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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND FINANCIAL COMMITTEE AND THE EMPLOYMENT COMMITTEE

Report on the European instrument for Temporary Support to mitigate Unemployment Risks in an Emergency (SURE) following the COVID-19 outbreak pursuant to Article 14 of Council Regulation (EU) 2020/672

SURE after its sunset: final bi-annual report

EXECUTIVE SUMMARY

This report is the fifth and final bi-annual report on the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). It confirms the findings outlined in the previous reports, presents the operations and use of the instrument and reviews its socio-economic impacts. SURE was a crisis instrument, with a size of EUR 100 billion, created by the European Union (EU) to help Member States protect jobs and workers' incomes in the context of the COVID-19 pandemic. SURE ended on 31 December 2022, but monitoring of its implementation continued beyond this date, encapsulated in this report. The monitoring ends with the publication of this report.

This report addresses some of the additional observations made by the European Court of Auditors in its Special Report on SURE, published in December 2022. Importantly, this report includes further analysis of national control and audit systems, additional evidence confirming the reliability of the number of people and firms covered by SURE, and further analysis of the health-related measures covered by SURE.

A new instrument put in place quickly to respond to the socioeconomic impact of the pandemic

The implementation of the instrument was swift and smooth. As part of the EU's initial response to the pandemic, the Commission proposed the SURE Regulation on 2 April 2020, and the Regulation was adopted by the Council on 19 May 2020. SURE was a strong expression of solidarity across Member States through the EU: all Member States agreed to provide bilateral guarantees to the EU so that the Union could borrow from the markets at very favourable conditions to finance SURE loans. The financial envelope of EUR 100 billion became available on 22 September 2020, after all Member States signed guarantee agreements. The Commission speeded up the implementation of the instrument, working closely with the Member States and granting financial assistance to Belgium, Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. Over 90% of the granted financial assistance was disbursed in just seven months, from October 2020 to May 2021. Further disbursements took place in 2022, to accommodate Member States who preferred to receive funds later or requested additional financial assistance.

In autumn 2022, eight Member States were granted additional financial assistance. This top-up support was for additional expenditure incurred in 2021 – and in some cases up to early 2022 – on the emergency support measures already supported by SURE. SURE support could be requested for eligible COVID-related spending, based either on planned expenditure or incurred expenditure, with the latter not subject to any absorption risk by definition. An amending Council Implementing Decision was also adopted for Poland to address its absorption gap.

The EU issued social bonds for the first time to finance SURE financial assistance to Member States. On top of the requirements of the SURE Regulation, this report also provides the relevant reporting under the EU SURE Social Bond Framework and re-confirms that SURE spending has been well aligned with the UN Sustainable Development Goals.

The Commission successfully issued EUR 6.5 billion of SURE social bonds in December 2022, which almost exhausted the entire SURE envelope. This was the final transaction of a successful issuance campaign that attracted strong investor interest and favourable pricing

conditions. Overall, a total of EUR 98.4 billion of SURE financial assistance was disbursed to 19 Member States, close to the maximum amount of EUR 100 billion. The remaining EUR 1.6 billion cannot be requested for future use as the instrument has ended.

The continued use of SURE by beneficiary Member States

This report confirms the earlier estimate that SURE covered around 31½ million people and over 2½ million firms in 2020, when the pandemic first took hold. This represents almost one third of total employment and over a quarter of total firms in beneficiary Member States. The high reliability of these coverage figures, which are primarily based on Member States' administrative data following Commission guidance, has been confirmed. SMEs were the primary recipients of SURE financial assistance. The most supported sectors were contact-intensive services (accommodation and food services, wholesale and retail trade) and manufacturing.

In 2021, particularly in the first half of the year when the pandemic continued to wreak havoc, SURE supported an estimated 9 million people and over 900 000 firms. Economic support measures were still required in the first half of 2021 but were subsequently phased out as both the economic and health impact of the pandemic weakened. This gradual unwinding occurred when vaccinations were rolled out and the EU economies further adapted to the pandemic.

In 2022, SURE is estimated to have supported almost 350 000 people and over 40 000 firms, in line with the decrease in SURE-related expenditure. Most of the SURE beneficiary Member States had phased out their emergency job-retention measures by the middle of 2022. Only four Member States used SURE to fund measures in 2022, spending just EUR 5 billion as the pandemic's impact continued to ease.

All of the total planned public expenditure under SURE has now been executed. The total public expenditure on SURE-eligible measures reached EUR 122 billion in beneficiary Member States. This is well in excess of the total financial assistance granted (EUR 98 billion), since several Member States supplemented SURE financing of eligible measures with national funding, showing the relevance of the measures supported by SURE.

Almost half of total public expenditure on SURE-eligible measures was allocated to short-time work schemes. Almost one third was allocated to similar measures for the self-employed. The remainder of the public expenditure was allocated to wage subsidy measures – akin to short-time work schemes albeit not based on hours worked – and health-related measures. The participation of women and youth in short-time work also increased during the COVID-19 crisis.

The ancillary nature of the health-related expenditure was confirmed, only covering two fifths of the SURE beneficiary Member States and representing just 5% of total expenditure. 8 out of 19 Member States used SURE to finance health-related measures. Of this, 22% concerned measures taken in the workplace to ensure a safe return to work.

Moreover, SURE was used to effectively finance different types of health-related measures. These measures were distributed almost evenly across i) preventive measures against COVID-19, ii) additional labour costs to recruit and support healthcare workers and iii) purchase of healthcare equipment and medication, including vaccines. These measures either facilitated a

faster return to work or provided welcome emergency support to the healthcare sector in the eight Member States that used SURE to support health-related expenditure.

Importantly, all SURE financial assistance has now been absorbed in all Member States. The absorption issue in two Member States (Romania and Poland), which was monitored closely and reported in detail in the fourth bi-annual report has now been entirely resolved. In Romania, the absorption gap has been fully closed thanks to the reduction of the total amount granted and the introduction of additional eligible measures in July 2022. This was confirmed with final budgetary execution data. In Poland, the moderate absorption gap compared with the amount granted was resolved with the inclusion of two new SURE-eligible measures in an amending Council Implementing Decision adopted in November 2022.

An updated assessment of the impact of SURE

The policy response to the COVID-19 crisis effectively prevented around 1½ million people from becoming unemployed in 2020 and SURE-funded schemes may have contributed to the bulk of this. The rise in unemployment in 2020 in beneficiary Member States was very moderate, despite the large fall in economic output, and significantly lower than expected by historical standards. This was achieved by retaining employees in their firms and maintaining the activity of the self-employed. Additional illustrative simulations conducted by the Commission using the Global Multi-country model suggest that the short-time work schemes and similar measures directly funded by SURE could have saved up to 1 million jobs in 2020 in the euro area alone (representing 14 of 19 SURE beneficiaries). This suggests that SURE-funded short-time work schemes likely accounted for the bulk of the total estimated 1½ million jobs saved by the overall policy response to COVID-19 across the 19 SURE beneficiaries.

SURE may also have contributed to preventing a rise in labour market inequality across the EU. This is in contrast to developments that took place in the aftermath of the global financial crisis. In the period 2020-2022, the dispersion of unemployment rates was reduced between SURE beneficiaries and the other Member States as well as across SURE beneficiaries.

SURE specifically added value by fostering confidence in the economy and effectively encouraging Member States to set up wide-ranging and ambitious short-time work schemes at national level. Survey-based evidence provided in earlier reports confirms the specific impact of SURE. Firstly, SURE – one of the first EU financial instruments put in place in response to COVID-19 – helped improve general economic confidence by showing the EU's ability to respond rapidly and effectively to an unprecedented crisis. Secondly, through SURE, the EU supported and encouraged the extensive use of short-time work schemes (the setting up of new schemes or extension of existing schemes). Thirdly, SURE underpinned Member States' confidence to undertake larger borrowing and spending for job-retention measures than they otherwise would have. Research by the Centre for European Policy Studies affirms that the take up of short-time work schemes increased significantly during the pandemic due in large part to the large increase in government financing of these measures.

The protection of employment in the first two years of the pandemic also led to a more rapid recovery in 2021 than in previous crises. Survey data shows that in 2021, SURE support focused on the sectors still badly affected by the pandemic. SURE expenditure was also

concentrated in the first half of the year, when containment measures were stricter. This suggests that SURE targeted the most pressing needs by supporting the worst-hit sectors.

Very concretely, Member States are now estimated to have saved a total of EUR 9.0 billion in interest payments by receiving financial assistance through SURE. This figure is explained by the very favourable financing conditions enjoyed by the EU and the long average duration of the loans granted to Member States. The estimated interest savings rose with the 9th and final SURE transaction in December 2022.

The control and audit systems put in place by Member States

In line with their legal obligations, all Member States reported to have verified the implementation of measures supported by SURE, either through ex-ante controls or ex-post controls including audit (or both). Almost all Member States reported to have controlled all SURE-supported measures ex ante (before the funds were released to the final beneficiaries). More than half of the Member States reported to have controlled all or most measures ex post (after the funds were released). A further five Member States reported to have controlled either the largest measure or the measure at the highest risk of fraud and irregularity ex post. In order to ensure the proper use of public funds, the measures that were not controlled ex ante were controlled ex post.

No Member State considers SURE-supported measures to be at a high risk of irregularities or fraud. This is often explained by legally and clearly-defined eligibility conditions which were set out and controlled ex ante.

In the case of confirmed irregularities or fraud, all Member States recovered or are in the process of recovering improperly used funds. Specifically, the incidence of irregularities or fraud for the largest SURE-supported measure in each Member State has been in most cases below 2% of total expenditure. The majority of Member States have recovered more than 75% of the total amount due until now. In addition, in cases of fraud, all Member States took measures beyond recovering improperly used funds, such as notifying the relevant investigation bodies. Some Member States reported to have taken preventive action as a response to fraud or irregularities.

The sunset of the SURE instrument at the end of 2022

The sunset clause of the SURE instrument took effect on 1 January 2023. The SURE Regulation contained a 'sunset clause' specifying that the Instrument would end on 31 December 2022, unless the Council decided to extend it, on a proposal from the Commission. The fourth bi-annual report in September 2022 was not accompanied by a proposal to extend the Instrument. COVID-19 emergency measures were almost entirely phased out by the end of summer 2022 and the epidemiological and economic impact of COVID-19 has continued to trend downward throughout 2022. On 5 May 2023, the World Health Organisation re-classified COVID-19 as an established and ongoing health issue rather than a public health emergency of international concern. This confirms the Commission's assessment that the exceptional occurrences justifying SURE no longer exist. Careful monitoring has continued in the first months of 2023 to ensure the absorption of all SURE financial assistance, which is now confirmed. The monitoring of the use of SURE financial assistance ends with this report.

INTRODUCTION

This report is the fifth and final bi-annual report on the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). SURE was established by the European Union (EU) in May 2020 to help Member States protect workers' jobs and income during the COVID-19 pandemic.[1] It provided requesting Member States with Union financial assistance (up to EUR 100 billion) in the form of loans with favourable conditions. The aim of the loans was to help finance Member States' short-time work schemes or similar measures aimed at protecting employees and the self-employed and, as an ancillary, health-related measures, in particular in the workplace.

The SURE instrument ended on 31 December 2022. The sunset clause for the availability of financial support under the SURE instrument specified that it would end on 31 December 2022 unless the Council, on a proposal by the Commission, decided to extend it on the basis that the exceptional occurrences that necessitated SURE (i.e. the severe economic disturbance caused by the COVID-19 pandemic) continued to exist. The Commission assessed that these occurrences no longer existed, thus the sunset clause came into effect. No Council Implementing Decisions (CIDs) granting SURE financial assistance to Member States could therefore be adopted since 1 January 2023. However, monitoring has continued in the first months of 2023 to ensure the absorption of all SURE financial assistance granted, which is now confirmed. The monitoring of the use of SURE financial assistance ends with this report.

This bi-annual report is a legal obligation. It is adopted by the European Commission (hereafter the Commission) in accordance with Article 14 of Council Regulation (EU) 2020/672 (SURE Regulation)[2] to deliver on its obligation to report to the European Parliament, the Council, the Economic and Financial Committee (EFC) and the Employment Committee (EMCO).[3] As all of the financial assistance granted has now been disbursed and spent and no further financial assistance can be granted, this is the final bi-annual monitoring report on SURE. Financial monitoring of the repayment of the loans will continue by the Commission's Directorate General for Budget until all of the outstanding loans have been repaid. The cut-off date for including information in this report was 3 March 2023 for Member States' reporting, 17 March 2023 for control and audit information and 15 May 2023 for economic and epidemiological data.[4]

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[1] SURE follows from the Commission's 2019-2024 Political Guidelines, which proposed a European Unemployment Benefit Reinsurance Scheme to protect European citizens and reduce the pressure on public finances during external shocks. Following the outbreak of the COVID-19 virus in Europe, it was set up on the basis of the Commission's proposal of 2 April 2020.

[2] Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak, OJ L 159, 20.5.2020, p. 1 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0672&from=en).

[3] Under Article 14 of the Regulation, the Commission shall report on the use of financial assistance, including outstanding amounts and the applicable repayment schedule under SURE, and on the continuation of the exceptional occurrences that justify the application of the SURE Regulation (the COVID-19 pandemic).

[4] All reporting tables and questionnaires on control and audit were initially submitted by 3 March 2023 and 17 March, respectively (except for Malta, who submitted the reporting table on 27 March 2023 and the questionnaire on 17 April 2023). In addition, some clarifications of data were provided after this date.

This report presents new or updated data confirming, as of February 2023, the positive assessments of SURE presented in the previous bi-annual reports. Its key findings can be summarised as follows:

- Approximately 31½ million people and 2½ million firms are estimated to have been covered by SURE in 2020 in 19 Member States.
- 9 million people and over 900 000 firms were covered by SURE in 2021 in 15 Member States, with a clear phasing out in 2022 when 350 000 people and 40 000 firms were covered in four Member States.
- The policy support measures adopted effectively prevented an estimated 1½ million people from becoming unemployed at the height of the pandemic in 2020. Additional illustrative simulations suggest that SURE-funded short-time work schemes likely accounted for the bulk of this estimated impact.
- This policy action also contributed to decreasing labour market inequality by reducing the dispersion of unemployment rates, especially across SURE beneficiaries.
- 19 Member States have been granted financial assistance under SURE, of whom 11 have been granted additional top-up support.[5]
- Over EUR 98 billion – close to the maximum amount of EUR 100 billion – was allocated and disbursed, including EUR 6.5 billion disbursed to 9 Member States in December 2022.
- The sunset clause applied as of 1 January 2023, meaning that no further financial assistance can be granted to Member States. Epidemiological data confirms the Commission's assessment that the exceptional circumstances justifying the use of SURE no longer exist.
- All of the SURE financial assistance has now been absorbed in all 19 beneficiary Member States.
- Beyond the positive effects on social and employment outcomes, Member States are estimated to have saved EUR 9.0 billion in interest payments.
- Almost half of the financial assistance under SURE has been allocated by Member States to support short-time work schemes, while one third was allocated for similar measures for the self-employed.
- 5% was allocated to health-related measures, which are 'ancillary' in accordance with the SURE Regulation. These include preventive measures against COVID-19, healthcare equipment and additional labour costs to recruit and support healthcare workers, with around one fifth of the amount concerning measures taken in the workplace.
- All Member States reported to have controlled SURE-supported measures either ex ante or ex post (or both). No Member State considers SURE-supported measures to be at a high risk of irregularities or fraud.
- All Member States took remedial measures as a response to irregularities or fraud. The majority of Member States have recovered more than 75% of the total amount to be recovered until now.

[5] The 19 Member States comprise Belgium, Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain.

This report updates the information contained in the first four bi-annual SURE reports and provides some additional analysis. It covers institutional developments since the fourth report's cut-off date in August 2022, including top-up financial assistance granted to 8 Member States, the amendment of the Council Implementing Decision for Poland to address the absorption gap and the disbursement of funds related to the top ups and to Poland. An in-depth look at control and audit systems, ensuring that the obligations of the Loan Agreement are respected, is conducted, following on from the ad-hoc questionnaire reported on in the 3rd bi-annual report. The analysis contained in the previous reports is updated, in particular regarding the public expenditure by Member States covered by SURE – based on bi-annual reporting provided by Member States in February 2023 – and on the estimated impact of SURE – based on the latest macroeconomic figures. This report also includes a number of new elements: additional analysis of the number of jobs saved by SURE based on a Commission macroeconomic model, a more detailed analysis of health-related measures funded by SURE and their importance, information on the reliability of the data on the number of people and firms covered by SURE, the aforementioned detailed examination of national control and audit systems, and a discussion of the lessons learned from SURE.

This report also reflects suggestions by the European Court of Auditors. The European Court of Auditors (ECA) published its Special Report 28/2022 on SURE on 14 December 2022, after the fourth bi-annual report was published, containing a number of observations on the Instrument.[6] The ECA report is overall very positive on the instrument, recognising the quick and efficient reaction by the Commission to the challenge of helping Member States preserve employment as a response to the COVID-19 pandemic. The report makes only one recommendation: to evaluate SURE. The Commission accepted this recommendation and will carry out an evaluation study of SURE by the third quarter of 2024, which will complement the analysis provided in the bi-annual reports.

The report is structured into seven sections. Section I covers the institutional use of SURE: the financial assistance granted and disbursed to Member States with their repayment schedule. Section II outlines the policy use of SURE, summarising Member States' total public expenditure on national measures supported by SURE.[7] Section III updates and extends the assessment of the impact of SURE provided in the previous reports. Section IV examines information on national ex-ante and ex-post control systems, including audit. Section V discusses and confirms that the exceptional occurrences that justified the continuation of SURE no longer exist. Section VI provides the relevant reporting committed to under Section 2.4 of the EU

[6] The ECA observed e.g. that (i) the lack of comprehensive Member State data limits the Commission's ability to assess the number of people and businesses supported by SURE (ii) there is little monitoring data on health-related measures (iii) the design of the instrument does not make it possible to identify separately the impact of SURE, in terms of outputs and results, within the national schemes (iv) there was no Commission check on whether the national measures supported by SURE were cost-effective or complemented other schemes, given that SURE was a crisis response instrument where the rapid disbursement of funds was a priority (v) the legal framework does not require the Commission to assess the robustness of the Member States' control systems governing the implementation of the national measures supported by EU funds. See https://www.eca.europa.eu/Lists/ECADocuments/SR22_28/SR_SURE_EN.pdf

[7] Sections I and II pertain to the use of financial assistance under SURE as per Article 14(1) of the SURE Regulation.

SURE Social Bond Framework, which is merged into this report.[8] Finally, Section VII offers some conclusions on the value added of SURE.

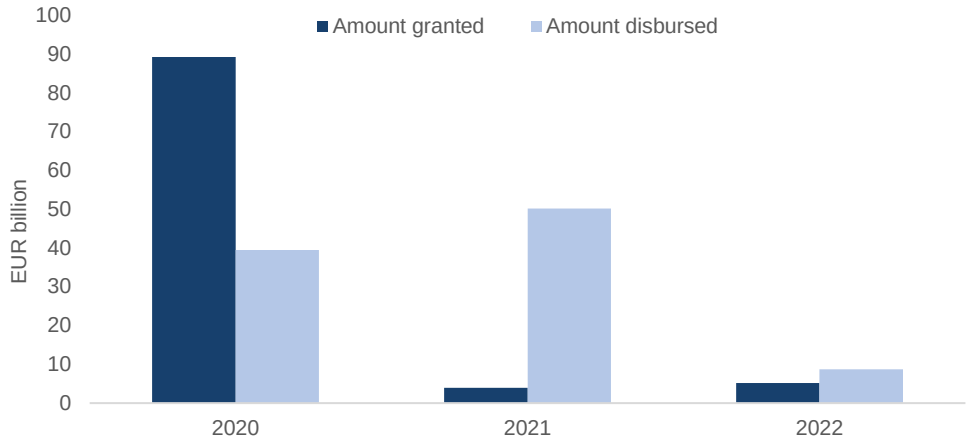
I. THE INSTITUTIONAL USE OF SURE: AMOUNTS GRANTED AND DISBURSED AND OTHER FINANCIAL ASPECTS

1.1 Overview of beneficiary Member States and amounts granted

Over 98% of the EUR 100 billion SURE envelope was granted over the lifetime of the instrument. Total financial assistance of EUR 98.4 billion was granted under SURE to 19 Member States: Belgium, Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. The vast majority of financial assistance was granted in 2020 (Graph 1), beginning in September 2020 when SURE became available. The final amounts were granted in November 2022.

Top-up financial assistance was granted to eight Member States between September and November 2022. Since the previous bi-annual report in September 2022, additional financial assistance of EUR 5.05 billion was granted by the Council to eight Member States on top of the initial financial assistance they were granted in 2020: Bulgaria, Cyprus, Czechia, Greece, Croatia, Lithuania, Latvia and Portugal. The financial assistance was granted for incurred expenditure, primarily in 2020 and 2021, on extensions of measures that had already been funded by SURE. In the case of Cyprus, Greece and Croatia, this represented a second top up to their initial loan. In total, 11 of the 19 Member States that used SURE were ultimately granted top-up financial assistance. This reflects the fact that SURE support could be requested for eligible COVID-related spending, based either on planned expenditure or incurred expenditure, with the latter not subject to any absorption risk by definition.

Graph 1: Amount granted and disbursed by year



Source: *European Commission*.

[8] https://ec.europa.eu/info/strategy/eu-budget/eu-borrower/eu-borrowing-activities/eu-sure-social-bond-framework_en

Table 1: Overview of support granted under SURE (EUR)

Member State	*Total Amount Granted**	*Of Which Top-Up*	*Amount Disbursed**	*Amount Outstanding*
Belgium	8 197 530 000	394 150 000	8 197 530 000	0
Bulgaria	971 170 000	460 170 000	971 170 000	0
Cyprus	632 970 000	153 900 000	632 970 000	0
Czechia	4 500 000 000	2 500 000 000	4 500 000 000	0
Greece	6 165 000 000	3 437 000 000	6 165 000 000	0
Spain	21 324 820 449	0	21 324 820 449	0
Croatia	1 570 600 000	550 000 000	1 570 600 000	0
Italy	27 438 486 464	0	27 438 486 464	0
Lithuania	1 099 060 000	496 750 000	1 099 060 000	0
Latvia	472 807 000	280 107 000	472 807 000	0
Malta	420 817 000	177 185 000	420 817 000	0
Poland	11 236 693 087	0	11 236 693 087	0
Portugal	6 234 462 488	300 000 000	6 234 462 488	0
Romania	3 000 000 000	0	3 000 000 000	0
Slovenia	1 113 670 000	0	1 113 670 000	0
Slovakia	630 883 600	0	630 883 600	0
Hungary	651 470 000	147 140 000	651 470 000	0
Ireland	2 473 887 900	0	2 473 887 900	0
Estonia	230 000 000	0	230 000 000	0
Total	**98 364 327 988**	**8 896 402 000**	**98 364 327 988**	**0**

*In the implementation of the disbursements, the amounts granted were rounded down for operational purposes.
Source: *European Commission*.

1.2 Disbursements and applicable repayment schedule

The Commission successfully issued a final EUR 6.5 billion of SURE social bonds on behalf of the EU. On 7 December 2022, the EU's 9th and final issuance under the SURE programme took place. The 15-year bond had an order book of EUR 25.4 billion, making it four times oversubscribed during this end-of-year funding window. The EUR 6.548 billion was disbursed on 14 December: EUR 460 million to Bulgaria, EUR 29 million to Cyprus, EUR 2 billion to Czechia, EUR 900 million to Greece, EUR 550 million to Croatia, EUR 142 million to Lithuania, EUR 167 million to Latvia, EUR 1.5 billion to Poland and EUR 300 million to Portugal. The amount disbursed to Poland had been delayed until its issue of absorption was resolved (see Section 2.1.2), while the other amounts represented top ups granted to the eight Member States in autumn 2022.

The SURE issuance programme was highly successful overall, marked by strong investor demand and favourable pricing. Prior to the pandemic, the Commission's borrowing on European capital markets was limited, but SURE, quickly followed by NextGeneration EU, led to the Commission becoming a significant player in sovereign debt issuance. All of the transactions were multiple times oversubscribed and achieved favourable pricing, with a number of the earlier bonds issued at negative interest rates (see Table A2). The success illustrated investor confidence both in the EU's financing capacity and in the SURE programme.

By December 2022, all of the EUR 98.4 billion of financial assistance granted under SURE had been disbursed (Table 1)**.** Further details on the SURE transactions and disbursements to Member States are reported in Tables A1 and A2 in the Annex.

The average maturity of disbursements to Member States remains at 14.5 years. This is close to the maximum of 15 years provided by the respective CIDs. Reporting on the repayment schedule for principal and interest payments is presented in Table 2.

Table 2: Repayment Schedule of EU's SURE outstanding loans

Calendar year	Principal	Interest	SURE Total
2023		326 563 400	326 563 400
2024		326 982 500	326 982 500
2025	8 000 000 000	326 982 500	8 326 982 500
2026	8 000 000 000	326 982 500	8 326 982 500
2027		326 982 500	326 982 500
2028	10 000 000 000	326 982 500	10 326 982 500
2029	8 137 000 000	326 982 500	8 463 982 500
2030	10 000 000 000	326 982 500	10 326 982 500
2031		326 982 500	326 982 500
2032		326 982 500	326 982 500
2033		326 982 500	326 982 500
2034		326 982 500	326 982 500
2035	8 500 000 000	326 982 500	8 826 982 500
2036	9 000 000 000	326 982 500	9 326 982 500
2037	8 718 000 000	308 982 500	9 026 982 500
2038		104 500 000	104 500 000
2039		104 500 000	104 500 000
2040	7 000 000 000	104 500 000	7 104 500 000
2041		97 500 000	97 500 000
2042		97 500 000	97 500 000
2043		97 500 000	97 500 000
2044		97 500 000	97 500 000
2045		97 500 000	97 500 000
2046	5 000 000 000	97 500 000	5 097 500 000
2047	6 000 000 000	75 000 000	6 075 000 000
2048		30 000 000	30 000 000
2049		30 000 000	30 000 000
2050	10 000 000 000	30 000 000	10 030 000 000
Total	**98 355 000 000**	**5 949 818 400**	**104 304 818 400**

II. THE POLICY USE OF SURE: PUBLIC EXPENDITURE AND NATIONAL MEASURES COVERED BY SURE

This section focuses on the policy use of the SURE instrument. Section 2.1 summarises the public expenditure by Member States covered by or eligible for SURE, including the absorption of funds. Section 2.2 provides detail on the short-time work schemes and similar measures supported by SURE, while Section 2.3 examines the nature of the supported health-related measures. Section 2.4 presents the number of employees and firms that benefitted from the measures supported by SURE.

2.1 Actual and planned public expenditure supported by SURE

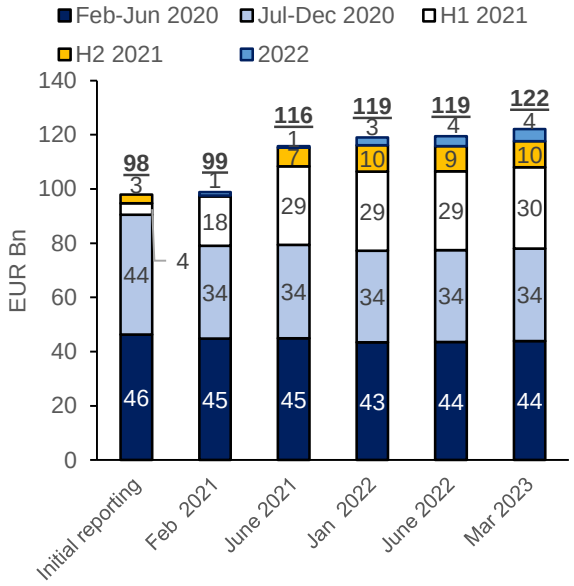
2.1.1 Monitoring of public expenditure on eligible measures

Bi-annual reporting by beneficiary Member States is used to monitor the planned and actual use of the financial assistance granted under SURE. The required reporting includes public expenditure for measures covered by SURE (and the employee and firm coverage of those measures, as reported in Section 3.3). There have been five series of this reporting thus far: in August 2020 ("initial reporting"), in January-February 2021 ("first report"), in June 2021 ("second report"), January 2022 ("third report"), June 2022 ("fourth report") and February 2023

("latest reporting"). It is intended that the latest reporting will be the last, as all of the financial assistance granted has now been spent and there is no longer planned expenditure for which execution should be monitored. The information is presented *as reported by Member States* on measures that are eligible for SURE. Some Member States have spent more than the amount of SURE financial assistance received, having supplemented SURE support with national financing and/or EU structural funds, so that total expenditure can exceed the amount supported by SURE. The reporting allows for measuring the absorption of the financial assistance under SURE, by comparing it with the amount granted by the Council.[9]

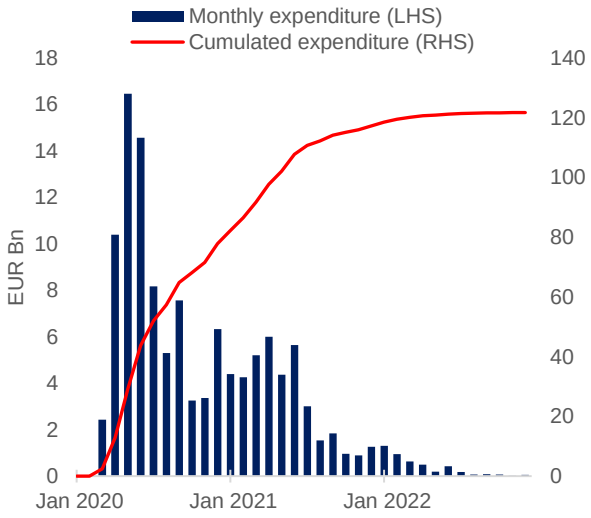
All of the total planned public expenditure under SURE has now been executed. The SURE Regulation allowed for financial assistance to be used for both incurred and planned increases in public expenditure on measures covered by SURE.[10] At the outset of SURE, when COVID-19-related restrictions were acute, the instrument funded a large amount of planned expenditure, amounting to 64% of total expenditure in June 2020. The share of planned expenditure decreased to 12% in June 2021 and was less than 4% by the end of 2021. All spending on SURE-eligible measures was complete by December 2022, however, the SURE financing of measures was exhausted by all Member States by June 2022, with only national financing beyond this.[11]

Graph 2: Reported public expenditure



Source: *Member States' reporting (February 2023).*
*N*ote: Estonia is included from June 2021 as it applied for SURE later. H1 and H2 correspond to the first and second halves of 2021.

Graph 3: Monthly evolution of incurred public expenditure under SURE



Source: *Member States' reporting (February 2023).*

[9] An absorption gap can occur because the expenditure incurred or planned by the Member State on SURE-eligible measures is less than the amount granted by the Council. Part of the absorption can be due to the Member State not managing to spend the amount already disbursed, which may become problematic if this gap remains when the planned expenditure has been implemented.
[10] Ireland and Estonia applied for SURE for incurred public expenditure only. As such, the reported expenditure remains unchanged since March 2021. The reporting on public expenditure for 2020 and 2021 also remained unchanged for Hungary and Lithuania since the previous report.
[11] Eligible measures are those described in Article 3(2) of the SURE Regulation: national short-time work schemes or similar measures, and as an ancillary, health-related measures.

Total public expenditure on SURE-eligible measures was EUR 122 billion, in excess of the total financial assistance granted under SURE. This amount rose slightly compared to the fourth report (Graph 2) as some Member States extended measures in 2022, albeit with more limited expenditure. Overall, 13 Member States reported expenditure in 2022. Expenditure on the fewer schemes that continued in 2022 rose slightly from the EUR 3.7 billion that was planned to EUR 4.5 billion that was ultimately executed. The total spending (EUR 122 billion) is greater than the total amount granted under SURE (EUR 98.4 billion) because most Member States spent more on eligible measures than the financial assistance they requested and were granted.[12] This highlights the continued relevance of the scope of SURE to Member States after they first applied for it in 2020.

The easing of the pandemic's impact in 2022 saw monthly expenditure on SURE-eligible measures fall to negligible amounts. Graph 3 shows that expenditure for 2022 peaked (at a low level) in January before decreasing rapidly. The early 2022 expenditure was focused on measures such as the prolongation of some short-time work schemes, quarantine-related measures, COVID-19 testing and special compensation for healthcare workers.[13] In the second half of 2022, average monthly expenditure was just EUR 83 million across all reporting Member States.

2.1.2 Absorption of funds

All SURE financial assistance has now been absorbed in all Member States. With all public expenditure financed by SURE now executed, i.e. no remaining planned expenditure, the EUR 98.4 billion of financial assistance granted has been fully absorbed. The absorption issues previously identified in two Member States that were discussed in the fourth bi-annual report have now been resolved. Of the 19 Member States, 17 in fact spent *more* than the amount granted, including by financing the remainder nationally (see Graph 4).

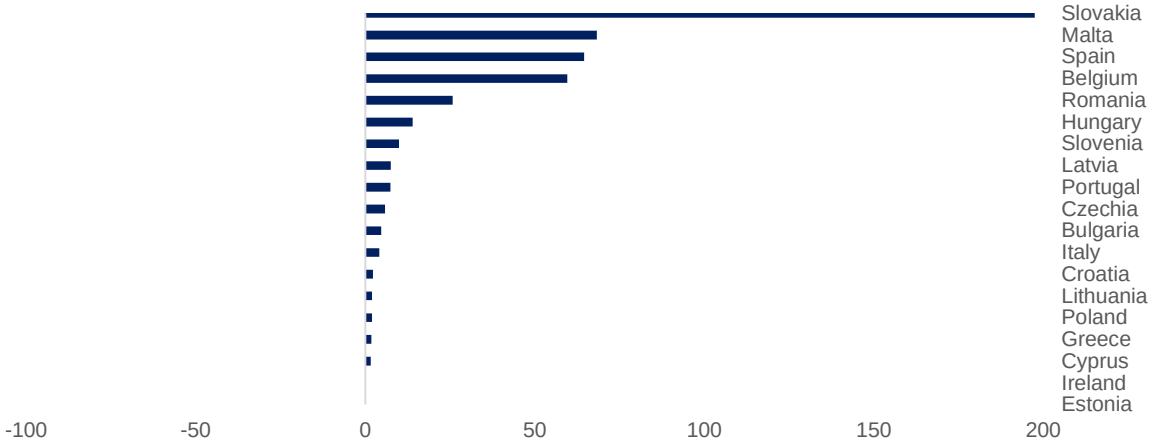
In Romania, the absorption gap has been fully closed and confirmed with final budgetary execution data. To recall, in early 2022 Romania had an absorption gap of close to EUR 3 billion. The amended CID adopted in July 2022 reduced the amount granted from EUR 4.1 billion to EUR 3 billion and included 21 additional measures eligible under SURE, following a request by the Romanian authorities. The close dialogue between the Commission and the Romanian authorities helped identify further eligible expenditure in the form of a reduction of indirect labour costs linked to firms that are participating in short-time work schemes.[14] The estimated remaining gap of EUR 350 million as recorded in September 2022 and indicated in the fourth report, has now been fully closed. There is now even an excess margin comfortably above the EUR 3 billion granted to Romania. Final budgetary execution for 2022 on all the measures in the amended CID dispelled uncertainty such that, by December 2022, the total incurred expenditure was above EUR 3 billion and the health-related expenditure remained ancillary (amounting to less than 46% of total expenditure).

[12] For Spain and Italy, this is also due to the concentration limit (of 60% of the maximum amount of EUR 100 billion) that applies to the three largest beneficiary Member States.

[13] Some expenditure in 2022 also related to the backloading of payments related to earlier time periods by Member States to beneficiary workers and firms.

[14] Full or partial exemptions for social security contributions are eligible under SURE as long as they are linked to preserving employment. Short-time work schemes can include such exemptions and they have been financed under SURE for Member States when requested (see for example in Slovenia, Greece, Spain and Portugal).

Graph 4: Excess of public expenditure on eligible measures over loan amount (% of loan amount)



Source: *Member States' reporting (February 2023).*
Note: Public expenditure refers to measures reported as covered in the CIDs, net of European Structural and Investment Funds (ESIF). Some Member States (Estonia, Slovenia) have discontinued reporting on SURE-eligible measures beyond 2020 as they are no longer using SURE financial assistance to fund those measures, having already exceeded the amount granted.

In Poland, the moderate absorption gap compared with the amount granted was resolved with the inclusion of two new SURE-eligible measures. In early 2022, Poland reported lower total expenditure on measures covered in their CID (EUR 9.9 billion) than the amount granted (EUR 11.2 billion). As a result of a technical dialogue between the Commission and the Polish authorities, the Council amended Poland's original CID in November 2022, based on a Commission proposal, to include two additional health-related measures eligible under SURE. They consist of a bonus for healthcare workers and PCR testing services for COVID-19. The amount of eligible health-related expenditure increased from 0% to 15% of total expenditure, remaining ancillary. The remaining disbursement of funds (EUR 1.5 billion), initially postponed until the absorption issue was resolved, was executed in December 2022.

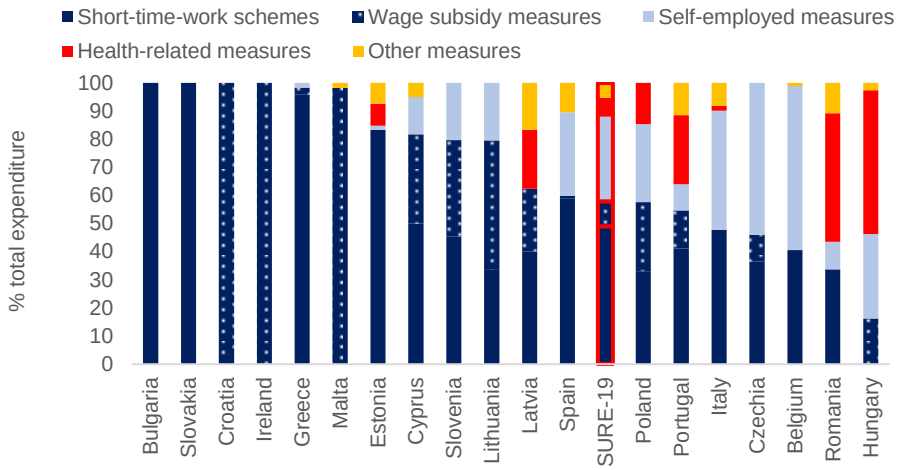
2.2 National measures: short-time work schemes or similar measures supported by SURE

The vast majority of total public expenditure on SURE-eligible measures was allocated to short-time work schemes and 'similar measures', including for the self-employed. Indeed, almost half (49%) of total public expenditure on SURE-eligible measures was spent on short-time work schemes, which 16 of the 19 Member States funded using SURE. A further 31% has been allocated to 'similar measures' for the self-employed.[15] 9% was allocated to wage subsidy schemes[16], while 6% of total expenditure was allocated to 'other' similar measures supporting job retention and workers' incomes.[17] Only 5% was spent on health-related measures, confirming

[15] This is based on Commission analysis, categorising the measures reported by Member States by type.
[16] Wage subsidy schemes are job-retention schemes similar to short-time work, except that payments are not calculated in terms of hours (not worked), but rather correspond to a lump sum or a proportion of the total wage. In total, measures similar to short-time work schemes account for 46% of total SURE-eligible expenditure.
[17] Other similar measures include, for example, sick-leave benefits, parental leave and vocational training linked to short-time work.

their ancillary nature. 11 Member States only used SURE financial assistance for short-time work schemes and similar measures (Graph 5).

Graph 5: Public expenditure on SURE-eligible measures by type of expenditure



Source: *Member States' reporting (February 2023).*
Note: See March 2021 report for details on Hungary's health expenditure.

The participation of women and youth in short-time work increased during the COVID-19 crisis. This primarily reflects the change in the sectoral composition of the support away from manufacturing and construction towards services and retail, i.e. sectors with a relatively higher share of women and youth in employment (Graph 6).[18]

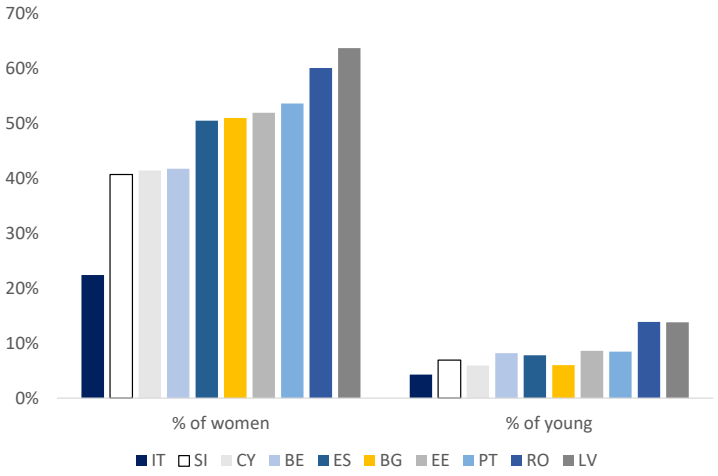
In autumn 2022, eight Member States were granted additional financial assistance for a variety of measures. This top-up support was for the additional expenditure incurred in 2021 – and in some cases up to early 2022 – on the emergency support measures already supported by SURE. Specifically, the top ups covered:

- *Bulgaria:* the prolongation until June 2022 of a short-time work scheme provided to companies that have endured a revenue reduction of at least 30% due to the pandemic and which restricted their activities between 13 March 2020 and 31 December 2020 while retaining their employees.
- *Cyprus*: the additional expenditure linked to the prolongation (until the third quarter of 2021) of the wage subsidy scheme supporting companies that had to (partially) suspend operations, the special schemes for the accommodation and tourism sectors, a subsidy scheme for the self-employed, as well as the sickness benefit scheme for COVID-19;
- *Czechia*: the prolongation in 2021 of the emergency short-time work scheme (so-called 'Antivirus programme'), and of the emergency support for the self-employed;

[18] European Commission (2020): Labour Market and Wage Developments in 2020, Chapter 3, Policy developments. https://ec.europa.eu/social/BlobServlet?docId=23268&langId=en. In Italy and Belgium, on average, the share of women involved in the schemes doubled after March 2020, while the share of young worker beneficiaries increased from 1.6% to 5.7% in Italy and from 6.7% to 7.6% in Belgium. The share of women and young workers involved in short-time work was also high in Latvia, Romania, Portugal and Estonia.

- *Greece*: the prolongation of the emergency job retention scheme (an allowance for private sector employees whose contract had been suspended) in 2021 and 2022 and of the associated subsidy covering the corresponding social security contributions;
- *Croatia*: the prolongation of the two existing support measures, namely a wage subsidy scheme for businesses negatively affected by the pandemic (until June 2022), and a short-time work scheme providing support for the temporary reduction of working time (until December 2022);
- *Lithuania*: the prolongation until June 2021 of the job retention scheme subsidising the salary costs of employees during periods of work suspension, and subsidy schemes for the self-employed;
- *Latvia*: the reinstatement of the emergency support measures (compensation for idle time for workers, wage subsidies for affected companies and Covid-related sickness benefits) in the period from November 2020 to June 2021, as well as some additional expenditure on the extension of health-related measures;
- *Portugal:* the prolongation of an existing set of labour market and health-related measures (which had been expanded with an amending CID in January 2022) until the end of 2021 and March 2022 respectively (the latter including the prophylactic isolation allowance and the exceptional support for the resumption of business activities).

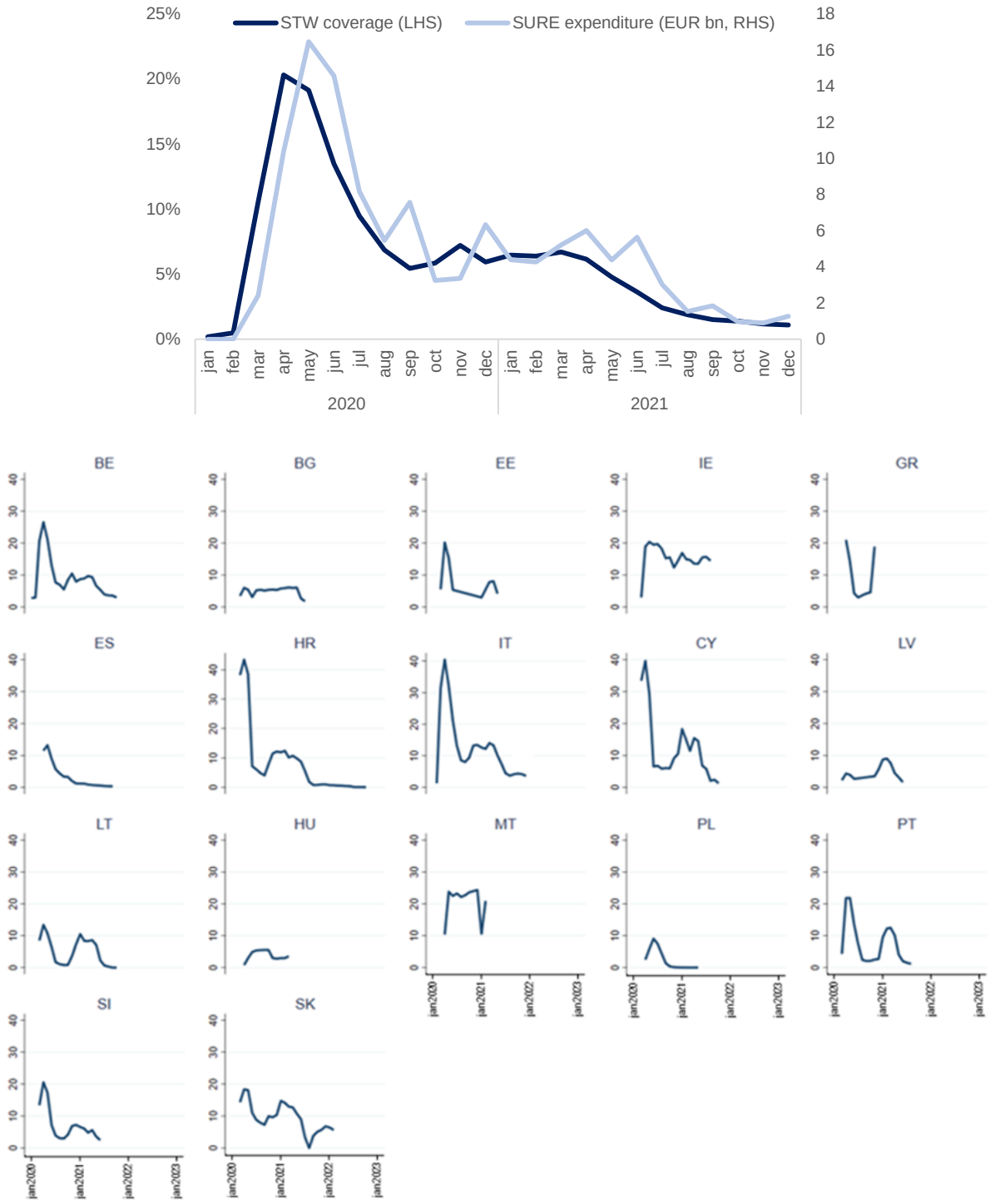
Graph 6: Average share of women and young (15-24) beneficiaries across short-time work schemes (2020/2021)



Source: *Labour market policy (LMP) database 2020, European Commission, Directorate General for Employment, Social Affairs and Inclusion; EMCO data collection 2020 and 2021*.
Note: Data is not available for all countries covered by SURE.

In most Member States, the recourse to short-time work support continued throughout 2021 but at a declining rate. In the majority of Member States, after the first peak during the first wave of the pandemic in March-April 2020, the recourse to short-time work and similar job-retention measures stabilised in the second half of 2020. The use of the schemes then gradually declined in the course of 2021, in line with the economic recovery and the successful rollout of the vaccination campaigns. Some countries experienced a second peak at the end of 2020 / beginning of 2021.

Graph 7. Proportion of jobs benefiting from job-retention measures (aggregate and by Member State)



Source: Eurostat, *Member States' reporting (February 2023).*
Note: Data not available for Czechia and Romania. The decline in the share of jobs covered in the second half of 2021 is partly due to data unavailability for a number of countries.

Most of the SURE beneficiary Member States had phased out their emergency job-retention measures by the middle of 2022. While a few countries (Estonia, Slovenia) had

withdrawn their emergency job-retention measures already in the second half of 2020, most extended their emergency support into 2021 and, in some cases, until the first half of 2022. Only in two countries (Portugal, Croatia) did emergency support remain available until late 2022.

Table 3. Main emergency job-retention measures and their duration

Member State	Type	Permanent / Temporary	Reduction of working time	Emergency support provided until
BE	STW	Permanent, with temporary modifications	0-100%	June 2022
BG	STW	Temporary	50% or 100%	June 2022
CZ	STW	Temporary	0-100%	February 2022
EE	STW	Temporary	0-100%	June 2020
IE	Wage subsidy	Temporary	-	August 2020
EL	STW	Temporary	50% or 100%	January 2022
ES	STW	Permanent, with temporary modifications	0-100%	March 2022
HR	Wage subsidy + STW	Temporary	0-100%	December 2022
IT	STW	Permanent, with temporary modifications	0-100%	December 2021
CY	STW	Temporary	0-100%	August 2021
LV	STW	Temporary	0-100%	June 2021
LT	Wage subsidy + STW	Temporary	0-100%	June 2021/ September 2021
HU	-	-	-	-
MT	Wage subsidy	Temporary	-	May 2022
PL	Wage subsidy + STW	Temporary	20-100%	September 2021
PT	STW	Permanent, with temporary modifications	0-100%	September 2022
RO	STW	Temporary	0-100%	May 2022
SI	STW	Temporary	50-100%	December 2020
SK	STW	Temporary	0-100%	March 2022

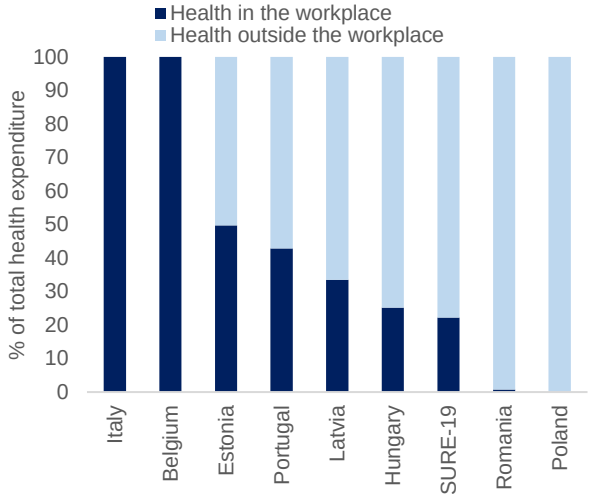
Note: This table only focuses on the main schemes. Hungary did have an emergency short-time work scheme in place during the pandemic, which was financed with European structural funds. Hence, it did not receive financial assistance for it under SURE. Ireland replaced its wage subsidy scheme with a similar modified scheme that run until May 2022, but did not fund it with SURE.

2.3 National measures: health-related measures supported by SURE

The ancillary nature of the health-related expenditure is confirmed. Only 5% of total expenditure was spent on health-related measures. Only 8 Member States out of 19 used SURE

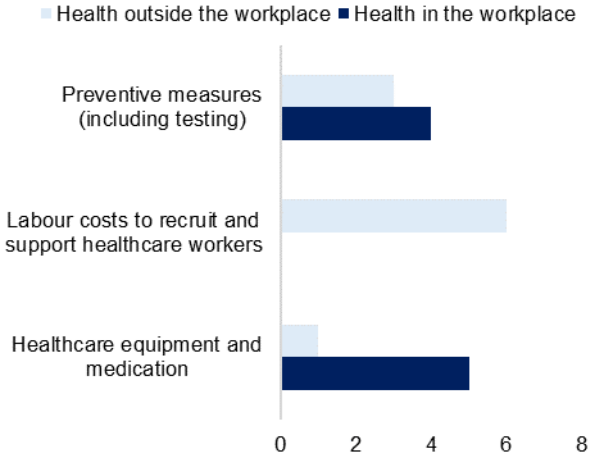
support to finance health-related measures. The SURE Regulation allows for the financing of *any* COVID-19-related health measure, but highlights *in particular* those taken *in the workplace*, which represents 22% of all health-related spending (Graph 8).[19] Measures taken in the workplace are considered to be primarily those that facilitate a safe return to work by reducing occupational hazards, including for healthcare workers.

Graph 8: Share of health-related expenditure in the workplace



Source: *Member States' reporting (February 2023).*

Graph 9: Decomposition of types of health-related measures (number of Member States concerned)



Source: *Member States' reporting (February 2023).*
Note: Portugal and Romania are counted twice as they have respectively preventive measures and healthcare equipment and medication measures both inside and outside the workplace.

SURE was used to finance several types of health-related measures, providing welcome emergency support to the healthcare sector and facilitating a faster return to activity in several Member States. On a suggestion by ECA, the Commission services have further examined the effects of the health-related measures financed by SURE. The supported health-related measures can be broadly divided into three categories: i) preventive measures against COVID-19, ii) additional labour costs to recruit and support healthcare workers operating in very difficult conditions and iii) healthcare equipment and medication. Graph 9 shows that the popularity of each category of measures was broadly similar across the Member States. These measures, detailed below, occur both inside and outside the workplace.

- *Preventive measures:* These measures aim to reduce occupational hazards and ensure a safe return to work (other than personal protective equipment). Examples *in the workplace* are hygiene training (Belgium), testing workers in nursing homes and childcare facilities (Portugal) as well as tax credits for small businesses and non-profit

[19] See Article 1 of Council Regulation (EU) 2020/672 of 19 May 2020. This condition is also further explained in recital 5: "*In order to maintain the strong focus of the instrument provided for in this Regulation and thereby its effectiveness, health-related measures for the purpose of that instrument may consist of those aiming at reducing occupational hazards and ensuring the protection of workers and the self-employed in the workplace, and, where appropriate, some other health-related measures.*"

organisations to sanitising workplaces (Italy). Preventive measures *outside the workplace* mostly concern the financing of expenditure related to population-wide COVID-19 testing. Scaling up laboratory capacity for testing during the pandemic was also critical to maintaining clinical operations and lifting lockdowns and social distancing measures. In the EU, genomic sequencing saw a 15-fold increase in 2021 compared to 2020, leading the percentage of sequenced positive tests to increase from less than 1% in 2020 to an average of 7% in 2021.[20]

- *Additional labour costs to recruit and support healthcare workers:* Of all the measures taken *outside the workplace*, additional healthcare worker labour costs (primarily bonuses) were the most popular type. For example, Estonia, Hungary, Latvia, Poland, Portugal and Romania used funds available under SURE to provide bonuses to health personnel and/or hire additional staff. During the pandemic, scaling up of intensive care capacity which is labour intensive was of primary importance, as higher occupancy of intensive care has been associated with increasing mortality.[21]
- *Healthcare equipment and medication*: SURE funds were also used for personal protective equipment and disinfection equipment in workplaces and hospitals (Estonia, Latvia, Hungary and Portugal) and vaccine rollout (Romania), which was key to limiting the death toll and returning to normalcy.

2.4. SURE coverage in terms of employment and firms

The Commission has confirmed the high quality of the coverage figures reported by Member States. Guidance was given by the Commission and efforts were made by Member States to improve the quality of the reported coverage for 2020, 2021 and 2022 through the five series of reporting.[22] 9 out of 19 Member States have now confirmed that the information is fully based on administrative data and in line with the guidance provided by the Commission.[23] For eight additional Member States, it is considered to be mostly based on administrative data. Only two Member States noted that their reported data could only be considered as best estimates, until full information is known. This gives substantial confidence to the coverage estimates reported here and addresses one of the comments by ECA on reliance on estimates rather than final data.

In 2020, SURE is estimated to have supported 31½ million people and over 2½ million firms. This represents almost one third of total employment and over one quarter firms in the 19 beneficiary Member States.[24] The employment estimate is comprised of approximately 22¼

[20] See OECD (2022), *Health at a glance.*

[21] See for example Bravata et al. (2021), "Impact of ICU transfers on the mortality rate of patients with COVID-19: insights from comprehensive national database in France"

[22] By construction, the information on the number of workers and firms required Member States to track each beneficiary of each measure supported by SURE in the administrative databases on social security system and collected also through the public employment agencies. This process involved the gathering of a massive amount of information and time to carry verifications to avoid double counting: for example, when the same individual receives two types of measures supported by SURE, or submits an application for a support measure several times in a same year in a discontinued way.

[23] The accounting of self-employed and of the employees working for those self-employed was not fully harmonised through Member States with different statistical and legal system.

[24] The figures correspond to people and firms who were, at some point, covered by short-time work schemes or similar measures supported by SURE. The denominators are based on the reporting tables submitted by Member

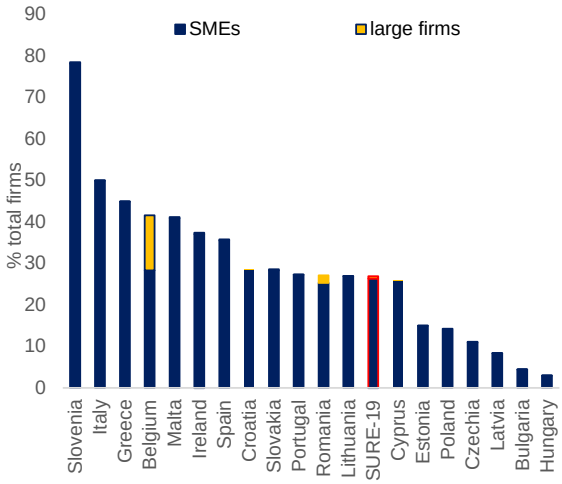
million employees and 9¼ million self-employed workers. Graphs 10 and 11 present a breakdown of SURE coverage by Member State. These estimates do not include people supported only by health-related measures under SURE and could therefore be considered conservative.[25]

Graph 10: Workers covered by SURE in 2020 (% of total employment)



Source: *Member States' reporting (February 2023).*
Note: The coverage and total employment figures are those reported by Member States.

Graph 11: Firms covered by SURE in 2020 by size (% of total firms)



Source: *Member States' reporting (February 2023).*
Note: Total firms excludes zero-employee firms. SMEs are those with less than 250 employees and large those with over 250 employees.

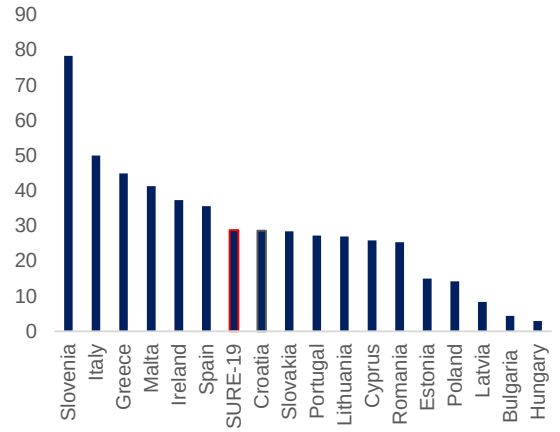
SMEs were the primary beneficiaries of SURE support. The pandemic caused a shift from the use of short-time work schemes by primarily large firms pre-Covid to also include small and medium-sized firms, which represent most of the firms covered by SURE (Graph 11).[26] SURE provided support to 29% of SMEs across beneficiary Member States, on average (Graph 12). Short-time work schemes were mostly taken up by the services and retail sectors. Manufacturing nevertheless still received 14% of SURE expenditure. The sectors with the largest share of expenditure according to the latest reporting were: (i) accommodation and food services, (ii) wholesale and retail trade, and (iii) manufacturing (Graph 13). Many Member States also provided support to further sectors, such as the cultural sector, with targeted measures in their respective CIDs.

States. The total number of firms comprises firms with at least one employee. The share of firms covered has reduced compared to the fourth report primarily due to the provision of final administrative data by Poland.

[25] In addition, in some Member States, there was significant overlap between the recipients of support across different measures, for which appropriate adjustment could not be made. In such cases, Member States were asked to report only the coverage of the largest measure(s) to avoid double counting. As such, the true coverage may be even higher.

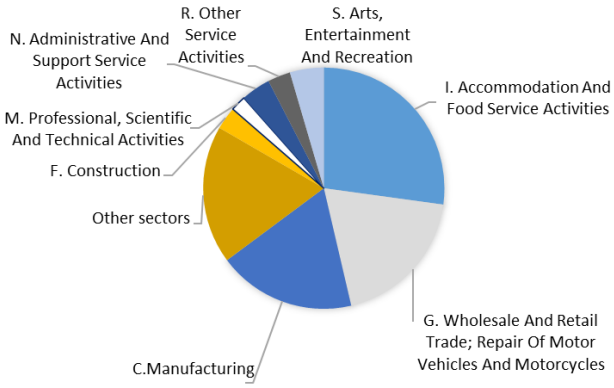
[26] European Commission (2020): Labour Market and Wage Developments in 2020, Chapter 3, Policy developments. https://ec.europa.eu/social/BlobServlet?docId=23268&langId=en. Further discussion is available in the second SURE report.

Graph 12: SMEs covered by SURE in 2020 (% of total SMEs)



Source: *Member States' reporting (February 2023)*
Note: Poland did not report on firm size, while Belgium and Czechia did not provide data on the total number of SMEs. SMEs are those with less than 250 employees.

Graph 13: Sectoral coverage of SURE



Source: *Member States' reporting (February 2023)*
Note: This graph reports the average share of expenditure in the three sectors benefitting most from SURE in each Member States. When a sector is not mentioned, we assume it gets a share of the residual spending that is proportional to the sector's total wage bill in the economy. This is also the case for Portugal who did not report any sectoral coverage. In addition, four Member States do not report the shares of expenditure going to the top three sectors: we assume that the largest sector gets 50%, the second largest gets 25% and the third largest 15% of total expenditure. These figures correspond to the averages in Member States that reported the shares of expenditure.

In 2021, particularly in the first half of the year when the pandemic continued to wreak havoc, SURE supported an estimated 9 million people and over 900 000 firms. This includes almost 6¾ million employees and 2¼ million self-employed, corresponding to around 15% of total employment and of firms in the 15 beneficiary Member States who continued to use the instrument in 2021 (Graphs 14 and 15).[27] This figure has risen since the last report as, after the top ups that were granted in autumn 2022, Czechia and Croatia used SURE to fund expenditure in 2021, having previously exhausted their loan in 2020. The uneven recovery in 2021 meant that economic support measures were still required at various stages throughout the year. As seen in Graph 1, these were focused in the first half of 2021 and eased as both the economic and health impact of the pandemic lessened later in the year due to vaccinations and other economic adaptations.

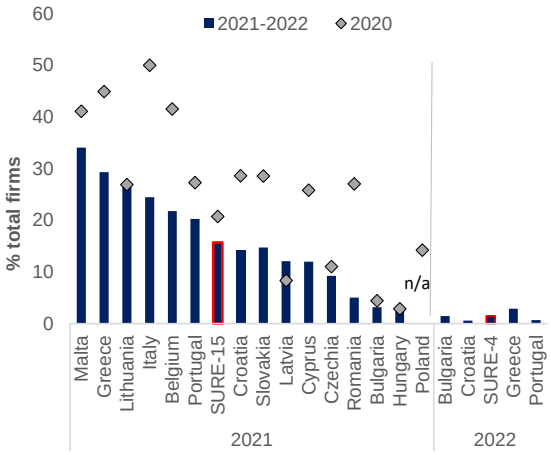
[27] Member States that spent all of their SURE financial assistance in 2020 are not included here: Estonia, Spain, Ireland and Slovenia. However, many of these Member States continued or adapted their relevant measures and financed them through other sources.

Graph 14: Workers covered by SURE in 2021 and 2022 (% of total employment)



Source: *Member States' reporting (February 2023)*
Note: Member States who spent all their SURE financial assistance in 2020 are not shown. Member States who spent the SURE assistance by the end of 2021 are not included in 2022. Not applicable (n/a) refers to Member States that did not report coverage for that year.

Graph 15: Firms covered by SURE in 2021 and 2022 (% of total firms)



Source: *Member States' reporting (February 2023)*
Note: Total firms excludes zero-employee firms. Not applicable (n/a) refers to Member States that did not report coverage for 2021 or 2022.

In 2022, SURE is estimated to have supported almost 350 000 people and over 40 000 firms, in line with the decrease in SURE-related expenditure. This is comprised of approximately 220 000 employees and 130 000 self-employed. The figure has risen since the fourth report as due to their top ups in autumn 2022, Bulgaria, Portugal, Greece and Croatia used SURE financial assistance in 2022 and thus have increased the 2022 coverage figures (Graph 14). However, the majority of Member States were no longer using SURE in 2022. Only four Member States used SURE to fund measures in 2022, with a further nine Member States funding SURE-eligible measures through other sources.

III. ANALYSIS OF THE IMPACT OF SURE

This section provides an updated assessment of SURE's impact on unemployment, the real economy and interest payments in beneficiary Member States. The purpose of SURE was to help Member States preserve the employment of workers and the self-employed during the COVID-19 pandemic, thus also protecting labour incomes. This in turn was intended to facilitate a rapid economic recovery once the pandemic restrictions were lifted. This section assesses these impacts, updating and extending the analysis presented in the previous bi-annual reports. The results from a Commission macroeconomic model, which support the earlier findings, are added. Overall, the results are informative and suggest that SURE had a positive impact.

3.1. Estimating the impact of SURE in 2020: mitigating the effect of the pandemic upon impact

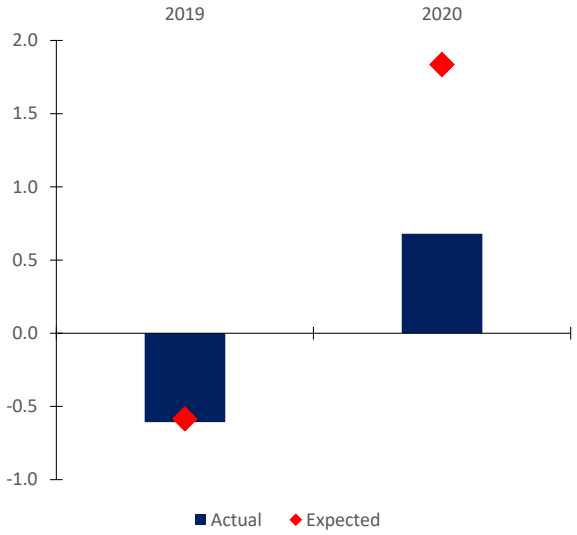
The substantial role of SURE in 2020, not least in avoiding a surge in unemployment, is clearly supported by evidence. While methodological issues affect precise quantitative estimates, the various pieces of evidence shown below, using different methodologies, all point

in the same direction. [28] Firstly, the national schemes supported by SURE had a material impact in terms of lower unemployment at the height of the pandemic. Secondly, SURE encouraged the setting of generous national schemes to retain jobs.

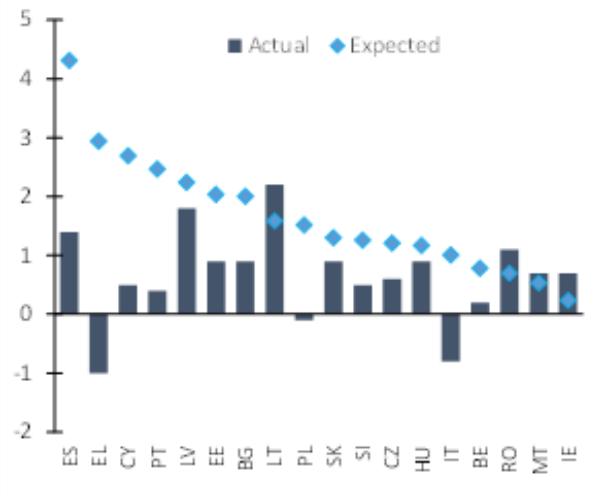
3.1.1 SURE facilitated job retention preventing a strong rise in unemployment and inequality

The rise in unemployment in 2020 in beneficiary Member States was significantly less than expected. Historically, a fall in GDP would typically lead to a significant rise in unemployment. However, the swift and sizeable policy measures taken in 2020 to address the COVID-19 crisis, including SURE, mitigated the impact of the fall in output on unemployment. The increase in unemployment was therefore, in most countries, lower than expected (Graphs 16 and 17).[29]

Graph 16: Actual vs. expected changes in SURE-19 unemployment rate in 2019 vs. 2020



Graph 17: Actual vs. expected changes in unemployment rates by beneficiary Member State in 2020



Source: *Ameco and own calculations.*

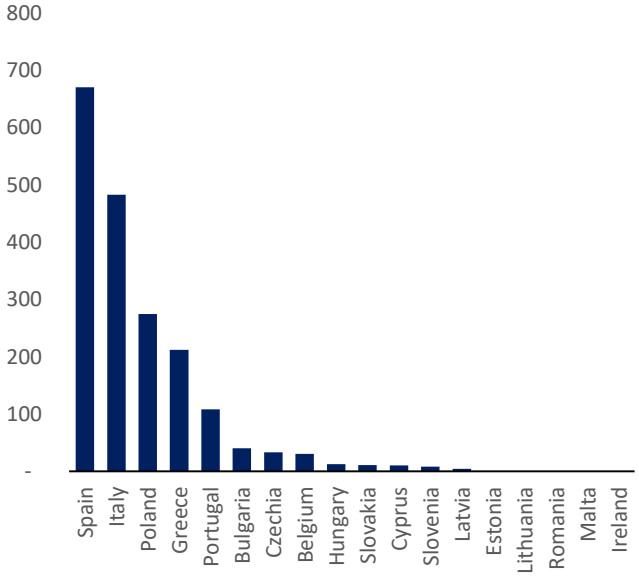
Note: y-axis: The expected change in unemployment rates corresponds to the predictions stemming from a panel regression model for beneficiary Member States (Graph 16) and a country-specific regression model (Graph 17) for the period 1999 to 2019. The analysis is based on an Okun's law approach, where the dependent variable stands for the change in unemployment rate and the independent variable refers to the real GDP growth rate. The specification controls for (non-time varying) country-specific features of the labour market via country-fixed effects and for sample-common factors via time fixed effects. The results appear robust to the use of additional independent variables, such as employment protection legislation and the change in the labour force participation rate. The specification controls for the endogeneity of output by using a first-difference GMM estimator. Croatia is not included for data availability reasons.

[28] Firstly, it is difficult to design a 'counterfactual' scenario of labour market performance in the absence of SURE: as SURE provided only a second line of defence against unemployment by financing national measures, it is difficult to disentangle the impact of SURE itself from that of the national measures Secondly, the output-employment relationship is impacted by a wide range of factors, including SURE. Other factors included that people were unable to, or were discouraged from, actively seeking employment due to the shutdown of large parts of the economy. The box on model simulations also mentions further caveats.

[29] The responsiveness of changes in economic growth to unemployment is often referred in the economic literature as "Okun's Law". For further details see European Commission (2021), *Quarterly Report on the Euro Area*, Section III, *Vol. 20, No 2*.

The policy support measures adopted, including SURE, effectively prevented an estimated 1½ million people from becoming unemployed. The widespread use of short-time work schemes and other similar measures partially explain the muted increase in unemployment compared to the fall in output. This prevention of unemployment allowed an estimated 1½ million people to retain their jobs in 2020 in SURE beneficiary Member States.[30] Graph 18 shows a breakdown of the estimated jobs saved per Member State. Additional illustrative simulations conducted by the Commission (see Box 2) suggest that the national short-time work schemes funded by SURE in the euro area alone saved up to 1 million jobs. This suggests that these SURE-supported schemes likely accounted for a significant portion of the total 1½ million jobs saved across the 19 SURE beneficiaries. The positive impact of SURE is further supported by the fact that the higher the amount each Member State received through SURE in 2020, the more moderate the rise in unemployment compared with historical standards (Graph 19). At the same time, some non-beneficiary Member States (e.g. France, Netherlands) were able to use their favourable financial position and funding conditions to run equally large job-retention schemes.

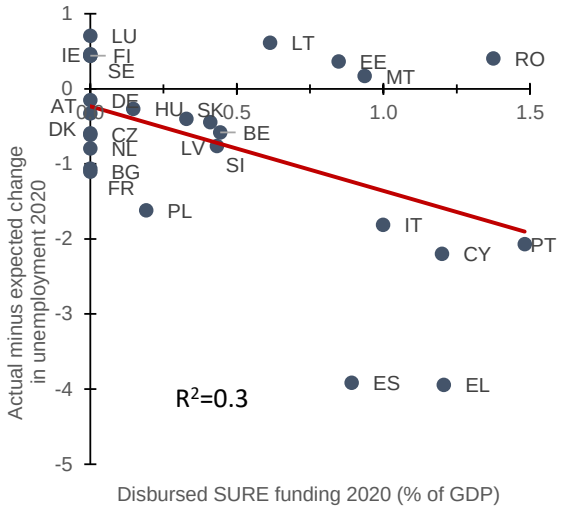
Graph 18: Estimated jobs saved per Member State in 2020 (thousands)



Source: *Ameco and own calculations.*

Note: The estimate of jobs saved is derived from the difference between the actual and expected change in the unemployment rate, multiplied by the 2020 labour force. It assumes that the actual and expected labour force is the same. For some countries, the estimate is zero, as the actual change in the unemployment rate was higher than predicted by the model. The expected change in unemployment rates corresponds to the prediction stemming from the country-specific regression model shown in Graph 17.

Graph 19: Relationship between the change in the unemployment rate and disbursed SURE funding in 2020



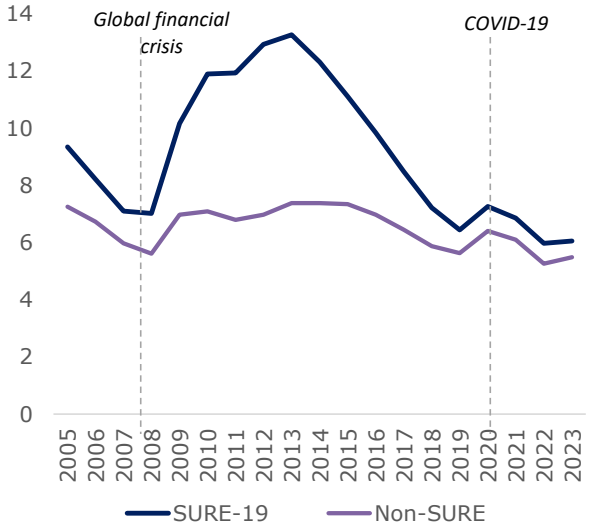
Source: *Ameco and own calculations.*

Note: y-axis: The expected change in unemployment rates stems from the country-specific regression model explained in the note to Graph 17.

[30] 1½ million is the midpoint of the results derived from the methodologies used in Graph 16 and 17. The panel regression shown in Graph 16 and country-specific regression in Graph 17 result in estimates of 1.35 million and 1.9 million jobs saved, respectively.

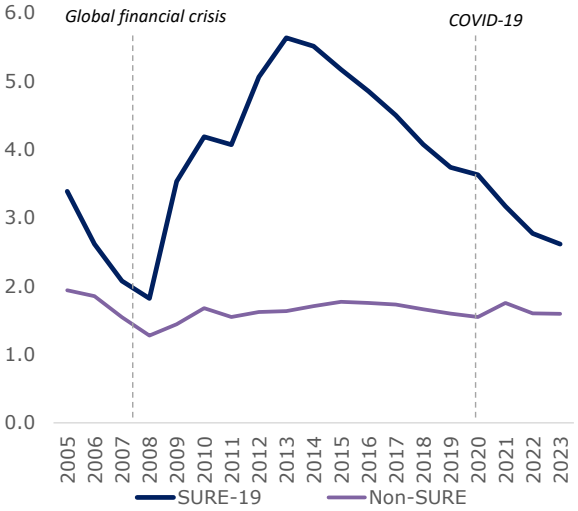
SURE also contributed to preventing a rise in labour market inequality across Member States. SURE appears to have prevented a strong rise in unemployment in the countries who had suffered more labour market scarring during the global financial crisis. First, the increase in the average unemployment rate in SURE beneficiaries tracked very closely that in non beneficiaries following the COVID-19 crisis. This is in contrast to the aftermath of the global financial crisis when average unemployment among SURE beneficiaries increased substantially compared to non-beneficiaries (Graph 20). Second, the dispersion of unemployment rates across SURE beneficiaries has decreased markedly since the COVID-19 pandemic, converging gradually to the lower dispersion experienced by the non-SURE beneficiaries (Graph 21). Also notable is that although the improvement in the average unemployment rate is expected to stop in 2023, its dispersion across SURE beneficiaries is expected to continue to fall. This reduction in unemployment inequality is the opposite image of what was experienced in the global financial crisis. This result also suggests that SURE beneficiaries were those Member States whose labour markets needed the instrument the most.

Graph 20: Evolution of the average unemployment rate between SURE and non-SURE Member States



Source: *Ameco (spring 2023 forecast).*
Note: "SURE-19" refers to the 19 EU Member States that were granted SURE support. "Non-SURE" refers to the remaining 8 EU Member States.

Graph 21: Historical dispersion of unemployment rates in SURE and non-SURE Member States



Source: *Ameco (spring 2023 forecast).*
Note: Dispersion refers to the standard deviation of the unemployment rate of SURE and non-SURE beneficiary Member States, which is calculated for each year.

The success of short-time work schemes during the pandemic has also been affirmed by external research. Research carried out by CEPS on the take up of job retention schemes showed a substantial increase in take up compared with the Great Recession[31]. Government financing of the entire scheme has the most positive impact on take up. Having a scheme in place

[31] See Corti, F., Ounnas, A, & Ruiz de la Ossa, T (2023). Job retention schemes between the Great Recession and the COVID-19 crises - Does the institutional design affect the take up? An EU-27 cross-country comparison. *CEPS in-depth analysis.* January 2023 – 02. This research received funding from the EU Horizon 2020 research and innovation programme.

prior to the crisis also significantly increased the use of schemes. They also showed that the higher the wage paid and the coverage (e.g. to non-standard workers), the higher the take up. The findings provide further evidence to support that short-time work schemes funded by SURE were effective in mitigating the impact of COVID-19. Box 1 details some further examples of national research on the effectiveness of Member States schemes.

Box 1: Existing evidence on the effectiveness of national schemes supported by SURE

Existing evidence on the effectiveness of emergency support measures taken by Member States in response to the COVID-19 crisis is still quite limited. A recent study conducted by the Centre for European Policy Studies has shown that understanding cross-national differences in the implementation of job retention policies may be important for their effectiveness. It shows that the expansion and increasing use of job retention policies is related to the design of these policies. Broader coverage, higher wage replacement rates, and more generous government funding are positively related to take-up rates.[32] This box provides a brief summary of available data on national schemes in some Member States that have benefited from SURE support.

In **Slovenia**, there were two main national programmes aimed at preventing unemployment: a 'part-time allowance' covering part of the wage costs of employees whose workweek was reduced; and a furlough scheme paying wage compensation as well as training costs for workers whose contract had been temporarily suspended. During the period covered by the measure, just 3% of the total of 1 850 employers supported went out of business. Employment registry data from June 2021 indicate that 7.3% of workers in the supported companies had lost their jobs after the measures ended, while 92.7% kept their jobs.[33]

In **Greece**, several measures were introduced to mitigate the pandemic employment shock, including a ban on layoffs in the most affected industries and conditioning income support on employment retention. The analysis (based on a differences-in-differences estimation) of the employment effects of the COVID-19 pandemic and of the associated government policy response shows that unemployment did not increase substantially, mainly thanks to the job-retention measures. At the same time, seasonal work (mainly in tourism) decreased significantly due to the lockdown compared to the trends in previous years. This led to a limited increase in unemployment, which could be attributed to disrupted seasonal dynamics, as the lockdown coincided with the peak of seasonal hiring. Hiring trends did not return to pre-pandemic levels until the first quarter of 2021.[34]

A comparison of the employment effects of the pandemic shock and government intervention in the **Baltic states** sheds light on the heterogeneous implementation and efficiency of the various measures. Job retention measures have significantly reduced the rise in unemployment. However, there is evidence that the various types of job retention programmes (short-time work schemes, furlough schemes, and wage subsidies) may have had varying degrees of effectiveness across Estonia, Latvia and Lithuania (Foresight Centre, 2020).[35]

3.1.2 SURE supported the labour market through several channels

SURE added value by fostering confidence in the economy and encouraging Member States to set up wide-ranging and ambitious short-time work schemes at national level. Assessing the 'additional impact' of SURE compared with national measures is somewhat challenging. The survey-based evidence provided in earlier reports confirms the specific impact of SURE, namely

[32] Ibid.

[33] Ministrstvo za delo, druzino, socialne zadeve in enake moznosti Republike Slovenije, S. za analize in razvoj. (2022). Analiticna podlaga za potrebe vzpostavitve stalne sheme skrajsanega delovnega casa v Sloveniji.

[34] Betcherman, G., Giannakopoulos, N., Laliotis, I., Pantelaiou, I., Testaverde, M., & Tzimas, G. (2023). The short-term impact of the 2020 pandemic lockdown on employment in Greece. Empirical Economics. https://doi.org/10.1007/s00181-023-02381-2

[35] Foresight Centre. (2020). A comparative review of socio-economic implications of the coronavirus pandemic (COVID-19) in the Baltic States.

improving confidence across the EU, the EU's support for and encouragement of the use of short-time work schemes in the specific context of the COVID-19 pandemic, and the enabling of Member States to spend more than otherwise on employment support in response to the pandemic lockdowns and other restrictions on economic activity.

Firstly, SURE helped improve general confidence in the EU's ability to respond effectively to an unprecedented crisis. The EU policy response to COVID-19 was threefold: i) a relaxation of the regulatory framework including the Coronavirus Response Investment Initiatives (CRII and CRII+), the state aid framework and the activation of the general escape clause for fiscal policy; ii) a financial backstop (SURE and the Pan-European Guarantee Fund for businesses); and iii) the announcement of the Next Generation EU instrument.[36] This response complemented the support provided through the European structural and investment funds, notably the European Social Fund. SURE required Member States to agree very quickly on establishing the instrument and to voluntarily provide budgetary guarantees, which sent a strong signal on the EU's ability to respond effectively and swiftly to a crisis. This collective capacity to respond to the crisis with adequately tailored instruments likely contributed to supporting the confidence of economic agents in the EU, its Member States and the quality of the specific policy response. This effect was illustrated by the results of the December 2021 Eurobarometer survey, which showed that 82% of euro area citizens, in both beneficiary and guarantor countries, thought that the SURE loans were a good idea (Graph 22).[37] This confidence is understood to have contributed to reducing the interest rate spread for Member States' sovereign borrowing and improving the EU's growth outlook. SURE helped mobilise fiscal policy in an effective manner, thanks also to its design, tailored to the type of shock caused by COVID-19. This supportive fiscal stance worked in tandem with the accommodative monetary policy to safeguard economic activity during the pandemic.

Secondly, through SURE, the EU supported and encouraged the use of job-retention measures. By providing financial assistance to finance short-time work schemes and similar measures, SURE encouraged Member States to pursue these types of policies, also in line with the 2020 Employment Guidelines. The Commission conducted an ad-hoc survey of SURE beneficiary Member States to better understand how well this channel worked.[38] The survey found that SURE enabled Member States to be more ambitious in the policies they introduced.

- *A majority of beneficiary Member States indicated that SURE played a role in their decision to adopt a new short-time work scheme or to modify an existing scheme.* Nine Member States set up a new short-time work scheme in response to the COVID-19

[36] See also European Commission (2021), *Report on Public Finances in EMU 2020* for further information on the EU policy response to COVID-19.

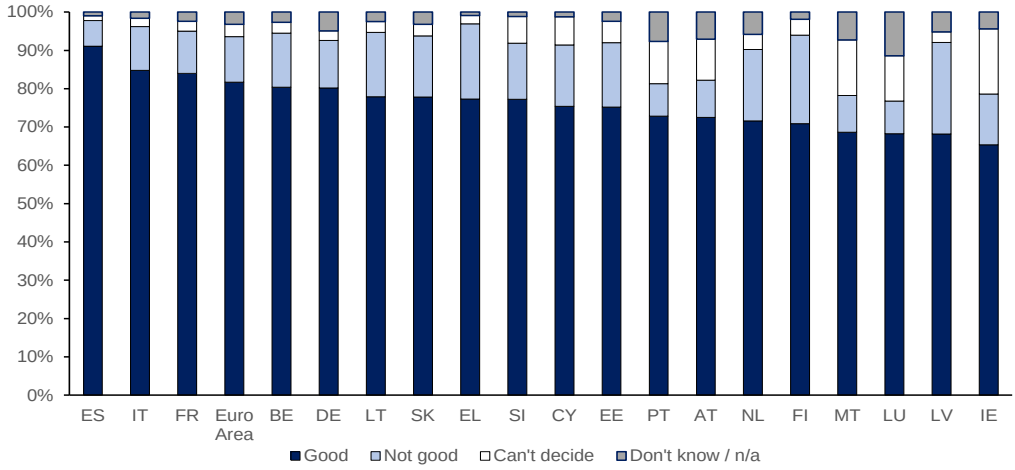
[37] Specifically, respondents were asked: "What are your thoughts about the most recent EU financial support for EU Member States to overcome the COVID-19 crisis? Do you think it was good or not good to provide… loans to help interested Member States keep people in employment?" See: https://europa.eu/eurobarometer/surveys/detail/2289

[38] To better understand the role played by SURE in the creation and use of short-time work schemes and similar measures at national level during the COVID-19 pandemic, the Commission directly solicited the views of Member State authorities through a questionnaire submitted to the Employment Committee (EMCO). Out of the 19 Member States that applied for support under SURE, 15 provided answers to the questionnaire.

crisis[39] and four Member States modified an existing short-time work scheme.[40] The majority of these schemes had been introduced or modified in March 2020, shortly before the Commission proposed the SURE instrument. After SURE was proposed, new schemes were introduced in Hungary, Greece, Romania and Slovenia, while pre-existing schemes were further modified by Italy and Spain.

- *SURE also enabled some Member States to be more ambitious on measures similar to short-time work schemes.* 17 Member States also requested SURE financial assistance for schemes similar to short-time work. Some Member States had introduced these measures before SURE was proposed, and some after.[41] A majority of Member States surveyed introduced new schemes similar to short-time work in response to the potential availability of financing from SURE. Moreover, in three Member States, the availability of SURE financing contributed to an increase in the budget allocated for these schemes.

Graph 22: EU citizens' views on whether SURE loans were a good idea (% of total responses)



Source: *Eurobarometer survey December 2021 publication, conducted in euro area countries in October and November 2021. See footnote 37.*

Thirdly, SURE underpinned Member States confidence to undertake larger borrowing and spending on related measures than they otherwise would have. This was particularly true as the financing was available at very low rates and a long maturity, as SURE was, and because it provided an early element of the EU policy response when uncertainty remained high. A majority of beneficiary Member States indicated that SURE support had a role in temporarily increasing the coverage and generosity of short-time work schemes and similar measures, and the overall funding of the policies to address the COVID-19 crisis.[42] Six Member States indicated that the budget of their respective short-time work schemes had been increased after

[39] Bulgaria, Cyprus, Greece, Croatia, Hungary, Lithuania, Latvia, Romania and Slovenia. Hungary decided to finance its new short-time scheme using European Structural and Investment Funds rather than SURE.
[40] Belgium, Spain, Ireland and Italy.
[41] These 'similar' schemes were legislated before 2 April (in Cyprus, Greece, Ireland, Poland and Slovenia), after 2 April (in Spain, Hungary and Czechia), or at various moments as the crisis progressed, between March and July 2020 (in Belgium, Italy, Lithuania, Latvia, Malta and Romania).
[42] According to the EMCO survey.

the Commission proposed the creation of SURE. In two of these cases, SURE was considered to have had a high degree of influence on the decision.

Box 2: Illustrative model simulations on the impact of short-time work schemes financed by SURE

This box uses the Commission's Global Multi-country (GM) model to simulate the impact of SURE-financed short-time work (STW) schemes during the COVID-19 pandemic.[43]

(i) Methodology

The GM model is an open-economy model used by the Commission to analyse business cycle fluctuations and macroeconomic stabilisation policies. Its behavioural parameters are estimated with Bayesian techniques, and the model is regularly used to contribute to the Commission's European Economic Forecasts.

The GM model is used here to study the impact of the STW schemes financed by SURE, which also include wage subsidies and similar support to the self-employed (excluding other measures such as health-related ones). As the model is split in two regions, the euro area (20 Member States) and the rest of the world, the simulations only examine the impact of SURE funds disbursed to the 14 beneficiary Member States of the currency union, totalling around EUR 72 billion (73% of total SURE support). The largest amount was spent in the second quarter of 2020, reaching about 1% of (quarterly) euro area GDP.

(ii) Channels of impact

To better capture the impact of STW schemes, the standard GM model is augmented with a more comprehensive labour market structure. Specifically, it allows distinguishing between the extensive margin (number of employees) and the intensive margin (hours per employee), as well as contractual hours paid and effective hours worked. By subsidising hours not worked during temporary negative shocks, STW schemes result in job retention in terms of headcount. In other words, STW schemes can encourage firms to adjust labour through reduced hours instead of through layoffs.

Besides preventing layoffs, STW accelerates economic recovery. By retaining their staff thanks to STW schemes, employers also avoid the costly separation, re-hiring, and training processes during the eventual economic upturns. This cost-saving channel is particularly significant during deep recessions when liquidity constraints and weaker balance sheets impair the firms' ability to avoid layoffs.

Additionally, by mitigating unemployment, STW help stabilise workers' income and consumption demand. Overall, STW schemes can mitigate the negative impact of adverse shocks in the labour market and contribute to a more resilient economy.

(iii) Simulation and results

In this modelling exercise, STW schemes financed by SURE are considered as a discretionary government intervention to subsidise non-worked hours. This government intervention, scaled to the size of SURE, allows estimating the prevented job losses in a stylised manner.

[43] The GM model is a structural macroeconomic model in the New Keynesian tradition. It is developed jointly by Directorate-General for Economic and Financial Affairs and the Joint Research Centre of the European Commission. For a detailed description of the core GM model, see A. Albonico, L. Calès, R. Cardani, O. Croitorov, F. Di Dio, F. Ferroni, M. Giovannini, S. Hohberger, B. Pataracchia, F. Pericoli, P. Pfeiffer, R. Raciborski, M. Ratto, W. Roeger & L. Vogel (2019). The Global Multi-Country Model (GM): an Estimated DSGE Model for the Euro Area Countries. *ECFIN Discussion Paper No. 102. European* Commission.

Based on the channels described above, "standard" model simulations suggest that STW schemes financed by SURE have had a substantial positive impact on employment, preventing around ¾ million job losses in the euro area.

However, these "standard" simulation results may underestimate the potential impact of job losses during a deep recession, such as the one caused by COVID-19 pandemic. In particular, research suggests that wage rigidity and firm liquidity constraints can significantly amplify employment fluctuations.[44] This is also consistent with empirical evidence showing that the unemployment rate rises faster during recessions than it falls during expansions.[45] To capture this feature, a "deep recession" scenario considers a higher employment to output elasticity.[46] Accounting for these dynamics of the unemployment rate, *the estimated number of jobs saved would be close to 1 million for the euro area*. Put differently, without STW schemes financed by SURE, the euro area unemployment rate would have reached 8.6% in 2020 (instead of the observed 8.0%).

Overall, these stylised simulations suggest substantial job savings, in the same order of magnitude as the Okun's law estimates presented on p.23. Unlike the Okun's Law analysis presented in Graph 16, this simulation focuses only on the effects of STW schemes financed by SURE, rather than the overall policy response to COVID-19.

(iv) Caveats

The simulations show the strong impact of SURE on employment thanks to STW schemes. However, some caveats need to be considered when interpreting the results, in particular, the following upside and downside effects:

- (+) In principle, STW can mitigate further demand shortfalls associated with unemployment fears. The modelling does not include these additional stabilisation benefits arising from reduced precautionary savings.[47] Moreover, the benefits from STW schemes as automatic stabilisers could exceed those of the discretionary government intervention financed by SURE.[48]
- (+) By maintaining jobs and employment, STW schemes can prevent scarring effects from unemployment, such as skill losses or discouragement from participating in the labour market.
- (-) On the downside, however, the model simulations exclude possible adverse reallocation effects in the labour market, as STW could discourage workers from moving to more productive firms or sectors. Nevertheless, the very strong rebound of the euro area economy in 2021 and the temporary nature of SURE suggested that this effect was of second order.
- (-) Additionally, the model does not account for potential moral hazard problems, such as firms being incentivised to reduce hours more than necessary under STW. Nonetheless, empirical evidence suggests that this issue remains relatively contained.[49]

3.2. Estimating the impact of SURE in 2021 and beyond: facilitating the economic recovery

The protection of employment in the first two years of the pandemic supported a more rapid economic recovery in 2021 than in previous crises. Firstly, GDP and unemployment

[44] See, e.g., Giroud, X., & Mueller, H. (2017). Firm Leverage, Consumer Demand, and Employment Losses During the Great Recession. *Quarterly Journal of Economics* 132 (1), 271–316.

[45] On business cycle asymmetries in the OECD, see, for example, Abbritti, M., & Fahr, S. (2013). Downward wage rigidity and business cycle asymmetries. *Journal of Monetary Economics*, 60(7), 871-886.

[46] To capture this feature, the model's employment adjustment cost parameter is halved. While stylised, this parametrisation is broadly in line with Gehrke and Hochmuth, who show that the effect on employment after a discretionary STW shock can double in a deeper recession. See Gehrke, B. & Hochmuth, B., (2021), Counteracting Unemployment in Crises: Non-Linear Effects of Short-Time Work Policy, *Scandinavian Journal of Economics*, 123, issue 1, p. 144-183.

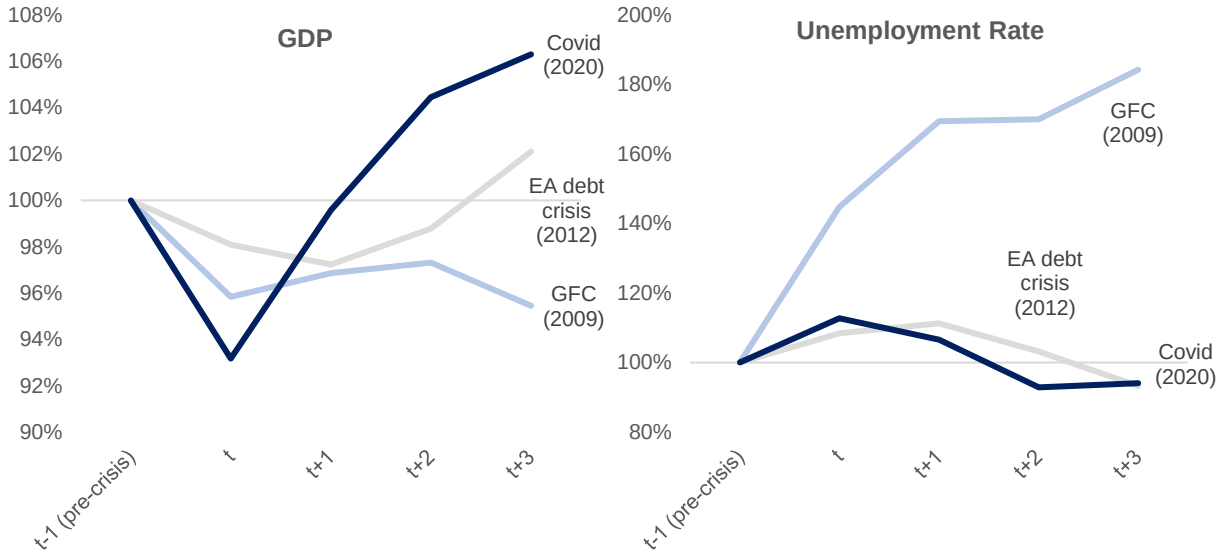
[47] Dengler and Gehrke estimate that accounting for precautionary savings can increase the stabilisation potential of STW by up to 55%. See, Dengler, T. & Gehrke, B. (2021). Short-time work and precautionary savings, *IZA DP* No. 14329.

[48] See, e.g., Balleer, A., Gehrke, B., Lechthaler, W., & Merkl, C. (2016). Does short-time work save jobs? A business cycle analysis. *European Economic Review*, *84*, 99-122.

[49] See Giupponi G. & Landais C., Subsidizing Labour Hoarding in Recessions: The Employment and Welfare Effects of Short-time Work, The *Review of Economic Studies*, (2022); and Giupponi G, Landais, C. & Lapeyre, A. (2022). Should We Insure Workers or Jobs during Recessions? *Journal of Economic Perspectives*, 36 (2): 29-54.

reverted to their pre-crisis levels in SURE beneficiary Member States much faster than after the global financial crisis and euro area debt crisis (Graph 23). This occurred despite the subsequent waves of the pandemic that necessitated the reintroduction of restrictions during 2021[50]. Secondly, despite the Russian invasion of Ukraine and resulting humanitarian and energy crisis, economic growth continued in 2022 and, based on the spring 2023 Commission forecast, should continue in 2023, albeit at a slower rate.[51] Even so, it is still outperforming the recovery seen at the same stage after the global financial crisis and the euro area debt crisis, as the EU economy returned to its pre-pandemic output level in 2021, while it remained well below its pre-crisis level at the same stage in the two previous crises. This suggests that keeping the available workforce connected with firms via short-time work schemes and similar measures in the context of the COVID-19 pandemic helped support the swift recovery, despite the challenging epidemiological situation in 2021.[52]

Graph 23: Historical comparison of the recovery in GDP and unemployment after a crisis



Source: *Ameco (Commission Spring 2023 forecast), Eurostat*

Note: Aggregate GDP and average unemployment rate for SURE beneficiary Member States shown. Time period t-1 refers to the year prior to the respective crises. t=2009 for global financial crisis (GFC); t=2012 for euro area (EA) debt crisis; t=2020 for the Covid crisis. t+3 for the Covid crisis refers to 2023.

Survey data shows that SURE supported the activity of the economic sectors most affected by the pandemic in 2021. The EU Business and Consumer Survey showed that the services sectors most affected by COVID-19 in SURE beneficiary Member States (accommodation, food and beverage, travel agencies, sports activities and other personal services) continued to suffer from weak demand and confidence in the first half of 2021 in particular (Graph 24). In contrast,

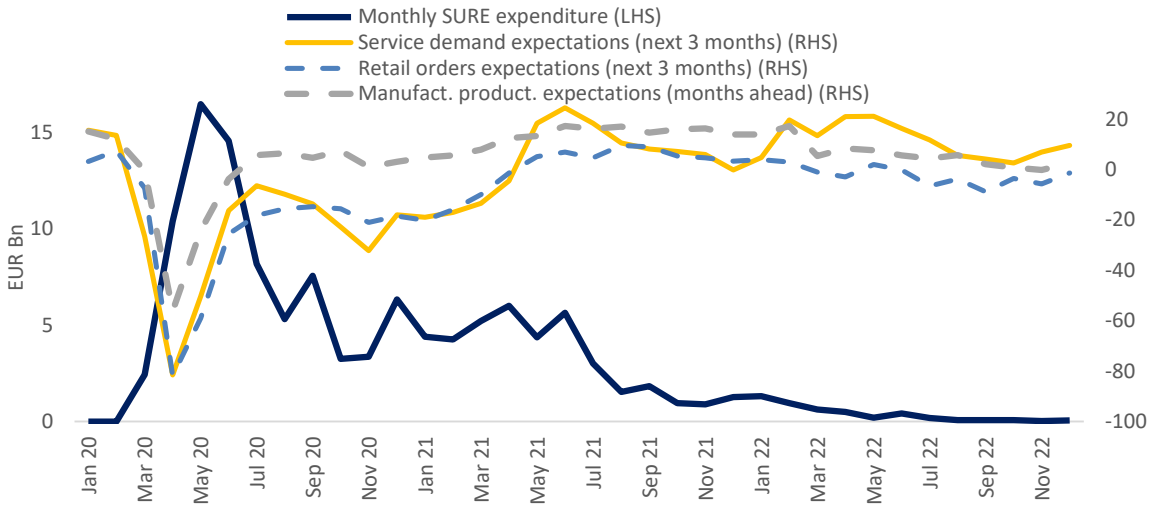
[50] It should be noted nevertheless that the nature of the global financial crisis, specifically, the abrupt deleveraging that it forced in the private sector, created particularly severe consequences for activity and employment, irrespective of the employment support measures that could have been adopted.

[51] European Commission Directorate-General for Economic and Financial Affairs (2023). *European Economic Forecast: Spring 2023.*

[52] For further details see European Commission (2022), *Quarterly Report on the Euro Area*, Section III, Vol. 21, No.2. The article shows that SURE did not impair labour mobility, which is relevant for an efficient reallocation of resources following the pandemic outbreak and its structural effects on the EU economy.

manufacturing was less affected by the restrictions in early 2021 and performed better. As shown in Graph 12, the sectors accounting for the largest share of SURE expenditure were accommodation and food services and wholesale and retail trade, suggesting that SURE has addressed the most pressing needs by supporting the worst-hit sectors.[53]

Graph 24: Services sectoral demand and SURE expenditure



Source: *EU Business and Consumer Survey Programme March 2023; Member States' reporting (February 2023)*
Note: For services, average index shown for accommodation, food and beverage, travel agencies, sports activities and other personal services.

3.3. The direct financial effect: interest savings

Member States are estimated to have saved a total of EUR 9 billion on interest payments by receiving financial assistance through SURE. This amount is based on all nine issuances of SURE, up to the disbursement of 14 December 2022 (Table 4).[54] These savings were generated as SURE loans offered Member States lower interest rates than those they would have paid if they had issued sovereign debt themselves, and this over an average period of close to 15 years.[55] This is due to the EU's strong credit rating and the liquidity of the SURE bonds.[56] The largest savings were recorded by Member States with lower credit ratings.

[53] This seems to suggest that SURE primarily provided necessary support. See also footnote 52.
[54] Further detail on the methodology can be found in Section III of the Quarterly Report on the Euro Area Vol. 20, No 2 (2021).
[55] These estimates exclude any possible additional confidence effects that new emergency instruments, including SURE, may have had on the confidence of economic agents and the interest rate spread for Member States' sovereign borrowing. Furthermore, Member States could reduce the volume of their own sovereign issuance in those funding periods, which likely improved the conditions they could achieve with that issuance.
[56] The EU has an AAA rating from Fitch, Moody's, DBRS and Scope and an AA+ (outlook stable) rating from Standard and Poor's.

Table 4: Interest Rate Savings by Member State

Member State	Amount disbursed (EUR bn)	Average spread	Average maturity	Interest savings (EUR bn)	Interest Savings (% amount disbursed)
Belgium	8.2	0.06	14.7	0.14	1.7
Cyprus	0.6	0.64	14.7	0.06	9.7
Greece	6.2	0.84	14.6	0.65	10.6
Spain	21.3	0.44	14.7	1.58	7.4
Croatia	1.6	1.03	14.5	0.21	13.4
Hungary*	0.7	1.80	14.8	0.15	22.5
Italy	27.4	0.96	14.8	3.76	13.7
Lithuania	1.1	0.13	14.8	0.02	1.5
Latvia	0.5	0.34	14.8	0.02	4.1
Malta	0.4	0.56	14.6	0.04	8.4
Poland	11.2	0.55	13.6	0.80	7.2
Portugal	6.2	0.46	14.7	0.42	6.8
Romania	3.0	2.27	14.6	0.85	28.4
Slovenia	1.1	0.23	14.8	0.05	4.3
Slovakia	0.6	0.09	14.9	0.01	1.3
Bulgaria	1.0	1.76	15.0	0.18	18.3
Ireland	2.5	0.11	14.7	0.05	2.1
Czechia**	4.5	0.23	10.1	0.04	1.9
Estonia***	0.2	0.00	15.0	0.00	0.0
Total	**98.4**	**0.67**	**14.5**	**9.03**	**9.42**

Note: Interest savings are computed bond by bond, and summed across issue dates and maturities.

** Hungary has issued only two 10-year and 30-year euro-denominated bonds since 2020, both in November 2020. Using these two bonds, the spread between the yield curve in national currency and in euro was extrapolated at other maturities and other issue dates.*

*** Data on euro-denominated bond issuances in Czechia in 2022 were not available. Czechia's interest savings are based on the first disbursement of EUR 2 billion to Czechia in 2021 only.*

**** Estonia has issued only one outstanding 10-year bond, no data was available for other maturities. The spread with the EU SURE social bond at these other maturities is assumed to be close to zero.*

IV. INFORMATION ON NATIONAL CONTROL AND AUDIT SYSTEMS

4.1. A second questionnaire on national systems of ex ante and ex post controls including audits

The Commission carried out the first questionnaire on national control and audit in early 2022 to understand how Member States respect their obligations under the Loan Agreement. These results were reported in the third bi-annual report on SURE.[57] The main findings were that in almost all Member States the institutions performing control and audit of the measures supported by SURE were already in place before the COVID-19 pandemic. All Member States ran controls on measures supported under SURE and checked that eligibility criteria were fulfilled. In all Member States but one, controls and audits detected instances of irregularities or fraud. In all such cases, investigations took place. In the case of confirmed

[57] In the third bi-annual report, the Commission also recalled the reporting obligations on control and audit of the Commission as lender and the Member State, as borrower.

irregularities or fraud, all Member States recovered or are in the process to recover improperly used funds either with or without legal action.

The purpose of the follow-up questionnaire was to receive further information on how Member States fulfil their minimum legal obligations, in particular on ex post controls including audit. The first questionnaire showed that further explanation was needed from Member States on the existence and the scope of ex-post controls, including audit. For the sake of clarity, the follow-up questionnaire conducted in early 2023 distinguishes between ex-ante controls (before the funds are released) and ex-post controls including audits (after funds are released).[58] Its aim was to update the information on ex-ante controls and bring further explanation on the existence and the scope of ex post controls including audits.

An additional goal was to collect information which will help the Commission to implement the European Court of Auditors' recommendation. In 2022, the European Court of Auditors audited the performance of SURE and issued one recommendation, including on audit and control.[59] The follow-up questionnaire is a first step towards implementing the recommendation. It collects information on: (i) the risk of irregularities or fraud of SURE-supported measures based on perception or assessment by Member States; (ii) the scope of ex-ante and ex-post controls for measures assessed to be at the highest risk of irregularities or fraud; and (iii) the incidence of irregularities or fraud.

The results of the first and the follow-up questionnaire are consistent and confirm that Member States respected their legal obligations under their loan agreements.[60] The consolidated findings of both questionnaires carried out in early 2022 and 2023 show that all Member States reported to have controlled all SURE-supported measures, including those at the highest risk of irregularities or fraud, either ex-ante or ex-post (or both), in line with their legal obligations. In the case of confirmed irregularities or fraud, all Member States recovered or are in the process of recovering improperly used funds either with or without legal action. In addition, in case of fraud, all Member States took measures in addition to those to recover improperly used funds such as launching criminal investigations.

A summary of the results as reported by Member States in the follow-up questionnaire is provided in this section. Specifically, Section 4.2 reports on the risk of fraud or irregularities for

[58] Ex-ante controls are those carried out *before* funds are released. They are usually performed by the implementing bodies, e.g. bodies providing the funds to the final recipients. Ex-post controls, including audits are those carried out *after* funds are released. They can include controls and audits performed by departments that are not subordinated to the implementing departments within the implementing bodies (e.g. internal audit within the ministries), but also audits carried out by an independent body to the implementing bodies (e.g. audit body or Supreme Audit institution).

[59] The European Court of Auditors recommends the Commission to evaluate the experience of SURE, including whether the SURE framework was effective in minimising the risk of irregularities or fraud, given the cases reported by Member States. See Special report 28/2022 on Support to mitigate Unemployment Risks in an Emergency (SURE).

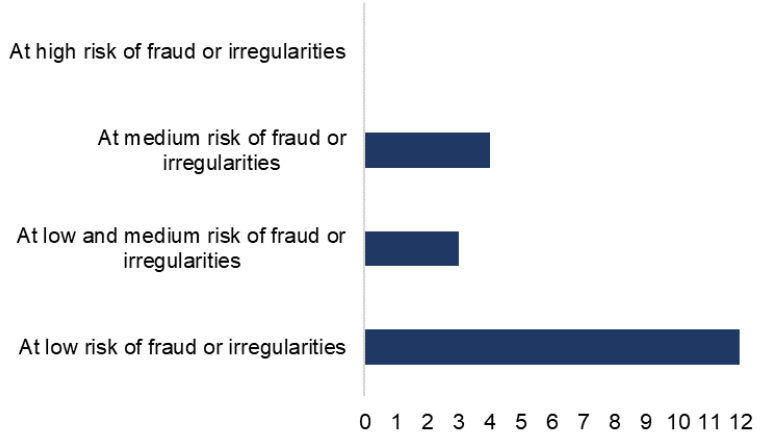
[60] As per Article 13(1) of the SURE Regulation and Article 220(5) of the Financial Regulation and specifically, under the Loan Agreement, each Member State benefiting from SURE should regularly check that amounts borrowed under the Facility are used in accordance with the SURE Regulation, the CID and the Loan Agreement and ensure that appropriate measures to prevent irregularities or fraud are in place. In case of irregular or improper use of the amounts borrowed, the Member State should take legal actions to recover such amounts. This is complemented by the obligation on the Member State to investigate and treat cases of fraud, corruption or any other illegal activity detrimental to the EU's financial interests, in relation to the management of the loan.

SURE-supported measures, including its drivers. Section 4.3 covers the scope of ex-ante and ex-post controls and provides examples of controls. Section 4.4 focuses on SURE-supported measures at the highest risk of fraud or irregularities and reports on their controls. Finally, Section 4.5 provides information on incidence of irregularities or fraud, recovery rates and other measures taken as a response to irregularities or fraud.

4.2. Riskiness of SURE-supported measures in terms of irregularities or fraud

No Member State considers SURE-supported measures to be at a high risk of irregularities or fraud (Graph 25). Twelve Member States consider all SURE-supported measures to be at a low risk and four Member States at a medium risk while three Member States consider some measures to be at a low risk and the others at a medium risk. Several Member States reported that their ex-post controls, including audit, have not found a significant scale of irregularities or fraud. This has been also confirmed by an empirical study on the Italian short-time work scheme (Cassa Integrazione Guadagni - CIG) in the largest beneficiary Member State.

Graph 25: The risk assessment of SURE-supported measures (number of Member States)



Source: *Member States' questionnaires*

Low risk of irregularities or fraud – as reported by a large majority of Member States – is often explained by legally and clearly defined eligibility conditions which were controlled ex-ante. Several Member States reported that implementation of automatic ex-ante controls, such as cross-checking the consistency between the data declared by the applicants and the data in various administrative or social security registers, helped to avoid payments of undue benefits, thus reducing risks of irregularities or fraud. Some Member States considered SURE-supported measures to be at low risk of irregularities or fraud by design because the support was calculated using the information already available in administrative databases, including before the COVID-19 pandemic. In case of health-related measures, clear procurement criteria are reported to explain low-risk of irregularities or fraud.

Medium risk of irregularities or fraud is reported in a few Member States where ex-ante controls were limited. This was the case especially at the onset of the pandemic when the number of applicants surged in a short period of time while there was need to provide support to them as soon as possible. In addition, in some cases eligibility criteria could not be verified ex-ante as the data (e.g. the size of the fall in revenue) was not yet available. In those cases, disbursements were based on the declaration of honour provided by applicants in which they

claimed to meet all eligibility conditions. Member States put in place ex-post controls to verify the correctness of the applicants' self-assessment and gradually – after the initial wave of applications – also strengthened their ex-ante controls.

4.3. The scope and the type of ex-ante controls and ex-post controls including audits

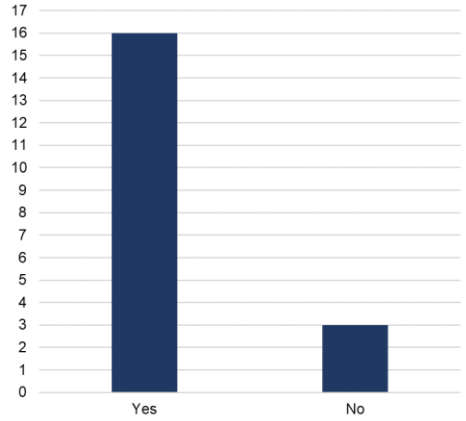
Almost all Member States reported to have controlled ex-ante *all* SURE-supported measures (Graph 26). Three beneficiary Member States reported that they did not control some of their measures ex-ante for various reasons such as a very high number of applicants and a limited institutional capacity to process applications in a short period of time. It was also reported that in some cases ex-ante controls were not needed as the benefits were calculated by the authorities themselves based on past data of beneficiaries. Member States compensated the lack of ex-ante controls with ex-post controls.

Examples of ex-ante controls include:[61]

- Checking administrative/social security registers to verify the employer's status (whether the employer operates within an eligible economic activity, date of registration of the activity, information on turnover), the person's status (such as whether the person is an employee or not, whether the labour contract is suspended or not, whether the working hours is reduced or not, whether the person is receiving other benefits or not), the amounts requested, the age of the child (in case of parental leave benefits), whether tax liabilities have been settled.
- In case of sick leave, it was reported that a certificate of incapacity to work issued by GP was required before the benefits were paid out.
- In case of health-related measures, it was reported that the management board and the health insurance provider had to approve the terms and conditions of covering the extra hours and higher salary for the medical personnel.

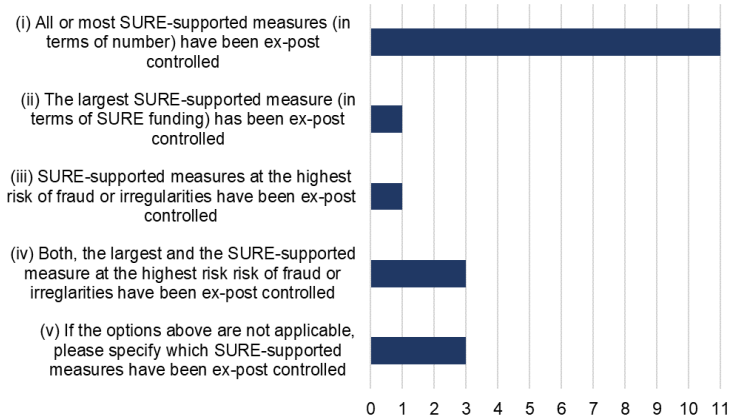
[61] Institutions in charge of ex-ante controls under SURE are explained in the third bi-annual report on SURE.

Graph 26: Existence of ex-ante controls for *all* SURE-supported measures (number of Member States)



Source: *Member States' questionnaires*

Graph 27: The scope of ex-post controls, including audit (number of Member States)



Source: *Member States' questionnaires*

More than a half of Member States reported to have controlled ex-post all or most SURE-supported measures and mostly do not plan additional ex-post controls (Graph 27(i)). Additional five Member States reported to have controlled either the largest measure, or the measure at the highest risk of fraud and irregularity, or both, while still planning further ex-post controls (Graph 27(ii-iv)). Two Member States have controlled at least one SURE-supported measure ex-post and they plan additional ex-post controls, including audit, in 2023. The remaining one Member State plans to audit all SURE-supported measures in the first half of 2023 (Graph 27(v)).

Examples of ex-post controls include:[62]

- Audit of expenditure on SURE-supported measures by an independent audit body as part of the budget execution. For example, an independent audit body checked whether the statutory benefits were correctly assigned and paid to the beneficiaries.
- Financial checks on the beneficiaries' turnover/revenue to assess eligibility and the correct amount of payments, controls that employers paid the full amount of wages to employees and did not terminate their employment (for example during the period for which compensation is paid), controls to prevent that the beneficiaries received support from other incompatible sources (e.g. unemployment benefits), controls by ministries that spending of local labour offices was correct.
- For health-related measures, it was reported that public procurement was audited as well as the health insurance fund which provided support to hospitals to cover the costs of an additional need for staff.

Ex-post controls were often based on risk and performed on a sample of beneficiaries. Specifically, ex-post controls focused on beneficiaries for which the greatest risk of misuse of

[62] Institutions in charge of ex-post controls under SURE are explained in the third bi-annual report on SURE. Coordination between different institutions (e.g. central, regional and peripheral offices) was reported to be important to identify cases of suspected or confirmed irregularities.

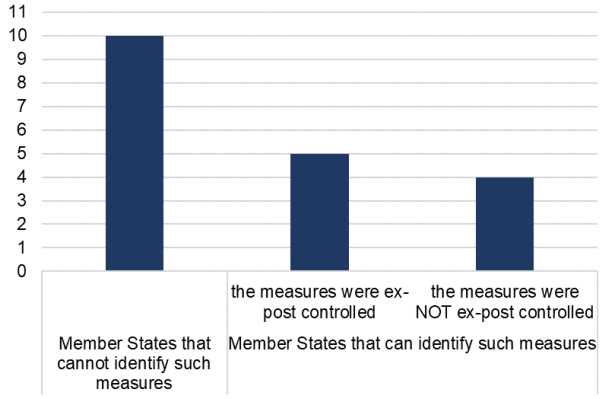
the provided funds had been identified. For example, it was reported that ex-post controls would focus on companies that e.g. (i) hired new people or had a high percentage of people with tasks suitable for teleworking while making use of benefits under short time work schemes or similar measures (ii) were either re-activated or newly set up and then ceased to operate once the support was discontinued (iii) adapted their legal status or the employment contract of employees to become eligible for support (iv) were already subject to irregularities or fraud in the past. In some cases, risk was assessed based on the outcome from ex-post controls of similar expenditure (e.g. funded by the European Social Funds). It was also reported that ex-post controls were either random or they involved *all* beneficiaries, however only over a selected period of time (e.g. a couple of months).

All Member States reported to have controlled SURE-supported measures either ex-ante or ex-post (or both). The measures which were not controlled ex-ante were controlled ex-post to ensure the proper use of SURE-supported measures.[63]

4.4. Controls of measures at the highest risk of irregularities or fraud

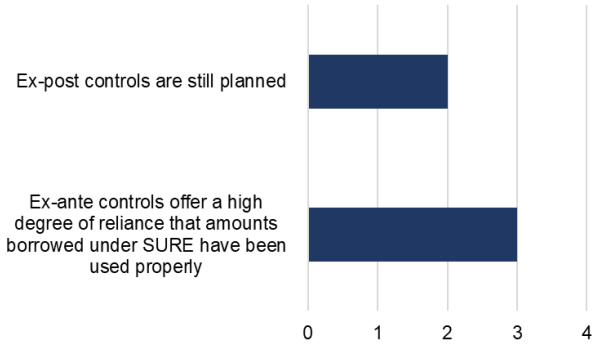
The majority of Member States could not identify SURE-supported measures at the highest risk of irregularities or fraud (Graph 28). The main reason is that SURE-supported measures are considered to be at the low risk of irregularities or fraud. Four Member States identified the measures that provided support to the self-employed to be at the highest risk of irregularities or fraud either because of limited ex-ante controls (in an effort to provide the support as soon as possible) or because of irregularities which were found ex-post.

Graph 28: SURE-supported measures at the highest risk of irregularities or fraud (number of Member States)



Source: *Member States' questionnaires*

Graph 29: Action taken or planned for SURE-supported measures at the highest risk of irregularities or fraud, which were not ex-post controlled (number of Member States)



Source: *Member States' questionnaires*

Those Member States that identified SURE-supported measures at the highest risk of irregularities and fraud took action to ensure proper use of funds. Specifically, all (nine)

[63] One Member State provided information on control and audit for labour market measures only.

Member States that identified SURE-supported measures at the highest risk of irregularities and fraud controlled ex-ante such measures.[64] In addition, five Member States also reported that they ex-post controlled them (Graph 28). The four Member States that have not ex-post controlled such measures reported that they either still plan ex-post controls or that ex-ante controls offer a high degree of reliance that the expenditure was properly used (Graph 29).

4.5. Incidence of irregularities or fraud and remedial measures

The amounts to be recovered – as a proxy for the incidence of irregularities or fraud – for the largest SURE-supported measure have been in most cases below 2% of total expenditure (Graph 30). However, this data is only indicative and not comparable across countries due to heterogenous measures.[65] Some Member States informed that the amounts to be recovered include fines imposed because of fraud.

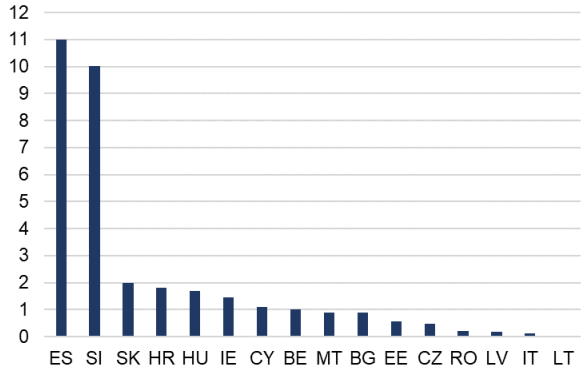
Eleven out of fifteen Member States have recovered until now more than 75% of the total amount due (Graph 31). In some Member States, the recovery rate would be higher if, for example, out-of-court settlements allowing for repayment in (future) instalments were also considered.

While all Member States detected irregularities, about two thirds of Member States have also detected fraud. In case of fraud, all Member States took measures in addition to those to recover improperly used funds such as notifying the relevant investigation bodies and carrying out the relevant law enforcement procedures. Some Member States reported to have taken a preventive action as a response to fraud or irregularities such as building a new Business Intelligence system to predict risks of fraud and optimize preventive detection or creating a list of the entities which did not fulfil the eligibility conditions to prevent them from (successfully) applying again.

[64] Two Member States identified the SURE-supported measure at the highest risk of irregularities and fraud based on its size and not risk.

[65] For example, Slovenia reported that in case of their largest measure ("waiting for work", which is a short time work scheme), the support was granted in 2020 on the basis of the applicant's subjective assessment of the expected fall in revenue in 2020. Given uncertainty in the economy it was difficult to predict the exact fall in revenue, therefore, the majority of irregularities for this measure was related to the (non)fulfilment of this eligibility condition ex-post. This also explains a relatively high incidence of irregularities or fraud (10% in Graph 30).

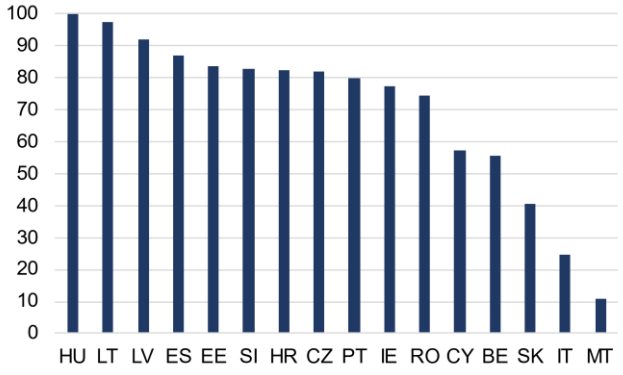
Graph 30: Incidence of irregularities or fraud for the largest SURE-supported measure (as % of total expenditure)



Source: *Member States' questionnaires and own calculations*

Note: The incidence of irregularities or fraud is calculated as the amount to be recovered with respect to the total expenditure for the largest SURE-supported measure in each Member State. The data is only indicative and not comparable across countries due to heterogenous measures (see footnote 64). The incidence is reported for all measures in the case of Croatia and Cyprus and for the second largest measure in the case of Czechia. In those cases, the incidence is calculated with respect to the total expenditure for all or the second largest measure, as applicable. For Bulgaria, the incidence is calculated based on the amount recovered and not the amount to be recovered. Greece, Poland and Portugal did not provide info either on the amount to be recovered or the amount recovered.

Graph 31: Recovery rates for the largest SURE-supported measure (recovered amounts as % of total amount to be recovered)



Source: *Member States' questionnaires*

Note: The recovery rate is reported for all measures in the case of Croatia and Cyprus and for the second largest measure in the case of Czechia. Bulgaria, Greece and Poland did not provide the recovery rates.

V. THE CONTINUATION OF THE EXCEPTIONAL OCCURRENCES THAT JUSTIFY THE APPLICATION OF THE SURE REGULATION

The sunset clause of the SURE instrument took effect on 1 January 2023. The Commission was required to report on the continuation of the exceptional occurrences that justified the application of the SURE Regulation while the Instrument was active.[66] The fourth bi-annual report in September 2022 was not accompanied by a proposal to extend the Instrument: it recognised that most COVID-19-related restrictions had been phased out as the epidemiological threat of the virus waned. As those exceptional occurrences no longer existed, financial

[66] Article 14(1) of the SURE Regulation. According to Art 12(3) of the SURE Regulation, the period of availability of the Instrument during which a CID can be adopted shall end on 31 December 2022. According to Art. 12(4), where the Commission concludes in its implementation report that the severe economic disturbance caused by the COVID-19 outbreak affecting the financing of eligible measures continues to exist, the Council, on a proposal from the Commission, may decide to extend the period of availability of the Instrument, each time for an additional period of six months.

assistance under the Instrument ceased to be available on 31 December 2022. This section examines whether that assessment remains valid.

COVID-19 emergency measures were almost entirely phased out by the end of summer 2022. Although the Omicron variant has seen periodic waves of infection peaking every 2-3 months, the epidemiological and economic impact of COVID-19 has continued to decline overall. According to the European Centre for Disease Control, there has been a general downward trend in the height of the peaks in reported cases, hospitalisations, ICU admissions and deaths over the last 12 months.[67] Member States have not needed to reintroduce containment or economic support measures, allowing COVID-19 related expenditure to continue to be phased out. As of 7 May 2023, all EU/EEA COVID-19 indicators were either decreasing or stable, and in the few Member States in which some indicators increased, the values remained relatively low.[68] The World Health Organisation re-classified COVID-19 as an established and ongoing health issue rather than a public health emergency of international concern on 5 May 2023.

This confirms the Commission's earlier assessment that the exceptional occurrences justifying SURE no longer exist. The stable epidemiological situation is also reflected in Member States' expenditure on SURE-eligible measures, which amounted to just EUR 66 million in total by December 2022, compared to EUR 1.3 billion in January 2022. SURE was a temporary emergency instrument, and with the emergency phase of the pandemic over, it has also come to an end.

VI. REPORTING OBLIGATIONS UNDER THE EU SURE SOCIAL BOND FRAMEWORK

This report goes beyond the reporting obligation of the SURE regulation, also complying with the reporting requirement under the EU SURE Social Bond Framework.[69] The latter requires reporting on the allocation of SURE proceeds, type of expenditure and impact of SURE.

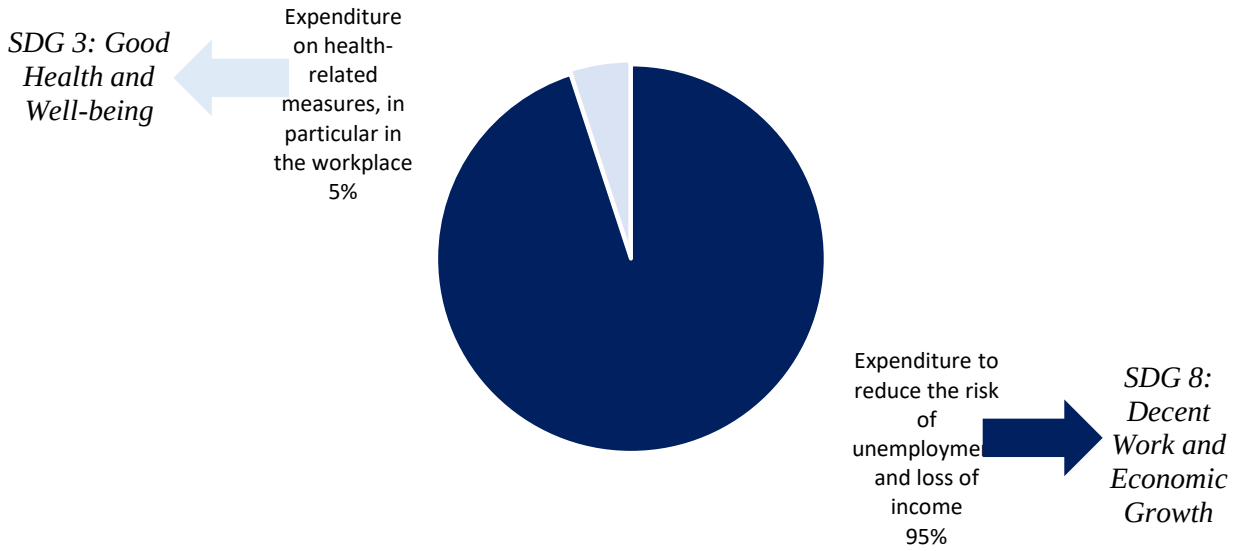
The breakdown of SURE proceeds by beneficiary Member State and by type of Eligible Social Expenditure is provided in Sections 1.1 and 3.2, respectively. By December 2022, all of the EUR 98.4 billion allocated had been disbursed to 19 Member States and all of this financial assistance had been spent by Member States.

SURE public expenditure continues to be well-aligned with the UN Sustainable Development Goals (SDGs). A breakdown of SURE-financed public expenditure by eligible social expenditure, as outlined in the Social Bond Framework, shows that 95% is spent on reducing the risk of unemployment and loss of income. As illustrated in Graph 32, this supports SDG 8 (Decent Work and Economic Growth). The remaining 5% is spent on health-related measures, which supports SDG 3 (Good Health and Well-being).

[67] https://www.ecdc.europa.eu/en/covid-19/country-overviews
[68] Ibid.
[69] The EU SURE Social Bond Framework defines a standard, which provides investors with assurances that the EU bonds issued within this framework relate to projects serving a true social purpose. The framework is therefore in line with the ICMA Social Bond Principles, namely (i) the use of proceeds; (ii) the process for project evaluation and selection; (iii) management of proceeds and (iv) reporting. For further details, please see: eu_sure_social_bond_framework.pdf (europa.eu)

The impact of SURE is reported on in Section 2.4 and Section 3. Estimates are provided of the number of people and firms supported by SURE for each of 2020, 2021 and 2022. SURE contributed to protecting an estimated 1½ million jobs that were saved in 2020, as shown in Section 3.1. SURE was shown to have supported the growth rebound in 2021 and 2022, as shown in Section 3.2. Member States are now estimated to have saved EUR 9 billion in interest payments, as shown in Section 3.3.

Graph 32: Social Bond Framework and SDG mapping



Source: *Member States' reporting (February 2023).*

VII. FINAL CONSIDERATIONS ON THE VALUE ADDED OF SURE WITH THE BENEFIT OF HINDSIGHT

This section discusses three broad policy lessons that can be drawn from the success of SURE. The preliminary assessment in this report shows that SURE has been an overall success.[70] Furthermore, in June 2021, SURE won the European Ombudsman 2021 Award for Good Administration in the category citizen-focussed service delivery. Three key lessons that can be learned from SURE are discussed here but will be further assessed in the evaluation of SURE that the Commission has announced it will publish by Q3 2024.

Firstly, SURE responded to a specific emergency need that arose in the pandemic context and was both social and economic in nature. Amid the uncertainty at the outset of the pandemic, it was crucial for policymakers to take concrete steps to avoid long-term social and economic scarring due to a shock that had strong reasons to be assumed to be (correctly, as it turned out) of temporary nature. To that end, SURE served a clear and well-defined purpose, responding to a specific and pressing need identified by both Member States and the Commission. This purpose was to retain workers in employment to protect their incomes and mitigate the negative economic and social consequences of the pandemic. It responded in particular to the halt to economic activities linked to the lockdowns and containment measures

[70] The considerations discussed in this section are drawn from European Commission (2022), Quarterly Report on the Euro Area, Section III, Vol. 21, No.2.

that were introduced across the EU to tame the severe epidemiological situation, reduce the speed of contagion and protect lives. The social nature of this goal was emphasised by the EU's issuance of social bonds for the first time, which has also proven popular with investors.

The scope of SURE was particularly effective as it was not based on a rigid institutional definition, but was purpose-based, i.e. supporting job retention. SURE was not limited to a narrow type of instrument that was only a means to an end. Its headline focus was on short-time work schemes (and similar measures for the self-employed) as the most efficient type of labour market measure to implement during a regulated closure of the economy (i.e. COVID-19 lockdown).[71] This also gave Member States a clear policy direction during the crisis. At the same time, a key purpose of SURE was to provide Member States with operational leeway to tailor their labour market response to their needs in the face of unprecedented and dramatic circumstances. For this reason, SURE covered an array of measures fulfilling the same purpose as short-time work schemes, namely to retain jobs in firms, while providing income protection to workers during the pandemic. These measures included support for self-employed workers and wage subsidy schemes (where support is not granted on the basis of hours not worked, but rather as a lump sum or a share of the wage bill). Other measures included various reductions in indirect labour costs (related to job retention), sick leave and special leave benefits, and other specific measures to extend the activity of atypical workers (such as intermittent or seasonal workers).

Secondly, in terms of governance, SURE showed the merit of the EU method, combined with policy-based conditionality and flexible national implementation. SURE was initiated by the Commission following the EU Community method, rather than the intergovernmental approach. This ensured accountability and solidarity among Member States, while contributing to avoiding any possible stigma. The Commission proposed only policy-based conditionality under SURE: the only condition to access the scheme was that Member States had faced a severe and sudden increase in spending on short-time work schemes and similar measures due to the pandemic, and to use the SURE funds for their intended purpose. This form of conditionality allowed Member States to retain ownership of the measures implemented nationally, while benefitting from the financial support and policy orientations provided under SURE.

Thirdly, the SURE instrument was underpinned by a robust financial construction. SURE came into existence based on a guarantee system provided by Member States. All Member States, including the eight that did not benefit from SURE, provided a total of EUR 25 billion of guarantees. These guarantees were provided voluntarily, and, once granted, became irrevocable, unconditional and on-call. This guarantee system is financially robust (while also a clear expression of solidarity through the EU budget). This system made SURE bonds highly credible to markets and credit rating agencies, paving the way for the strong investor demand that materialised for each issuance. The popularity of SURE, amongst both Member States and investors, also reduced the risk of stigma attached to the use of financial assistance by any particular Member State.

[71] There was also recognition of the particular effectiveness of short-time work schemes by academia at the early stages of the pandemic, e.g. Laudais and Giupponi in VoxEU, April 2020: https://cepr.org/voxeu/columns/building-effective-short-time-work-schemes-covid-19-crisis.

ANNEX: Further detail on SURE transactions and disbursements

Table A1: Disbursements to Member States under SURE (in EUR billion)

Country	Total loan amount	1st EU SURE issuance Transaction: 20.10.2020 Disbursement: 27.10.2020			2nd EU SURE issuance Transaction: 10.11.2020 Disbursement: 17.11.2020			3rd EU SURE issuance Transaction: 24.11.2020 Disbursement: 01.12.2020	4th EU SURE issuance Transaction: 26.01.2021 Disbursement: 02.02.2021			5th EU SURE issuance Transaction: 09.03.2021 Disbursement: 16.03.2021	6th EU SURE issuance Transaction: 23.03.2021 Disbursement: 30.03.2021			7th EU SURE issuance Transaction: 18.05.2021 Disbursement: 25.05.2021			8th EU SURE issuance Transaction: 22.03.2022 Disbursement: 29.03.2022	9th EU SURE issuance Transaction: 07.12.2022 Disbursement: 14.12.2022	Total Disbursed (100% of loan amount)	Avg. maturity
		10y	20y	Total	5y	30y	Total	15y	7y	30y	Total	15y	5y	25y	Total	8y	25.6y	Total	15y	15y		
Belgium	8.2							**2.0**	1.3	0.7	**2.0**		1.3	0.9	**2.2**	1.1	0.9	**2.0**			**8.2**	**14.7**
Bulgaria	1.0															0.3	0.2	**0.5**		**0.5**	**1.0**	**15.0**
Croatia	1.6				0.3	0.2	**0.5**					**0.5**								**0.6**	**1.6**	**14.5**
Cyprus	0.6				0.2	0.1	**0.3**		0.2	0.1	**0.2**					0.1	0.0	**0.1**		**0.0**	**0.6**	**14.7**
Czechia	4.5											**1.0**	1.0		**1.0**					**2.5**	**4.5**	**12.8**
Estonia	0.2															0.1	0.1	**0.2**			**0.2**	**15.0**
Greece	6.2				1.0	1.0	**2.0**		0.7		**0.7**					1.6	0.9	**2.5**		**0.9**	**6.2**	**14.6**
Hungary	0.7							**0.2**	0.2	0.1	**0.3**								**0.1**		**0.7**	**14.8**
Ireland	2.5												1.3	1.2	**2.5**						**2.5**	**14.7**
Italy	27.4	5.5	4.5	**10.0**	3.1	3.4	**6.5**		4.5		**4.5**	**3.9**	0.7	1.2	**1.9**		0.8	**0.8**			**27.4**	**14.8**
Latvia	0.5				0.1	0.0	**0.1**		0.0	0.0	**0.1**					0.1	0.0	**0.1**		**0.2**	**0.5**	**14.7**
Lithuania	1.1				0.2	0.1	**0.3**					**0.3**				0.2	0.2	**0.4**		**0.1**	**1.1**	**14.8**
Malta	0.4				0.1	0.0	**0.1**					**0.1**				0.1	0.1	**0.2**			**0.4**	**14.6**
Poland	11.2	1.0	0.0	**1.0**					2.6	1.7	**4.3**		1.4		**1.4**	1.1	0.5	**1.6**	**1.5**	**1.5**	**11.2**	**13.6**
Portugal	6.2							**3.0**								1.5	0.9	**2.4**	**0.5**	**0.3**	**6.2**	**14.7**
Romania	3.0							**3.0**													**3.0**	**14.6**
Slovakia	0.6							**0.3**				**0.3**									**0.6**	**14.9**
Slovenia	1.1				0.2	0.0	**0.2**		0.5	0.4	**0.9**										**1.1**	**14.8**
Spain	21.3	3.5	2.5	**6.0**	2.9	1.2	**4.0**			1.0	**1.0**	**2.9**	2.4	1.7	**4.1**	1.9	1.4	**3.4**			**21.3**	**14.7**
Total	**98.4**	10.0	7.0	**17.0**	8.0	6.0	**14.0**	**8.5**	10.0	4.0	**14.0**	**9.0**	8.0	5.0	**13.0**	8.1	6.0	**14.1**	**2.2**	**6.5**	**98.4**	**14.5**

Table A2: Key Statistics of the EU's SURE Borrowing Transactions (EUR)

	SURE #1		SURE #2		SURE #3	SURE #4		SURE #5	SURE #6		SURE #7		SURE #8	SURE #9
Tranche	10 year	20 year	5 year	30 year	15 year	7 year	30 year (tap)	15 year	5 year	25 year	8 year	25 year	15 year	15 year
Size of bond	10 bn	7 bn	8 bn	6 bn	8.5 bn	10 bn	4 bn	9 bn	8 bn	5 bn	8.137 bn	6 bn	2.17 bn	6.548 bn
Yield	-0.238%	0.131%	-0.509%	0.317%	-0.102%	-0.497%	0.134%	0.228%	-0.488%	0.476%	0.019%	0.757%	1.199%	2.767%
Spread	MS+3 bps	MS +14 bps	MS-9 bps	MS+21 bps	MS-5bps	MS-16 bp	MS+5 bp	MS-4 bps	MS-14 bps	MS+1 bps	MS-2 bps	MS+17 bps	MS – 8bps	MS+21bps
Spread to Bund (bps)	36.7	52.1	18.5	36.4	26.9	20	25.2	33.4	20	34.4	31.5	40.6	55.9	86.8
Spread to OAT (bps)	9.2	3.2	7.7	-9.9	0.5	-1	-23.1	-2.6	3.1	-11	-1.2	-21	4.9	24
New Issue Concession	+1 bp	+2 bps	+1.5 bps	+2.5 bps	+1 bp	1 bps	1 bps	2	1.5 bps	1.5 bps	2 bps	2.5 bps	1 bps	4 bps
Total investor demand	145 bn	88 bn	105 bn	70 bn	114 bn	83 bn	49 bn	86 bn	46.5 bn	40 bn	51.2 bn	37.5 bn	35 bn	25 bn

Note: These statistics refer to the Commission's borrowings on behalf of the Union. New issue concession refers to the premium paid to investors purchasing a new-issue bond over the spread at which corresponding bonds would be expected to trade in the secondary market.