in 4 cases (71% in both Portuguese cases; 83% in Perlos (FI), 48% in Delphi (ES)).
- Job search allowances - this was the category with highest proportion of expenditure in 4 cases (97% in PSA suppliers (FR), 97% in Piedmont (IT), 69% in Tuscany (IT) and 54% in Catalonia (ES)).
- Job search assistance – this was the category with highest proportion of expenditure in 3 cases (97% in Lombardy (IT); 50% in Textiles (MT); and 51% in Castilla y Leon and Aragon (ES)).
- Other allowances - this was the category with highest proportion of expenditure in 2 cases in Germany (a measure of short-term transfer allowances).
- Employment and recruitment incentives - this was the category with highest proportion of expenditure in one case (Alytaus tekstile (LT)).

The analysis shows that in 5 cases the EGF funding was highly concentrated on one single type of measure (over 80-90% of total expenditure); in 7 cases around 50-70% of the funding was spent on one single type of measure; and in 4 cases the monies were spent in a more widespread way, with no single measure taking up more than 50% of the total amount spent on support measures.

Such categorisation is by its nature very crude and hides the complex nature of the support offered to the dismissed workers. Nor it should be used to conclude that high concentration of resources on one single type of measure does not respond to the identified needs of beneficiaries. For example, it could be the case that it is identified that the most significant need of beneficiaries is for upskilling and training and the EGF funding is allocated to respond to such a need.

However, EGF was conceived to provide support to a range of services to workers dismissed. Also, it is emerging that one of the key success factors in the re-employment of dismissed workers is provision of an integrated support package, as support needs are complex and multi-faceted. Furthermore, it needs to be reflected in a number of cases where the expenditure is highly concentrated (80-90% of all funding for measures) it is focussed on financial allowances and payments to beneficiaries. These measures are used to support their participation in other active measures, so they should not be viewed as passive benefits (which are not allowed to be funded by the EGF).

Analysis has also been undertaken to understand how the EGF measure mix relates to the extent of re-employment rates achieved across the 15 cases (shown in table 3.10 below).

No clear patterns of correlation are identified, suggesting that the measure mix and the use of certain types of measures alone do not explain the variations in employment outcomes across the cases.

- Job-search assistance was the highest expenditure item in two cases with medium re-employment rates (Lombardy (IT) and Castilla y Leon and Aragon (ES)).
- Training measures were the highest expenditure item in 3 cases with low re-employment rates (North-Centre, Delphi, Lisbon-Alentejo) and one case with high re-employment rate (Perlos).
- Job search allowances were the highest expenditure item in 2 cases with low re-employment rates (Catalonia, Sardinia,), 1 case with medium re-employment rate (Piedmont) and 2 cases with high re-employment rates (PSA suppliers; Tuscany).
- Other allowances constituted the highest expenditure item in Nokia and BenQ cases (short-term transfer allowances), the former with medium, the latter with high re-employment rates.
- Employment and recruitment incentives constituted the highest expenditure item in two cases with high re-employment rates (Alytaus Tekstile, Malta Textiles).

Table 3.10 EGF expenditure breakdown by type of measures, 15 EGF cases (excluding technical assistance expenditure)

	Low re-employment rate after the conclusion of EGF co-financed measures (<25%)					Medium re-employment rate after the conclusion of EGF co-financed measures (25-50%)				High re-employment rate after the conclusion of EGF co-financed measures (>50%)					
	PT North-Centre	ES Catalonia	IT Sardinia*	ES DEL PHI	PT Lisbon - Alentejo	DE Nokia	IT Lombardy	ES Castilla y Leon and Aragon	IT Piedmont	LT Alytaus Tekstile	FR PSA suppliers	FI Perlos*	MT Textiles	IT Tuscany	DE BenQ
EGF expenditure	200,451	417,122	140,560	10,754,924	404,441	4,863,526	69,218	1,871,060	853,216	283,784	2,354,892	2,250,488	285,155	750,915	10,130,178
<i>Job search Assistance & general information</i>	12%	18%	4%	13%	0%	0%	97%	51%	0%	6%	2%	10%	1%	28%	1%
<i>Training / retraining</i>	71%	16%	0%	48%	71%	20%	3%	32%	0%	23%	1%	83%	7%	0%	6%
<i>Job-search allowances</i>	0%	54%	96%	0%	0%	0%	0%	3%	97%	11%	97%	1%	25%	71%	0%
<i>Training allowances</i>	13%	0%	0%	0%	1%	0%	0%	0%	1%	27%	0%	0%	0%	1%	0%
<i>Mobility Allowances</i>	0%	0%	0%	7%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	6%
<i>Other Allowances (e.g. Apprenticeship schemes / subsistence)</i>	0%	0%	0%	26%	0%	80%	1%	2%	0%	0%	0%	1%	0%	0%	87%
<i>Employment and recruitment incentives</i>	0%	0%	0%	0%	3%	0%	0%	9%	2%	30%	0%	0%	50%	0%	0%
<i>Supported employment and rehabilitation</i>	0%	10%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%
<i>Start-up incentives / promotion of entrepreneurship</i>	5%	2%	0%	5%	25%	0%	0%	0%	0%	3%	0%	2%	18%	0%	0%

*the expenditure breakdown across different categories of measures is being clarified.

**the expenditure does not include 2 sub-categories of measures where the number of beneficiaries (or actions carried out) is not provided, amounting to EUR 298,836.

The amounts shown do not include the expenditure on technical assistance. The different types of measures were analysed as they were articulated in the case documentation (e.g. final reports). The central team then analysed the types of measures to provide an in-depth overview of common types of measures where these have been implemented.

In the absence of the data showing the employment outcomes by the type of measures accessed by individual beneficiaries, evaluation collected information in each case on the success of different types of measures in the particular case. Key common patterns have been summarised as follows.

- Provision of intense individualised support. A key feature of effective cases lies in establishing an agreed pathway to re-employment with beneficiaries. This is most effectively done where an accurate profiling service is undertaken by deliverers. Individualised pathways had two main impacts. Firstly, they established an individual connection between beneficiaries and providers which assured them that they were going to be assisted. Secondly, it provided beneficiaries with a personalised plan which they could work *with* the PES to implement.
- Provision of a package of measures. The mix of measures was very important in order to provide a differentiated response to workers with varying profiles and needs to re-integrate into the labour market. The strength of the EGF lies in the flexible combination of several offers. As illustrated in the individual cases, many of these offers are already provided in mainstream employment service measures. It is, therefore, imperative that EGF cases develop a mix which addresses the needs of individuals and compliments existing provision.
- Involvement of a wide range of partners. Stakeholders consulted in many of the cases considered highlighted the catalytic effect that EGF had in harnessing the Public Employment Service to mobilise resources and provide special attention to particular groups of workers.
- The fact that EGF promotes a parallel focus on skills' development of the beneficiaries with the objective of re-employment at a pace which is commensurate with plans developed for individual dismissed workers is noted in some cases as useful, however this is clearly undermined in some cases where provision took place in a shortened time-frame.
- In a number of cases the fact that provision was provided on-site or at a location close to employees was noted by beneficiaries as a very useful aspect which enabled them to easily access advisors. For example, in the Textiles (MT) case the PES established and was available on site at both of the companies which closed. Conversely, some cases reported that travelling to access provision was a considerable barrier to them accessing assistance.
- Additionally, it was noted that the EGF instrument provides the ability to offer training programmes which would have been too long or too costly to be funded with ESF support and the ability to fund measures which are not eligible under other funding streams, such as language courses, assistance for applications abroad and assistance delivered through peer groups.

Table 3.11 Cost per action by type of measures, 15 EGF cases

	DE BenQ	DE Nokia	ES Castilla y Leon and Aragon	ES Catalonia	ES DELPHI	FI Perlos**	FR PSA suppliers	IT Lombardy	IT Piedmont	IT Sardinia	IT Tuscany	LT Alytaus Tekstile	MT Textiles	PT Lisbon-Alentejo	PT North Centre	Average 15 cases	Highest/lowest
Overall EGF cost per action (all measure costs/all actions)	4,007	3,727	711	3,504	6,768	2,444	8,820	800	1,315	12,778	555	458	480	725	278	3,158	
3 Job search Assistance & general information	136	183	101	599	304	1,285	262	747	0	522	109	29	32	0	302	307	H:1285 L: 29
4 Training / retraining	2,255	1,974	251	590	1,979	3,066	2,239	885	0	0	0	410	231	231	156	951	H:3066 L:231
5 Job-search allowances	0	0	457	100	0	785	5,515	0	2,777	12,256	645	106	91	0	0	1,515	H:5515 L:91
6 Training allowances	0	0	0	0	0	0	0	0	3,428	0	1250	383	0	371	354	386	H: 3428 L: 383
7 Mobility Allowances	1,540	0	0	0	551	587	0	0	0	0	0	0	0	0	0	179	H:1540 L: 551
8 Other Allowances (e.g. Apprenticeship schemes / subsistence)	2,198	1,482	0	100	144	1,570	0	134	0	0	0	0	0	0	0	375	H: 2198 L: 134

	DE BenQ	DE Nokia	ES Castilla y Leon and Aragon	ES Catalonia	ES DELPHI	FI Perlos**	FR PSA suppliers	IT Lombardy	IT Piedmont	IT Sardinia	IT Tuscany	LT Alytaus Tekstile	MT Textiles	PT Lisbon-Alentejo	PT North Centre	Average 15 cases	Highest/lowest
9 Employment and recruitment incentives	0	0	0	689	0	0	0	0	3,646	0	0	446	582	639	0	400	H:3646 L: 446
10 Supported employment and rehabilitation	0	0	1,425	281	0	0	0	0	0	0	0	0	0	0	0	114	H: 1425 L: 281
11 Start-up incentives / promotion of entrepreneurship	443	284	994	0	4,095	1,542	0	0	0	0	0	109	2,410	12,669	2,365	1,661	H:12,669 L: 109

The table above details information on the cost of EGF co-funded action by different types of common categories of measures analysed across the 15 cases. It shows a varied range of the measure cost across the 15 cases, ranging from EUR 278 cost per action in North-Centre (PT) case, to EUR 12,778 in IT Sardinia case. The average cost across all actions is EUR 3,158. There are no particular associations between the cost per measures and the extent of re-employment rates achieved. Looking at the various types of measures, the following can be noted:

- Entrepreneurship promotion appears to be by far the most expensive type of measure, with EUR 1,661 cost per action. This is followed by job search allowances (EUR 1,515).
- At the other end of the scale, the least expensive measures appear to be supported employment and rehabilitation (EUR 114 average cost) and mobility allowances (EUR 179 average cost).

3.3.5.2 *Employment outcomes and non-EGF national provision*

Case study research for the current evaluation demonstrated that the use of the fund and the measures implemented with its co-financing are strongly influenced, and in many cases closely aligned with the national restructuring framework. An overview of relevant elements of the national restructuring framework in Finland, France, Germany, Italy, Lithuania, Malta, Portugal and Spain to deal with mass economic redundancies which go beyond the basic obligations of the European Directives is presented in Annex 3. This also includes a presentation of how this has impacted on the respective nature and logic of EGF intervention. This section seeks to provide a brief overview of where the EGF situation in relation to the wider relevant national restructuring framework, its added values and issues arising which could be seen to affect the effectiveness and sustainability of EGF intervention. This section also discusses the core features of the interacting national restructuring framework which could be seen to impact employment outcomes achieved with the assistance of EGF funding.

Generally, support for redundant workers is supplied via the general advice, guidance, matching and active labour market policy measures provided by Public Employment Services. In countries like Finland, Lithuania and Malta (and to some extent Portugal), it is the PES which provide the main system of assistance in cases of mass redundancies. Portugal supplements support for redundant workers affected by mass lay-offs with the services of Rapid and Personalised Intervention Units who bring together all relevant actors to provide a more “bespoke” service. In Finland, the “Change Security” concept has been developed by PES to assist workers in such situations. Change Security also involves more intensive co-operation between PES, social partners and local authorities (than would be the case for assistance to other job seekers), but is provided within each PES office at local level.

Although the PES are also involved in assisting in service provision to redundant workers in the other countries, the advice, guidance, matching and ALMP supply function on the ground is performed in many cases of mass redundancies by specialised private, public or third sector organisations in France and Germany. In Germany, large scale restructuring is generally accompanied with the negotiation of a social plan by the social partners (employers and works council). This can involve discussions about the internal re-deployment of staff, but also focussed on compensation packages and external redeployment. Such external re-deployment is increasingly managed through the establishment of a transfer agency. This provides employees with a temporary extension of their employment contract beyond the notice period together with career counselling, matching, placement and training related services provided by a transfer company. The transfer company is also responsible for sourcing “hidden vacancies” not reported to the PES and provide targeted advice and assistance with selection to employers.

In France different measures apply to support workers and localities affected by restructuring depending on the size of the employer and the number of dismissals effected. Employers above a certain size are required to negotiate a employment safeguard plan (*Plan de Sauvegarde de l'Emploi*) with employee representatives. In addition, increasing use has been made of re-employment units (*cellule de reclassement*) which can assist in such cases. These units are generally staffed by trained professionals who assist redundant workers with guidance, assessment of skills, matching (including in “hidden vacancies” sources by the re-employment unit) and training. The quality of such re-employment units is determined by the level of funding made available which can be entirely by the state or a mix of various sources, including the employer.

In companies with over 1000 employees, redundant employees are also entitled to re-employment leave funded by the employer, during which time an employee is able to validate their skills, enhance existing training or re-train. Support is available for 4-9 months

and compensation is paid at between 65-85% of previous salary. A similar measure is in place for employees in companies with less than 1000 employees where redundant workers can sign personalised re-employment agreements (CRP). During the first 8 months they receive 80% of previous salary and 70% is then payable for a further 4 months. The service is provided by the PES and includes guidance, counselling, matching and training provision.

Similarly, a professional transition contract (*Contrat de Transition Professionnelle*, CTP) can be agreed lasting for 12 month during which measures can include training as well as work experience and compensation is paid at 80% of previous salary. These measures tend to be implemented by the PES or AFPA (the provisional training body) but can also be sub-contracted to other providers. The employer has to contribute towards the payment of professional transition allowance received during this period.

Italy has instituted a system of so-called “social shock absorbers” in the form of allowances, which help to deal with situation ranging from temporary, short-term downturns in demand to large scale redundancy situations. In the latter cases, the extraordinary wage guarantee fund (CIGS) covers 80% of the employees’ previous pay for 24-36 months.

Spain is the only country, where it is perceived that EGF provided the only instrument to support workers affected by mass redundancies following on from the negotiation of a social plan by the employer and work council in the affected company. Evidence from other cases suggests that, given the scale and intensity of the challenge, and the wide range of measures required to achieve high unemployment rates, a combination of mainstream national provision supplemented by EGF is likely to provide the most effective assistance to dismissed workers.

In the context of these national frameworks for dealing with large scale restructuring, the way in which EGF has interacted with existing provision can be categorised along four lines:

- Countries where EGF enhanced the intensity of existing provision but no specific new measures have been added to the toolbox of measures to assist redundant workers (Finland, France, Lithuania, Italy);
- Countries where, in addition to enhancing the intensity of existing measures, EGF has enabled the implementation of some new measures not previously available (Malta, Portugal);
- Countries where, as well as offering greater service intensity and new measures, provisions as been extended temporally (Germany); and
- Countries where new support structures and measures were made available (Spain).

Enhanced intensity usually relates to improvements, for example relating to the ratio between (PES) counsellors and redundant workers (e.g. in the case of Germany, the usual ratio in the PES is 1:150 whereas in transfer companies this is reduced to around 1:40), providing more time for each affected worker and allowing more frequent contact. It can also mean the availability of more tailored, longer and/or more costly training courses than would otherwise be the case.

New measures offered with EGF funding included support for job search allowance and occupational guidance (Malta), support with self-placement, assistance with insertion plans, wage compensation and entrepreneurship support (Portugal). While such measures may not be new to the arsenal of potential assistance offered by PES or other support structures in some countries, this was certainly the case in Malta and Portugal and led to considerations regarding the mainstreaming of such assistance.

The relative diversity of national restructuring frameworks and their impact on EGF provision raises the question to what extent the nature and generosity of existing national structures impacts on EGF beneficiary outcomes, i.e. whether countries with more developed and well resourced existing frameworks generally achieve better placement outcomes or not. Section 3.2.2.2 above and Annex 5 contain some findings comparing the outcomes of EGF funded actions with those of similar measures in similar situations. However, this does not allow for a comparison between countries, which – in the absence of detailed cost and outcome data – is indeed difficult to achieve. It is therefore only possible, using the example of Germany, to provide some indication of the scope of resources deployed to assist the redundant workers within the national restructuring framework, which is outside the provisions of EGF and its national co-funding. The Table below provides information of the funding made available from various sources associated with the BenQ and Nokia redundancies. This shows that funding from EGF (not counting match funding) only made up a relatively small proportion of total funding made available within the national restructuring framework to assist redundant workers (13% in the case of BenQ and approximately 5% in the case of Nokia). In the absence of more reliable data, also from other countries, on the resources made available through the national restructuring framework it is not possible to demonstrate with any degree of certainty the extent to which the availability of additional financing has a demonstrable impact on beneficiary outcomes. It is, however, important to note that at least in the case of Germany, the availability of this framework allows for intensive support to be offered to redundant workers from day one, without having to await decision making on EGF funding or relying solely on mainstream PES provision. As research evidence has shown the importance of early intervention and the added value of strong personalised assistance, it could be assumed that the availability of such measures can have a significant impact.

Table 3.12 Funding made available to assist redundant workers in some EGF co-financed cases

Case/source funding	of Separate arising national restructuring framework	funding from EGF (EU and national co-financing)
BenQ (DE)	Approx. 65 000 000 ³⁹	20 547 445
Nokia (DE)	Approx. 90 000 000 ⁴⁰	10 271 292
Perlos (FI)	Approx. 16 000 000	5 285 012

Source: case evaluation reports.

3.3.5.3 EGF and ESF

As shown in Annex 2, EGF and ESF are expected to be complimentary policy measures in dealing with the consequences of globalisation, with ESF providing a long-term strategic response and adjustments required, whereas EGF is expected to act as one-off time-bound and specific response to a single restructuring ‘emergency’. It is also interesting to consider the complementarity between measures funded through EGF and ESF programmes in each

³⁹ This figure does not include the payment by the PES of Transfer Short-time Works Allowance as this was partly co-financed by EGF. It includes funding from the company in the form of the cost of setting up the transfer company for 12 months, the cost of bridging payments and the cost of the sprinter bonus. It does not include the cost of severance payments and the top-up paid the TSTWA as these should not be seen as active measures.

⁴⁰ This figure only includes financing made available for regional economic development (although this did not only benefit Nokia employees, but was triggered by this redundancy event) and 15 million Euros of funding for the transfer company. It does not include severance payments and top up payments to TSTWA. The total cost of the Nokia social plan was in the region of 185 000 000 Euros. The figure also does not include TSTWA funding from the PES.

of the relevant territories assisted. Interestingly, this analysis illustrates that there is, in most cases, a level of complementarity, with ESF often used to support workers prior to the agreement of EGF funding. More commonly, ESF has been used to continue to support workers following the conclusion of the EGF eligibility period.

The use of the ESF as a source of match funding to co-fund the EGF contribution (as opposed to national, regional or local funding sources) is explicitly prohibited in the EGF Regulation as part of the general rule that one source of EU funding cannot be used as a match funding to avoid duplication. None of the 15 cases evaluated used the ESF as a funding source to match the EGF contribution.⁴¹

Table 3.13 The use of ESF resources

MS	Case name	Year	Use of ESF (Yes/No)	The nature of ESF use in assisting the dismissed workers
DE	BenQ	2008	Yes	Training
DE	Nokia	2010	Yes	Training (more limited than in the BenQ case due to falling between two ESF programming periods)
ES	Castilla y Leon and Aragon	2009	Yes	Training
ES	Catalonia	2009	Yes	Training
ES	DELPHI	2009	No	--
FI	Perlos	2008	No	--
FR	PSA suppliers	2008	No	--
IT	Lombardy	2008	No	--
IT	Piedmont	2008	Yes	Counselling, Entrepreneurship promotion, Training vouchers
IT	Sardinia	2008	Yes	Programme for re-employment of disadvantaged workers- PARI – training
IT	Tuscany	2009	No	--
LT	Alytaus tekstile	2009	Yes	Professional consultation and orientation, subsidised employment, support to job skills acquisition, professional training programmes, vocational training and re-training programmes, entrepreneurship support programmes, IT literacy courses
MT	Textiles	2008	No	(due to falling between two ESF programming periods)
PT	Lisbon-Alentejo	2008	Yes	Collective information sessions for 525 workers, individual and collective interviews for professional orientation (415 and 145 workers, respectively), interviews for placement (300), psychological assessment (62), collective sessions for potential creators of self-employment (6), sessions for techniques in self-placement (2) and development of personal and social skills (1).

⁴¹ This reflects the final audited accounts and necessary adjustments carried out across the 15 cases evaluated.

PT	North-Centre	2010	Yes	Interviews for professional orientation (243 beneficiaries), psychological assessment (29) and development of personal and social skills (25), and employment and training measures, such as occupational activities (148), education and training for adults (31) and continuous training (198)
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Source: case evaluation reports.

The table shows the use of ESF funding in nine EGF cases. As key is to ensure that the EGF funds do not duplicate the existing provision, it should be welcomed that the beneficiaries were accessing relevant measures already funded by the ESF. The majority of such ESF-financed support related to the provision of training, but also other active support measures, such as counselling, orientation, information provision or entrepreneurship promotion. Such types of active support measures are also eligible for the financing under the EGF rules. The key overlapping type of measure was the provision of training, which under EGF was in most cases tailored to the specific needs and requirements of the dismissed workers in a specific locality, whereas where dismissed workers also accessed ESF-funded training, this was provided as part of the general framework of measures aimed at helping the general unemployed population.

Also important is the observation that ESF was not used (or used to a smaller extent) in some EGF cases due to the timing of the assistance required when it was falling in between the two ESF programming periods (Textiles (MT) case and Nokia (DE)). This meant that EGF assistance was sought in the absence of available ESF funds. What has distinguished EGF co-financed assistance from other measures provided for with the ESF support (and other national, regional or local funds) was the following:

- The provision of integrated package of support, targeted to the needs of the particular group of dismissed workers in a particular locality, and (in at least of some EGF cases) providing support during all the stages of journey to new employment, including support once in employment – as opposed to measures provided for the general unemployed population, and
- The possibility of flexible provision of support and change to the measure mix and intensity, reflecting any changes to the needs of the beneficiaries and the labour market situation in the locality – as opposed to stricter rules to be followed under the ESF.

The table below summarises key advantages and disadvantages of EGF and ESF, as identified during the national level research.

Table 3.14 Comparative advantages and disadvantages of EGF and ESF

EGF		ESF	
Advantages	Disadvantages	Advantages	Disadvantages
Tailored support to beneficiaries' needs, skills and interests	Strict application criteria (counting large numbers of dismissed workers, reference period whereby some affected workers fall outside the reference period, respecting specific sector codes, proving the link to the globalisation)	Simpler and quicker application procedures	Onerous procedures of monitoring and compliance
Ability to provide funds urgently in particular crisis situations in a particular company/sector in a given time.	Photographic' and detailed evidence required in the application	evidence required in the application is not as detailed as in the case of the EGF	Not tailored to the specific needs of dismissed workers in mass-scale redundancies
More flexible instrument (compared to funds like ESF) without so many conditionalities with possibility of adjusting the	Long application approval process and resulting difficult	well-know and used fund with more experience with its implementation	Certain measures financed under EGF would have been ineligible under ESF (depending on the
		Experience of managing EU	

measures to the needs of workers accessing the support. EGF application did not require the elaborate programming articulation of ESF funding proposals.	financial planning as well as compressed implementation periods Strict implementation period of 12 months (ESF allows for extensions) National coordination for EGF can be an additional challenge in countries where the regional responsibility for the ALMP is very strong	funding also strong at the regional level	national ESF programming framework ⁴²⁾
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More generally, as identified through interviews with representatives of social partners at the European level, due to the fact that the EGF is still relatively recent tool, there is still a confusion at the national level over the objectives and procedures of EGF compared to those of ESF, which are more widely known.

Whilst there is recognition that EGF is a reactive measure, some stakeholders believe that measures which take place prior to job losses must be enacted to maximise re-employment rates (as in the types of activities that ESF can fund). Improving the interaction with the ESF must therefore be a future consideration. In addition, social partner representatives recommended that the EGF regulation should be aligned with ESF regulation with regards to the partnership principle (involvement of social partners in the elaboration of measures).

3.3.6 Intra-national variations in employment outcomes

A combination of demand and supply side factors are strongly associated with national variations between the differences in re-employment rates achieved in several Member States. The reasons are very case specific and do encompass both supply and demand side factors, of which the demand side factors (job opportunities available to dismissed workers) are the most relevant⁴³.

▪ Germany

A medium rate of re-employment in Nokia case (DE, 29.5%) was achieved in the context of higher unemployment rate in the locality (12%), compared to the high rate of re-employment achieved in BenQ (DE, 78.2%) in the context of significantly lower unemployment rate in the locality (4.9%). Another key difference between the cases which provides explanation for the differences is the fact that in Nokia case the proportion of beneficiaries with lower skills levels was almost two times higher (27%) compared to BenQ (14%). Other factors appear to be equal between the two cases – the proportion of female and older beneficiaries was the same, very similar – and high - amounts were spent on the same type of measure, and the non-EGF provision provided additionally was substantial in both cases.

Other factors contributing to the difference in outcomes between the two cases are as follows. Not only was the unemployment rate higher during the Nokia case, but it was also argued that because BenQ and Nokia affected similar localities and BenQ redundancies

⁴² This is noted in both Portuguese cases (Automobile and Textile) where the training for entrepreneurship is not part of the National Qualifications Catalogue and therefore not eligible under the ESF.

In the Castilla y Leon and Aragon case, EGF supported the implementation of new systems for outplacement of vulnerable groups of workers suffering from a collective dismissal that is not contemplated in the regional ESF OP.

In Sardinia, several workers could not access training funded by the Region through ESF or other Regional Programmes, because dismissed workers receiving unemployment benefits, such as CIGO and CIGS, are not eligible for these programmes in Sardinia.

⁴³ The two Portuguese cases both achieved low re-employment rates, hence there is no inter-national variation in re-employment rates compared to other Member States with multiple EGF cases.

happened not long before Nokia redundancies, many of the suitable jobs which might have been available to Nokia workers had already been taken by former BenQ workers. Similarly, because of the way redundancies were staggered in the Nokia case – in line with individual worker’s notice periods – while production had actually stopped during this time, meant that many workers had already been at home doing few active job search activities for a significant period of time before they entered the transfer company. This, together with the relatively high compensation received, made re-activation more difficult in Nokia case. Another factor related to the home locality and the experience of having to travel to work which differed between BenQ and Nokia workers. As Kamp-Lintfort (the BenQ site) is in a more rural location, it was argued that these workers were more used to having to travel to work to any other employer, whereas Nokia workers were less willing to do so. Finally, the element of shock was greater in the Nokia case which arguably caused greater psychological problems. In addition, BenQ workers had already seen their company change hands recently and were slightly more used to change, whereas Nokia workers seemed rather more “institutionalised”, seeing themselves as part of the Nokia ‘family’ and therefore less psychologically able to adapt to new labour market conditions.

▪ Spain

Medium-rate of re-employment achieved in Castilla y Leon and Aragon case (41%) contrast with low re-employment rates in Catalonia (5.2%) and Delphi (10.7%). The medium rate was achieved in the context of lower unemployment rate overall in Castilla y Leon and Aragon locality (12.8%), compared to significantly higher unemployment rates in Catalonia (15.9%) and Andalusia (26.3%). However, in all three localities, GDP declined in the year of EGF measures conclusion, also at the similar pace (-3.7% in Castilla y Leon and Aragon; -4.0 in Catalonia; and -3.4% in Andalusia).

Looking at the supply side factors, a very important factor contributing to the low re-employment rate in the Catalonia case was the profile of beneficiaries (25% aged 55-64, 82% with ISCED level 1-2 qualifications), the majority of them having worked their whole lives in textile industry in the same locality, and thus unprepared for professional and geographical mobility. The proportions of older and lower educated beneficiaries were lower in Castilla y Leon and Aragon case (which would explain the higher re-employment rate) – but even lower in Delphi case (which however achieved a low re-employment rate).

Looking at the policy intervention factors, one of the critical success factors in Castilla y Leon and Aragon cases was a very pro-active approach taken by the implementation agency. It was argued that a crucial reason for these positive results was the work in the prospective analysis that resulted in visits to 3,000 companies that led to the identification of 426 job offers, of which 289 responded to the profiles of the assisted workers. Those offers generated 1,667 communications to individuals that resulted in 836 positions for 211 individuals.

▪ Italy

High re-employment rate achieved in Tuscany (65.6%) contrasts with medium re-employment rates in Lombardy (39.9%) and Piedmont (42.6%). Tuscany case’s rate is even more puzzling given the higher rate of GDP decline and higher rate of unemployment here compared to Lombardy and Piedmont. The gender and age profile of beneficiaries was largely similar in three cases, with the exception of the proportion of lower education level beneficiaries in Tuscany, where it is substantially lower (66%) compared to Lombardy (74%) and Piedmont (93%).

3.3.7 Conclusions

To summarise, explanation in variations between the differing re-employment rates achieved are due to a complex interplay of demand, supply and policy intervention factors. In cases with low re-employment rates, low educational and skills level and the relatively high age of the dismissed workers reduced the expectations in relation to direct employment

results from the beginning. The global economic crisis had negative effects on the local labour markets that were stronger than expected.

3.4 The use of resources in 15 cases evaluated

Table 3.5 below shows information on the financial implementation and the reach of planned number of beneficiaries in each of 15 cases evaluated. This information is important in the evaluation to assess whether the allocated monies have been used as intended. If the allocated public funds are not used, there is an opportunity cost as they could have been used elsewhere to implement public policies.

The budget implementation rate shows the extent to which the approved EGF funding was spent in each EGF case to fund the measures planned to assist the dismissed workers. The rate differs significantly across the 15 cases evaluated, from 3% to 99%. There is a range of factors behind this variation, ranging from the arrival of the EGF funding at the locality, adequate communication, planning, capacity and coordination structures, local economic climate and rapidly changing conditions on the labour market.

The beneficiary reach rate shows the extent to which the numbers of dismissed workers planned to be assisted in the application were actually assisted with the EGF co-financed provision. Here, the variation is lower (compared to the budget implementation rate), from 1% to 101% of planned beneficiaries assisted during the implementation. This demonstrates that although the financial implementation rates varied, the assistance was still delivered to a high proportion of planned beneficiaries – albeit at lower-than-planned scale and extent (i.e. not all services were implemented as planned to all beneficiaries as planned).

Table 3.15 EGF cases implementation and reach rates

MS	Case	Sector	EGF amount approved (EUR)	Final EGF amount spent (EUR)	Budget implementation rate	Planned number of beneficiaries	Final number of beneficiaries	Beneficiary reach rate
DE	BenQ	Mobile phone	12,700,000	10,270,092	81%	2,511	2,528	101%
DE	Nokia	Mobile phone	5,553,850	5,135,646	92%	1,316	1,305	99%
ES	Castilla y Leon and Aragon	Automotive	2,694,300	1,926,060	71%	588	534	91%
ES	Catalonia	Textile	3,306,750	491,821	15%	1,100	587	53%
ES	Delphi	Automotive	10,471,778	10,319,649	99%	1,589	1,589	100%
FI	Perlos	Mobile phone	2028538	1,321,253	65%	1,104	921	83%
FR	PSA suppliers	Automotive	2,558,250	2,353,583	92%	267	267	100%
IT	Lombardy	Textile	12,534,125	591,331	5%	1,816	174	10%
IT	Piedmont	Textile	7,798,750	953,689	12%	1,537	1,298	84%
IT	Sardinia	Textile	10,971,000	277,137	3%	1,044	11*	1%

IT	Tuscany	Textile	3,854,200	803,279	21%	1,588	1,352	85%
LT	Alytaus Tekstile	Textile	298,994	296,385	99%	600	619	103%
MT	Textiles	Textile	681,207	318,920	47%	675	672	99%
PT	Lisbon-Alentejo	Automotive	2,425,675	458,045	19%	1,124	558	50%
PT	North-Centre	Textile	832,800	246,492	30%	1,504	720	48%
*Expenditure on 11 beneficiaries was approved after the final audit; the EGF assistance targeted all 1044 dismissed workers.								

Source: case evaluation reports.

There is a range of factors behind the variation of implementation rates, ranging from the arrival of the EGF funding at the locality, adequate communication, planning, capacity and coordination structures, local economic climate and rapidly changing conditions on the labour market. These are further elaborated in Table 3.16 which shows that:

- Difficulties in strictly following the planned mix and size of measures were encountered even in cases with high implementation rates. This is occurred mainly due to the variations in demand and interest from beneficiaries, which arguably was difficult to predict at the application stage. Noteworthy is also the flexibility of EGF as an instrument which was generally welcomed by the stakeholders as it allowed them to implement measures following the changes in demand from beneficiaries.
- Another factor was the worsening economic climate, which constrained the implementation of certain types of measures such as entrepreneurship promotion (which requires beneficiaries to see realistic business opportunities) and hiring subsidies (which requires employers to create new jobs and hire dismissed workers).
- Compressed period of implementation did affect the extent to which measures could be implemented. For example, training measures require a period of planning and actual learning which were difficult to implement due to shorter than 12 months implementation periods.

Table 3.16 EGF cases implementation and reach rates – contributing factors

Member State	Case	Factors affecting the implementation rates
DE	Nokia	High overall implementation rates. Underspent on certain types of measures occurred as follows: <ul style="list-style-type: none"> • Training – less demand from beneficiaries; compressed implementation period of training measures • Support for self-employment – the cost of delivering measures was lower than anticipated.
DE	BenQ	High implementation rates. Underspent on certain measures occurred because of the lower demand from beneficiaries.
ES	Castilla y Leon and Aragon	Medium implementation rates. Underspent attributed to the compressed implementation period of EGF assistance.
ES	Catalonia	Low implementation rates. All the measures did not attract the planned number of beneficiaries due to compressed implementation period in the situation where local partners did not want to advance funds without the EGF application approval. EGF co-financed measures were implemented over the course of two months. Issues specific to the

		<p>nature of measures were:</p> <ul style="list-style-type: none"> • One (training tailored to the needs of hiring companies) measure was not implemented at all due to the lack of demand from companies. • Entrepreneurship measures did not attract enough beneficiaries due to the worsening economic situation and perceptions of own capabilities • In employment promotion measure public works local authorities had lesser demand for publicly useful works.
ES	Delphi	High implementation rates. Some measures were not implemented due to the worsening economic situation and low demand from beneficiaries (promotion of geographical mobility, hiring incentives for companies).
FI	Perlos	High implementation rates. Some measures did not attract the planned number of beneficiaries due to a combination of factors of beneficiary demand and other existing support measures.
FR	PSA suppliers	High implementation rates. Measures utilised to a lesser extent were: <ul style="list-style-type: none"> • Training - planned training was too long for beneficiaries who preferred shorter courses. • Validation of informal and non-formal learning measure was not suitable to beneficiaries due to its long duration, significant level of investment required and profile of beneficiaries (older workers).
IT	Lombardy	Very low implementation rates, following the ex-post revision of the initially reported results, due to various factors: <ul style="list-style-type: none"> • Some workers were identified as double-counted in benefiting both from EGF and ESF resources and hence the initial implementation claims were revised significantly downwards • ESF monies used to provide assistance to dismissed workers
IT	Piedmont	Very low implementation rates, following the ex-post revision of the initially reported results, due to various factors: <ul style="list-style-type: none"> • Measures implemented before EGF start date (January 2007) • Some workers were identified as double-counted in benefiting both from EGF and ESF resources and hence the initial implementation claims were revised significantly downwards • ESF monies used to provide assistance to dismissed workers
IT	Sardinia	Very low implementation rates, following the ex-post revision of the initially reported case results, due to various factors related to double-counting of beneficiaries and the use of ESF monies.
IT	Tuscany	Low implementation rates, following the ex-post revision of the initially reported case results, due to the double-counting of the beneficiaries
LT	Alytaus Tekstile	High implementation rates. Underspent on certain measures occurred because they did not attract the planned number of beneficiaries and/or costed less than planned initially.
MT	Textiles	Medium implementation rates, reflecting that the resources requested were more than was required to address the level of demand for assistance from dismissed workers
PT	Lisbon-Alentejo	Low implementation rates, due to this being the first EGF in the country and the lack of experience of budgeting for such activities
PT	North-Centre	Low implementation rates, due to a combination of factors. The most popular measure (vocational training) attracted almost three times more participants than planned, and the costs were significantly lower than budgeted (around eight times). Measures which require active participation of the beneficiary – individual training grants,

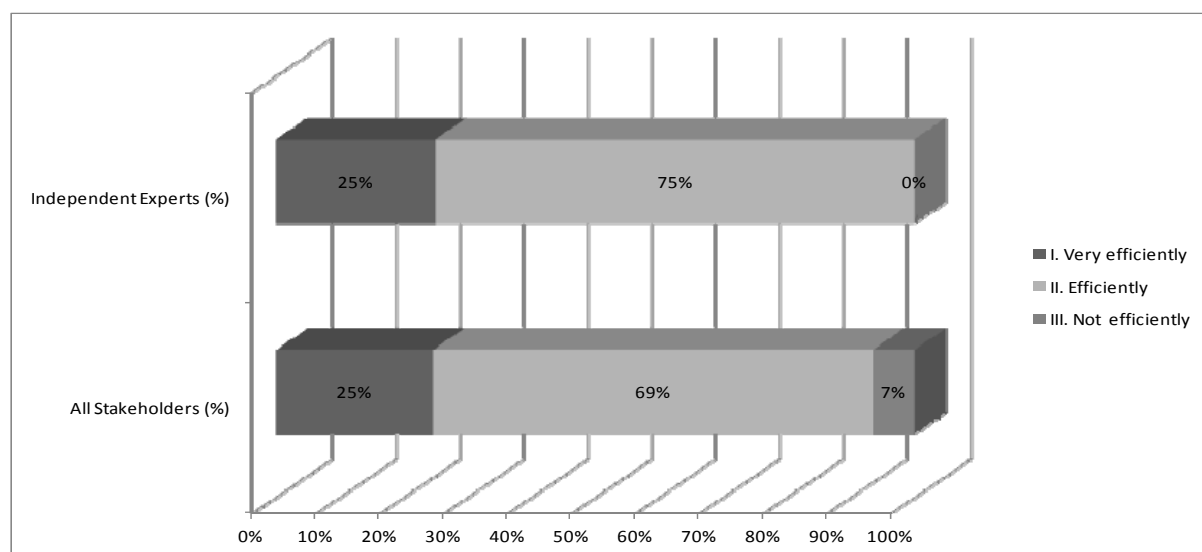
entrepreneurship support – were less popular than expected.

Source: case evaluation reports.

The stakeholders were also asked whether they thought that the resources deployed via the EGF had been used efficiently. It should be noted that this analysis presents the opinions of stakeholders and independent experts, each of whom may have a different definition regarding what constitutes an efficient labour market intervention and a successful outcome for the beneficiary group concerned in the particular case which they were being asked about.

A total of 61 interviewees answered this question. The majority of interviewees (69 %) were of the opinion that the resources had been used efficiently as can be seen in Figure 3.9 below. 25 % were of the opinion that they had been used very efficiently. This means that 94 % of all respondents thought that resources were used efficiently or very efficiently. A key emerging observation in this regard is the reference to the fact that the absolute majority of EGF resources is spent on delivering actual services to the intended beneficiaries – and the proportion devoted to technical assistance/administration of the assistance remaining low. This is extremely welcomed amongst the stakeholders interviewed. Only 7 % of respondents answered that the resources had not been used efficiently. For all of the different groups of stakeholders the most frequently selected answer was that the resources were used efficiently. Noteworthy is a very positive view of independent experts who have all considered that resources have been used efficiently and very efficiently.

Figure 3.9 Stakeholder view on the efficiency of the use of resources (proportion of all respondents)



Source: Stakeholder interviews, based on 61 responses.

3.5 Innovation and deadweight aspects

Issues of any identified deadweight effects and innovation were considered during the evaluation.

Deadweight effects would occur when employment results observed after the EGF co-financed intervention would have occurred even in the absence of such intervention and support to the dismissed workers. As a counterfactual situation, it is difficult to assess the

potential employment levels amongst the EGF beneficiaries in the absence of EGF intervention. In all 15 cases standard PES provision for the unemployed would have been also been available to dismissed workers (who were then supported additionally with the EGF monies), depending on the level of service and funding arrangements in the national framework. In many cases, however, EGF funding allowed to intensify the standard provision, provide a much more personalised and tailor-made approach to assistance and even decrease the advisor-to-jobseeker ration. Another important consideration relates to the application approval process, which lasted from 4 to 12 months across the 15 cases. During the application approval process, those dismissed workers who were more ready to re-enter the labour market did get new employment. This meant that by the time the EGF monies arrived at the locality, dismissed workers who were still unemployed were (in most cases) more ‘difficult-to-place’ – in most cases, with lower educational background, low or not-in-demand skill profile, older, or with multiple support needs. This demonstrates the added-value contribution of EGF to assisting such workers.

Innovation was considered in terms of the nature and way of measures implemented. Table 3.17 provides an illustration of the level of innovation within each of the funded cases evaluated. Innovation relates to the introduction of new or improved products, services and ways of working by organisations and companies. In the context of EGF co-funded cases a high level of innovation relates to the introduction of new measures which do not form part of the traditional public sector response to company closures, therefore representing a high level of additionality. Cases which used EGF funding to increase the scale of the traditionally provided measures are considered to have a medium level of innovation; those cases which used EGF resource to implement measures which were not new and simply resourced measures traditionally employed in the locality are considered to have a low level of innovation.

Table 3.17 Extent to which new measures were implemented

Cases	Level of Innovation		
	Low	Medium	High
	No new measures were implemented	No new measures implemented but support was more intense due to EGF assistance	New measures have been implemented
DE BenQ			X
DE Nokia			X
ES Castilla y Leon and Aragon			X
ES Catalonia			X
ES DELPHI		X	
FI Perlos		X	
FR PSA suppliers	X		
IT Lombardy	X		
IT Piedmont	X		
IT Sardinia	X		
IT Tuscany	X		
LT Alytaus tekstile		X	
MT Textiles			X

PT Lisbon-Alentejo			X
PT North-Centre			X

Source: case evaluation reports.

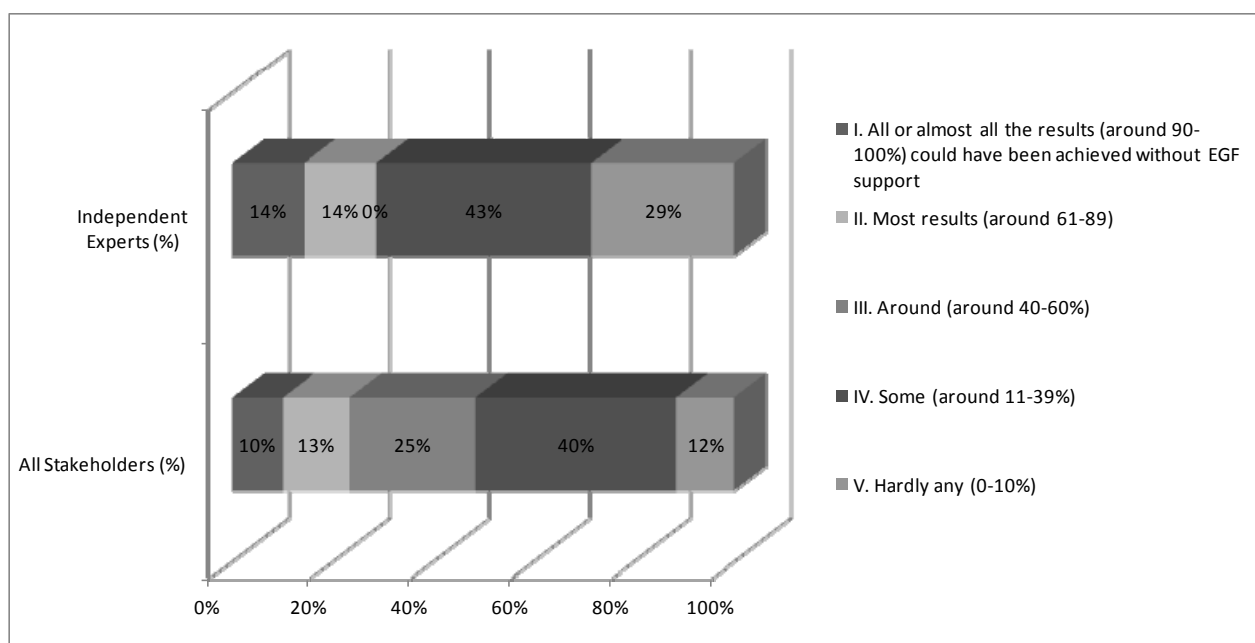
This analysis illustrates that the overall “Innovation Performance” of the EGF cases is mixed, with seven cases presenting a high level of innovation. Three cases have used EGF as a catalyst to implement existing support in a more intensive way and six cases have used EGF resources to fund measures already previously implemented in the context of the national restructuring policy framework. In these cases, it could be considered that the EGF did not have a significant influence spurring innovation in the ways in which provision was designed and implemented.

In most cases, no new partnership structures or delivery mechanisms were piloted; instead, structures similar to ones used to manage other restructuring interventions in the countries were used. Many of the cases pointed to extra numbers of staff involved, and the more intensive work that EGF funding enabled.

3.5.1.4 Stakeholder perceptions of the added value of EGF

As part of the fieldwork conducted during each case study, interviewees were asked about the extent to which the results could have been achieved without EGF support, using other funding sources. A total of 59 stakeholders responded to this question. As can be seen below, the answer that was most frequently selected was that some of the results could have been achieved (around 11- 39 %), as 39 % of interviewees selected this answer. Furthermore, 24 % were of the opinion that around half of the results (40 %- 60 %) could have been achieved, and 14 % of interviewees stated that hardly any of the results could have been achieved. A total of 12 % viewed that all or most of the results (90- 100 %) could have been achieved and 12 % thought that most of the results (61- 89 %) could have been achieved without EGF funding. Noteworthy is the more positive opinion of independent experts, amongst whom a significantly higher proportion (29%) considered that hardly any results would have been achieved without EGF support.

Figure 3.10 Stakeholder opinion on the extent to which results could have been achieved without EGF support, (%), independent experts and all stakeholders



Source: Stakeholder interviews, based on answers from 59 interviewees.

3.6 Effectiveness of EGF as an instrument

3.6.1 Achieving the instrument level goals

The main goal of the EGF as an instrument is to show “solidarity towards workers affected by redundancies resulting from changes in world trade patterns” (EGF Regulation 2006, Pre-ambule 1) and “provide specific, one-off support to facilitate the re-employment into employment of workers in areas, sectors, territories, or labour market regions suffering the shock of serious economic disruption” (EGF Regulation 2006, Pre-ambule 3). In the period under evaluation, EGF assistance was provided in 15 cases across 8 Member States. A key assessment question is whether this has captured all the cases of large-scale mass redundancies in 27 Member States between January 2007 and June 2009.

Analysis of available ERM data showed that judging on the criteria of 1 000 job losses, there could have potentially been other cases eligible for EGF support in a number of Member States. For this reason, interviews with non-applicant countries are undertaken to explore the reasons behind this observation. This issue was also explored during the interviews in Germany and France, which had EGF cases, but ERM data was showing potentially more eligible cases. Findings point to the following:

- EGF support was not sought because either the job losses occurred due to other reasons than the impact of globalisation or it was difficult to document and prove the impact of globalisation in certain cases.
- EGF reference period – the scale of redundancies in a given reference period was insufficient to trigger the EGF criteria, even if the overall number of redundancies in a case of large scale staff reductions would have met the criteria. In some national legal frameworks, it is more advantageous for companies to release small numbers of workers gradually, rather than implement the big-scale redundancy. This meant that such redundancies were falling outside the EGF reference period.
- EGF co-financing rate – in some cases, it was considered to be more advantageous to use the ESF support where the co-financing rate from the EU side was higher.

This analysis indicates that under initial EGF rules the assistance was most likely not used as widely as it could have been.

In the 15 cases where the EGF assistance was used, the key evaluation question is whether and how well it helped the dismissed workers to achieve re-employment. As section 4.2.2.1 shows, employment outcomes vary significantly across the 15 cases, both at the point when the EGF assistance was concluded, and 12 months afterwards. The immediate re-employment rates vary from the high of 78.2% in the case of BenQ (DE) to significantly lower rates of 4-6% in the North-Centre (PT) and Sardinia (IT). The success of each case needs to be judged considering the particular context, circumstances and delivery of the EGF assistance in each local context.

3.6.2 Overall architecture and process

The overall architecture and process of the EGF as an instrument had an effect the effectiveness and outcomes of the EGF co-financed assistance. The following success factors arising from EGF architecture have been identified as follows:

- The flexibility of EGF funding allowed the cases to implement measures in an adaptable demand-driven way to respond to both the changing needs of beneficiaries and

changing local labour market conditions. This was also welcomed by the stakeholders who appreciated the possibility to reallocate amounts between the individual budget lines.

- The emphasis in the EGF architecture on providing a package of measures to assist the dismissed workers reinforced the planning and implementation of a wide-ranging support package to the EGF beneficiaries. In other words, the fact that EGF regulation listed a number of active support measures as eligible for EGF funding supported the notion of implementing a package of different measures addressing the needs of beneficiaries.

The following obstacles arising from EGF architecture have been identified:

- The perceived rigidity of the reference period. Even though it was possible to add redundancies occurring after the application was submitted (and before this was approved), this was not done in cases where such situations arose. This points to the need for improved communication on this issue. The exclusion of such redundancies meant that additional workers dismissed were not assisted and EGF assistance could not be provided to all workers dismissed, creating an impression of two-tier assistance and feeling of 'being left out'.
- The length of time taken for the EGF funding to arrive at the locality where it is implemented. Although the EGF funding implementation can be backdated to the date of application (and Member States can start with assistance measures prior to the date of application) and there are assurances that after the consideration at the national level, the application is unlikely to be declined, public authorities and other stakeholders cannot commit to spending EGF funding in advance. In some cases, this would fall outside the legal regulatory framework. Therefore, the cases either waited for the EGF funds to arrive to start implementing both EGF and nationally-financed activities, or started to implement nationally-financed activities only. In both scenarios, the actual EGF measures implementation period was compressed, affecting the extent and level of measures delivered. This is also showing in the small number of EGF cases which achieved a full budgetary implementation rate.

4 An assessment of sustainability

4.1 Introduction

In this section analysis of the evaluation questions relating to the **sustainability** of the 15 cases evaluated and the EGF instrument as a whole is provided.

4.2 Sustainability of employment outcomes for individuals

Information on the sustainability of labour market outcomes is available for 11 out of 15 cases (albeit at various points of time differing from standard 12 months requested in the financial decision, as some cases have information on outcomes 3, 8, 18, 28, 37 months after the conclusion of EGF measures – i.e. measuring different longitudinal outcomes).

The available data shows contradictory trends, however indicating that the re-employment rate has increased over time in the majority of EGF cases examined. The employment rate of EGF beneficiaries has 12 months after the conclusion of EGF co-financed measures:

- Increased over time in 8 cases - Nokia (DE), Piedmont (IT), Perlos (FI), Castilla y Leon and Aragon, Delphi, Catalonia (ES) and both Portuguese cases.
- Declined over time in 3 cases - the Alytaus tekstile (LT) and Lombardy, Sardinia (IT) cases.

On average across the 11 cases the re-employment rate increased by 7 percentage points.

Table 4.1 Labour market outcomes of EGF beneficiaries, 12+ months after the conclusion of EGF co-financed measures

MS	Case	Timing (months after the end of EGF)	Size of the EGF beneficiary sample *	Employed ** (trend)	Unemployed	Inactive (E&T, retired, ALMPs, maternity, sick leave)	Unknown	Notes
DE	BenQ Telecoms	/	Not available					
DE	Nokia Telecoms	/ 8 months	1 305	48.0% (↑)	34.2%	17.8%	0%	This includes only those who entered the transfer company to get help. In total, 70.5% of all dismissed workers had found new employment (higher re-employment rate as not all workers needed any support in finding a new job.
ES	Castilla Leon, Aragon automotive	y / 18 months	340	48.0% (↑)	52.0%	0%	0%	Castilla y Leon

MS	Case	Timing (months after the end of EGF)	Size of the EGF beneficiary sample *	Employed ** (trend)	Unemployed	Inactive (E&T, ALMPs, maternity, sick leave)	Unknown	Notes	
ES	Catalonia textile	/	↑ At least 190 people	(32.4%)	obtained a temporary or permanent employment contract six months after the EGF intervention (January 2009-July 2010)				
ES	Delphi Automotive	/	24 months	1 888	28.6% (↑)	n.a.	68.8%	2.6%	Note: based on own calculation on the basis of data received from USO
FI	Perlos Telecoms	/	31 months	913	83.5% (↑)	9.9%	6.7%	0%	-
FR	PSA suppliers/Automotive		Not available						
IT	Lombardy textile	/	12 months	173	32.0% (↓)	68.0%	-	-	Note: based on a small sample of all dismissed workers (those whose support was co-financed by EGF)
		/	24 months	173	24.0% (↓)	76.0%	-	-	
IT	Piedmont textile***	/	Around 29 months	1 430	47.1% (↑)	48.0%	0%	4.9%	Please note that there is a 0.4 p.p. discrepancy in the employment rate compared to the figure quoted by Italian Lavoro
IT	Sardinia Textile	/	48 months	1 044	4.8% (↓)	95.2%	n.a.	n.a.	Most are still receiving wage subsidy from CIGS
IT	Tuscany textiles	/	Not available						
LT	Alytaus Tekstile		12 months	616	23.5% (↓)	28.9%	29.7%	17.9%	Inactive refer to the share of retired workers
MT	MT Textiles		Not available						
PT	Lisbon-Alentejo	/	28 months	558	31.7% (↑) <i>(or up to 52.1% - see notes)</i>	24.6%	23.3%	20.4%	Unknowns are those no longer registered as unemployed due to non-compliance. Most in fact are jobseekers who found employment but did not inform the PES. Thus the employment rate is likely to be much higher than the one quoted
		/	37 months	558	33.9% (↑) <i>(or up to 59.5% - see notes)</i>	16.7%	23.8%	25.6%	
PT	North-Centre		18 months	720	9.0% (↑) <i>(or up to 16.1% - see notes)</i>	72.1%	11.8%	7.1%	

Source: case reports.

Note:

* Refers to the EGF beneficiary sample for which monitoring data is available.

** Employed in this table includes both employees and self-employed.

*** Please note that this is based on our own analysis of the beneficiary database and the figures may differ slightly (+/- 2p.p) from the figures quoted by local partners. It was not possible to refer to the figures quoted by the partners as they were not comprehensive.

A number of overarching issues affecting the sustainability of outcomes were encountered by the EGF funded cases considered during this evaluation. These issues influenced the degree to which delivery partners were able to achieve employment outcomes and ensure their sustainability. The most significant issues highlighted in the case studies are:

- *The overall economic climate.* The cases considered during this evaluation were delivered during a period of economic uncertainty, immediately prior to global recession, and during 2009 and 2010 when the impacts of economic crisis have become especially manifest. In a number of cases (Lisbon-Alentejo, North-Centre (PT); DELPHI (ES); PSA suppliers (FR); Textiles (MT), Alytaus Tekstile (LT) this was highlighted as a direct negative influence on immediate outcomes for individuals and the long term sustainability of achieved employment outcomes. In contrast, in Germany where the national economy was able to withstand the global economic crisis relatively well, in both EGF cases a very high share of workers was reintegrated into employment, and unemployment rates in the locality have been declining since (see also section 5.3).
- A connected factor has been particular *local labour market and economic development dynamics*. A number of localities where EGF co-funded measures took place are disadvantaged regions, with lower economic development, FDI investment, employment opportunities, and entrepreneurship extent compared to the national average (examples are the localities of Sardinia (IT), Andalusia (ES), Ardennes (PSA suppliers (FR)), Alytus region, Portugal North and Alentejo regions, eastern Finland). Here, the lack of existing employment opportunities has limited the extent of new jobs available to EGF beneficiaries. In contrast, in economically dynamic regions with more plentiful employment opportunities available in other sectors it was easier for dismissed workers to find and remain in employment (examples are regions of Bavaria (one of BenQ (DE) sites), Lisbon (PT), Catalonia (ES)).
- In a number of cases, the *profile of dismissed workers* was a challenge to their sustainable re-employment. Given the prevailing economic conditions, many employers were not seeking to hire new workers and could choose from a saturated labour market, it was therefore easier to find jobs for the younger and better qualified beneficiaries, many of whom are more mobile. Many of the EGF cases evaluated involved amongst the beneficiaries a high proportion of older, lower qualified workers whose skills were obsolete to the local labour market requirements, and who were less inclined to move to take up employment outside their locality. This negatively influenced immediacy and sustainability of outcomes (examples are Catalonia (ES); Alytaus tekstile (LT); Textiles (MT); North Centre (PT); DELPHI (ES)).
- For a number of cases, the *duration of the delivery period available* to EGF cases was a negative influence on outcomes and sustainability for individuals assisted. The compressed implementation period severely limited the duration during which the partnerships could deliver effective and comprehensive assistance to dismissed workers (e.g. Catalonia (ES), Castilla y Leon and Aragon (ES) cases). Here, it was noted that due to the nature of beneficiary group a comprehensive package of measures was required, in many cases involving significant and long-lasting re-training of beneficiaries. However, because the EGF monies arrived in the localities only few months before the deadline of the measure implementation, the delivery period was compressed and in many cases concentrated on the measures feasible to implement during the available period. For other cases, this was noted as significant, but not hugely detrimental to

outcomes or sustainability of outcomes (examples are Textiles (MT), Alytaus Tekstile (LT) cases).

4.3 Impacts on localities

In addition to benefits realised by individuals, there were a number of impacts on localities which were examined in the 15 cases evaluated. The two key statistical indicators reviewed were the GDP growth rate and the developments in the unemployment rate since 2007.⁴⁴

4.3.1 Impacts on GDP rate

The developments of the GDP growth rate are shown in the table below and point to, broadly speaking, two types of localities where the 15 EGF cases were implemented:

- Regions where the economic performance had shown higher than national average growth in 2007 and 2008 and less than national average decline of GDP in 2009. These were the localities of Aragon, Castilla y Leon (ES), Andalusia (Delphi case), Tuscany, Sardinia (IT), Portugal North, Portugal Lisbon, Nordrhein-Westfalen (Nokia (DE), one factory in BenQ (DE) case), and Bavaria (one factory in BenQ (DE) case).
- Regions where the economic growth had shown lower than national average growth in 2007 and 2008 and higher than national average decline of GDP in 2009. These were the localities of Catalonia, Champagne-Ardenne (PSA (FR)), Piedmont, Lombardy (IT), Alytus region,⁴⁵ Portugal Centre, Portugal Alentejo, eastern Finland (Perlos case).

This is, however, a somewhat crude distinction masking some irregularities and differences from the general trend. For example, the region of Bavaria (considered to be an economic powerhouse in Germany), had the same GDP growth as national average in 2007, a lower growth rate in 2008, and a lower than national level GDP decline in 2009. Furthermore, the GDP growth rate does not show the actual GDP levels in the localities in relation to the national average. This is for instance manifest in Italy where the regions of Lombardy and Piedmont have higher than national average GDP level (total and per capita)⁴⁶, but the GDP growth rates in 2007-2009 have been lower than the national average.

Table 4.2 Real growth rate of regional GDP at current market prices, by NUTS 2 regions, percentage change on previous year

EGF Case	Region	Year of EGF measures conclusion	2007	2008	2009	2010
DE BenQ	Bavaria	2008	4.6	0.8	-3.2	4.4
DE Nokia	Nordrhein-Westfalen	2010 (Nokia)	5.7	2.9	-4.4	3.8
Germany			4.6	2	-3.4	4.2
ES Castilla y Leon and Aragon	Aragón	2009	4.8	1.1	-4.3	:
ES Castilla y Leon and Aragon	Castilla y León	2009	4.3	1.1	-3.1	:
ES Catalonia	Cataluña	2009	3.6	0.4	-4.0	:

⁴⁴ As demonstrated in the tables, there is a lack of up-to-date GDP data at the regional level available from Eurostat.

⁴⁵ Although Eurostat data does not provide the GDP rate growth data for regions within Lithuania, national level data available suggest that in Alytus region the GDP growth rate has been consistently below the national average. Such data is not shown here for comparability reasons.

⁴⁶ Indeed, Piedmont is one of the wealthiest regions in the EU-27.

ES Delphi	Andalucía	2009	3.9	0.8	-3.4	:
Spain			3.6	0.9	-3.7	-0.1
FI Perlos	Itä-Suomi (eastern Finland)	2008	4	0.3	:	:
Finland			5.3	1	-8.2	3.6
FR PSA suppliers	Champagne-Ardenne	2008	1.7	-0.1	:	:
France			2.3	-0.1	-2.7	1.5
IT Piedmont	Piedmont	2008	1.1	-1.1	-6.7	:
IT Lombardy	Lombardy	2008	1.5	-1.7	-6.8	:
IT Tuscany	Toscana	2009	1.3	-0.7	-4.6	:
IT Sardinia	Sardinia	2008	1.2	-0.9	-4.0	:
Italy			1.5	-1.3	-5.2	1.3
LT Alytaus Tekstile	Lithuania	2009	9.8	2.9	-14.7	1.3
MT Textiles	Malta	2008	4.6	5.4	-3.3	3.2
PT North Centre	North	2010	3.6	1.7	-2.4	:
PT North Centre	Centre (PT)	2010	2.2	0.2	-2.8	:
PT Lisbon-Alentejo	Lisbon	2008	2.9	0.9	-3.3	:
PT Lisbon-Alentejo	Alentejo	2008	1.8	0.6	-4	:
Portugal			2.4	0	-2.5	1.3

Source: Eurostat. Data for Germany and Bayern and Nordrhein-Westfalen is from the national statistical institute.

The impact of the EGF co-funded assistance on the GDP growth rate is difficult to disentangle from other factors affecting the economic development at the regional and local level. In particular, in nine localities the EGF co-funded measures had concluded in 2008. The economic development in 2009 (i.e. the year where such impact could be first evident) was, in all EGF localities, severely affected by the 2008 global economic crisis. The economic crisis also negatively impacted the six localities where the EGF co-financed measures concluded in 2009. This had a significant impact on the level of the sustainability of employment outcomes achieved by EGF co-funded measures.

The complexity of such potential impacts can be illustrated with the analysis of GDP growth rate in the countries with multiple EGF cases.

In four regions in Spain the EGF measures concluded in 2009. In 2007 (pre-crisis year), all the four regions had either a higher or the same GDP growth rate as the national average. In 2009, when the EGF measures were concluded, in two regions the GDP rate declined less compared to the national average (Castilla y Leon and Andalusia), and in two regions the rate declined more compared to the national average (Aragon and Catalonia (ES)).

The four regions in Italy had all either lower or the same GDP growth rates in 2007 (the pre-crisis year). In the year of EGF measures concluding, three regions (Piedmont, Tuscany, Sardinia) had lower rates of GDP decline (i.e. they performed better than the national average), and one region (Lombardy) had higher than national level GDP decline (i.e. it performed worse than the national average).

In Portugal Automobile case,⁴⁷ one region had a higher than national average GDP growth rate in 2007 (Lisbon), and the other region had lower than national average GDP growth rate (Alentejo). In 2008 (the year EGF measures concluded) both regions exhibited higher than national average GRP growth rates. However, in the following year (2009), in both regions the GDP growth rate decline significantly higher compared to the national average.

This mixed evidence on the impact of EGF measures on the GDP in the locality can be taken to indicate that EGF impact is not reflected in such aggregate macro-economic indicator as GDP. In any case, the impacts on GDP would arise only when the production lost via the dismissed workers is compensated through these workers becoming re-employed and producing goods and services in the locality after their dismissal. Therefore, the absolute numbers of workers dismissed and re-employed are important in the locality. Across the 15 EGF cases evaluated, the highest number of EGF assisted beneficiaries was 2,528 (BenQ (DE)). Given that the average re-employment rate was 41.8%, this shows that the numbers of workers benefitting and finding a new job were insufficiently significant to have an impact on the aggregate macro-economic indicator of GDP at the regional level. Other factors, in particular the global economic crisis, seemed to have played a decisive role in the economic development in the EGF localities in years 2008-2010, and this was acknowledged by many stakeholders interviewed during the evaluation.

4.3.2 Impacts on unemployment rate

Taken as a whole, the employment outcomes outlined in section 3 of this report illustrate the fact that unemployment was reduced in localities as a result of the funded measures. A significant proportion of workers dismissed did find new jobs and employment (41.8% on average after the conclusion of EGF co-funded measures). It is also important to state that the re-employment of individuals has important benefits for the state in terms of reduced social security costs but also has wider social benefits for beneficiaries' families and local communities as it prevents social discord which can accompany unemployment.

The table below shows the evolution of the unemployment rates across the 15 cases evaluated, in many cases, unemployment rates at NUTS 3 level. It demonstrates that in 13 cases evaluated the unemployment rate increased since the conclusion of EGF measures. In many cases, this increase is repeated in the second year following the conclusion of the EGF measures, indicating the persistent pattern of increasing unemployment.

The exception is observed in the two EGF cases in Germany where unemployment rates have declined, in line with the national trend in Germany, albeit at a smaller rate compared to the national level unemployment decrease. It must also be borne in mind that the German economy has been able to weather the economic crisis better than many other Member States.

In 12 localities where the unemployment had increased, such trend can be compared to the national level and trend of unemployment.⁴⁸ Here, it is observed that in nine localities the unemployment increase has been lower than the national average since the conclusion of EGF measures (Tuscany, Alytus, Portugal Lisbon and Alentejo, eastern Finland, Aragon, Castilla y Leon (ES), Catalonia (ES) and Andalusia⁴⁹); and in three localities it was higher than the national average (Piedmont, Lombardy, Sardinia). This could be an indication of EGF co-financed measures contributing to avoiding a worsening of the unemployment situation.

This analysis needs to be borne against the context of existing disparities in terms of unemployment rate between the EGF localities and the national unemployment level.

⁴⁷ Comparisons in Portugal North-Centre case are not possible due to the lack of regional GDP data in 2010.

⁴⁸ The comparison is not possible in Malta.

⁴⁹ However, in the four regions in Spain the difference from the national trend is marginal – 0.1 percentage points.

On one hand, there were EGF localities where the unemployment level was significantly below the national unemployment level – Aragon, Castilla y Leon (ES), Catalonia (ES), Piedmont, Lombardy, Tuscany, Portugal Centre, Munich region. Amongst these comparatively economically strong regions, two (Piedmont and Lombardy) had unemployment rates growing at a higher rate than the national unemployment rate developments.

On the other hand, in the following regions the unemployment level was significantly above the national average since 2007 (and has remained thus since) – Andalusia, Ardennes, Sardinia, Alytus, Portugal North, Lisbon, Alentejo, eastern Finland, Nordrhein-Westphalien. Amongst these comparatively disadvantaged regions, only in Sardinia a higher than national average increase in unemployment rate is observed following the conclusion of EGF funded measures.

Table 4.3 Unemployment rate, 2007-2010

EGF Case	Region	Year of EGF measures conclusion	2007	2008	2009	2010	2011	Trend 2007 - 2010	Development since conclusion of EGF measures (p.p. change)
DE BenQ	Munich region	2008	5.7	4.9	5	4.5		↓	-0.4
	Kreis Wesel	2008	8.1	10.3	7.6	7.1		↓	-1
	Average in 4 PES districts affected (Bochum, Gelsenkirchen, Recklinghausen, Dortmund)	2010		12.2	12.30	12.00	11.5 (July 2011)		
DE Nokia			tbc					↓	-0.50
Germany			8.4	7.3	7.5	7.1		-1.3	
ES Castilla y Leon and Aragon	Aragón	2009	5.2	7.1	12.8	14.8		↑	2.0
ES Castilla y Leon and Aragon	Castilla y León	2009	7.2	9.5	13.8	15.8		↑	2.0
ES Catalonia	Cataluña	2009	6.63	11.8	15.9	17.9		↑	2.0
ES Delphi	Andalucía	2009	13.99	21.7	26.3	28.3		↑	2.0
Spain			8.6	13.9	18	20.1			2.1
FI Perlos	Itä-Suomi (eastern Finland)	2008	11.0	9.0	10.9	10.1		↑↓	1.1
Finland			6.9	6.4	8.2	8.4			2.0
FR PSA suppliers	Ardennes	2008	10.5	11	12.3	11.3		↑	0.3
France			7.5	7.7	9.6	9.3		↑	1.6
IT Piedmont	Piedmont	2008	4.2	5.0	6.8	7.6		↑	2.6
IT Lombardy	Lombardy	2008	3.4	3.7	5.4	5.6		↑	1.9
IT Tuscany	Tuscany	2009	4.3	5.0	5.8	6.1		↑	0.3
IT Sardinia	Sardinia	2008	9.9	12.2	13.3	14.1		↑	1.9
Italy			6.1	6.7	7.8	8.4			1.7
LT Alytaus Tekstile	Alytus district	2009	4.3	5.8	13.7	17.8		↑	4.1

Lithuania			3.3	4.1	15.6	17.2		13.1
MT Textiles	Malta	2008	6.4	5.9	7	6.8	↑	0.9
PT North Centre	North	2010	9,5	8,6	10,1	12,5	↑	n/a
PT North Centre	Centre (PT)	2010	6,7	5,1	6,7	7,9	↑	n/a
PT Lisbon-Alentejo	Lisbon	2008	8.80	8.60	9.10	10.50	↑	1.9
PT Lisbon-Alentejo	Alentejo	2008	9.50	8.30	10.20	11.10	↑	2.8
Portugal			8.4	7.6	8.9	10.6		3

More specifically, the contribution of EGF to wider economic strategy focussed on economic regeneration of localities is something which underpinned most cases. Through the case studies stakeholders highlighted a number of cases where it was explicitly recognised and directly influenced the design and implementation of measures. For example:

- In the Lisbon-Alentejo (PT) case measure implemented were linked to the National Initiative “New Opportunities” which consists in a set of measures aiming at the increase of the Portuguese labour force’s vocational and educational level. This provided beneficiaries with important assistance to enable them to participate in the local economy.
- In the case of PSA suppliers (FR) the EGF funded provision was wholly incorporated within the wider framework of the national flexicurity strategy (*the Contrat de Transition Professionnelle*). Therefore, EGF contributed to the aims and objectives of this strategy, though it did not provide significant additionality.
- In the Textiles (MT) case partners recognised the contribution that the EGF measures had in diversifying the employment profile of its workforce. This was achieved through a wide range of training, promoting new skills to enable employment in the service sector, and entrepreneurship support, enabling new businesses in different sectors such as retail and personal services.
- In the Nokia (DE) case there was a link between regional economic development strategy and the EGF case due to the availability of specific funding from Nokia (DE) and the region to attract new employers and employment, although much of this was in the shape of a longer term strategy. The involvement of the transfer company meant that it was possible to build up strong links with new employers and sought to work with them to ensure employment opportunities could be offered to former Nokia (DE) employees, assisting with the retention of skilled workers in the region.

4.4 Impacts on delivery organisations

The impact on EGF also had important impacts on organisations delivering the assistance. For example, EGF provided a useful learning experience for Public Employment Services and delivery partners, in the cases of DELPHI (ES) and Catalonia, it was highlighted that the instrument had taught partners how to effectively apply, develop and report for EU instruments/funds where there was little previous experience. In addition, the experience of delivering EGF strengthened existing partnerships in many cases due to the fact that stakeholders reported that the implementation of the EGF was more demanding than other previously implemented measures. In some cases this was not the case due to well developed mechanisms, for example the use of Transfer Companies in the Nokia (DE) and BenQ (DE) cases and where delivery partnerships are relatively simple and well established, as is the case in Malta.

Evidence points to learning effects achieved in the delivery organisations involved in the EGF assistance. Examples include:

- Embedding the learning in the ETC (Malta’s Public Employment Service) has been a key impact of the **EGF case in Malta**. As a result of the experience of delivering this provision, the 2007-13 ESF Programme contains an umbrella programme which is

flexible enough to react to the type of job losses which took place in the Textiles (MT) case, and in even smaller companies. Through a process of information sharing regarding the lessons learnt from delivering the EGF case, ETC can better respond to job losses, regardless of the size of the restructuring event.

- In the **Alytaus tekstile (LT) case**, organisation learning on the management of large-scale redundancies and the use of EGF was used immediately in the local PES office for another EGF application in connection with a big redundancy. Learning is also transmitted to other PES offices and national level through participation in the subsequent EGF case working groups in Lithuania.

4.5 EGF as an instrument – long-term effects, sustainability of EGF architecture and processes

The following sub-sections present further evidence derived from the case studies and consider the long term effects and sustainability of the EGF at the instrument level.

4.5.1 EGF as an instrument – long-term effects

In relation to the long-term effects on individuals, the labour market situation of EGF beneficiaries 12 months after the assistance concluded differs significantly between the cases.

In relation to the long-term effects on delivery organisations, some beneficial impacts are noted in terms of organisational learning to deal with large-scale redundancy situations and offer an integrated package of support to the dismissed workers. Lessons learnt are taken on board and mainstreamed into the standard PES provision.

In relation to the long-term effects on the national restructuring policy framework, few beneficial effects have been reported. There has been a relatively modest degree of innovation in relation to the measures applied or delivery ways/partnerships formed.

4.5.2 The impact of EGF architecture and process

The architecture and process factors affecting the effectiveness of EGF outcomes (described in section 4) also have bearing on the long-term effects of the EGF co-financed interventions.

4.5.2.1 *Influence of EGF Eligibility Criteria on Outcomes*

Key issues and potential instrument amendments can be suggested as follows:

- There was strong support for maintaining the lower threshold of 500 dismissed workers for eligible applications, many cases stated that the original criteria of 1,000 workers was too high. This is especially the case in small regions and is supported by the fact that across the EU the average number of employees per company has been consistently falling.
- The ineligibility of temporary workers for EGF funded measures was also raised in some cases as an issue which would appear to run counter to the principles of solidarity and equal treatment of workers.
- A number of cases highlighted a lack of flexibility to change the measures offered in order to react to changes in local circumstances, for example where additional workers were dismissed or economic circumstances made the proposed measures less relevant.

- Where the cases examined as part of this evaluation illustrate positive flexibility is the way that resources can be reallocated to individual activities.

4.5.2.2 *Approval of Applications*

Key issues and potential instrument amendments can be suggested as follows:

- Most cases stated that there was a need to shorten the length of time it took to approve or reject applications. Rapid, appropriate assistance is the single, most significant factor determining the scope and depth of outcomes for individuals assisted.
- Due to time taken to formulate, submit and gain approval of applications the implementation period was quite short in a number of cases. This led to truncated delivery, which was not always driven by beneficiary need, but rather took place at a pace which suited delivery organisations' need to use allocated budget.

4.5.2.3 *Monitoring and Reporting Requirements*

Key issues and potential instrument amendments can be suggested as follows:

- Some cases reported that local coordinators felt they should have been provided with more detailed guidance regarding the reporting arrangements and the specific details that they would be required to supply.
- In most cases, where local coordinators had been heavily involved in the formation of applications, the monitoring and reporting requirements were seen as appropriate to the level of resource and activity supported.

4.5.2.4 *Promotion of EGF*

Key issues and potential instrument amendments can be suggested as follows:

- In this respect, there were differing views, some local coordinators considered that they needed more information about EGF and that, had they had more information, their application may be been submitted in a different way. For example, in the Textiles (MT) case there was some confusion regarding eligibility of private sector match funding.
- In other cases it was noted that knowledge was too centralised within National Authorities and Local Coordinators had little prior knowledge regarding the fund and its potential prior to the application being put together.

5 Assessment of solidarity and visibility of EGF

As the EGF is a new funding instrument, the question of its visibility is a key dimension in raising awareness of its existence amongst the government institutions, stakeholders and beneficiaries.

5.1 Awareness of the EGF Instrument

The awareness of the general public of the EGF is low. As demonstrated by the results of the Eurobarometer undertaken in mid-2009⁵⁰, in comparison with the ESF, awareness of the European Globalisation Adjustment Fund is lower, with just over a quarter of respondents having heard of the Fund (26%). The majority of respondents state they have never heard or read anything about the European Globalisation Adjustment Fund (71%) and the remaining 3% are unsure.

On a country level, countries posting the highest awareness for the European Globalisation Adjustment Fund include Slovakia (44% total awareness), Slovenia (41%), Finland (41%) and Portugal (37%). These four countries also post above average awareness of the ESF, indicating generally higher awareness of the EU Funds in these countries. Still, in these countries, most respondents are not familiar with the Fund, with the highest levels of being familiar recorded in Portugal at only 8%.

5.1.1 Partner Knowledge of EGF in the 15 Cases

Evidence from consultations with key stakeholders and delivery partners carried out as part of the case study fieldwork indicated that there was **a relatively high level of general awareness regarding the existence of EGF** prior to applications being submitted. In considering options available to increase the chances of dismissed workers finding new employment and minimise the impact of local and regional economies, EGF was seen as appropriate as it provided the scope for more and/or a greater intensity of measures to be implemented. As one might expect national ministries were vital in bringing EGF to the attention regional partners at an early stage if they had been unaware of the possibility of using the fund. In relation to understanding the fund in detail and the application process a number of cases felt that their knowledge of EGF acted as a hindrance to effective application and delivery. As this was the first round of applications to the fund it was a new experience for all applicants, moreover it was the first experience for some delivery partners of bidding for European funding, the following common issues were highlighted in the case study fieldwork:

- At the time of application, **more detailed guidance** could have been given to illustrate which measures were, and which were not, eligible for EGF funding. This issue was raised in about a third of cases. It was an issue that appears to have been most acute where communication between regional partners, national ministries and the European Commission was weak during the application process.
- During delivery, it was suggested by a few cases, that greater support could be given to **share knowledge** on a peer-to-peer basis regarding the way in which delivery is taking place in other regions that are using EGF funding in order to learn about how the fund has been used in other areas.
- **Involvement of Social Partners** in the formation of EGF applications has also been highlighted as a mechanism through which greater awareness of the instrument could be achieved. Social Partners are more heavily involved in ESF, playing an important role

⁵⁰ http://ec.europa.eu/public_opinion/archives/ebs/ebs_316_sum_en.pdf

in the design of programmes; this is a knowledge base which might be much more effectively exploited in EGF cases when it comes to designing activities and also in assisting in regions where there is a low level of knowledge regarding the reporting requirements for European funding.

5.1.2 Beneficiary Awareness of EGF in the 15 Cases

A wide range of promotional activity was undertaken in order to inform beneficiaries that they were receiving EGF assistance, evidence from the case study fieldwork, using beneficiary interview where possible, to assess the level of beneficiary awareness of EGF is summarised in the Table 5.1 below.

Table 5.1 Beneficiary knowledge of EGF

MS	Case name	EGF Visibility
DE	BenQ	Beneficiaries were informed about EGF and the logo was used but anecdotal evidence suggests that many remained unaware that EGF was assisting them.
DE	Nokia	Beneficiaries were informed about EGF and the logo was used. More widely visibility remains low: but increasing due to the fact that EGF has assisted high profile cases.
ES	Castilla y Leon and Aragon	Beneficiaries were informed about EGF, beneficiaries interviewed recognised it as “European Funding” rather than EGF
ES	Catalonia	Interviews with the beneficiaries showed that they were aware that the programme was co-financed by a European Fund, although they could not recall the name of the instrument.
ES	DELPHI	Interviews with the beneficiaries showed that they were aware that the programme was co-financed by “Europe” although they could not recall the name of the instrument.
FI	Perlos	Practically all EGF beneficiaries were aware that the measures were co-funded by the EGF
FR	PSA suppliers	Beneficiaries suggested that they were either not aware of the existence of an EGF contribution or considered they had received only limited information about EGF
IT	Lombardy	No awareness raising activities were undertaken with EGF with beneficiaries, because by the time the application was approved, most of the interventions were finished
IT	Piedmont	The project did not raise awareness of the EGF instrument with beneficiaries, because the application was approved when most of the activities had nearly finished
IT	Sardinia	Workers assisted in this case were not aware of the instrument. They were told that there was a possibility of receiving extra support from some “not well identified” European funding, but they also think it never arrived
IT	Tuscany	Beneficiaries of the intervention were not aware that the services provided had an “EGF label”.
LT	Alytaus tekstile	Beneficiaries interviewed knew that the EGF also supported them and could refer to the fund by its name
MT	Textiles	Beneficiaries interviewed were not immediately aware that EGF was funding their assistance until later in the process

(once funding had been agreed).		
PT	Lisbon-Alentejo	Interviews beneficiaries showed that they were aware of the fact that EGF was being used to assist them
PT	North-Centre	Interviews beneficiaries showed that they were aware of the fact that EGF was being used to assist them

Source: Case Study stakeholder interviews.

In the majority of 15 cases evaluated, beneficiaries were aware that they were accessing provision that was funded by the European Commission. In many cases, however, beneficiaries interviewed during the evaluation did not know the name of the Fund which assisted them, rather referring it generally to ‘European funding’.

For some of the early cases, EGF was not yet available, or promotional materials had not been produced in the native language. In those cases, beneficiaries were not aware of the exact name of the specific European funding mechanism which was providing the assistance they received. In addition some delays in producing marketing materials, resulting in the reduced visibility for EGF, were a result of the fact that provision started prior to approval of EGF funding

There are some additional negative issues associated with visibility which should also be highlighted. In at least one case (Sardinia (IT)) it is clear that there was negative visibility due to the perceived lack of support, which the beneficiaries believe did not arrive and in the case of Lombardy the assistance was nearly finished for many of the assisted workers, publicity for EGF was therefore not appropriate. The requirement for clearer and more concise marketing which accurately outlines the “offer” to dismissed workers (and potentially employers) was also highlighted in some cases. This will avoid negative visibility.

5.2 Solidarity

Table 5.2 outlines the number of dismissed workers in each case and compares this with the number of workers actually assisted. This illustrates a wide range of assisted workers of between 1% -100%, with an average reach rate of 66%. Note that this does not mean that workers not assisted did not receive any assistance, they may have been provided with assistance through mainstream PES services, EGF assistance may not have been appropriate to their needs or they may have simply not have required any assistance.

Table 5.2 Comparison of number of dismissed workers with those assisted

MS	Case name	No. dismissed workers	of No. of assisted workers	% of dismissed workers assisted
DE	BenQ	3,303	1,305	40%
DE	Nokia	2,300	2,528	100%
ES	Castilla y Leon and Aragon	1,017	534	53%
ES	Catalonia	1,100	587	53%
ES	DELPHI	1,655	1,589	96%
FI	Perlos	915	921	100%
FR	PSA suppliers	1,345	267	20%
IT	Lombardy	1,848	174	9%
IT	Piedmont	1,537	1,298	84%

IT	Sardinia	1,044	11	1%
IT	Tuscany	1,558	1,352	85%
LT	Alytaus tekstile	1,089	619	57%
MT	Textiles	675	672	99%
PT	Lisbon-Alentejo	1,549	558	36%
PT	North-Centre	1,588	720	45%

Source: EGF case final reports.

One further issue which impacts on solidarity, or more accurately on perceptions of solidarity pertains to the equal treatment of workers impacted by large company closures. In particular those workers involved in supply chains and those on fixed-term or agency contracts.

In relation to temporary or agency workers there did appear to be some misunderstanding in some cases where partners believed that these workers may not have been eligible for assistance and they were therefore not included in funded measures. A key issue in respect of agency and temporary workers is also the fact that their contracts are often not renewed prior to the company closures as this is most often the cheapest way of cutting labour costs. They are therefore not present when the main body of the workforce is made redundant and are not included in EGF applications. This clearly challenges the principle of solidarity.

Workers involved in supply chains are also significantly challenged when large companies close. They can be included in Article 2(a) or (c) cases, and can therefore benefit from the same level of assistance as workers at the main companies. However, they are sometimes not included in Member State applications, if for instance the Member State cannot trace all the affected suppliers in time for submission. In Article 2(b) cases, they can only be included if they are working in the same sector. This is an issue which may at times challenge the principle of equity for dismissed workers.

6 Conclusions

This section summarises conclusions in relation to the key evaluation questions the effectiveness and sustainability of the EGF as an instrument as well as of individual cases themselves.

6.1 Re-employment results

The key aim of EGF assistance is to help the dismissed workers to re-integrate into the labour market. The aims and objectives formulated by EGF cases were closely related to the intentions of the EGF as an instrument.

The average re-employment rate, immediately after the end of the EGF assistance, was 41.8% across the 15 EGF cases evaluated. The re-employment rates exceeded the 50% benchmark in 6 out of 15 first EGF co-financed cases, while they fall short of the target in 9 out of 15 funded cases. The variation of re-employment outcomes achieved is vast: from the high of 78.2% in the case of BenQ (DE) in Germany to significantly lower rates of 4-6% in the North-Centre (PT), Catalonia (ES) and Sardinia (IT) cases.

However, in the medium term (12+ months after the conclusion of EGF assistance) re-employment rates did increase in the majority of cases (where information is available), despite the impacts of global economic crisis unfolding in the local economies. The employment rate of EGF beneficiaries has (12 months after the conclusion of EGF co-financed measures):

- Increased over time in 8 cases - Nokia (DE), Piedmont (IT), Perlos (FI), Castilla y Leon and Aragon, Delphi, Catalonia (ES) and both Portuguese cases.
- Declined over time in 3 cases - the Alytaus tekstile (LT) and Lombardy, Sardinia (IT) cases.

On average across the 11 cases the re-employment rate increased by 7 percentage points.

In addition, EGF assistance reached the more hard-to-help jobseekers. Due to the EGF architecture, EU co-financed part of EGF assistance arrived at the locality a significant time period after the redundancies occurred. In the meantime, some dismissed workers re-entered the labour market; and those remaining unemployed and benefiting from EGF assistance were, in many cases, harder-to-help, for example, with a lower skills profile, lower motivational levels, older workers with less motivation for professional or geographical mobility, women with caring responsibilities. Furthermore, as one of the key features of EGF implementation was the provision of individualised support, the preparation of individual support plans meant that the highest level of assistance was offered to those most in need of guidance, upskilling and other interventions in order to be able to re-enter the labour market.

Furthermore, a key supply side explanation lies in the economic and labour market conditions of the locality where EGF assistance was implemented. Re-employment rates tended to be higher in the localities with lower unemployment rates and more favourable economic development.

However, the success factors and obstacles explaining the range of re-employment outcomes across the 15 cases are wide-ranging. No strong sectoral, geographical or timing patterns were noted to explain the range and variation of labour market outcomes achieved.

In relation to the **supply side** factors, one of clearly influential factors associated with cases with high re-employment rates is the relatively low proportion of beneficiaries with lower

educational levels (ISCED 1-2). Conversely, in cases with low re-employment rates, this proportion tends to be significantly higher. Other supply side factors – such as proportion of women or older beneficiaries – display less strong associations with variations in re-employment rates between the 15 cases.

The factors behind the **policy intervention** mix are complex to interpret. One clear trend is however that 4 out of 6 cases with high re-employment rates and 3 out of 4 cases with medium re-employment rates had a strong additional, non-EGF provision of assistance (i.e. financed outside the national co-financing for the EGF). This tended to be less the case amongst the cases with low re-employment rates. This would lead to the conclusion that EGF worked more effectively where it added to the existing national provision – rather than on its own.

Conclusion 1 : Re-employment rates are low, but rising in the medium-term and reflect the harder-to-help beneficiary profile and local economic conditions

6.2 Other results for individuals, delivery organisations and localities

The outcomes and success (or otherwise) of EGF cases is largely assessed by looking at employment integration outcomes. This is clearly an important indicator, but should not be considered as the sole measure of benefits achieved. Other, less tangible outcomes relate to distance travelled towards the labour market, even if sustainable labour market integration was not achieved during or within a measured period following EGF intervention. Many stakeholders remarked that beneficiaries had significantly increased in confidence, renewed and improved their job search skills and upgraded their skills and capacities, making it more likely for them to find employment.

There were learning effects achieved in the delivery organisations involved in the EGF assistance. These include embedding learning into mainstream practice and enhancing experience in the public employment services with the management of large-scale redundancies.

There were a number of impacts on localities. The re-employment of individuals has important benefits for the state in terms of reduced social security costs but also has wider social benefits for beneficiaries' families and local communities as it prevents social discord which can accompany unemployment. The impact of the EGF co-funded assistance on the GDP growth rate is difficult to disentangle from other factors affecting the economic development at the regional and local level. The economic development was, in all EGF localities, severely affected by the 2008 global economic crisis. EGF impact is not reflected in such aggregate macro-economic indicator as GDP.

EGF co-financed measures contributing to avoiding a worsening of the unemployment situation. In 12 localities where the unemployment had increased, such trend can be compared to the national level and trend of unemployment.⁵¹ Here, it is observed that in nine localities the unemployment increase has been lower than the national average since the conclusion of EGF measures (Tuscany, Alytus, Portugal Lisbon and Alentejo, eastern Finland, Aragon, Castilla y Leon (ES), Catalonia (ES) and Andalusia⁵²); and in three localities it was higher than the national average (Piedmont, Lombardy, Sardinia). This could be an indication of EGF co-financed measures contributing to avoiding a worsening of the unemployment situation.

⁵¹ The comparison is not possible in Malta.

⁵² However, in the four regions in Spain the difference from the national trend is marginal – 0.1 percentage points.

Conclusion 2 : EGF assistance delivered a range of other positive outcomes for beneficiaries, delivery organisations and localities

6.3 Relevance of EGF measures

The mix and choice of individual types of measures varied significantly across the 15 cases evaluated, reflecting the demand from beneficiaries and employers, changing local economic and labour market conditions and the delivery period available. Case study research in the majority of cases also demonstrates the significant link between the national restructuring framework and the design and implementation of EGF measures (e.g. in relation to the public policy framework particularly for active labour market policy, the role and resourcing of the PES, the role played by the social partners and the legislative framework etc).

In 5 cases the EGF funding was highly concentrated on one single type of measure (over 80-90% of total expenditure). Noteworthy is the fact that in some cases this was spent on a generic financial allowance to support job search and participation in active measures (such as for example job search allowances) – rather than funding the active measures themselves (such as for example training). This is contradicting the explicitly articulated aim of EGF to support the active labour market policy measures.

In 7 cases around 50-70% of the funding was spent on one single type of measure. Again, in some cases, this was a generic financial allowance to support job search and participation in active measures. In four cases the monies were spent in a more widespread way, with no single measure taking up more than 50% of the total amount spent on support measures.

However, no associations were found between the particular types of measures financed and the extent of re-employment rates achieved. It is difficult to disentangle the effectiveness of different measures implemented in relation to employment and integration outcomes as it was generally a range of measures which service to achieve these goals. Some analysis which was possible on the basis of detailed data in Lithuania shows that any single given measures on its own was less successful than the receipt of a package of measures. Of particular relevance were the provision of tailor made, personalised assistance and access to training.

Conclusion 3 : Measures implemented were varied and responded to the demand and local conditions; no association was found between the mix of measures delivered and employment outcomes

A discussion of the performance of the EGF in relation to **innovation** must be seen against the background of evidence that EGF implementation is very closely linked to the existing national restructuring policy framework. This can be advantageous, as EGF funding can be used to build on and enhance or extend existing provision, but can also lead to the level of innovation remaining limited.

Our research illustrates that the overall “Innovation Performance” of the EGF cases is mixed, with seven cases presenting a relatively high level of innovation (defined as allowing for the implementation of new measures not otherwise funded in the national restructuring framework). Two cases have used EGF as a catalyst to implement existing support in a more intensive way and; six cases have used EGF resources to fund measures already previously implemented in the context of the national restructuring policy framework. In these cases, it could be considered that the EGF did not have a significant influence spurring innovation in the ways in which provision was designed and implemented. This however is at least partly reflective of the situations where assistance was implemented,

with mass redundancies occurring and did not encourage developing new ways of working – rather than using ‘tried and tested’ models of assistance.

Potentially as a result of the close link with the national restructuring framework and the more limited assessment of innovation, just under 40% of stakeholders interviewed considered that at least some of the results achieved could have been achieved without EGF support (11-39 % of results). Furthermore, 24 % were of the opinion that around half of the results (40 %- 60 %) could have been achieved anyway, and 14 % of interviewees stated that hardly any of the results could have been achieved without EGF intervention. It is notable that a total of 12 % argued that all or most of the results (90- 100 %) could have been achieved and 12 % thought that most of the results (61- 89 %) could have been achieved without EGF funding.

In relation to potential **deadweight effects**, EGF played a particularly important role in supporting some of the hardest-to-help group of workers. This is evident looking at the higher re-employment rates of all workers dismissed in EGF cases (and not just EGF beneficiaries) and reflecting that EGF funding arrived at the locality at the time where some dismissed workers have already found jobs without EGF assistance.

Here it is important to note that, in line with European Guidelines, many PES have been actively working to increase the provision of personalised assistance to job seekers (through profiling, counselling and the development of individual action plans), there is a significant difference between this support and that provided by PES or other nominated agencies for EGF beneficiaries. The key differences relate to the lower ratios between counsellors and jobseekers, a higher frequency of personal meetings, availability of enhanced service to all dismissed workers, availability of nominated counsellor, stronger contact with employers, broader set of measures financed, and the ability to follow up all placed jobseekers.

Conclusion 4 : Innovation in EGF assistance is limited but reflective of the context; deadweight effects could not be identified

6.4 Efficiency of using the EGF resources

In relation to the efficient use of resources provided, the budget implementation and beneficiary reach rates vary significantly across the 15 cases. The budget implementation rate shows the extent to which the approved EGF funding was spent in each EGF case to fund the measures planned to assist the dismissed workers. The rate differs significantly across the 15 cases evaluated, from 1% to 99%. There is a range of factors behind this variation, ranging from the arrival of the EGF funding at the locality, adequate communication, planning, capacity and coordination structures, local economic climate and rapidly changing conditions on the labour market.

However, in some EGF cases, the very low budgetary implementation and beneficiary reach rates indicates a lack of accurate and informed planning, awareness of beneficiary needs and poor implementation and coordination of EGF assistance between the national, regional and local partners.

The majority of interviewees (67 %) were of the opinion that the resources had been used efficiently. Only 7 % answered that the resources had not been used efficiently and 26 % were of the opinion that they had been used very efficiently. Very little information is available which would allow a comparison between the cost and cost efficiency of resources used in the EGF cases compared to, for example, similar measures implemented by the PES or other agencies involved in managing restructuring in the Member States.

Conclusion 5 : The use of EGF resources was not efficient in some EGF cases due to a combination factors and led to lower reach of beneficiaries

6.5 Solidarity and visibility of EGF

In relation to solidarity - as a principle of assisting all affected dismissed workers – it was generally implemented in the sense that dismissed workers were provided with EGF assistance. Exceptions were noted however in some cases where some workers dismissed after the EGF application date were not helped because of the perception on the part of delivery partners that this was not possible.

Temporary and agency workers were generally not assisted because their dismissals occurred prior to company closures – and thus fall outside the EGF reference period of required number of redundancies. Workers in the supply chain of the large companies were also not included in some EGF cases either because this was not relevant (e.g. they were located abroad) or it was considered to be too challenging to assemble evidence to include them into the application. However, in other cases workers solely from the supply chain were included (e.g. PSA suppliers FR) or the cases assisted workers from many SMEs who were suffering from diminishing demand amongst their larger clients (e.g. Tuscany IT).

Conclusion 6 : The implementation of solidarity principle is partial due to the nature of restructuring processes

The visibility of EGF amongst the general public is low. It was generally well-known amongst the stakeholders and partners in the implementing countries. The visibility and knowledge of the Fund has increased with the implementation of additional cases. In the majority of 15 cases evaluated, beneficiaries were aware that they were accessing provision that was funded by the European Commission. In many such cases, however, beneficiaries interviewed during the evaluation did not know the name of the Fund which assisted them, rather referring it generally to 'European funding'.

Conclusion 7 : The visibility of the Fund is varied amongst the general public, labour market actors and Fund beneficiaries

7 Policy recommendations

This section elaborates policy recommendations with regard to the architecture and processes of the fund. Recommendations on EGF architecture differentiate between the recommendations for amending the legal base for the EGF and for the implementation of the EGF in the Member States.

EGF Eligibility Criteria

It is important to note that a number of the assessments made relating to EGF eligibility criteria have already been taken into account in the review of the EGF regulation. However, as this evaluation pertains to the early phase of the EGF (prior to these revisions), are nonetheless mentioned here. The main factors requiring attention and amendment in relation to the EGF eligibility criteria referred to by stakeholders contacted in pursuance of the research are:

Recommendation 1 : to maintain the reduced threshold of 500 redundancies

The threshold for the number of redundancies required to trigger access to EGF funding (1000) pre-May 2009 was considered to be too high, particularly in countries largely shaped by an industrial structure composed of SMEs. The reduction of this threshold to 500 was therefore widely welcomed. However, in some contexts, this reduced number would still be considered too high, as even a loss of 200-300 jobs could cause a significant shock in the locality or region.

The requirements in regard to the reference period for redundancies were considered to be potentially counter-productive and excluded a number of cases which might otherwise have met the eligibility criteria. In particular, it was remarked that the phasing of redundancies is considered by many employers, and indeed trade unions, to be part of a more “socially responsible” management of restructuring. The EGF reference periods were therefore seen as providing the potential to send the message that it would be preferable to compress the effectuation of redundancies in order to qualify, which might have an overall negative effect on restructuring practices – both for workers and localities affected.

Recommendation 2 : to promote the inclusion of workers made redundant outside the reference period through more guidance and communication

In a limited number of cases, there was a perception that workers made redundant by the same company shortly after any EGF application could not be included in funded measures. As a result, these cases experienced legitimacy issues related to their “exclusion” of certain workers. Such misunderstandings can be seen to be linked to insufficient communication between the central and regional level.

Recommendation 3 : to increase flexibility in the implementation of measures

Further flexibility was also called for to adapt the implementation of the fund to changing economic circumstances in the locality (or indeed the global economy). Some countries felt that further flexibility in the implementation of measures would have been needed following

the onset of the economic crisis. While the ability to transfer funding from one budget heading to another was highly welcomed in the EGF (as compared to the ESF), the ESF was seen by many to offer greater opportunities to respond quickly to the requirements of redundant workers as the ESF application processes were considered to be more speedy and co-financing more generous.

The Approval Process

Recommendation 4 : to review possibilities to speed up the application process

Comments regarding the speed of the EGF approval process were by far the most commonly voiced remarks from the stakeholders. On the whole, the process of approval was considered to be too slow to offer a true rapid response mechanism in times of crisis. Equity considerations were considered to come into play between countries which were (or were not) able to provide “start-up” funding in advance of EGF resources arriving. Some Member States did not have the national resources to provide this, meaning that that there was often a significant period of time which elapsed until redundant workers were able to access more tailored support measures (with an impact on potential employability outcomes). In addition, the time taken to formulate and achieve approval for applications in some cases led to a significant compression of the implementation period. In some cases this meant that funds could not be fully utilised and training provision in particular was too short to significantly enhance beneficiaries’ skills and therefore employability. The compression of the funding period was considered to be a particular issue for those individuals furthest from the labour market who often require significant assistance and intervention to allow them to be re-integrated.

Recommendation 5 : to strengthen the capacity for submitting the applications at the national, regional and local levels, provide further opportunities for sharing lessons and good practices

To better reflect the knowledge of delivery partners regarding the needs of the local labour market and beneficiary requirements, the capacity of delivery partners to submit applications could be strengthened. This requires a greater level of cascading of information relating to application procedures and processes from the Commission to Member States and from Member States to delivery partners. In addition to the regular meeting for EGF contact points from Member States a discussion of best practice in relation to EGF funded provision could be considered at national level.

Monitoring and Reporting

Recommendation 6 : to contain clear monitoring requirements, including the follow-up of beneficiaries, and financial means to implement these

Recommendation 7 : to provide further practical advice and guidance on monitoring and reporting, further opportunities for sharing lessons and good practices

On the whole, guidance for monitoring and reporting on EGF cases and their outcomes was considered to be insufficient and lacking standardisation to allow for greater comparability of

outcomes. In particular, assessment of the results achieved through EGF assistance was hampered by the lack of follow-up data on beneficiary destinations, the lack of beneficiary outcome data by age and educational profile, and the lack of information linking the participation in individual measures (or their combinations, as pertinent to individual beneficiary circumstances) and re-employment rates after their participation in specific measures. Another key issue is related to data protection issues, which often make it difficult or impossible to allow beneficiary tracking, thus making the estimation of effectiveness and sustainability much more difficult.

Some of this information was available in some evaluated cases, but cross-case comparisons were not possible.

It is therefore recommended to develop and ensure the implementation of a more elaborated, standard pro-forma for reporting and beneficiary monitoring, which would also encourage analytical reflections on the success of the implementing the EGF assistance and beneficiary re-employment rates achieved.

In regard to monitoring and evaluation, a number of good practices were identified at individual case level, which would benefit from wider dissemination. Information sharing around monitoring systems could become part of regular meetings of EGF contact points.

Promotion of the EGF and national and local visibility

Recommendation 8 : to disseminate existing lessons and practices of raising EGF visibility

Particularly in the early phases of the EGF, some stakeholders felt that knowledge of the availability of the EGF, eligibility criteria and processes for application were too limited and certainly too centralised. Even among those national centres taking a strong leading role, it clearly took some time to develop relevant guidance documents and to raise awareness. Visibility of the EGF has increased with the implementation of cases, but remains lower than that of the ESF. In countries largely having applications under Article 2a, some stakeholders also mentioned some difficulties arising as a result of perceptions of the EGF assisting a category of workers who are generally already considered to be relatively “privileged” in relation to comparable wage rates and assistance available in cases of restructuring.

Institutional management of the Fund

Recommendation 9: to support good communication between the European Commission, national and regional bodies

The EGF is managed centrally by the European Commission, who receives the EGF applications, assesses them, requesting additional information if required and makes proposals for approval by the Council and the European Parliament. At the national level, EGF contact persons (based in labour ministries or institutions dealing with EU funding) act as a conduit of information between the European and regional/local levels, providing the latter with advice and guidance during the submission, implementation and reporting stage, as well as transferring EGF funds received to the locality where the assistance is implemented. The smooth functioning of the process requires a significant amount of well-organised communication, coordination and joined working, which was a challenge in some of the EGF cases evaluated.