European
Commission

European Globalisation Adjustment Fund

Solidarity in the face of change

Social Europe

The European Globalisation Adjustment Fund (EGF) supports workers who lose their jobs due to the adverse effects of globalisation. It helps them to find another job as quickly as possible, following the closure of a large company or when production moves outside the European Union (EU). Member States can also call on the Fund to assist workers made redundant due to the global financial and economic crisis – which contributed to the loss of some 4.5 million jobs in Europe between the first quarter of 2008 and the first quarter of 2013, especially in manufacturing and construction.

Since its 2007 launch, the EGF has been adapted several times. Yet its main goal remains the same: **to express EU solidarity with workers affected by mass redundancies triggered by shifting world trade patterns.** By improving the employability of redundant workers, especially lower skilled and disadvantaged jobseekers, the Fund helps them to find new job opportunities.

To date, about 30 000 beneficiaries across the EU have received EGF co-financing support worth close to EUR 135 million. Around half of the workers who joined EGF initiatives have found new jobs or taken up self-employment. Fund applications cover some 40 sectors, as varied as automotive, electronic equipment, publishing, retail and textiles.

Support measures

The EGF, a special instrument not part of the EU's Multiannual Financial Framework, has a maximum annual budget of EUR 150 million for 2014-2020. It provides time-limited support for a package of personalised assistance measures that include tailored job search, outplacement or (re)qualification. Managed and run by national or regional authorities, these measures are delivered in a combination of projects lasting up to two years.

The EGF covers 60% of the cost of projects designed to help workers made redundant find another job or set up their own business. Member States manage the EGF's contributions and the resulting actions.

As a rule, the EGF may only be used where over 500 workers are made redundant by a single employer, including its suppliers and downstream producers. It can also be activated if over 500 workers are laid off in a particular sector in one or more neighbouring regions. The Fund also supports areas struggling with sharply increased numbers of young jobseekers.

The EGF in numbers

- Annual maximum amount of EUR 150 million
- Almost 120 applications from 20 EU countries
- EUR 492 million requested to help over 106 000 workers from 2007 to the end of 2013
- Applications by criteria: crisis (64), trade (53)
- Average EGF assistance per worker in 2012: EUR 8 670

(European Commission, December 2013)

New crisis-driven measures

European employment saw big declines following the economic crisis of 2008. The greatest losses were in manufacturing (4.5 m jobs), construction (c. 3.7 m), agriculture (over one million), retail (c. 900 000) and public administration (c. 500 000).

Due to this economic downturn, the rules of the original EGF (2007-2013) were amended in 2009. The aim was to also help workers made redundant as a result of the crisis, easing them back into employment as quickly as possible through schemes such as co-financed training and job placements.

The EU co-funding rate was increased from 50% to 65% until the end of 2011, as a special 'crisis criterion' for sudden shock redundancies. Covering 'workers made redundant as a direct result of the global financial and economic crisis', this criterion significantly boosted EGF applications from just 15 in the January 2007-April 2009 period to 79 applications in the May 2009-December 2011 period. By late December 2013, most applications for EGF support had been made under the crisis criterion (64) as against the 'trade' criterion (53). A modified form of the criterion has been introduced into the Fund for 2014-20.

In a permanent change, the eligibility threshold for EGF applications was lowered in 2009 from 1 000 to 500 redundant workers in a sector, region or company, and EGF support was extended to 24 months from 12 months.

How the EGF adds value

- Provides EU funding designed to deal with rapid economic change
- Goes beyond national support mechanisms for workers involved in mass layoffs
- Pulls stakeholders together and concentrates resources
- Can fund measures tailored to workers' specific needs, skills or expectations

What support can the EGF provide?

EGF funding can be channelled to those who lose their jobs in mass redundancy events. However, it cannot be used to keep companies in business or to help them modernise or restructure.

The EGF can co-finance projects including measures such as: **help with looking for a job, careers advice; education, training and re-training; mentoring and coaching; entrepreneurship and business creation**. It can also provide **training allowances, mobility/relocation allowances, subsistence allowances or similar support**. On the other hand, the EGF does not co-finance social protection measures such as pensions or unemployment benefit.

The EGF can only co-finance active labour market measures to help redundant workers back into employment. It may also fund a Member State's 'implementing activities' – such as preparatory, information, publicity and control activities for use of the funding. When designing support packages, Member States must consider workers' backgrounds, experience and educational levels, plus their ability to be mobile and current/expected job opportunities in the regions concerned.

Complementing other EU programmes

The EGF's financial contributions complement support measures available for beneficiaries from EU funds or other EU policies or programmes. It notably provides workers with one-off and finite individual support, comprising active labour market measures to increase their employability and ensure their rapid reintegration into employment. The EGF is therefore different from, and complementary to, the European Social Fund (ESF) which – like the EU Structural and Investment Funds in general – takes a strategic, long-term perspective through activities such as life-long learning.

According to the regional or national situation, the EGF can be used alongside the ESF. In the Belgian provinces of Limburg, West-Vlaanderen and Oost-Vlaanderen, the EGF complemented federal, regional and ESF funding by offering training for dismissed employees in the textiles sector. In Spain, in Galicia and Castilla la Mancha, the EGF established guidance teams for individuals, thus allowing the delivery of more tailored and flexible support to redundant workers than would have been possible under the ESF.

What is new in the EGF for 2014-20?

The EGF is continued for the EU's Multiannual Financial Framework from 1 January 2014 to 31 December 2020. As before, it will provide specific, one-time support to workers dismissed as a result of major structural changes due to globalisation and it will go on helping Member States to tackle unemployment in such cases.

EU co-funding in the EGF has been increased from 50% to 60% starting in January 2014. However, the EGF's overall funding is set at an annual maximum amount of EUR 150 million, where previously it stood at EUR 500 million.

Several innovative elements have been incorporated in the EGF for 2014-2020. For instance, the **categories of workers eligible to benefit from the Fund have been broadened to include the self-employed, temporary workers and fixed-term workers**. Besides globalisation, the **intervention criteria now also include global financial and economic crises**.

Moreover, **until the end of 2017 and under certain circumstances, young people not in employment, education or training (NEETs) in regions with high youth unemployment can benefit from EGF support** in equal numbers to EGF workers receiving support under the same application.

As before, with EGF co-financing, Member States must devise a 'coordinated package of personalised services' (including tailored training and retraining, special time-limited measures such as job-search or mobility allowances) to help targeted beneficiaries to remain in the labour market and find new employment or self-employment. A special focus is placed on helping disadvantaged, older and young unemployed people to find new jobs.

The rules on the Fund's intervention criteria, eligible beneficiaries, eligible applications, measures and so on are set out in the EGF Regulation for 2014-2020, which repeals the original legislation of 2006.

Pathways to re-employment: EGF in action

After 25 years in Spain's textile sector, **Jorge Bolufer** found himself redundant. He took advantage of EGF support available to former textile workers in Valencia, including a course on entrepreneurship, and set up a bakery in June 2012 in L'Alcúdia de Crespins. Within two years, Mr Bolufer's new business was thriving. "I get up every day at five and open the shop from seven in the morning until the evening, sometimes working Sunday if necessary," he said. "But it's worth it and I'm proud of taking on this challenge to ensure my business is successful."

When **Thomas Phelan** lost his job at TalkTalk in October 2011, as one of 575 employees at the telecoms company's Waterford call centre in Ireland, he set up the Waterford TalkTalk Redundant Workers Association and played a key role in applying for assistance from the EU under the EGF programme. This led to the roll-out of a number of labour activation measures. For instance, there was financial assistance to help workers return to full-time or part-time study, notably a pharmaceutical science degree course at the Waterford Institute of Technology plus a bridging module to

a master's degree course in the subject. In recognition of his own learning at the institute and his support for former colleagues, Mr Phelan received the 'AIB Student of the Year Award 2013-14' in the School of Science.

Over 70% of the affected workforce at TalkTalk benefited from a range of EGF support. Besides improving their skills through education and training courses, several individuals went on to set up businesses.

Overview of EGF Applications up to 31 December 2013 (EGF Regulation 2007-2013)

by Member State and Application Type (Article 1 Criteria)

Member State	Art.1	2007	2008	2009	2010	2011	2012	2013	Number of applications		Workers targeted		Requested EGF contribution in EUR million	
BE	crisis	0	0	0	1	0	0	0	1	7	2 834	6 885	9.6	26.0
	trade	0	0	2	0	0	0	4	6		4 051		16.4	
BG	crisis	0	0	1	0	0	0	0	1	1	643	643	1.1	1.1
	trade	0	0	0	0	0	0	0	0		0		0.0	
CZ	crisis	0	0	0	1	0	0	0	1	1	460	460	0.3	0.3
	trade	0	0	0	0	0	0	0	0		0		0.0	
DK	crisis	0	0	2	2	1	0	0	5	10	3 600	6 234	38.3	63.7
	trade	0	0	0	2	1	2	0	5		2 634		25.4	
DE	crisis	0	0	0	1	1	0	0	2	7	1 959	11 349	12.7	44.8
	trade	1	0	2	0	0	1	1	5		9 390		32.2	
IE	crisis	0	0	3	3	0	0	0	6	7	9 835	10 267	60.6	63.3
	trade	0	0	0	0	0	1	0	1		432		2.7	
EL	crisis	0	0	0	0	1	0	0	1	1	642	642	2.9	2.9
	trade	0	0	0	0	0	0	0	0		0		0.0	
ES	crisis	0	0	2	3	4	0	0	9	19	7 448	13 736	20.6	46.9
	trade	0	3	0	2	1	1	3	10		6 288		26.4	
FR	crisis	0	0	1	1	0	0	0	2	4	5 671	8 478	36.4	61.8
	trade	1	0	0	0	0	0	1	2		2 807		25.4	
IT	crisis	0	0	0	0	6	0	0	6	12	4 630	12 741	18.7	59.5
	trade	3	1	0	0	0	2	0	6		8 111		40.8	
LT	crisis	0	0	4	0	0	0	0	4	5	2 413	3 013	2.6	2.9
	trade	0	1	0	0	0	0	0	1		600		0.3	

Member State	Art.1	2007	2008	2009	2010	2011	2012	2013	Number of applications		Workers targeted		Requested EGF contribution in EUR million	
MT	crisis	0	0	0	0	0	0	0	0	1	0	675	0.0	0.7
	trade	1	0	0	0	0	0	0	1		675		0.7	
NL	crisis	0	0	7	5	2	0	0	14	16	6 921	8 554	23.7	28.8
	trade	0	0	0	1	0	0	1	2		1 633		5.1	
AT	crisis	0	0	1	1	2	0	0	4	7	1 608	2 202	22.8	32.5
	trade	0	0	0	1	1	0	1	3		594		9.6	
PL	crisis	0	0	0	3	0	0	0	3	5	979	1 806	1.2	2.6
	trade	0	0	0	0	0	0	2	2		827		1.4	
PT	crisis	0	0	1	1	1	0	0	3	5	2 245	4 367	5.4	8.6
	trade	1	0	1	0	0	0	0	2		2 122		3.3	
RO	crisis	0	0	0	0	0	0	0	0	2	0	2 416	0.0	6.5
	trade	0	0	0	0	1	1	0	2		2 416		6.5	
SI	crisis	0	0	0	1	0	0	0	1	1	2 554	2 554	2.2	2.2
	trade	0	0	0	0	0	0	0	0		0		0.0	
FI	crisis	0	0	0	0	0	0	0	0	3	0	5 634	0.0	17.2
	trade	1	0	0	0	0	1	1	3		5 634		17.2	
SE	crisis	0	0	1	0	0	0	0	1	3	1 500	3 550	9.8	19.6
	trade	0	0	0	0	1	1	0	2		2 050		9.8	
Total 20 MS	crisis	0	0	23	23	18	0	0	64	117	55 942	106 206	268.9	491.9
	trade	8	5	5	6	5	10	14	53		50 264		223.0	

Some figures may not tally exactly due to rounding

1) The table reflects the situation on 31.12.2013.

2) A temporary derogation extending the scope of the EGF to the global financial and economic crisis and increasing the EGF co-financing to 65% of total costs applied to all applications received from 1 May 2009 to 30 December 2011 (Regulation (EC) No. 546/2009 amending Regulation (EC) No. 1927/2006 (OJ L 167, 29.06.2009))

3) One of these submitted applications (EGF/2009/022 BS/Kremikovtsi) was non-eligble (SEC(2010) 993 final of 30.05.2010).

4) Eleven cases withdrawn by the applicant Member States are not included in the statistics.

5) Eight Member States have not yet applied for EGF support by 31.12.2013: Estonia, Cyprus, Latvia, Luxembourg, Hungary, Slovakia, the United Kingdom as well as Croatia (which only joined the EU on 1 July 2013).

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Employment across Europe has suffered due to the impacts of globalisation and the worldwide financial and economic crisis. This leaflet focuses on the European Globalisation Adjustment Fund (EGF), which co-funds support to EU workers who find themselves unemployed after the closure of a large company, major dismissals or when production in a sector shifts outside the EU. Personalised assistance measures, channelled through regional or national authorities, aim to help those people who qualify for EGF support to find another job or set up their own business.

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