



Brussels, 7.3.2013
COM(2013) 120 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/016 IT/Agile from Italy)

EXPLANATORY MEMORANDUM

Point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹ allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The rules applicable to the contributions from the EGF are laid down in Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund².

On 30 December 2011, Italy submitted application EGF/2011/016 IT/Agile for a financial contribution from the EGF, following redundancies in Agile S.r.l, an entreprise operating in the Information and Communications Technology (ICT) sector in Italy.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

SUMMARY OF THE APPLICATION AND ANALYSIS

Key data:	
EGF Reference no.	EGF/2011/016
Member State	Italy
Article 2	(a)
Primary enterprise	Agile S.r.l.
Suppliers and downstream producers	0
Reference period	22.9.2011 – 22.12.2011
Starting date for the personalised services	15.3.2012
Application date	30.12.2011
Redundancies during the reference period	1 257
Redundancies before and after the reference period	0
Total eligible redundancies	1 257
Redundant workers expected to participate in the measures	856
Expenditure for personalised services (EUR)	5 458 115
Expenditure for implementing EGF ³ (EUR)	218 000
Expenditure for implementing EGF (%)	3,84
Total budget (EUR)	5 676 115
EGF contribution (65 %) (EUR)	3 689 474

1. The application was presented to the Commission on 30 December 2011 and supplemented by additional information up to 2 October 2012.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ In accordance with the third paragraph of Article 3 of Regulation (EC) No 1927/2006.

2. The application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

Link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis

3. In order to establish the link between the redundancies and the global financial and economic crisis, Italy argues that according to available data⁴, the financial crisis, in particular during the 2008/2009 period, contributed significantly to the slowdown in the ICT sector. Between 2005 and 2008 the ICT market in the EU grew at a rate exceeding 3 % per year (in 2007 -compared with the previous year- it grew by 6,8 %) while 2009 marked the reversal of the trend with a negative growth of 2,4 %. This downward trend continued in 2010 (-1 %). The Italian ICT sector followed a similar trend as the EU as a whole. However the crisis had a major impact on the sector and the negative growth reached -4,2 % in 2009 and -2,5 % in 2010 compared with the relevant previous years.
4. The consequences of the global economic and financial crisis hit the information technology market in the EU particularly hard. In 2009 the volume of trade decreased by EUR 20 billion representing -5,4 % compared with the previous year. This put an end to the upward trend of the 2005-2008 period during which the volume of trade constantly increased, reaching EUR 359 billion in 2008. The downturn of the IT market hit hardware and technical assistance as well as software and services. Compared with 2008, the hardware and technical assistance sub-sectors decreased in 2009 by 7,6 % at EU level and by 10 % in Italy, while the software and services sub-sectors decreased by 4 % in the EU and by 5,6 % in Italy.
5. In its assessment on the application EGF/2010/012 Noord Holland ICT⁵, the Commission has already stated the impact of the economic and financial crisis on the enterprises operating in the ICT sector. Those arguments continue to be valid.
6. The strong decline of the ITC sector in Italy hit Agile S.r.l., an Italian IT services provider, particularly hard. The effects of the global financial and economic crisis occurred when Agile was changing its commercial strategy by moving from offering call center services at local level to offering integrated IT services at multiregional level. In a context of downturn the enterprise's efforts and the necessary investment proved to be unequal to achieving Agile's goals of growth, resulting in heavy losses and eventually in insolvency with the consequence of dismissals.

Demonstration of the number of redundancies and compliance with the criteria of Article 2(a)

7. Italy submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers.

⁴ Assinform – Italian Association of Information & Communications Technologies (www.assinform.it)
⁵ COM(2010) 685 Final.

8. The application cites 1 257 redundancies in Agile S.r.l. during the reference period from 22 September 2011 to 22 December 2011. All of these redundancies were calculated in accordance with the third indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006. The Commission has received the confirmation required under the third indent of the second paragraph of Article 2(2) that this is the actual number of redundancies effected.

Explanation of the unforeseen nature of those redundancies

9. Agile was established in January 2004 within the group Getronics. Based in Potenza (Basilicata) it offered call-centre services and had about 170 employees.
10. Eutelia SpA was founded in 2003 resulting from the merger of IT Plug SpA and Edisontel SpA. The core business of this new company was landlines and internet services. In 2006 Eutelia SpA, which was already one of the top five providers of these services in Italy, acquired Getronics Solutions Italia SpA (a subsidiary of Olivetti Sistemi with approximately 1 600 employees) and Bull Italia SpA (450 employees) as part of the company's strategy of diversifying its activities in the IT sector and becoming a provider of IT integrated services (voice, data, internet, hardware and software). At the end of 2008, within the framework of the reallocation of tasks and personnel among the enterprises of the Eutelia group, the IT activities as well as 1 922 employees were transferred to Agile, which was controlled by Eutelia since the acquisition of Getronics.
11. The Italian authorities argue that Agile was confident about its future even in harsh recession circumstances. However the deeper than expected downturn of the IT sector and the tightening of credit that followed the economic and financial crisis - both circumstances difficult to foresee- put an extra burden on the enterprise which could not work out a profitable solution and entered into insolvency proceedings in 2010.

Identification of the dismissing enterprises and workers targeted for assistance

12. The application relates to 1 257 redundancies in Agile S.r.l.
13. The break-down of the dismissed workers is as follows:

Category	Number	Percent
Men	889	70,72
Women	368	29,28
EU citizens	1 254	99,76
Non EU citizens	3	0,24
15-24 years old	1	0,08
25-54 years old	955	75,97
55-64 years old	300	23,87
> 64 years old	1	0.08

14. There are 43 workers with a longstanding health problem or disability.

15. In terms of occupational categories, the break-down is as follows:

Category	Number	Percent
Professionals	377	29,99
Technicians and associated professionals	457	36,36
Clerks	263	20,92
Service workers and shop and market sales workers	160	12,73

16. In accordance with Article 7 of Regulation (EC) No 1927/2006, Italy has confirmed that a policy of equality between women and men as well as non-discrimination has been applied, and will continue to apply, during the various stages of the implementation of and, in particular, in access to the EGF.

Description of the territory concerned and its authorities and stakeholders

17. The Agile redundancies are spread out over most of the whole Italy. The territories concerned are 12 out of the 19 Italian regions: Piemonte, Lombardia, Veneto, Emilia-Romagna, Tuscany, Umbria, Lazio, Campania, Puglia, Basilica and Calabria and Sicily.
18. The main stakeholders are the regional authorities of the regions concerned⁶ as well as the trade unions Federazione Impiegati e Operai Metallurgici FIOM-CGIL, Federazione Italiana Metalmeccanici FIM-CILS, Unione Italiana Lavoratori Metalmeccanici UILM-UIL, Unione General dei Lavoratori Metalmeccanici UGL-Metalmeccanici and Unione Italiana Lavoratori comunicazione UILCOM-UIL.

Expected impact of the redundancies as regards local, regional or national employment

19. During the three years 2008 to 2010 the unemployment rate in Italy increased from 6,8 % to 8,5 %. However in eight of the twelve regions concerned there was an increase above the national average ranging from 1,9 % to 2,6 %. In 2010 unemployment rates showed anew the traditional dichotomy between the Central and Northern Italian regions on the one hand whose unemployment rates are in line with the national average and comprised between 5 % and 9 % (e.g. Lombardia 5,7 %; Emilia-Romagna and Veneto 5,8 %; Piemonte 7,7 % and Lazio 9,4 %) and the Southern regions where unemployment rates are up to 6 % above the national average (e.g. Calabria 12,1 %; Basilicata 13,1 %; Campania 14,2 %; and Sicilia 14,8 %). The Agile redundancies will further exacerbate the current fragile employment situation, in particular in the Southern regions where the opportunities of economic recovery are less optimistic.

⁶ Regione Emilia-Romagna – Direzione Regionale Cultura, Formazione e Lavoro – Servizio Lavoro, Regione Lazio – Direzione Regionale Formazione e Lavoro – Dipartimento Programmazione Economica e Sociale, Regione Lombardia – Direzione Generale Occupazione e Politiche del Lavoro – Unità organizzativa Lavoro – Struttura Tutela del lavoro e interventi per il reimpiego, Regione Piemonte – Direzione Istruzione, Formazione Professionale e Lavoro - Settore Politiche per l'Occupazione e per la Promozione dello Sviluppo Locale, Regione Siciliana – Assessorato Regionale della Famiglia, delle Politiche Sociali e del Lavoro – Dipartimento Lavoro; Regione Toscana – Direzione Generale Competitività del Sistema Regionale e Sviluppo delle Competenze – Settore Lavoro, Regione Umbria – Direzione Regionale Programmazione, Innovazione e Competitività dell'Umbria – Ambito di Coordinamento: Imprese e Lavoro and Regione Veneto – Direzione Lavoro.

Co-ordinated package of personalised services to be funded and a breakdown of its estimated costs, including its complementarity with actions funded by the Structural Funds

20. All the following measures combine to form a co-ordinated package of personalised services aimed at re-integrating the workers into the labour market:
- Occupational guidance and skills assessment: This includes a series of structured interviews and targeted instruments such as skills analysis and employability profile to identify areas where workers can improve their skills and be supported in defining their occupational objectives. Through the skills assessment the workers will be helped to identify their own skills and the opportunities related to their own interests and to establish a realistic career plan. The worker and the counsellor work on issues such as opportunities, interests, analysis of the motivations and expectations. Following these assessments, a summary paper is put together, setting out a summary of the worker's skills, his/her individual project and an action plan. This measure will be provided to all workers. However, as the regions of Sicilia and Piemonte will use other resources instead the EGF co-funding to finance the cost related to this measure and in order not to distort the average cost per worker, the former Agile workers living in these two region are not included as targeted workers for this particular measure in the financial table.
 - Accompanying services: This involves the design, implementation and follow-up of personalised support, including coaching. Workers will receive a mix of measures in their respective packages according to their specific needs. The coaching process, throughout the EGF implementation, will ensure that the packages can be adjusted if necessary.
 - Outplacement and job-search assistance: This includes the development of a personalised strategy of self-promotion and job-search actions including research of the local and regional employment opportunities. Workers are helped to apply for jobs with interested firms and are supported through the selection process. To help them take up job offers with the relevant firms the workers will receive specific training, if necessary.
 - Vocational training and skills upgrade: The redundant workers will be proposed either a variety of vocational training or a training voucher of an average of EUR 2 100 to be spent on their training pathway. The voucher can be spent in a qualified training institution, in a firm where the redundant worker is being re-trained after being hired or in a firm providing on-the-job training. The worker decides on how to spend the training voucher, which is strictly linked to the worker's individual pathway of re-employment.
 - Postgraduate education: Those workers wishing to complete their third level qualifications with a postgraduate course will receive a contribution of EUR 6 000 aimed at the complete/partial refund of postgraduate course fees.
 - Entrepreneurship promotion: This includes training and/or coaching support in planning new business activities for redundant workers with entrepreneurial ideas. The specific training activities for those workers who wish to start their own

businesses will cover elements such as planning, feasibility studies, preparation of business plans and raising finance.

- Contribution to business start-up: The workers who set up their own businesses will receive EUR 5 000 as a contribution to cover setting-up costs.
 - Mentoring after reintegration into work: To prevent possible problems arising in their new jobs and to help the workers to consolidate their posts, mentors will guide the workers reintegrated into employment.
 - Hiring benefit: This payment benefits the redundant workers by facilitating their re-employment under fix-term or permanent contracts in a different company. The hiring company will receive EUR 2 000 per worker for re-employment under fixed-term contracts of at least 12 months and up to EUR 6 300 per worker for re-employment under permanent contracts). The initial amount provided for re-employment under permanent contracts will increase by EUR 3 000 euros when recruiting a disabled worker.
 - Contributions towards special expenses: This includes two types of contributions (1) Contribution for carers of dependent persons: Workers with dependent persons (children, elderly or disabled persons) could receive up to EUR 1 000 as a contribution to the expenses for carers of dependent persons, conditional upon participation in the measures. This aims to cover the additional costs faced by the workers with caring responsibilities in order to avail themselves of training or other measures. (2) Contribution to commuting expenses: As a contribution to their commuting expenses, workers participating in the measures will have either their commuting expenses reimbursed or they will receive a lump sum ranging from EUR 150 up to EUR 1 000 depending on the distance commuted and the numbers to days of participation in the measures.
 - Job-search allowance: The workers participating actively in the EGF measures will receive a monthly job-search allowance of EUR 500 on average. The allowance will be calculated pro rata based on the worker's days of participation.
 - Contribution to the expenses for change of residence: Those workers who accept a job involving a change of residence will receive a contribution of up to EUR 4 000 to cover the necessary expenditure. The allowance will be paid as a one-off contribution upon presentation of proof of the expenditure incurred.
21. The expenditure for implementing the EGF, which is included in the application in accordance with Article 3 of Regulation (EC) No 1927/2006, covers preparatory, management and control activities as well as information and publicity.
22. The personalised services presented by the Italian authorities are active labour market measures within the eligible actions defined by Article 3 of Regulation (EC) No 1927/2006. The Italian authorities estimate the total costs of these services at EUR 5 676 115 of which the expenditure for personalised services at EUR 5 458 115 and the expenditure for implementing the EGF at EUR 218 000 (3,84 % of the total amount). The total contribution requested from the EGF is EUR 3 689 474 (65 % of the total costs).

Actions	Estimated number of workers targeted	Estimated cost per worker targeted (EUR)*	Total costs (EGF and national cofinancing) (EUR)**
Personalised services (first paragraph of Article 3 of Regulation (EC) No 1927/2006)			
Occupational guidance and skills assessment (<i>Orientamento professionale e bilancio delle competenze</i>)	613	470	288 232
Accompanying services (<i>Servizi di accompagnamento</i>)	282	351	98 982
Outplacement and job-search assistance (<i>Outplacement e assistenza alla ricerca attiva</i>)	815	655	534 115
Vocational training and skills upgrade (<i>Voucher formativo / formazione professionalizzante</i>)	839	2 171	1 821 488
Postgraduate education (<i>Voucher fruizione di master</i>)	15	6 000	90 000
Entrepreneurship promotion (<i>Assistenza all'autoimprenditorialità</i>)	319	421	134 200
Contribution to business start-up (<i>Bonus per la creazione di impresa</i>)	17	5 000	85 000
Mentoring after reintegration into work (<i>accompagnamento al lavoro</i>)	282	264	74 448
Hiring benefit (<i>Incentivo all'assunzione</i>)	123	5 724	704 000
Contributions towards special expenses (<i>Voucher di conciliazione</i>)	159	815	129 650
Job-search allowance (<i>indennità per la ricerca attiva</i>)	773	1 894	1 464 000
Contribution to the expenses for change of residence (<i>Bonus per la mobilità territoriale</i>)	9	3 778	34 000
Sub total personalised services			5 458 115

Expenditure for implementing EGF (third paragraph of Article 3 of Regulation (EC) No 1927/2006)		
Preparatory activities		21 800
Management		94 200
Information and publicity		30 000
Control activities		72 000
Sub total expenditure for implementing EGF		218 000
Total estimated costs		5 676 115
EGF contribution (65 % of total costs)		3 689 474

(*) To avoid decimals the estimated costs per worker have been rounded. However the rounding has no impact on the total cost of each measure which remains as in the application submitted by Italy.

(**) Totals do not tally due to roundings.

23. Italy confirms that the measures described above are complementary with actions funded by the Structural Funds and that all double financing will be prevented.

Date(s) on which the personalised services to the affected workers were started or are planned to start

24. Italy started the personalised services to the affected workers included in the co-ordinated package proposed for co-financing to the EGF on 15 March 2012. This date therefore represents the beginning of the period of eligibility for any assistance that might be awarded from the EGF.

Procedures for consulting the social partners

25. As provided for by national legislation, discussions with the trade unions mentioned in paragraph 18 regarding the management of the extraordinary administration procedure took place at the Ministry of Economic Development.
26. As managing authority the Ministry of Labour has promoted using the EGF for strengthening the active labour market policy (ALMP) measures already in place. Presentations on the criteria for access to the EGF and the opportunities for workers who may benefit took place on 26 October 2011 and 24 November 2011. In both meetings the idea of applying for EGF support was widely shared by the trade unions. In order to support redundant workers with tailor made measures meeting their actual needs, the involvement of the trade unions in particular at local level, proved to be a key element during the planning phase. In this regard two meetings were held at national level on 21 January 2012 and 29 May 2012 at the Ministry of Economic Development and a technical meeting was held on 12 April 2012 at the Ministry of Labour.

27. The Italian authorities confirmed that the requirements laid down in national and EU legislation concerning collective redundancies have been complied with.

Information on actions that are mandatory by virtue of national law or pursuant to collective agreements

28. As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Italian authorities in their application:
- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
 - demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
 - confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Management and control systems

29. Italy has notified the Commission that the financial contribution will be managed as follows: The Ministero del lavoro e delle politiche sociali – Direzione Generale per le Politiche attive e Passive del lavoro (MLPS – DG PAPL) is the managing, certifying and audit authority (MLPS – DG PAPL Ufficio A as managing authority; MLPS – DG PAPL Ufficio B as certifying authority and MLPS – DG PAPL Ufficio C as audit authority). Eight regional authorities (i.e. Emilia-Romagna, Lazio, Lombardia, Piemonte, Toscana, Umbria, Veneto and Sicilia.) will be the intermediate bodies for the managing authority.

Financing

30. On the basis of the application from Italy, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 3 689 474, representing 65 % of the total cost. The Commission's proposed allocation under the Fund is based on the information made available by Italy.
31. Considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.
32. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.
33. By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms

of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal triologue meeting will be convened.

34. The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations

35. Appropriations from the EGF budget line will be used to cover the amount of EUR 3 689 474 needed for the present application.

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on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/016 IT/Agile from Italy)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁷, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund⁸, and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission⁹,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to 30 December 2011 to include support for workers made redundant as a direct result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Italy submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Agile S.r.l, on 30 December 2011 and supplemented it by additional information up to 2 October 2012. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission, therefore, proposes to mobilise an amount of EUR 3 689 474.

⁷ OJ C 139, 14.6.2006, p. 1.

⁸ OJ L 406, 30.12.2006, p. 1.

⁹ OJ C [...], [...], p. [...].

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Italy,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2013, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 3 689 474 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the European Parliament
The President

For the Council
The President