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from:	Council General Secretariat
to:	Delegations
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No. Cion prop.:	15440/11 SOC 867 ECOFIN 678 FSTR 56 COMPET 440 CODEC 1672 - COM(2011) 608 final
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (2014-2020) - General approach

Delegations will find attached the text of the general approach reached by the Council (EPSCO) on 20 June 2013.

MT and UK maintain their Parliamentary scrutiny reservations on the proposal, and IT its linguistic reservation.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Globalisation Adjustment Fund (2014 - 2020)

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, as well as Articles 42 and 43 thereof,

Having regard to the proposal from the Commission,

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

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

¹ OJ C 143, 22.5.2012, p. 42–45.

² OJ C 225, 27.7.2012, p. 159-166.

- (1) On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy, Europe 2020. One of the three priorities of the Europe 2020 strategy is inclusive growth by empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society.
- (2) The European Globalisation Adjustment Fund (EGF) was established by Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund³ for the duration of the Financial Framework from 1 January 2007 to 31 December 2013 to enable the Union to show solidarity towards workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to provide support for their rapid reintegration into employment. This initial objective of the EGF remains valid.
- (3) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "A budget for Europe 2020"⁴ recognises the role of the EGF as a flexible fund to support workers who lose their jobs and help them to find another job as rapidly as possible. The Union should continue to provide, for the duration of the Multiannual Financial Framework from 1 January 2014 to 31 December 2020, specific, one-off support to facilitate the re-integration into employment of redundant workers in areas, sectors, territories or labour markets suffering the shock of serious economic disruption. Given its purpose, which is to provide support in situations of urgency and unexpected circumstances, the EGF should remain outside the Multiannual Financial Framework.

³ OJ L 48, 22.2.2008, p. 82.

⁴ COM(2011) 500 final, 29.6.2011.

- (4) The scope of Regulation (EC) No 1927/2006 was broadened in 2009 by Regulation (EC) No 546/2009 of the European Parliament and of the Council⁵ as part of the European Economic Recovery plan to include workers made redundant as a result of the global financial and economic crisis. [...] **In order to enable the EGF to intervene in ongoing or future crisis situations, its scope should cover redundancies resulting from a serious economic disruption when caused by a continuation of the global financial and economic crisis provided for in Regulation No 546/2009, or a new global financial and economic crisis.**
- (5) [...]
- (6) In order to maintain the European nature of the EGF, an application for support should be triggered when the number of redundancies reaches a minimum threshold. In small labour markets, such as small Member States or remote regions, and in exceptional circumstances, applications may be submitted for a lower number of redundancies. [...]
- (7) Redundant workers should have equal access to the EGF independently of their type of employment contract or employment relationship. Therefore, workers made redundant as well as [...] self-employed **persons who employed between one and ten workers made redundant as a result of the adverse impacts of globalisation and whose own labour activity ceases** [...] should be regarded as **EGF beneficiaries** for the purposes of this Regulation.
- (8) [...]

⁵ OJ L 167, 29.6.2009, p. 27.

- (9) Financial contributions from the EGF should be primarily directed at active labour market measures aimed at reintegrating redundant workers **and self-employed beneficiaries** rapidly into employment, either within or outside their initial sector of activity [...]. The inclusion of pecuniary allowances in a coordinated package of personalised services should therefore be restricted.
- (10) When drawing up the coordinated package of active labour market policy measures, Member States should favour measures that will significantly contribute to the employability of the redundant workers **and self-employed beneficiaries**. Member States should strive towards the reintegration into employment or new activities [...] the largest possible number of workers **and self-employed beneficiaries** participating in these actions as soon as possible. **Member States should pay particular attention to disadvantaged, older workers and self-employed beneficiaries and those aged under 25 years old, as these persons experience particular difficulties in returning quickly to the labour market.**
- (11) In order to support redundant workers effectively and rapidly, Member States should do their utmost to submit complete applications. The provision of supplementary information should be [...] limited in time.
- (12) In compliance with the principle of sound financial management, financial contributions from the EGF should not replace support measures which are available for redundant **workers and self-employed beneficiaries** within the Union's Structural Funds or other Union policies or programmes.
- (13) Special provisions should be included for information and communication activities on EGF cases and outcomes. [...]
- (14) In order to **express** [...] the Union's [...] solidarity with workers **and self-employed beneficiaries** [...] the co-funding rate should be [...] **set at a rate of 55 %** contribution to the cost of the package and its implementation [...].

- (15) To facilitate the implementation of this Regulation, expenditure should be eligible either from the date on which a Member State incurs administrative expenditure for implementing the EGF or from the date on which a Member State starts to provide personalised services [...].
- (16) [...]
- (17) The Interinstitutional Agreement between the European Parliament, the Council and the Commission of [.....] on cooperation in budgetary matters and on sound financial management⁶ ("the Interinstitutional Agreement") determines the budgetary framework of the EGF.
- (18) In the interest of the redundant workers, 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.
- (19) In order to enable [...] monitoring by the Commission of results obtained with EGF assistance, Member States should submit [...] a final report on the implementation of the EGF.
- (20) 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 relevant provisions of Council Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union⁷. The Member States should justify the use made of the financial contribution received from the EGF.

⁶ COM(2011) 403 final, 29.6.2011.

⁷ OJ L 298, 26.10.2012, p. 1.

(21) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States and can therefore, by reason of their scale and effects, be better achieved at the Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on the European Union. 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,

HAVE ADOPTED THIS REGULATION:

Article 1
Objectives

This Regulation establishes the European Globalisation Adjustment Fund (EGF) for the period of the Multiannual Financial Framework from 1 January 2014 to 31 December 2020.

The aim of the EGF shall be to contribute to economic growth and employment in the Union by enabling the Union to support [...] workers being made redundant **and self-employed persons as identified in Article 3 whose labour activity ceases** as a result of major structural changes in world trade patterns due to globalisation, [...], **or to a continuation of the global financial and economic crisis provided for in Regulation No 546/2009, or to a new global financial and economic crisis.**

Actions benefiting from financial contributions by the Fund pursuant to Article 2(a) and (b) shall aim to ensure that the largest possible number [...] of workers **and self-employed persons as identified in Article 3** participating in these actions find stable employment as soon as possible [...].

Article 2

Scope

This Regulation shall apply to applications by the Member States for financial contributions to be provided to:

- (a) workers being made redundant **and self-employed persons as identified in Article 3 whose labour activity ceases** as a result of major structural changes in world trade patterns due to globalisation, demonstrated, in particular, by a substantial increase in imports into the Union, a rapid decline of the Union market share in a given sector or a delocalisation of activities to non-member countries, where these redundancies have a significant adverse impact on the local, regional or national economy;
- (b) **workers being made redundant and self-employed persons as identified in Article 3 whose labour activity ceases as a result of a continuation of the global financial and economic crisis provided for in Regulation No 546/2009, or a new global financial and economic crisis.**
- (c) [...]
- (d) [...]
- (e) [...]

Article 3

Definition

1. For the purposes of this Regulation, [...] **a beneficiary of EGF services may include:**
 - (a) **a worker whose employment is ended prematurely by a redundancy within the scope of the Regulation, and**
 - (b) **a self-employed person who employed not less than one and not more than ten workers made redundant within the scope of the Regulation and whose own labour activity has ceased, provided the activity was demonstrably dependant on the enterprise, or was operating in one economic sector defined at NACE Revision 2 division level, in accordance with Article 4.**
2. [...]
3. [...].

Article 4

Intervention criteria

1. A financial contribution from the EGF shall be provided where [...] the conditions set out in [...] Article 2 occur and result in:
 - (a) **at least 500 workers being made redundant and self-employed persons whose labour activity ceases** over a period of four months known as the "reference period" in an enterprise in a Member State, including workers being made redundant **and self employed persons** in its suppliers or downstream producers;

- (b) at least 500 workers being made redundant **and self-employed persons whose labour activity ceases** over a period of nine months known as the "reference period", particularly in small or medium-sized enterprises, operating in one economic sector defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS II level, or in more than two contiguous regions defined at NUTS II level provided that more than 500 workers **and self-employed persons** are made redundant **or their labour activity ceases** in two of the regions combined.
2. In small labour markets or in exceptional circumstances, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article may be considered admissible even if the criteria laid down in points (a) or (b) of paragraph 1 are not entirely met, when redundancies have a serious impact on employment and the local, regional or national economy. The Member State shall specify which of the intervention criteria set out in points (a) and (b) of paragraph 1 is not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed [15 %] of the annual maximum amount of the EGF.
3. [...]
4. [...]

Article 5

Calculation of redundancies **and cessation of labour activity**

1. The Member State submitting an application shall specify how the number of workers being made redundant **and self-employed persons as identified in Article 3**, provided for in Article 4, are being calculated.

2. The Member State is required to calculate the number of workers being made redundant **and self-employed persons as identified in Article 3** from one of the following dates:
- (a) the date of the employer's individual notice to lay off or to terminate the contract of employment [...] of the worker; or
 - (b) the date of the de facto termination of the contract of employment [...]; or
 - (c) the date on which the employer, in accordance with Article 3(1) of Council Directive 98/59/EC⁸, notifies the competent public authority in writing of the projected collective redundancies; in this case the applicant Member State shall provide the Commission with additional information on the actual number of redundancies effected according to Article 4(1), prior to the completion of the assessment by the Commission.
 - (d) **the date stipulated by the Member State in specifying to the Commission that the self-employed persons are considered to have ceased their labour activity.**

Article 6

Eligible **beneficiaries**

The applicant Member State may provide personalised services co-financed by the EGF to affected **beneficiaries**, who may include:

- (a) all workers being made redundant **and self-employed persons** in accordance with Article 5, within the period provided for in Article 4(1) or (2) [...],
- (b) workers being made redundant **and self-employed persons** before or after the period provided for in Article 4(1)(a) or (2), in cases where an application under Article 4(2) derogates from the criteria set out in Article 4(1)(a),

⁸ OJ L 225, 12.8.1998, p. 16.

The workers **and self-employed persons** referred to in point (b) are considered eligible, provided that they were made redundant **or their labour activity ceased** after the general announcement of the projected redundancies and that a clear causal link can be established with the event which triggered the redundancies during the reference period.

Until 31 December 2017, applicant Member States may additionally provide personalized services co-financed by the EGF to an equally large number of unemployed persons between the ages of 15-24 years at the date of the application, as a priority those persons who were made redundant or whose labour activity ceased, provided that the redundancies concerning workers and self-employed persons within the meaning of Article 3 occur at least partly in NUTS 2 level regions eligible to the Youth Employment Initiative. The support may be rendered to unemployed persons between the age of 15-24 years in those and neighbouring NUTS 2 level regions with equally high youth unemployment rates.

Article 7

Eligible actions

1. A financial contribution may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate the re-integration of the targeted [...] workers **being made redundant and self-employed persons whose labour activity has ceased and, in particular, disadvantaged, older and young unemployed persons under 25 years old**, into employment or self-employment [...]. The coordinated package of personalised services may include in particular:
 - (a) job-search assistance, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment and business start-up [...], co-operation activities, tailor-made training and re-training, including information and communication technology skills and certification of acquired experience;
 - (b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, subsistence or training allowances (including allowances for carers) [...];

- (c) measures to stimulate in particular disadvantaged [...], **older and young unemployed persons under 25 years old** [...] to remain in or return to the labour market.

The costs of the measures under **point** (b) may not exceed 50 % of the total estimated costs for the coordinated package of personalised services listed in this paragraph [...].

The cost of investments [...] for [...] business start-up [...] may not exceed EUR 10,000.

- 2. The following measures shall not be eligible for a financial contribution from the EGF:
 - (a) special time-limited measures as listed in paragraph 1 (b), which are not subject to the [...] participation of the targeted workers in job-search or training activities;
 - (b) actions which are the responsibility of enterprises by virtue of national law or collective agreements;

The EGF shall not finance passive social protection measures.

- 3. At the initiative of the applicant Member State, a financial contribution may be made for the preparatory, management, information and publicity, control and reporting activities.

Article 8

Applications

- 1. The Member State shall submit [...] an application to the Commission within a period of 12 weeks from the date on which the criteria set in Article 4(1) or (2) are met [...].
- 2. In order to be an admissible application, the Member State shall ensure its application provides the following detailed information:

- (a) a reasoned analysis of the link between the redundancies **or cessation of labour activity** and the major structural changes in world trade patterns [...]. This analysis shall be based on statistical and other information at the most appropriate level to demonstrate the fulfilment of the intervention criteria set out in Article 4;
- (b) an assessment of the number of redundancies in accordance with Article 5, and an explanation of the events giving rise to those redundancies;
- (c) the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted workers;
- (d) the expected impact of the redundancies as regards the local, regional or national economy and employment;
- (e) a description of the coordinated package of personalised services and related expenditure, including, **in particular, any measures in support of employment initiatives for disadvantaged, older and young unemployed persons under 25 years old** and how it complements actions funded by other national or Union Funds as well as information on actions that are mandatory for the enterprises concerned by virtue of national law or pursuant to collective agreements;
- (f) the estimated budget for each of the components of the coordinated package of personalised services in support of the targeted workers and for any preparatory, management, information and publicity, control and reporting activities;
- (g) the dates on which the personalised services to the affected workers and the activities to implement EGF, as set out in Article 7(1) and (3) respectively, were started or are planned to be started;
- (h) the procedures followed for consulting the social partners or other relevant organisations as applicable;

- (i) a statement of compliance of the requested EGF support with the procedural and material Union rules on state aid as well as a statement that the personalised services do not replace measures that are the responsibility of companies by virtue of national law or collective agreements;
 - (j) the sources of national co-funding;
 - (k) [...]
3. The Commission shall inform the Member State in writing when its application is deemed an admissible application as soon as possible after its receipt.
 4. Where supplementary information is required by the Commission it shall **seek to** request this information from the Member State [...] in one comprehensive request. When this information is received from the Member State, the Commission shall complete its assessment of the application's compliance with the conditions for making a financial contribution as soon as possible and, where practicable, within 12 weeks of the receipt of the information.
 5. On the basis of the information provided for in paragraph 2, the Commission, in consultation with the Member State, shall **seek [...]** to complete its assessment of an application's compliance with the conditions for making a financial contribution, within 12 weeks of the receipt of an admissible application.
 6. The Commission shall initiate its procedure for the determination of a financial contribution under Article 13 when the application contains all the information elements set out in paragraph 2 and is deemed admissible.

Article 9

Complementarity, compliance and coordination

1. [...] A contribution from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements.

2. Support for redundant workers shall complement actions of the Member States at national, regional and local level, including those co-financed by the structural funds.
3. The financial contribution shall be limited to what is necessary to provide solidarity and support for individual redundant workers. The activities 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 Union Funds.
5. The applicant Member State shall ensure that the specific actions receiving a financial contribution shall not also receive assistance from other Union financial instruments.

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 promoted during the various stages of the implementation of the financial contribution. The Commission and the Member State shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age, or sexual orientation [...] in access to and during the various stages of the implementation of the financial contribution.

Article 11

Technical assistance at the initiative of the Commission

1. At the initiative of the Commission, subject to a ceiling of 0,35 % of the annual maximum amount of the EGF, the EGF may be used to finance the preparation, monitoring, data gathering and creation of a knowledge base relevant to the implementation of the EGF. It may also be used to finance administrative and technical support, information and communication activities, as well as audit, control and evaluation activities necessary to implement this Regulation.

2. Subject to the ceiling set out in paragraph 1, the budgetary authority shall make available an amount for technical assistance at the start of each year on the basis of a proposal from the Commission.
3. The tasks set out in paragraph 1 shall be performed in accordance with the Financial Regulation, as well as the implementing rules applicable to this form of implementation of the budget.
4. The Commission's technical assistance shall include the provision of information and guidance to the Member States for using, monitoring and evaluating the EGF. The Commission may also provide information on using the EGF to the European and national social partners.

Article 12

Information, communication and publicity

1. The applicant Member State shall provide information on and publicise the funded actions. The information shall be addressed to the targeted workers, local and regional authorities, social partners, the media and the general public. It shall highlight the role of the Union and ensure that the contribution from the EGF is visible.
2. The Commission shall set up an Internet site, available in all Union languages, to provide updated information on the EGF, guidance on the submission of applications, and information on accepted and rejected applications, highlighting the role of the budgetary authority.
3. The Commission shall implement information and communication activities on EGF cases and outcomes.
4. [...]

Article 13

Determination of financial contribution

1. The Commission shall, on the basis of the assessment carried out in accordance with Article 8 [...], particularly taking into account the number of targeted workers, the proposed actions and the estimated costs, evaluate and propose as quickly as possible the amount of a financial contribution, if any, that may be made within the limits of the resources available. The amount may not exceed **55% of the total estimated costs referred to in Article 8(2)(f) [...]**.
2. Where on the basis of the assessment carried out in accordance with Article 8 the Commission has concluded that the conditions for a financial contribution under this Regulation are met, it shall immediately initiate the procedure set out in Article 15.
3. Where on the basis of the assessment carried out in accordance with Article 8 the Commission has concluded that the conditions for a financial contribution are not met, it shall notify the [...] Member State as soon as possible [...].

Article 14

Eligibility of expenditure

1. Expenditure shall be eligible for a financial contribution from the dates set out in Article 8(2)(g) on which the Member State starts the personalised services to the targeted workers or the administrative expenditure to implement the EGF in accordance with Article 7(1) and (3) respectively. [...]

2. In the case of grants, articles 57 and 58 of Regulation (EU, Euratom) No [...] of the European Parliament and of the Council of [...] laying down common provisions of the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006, in addition to Article 14 of Regulation (EU, Euratom) No [...] of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1081/2006, and any complementary delegated acts adopted by the Commission thereto, shall apply accordingly.

Article 15

Budget procedure

1. The arrangements for the EGF shall comply with point 13 of the Interinstitutional Agreement.
2. The appropriations concerning the EGF shall be entered in the general budget of the European Union as a provision.
3. Where the Commission has concluded that the conditions for mobilising the EGF are met, it shall submit a proposal to deploy it. The Decision to deploy the EGF shall be taken jointly by the two arms of the budgetary authority. The Council shall act by a qualified majority and the European Parliament shall act by a majority of its component members and three fifths of the votes cast.

At the same time as it presents the proposal for a Decision to deploy the EGF, the Commission shall present to the two arms of the budgetary authority a proposal for a transfer to the relevant budgetary lines. In case of disagreement a trilogue procedure shall be initiated.

Transfers related to the EGF shall be made in accordance with Article 27 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union⁹.

4. Jointly with the proposal for a Decision to deploy the EGF the Commission shall adopt a Decision on a financial contribution, by means of an implementing act, which shall enter into force on the date at which the budgetary authority adopts the Decision to deploy the EGF.
5. A proposal pursuant to paragraph 3 shall include the following:
 - (a) the assessment carried out in accordance with Article 8(3), together with a summary of the information on which that assessment is based;
 - (b) evidence that the criteria laid down in Articles 4 and 9 are met; and
 - (c) the reasons justifying the amounts proposed.

[...]

Article 16

Payment and use of the financial contribution

1. Following the entry into force of a Decision on a financial contribution in accordance with Article 15(4) the Commission shall pay the financial contribution to the Member State in a single 100% pre-financing instalment, in principle within 15 days. [...]. The pre-financing shall be cleared when the financial contribution is wound up in accordance with Article 18(3).

⁹ OJ L 298, 26.10.2012, p. 1.

2. This financial contribution shall be implemented within the framework of shared management in accordance with **Article 59** of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union.
3. [...]
4. The Member State shall carry out the eligible actions set out in Article 7 as soon as possible, but not later than 24 months after the date of the application, pursuant to Article 8(1), or after the date of commencement of these actions provided that the latter date falls no later than three months after the date of the application.
5. When carrying out the actions contained in the package of personalised services the Member State may submit to the Commission a proposal to amend the actions included by adding other eligible actions listed in Article 7(1)(a) and (c), provided that those amendments are duly justified and the total does not exceed the financial contribution pursuant to paragraph 1. The Commission shall assess the proposed revisions and, if it agrees, shall notify the Member State accordingly.
6. Expenditure pursuant to Article 7(3) shall be eligible until the deadline for submission of the final report.

Article 17

Use of the euro

Applications, decisions on financial contributions and reports under this Regulation, as well as any other related documents, shall express all amounts in euro.

Article 18

[...] Final report and closure

1. [...]
2. No later than six months after the expiry of the period specified in Article 16(2) the Member State shall present a final report to the Commission on the implementation of the financial contribution, including information on the type of actions and main outcomes, the characteristics of the targeted workers and their employment status, together with a statement justifying the expenditure and indicating whenever possible the complementarity of actions with those funded by the ESF.
3. No later than six months after the Commission has received all the information required under paragraph 2, it shall wind up the financial contribution by determining the final amount of the financial contribution and, if any, the balance due by the Member State in accordance with Article 22.

Article 19

Biennial report

1. By 1 August of every second year, and for the first time in 2015, the Commission shall present to the European Parliament and to the Council a quantitative and qualitative report on the activities under this Regulation and Regulation 1927/2006 in the previous two years. The report shall focus mainly on the results achieved by the EGF and shall in particular contain information relating to applications submitted, decisions adopted, actions funded, including their complementarity with actions funded by other Union Funds, notably the European Social Fund [...], and the winding-up of financial contributions made. It should also document those applications that have been rejected or reduced owing to a lack of sufficient appropriations or to non-eligibility.

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

Article 20

Evaluation

1. The Commission shall carry out at its own initiative and in close cooperation with the Member States:
 - (a) **by 30 June 2016, an evaluation of the effectiveness and sustainability of the crisis criterion provided for in Article 2 point (b);**
 - (b) by 30 June 2018, a mid-term evaluation of the effectiveness and sustainability of the results obtained;
 - (c) by 31 December 2022, an ex-post evaluation with the assistance of external experts, to measure the impact of the EGF and its added value.
2. The results of the evaluation shall be transmitted, for information, to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the social partners.

Article 21

Management and financial control

1. Without prejudice to the Commission's responsibility for implementing the general budget of the European Union, Member States shall take responsibility in the first instance for the management of actions supported by the EGF and the financial control of the actions. To that end, the measures they take shall include:

- (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 principles of sound financial management;
- (b) verifying that the financed actions have been properly carried out;
- (c) ensuring that expenditure funded is based on verifiable supporting documents, and is correct and regular;
- (d) preventing, detecting and correcting irregularities as defined in Article [...] of Regulation (EU, Euratom) No [...] of the European Parliament and of the Council of [...] laying down common provisions of the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006 and recovering amounts unduly paid together with interest on late payments where appropriate. They shall notify any such irregularities to the Commission, and keep the Commission informed of the progress of administrative and legal proceedings.

2. Member States shall designate bodies responsible for the proper management and control of the actions supported by the EGF in accordance with Article 59(3) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and with the criteria and procedures laid down in Regulation (EU, Euratom) No [...] of the European Parliament and of the Council of [...] laying down common provisions of the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006.

3. The Member State shall make the financial corrections required where an irregularity is ascertained. The corrections made by the Member State shall consist in cancelling all or part of the financial contribution. The Member State shall recover any amount lost as a result of an irregularity detected, repay it to the Commission and, where the amount is not repaid by the relevant Member State in the time allowed, default interest shall be due.
4. The Commission, in its responsibility for the implementation of the general budget of the European Union, shall take every step necessary to verify that the actions financed are carried out in accordance with the principles of sound and efficient financial management. It is the responsibility of the applicant Member State 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 actions financed by the EGF with a minimum of one working day's notice. The Commission shall give notice to the applicant Member State with a view to obtaining all the assistance necessary. Officials or servants of the Member State concerned may take part in such checks.

5. The Member State 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 the financial contribution received from the EGF.

Article 22

Reimbursement of financial contribution

1. In cases where the amount of the actual cost of an action is less than the estimated amount quoted pursuant to Article 15, the Commission shall adopt a Decision, by means of an implementing act, requiring the Member State to reimburse the corresponding amount of the financial contribution received.
2. Where the Member State fails to comply with the obligations stated in the Decision on a financial contribution, the Commission shall take the necessary steps by adopting a Decision, by means of an implementing act, to require the Member State to reimburse all or part of the financial contribution received.
3. Prior to the adoption of a decision under paragraphs 1 or 2, the Commission shall conduct a suitable examination of the case and shall, in particular, allow the Member State a specified period of time in which to submit its comments.
4. If, after completing the necessary verifications, the Commission concludes that a Member State is not complying with its obligations under Article 21(1), it shall, if no agreement has been reached and the Member State has not made the corrections in a period set by the Commission, and taking account of any comments made by the Member State, decide within three months from the end of the period referred to in paragraph 3 to make the financial corrections required by cancelling all or part of the contribution of the EGF to the action in question. Any amount lost as a result of an irregularity detected shall be recovered and, where the amount is not repaid by the applicant Member State in the time allowed, default interest shall be due.

Article 23

[...]

Article 24

[...]

Article 25

Repeal

Regulation (EC) No 1927/2006 is repealed with effect from 1 January 2014.

It shall continue to apply for applications submitted up to 31 December 2013.

Article 26

Entry into force

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

It shall apply to all applications submitted between 1 January 2014 and 31 December 2020.

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

Done at Brussels,

For the European Parliament

The President

For the Council

The President