

**REGULATION (EU) 2021/691 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL****of 28 April 2021****on the European Globalisation Adjustment Fund for Displaced Workers (EGF) and repealing Regulation (EU) No 1309/2013**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee <sup>(1)</sup>,

Having regard to the opinion of the Committee of the Regions <sup>(2)</sup>,

Acting in accordance with the ordinary legislative procedure <sup>(3)</sup>,

Whereas:

- (1) The horizontal principles set out in Article 3 of the Treaty on European Union (TEU) and in Articles 9 and 10 of the Treaty on the Functioning of the European Union (TFEU), including the principles of subsidiarity and proportionality set out in Article 5 TEU, are to be respected in the implementation of Union funds, taking into account the Charter of Fundamental Rights of the European Union. Pursuant to Articles 8 and 10 TFEU, the Union is to aim to eliminate inequalities and promote equality between men and women as well as to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Commission and Member States should aim to integrate the gender perspective in the implementation of the funds. The objectives of Union funds should be pursued in the framework of sustainable development and the Union's objectives of preserving, protecting and improving the quality of the environment as set out in Article 11 and Article 191(1) TFEU, taking into account the polluter-pays principle.
- (2) On 17 November 2017, the European Pillar of Social Rights (the 'Pillar') was jointly proclaimed by the European Parliament, the Council and the Commission as a response to social challenges in Europe. Taking into account the changing realities of the world of work, it is necessary for the Union to prepare for the current and future challenges of globalisation and digitisation, by making growth more inclusive and by improving employment and social policies. The 20 key principles of the Pillar are structured in three categories: equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. The Pillar acts as an overarching guiding framework for the European Globalisation Adjustment Fund for Displaced Workers (EGF) established by this Regulation, allowing the Union to put the relevant principles into practice in the case of major restructuring events.
- (3) On 20 June 2017, the Council endorsed the Union response to the United Nations (UN) 2030 Agenda for Sustainable Development. The Council underlined the importance of achieving sustainable development across the three dimensions – economic, social and environmental – in a balanced and integrated way. It is vital that sustainable development be mainstreamed in the Union policy framework and that the Union be ambitious in the policies that it uses to address global challenges. The Council welcomed the Commission communication of 22 November 2016 entitled 'Next steps for a sustainable European future' as a first step in mainstreaming the UN's Sustainable Development Goals and applying sustainable development as an essential guiding principle to all Union policies, including through its financing instruments.

<sup>(1)</sup> OJ C 110, 22.3.2019, p. 82.

<sup>(2)</sup> OJ C 86, 7.3.2019, p. 239.

<sup>(3)</sup> Position of the European Parliament of 16 January 2019 (not yet published in the Official Journal) and position of the Council at first reading of 19 April 2021 (not yet published in the Official Journal). Position of the European Parliament of 27 April 2021 (not yet published in the Official Journal).

- (4) In February 2018, the Commission adopted a communication entitled 'A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020'. The communication stresses that the Union budget supports Europe's unique social market economy. It is of the utmost importance to improve employment opportunities and to address skills challenges, especially those linked to digitisation, automation and a transition towards a resource-efficient and sustainable economy, in full compliance with the Paris Agreement, adopted under the UN's Framework Convention on Climate Change (the 'Paris Agreement'). Budgetary flexibility will be a key principle in the multiannual financial framework 2021 to 2027 (MFF 2021 to 2027) established by Council Regulation (EU, Euratom) 2020/2093 <sup>(4)</sup>. Flexibility mechanisms will remain in place to allow the Union to react in a more timely manner and to ensure that budgetary resources are used where most urgently needed.
- (5) In its 'White Paper on the Future of Europe' of 1 March 2017, the Commission expresses concerns regarding isolationist movements and growing doubts over the benefits of open trade and the Union's social market economy in general.
- (6) In its 'Reflection Paper on Harnessing Globalisation' of 10 May 2017, the Commission identifies the combination of trade-related globalisation and technological change as the major driver of increased demand for skilled labour and the reduction in the number of jobs that require lower qualifications. While acknowledging the advantages of more open trade, the Commission finds that appropriate means are needed to address related negative side effects. As the current benefits of globalisation are already unequally distributed among people and regions, causing a significant impact on those adversely affected, there is a danger that technological and environmental changes will further fuel those effects. Therefore, in line with the principles of solidarity and sustainability, it will be necessary to ensure that the benefits of globalisation are shared more fairly by reconciling economic growth and technological advance with adequate social protection and active support for access to employment and self-employment opportunities.
- (7) In its 'Reflection Paper on the Future of Union Finances' of 28 June 2017, the Commission underlines the need to reduce economic and social divergences between and within Member States and finds that, therefore, a key priority is to invest in sustainable development, equality, social inclusion, education and training as well as health.
- (8) Globalisation, technological change and climate change are likely to further increase the interconnectedness and interdependence of world economies. Labour reallocation is an integral and inevitable part of such change. If the benefits of change are to be distributed fairly, offering assistance to displaced workers and those threatened by displacement is of the utmost importance. The main Union instruments to assist affected workers are the European Social Fund Plus (ESF+), which is to be established by a Regulation of the European Parliament and of the Council and is designed to offer assistance in an anticipatory manner, and the EGF, which is designed to offer assistance in a reactive manner in the case of major restructuring events. The Commission's communication entitled 'EU Quality Framework for anticipation of change and restructuring' of 13 December 2013 is the Union policy instrument that sets the framework of best practice for anticipating and dealing with corporate restructuring. It offers a comprehensive framework on how the challenges of economic adjustment and restructuring and their employment and social impact are to be addressed by adequate policy means. It also calls upon Member States to use Union and national funding in a way that ensures that the social impact of restructuring, especially the adverse effects on employment, can be cushioned more effectively.
- (9) The European Globalisation Adjustment Fund, established by Regulation (EC) No 1927/2006 of the European Parliament and of the Council <sup>(5)</sup> for the MFF 2007 to 2013 (the 'Fund'), was set up to enable the Union to show solidarity towards workers who had lost their jobs as a result of major structural changes in world trade patterns due to globalisation.

<sup>(4)</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

<sup>(5)</sup> Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund (OJ L 406, 30.12.2006, p. 1).

- (10) The scope of Regulation (EC) No 1927/2006 was broadened by Regulation (EC) No 546/2009 of the European Parliament and of the Council <sup>(6)</sup> as part of the European Economic Recovery Plan, set out in the Commission communication of 26 November 2008, in order to include workers who had lost their jobs as a direct consequence of the global financial and economic crisis.
- (11) For the duration of the MFF 2014 to 2020, Regulation (EU) No 1309/2013 of the European Parliament and of the Council <sup>(7)</sup> extended the scope of the Fund to cover job displacements resulting not only from a serious economic disruption caused by a continuation of the global financial and economic crisis addressed in Regulation (EC) No 546/2009, but also from any new global financial and economic crisis. Furthermore, Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council <sup>(8)</sup> (the 'Financial Regulation') amended Regulation (EU) No 1309/2013 to introduce, inter alia, rules allowing the Fund, exceptionally, to cover collective applications involving small and medium-sized enterprises (SMEs) located in one region which operate in different economic sectors defined at NACE Revision 2 division level, where the applicant Member State demonstrates that SMEs are the main or only type of business in that region.
- (12) As a response to the possible withdrawal of the United Kingdom from the Union without a withdrawal agreement, Regulation (EU) 2019/1796 of the European Parliament and of the Council <sup>(9)</sup> amended Regulation (EU) No 1309/2013 to specify that redundancies resulting from such a withdrawal would fall within the scope of the Fund. Due to the withdrawal of the United Kingdom with a withdrawal agreement, that Regulation did not apply.
- (13) The Commission carried out a mid-term evaluation of the Fund to assess how and to what extent it had achieved its objectives. The Fund proved to be effective, attaining a higher reintegration rate of displaced workers than in the previous programming period. The evaluation also found that the Fund generated Union added value. This is particularly true in terms of its volume effects, meaning that Fund assistance not only increased the number and variety of services offered, but also the level of intensity of those services. Moreover, the Fund interventions had high visibility and demonstrated the Union added value directly to the public. However, several challenges were identified. The mobilisation procedure was considered to be too long. In addition, many Member States reported problems in putting together the extensive background analysis of the event that triggered the redundancies. The main reason why Member States were discouraged from applying for support from the Fund were financial and institutional capacity problems. This could simply be due to a lack of personnel: currently, Member States can ask for technical assistance only once they implement the Fund support. Since redundancies can happen unexpectedly, it is important to ensure that Member States are ready to react immediately and are able to submit an application without delay. Moreover, in certain Member States, more profound institutional capacity-building efforts seem to be necessary in order to ensure the efficient and effective implementation of EGF cases. Moreover, the threshold of 500 displaced jobs has been criticised as being too high, especially in less-populated regions.
- (14) The EGF's role continues to be important as a flexible instrument to support workers who lose their jobs in large-scale restructuring events and to help them to find other jobs as quickly as possible. The Union should continue to provide specific, one-off support to facilitate the reintegration into decent and sustainable employment of displaced workers in areas, sectors, territories or labour markets suffering a shock of serious economic disruption. Considering the interplay and mutual effects of open trade and economic and financial developments such as asymmetric economic shocks, technological change, digitisation, significant changes in the trade relations of the Union or the composition of the internal market, as well as other factors including the transition to a low-carbon economy, and considering the fact that it is increasingly difficult to single out a specific factor that causes job

<sup>(6)</sup> 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 (OJ L 167, 29.6.2009, p. 26).

<sup>(7)</sup> Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006 (OJ L 347, 20.12.2013, p. 855).

<sup>(8)</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

<sup>(9)</sup> Regulation (EU) 2019/1796 of the European Parliament and of the Council of 24 October 2019 amending Regulation (EU) No 1309/2013 on the European Globalisation Adjustment Fund (2014-2020) (OJ L 279 I, 31.10.2019, p. 4).

displacements, the mobilisation of the EGF should be based only on the significant impact of a restructuring event. Given the purpose of the EGF, which is to provide support in emergencies, complementing the more anticipatory assistance offered by ESF+, the EGF should remain a flexible and special instrument outside the budgetary ceilings of the MFF, as set out in the Commission communication entitled 'A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027' of 2 May 2018 and the Annex thereto.

- (15) In order to retain the European nature of the EGF, an application for support should be triggered when a major restructuring event has a significant impact on the local or regional economy. Such an impact should be determined by reference to a minimum number of job displacements within a specific reference period. Taking into account the findings of the mid-term evaluation, the threshold should be set at 200 job displacements within a reference period of four months (or six months in sectoral cases). Considering that waves of dismissals in different sectors within the same region have an equally significant impact on the local labour market, regional applications should also be possible. In small labour markets, such as in small Member States or remote regions, including the outermost regions as referred in Article 349 TFEU, or in exceptional circumstances, it should be possible for applications to be submitted in cases with a lower number of job displacements. In general, Member State should not submit their applications for EGF assistance later than 12 weeks after the end of the reference period. However, in order to prevent a funding gap due to the fact that this Regulation will enter into force after 1 January 2021 and in order to provide legal certainty, that time limit should be suspended between 1 January 2021 and the entry into force of this Regulation.
- (16) The EGF, as a fund designed for major restructuring events, should not be mobilised in cases of dismissal in the public sector which are the consequence of budgetary cuts. However, the EGF should be able to support workers displaced from enterprises active on a competitive market that provide goods or services to publicly financed entities affected by budgetary cuts. The EGF should also be able to support self-employed persons whose activity has ceased as a result of budgetary cuts.
- (17) In order to express Union solidarity towards unemployed persons, the co-financing rate of the EGF, as a reactive fund, should be aligned with the highest co-financing rate of ESF+, as a proactive fund, in the Member State concerned, but in any case should not be lower than 60 %.
- (18) Part of the budget of the Union allocated to the EGF should be implemented by the Commission under shared management with Member States within the meaning of the Financial Regulation. Therefore, when implementing the EGF under shared management, the Commission and the Member States should respect the principles referred to in the Financial Regulation, such as sound financial management, transparency and non-discrimination.
- (19) The European Monitoring Centre on Change, which is based in the European Foundation for the Improvement of Living and Working Conditions in Dublin, assists the Commission and the Member States with qualitative and quantitative analyses in order to help in the assessment of trends of globalisation, technological and environmental changes, restructuring and the use of the EGF. The European Restructuring Monitor, updated on a daily basis, follows the reporting of large-scale restructuring events throughout the Union, on the basis of a network of national correspondents. It could help identify potential cases for intervention at an early stage.
- (20) Displaced workers and self-employed persons whose activity has ceased should have equal access to the EGF, independently of their type of employment contract or relationship. Therefore, displaced workers and self-employed persons whose activity has ceased should be regarded as possible EGF beneficiaries for the purposes of this Regulation.

- (21) Financial contributions from the EGF should be primarily directed at active labour market policy measures and personalised services that aim to reintegrate beneficiaries rapidly into decent and sustainable employment within or outside their initial sector of activity, while preparing them for a greener and more digital European economy. The support should also seek to promote self-employment and enterprise creation, including through the establishment of cooperatives. Measures should reflect the prospective needs of the local or regional labour market. However, where relevant, the mobility of displaced workers should also be supported in order to help them find new employment elsewhere. There should be a particular focus on the dissemination of skills required in the digital age and on overcoming gender stereotypes in employment, where appropriate. The inclusion of pecuniary allowances in coordinated packages of personalised services should be restricted. The measures supported by the EGF should not replace passive social protection measures. Employers could be encouraged to participate in the national co-funding for the EGF-supported measures in addition to the measures which they are required to provide by virtue of national law or collective agreements.
- (22) When implementing and designing a coordinated package of personalised services aiming to facilitate the reintegration of the targeted beneficiaries, Member States should address the objectives of the Digital Agenda and the Digital Single Market Strategy. Particular attention should be paid to the gender pay gap within the sectors of information and communication technologies (ICT) and science, technology, engineering and mathematics (STEM) by promoting the retraining and requalification of women into those sectors. When implementing and designing a coordinated package of personalised services, Member States should aim to increase the representation of the less represented gender, thus contributing towards the reduction of the gender pay gap and the pension gap.
- (23) Given that the digital transformation of the economy requires a certain level of digital competence of the workforce, the dissemination of skills required in the digital age should be considered to be a horizontal element of any coordinated package of personalised services offered.
- (24) When drawing up active labour market policy measures, Member States should favour measures that significantly contribute to the employability of the beneficiaries. Member States should strive towards the reintegration into sustainable employment of the largest possible number of beneficiaries participating in these measures as soon as possible within six months of the end of the implementation period. The design of the coordinated package of personalised services should take into account the reasons for the redundancies where relevant and anticipate future labour market perspectives and required skills. The coordinated package of personalised services should be compatible with the transition towards a resource-efficient and sustainable economy.
- (25) When drawing up active labour market policy measures, Member States should pay particular attention to disadvantaged beneficiaries, including persons with disabilities, persons with dependent relatives, young and older unemployed persons, persons with a low level of qualifications, persons with a migrant background and persons at risk of poverty, given that those groups experience particular problems in re-entering the labour market. Nevertheless, the principles of gender equality and of non-discrimination, which are among the Union's core values and are enshrined in the Pillar, should be respected and promoted when implementing the EGF.
- (26) In order to support beneficiaries effectively and rapidly, Member States should do their utmost to submit complete applications when applying for a financial contribution from the EGF. Where the Commission requires further information for the assessment of an application, the provision of such information should be subject to a deadline. Both Member States and the Union institutions should aim to process applications as quickly as possible.
- (27) In the interests of the beneficiaries and the bodies responsible for implementation of the measures, the applicant Member State should keep all actors involved in the application procedure informed of the progress of the application and should engage them where possible during the implementation of measures.

- (28) In compliance with the principle of sound financial management, financial contributions from the EGF should not replace support measures which are available for beneficiaries within the Union funds or other Union policies or programmes, but should, where possible, complement such measures.
- (29) Special provisions should be included for information and communication actions on EGF cases and outcomes. Member States and EGF stakeholders should raise awareness of the achievements of Union funding by informing the public. Transparency and communication activities are essential in making Union action visible on the ground and should be based on accurate and up-to-date information. With the aim of promoting the EGF and demonstrating its added value as part of the Union budget, communication and visibility material developed by Member States should be made available to Union institutions, bodies or agencies upon request. Therefore, a royalty-free, non-exclusive and irrevocable licence to use such material and any pre-existing rights attached to it should be granted to the Union.
- (30) To facilitate the implementation of this Regulation, expenditure should be eligible for a financial contribution from the EGF either from the date on which a Member State starts to provide personalised services or from the date on which a Member State incurs administrative expenditure in implementing the EGF.
- (31) In order to cover needs that arise, especially during the first months of each year, when the possibilities for transfers from other budget lines are particularly difficult, an adequate amount of payment appropriations should be made available on the EGF budget line in the annual budgetary procedure.
- (32) The MFF 2021-2027 and the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources <sup>(10)</sup> determine the budgetary framework of the EGF.
- (33) In the interests of the beneficiaries, assistance should be made available as quickly and efficiently as possible. The Member States and the Union institutions involved in the EGF decision-making process should do their utmost to reduce processing time and simplify procedures so as to ensure the smooth and rapid adoption of decisions on the mobilisation of the EGF.
- (34) SMEs are the backbone of the Union's economy. Therefore, promoting entrepreneurship and supporting SMEs is key to ensuring economic growth, innovation, job creation and social integration. The Union actively promotes entrepreneurship by encouraging people to start their own business. In the case of major restructuring events, it should be possible to help displaced workers to launch their own business. In the event of an enterprise closing down, it should also be possible to help displaced workers to take over some or all of the activities of their former employer.
- (35) For transparency and information purposes, Member States should disclose in the final reports details of any State aid or Union funding that the enterprise dismissing the workers received in the five years preceding the report. However, this requirement should not apply to microenterprises or SMEs, in particular start-ups and scale-ups, in order to avoid any disproportionate administrative burden on Member States, particularly in the case of sectoral EGF applications involving more than one microenterprise or SME.

<sup>(10)</sup> OJ L 433 I, 22.12.2020, p. 28.

- (36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016 for Better Law-Making <sup>(11)</sup>, the EGF should be evaluated on the basis of information collected in accordance with specific monitoring requirements, while avoiding an administrative burden, in particular on Member States, and overregulation. Those requirements, where appropriate, should include measurable indicators as a basis for evaluating the effects of the EGF on the ground.
- (37) In order to enable political scrutiny by the European Parliament and continuous monitoring by the Commission of results obtained with EGF assistance, the Member States concerned should submit a final report on the implementation of the EGF.
- (38) Member States should support the Commission in carrying out evaluations by providing relevant data at their disposal.
- (39) In order to facilitate future evaluations, a beneficiary survey should be conducted after the implementation of each financial contribution from the EGF. The beneficiary survey should be open to participants for at least four weeks and should be launched during the sixth month after the end of the implementation period. Member States should assist the Commission in conducting the beneficiary survey, encouraging beneficiaries to participate by sending out the invitation to take part and at least one reminder. Member States should inform the Commission about the efforts made to contact the beneficiaries. The Commission should use the collected data for evaluation purposes. To ensure comparability between cases, the Commission should design the beneficiary survey template in close cooperation with the Member States and should provide translation into all official languages of the institutions of the Union.
- (40) In accordance with the objective of eliminating inequalities and promoting equality between men and women, analyses and reports related to the EGF should include gender-disaggregated information.
- (41) A list of indicators should be set out in an annex to this Regulation for the purpose of monitoring the use of the EGF and, in particular, progress towards the achievement of its objectives. Where necessary, the Commission may submit a legislative proposal to amend those indicators.
- (42) The Member States should remain responsible for the implementation of the financial contribution and for the management and control of the actions supported by Union funding, in accordance with the relevant provisions of the Financial Regulation. The Member States should justify the use made of the financial contribution received from the EGF. In view of the short implementation period for EGF interventions, reporting obligations should reflect the particular nature of those interventions.
- (43) Member States should prevent, detect and deal effectively with any irregularities, including fraud, committed by beneficiaries. Moreover, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council <sup>(12)</sup> and Council Regulations (EC, Euratom) No 2988/95 <sup>(13)</sup> and (Euratom, EC) No 2185/96 <sup>(14)</sup>, the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Council Regulation (EU) 2017/1939 <sup>(15)</sup>, to investigate and prosecute criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council <sup>(16)</sup>.

<sup>(11)</sup> OJ L 123, 12.5.2016, p. 1.

<sup>(12)</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

<sup>(13)</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

<sup>(14)</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

<sup>(15)</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (the EPPO) (OJ L 283, 31.10.2017, p. 1).

<sup>(16)</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

Member States should take the necessary measures to ensure that any person or entity receiving Union funds fully cooperates in the protection of the financial interests of the Union, grants the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensures that any third parties involved in the implementation of Union funds grant equivalent rights. Member States should report to the Commission any irregularities detected, including fraud, and any follow-up action they have taken with regard to such irregularities and with regard to any OLAF investigations. Member States should cooperate with the Commission, OLAF, the Court of Auditors and, where applicable, the EPPO, in accordance with point (d) of Article 63(2) of the Financial Regulation on all matters related to suspected or established fraud.

- (44) To enhance the protection of the Union's budget, the Commission should make available an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the relevant data, and the Commission should encourage its use with a view to generalised application by Member States.
- (45) The Financial Regulation lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement, indirect management, financial instruments, budgetary guarantees, financial assistance and the reimbursement of external experts. Rules adopted on the basis of Article 322 TFEU also include a general regime of conditionality for the protection of the Union budget.
- (46) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement, and the commitment to the UN Sustainable Development Goals, the actions under this Regulation should contribute to the achievement of a target of 30 % of the Union budget expenditure supporting climate objectives and the ambition of 7,5 % of the Union budget reflecting biodiversity expenditures in 2024 and 10 % in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.
- (47) In order to allow better monitoring of the use of the EGF, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in order to supplement this Regulation by setting out the criteria for determining the cases of irregularity to be reported and the data to be provided by Member States for the purpose of preventing, detecting and correcting irregularities, including fraud and recovering amounts unduly paid together with interest on late payments. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (48) In order to ensure uniform conditions for the implementation of this Regulation with regard to the conduct of beneficiary surveys and the format for reporting irregularities, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council <sup>(17)</sup>.
- (49) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

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<sup>(17)</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).



- (50) In order to ensure continuity in providing support in the relevant policy area and to allow implementation as of the beginning of the MFF 2021 to 2027, it is necessary to provide for the application of this Regulation from the beginning of the 2021 financial year. However, the Commission should initiate the budgetary procedure only upon the entry into force of this Regulation.
- (51) Regulation (EU) No 1309/2013 should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

#### *Article 1*

### **Subject matter and scope**

1. This Regulation establishes the European Globalisation Adjustment Fund for Displaced Workers (EGF) for the period of the MFF 2021 to 2027.

It lays down the objectives of the EGF, the forms of Union funding and the rules for providing such funding, including applications by the Member States for financial contributions from the EGF for measures targeting the beneficiaries referred to in Article 6.

2. In accordance with Article 4, the EGF shall offer support to displaced workers and self-employed persons whose activity has ceased in the course of major restructuring events.

#### *Article 2*

### **Mission and objectives**

1. The EGF shall support socioeconomic transformations that are the result of globalisation and of technological and environmental changes by helping displaced workers and self-employed persons whose activity has ceased to adapt to structural change. The EGF shall constitute an emergency fund that operates reactively. As such, the EGF shall contribute to the implementation of the principles set out in the European Pillar of Social Rights and shall enhance social and economic cohesion among regions and Member States.

2. The objectives of the EGF are to demonstrate solidarity and promote decent and sustainable employment in the Union by offering assistance in the case of major restructuring events, in particular those caused by challenges related to globalisation, such as changes in world trade patterns, trade disputes, significant changes in the trade relations of the Union or the composition of the internal market and financial or economic crises, as well as the transition to a low-carbon economy, or as a consequence of digitisation or automation. The EGF shall support beneficiaries in returning to decent and sustainable employment as soon as possible. Particular emphasis shall be placed on measures that help the most disadvantaged groups.

#### *Article 3*

### **Definitions**

For the purposes of this Regulation, the following definitions apply:

- (1) 'displaced worker' means a worker, regardless of the type or duration of his or her employment relationship, whose employment contract or relationship is ended prematurely by redundancy, or whose employment contract or relationship is not renewed, for economic reasons;
- (2) 'self-employed person' means a natural person who employs fewer than 10 workers;
- (3) 'beneficiary' means a natural person who participates in EGF co-funded measures;
- (4) 'irregularity' means a breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the EGF, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditures to that budget;

- (5) 'implementation period' means the period beginning on the dates referred to in point (j) of Article 8(7) and ending 24 months after the date of entry into force of the decision on the financial contribution pursuant to Article 15(2).

#### Article 4

##### **Intervention criteria**

1. Member States may apply for financial contributions from the EGF for measures targeting displaced workers and self-employed persons in accordance with the provisions laid down in this Article.
2. In the case of major restructuring events, a financial contribution from the EGF shall be provided where one of the following circumstances applies:
  - (a) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of four months, in an enterprise in a Member State, including where that cessation of activity applies to its suppliers or downstream producers;
  - (b) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of six months, particularly in SMEs, where all operate in the same economic sector defined at NACE Revision 2 division level and are located in one region or two contiguous regions defined at NUTS 2 level or in more than two contiguous regions defined at NUTS 2 level provided that there are at least 200 workers or self-employed persons affected in two of the regions combined;
  - (c) the cessation of activity of at least 200 displaced workers or self-employed persons, over a reference period of four months, particularly in SMEs, where all operate in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level.
3. In small labour markets, in particular with regard to applications involving SMEs, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article shall be considered to be admissible even if the criteria laid down in paragraph 2 are not entirely met, provided that the redundancies have a serious impact on employment and the local, regional or national economy. In such cases, the applicant Member State shall specify which of the intervention criteria set out in paragraph 2 are not entirely met.
4. In exceptional circumstances, paragraph 3 shall also apply to labour markets other than small labour markets. The aggregated amount of financial contributions in such cases shall not exceed 15 % of the annual ceiling of the EGF.
5. The EGF shall not be mobilised where public-sector employees are dismissed as a result of budgetary cuts by a Member State.

#### Article 5

##### **Calculation of displacements and of cessation of activity**

The applicant Member State shall specify the method used for calculating the number of displaced workers and self-employed persons for the purpose of Article 4 as at one or more of following dates:

- (a) the date on which the employer notifies the competent public authority in writing of the projected collective redundancies in accordance with Article 3(1) of Council Directive 98/59/EC <sup>(18)</sup>;
- (b) the date of the employer's individual notice to make the worker redundant or to terminate the employment contract or relationship of the worker;
- (c) the date of the de facto termination or the expiry of the employment contract or relationship;

<sup>(18)</sup> Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.1998, p. 16).

- (d) the date of the end of the assignment of the worker to the user undertaking;
- (e) with regard to self-employed persons, the date of cessation of the activities as determined in accordance with national law or administrative provisions.

In the cases referred to in point (a) of the first paragraph of this Article, the applicant Member State shall provide the Commission with additional information about the actual number of redundancies effected in accordance with Article 4, prior to the completion of the assessment by the Commission.

#### *Article 6*

### **Eligible beneficiaries**

The applicant Member State may provide eligible beneficiaries with a coordinated package of personalised services ('coordinated package') in accordance with Article 7 that is co-financed by the EGF. Such eligible beneficiaries may include:

- (a) displaced workers and self-employed persons whose activity has ceased, determined in accordance with Article 5, within the reference periods provided for in Article 4(1) to (4);
- (b) displaced workers and self-employed persons whose activity has ceased, determined in accordance with Article 5, outside the reference period provided for in Article 4, namely six months before the start of the reference period or between the end of the reference period and the last day before the date of the completion of the assessment by the Commission.

Workers and self-employed persons as referred to in point (b) of the first paragraph shall be considered to be eligible beneficiaries provided that a clear causal link can be established with the event which triggered the redundancies during the reference period.

#### *Article 7*

### **Eligible measures**

1. A financial contribution from the EGF may be made for active labour market policy measures that form part of a coordinated package, designed to facilitate the reintegration of the targeted beneficiaries, in particular the most disadvantaged among them, into employment or self-employment.
2. Given the importance of skills required in the digital industrial age and in a resource-efficient economy, the dissemination of such skills shall be considered to be a horizontal element for the design of coordinated packages. The need for and level of training shall be adapted to the qualifications and skills of each beneficiary.

The coordinated package may include:

- (a) tailor-made training and retraining, including with regard to information and communication technology and other skills required in the digital age, certification of acquired knowledge and skills, individual job-search assistance services and targeted group activities, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment, business creation, employee take-overs, and cooperation activities;
- (b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, childcare allowances, training allowances, subsistence allowances, and allowances for carers.

The costs of the measures referred to in point (b) of the second subparagraph shall not exceed 35 % of the total cost of the coordinated package.

The investments for self-employment, business creation and employee take-overs shall not exceed EUR 22 000 per beneficiary.

The design of the coordinated package shall anticipate future labour market perspectives and required skills. The coordinated package shall be compatible with the shift towards a resource-efficient and sustainable economy, shall focus on the dissemination of skills required in the digital industrial age, and shall take into account the demand on the local labour market.

3. The following measures shall not be eligible for a financial contribution from the EGF:
  - (a) special time-limited measures, as referred to in point (b) of the second subparagraph of paragraph 2, if those measures are not conditional on the active participation of the targeted beneficiaries in job-search or training activities;
  - (b) measures which are the responsibility of enterprises by virtue of national law or collective agreements.

The measures supported by the EGF shall not replace passive social protection measures.

4. The coordinated package shall be drawn up in consultation with the targeted beneficiaries, their representatives or the social partners, as applicable.
5. At the initiative of the applicant Member State, a financial contribution from the EGF may be made for preparatory, management, information and publicity, and control and reporting activities.

#### *Article 8*

### **Applications**

1. The applicant Member State shall submit an application for a financial contribution from the EGF to the Commission within 12 weeks of the date on which the criteria set out in Article 4(2), (3) or (4) are met.
2. The time limit referred to in paragraph 1 shall be suspended between 1 January 2021 and 3 May 2021.
3. If requested by the applicant Member State, the Commission shall provide guidance throughout the application procedure.
4. Within 10 working days of the date of submission of the application, or, where applicable, within 10 working days of the date on which the Commission is in possession of a translation of the application, whichever is the later, the Commission shall acknowledge receipt of the application and request from the applicant Member State any additional information that it requires in order to assess the application.
5. Where the Commission requests additional information, the Member State shall reply within 15 working days of the date of the request. The Commission shall extend that deadline by 10 working days at the request of the applicant Member State. Any such requests for extension shall be duly reasoned.
6. On the basis of the information provided by the applicant Member State, the Commission shall complete its assessment of the compliance of the application with the conditions for providing a financial contribution within 50 working days of the receipt of the complete application or, where applicable, of the translation of the application.

Where the Commission is not able to meet that deadline, it shall inform the applicant Member State before that deadline, explaining the reasons for the delay and setting a new date for the completion of its assessment. That new date shall be no later than 20 working days after the deadline under the first subparagraph.

7. An application shall contain the following information:
  - (a) an assessment of the number of redundancies in accordance with Article 5, as well as the method of calculation;
  - (b) where the dismissing enterprise has continued its activities after the redundancies, confirmation that it has complied with its legal obligations governing those redundancies and has provided for its workers accordingly;

- (c) an explanation of the extent to which the recommendations set out in the EU Quality Framework for anticipation of change and restructuring were taken into account, and how the coordinated package complements actions funded by other Union or national funds, including information about measures that are mandatory for the dismissing enterprises concerned by virtue of national law or collective agreements, and information about the activities already undertaken by the Member State for the assistance of displaced workers;
- (d) a brief description of the events that led to the displacement of the workers;
- (e) where applicable, the identification of the dismissing enterprises, suppliers or downstream producers and sectors;
- (f) an estimated breakdown of the composition of the targeted beneficiaries by gender, age group and educational level, used in the design of the coordinated package;
- (g) the expected impact of the redundancies as regards the local, regional or national economy and employment;
- (h) a detailed description of the coordinated package and related expenditure, including, in particular, any measures in support of employment initiatives for disadvantaged, young and older beneficiaries;
- (i) the estimated budget for each of the components of the coordinated package in support of the targeted beneficiaries and for any preparatory, management, information and publicity, control and reporting activities;
- (j) the dates on which the provision of the coordinated package to the targeted beneficiaries and the activities to implement the EGF, as set out in Article 7, were started or are due to be started;
- (k) the procedures followed for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities or other relevant stakeholders as applicable;
- (l) a statement that the requested EGF support complies with the procedural and material Union rules on State aid as well as a statement outlining why the coordinated package does not replace measures that are the responsibility of employers by virtue of national law or collective agreements;
- (m) the sources of national pre-financing or national co-funding and other co-funding, if applicable.

#### *Article 9*

### **Complementarity, compliance and coordination**

1. A financial contribution from the EGF shall not replace measures which are the responsibility of employers by virtue of national law or collective agreements.
2. Support for targeted beneficiaries shall complement measures of the Member States at national, regional and local level, including such measures that also receive other financial support from the Union budget, in line with the recommendations set out in the EU Quality Framework for anticipation of change and restructuring.
3. The financial contribution from the EGF shall be limited to what is necessary to provide temporary, one-off support for targeted beneficiaries. The measures supported by the EGF shall comply with Union and national law, including State aid rules.
4. In accordance with their respective responsibilities, the Commission and the applicant Member State shall ensure the coordination of the assistance from other financial support from the Union budget.
5. The applicant Member State shall ensure that the specific measures receiving a financial contribution from the EGF do not receive other financial support from the Union budget.

*Article 10***Equality between men and women, and non-discrimination**

The Commission and the Member States shall ensure that equality between men and women and the integration of the gender perspective are an integral part of and are promoted throughout the implementation period.

The Commission and the Member States shall take all appropriate steps to prevent any discrimination based on gender, gender identity, racial or ethnic origin, religion or belief, disability, age or sexual orientation in access to the EGF and during the various stages of the implementation period.

*Article 11***Technical assistance at the initiative of the Commission**

1. At the initiative of the Commission, a maximum of 0,5 % of the annual ceiling of the EGF may be used for technical and administrative expenditure for its implementation, such as preparatory, monitoring, control, audit and evaluation activities, as well as data gathering, including in relation to corporate information technology systems, communication activities and those enhancing the EGF's visibility as a fund or with regard to specific projects and other technical assistance measures. Such measures may cover future and previous programming periods.

2. Subject to the ceiling set out in paragraph 1 of this Article, the Commission shall submit a request for a transfer of appropriations for technical assistance to the relevant budgetary lines in accordance with Article 31 of the Financial Regulation.

3. The Commission shall implement technical assistance at its own initiative under direct or indirect management in accordance with points (a) and (c) of Article 62(1) of the Financial Regulation.

Where the Commission implements technical assistance under indirect management, it shall ensure a transparent procedure for designating the third party responsible for carrying out the tasks assigned to it in accordance with the Financial Regulation. It shall inform the European Parliament and the Council as well as the public of the subcontractor selected for that purpose.

4. The Commission's technical assistance shall include the provision of information and guidance to the Member States on using, monitoring and evaluating the EGF. The Commission shall also provide information along with clear guidance to the social partners at Union and national level on the use of the EGF. Guidance measures may also include the creation of taskforces in cases of severe economic disruptions in a Member State.

*Article 12***Information, communication and publicity**

1. The Member States shall acknowledge the origin and ensure the visibility of the Union funding and highlight the Union added value of the intervention, by providing coherent, effective and targeted information to multiple audiences, including targeted information to beneficiaries, local and regional authorities, the social partners, the media and the public.

Member States shall use the EU emblem in accordance with Annex IX to the Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (the 'Common Provisions Regulation for 2021-2027') together with the simple funding statement, 'co-funded by the European Union'.

2. The Commission shall maintain and update regularly an online presence, accessible in all official languages of the institutions of the Union, to provide updated information about the EGF, guidance on the submission of applications, examples of eligible measures and a regularly updated list of Member State contacts as well as information about accepted and rejected applications and on the role of the European Parliament and the Council in the budgetary procedure.

3. The Commission shall promote the broad dissemination of existing best practices and shall carry out information and communication actions with the aim of raising the awareness of Union citizens and workers, including people who have difficulties in accessing information, of the EGF.

The Member States shall ensure that communication and visibility material is made available upon request to Union institutions, bodies or agencies and that a royalty-free, non-exclusive and irrevocable licence to use such material and any pre-existing rights attached to it is granted to the Union, to publicise the EGF or in relation to reporting on the use of the Union budget. That obligation shall not require Member States to take on significant additional costs or significant administrative burdens.

The licence shall grant the Union the rights set out in Annex I.

4. The resources allocated to communication actions under this Regulation shall also contribute to covering the corporate communication of the political priorities of the Union provided that such priorities are related to the objectives laid down in Article 2.

#### Article 13

##### **Determination of the financial contribution**

1. On the basis of the assessment carried out in accordance with Article 8, in particular taking into account the number of targeted beneficiaries, the proposed measures and the estimated costs, the Commission shall evaluate and propose the amount of a financial contribution from the EGF, if any, that may be made within the limits of the resources available. The Commission shall complete its evaluation and submit its proposal by the deadline laid down in Article 8(6).

2. The co-financing rate of the EGF for the measures offered shall be the highest co-financing rate of ESF+ in the relevant Member State, as set out in Article 112(3) of the Common Provisions Regulation for 2021-2027 or 60 %, whichever is the higher.

3. Where, on the basis of the assessment carried out in accordance with Article 8, the Commission concludes that the conditions for a financial contribution under this Regulation are met, it shall immediately initiate the procedure set out in Article 15.

4. Where, on the basis of the assessment carried out in accordance with Article 8, the Commission concludes that the conditions for a financial contribution under this Regulation are not met, it shall immediately notify the applicant Member State, the European Parliament and the Council.

#### Article 14

##### **Eligibility period**

1. Expenditure shall be eligible for a financial contribution from the EGF from the dates set out in the application in accordance with point (j) of Article 8(7) on which the Member State concerned starts, or is due to start, providing the coordinated package to the targeted beneficiaries or on which it incurs the administrative expenditure to implement the EGF in accordance with Article 7(1) and (5).

2. The Member State shall start implementing the eligible measures set out in Article 7 without undue delay and shall carry out those measures as soon as possible, and in any event within 24 months of the date of entry into force of the decision on the financial contribution.

3. Where a beneficiary accesses an education or training course the duration of which is at least two years, the expenditure for that course shall be eligible for EGF co-funding up to the date on which the final report referred to in Article 20(1) is due, provided that the relevant expenditure is incurred before that date.

4. Expenditure pursuant to Article 7(5) shall be eligible for EGF co-funding until the deadline for submission of the final report in accordance with Article 20(1).

#### *Article 15*

### **Budgetary procedure and implementation**

1. Where the Commission has concluded that the conditions for providing a financial contribution from the EGF are met, it shall submit a proposal to mobilise the EGF to the European Parliament and to the Council. The decision to mobilise the EGF shall be taken jointly by the European Parliament and the Council within six weeks of the submission of the Commission's proposal to them.

At the same time as it submits its proposal for a decision to mobilise the EGF, the Commission shall submit to the European Parliament and to the Council a proposal for a transfer to the relevant budgetary lines.

Transfers related to the EGF shall be made in accordance with Article 31 of the Financial Regulation.

2. The Commission shall adopt a decision on a financial contribution, which shall enter into force on the date on which the Commission is notified of the approval of the budgetary transfer by the European Parliament and the Council.

That decision shall constitute a financing decision within the meaning of Article 110 of the Financial Regulation.

3. A proposal for a decision to mobilise the EGF pursuant to paragraph 1 shall include the following:

- (a) the assessment carried out in accordance with Article 8(6), together with a summary of the information on which that assessment is based; and
- (b) the reasons justifying the amounts proposed in accordance with Article 13(1).

#### *Article 16*

### **Insufficient funds**

By way of derogation from the deadlines set out in Articles 8 and 15, in exceptional cases and provided that the remaining commitment appropriations available in the EGF are not sufficient to cover the amount of assistance that is necessary according to the Commission proposal, the Commission may postpone the proposal to mobilise the EGF and the subsequent budgetary transfer request until commitment appropriations are available in the following year. The annual budgetary ceiling of the EGF shall be respected in all circumstances.

#### *Article 17*

### **Payment and use of the financial contribution**

1. The Commission shall pay the financial contribution to the Member State concerned in a single 100 % pre-financing payment, in principle within 15 working days of the entry into force of a decision on a financial contribution in accordance with Article 15(2). The pre-financing shall be cleared once the Member State submits the certified statement of expenditure in accordance with Article 20(1). The unspent amount shall be reimbursed to the Commission.

2. The financial contribution referred to in paragraph 1 of this Article shall be implemented under shared management in accordance with Article 63 of the Financial Regulation.



3. Detailed technical terms of the financing shall be determined by the Commission in the decision on a financial contribution referred to in Article 15(2).

4. When carrying out the measures contained in the coordinated package, the Member State concerned may submit a proposal to the Commission to amend the actions by adding other eligible measures as listed in points (a) and (b) of Article 7(2), provided that such amendments are duly justified and the total does not exceed the financial contribution referred to in Article 15(2). The Commission shall assess the proposed amendments and, if it agrees, shall amend the decision on the financial contribution accordingly.

5. The Member State concerned may reallocate amounts between the budget items laid down in the decision on a financial contribution pursuant to Article 15(2). If such a reallocation exceeds a 20 % increase for one or more of the items specified, the Member State shall notify the Commission beforehand.

#### *Article 18*

### **Use of the euro**

Amounts referred to in applications, decisions on financial contributions and reports under this Regulation, as well as any other related documents, shall be expressed in euro.

#### *Article 19*

### **Indicators**

1. Indicators to report on the progress of the EGF towards the achievement of the objectives laid down in Article 2 are set out in Annex II. Personal data relating to those indicators shall be collected on the basis of this Regulation solely for the purposes of this Regulation. They shall be processed in compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council <sup>(19)</sup>.

2. The performance reporting system shall ensure that data for monitoring the implementation and the results of the EGF are collected efficiently, effectively and in a timely manner.

To that end, proportionate reporting requirements shall be imposed on Member States.

#### *Article 20*

### **Final report and closure**

1. Not later than at the end of the seventh month after the expiry of the implementation period, the Member State concerned shall present a final report to the Commission on the implementation of the relevant financial contribution, including information about:

- (a) the type of measures and results, explaining the challenges, the lessons learned, synergies and complementarities with other Union funds, particularly ESF+, and indicating, where possible, the complementarity of the measures with measures funded by other Union or national programmes in line with the EU Quality Framework for anticipation of change and restructuring;
- (b) the names of the bodies that delivered the coordinated package in the Member State;
- (c) the indicators set out in points (1) and (2) of Annex II;
- (d) whether the dismissing enterprise, except where it is a microenterprise or an SME, has been a beneficiary of State aid or previous funding from Union cohesion or structural funds in the preceding five years; and
- (e) a statement justifying the expenditure.

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<sup>(19)</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

2. No later than six months after the Commission has received all the information required under paragraph 1 of this Article, it shall wind up the financial contribution by determining the final amount of the financial contribution from the EGF and the balance due, if any, by the Member State concerned in accordance with Article 24.

#### *Article 21*

### **Biennial report**

1. By 1 August 2021 and every two years thereafter, the Commission shall submit to the European Parliament and to the Council a comprehensive, quantitative and qualitative report on the activities under this Regulation and Regulation (EU) No 1309/2013 in the preceding two years. The report shall focus mainly on the results achieved by the EGF and in particular shall contain information relating to applications submitted, processing time, decisions adopted, measures funded, including statistics on the indicators set out in Annex II, and the complementarity of such measures with measures funded by other Union funds, in particular ESF+, and information relating to the winding-up of financial contributions made. The report shall also document applications that have been rejected due to non-eligibility or for which the amount has been reduced due to insufficient appropriations.

2. The report shall also be submitted for information to the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions and the social partners.

#### *Article 22*

### **Evaluations**

1. On its own initiative and in close cooperation with the Member States, the Commission shall carry out:

- (a) a mid-term evaluation by 30 June 2025; and
- (b) a retrospective evaluation by 31 December 2029.

2. The results of the evaluations referred to in paragraph 1 shall be submitted to the European Parliament, the Council, the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions and the social partners for information. The recommendations of the evaluations shall be taken into account for the design of new programmes in the area of employment and social affairs or the further development of existing programmes.

3. The evaluations referred to in paragraph 1 shall include relevant statistics on the financial contributions, broken down by sector and Member State.

4. A beneficiary survey shall be launched during the sixth month after the end of each implementation period. The beneficiary survey shall be open to participation for at least four weeks. Member States shall distribute the beneficiary survey to the beneficiaries, send out at least one reminder and inform the Commission of the distribution and reminder sent. The responses to the beneficiary surveys shall be collated and analysed by the Commission for the use in future evaluations.

5. Beneficiary surveys shall be used to collect data on the perceived change in the employability of beneficiaries, or, for those who have already found employment, on the quality of the employment found, such as changes in working hours, the type of employment contract or relationship (full time or part time; fixed term or open-ended), the level of responsibility or change of salary level in comparison to previous employment, and the sector in which the person found employment. That information shall be broken down by gender, age group, education level and level of professional experience.

6. In order to ensure uniform conditions for the implementation of this Article, the Commission shall adopt an implementing act setting out when and how a beneficiary survey is to be conducted and the template to be used.

That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 26(2).

*Article 23***Management and financial control**

1. Without prejudice to the Commission's responsibility for implementing the general budget of the Union, Member States shall take responsibility for the management of measures supported by the EGF and for the financial control of the measures. They shall take at least the following steps:

- (a) verifying that management and control arrangements have been set up and are being implemented in such a way as to ensure that Union funds are being used efficiently and correctly, in accordance with the principle of sound financial management;
- (b) ensuring that the delivery of monitoring data is a mandatory requirement in contracts with bodies delivering the coordinated packages;
- (c) verifying that the financed measures have been properly carried out;
- (d) ensuring that expenditure funded is based on verifiable supporting documents, and is legal and regular;
- (e) preventing, detecting and correcting irregularities including fraud and recovering amounts unduly paid together with interest on late payments where appropriate.

The Member States shall report irregularities including fraud, as referred to in point (e) of the first subparagraph, to the Commission.

2. Member States shall ensure the legality and regularity of expenditure included in the accounts submitted to the Commission and shall take all required actions to prevent, detect and correct and report on irregularities, including fraud. Such actions shall include the collection of information about the beneficial owners of the recipients of funding in accordance with Annex XVII to the Common Provisions Regulation for 2021-2027. The rules related to the collection and processing of such data shall comply with applicable data protection rules. The Commission, OLAF and the Court of Auditors shall have the necessary access to that information.

3. For the purposes of Article 63(3) of the Financial Regulation, Member States shall identify bodies responsible for the management and control of the measures supported by the EGF. Those bodies shall provide the Commission with the information set out in Article 63(5), (6) and (7) of the Financial Regulation on the implementation of the financial contribution when submitting the final report referred to in Article 20(1) of this Regulation.

Where authorities designated in accordance with Regulation (EU) No 1309/2013 have provided sufficient guarantees that payments are legal and regular, and properly accounted for, the Member State concerned may notify to the Commission that those authorities are confirmed under this Regulation. On making such a notification, that Member State shall indicate which authorities are confirmed and their functions.

4. Member States shall make the required financial corrections where an irregularity is ascertained. The corrections made by the Member States shall consist of cancelling all or part of the financial contribution. The Member States shall recover any amount unduly paid as a result of an irregularity detected and repay that amount to the Commission. Where the amount is not repaid by the relevant Member State in the time allowed, default interest shall be due.

5. The Commission, in its responsibility for the implementation of the general budget of the Union, shall take every step necessary to verify that the actions financed are carried out in accordance with the principle of sound financial management. It is the responsibility of the Member State concerned to ensure that it has smoothly functioning management and control systems. The Commission shall satisfy itself that such systems are in place.

To that end, without prejudice to the powers of the Court of Auditors or the checks carried out by the Member State in accordance with national laws, regulations and administrative provisions, Commission officials or servants may carry out on-the-spot checks, including sample checks, on the measures financed by the EGF with a minimum notice of 12 working days. The Commission shall give notice to the Member State concerned with a view to obtaining all the assistance necessary. Officials or servants of the Member State concerned may take part in such checks.

6. The Commission is empowered to adopt delegated acts in accordance with Article 25 in order to supplement point (e) of paragraph 1 of this Article by setting out the criteria for determining the cases of irregularity to be reported and the data to be provided.

7. In order to ensure uniform conditions for the implementation of this Article, the Commission shall adopt an implementing act setting out the format to be used for reporting of irregularities.

That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 26(2).

8. Member States shall ensure that all supporting documents regarding expenditure incurred are kept available for the Commission and the Court of Auditors for a period of three years following the winding-up of a financial contribution received from the EGF.

#### Article 24

### Recovery of the financial contribution

1. Where the actual cost of the coordinated package is less than the amount of the financial contribution pursuant to Article 15, the Commission shall recover the corresponding amount after having given the Member State concerned the possibility to submit its observations.

2. If, after completing the necessary verifications, the Commission concludes that a Member State either has failed to comply with the obligations stated in the decision on a financial contribution or is not complying with its obligations under Article 23(1), it shall give the Member State concerned the possibility to submit its observations.

If no agreement has been reached, the Commission shall, within 12 months of receipt of the observations from the Member State, adopt a decision to make the financial corrections required by cancelling all or part of the financial contribution of the EGF to the measure in question.

The Member State concerned shall recover any amount unduly paid as a result of an irregularity and, where the amount is not repaid by that Member State in the time allowed, default interest shall be due.

#### Article 25

### Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 23(6) shall be conferred on the Commission for the duration of the EGF.

3. The delegation of power referred to in Article 23(6) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 23(6) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

*Article 26***Committee procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

*Article 27***Repeal**

1. Regulation (EU) No 1309/2013 is repealed with effect from 1 January 2021.
2. Notwithstanding paragraph 1 of this Article, point (b) of Article 20(1) of Regulation (EU) No 1309/2013 shall continue to apply until the *ex post* evaluation referred to in that point has been carried out.

*Article 28***Transitional provisions**

1. This Regulation shall not affect the continuation of or modification of actions initiated pursuant to Regulation (EU) No 1309/2013, which shall continue to apply to those actions until their closure.
2. The financial envelope for the EGF may also cover the technical assistance expenses necessary to ensure the transition between the EGF and the measures adopted pursuant to Regulation (EU) No 1309/2013.
3. If necessary, appropriations may be entered in the Union budget beyond 2027 to cover the eligible measures provided for in Article 7(1) and (5), to enable the management of actions not completed by 31 December 2027.

*Article 29***Entry into force**

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2021, with the exception of Article 15, which shall apply from 3 May 2021.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 28 April 2021.

*For the European Parliament*  
The President  
D. M. SASSOLI

*For the Council*  
The President  
A. P. ZACARIAS

## ANNEX I

## COMMUNICATION AND VISIBILITY

The licence referred to in the second subparagraph of Article 12(3) shall grant the Union at least the following rights:

- (1) internal use, namely the right to reproduce, copy and make available the communication and visibility materials to Union and Member State institutions and agencies and their staff;
  - (2) the reproduction of the communication and visibility materials by any means and in any form, in whole or in part;
  - (3) the communication to the public of the communication and visibility materials by any and all means of communication;
  - (4) the distribution to the public of the communication and visibility materials (or copies thereof) in any and all forms;
  - (5) the storage and archiving of the communication and visibility materials;
  - (6) the sublicensing of the rights on the communication and visibility materials to third parties.
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## ANNEX II

COMMON OUTPUT AND RESULT INDICATORS FOR EGF APPLICATIONS  
(referred to in Article 19(1), in point (c) of Article 20(1) and in Article 21(1))

All personal data <sup>(1)</sup> are to be broken down by gender (female, male, non-binary <sup>(2)</sup>) <sup>(3)</sup>.

(1) Common output indicators on beneficiaries:

- (a) unemployed\*;
- (b) inactive\*;
- (c) employed\*;
- (d) self-employed\*;
- (e) below 30 years of age\*;
- (f) above 54 years of age\*;
- (g) with lower secondary education or less (ISCED 0-2)\*;
- (h) with upper secondary (ISCED 3) or post-secondary education (ISCED 4)\*;
- (i) with tertiary education (ISCED 5-8)\*.

The total number of beneficiaries is to be calculated automatically on the basis of the common output indicators relating to employment status <sup>(4)</sup>.

(2) Common long-term result indicators for beneficiaries:

- (a) percentage of EGF beneficiaries in employment and self-employment six months after the end of the implementation period\*;
- (b) percentage of EGF beneficiaries who gained a qualification by six months after the end of the implementation period\*;
- (c) percentage of EGF beneficiaries in education or training six months after the end of the implementation period\*.

Those data are to cover the calculated total number of beneficiaries as reported under the common output indicators set out in point (1). The percentages shall thus also relate to this calculated total.

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<sup>(1)</sup> Managing authorities are to establish a system that records and stores individual participant data in computerised form. The data processing arrangements put in place by the Member States are to be in line with the provisions of Regulation (EU) 2016/679, in particular Articles 4, 6 and 9 thereof.

<sup>(2)</sup> According to national legislation.

<sup>(3)</sup> Data reported under the indicators marked with an asterisk (\*) are personal data as defined in point (1) of Article 4 of Regulation (EU) 2016/679. Their processing is necessary for compliance with the legal obligation to which the controller is subject (point (c) of Article 6(1) of Regulation (EU) 2016/679).

<sup>(4)</sup> Unemployed, inactive, employed, self-employed.