Press Release

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Quick €100 billion EU response to safeguard jobs during COVID: impact unclear

The EU's €100 billion support tool for crisis-hit workers and firms (SURE) in member states was a prompt response to mitigate the risk of massive layoffs due to the coronavirus pandemic, according to a new report by the European Court of Auditors. However, SURE's impact on job-saving cannot be properly assessed because of the way the European Commission designed the novel tool, and because of a lack of good data at national level. To learn lessons for future crisis tools, the Commission should now carry out a full assessment of the SURE support. This will also be an opportunity to see how the risk of fraud was minimised, given that all but one of the countries that used SURE have reported irregularities and alleged fraud.

The COVID-19 pandemic put millions of jobs in Europe at risk. The EU reacted rapidly by introducing the SURE tool, which provides long-term low-cost loans for countries across the bloc. They can use the money to create or extend their job-retention schemes such as short-time work, furlough and wage subsidies, and for health measures. Nineteen countries have requested loans, and nearly €92 billion has already been disbursed. The loans provided to Italy and Spain account for more than half of that amount.

"*SURE reflected the emergency context and made EU funds available quickly and efficiently to cushion the pandemic's impact on workers and firms,*" said Iliana Ivanova, the ECA member who led the audit. "*However, its full impact on the ground is still unknown. Despite some indications of success, there is not enough hard data to assess how many jobs were actually saved.*"

The Commission managed to deliver the SURE funds to the member states quickly – seven months after the pandemic had been declared, which is faster than under standard funding procedures. However, despite certain indications that SURE reached millions of workers during the most severe period of the crisis, its contribution in mitigating unemployment cannot be fully assessed. This is partly because its impact cannot be decoupled from the impact of the countries' own support schemes.

The EU's innovative rules for SURE give member states considerable freedom in choosing what to spend the money on. They also do not require the Commission to assess whether countries' control systems are robust enough. Against this backdrop, the auditors stress that crisis response measures such as job-retention schemes are generally prone to misuse. In the case of SURE, 18 out of 19 countries detected irregularities or fraud, and investigated all such cases, leading to the recovery of improperly used funds in 13 countries. The Commission itself did not launch any investigations, on the basis that this was a member state responsibility. If any misuse is detected, the fact that the countries will have to repay the loans keeps the financial risk to the EU budget in check. However, the EU faces a reputational risk if the measures funded from its budget are perceived as being prone to fraud.

The Commission estimated that the countries using SURE have saved around €8.5 billion in interest payments thanks to the EU's AAA credit rating. Italy, Spain, Romania, Poland and Greece account for 86 % of the total estimated savings.

Background information

SURE is a temporary tool, set to expire this year. To finance the loans, the Commission borrows from the capital markets by issuing bonds. This was the first time the Commission issued social bonds, which require positive social outcomes. All 27 EU member countries together guarantee 25 % of all SURE loans, a safeguard in case of a country defaulting; the remaining 75 % is guaranteed by the EU budget. The Commission estimates that SURE supported around 31.5 million people and 2.5 million firms in 2020, and that nine million people benefited from SURE-funded job-retention schemes in 2021.

Special report 28/2022, "Support to mitigate Unemployment Risks in an Emergency (SURE): SURE financing contributed to preserving jobs during the COVID-19 crisis, but its full impact is not known", is available on the ECA website.

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