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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

Evaluation of the European Labour Authority (ELA)

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I. BACKGROUND AND CONTEXT

The European Labour Authority (ELA or ‘the Authority’) was established by Regulation (EU) 2019/1149¹ of 20 June 2019 (‘Founding Regulation’).

Against the backdrop of increasing labour mobility, continuous enforcement and cooperation challenges, as well as persisting problems for workers in cross-border situations², **ELA was established as a decentralised agency to help strengthen fairness and trust in the internal market, to contribute to ensuring fair labour mobility across the European Union and to assist Member States and the European Commission in the effective application and enforcement of the EU legal framework relating to labour mobility and the coordination of social security systems.** ELA thereby also aims to contribute to a highly competitive social market economy in line with Article 3 of the Treaty on the European Union (TEU). ELA’s tasks include providing support to information and services for citizens and employers, enhancing cooperation, conducting joint inspections, performing analysis and risk assessments, facilitating information exchange, and building capacity among member states.

In line with the requirements of the Founding Regulation and the better regulation guidelines, the Commission evaluated ELA’s work covering the **period from July 2019 until the end of the first semester 2023**. The evaluation provides an analysis of the effectiveness, efficiency, relevance, coherence, and added value of the Authority, to the extent possible considering ELA’s early stage of development during the evaluation period. The COVID-19 outbreak as well as Russia’s war of aggression against Ukraine have posed significant challenges for the initial phase of the Authority’s work.

This evaluation takes first steps in assessing the agency’s performance in relation to its specific objectives and activities and assesses whether there is a need to modify its mandate, as set out in Article 40 of the Founding Regulation. While the evaluation may in several respects have more the character of a progress report, it aims to contribute to a better evidence base for the next evaluation, in line with the existing reporting obligations, as well as for the possible modification of the Authority’s mandate.

II. MAIN FINDINGS

Overall, ELA has played a crucial role in enhancing cooperation between national authorities. In particular, it has facilitated and supported concerted and joint inspections (CJIs) on posted and other mobile workers in different sectors, some of which have been identified with the social partners as being the most vulnerable to social fraud and abuse. In addition, ELA has improved access to information on labour mobility for workers, employers, and social partners. It has organised events with Member States to increase awareness about the type of support ELA provides and showcase its areas of activity.

¹ <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A32019R1149#d1e32-56-1>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52018SC0068>

ELA has created and strengthened synergies with a range of other European bodies via Memorandums of Understanding/Cooperation Agreements such as with the Administrative Commission for the Coordination of Social Security Systems or other EU agencies. This has enabled the Authority to develop a comprehensive approach to its various tasks.

The evaluation highlights opportunities to further improve the execution of specific activities and enhance synergies between these activities. The evaluation further points to new challenges that can only be partly addressed by the Founding Regulation (e.g. third-country nationals working within the EU). Lastly, it mentions challenges related to staffing, budget management, and budget execution.

II.1 Effectiveness

ELA has made progress on its four specific objectives, but results have been varied mainly because the Authority was in its initial phase and it needed to prioritise activities approved by the Management Board. The budget was aligned with these priorities. In general, the quality of ELA's output was fairly high.

Overall, **ELA has contributed to advance the availability and accessibility of information on EU labour mobility rights and obligations. It has also developed tools that enhance cooperation between national authorities and has supported Member States by facilitating and strengthening cooperation**, including CJIs, capacity building (e.g. trainings) and mediation.

ELA's progress on its four specific objectives can be summarised as follows:

1) Facilitate access to information on rights and obligations regarding labour mobility across the Union as well as relevant access to services.

ELA's campaigns received significant attention and achieved significant outreach. While effectiveness could not be conclusively assessed due to a lack of outcome-related indicators, information campaigns were generally viewed positively by stakeholders, including by public administration representatives and EU-level social partners. The effectiveness of communication has been mostly hindered by insufficiencies in timing and targeting, which also created difficulties for partners to support these efforts. Nevertheless, ELA also carried out a range of other information activities with varying degrees of follow-up and uptake at national level. As information on rights and obligations remains fragmented, stakeholders - notably social partners - identified a further need for easily accessible and practical information on the rights and obligations of mobile workers and employers. ELA's translation facility was praised by various stakeholders for helping national authorities save costs. The transition of the EURES-European Coordination Office (ECO) from the Commission to ELA went smoothly despite persistent open staff vacancies and the limited experience of the recruited personnel. Challenges yet emerged due to differing priorities and a lack of clarity on the sharing of responsibilities between ELA and the Commission in relation to the EURES network, the Portal and related IT services.

2) Facilitate and enhance cooperation between Member States in the enforcement of relevant Union law across the Union including facilitating concerted and joint inspections.

One of ELA's most effective activities was the facilitation of CJIs, which allowed for knowledge sharing and mutual learning on inspection practices between inspectors of different Member States. Despite the geographical spread of CJIs across the Union and their acknowledged usefulness, their full potential had not yet been exploited. The effectiveness of CJIs was inherently tied to the active participation of Member States before, during, and after the inspections.

Analysis and risk assessments were initially not regarded as a priority within ELA, whose efforts mainly were limited to mapping activities. ELA action in this respect is also bound by the Founding Regulation which does not provide the Authority with a detailed position on the processing of personal data and national authorities are reluctant to share their information, which hindered ELA's ability to offer analytical services at company level or to proactively identify and refer suspected cases to Member States.

Cooperation between Member States was smooth, leading to an increase in common understanding of EU rules by national enforcement authorities and an increase in expertise. In the first years of ELA's operation, capacity-building activities were organised on a rather ad hoc basis. Still, they were highly appreciated by stakeholders and they played an important role in the development of the Authority.

3) Mediate and facilitate a solution in case of cross-border disputes between Member States.

The mediation function, including detailed procedures and guidelines, was established in close cooperation with the Member States. However, the function has so far been underutilised, with only four cases dealt with by the end of 2023, three of which were prematurely closed, and mainly limited to social security coordination. As a result, no conclusions can be drawn about its effectiveness. This is also due to the decision of ELA's Management Board for the Authority to prioritise areas such as inspections and information campaigns in its first years of activity. The mediation function only became fully operational towards the end of 2022.

4) Support cooperation between Member States in tackling undeclared work.

The European Platform Tackling Undeclared Work was transferred smoothly from the Commission to ELA. The decision to include the Platform under the Enforcement and Analysis Unit because of its clear connections with the national strategies and actions in the area of undeclared work was assessed as positively but with scope for further development. Synergies with other activities of ELA have not substantially materialised. The Platform was set up to help Member States fight undeclared work, but also to adopt a wider approach, including the exploration of causes of problems and – ideally – preventative work.

II.2 Efficiency

Assessing the efficiency of a young organisation like ELA is challenging as it navigates its set-up phase, recruiting staff, developing procedures, and exploring optimal ways to fulfil its mandate. This period of experimentation naturally involves areas for improvements, and organisational learning, considering also the challenges posed by the pandemic.

During the evaluation period, the absence of an adequate monitoring system prevented a solid assessment of the cost-effectiveness of ELA's operations from being made. Nevertheless, most stakeholders consulted agreed that ELA demonstrated a sufficient level of cost-efficiency, with benefits of its activities that generally outweighed the costs.

ELA's governance structures were assessed as efficient in general, fostering positive outcomes in terms of labour mobility and cooperation between Member States, such as via translation organisation, CJIs and meetings.

In terms of its operational efficiency, ELA encountered significant difficulties in executing committed resources, as can be seen in the high share of carry-overs on operational expenditure. ELA achieved financial autonomy only in May 2021, and it had overall a low level of budget execution, mainly due to the start-up phase, including the need to recruit staff.

The challenges of the set-up process, along with staff structure and turnover, made ELA's workload management and budget implementation difficult. Although there were notable improvements during the evaluation period, there remains **potential for ELA's to improve its operations without the need for additional resources.**

II.3 Coherence

During the evaluation period, **ELA integrated well into the broader EU policy governance structure, attracting significant political attention at all levels.**

This was achieved through numerous events and Member State visits by the Executive Director and other ELA staff, and strong cooperation with EU-level social partners. **ELA's mandate and activities have been coherent with EU policies, given its recent establishment and stable policy environment since the adoption of the Founding Regulation.** It collaborated with various Commission departments and worked closely with national authorities to apply updated EU rules, such as the revised Posting of Workers Directive³, Mobility Package I for the road transport⁴, and the Single Digital Gateway Regulation⁵.

ELA's activities were consistent with those of other agencies and bodies. It established formal agreements with the European Commission, Eurofound, Cedefop, EU-OSHA, the Administrative Commission for the Coordination of Social Security Systems, and SOLVIT. While cooperation with some organisations, like Europol and the ILO, could be strengthened, no major overlaps or inconsistencies between the respective organisations were identified by stakeholders. Cooperation with other agencies like the Fundamental Rights Agency has begun, though it is too soon to observe the outcomes of this collaboration.

As regards ELA's role vis-à-vis third country nationals, activities to support recruitment or labour market matching of nationals from outside the EU to companies within the EU are not covered by the Founding Regulation. However, when third country nationals are exposed to risks related

³ <https://eur-lex.europa.eu/eli/dir/2018/957/oj/eng>

⁴ https://transport.ec.europa.eu/transport-modes/road/mobility-package-i_en

⁵ <https://eur-lex.europa.eu/eli/reg/2018/1724/oj/eng>

to intra-EU mobility or posting, ELA can intervene, for example through a sector-based approach to problematic situations where mobile EU and migrant workers face similar risks of exploitative working conditions.

II.4 EU Added Value

ELA's added value comes from its **capacity to coordinate on questions and issues concerning intra-EU labour mobility and social security coordination**.

ELA has supported the EU coordination and cooperation activities in intra-EU mobility, providing a central 'hub' that enhances systematic, flexible, transparent, and less complex enforcement compared to bilateral or limited multilateral efforts by individual Member States.

ELA has strengthened networking, knowledge sharing, trust, and coordination among national administrations, with its training and capacity-building activities being particularly well-received. The fact that Member States decide to send seconded national experts (SNEs) to ELA underscores its recognised value and worthiness of investment.

Despite significant progress, **ELA faces challenges in fully realising its potential due to certain limitations of its mandate**. Consistent and high-quality information on labour mobility requires EU-level coordination, yet information on rights and obligations remains fragmented, mostly due to the diversity of national systems. Operating in a complex environment with balanced national and EU competences makes finding solutions difficult, and achieving maximum EU added value will take time.

II.5 Relevance

ELA's mandate and objectives remain highly relevant given ongoing trends such as increased EU labour mobility, affecting also third-country nationals, labour shortages and the green, digital and demographic transitions.

ELA plays an important role in supporting Member States in their efforts to ensure fair labour mobility. The evaluation points to the need to strengthen ELA and to improve the effectiveness and efficiency of its activities, and **it highlights a potential need to revise the mandate**.

Some **potential areas for improvement that could require a revision of the Founding Regulation include** competences to handle personal data, a strengthened ability to request cooperation from Member States on CJIs, and in the area of information provision, the possibility to better address the situation of third-country nationals, and exert more influence on the appointment of National Liaison Officers (NLOs), enable more structured operational cooperation with Member States, and stabilise the Authority's staffing considering the high share of the SNEs. Moreover, strengthening Member States' capacities to cooperate with ELA could also help the Authority to better fulfil its mandate.

III. LESSONS LEARNED AND THE WAY FORWARD

The evaluation of ELA's initial operations provides several important lessons that can guide its future strategic direction and improve its performance. The Commission invites ELA to adopt an

action plan with milestones addressing each of the findings. The following points are to be considered:

1. **Improving the monitoring system:** the evaluation highlights the need for ELA to improve its monitoring system based on SMART (specific, measurable, achievable, relevant and time-bound) objectives and key performance indicators. The monitoring system should focus on impacts, results and outcomes, and on setting and measuring dedicated targets, that are achievable given ELA's objectives and mandate. Aside from providing the necessary input for ELA's next evaluation, such a monitoring system could help improve strategic management under the Authority's leadership, providing direction to the organisation and increasing its overall performance.
2. **Strategic integration and coherence:** ELA's activities could be more integrated and coordinated both internally and with other EU entities. Implementing a comprehensive strategic approach that encompasses all activities could improve coherence and consistency. As regards the internal organisation this would involve aligning various activities, to create synergies and enhance overall performance.
3. **Information:** ELA could increase the impact and usefulness of information campaigns by developing relevant indicators and strategies to measure their success. The involvement of stakeholders, in particular social partners as well as Member States in the follow-up of ELA's information activities could be further strengthened.
4. **Consolidating EURES:** ELA should step up efforts to develop EURES and link it to its activities. It should further build on the labour mobility analysis, while also enhancing services for the EURES network to optimally support jobseekers and employers through digital tools. ELA should explore ways to improve the effectiveness and efficiency of EURES by improving the management of the EURES coordination group and clarifying the division of labour and share of responsibility between the Commission departments and ELA, in particular for the EURES portal IT tools and legal interpretations of the EURES Regulation.
5. **Mediation function:** ELA could identify the reasons for the underuse of its mediation function and explore how to increase its cost-effectiveness and Member States' engagement with the mediation process.
6. **Capacity building:** ELA's capacity building could benefit from more outcome-oriented objectives, allowing it to be better defined and expanded if necessary and to cover a broader range of programmes and objectives. This would entail increasing support for the EURES network to ensure it is a fully integrated part of ELA's activities.
7. **Integration of digital tools and innovations:** As digitalisation continues to shape labour markets, ELA should focus on further integrating digital tools and innovations within its operations. This includes optimising the EURES portal (by increasing synergies with Europass, among other things) and addressing related challenges such as job

displacement and in recruitment processes, as well as developing tools to further support the use and development of digital tools by the Member States.

8. **Operational efficiency:** ELA could identify ways to improve the efficiency of meetings and resource utilisation, both in terms of financial and human resources. Striking a good balance between in-house expertise and reliance on external contractors could enhance improve operational efficiency without necessarily requiring additional resources. A further stabilisation of ELA staff should be ensured given the high share of SNEs. The possibility to convert SNEs into statutory staff could help address this challenge.

Adjusting ELA's mandate: The evaluation points out that there is room to improve ELA's performance based on its current mandate and objectives. At the same time, it notes certain limitations in the mandate that could affect ELA's potential. If changes to ELA's mandate or scope are considered, a comprehensive analysis of its needs, costs, benefits and potential side effects is necessary, building on this evaluation as well as the report by the European Parliament and other relevant stakeholders' input. Targeted modifications could strengthen ELA, including its efficiency and effectiveness, such as enhanced data handling competencies, improved cooperation with Member States, including in terms of information provision, ELA's role vis-à-vis third-country nationals, ELA's responsibilities with regard to the development of EURES, and the conversion of a number of SNEs into statutory staff.