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egel

1 Introduction

for the EGF represents therefore a little over 1 percent of the ESF budget or 0.1 percent of the total EU budget.

We evaluate the EGF programme after ten years of activity and in the context of the negotiations on the 2021-27 MFF (which are expected to start in spring of 2018 with the publication by the European Commission in May of detailed proposals). We describe the programme (section 2), outline its functioning since its creation until 2016 (section 3), evaluate its political visibility and economic e ectiveness (section 4) and make recommendations on how it can be improved (section 5).

2 The EGF: aims and procedures

e EGF programme has changed substantially since its introduction in January 2007. e the redundancies, national authorities must submit the application to the European Commission, which has then two weeks to respond to the national authorities, typically requesting additional information that the national authorities must provide within six to eight weeks. e Commission then has 12 weeks to make a nal determination of whether the application meets the required criteria. Once approved by the Commission, the application is submitted to the Council of the EU and the European Parliament, which must give their approval to commit EGF expenditures on each individual case as the EGF is formally outside the MFF process.

3 The EGF: facts and gures

Two data sources are available to describe the functioning of the EGF since its creation: the list of EGF applications made available by the European Commission's employment, social a airs and inclusion directorate-general (DG EMPL), and the biennial reports[2] presented by the European Commission to the European Parliament and the Council describing the activities and accomplishments of the EGF.

DG EMPL uploads regularly on its website the list of EGF applications, which provide case-level data on the sector of the company applying, the apMC /Span <Lommission'sET, iJETEMC /(t)da

financial crisis: 52 percent of cases, covering 51 percent of the redundant workers and awarded 55 percent of the funding related to crisis fallout rather than globalisation. Table 1 shows how EGF cases are distributed both in terms of justification (globalisation or crisis) and in terms of type of firm concerned (redundancies in a single large firm or in a group of small and medium sized companies, SMEs).

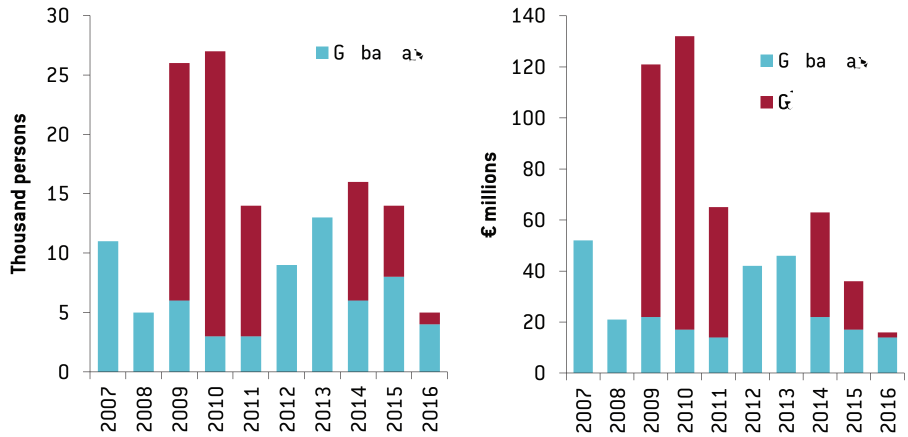
Table 1: Distribution of EGF cases, 2007-16

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Source: European Commission (2018).

Figure 1 gives the total number of targeted redundant workers and the total funding committed under the EGF, broken down between 'globalisation' and 'crisis' for each year from 2007 to 2016. Several points should be noted. First, the number of targeted workers made redundant because of globalisation has ranged between about 3,000 and 13,000 per year and their EGF funding has been between €14 million and €52 million per year. Second, the number of workers made redundant as a consequence of the crisis has ranged between zero and 24,000 per year and their EGF funding has been between zero and €115 million. Third, the maximum amount of funding awarded by the EGF in any year was €132 million in 2010, when €115 million was associated with the crisis and only €17 million with globalisation, which explains why the annual EGF envelope was lowered from €500 million to €150 million in 2013. Finally, the average amount of EGF funding awarded per worker over the period 2007-16 was €4,219. Given that over the period, the average share of co-financing provided by member states was 42 percent, it means that each redundant worker eligible under the EGF received on average €7,274 in active labour market services.

Figure 1: Number of targeted workers and total amount committed by the EGF, by year and justification, 2007-16



Source: European Commission (2018).

Figure 2 shows how the total number of redundant workers and the total funding committed under the EGF from 2007-16 was distributed to EU countries. Ten countries (Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands and Spain) accounted for respectively 83 percent of all the redundant workers and 87 percent of all the funding under the EGF programme. Second, among the main users, there were substantial differences in the reason for seeking help from the EGF: for some countries the main reason was globalisation (Belgium, Finland and Germany), for others it was the crisis (Greece, Ireland and Netherlands) and for the rest (Denmark, France, Italy and Spain), it was a combination of globalisation and the crisis. Third, central and eastern European countries benefitted little or not at all from the programme, presumably because they lost few jobs because of their relatively sustained growth over the period. Finally, the United Kingdom, though presumably as much affected by globalisation and the crisis as other countries in western Europe, did not use the programme at all. This was the result of a deliberate decision by the national authorities[4].

Figure 2: Number of workers targeted and total amount committed by t[illegible]

4 The EGF: an assessment

A proper evaluation of the programme requires answers to three main questions. First, if the EGF is above all a political tool, it needs to be visible. Has this been the case? Second, even if the EGF is mainly political, it also needs to be sensible from an economic perspective, raising the questions: what proportion of workers who became redundant in the EU during the period 2007-16 as a consequence of globalisation received helped from the EGF? And how well did the workers helped by the EGF do in regaining employment, compared to workers with similar characteristics who lost their jobs for similar reasons but did not receive EGF help?

From a political perspective, the visibility of EGF cases is essential. To evaluate their visibility, we use the European Restructuring Monitor (ERM) database, which provides data on large-scale restructuring events reported by the media since 2003. The database covers restructuring events affecting at least 100 jobs or 10 percent of the workforce at worksites with more than 250 employees. It should therefore contain information on all the single-firm EGF cases, since they involve at least 500 redundancies. For each restructuring event, the ERM database provides information on the name of the affected company, its size, location and sector, and the type of restructuring and number of jobs lost. The ERM database covers 15,465 events for the period 2007-16. All EGF cases, except for one single-firm EGF globalisation case, are included in ERM database, which suggests that single-firm EGF cases are, in most cases, highly visible.

In terms of whether the EGF programme has played a significant role in helping EU workers made redundant by globalisation, there is no existing data for the number of such workers. Lawrence (2014) suggests that five percent of job losses in the United States might be a consequence of globalisation. Assuming a similar proportion applies to the EU would imply that roughly 180,000 jobs are lost annually in the EU because of globalisation. How does that compare to the number of workers helped by the EGF? We found (section 3) that on average for the period 2007-16, 14,054 workers qualified for EGF assistance, of which only 48 percent lost their jobs as a consequence of globalisation. Therefore, a little below 7,000 workers made redundant by globalisation received EGF assistance each year, amounting to roughly four percent of the total of job losses ascribed to globalisation.

An alternative approach would to use the ERM database and to focus on redundancies reported in the media that involve at least 100 workers or 10 percent of the workforce at worksites with more than 250 employees. Unfortunately, it is generally not possible in this

The average re-employment rate of 46 percent means that, overall, only two-fifths of the workers eligible for EGF financing found a job within two years thanks to this financing. As discussed earlier, one-fifth had already found a job before the financing started and the remaining two-fifths had not yet found a job at the end of the two-year EGF implementation period.

We cannot assess, however, if the 46 percent average re-employment rate can be considered satisfactory, because (1) we do not have data for individual workers who received EGF assistance (but only for the average worker in individual EGF cases); and (2) even if we did, we could not compare EGF-assisted workers with equivalent dismissed workers available in data from Eurostat's European Labour Force Survey (ELFS) or EU Statistics on Income and Living Conditions (EU-SILC), because these two data sources provide information neither on the reason for dismissal nor on re-employment rates within a two-year period.

5 Conclusions and recommendations to improve the EGF

Overall, the idea behind the EGF – to help correct the negative side-effects of globalisation with active labour market policies and to be seen to do so – was certainly valid in principle because globalisation creates losers as well as winners.

Politically, it was important for the EU to create a budgetary instrument that would enable it to assume some financial responsibility – even if relatively modest – for assisting workers displaced by trade liberalisation, considering EU trade policy is an exclusive EU competence. Amounts devoted to EGF programmes are necessarily very limited compared to those involved in member states' labour market policies, and in their education policies, which are also essential for coping with the labour market changes induced by globalisation. It is important therefore that the philosophy of the EGF programme, which is to give national authorities a small but targeted financial incentive to put in place or improve active labour market measures to assist displaced workers, rather than simply provide them with unemployment benefits, should be translated into effective measures.

Visibility of the EGF programme is an objective that matters and that seems to have been met, at least to some extent. But it is also essential that EGF money be well spent and that services financed by the EGF really do make it more likely beneficiaries will find another job. Unfortunately, the available data does not allow an assessment of the effectiveness of the programme in this respect. We were struck by the fact that more than 50 percent of the cases that benefitted from EGF assistance and more than 50 percent of the money spent, involved workers made redundant by the economic and financial crisis, rather than by globalisation per se. This suggests that there might have been significant administrative constraints in the operation of the programme for trade adjustment assistance, which were partly lifted to assist workers hit by the crisis.

We make three recommendations to improve the EGF programme in the context of the next MFF, some of which partly overlap with recommendations already made by Cernat and Mustilli (2017):

1. There is a need to improve the monitoring and evaluation of the programme by collecting more and better data. The present situation is clearly unsatisfactory because it does not allow a proper scientific evaluation of the EGF. The best approach would be to collect data