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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: Two Years On

EXECUTIVE SUMMARY

This report is the fourth 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 to date and reviews its socio-economic impact. SURE is 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 is also 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.

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. The financial envelope of EUR 100 billion became available on 22 September 2020, after all Member States signed the guarantee agreements. The Commission speeded up the implementation of the instrument, working closely with the Member States. Most of the granted financial assistance was disbursed in just seven months, from October 2020 to May 2021. A further disbursement took place in March 2022 to accommodate Member States who preferred to receive funds later.

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 a further EUR 2.2 billion of SURE social bonds in March 2022. The large oversubscription of the issued bond further illustrates investors' confidence in the financing capacity of the EU and in the robustness of the SURE programme. After this 8th SURE social bond transaction and disbursement, EUR 91.8 billion of SURE financial assistance had been disbursed to 19 Member States, which corresponds to almost all the amount granted by the Council (EUR 93.3 billion, after the recent Council Implementing Decision on Romania).

The continued use of SURE by beneficiary Member States

This report confirms the earlier estimate that SURE covered around 31½ million people and 2½ million firms in 2020, when the pandemic broke out. This represents almost one third of total employment and of total firms in beneficiary Member States. SMEs have been 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 still wreaked havoc, SURE continued to support an estimated 9 million people and over 800,000 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 lessened later in the year, due to vaccinations and the adaptation of economies to the changes induced by the COVID-19 pandemic.

In the first half of 2022, when most of the SURE expenditure was phased out, several Member States still prolonged their pandemic-related short-time work schemes. Most Member States were no longer using SURE in 2022 and the easing of the pandemic's impact has seen monthly SURE expenditure fall to negligible amounts. At the same time, the reduced expenditure in 2022 is estimated to still have supported around 220,000 people and 10,000 firms in three Member States.

Almost all the public expenditure planned under SURE has now taken place. Total public expenditure on SURE-eligible measures is now expected to reach EUR 119 billion in beneficiary Member States. This is well in excess of the total financial assistance granted (EUR 93 billion), since a few Member States have supplemented SURE financing on eligible measures with national funding, showing the relevance of the measures supported by SURE to Member States. Half of total public expenditure on SURE-eligible measures was allocated to short-time work schemes. One third was allocated to similar measures for the self-employed. The remainder of the public expenditure was allocated to wage subsidy measures and health-related measures. The ancillary nature of the health-related expenditure, at just 3.2% of total expenditure, has once again been confirmed, while 38% of it concerned measures taken in the workplace, to ensure a safe resumption of business, as suggested by the SURE Regulation.

The absorption of SURE financial assistance is high for the vast majority of Member States and is being addressed in two Member States where it was lower. In July 2022, the Council amended the Implementing Decision (CID) for Romania to include 21 additional measures and reduce the granted amount to the amount already disbursed (EUR 3 billion). This significantly reduced the large absorption gap identified in the previous biannual reports, by around three quarters. In Poland, a moderate absorption gap between total expenditure and the amount granted has been confirmed. A technical dialogue with the Commission to include additional eligible measures in the CID is ongoing. The implementation of SURE financial assistance will remain under close monitoring in both Member States.

An updated assessment of the impact of SURE

The policy response to the COVID-19 crisis, including SURE, effectively prevented around 1½ million people from becoming unemployed in 2020. 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. This was achieved by retaining employees in their firms and maintaining the activity of the self-employed, which also prevented a rise in labour market inequality by reducing the dispersion of unemployment rates, especially across SURE beneficiaries. This is in contrast to developments that took place in the aftermath of the global financial crisis.

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 SURE supported the sectors most affected by the pandemic in 2021. 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.

Member States are now estimated to have saved a total of EUR 8.5 billion in interest payments by receiving financial assistance through SURE. This figure rose with the 8^{th} SURE transaction in March 2022.

The continuation of the exceptional occurrences justifying SURE

While COVID-19 temporary emergency measures are expected to be increasingly phased out, a resurgence of the pandemic in the EU remains a risk going forward. While most Member States almost entirely removed COVID-19 related restrictions during 2022, a winter resurgence of the virus remains a risk.

The remaining financial assistance under SURE will remain available until 31 December 2022. Over EUR 6 billion in financial assistance currently remains available, until 31 December 2022. This amount is likely to decrease markedly by the end of 2022, since several Member States expressed an interest in receiving additional financial assistance under SURE.

INTRODUCTION

This report is the fourth 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 provides 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 is 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.

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[3]. The next report will be due by end-March 2023. The cut-off date for including information in this report was 7 June 2022 for Member States' reporting and 28 August 2022 for epidemiological data[4].

This report presents new or updated data confirming, as of June 2022, 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.
- 9 million people and over 800,000 firms were covered by SURE in 2021 in 13 Member States, with a clear phasing out in 2022 when 220,000 people and 10,000 firms were covered in 3 Member States.
- National labour market measures supported by SURE are estimated to have effectively helped prevent unemployment for around 1½ million people in 2020.
- 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 7 have been granted additional top-up support[5].

[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 were initially submitted by 7 June 2022 (except for Portugal, who submitted on 27 June 2022). In addition, some minor clarifications of data were provided after this date.

[5] A proposal by the Commission on 25 August 2022 to grant top-up support to Bulgaria is currently being examined by the Council.

- Over EUR 93 billion has been allocated – after the reduction of the granted amount in one Member State - and almost EUR 92 billion has been disbursed.
- 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.
- 3.2% was allocated to health-related measures, which are 'ancillary' in accordance with the SURE Regulation. Over a third of this amount concerned measures taken in the workplace.
- The absorption of SURE financial assistance is high for 17 of the 19 beneficiary Member States.
- Absorption has improved significantly in one Member State, following an amended Implementing Decision by the Council, and is being monitored closely in another[6].
- Beyond the social and employment benefits, Member States are estimated to have saved EUR 8.5 billion in interest payments.
- Over EUR 6 billion is still available under SURE at least until the end of 2022, that is, the sunset provision applying in the absence of an extension, which would require a Council decision based on a proposal by the Commission on grounds of continued economic disturbances caused by the COVID-19 pandemic.

This report updates the information contained in the first three bi-annual SURE reports and provides some additional analysis. It covers institutional developments since the third report's cut-off date in early March 2022, including the disbursement of EUR 2.2 billion in March and the amendment of the Council Implementing Decision (CID) for Romania to address the absorption gap there. 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 June 2022 – and on the estimated impact of SURE – based on the latest macroeconomic figures. It considers developments in 2022 in more detail, in particular with regard to the coverage of employees, the self-employed and firms.

A more in-depth look specifically at control and audit systems, directly targeted to ensuring that the obligations of the Loan Agreement are respected, will be conducted in the next bi-annual report on SURE. Member States should ensure the proper use of funds at national level, prevent irregularities and fraud and recover misused funds, in accordance with the SURE Regulation and bilateral loan agreements. To ensure that Member States have the necessary systems in place to respect this obligation, the Commission conducted an ad-hoc survey on 18 January 2022. The results were reported in the third bi-annual report. The Commission aims to follow up on this survey to update and complement the information already collected and report on it in the next – fifth – report.

The report is structured into five sections. Section I outlines the financial assistance granted to Member States, including disbursed and outstanding amounts and the corresponding repayment schedule. Section II summarises Member States' total public expenditure on national measures

[6] Absorption is defined here as the extent to which a Member State spends the funding it was granted by the Council on eligible measures. Romania's absorption gap has decreased substantially due to the addition of new measures and a reduction in the amount granted, while Poland's is under close monitoring.

supported by SURE[7]. Section III updates and extends the assessment of the impact of SURE provided in the previous reports. Section IV examines the exceptional occurrences that justify the continuation of SURE. Finally, Section V provides the relevant reporting committed to under Section 2.4 of the EU SURE Social Bond Framework, which is merged into this report[8].

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

1.1 Overview of beneficiary Member States and amounts granted

The total financial assistance granted under SURE now stands at EUR 93.3 billion, down from EUR 94.4 billion in the previous SURE report. This is due to a decision by the Council on 18 July 2022 to reduce the total amount granted to Romania by EUR 1.1 billion, following a proposal by the Commission and in agreement with the Romanian authorities[9]. There has been no new financial assistance granted since the previous report in March 2022. At the same time, several Member States expressed interest in receiving additional financial assistance under SURE by the end of the year[10].

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

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

[9] Council Implementing Decision (EU) 2022/1262 of 18 July 2022 amending Implementing Decision (EU) 2020/1355 granting temporary support under Regulation (EU) 2020/672 to Romania to mitigate unemployment risks in the emergency following the COVID-19 outbreak, OJ L 191, 20.7.2022, p. 72.

[10] The Commission proposed granting top-up financial assistance of EUR 460 million to Bulgaria on 25 August 2022, yet to be agreed by the Council. Some Member States (Croatia, Cyprus, Greece, Lithuania and Portugal) had officially requested a top-up under SURE as of 12 September 2022, while a few others have informally expressed interest in further SURE support. Most requests are based on expenditure that has already occurred.

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	8 197 000 000	0
Bulgaria	511 000 000[11]	0	511 000 000	0
Cyprus	603 770 000	124 700 000	603 000 000	0
Czechia	2 000 000 000	0	2 000 000 000	0
Greece	5 265 000 000	2 537 000 000	5 265 000 000	0
Spain	21 324 820 449	0	21 324 000 000	0
Croatia	1 020 600 000	0	1 020 000 000	0
Italy	27 438 486 464	0	27 438 000 000	0
Lithuania	957 260 000	354 950 000	957 000 000	0
Latvia	305 200 000	112 500 000	305 000 000	0
Malta	420 817 000	177 185 000	420 000 000	0
Poland	11 236 693 087	0	9 736 000 000	1 500 000 000
Portugal	5 934 462 488	0	5 934 000 000	0
Romania	3 000 000 000	0	3 000 000 000	0
Slovenia	1 113 670 000	0	1 113 000 000	0
Slovakia	630 883 600	0	630 000 000	0
Hungary	651 470 000	147 140 000	651 000 000	0
Ireland	2 473 887 900	0	2 473 000 000	0
Estonia	230 000 000	0	230 000 000	0
Total	**93 315 550 988**	**3 847 625 000**	**91 807 000 000**	**1 500 000 000**

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

1.2 Disbursements, outstanding amount and applicable repayment schedule

The Commission successfully issued a further EUR 2.2 billion of SURE social bonds on behalf of the EU on 22 March 2022. Despite an ever more challenging market environment due to the war in Ukraine, investor interest remained strong. The 15-year bond had an order book of EUR 35 billion, making it 16 times oversubscribed, illustrating investor confidence in the EU's financing capacity and in the SURE programme. The EUR 2.2 billion was disbursed on 29 March 2022: EUR 1.5 billion to Poland, EUR 523 million to Portugal and EUR 147 million to Hungary.

By August 2022, almost EUR 92 billion of SURE financial assistance had been disbursed to 19 Member States (Table 1)**.** This represents 98% of the total SURE financial assistance granted by the Council. A disbursement of the remaining EUR 1.5 billion financial assistance granted to Poland has been postponed until the issue regarding the absorption of funds is resolved (see Section 2.1.2). 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.

[11] If the Council grants the additional financial assistance proposed by the Commission (see footnote 5), the amount granted to Bulgaria would rise to EUR 971 million.

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

Calendar year	Principal	Interest	SURE Total
2021		35 480 000	35 480 000
2022		111 110 000	111 110 000
2023		151 404 400	151 404 400
2024		146 912 500	146 912 500
2025	8 000 000 000	146 912 500	8 146 912 500
2026	8 000 000 000	146 912 500	8 146 912 500
2027		146 912 500	146 912 500
2028	10 000 000 000	146 912 500	10 146 912 500
2029	8 137 000 000	146 912 500	8 283 912 500
2030	10 000 000 000	146 912 500	10 122 500 000
2031		146 912 500	146 912 500
2032		146 912 500	146 912 500
2033		146 912 500	146 912 500
2034		146 912 500	146 912 500
2035	8 500 000 000	146 912 500	8 646 912 500
2036	9 000 000 000	146 912 500	9 146 912 500
2037	2 170 000 000	128 912 500	2 298 912 500
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	**91 807 000 000**	**3 400 269 400**	**95 182 856 900**

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

This section focuses on the policy use of the instrument. More specifically, it summarises the public expenditure by Member States covered by or eligible for SURE and the nature of the national measures supported. It also presents the number of employees and firms that benefitted from the measures supported by SURE.

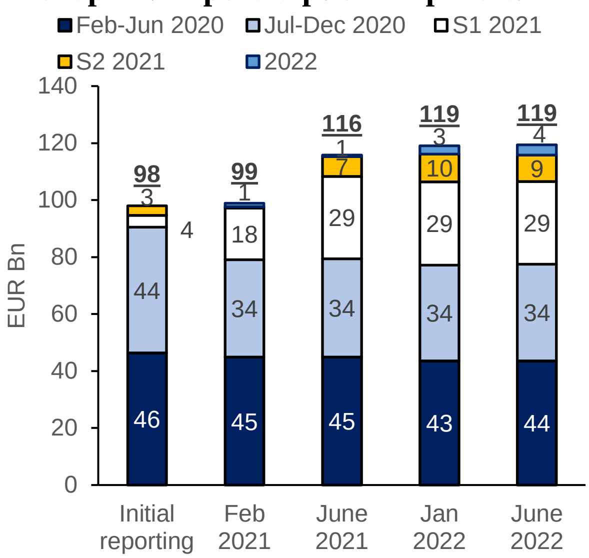
2.1 Actual and planned public expenditure supported by SURE

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 2.3). 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") and June 2022 ("latest reporting"). 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, and/or have supplemented SURE support with national financing 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[12].

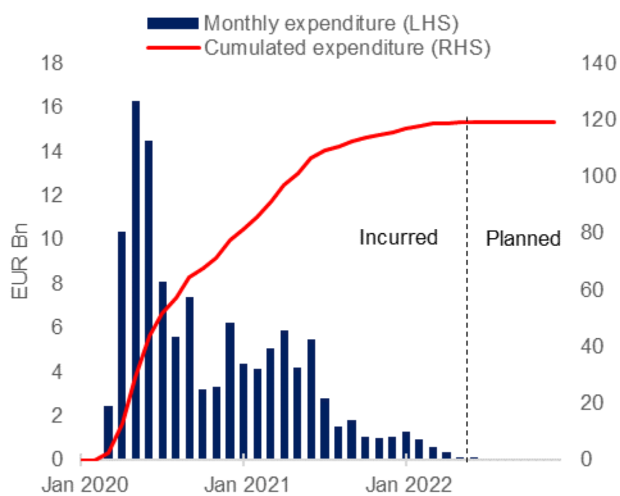
Almost all the total planned public expenditure under SURE has now been executed. The SURE Regulation allows for financial assistance to be used for both incurred and planned increases in public expenditure on measures covered by SURE[13]. The share of planned expenditure decreased from 54% in June 2020 to 10% in June 2021 and just 2% by the end of 2021 (Graph 2). The share of incurred spending on SURE eligible measures reached 99% by May 2022 [14].

Graph 1: Reported public expenditure



Source: *Member States' reporting (June 2022).*
Note: Estonia applied for SURE support in February 2021 and, as such, is included from June 2021 onwards. S1 corresponds to the first semester (January until June). S2 corresponds to the second semester (July until December).

Graph 2: Monthly evolution of incurred and planned public expenditure under SURE



Source: *Member States' reporting (June 2022).*

Total public expenditure on SURE-eligible measures is expected to be around EUR 119 billion, in excess of the total financial assistance granted under SURE. This amount is

[12] An absorption gap occurs 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.
[13] Ireland and Estonia applied for SURE for incurred public expenditure only. As such, the reporting remains unchanged since March 2021. The reporting on public expenditures for 2020 and 2021 also remained unchanged for Cyprus and Slovenia since the previous report.
[14] Eligible measures are those described in Article 3(2) of the Regulation: national short-time work schemes or similar measures, and as an ancillary, health-related measures. Some Member States (Estonia, Slovenia) have discontinued reporting on SURE-eligible measures as they are no longer using SURE financial assistance to fund those measures, having already exceeded the amount granted. As such, the total expenditure on SURE-eligible measures is higher than reported here.

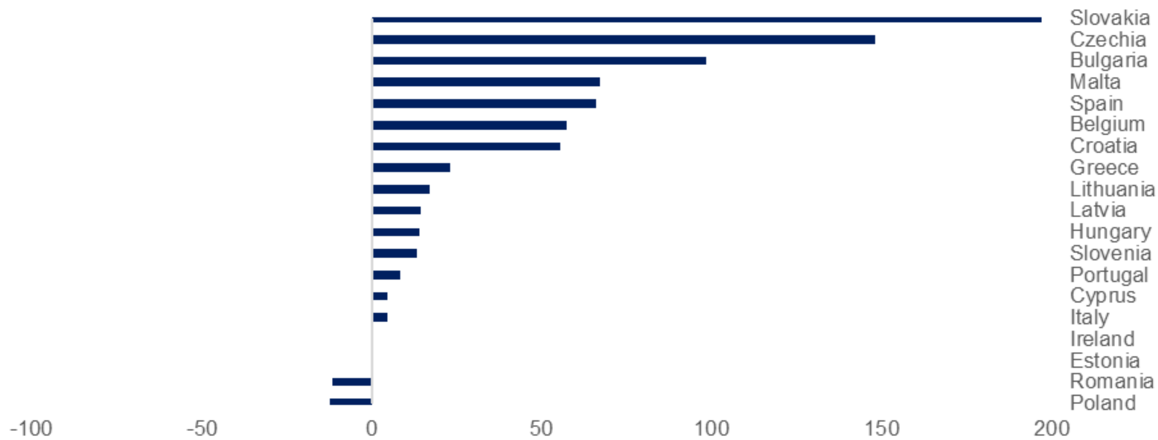
similar to the one expected in the third report (Graph 1). Expenditures on the fewer schemes that have continued in 2022 rose slightly from a planned EUR 2.8 billion to EUR 3.7 billion, while there were some downward revisions in past expenditures. 13 Member States now report expenditure in 2022, compared to 10 in the previous reporting. The total spending (EUR 119 billion) is greater than the total amount granted under SURE (EUR 93.3 billion) because a few Member States plan to spend more on eligible measures than the financial assistance they requested and were granted[15]. This highlights the continued relevance of the scope of SURE to Member States.

The easing of the pandemic's impact in 2022 has seen monthly expenditure on SURE-eligible measures fall to negligible amounts. Graph 2 shows that 2022 expenditure peaked (at a low level) in January before decreasing rapidly. The early 2022 expenditure was focused on measures such as quarantine-related measures, COVID-19 testing and special compensation for healthcare workers. In December 2022, just EUR 38 million is planned to be spent.

2.1.2 Absorption of funds

The degree of absorption of SURE financial assistance is high for the vast majority of Member States. With almost all public expenditure now having been executed, no new absorption issues have arisen since the publication of the third bi-annual report. 17 out of 19 Member States have already spent *at least* the total financial assistance they were granted on eligible measures (Graph 3). Moreover, 15 Member States have spent or plan to spend *more* than the amount granted, including by financing the remainder nationally.

Graph 3: Excess of planned and incurred public expenditure on eligible measures over loan amount (% of loan amount)



Source: *Member States' reporting*
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 as they are no longer using SURE financial assistance to fund those measures, having already exceeded the amount granted. For Romania, the figure comes from the Commission's assessment, based on past experience and applying the capping of health-related spending to 49% of total eligible expenditures (so that it remains ancillary as provided for by the SURE regulation).

[15] 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.

In Poland, while all the amount disbursed was spent, a moderate gap between total expenditure and the amount granted has been confirmed. The total public expenditure reported by Poland (EUR 9.9 billion) exceeded the amount disbursed (EUR 9.7 billion). However, as indicated in the third report, Poland reported lower total public expenditure on measures covered in their CID than the amount granted by the Council (EUR 11.2 billion). This gap emerged following data revisions for some measures and can be attributed to the stronger-than-expected rebound of the economy. To close this gap, the national authorities have proposed the inclusion of two additional measures (that are eligible to SURE), primarily for past expenditure up to 2021. A technical dialogue with the Commission is ongoing and the disbursement of the remaining funds (EUR 1.5 billion) was agreed to be postponed until the dialogue is concluded.

In Romania, the sizeable absorption gap with the amount granted has been reduced significantly with the inclusion of new SURE-eligible measures and the lowering of the amount granted. In early 2021, an absorption gap of almost three quarters of the amount granted (EUR 2.9 billion still to be spent out of EUR 4.1 billion granted) was identified due to a weaker than expected impact of the pandemic on the Romanian economy in 2020 and a stronger than expected recovery in 2021. The gap (EUR 1.8 billion) was also sizeable with respect to the amount already disbursed. As a result of a technical dialogue between the Commission and the Romanian authorities, the Council amended Romania’s original CID, based on a Commission proposal, to include additional measures eligible under SURE. Moreover, the financial assistance granted to Romania was reduced to EUR 3 billion, as agreed with the Romanian authorities, so that the remaining undisbursed amount of EUR 1.1 billion is forgone and rendered available for possible further needs by EU Member States.

The amended Council Implementing Decision on Romania includes 21 additional eligible measures, which have already been implemented. Two of the measures are similar to short-time work schemes, as they pursue the objective of preserving employment and incomes: a sick leave benefit and support for employees for home office equipment[16]. The other 19 measures are health related, including for example a bonus for healthcare workers, protective gear, and medicines and vaccines to fight the COVID-19 pandemic. As health-related measures are ancillary under the SURE Regulation, the amount of eligible health-related expenditure is capped at 49% of total expenditure.

The Commission will continue to closely monitor the absorption level in Romania and further measures might be needed. The absorption gap decreased and is currently estimated at around EUR 350 million[17]. However, it is yet unclear if this gap would eventually persist, as it

[16] Following a request from Romania, the Commission and the Council have decided to henceforth consider COVID-19 related sickness benefits as a measure similar to short-time work schemes, instead of a health-related measure (subject to capping, since health measures are ancillary). Indeed, while the trigger to benefit from the measure is health-related (i.e. the ‘sickness’ of an employee), the *actual impact and purpose of the measure* is similar to that of short-time work schemes: it provides income support to employees unable to work, preserving their employment relationship with the firm, and is directly related to COVID-19, in line with the purpose of the SURE regulation.

[17] If past experience would apply to these future measures, only one third of planned expenditure (for 2022) could materialise. This prudent assumption was agreed with the Romanian authorities and is reflected in the expenditure shown in this report.

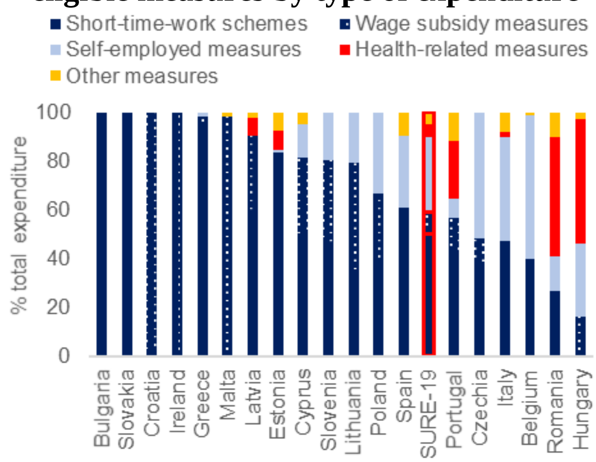
depends on the evolution of planned expenditure in 2022, itself dependent on future developments in the COVID-19 pandemic. If this is the case, further eligible labour market measures could be included in an amending CID, or a repayment of the remaining gap could be examined.

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 has been allocated to short-time work schemes and 'similar measures' for the self-employed. Indeed, 50% of total public expenditure on SURE-eligible measures has been directed to short-time work schemes, which are funded by 17 of the 19 Member States benefiting from SURE. A further 32% has been allocated to 'similar measures' for the self-employed[18]. 9% was allocated to wage subsidy schemes, while 6% of total expenditure is allocated to 'other' similar measures supporting job retention and workers' incomes, including sick-leave benefits[19]. 12 Member States only used SURE financial assistance for labour market measures (Graph 4).

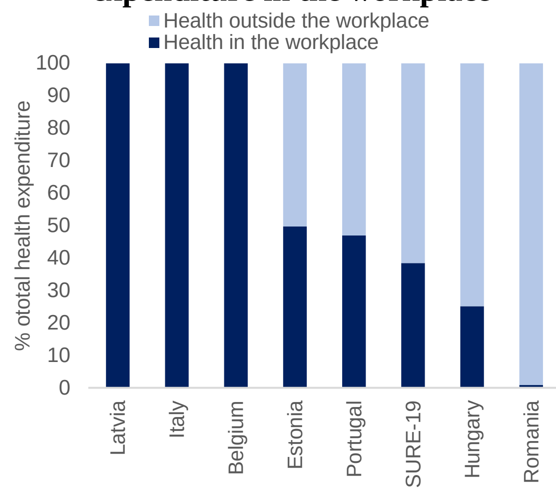
The ancillary nature of the health-related expenditure is confirmed. Only 3.2% of total expenditure was spent or planned to be spent on health-related measures. Only 7 Member States out of 19 used SURE support to finance health-related measures. The SURE Regulation allows for the financing of *any* COVID-19 related health measure, but highlights *in particular* those taken in the workplace, which represents 38% of all health-related spending (Graph 5)[20].

Graph 4: Public expenditure on SURE-eligible measures by type of expenditure



Source: *Member States' reporting (June 2022)*
Note: See March 2021 report for details on Hungary's health expenditure, and section 2.1.2 on Romania.

Graph 5: Share of health-related expenditure in the workplace



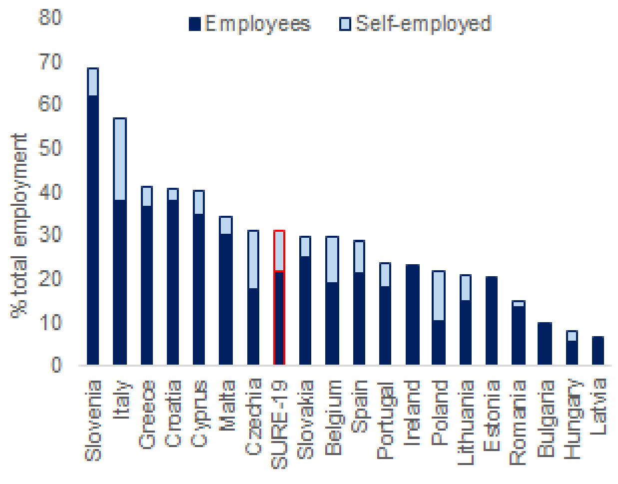
Source: *Member States' reporting (June 2022)*

[18] This is based on Commission analysis, categorising the measures reported by Member States by type.
[19] Wage subsidy schemes are job-retention schemes similar to short-time work, but differ in 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.
[20] 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.*"

2.3. SURE coverage in terms of employment and firms

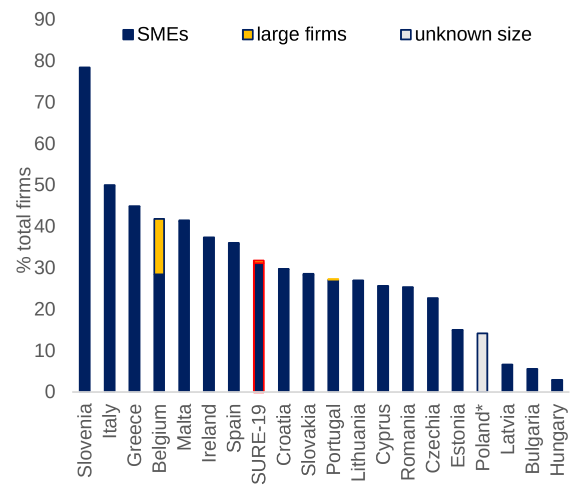
In 2020, SURE is estimated to have supported 31½ million people and 2½ million firms. This represents almost one third of total employment and firms in the 19 beneficiary Member States[21]. The employment estimate is comprised of approximately 22¼ million employees and 9¼ million self-employed workers. Graphs 6 and 7 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[22].

Graph 6: Workers covered by SURE in 2020 (% of total employment)



Source: *Member States' reporting (June 2022)*
Note: The coverage and total employment figures are those reported by Member States. For this report, Member States also provided data for both self-employed and employees in the total economy allowing to compute the total employment figure (the denominator) more precisely. This led to some discrepancies compared with the data shown in the previous report.

Graph 7: Firms covered by SURE in 2020 by size (% of total firms)



Source: *Member States' reporting (June 2022)*
Note: Total firms excludes zero-employee firms. Poland did not report on firm size. SMEs are those with less than 250 employees and large those with over 250 employees.

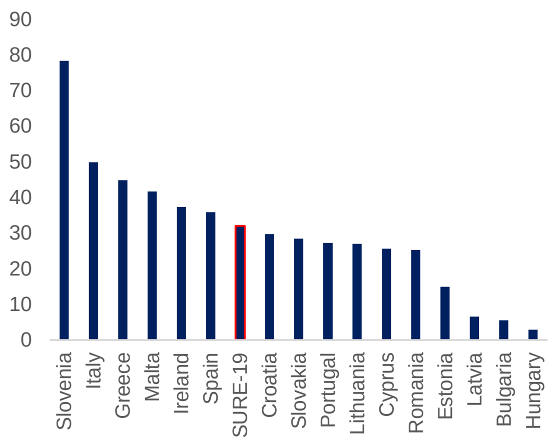
SMEs have been the primary beneficiaries of SURE support (Graph 7). The pandemic caused a shift from the use of short-time work schemes by primarily large firms pre-Covid to also include small and medium-sized firms which represent most of the firms covered by SURE

[21] The coverage figures have changed from the previous reports as Member States have updated their reporting tables, improving the data quality in some cases. 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 States, compared to previous reports where Eurostat data was used. The total number of firms comprises firms with at least one employee.

[22] 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.

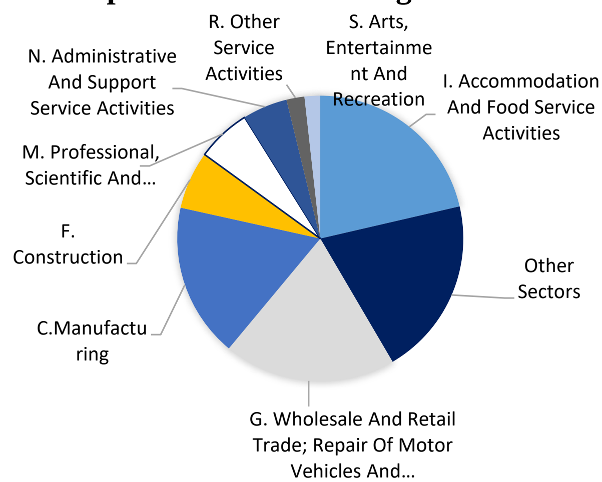
(Graph 8)[23,24]. Short-time work schemes were mostly taken up by the services and retail sectors. Manufacturing nevertheless still received around a fifth of SURE expenditure. The sectors with the largest share of expenditure according to the latest reporting were: (i) accommodation and food services, (ii) wholesale and retail trade, and (iii) manufacturing (Graph 9). Many Member States also provided support to further sectors, such as the cultural sector, with targeted measures in their respective CIDs.

Graph 8: SMEs covered by SURE in 2020 (% of total SMEs)



Source: *Member States' reporting (June 2022)*
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 9: Sectoral coverage of SURE



Source: *Member States' reporting (June 2022)*
Note: Member States report the three sectors that benefitted the most from SURE, as well as the shares of expenditure going to those sectors. This graph reports the average share of expenditure across Member States in each sector. 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. 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 800,000 firms. This includes almost 5¾ million employees and 3¼ million self-employed, corresponding to almost 17% of total employment and of firms in the 13 beneficiary Member States who continued to use the instrument in 2021 (Graphs 10 and 11)[25]. The uneven recovery in 2021 meant that economic

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[23] 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.
[24] While SMEs represent the majority of firms, 30% of them were covered by SURE-eligible measures in 2020.
[25] Member States that spent all of their SURE financial assistance in 2020 are not included here: Czechia, Estonia, Spain, Ireland, Croatia and Slovenia. However, many of these Member States continued or adapted their relevant measures and financed them through other sources. This estimate has risen significantly as Italy has now reported 2021 coverage figures for the first time.

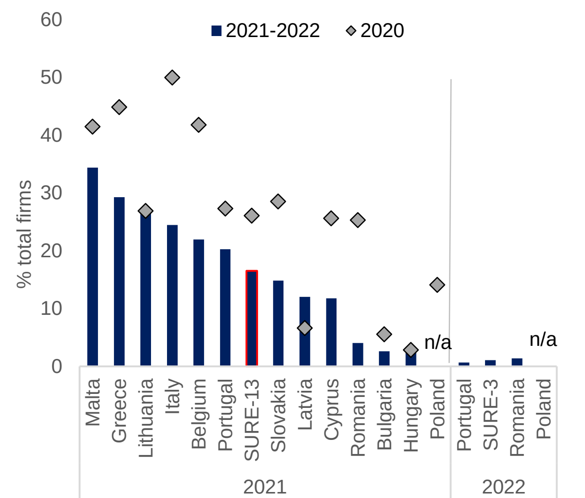
support measures were still required at various stages throughout the year. As seen in Graph 1, these were focused in the first half of 2021 and eased as both the economic and health impact of the pandemic lessened later in the year due to vaccinations and other economic adaptations.

Graph 10: Workers covered by SURE in 2021 and 2022 (% of total employment)

Source: *Member States' reporting*

Note: Member States who spent the SURE financial assistance by the end of 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 2021 or 2022.

Graph 11: Firms covered by SURE in 2021 and 2022 (% of total firms)



Source: *Member States' reporting*

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

Although most SURE expenditure has now been phased out, several Member States prolonged their pandemic-related short-time work schemes in the first half of 2022. In Bulgaria, wage subsidies for workers were covered for the period up to June 2022. Belgium extended the 'simplified procedure' of its short-time work scheme in relation to the COVID-19 pandemic until June 2022. The Maltese wage subsidy scheme and Greek short-time work scheme were extended until May 2022, while Romania extended its short-time work scheme until the end of the year. In Croatia, Italy and Portugal, measures to preserve jobs related to the COVID-19 pandemic were financed throughout the first quarter of 2022. The Spanish emergency rules for the short-time work scheme ERTE were gradually phased out – parts of the benefits and social security rebates were extended until 31 March 2022.[26]

In 2022, SURE is estimated to have supported around 220,000 people and 10,000 firms, in line with the decrease in SURE-related expenditure. This is comprised of approximately 80,000 employees and 140,000 self-employed (Graph 10). The majority of Member States were

[26] The prolongation of pandemic-related short-time work schemes does not necessarily imply that these Member States are using the SURE instrument to finance it. Some have prolonged the schemes by using other financing sources (e.g. EU structural funds and national financing). For instance, in Spain, a new reform of the permanent scheme, which was of general nature, based on the lessons learned during the COVID-19 pandemic, entered into force on 1 April.

no longer using SURE in 2022, however. Only 3 Member States used SURE to fund measures in 2022, with a further 14 Member States funding SURE-eligible measures through other sources.

III. PRELIMINARY ANALYSIS OF THE IMPACT OF SURE

This section updates and extends the analysis presented in the previous bi-annual reports on the impact of SURE on unemployment, the real economy and its direct financial effect.

3.1. Estimating the impact of SURE on unemployment

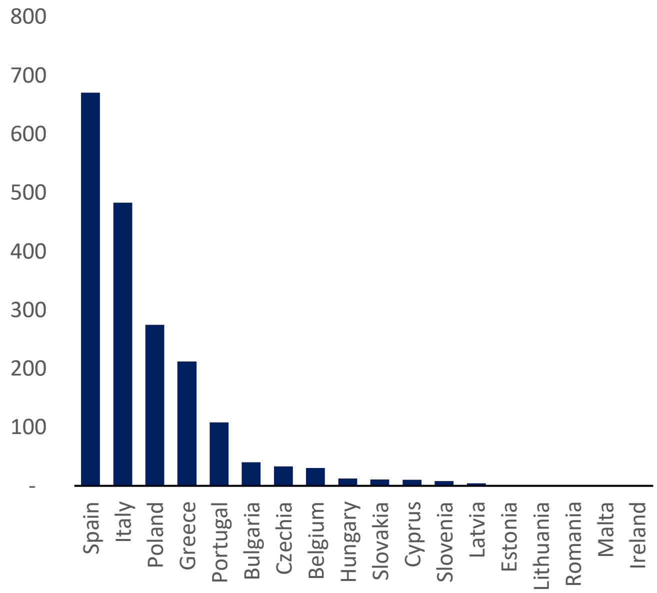
This section provides an updated assessment of SURE's impact on unemployment in beneficiary Member States. The purpose of SURE is to help Member States preserve employment of workers and the self-employed during the COVID-19 pandemic, thus also protecting labour incomes. The results are informative but should be interpreted with caution because of methodological reasons [27] .

The rise in unemployment in 2020 in beneficiary Member States was significantly less than expected, preventing an estimated 1½ million people from becoming unemployed. 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, resulting in an increase in unemployment that was, in most countries, lower than expected[28]. 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 and allowed an estimated 1½ million people to retain their jobs in 2020 in SURE beneficiary Member States. At country level, the higher the amount received through SURE in 2020, the more moderate was the rise in unemployment among beneficiary Member States. At the same time, some non-beneficiary Member States were able to use their favourable financial position and funding conditions to run large short-time work schemes (Graph 13).

[27] First, it is difficult to design a 'counterfactual' scenario of labour market performance in the absence of SURE. Second, the output-employment relationship is impacted by a wide range of factors, including SURE. Other factors are related to the fact that people have been unable to, or were discouraged from, actively seeking employment due to the shutdown of large parts of the economy.

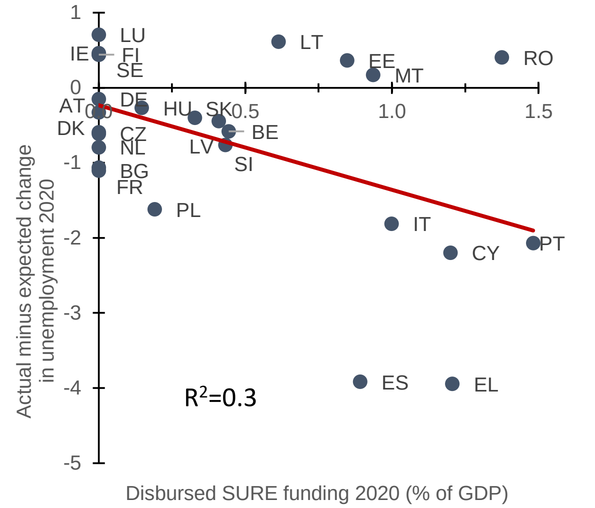
[28] The responsiveness of changes in economic growth to unemployment is often referred in the economic literature as "Okun's Law". For further details see European Commission (2021), *Quarterly Report on the Euro Area,* Section III, *Vol. 20, No 2.* Croatia is not included for data availability reasons.

Graph 12: 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 in Member States, 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 a country-specific regression model 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 calculation was based on AMECO data autumn 2021 vintage.

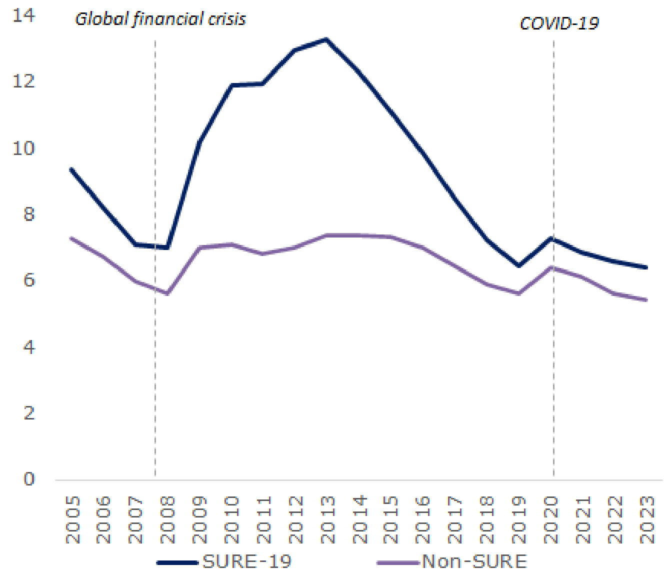
Graph 13: Relationship between the change in the unemployment rate and disbursed SURE funding in 2020



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 12.

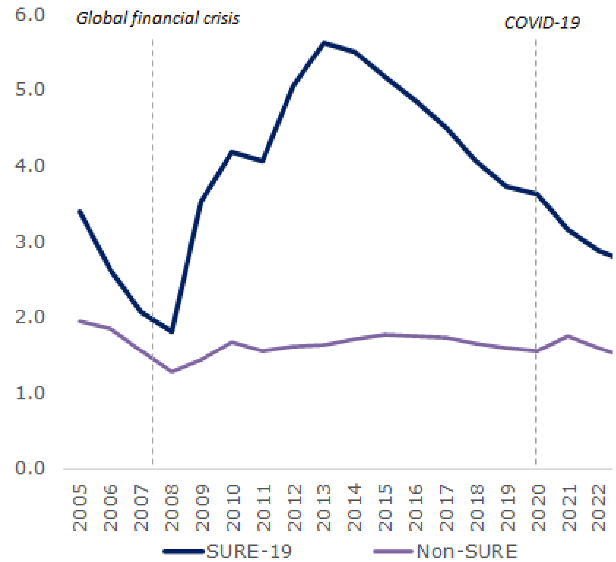
SURE also contributed to preventing a rise in labour market inequality across Member States. SURE appears to have prevented a strong rise in unemployment in the countries who had suffered more labour market scarring during the global financial crisis. First, the increase in the average unemployment rate 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 14). Second, the dispersion of unemployment rates across SURE beneficiaries decreased markedly since the COVID-19 pandemic, converging gradually to the lower dispersion experienced by the non-SURE beneficiaries (Graph 15). 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 14: Evolution of the average unemployment rate between SURE and non-SURE Member States



Source: *Ameco.*
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 15: Historical dispersion of unemployment rates in SURE and non-SURE Member States



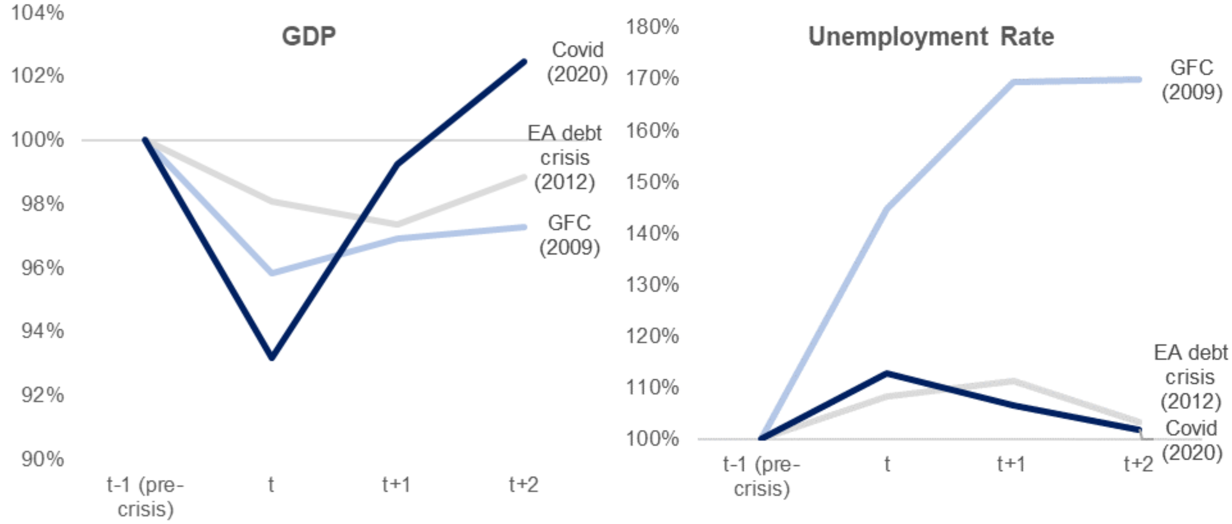
Source: *Ameco.*
Note: Dispersion refers to the standard deviation of the unemployment rate of SURE and non-SURE beneficiary Member States, which is calculated for each year.

The channels explaining how SURE facilitated a milder rise in unemployment in 2020 are discussed in detail in the first bi-annual report. These include improving general confidence across the EU, supporting and encouraging of the use of short-time work schemes, and enabling Member States to spend more on employment support and other pandemic-related policies. Data from the ad-hoc survey shown in the first report indicated that SURE played a role in the decision of a majority of beneficiary Member States to adopt a new short-time work scheme or to modify an existing scheme, and enabled some Member States to be more ambitious on measures similar to short-time work schemes. SURE also contributed to Member States increasing the generosity or length of their employment-retention schemes, since it underpinned Member States' confidence to undertake larger borrowing and spending than they otherwise would have, enjoying the interest rate savings obtained by the EU despite their lower credit rating. The confidence effect is further illustrated by the results of the December 2021 Eurobarometer survey presented in the third report, which showed that 82% of euro area citizens thought that the SURE loans were a good idea.

3.2. Estimating the impact of SURE on the real economy

The protection of employment in the first two years of the pandemic supported a more rapid recovery in 2021 than in previous crises. Firstly, GDP and unemployment recovered closer to their pre-crisis levels in SURE beneficiary Member States in 2021 compared to the global financial crisis and euro area debt crisis after the same period of time (Graph 16). This occurred despite the subsequent waves of the pandemic that necessitated the reintroduction of restrictions during the year[29]. Secondly, based on the summer 2022 Commission interim forecast, economic growth will continue in 2022 and 2023 albeit at a more subdued rate than projected last spring due to COVID-19 independent events, namely the energy crisis and Russian invasion of Ukraine. 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[30]. This suggests that keeping the available workforce connected with firms via short-time work schemes and similar measures helped support the swift recovery, despite the challenging epidemiological situation in 2021[31].

Graph 16: Historical comparison of the recovery in GDP and unemployment after a crisis



Source: *Ameco (using Commission Spring 2022 forecast for unemployment rate and Summer 2022 interim forecast for GDP), 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+2 for the Covid crisis refers to 2022.

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 17). In contrast, manufacturing was less affected by the restrictions in early 2021 and performed better. As shown in Graph 17, the sectors accounting for the largest share of SURE expenditure were

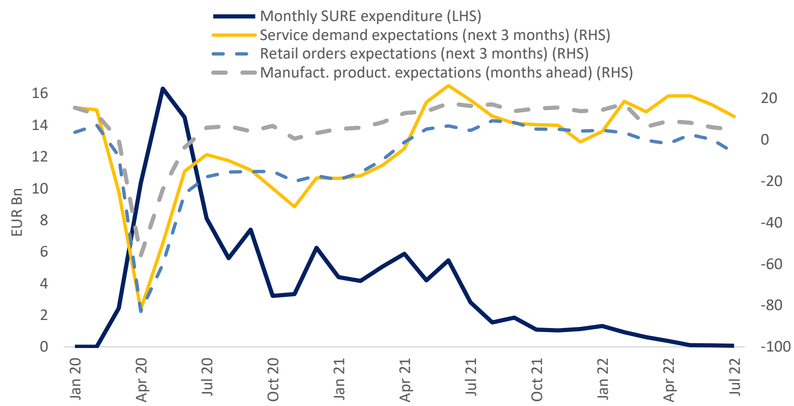
[29] It should be noted nevertheless that the nature of the global financial crisis, specifically, the abrupt deleveraging that it forced in the private sector, created particularly heavy consequences for activity and employment, irrespective of the employment support measures that could have been adopted.

[30] The recovery has however been uneven. Employment in contact-intensive sectors has accounted for most of the growth, while employment in manufacturing has stagnated. Moreover, employment levels for low-skilled workers continue to lag.

[31] 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.

accommodation and food services and wholesale and retail trade, suggesting that SURE has addressed the most pressing needs by supporting the worst-hit sectors[32].

Graph 17: Services sectoral demand and SURE expenditure



Source: *EU Business and Consumer Survey Programme July 2022; Member States' reporting (June 2022)*
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: estimated interest rate savings

Member States are estimated to have saved a total of EUR 8.5 billion on interest payments by receiving financial assistance through SURE. This amount is based on the first eight issuances of SURE, up to the disbursement of 29 March 2022[33] (Table 3). The estimated interest savings will therefore likely increase with any remaining disbursements. 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[34]. This is due to the EU's strong credit rating and the liquidity of the SURE bonds[35]. The largest savings were recorded by Member States with lower credit ratings.

Table 3: Interest Rate Savings by Member State

[32] This seems to suggest that SURE primarily provided necessary support. As noted in footnote 31, the Quarterly Report on the Euro Area 2022 article develops the point that there is no evidence that SURE hindered the recovery by unnecessarily supporting firms and thereby impairing labour mobility and discouraging efficient reallocation.
[33] Further detail on the methodology can be found in Section III of the Quarterly Report on the Euro Area Vol. 20, No 2 (2021).
[34] 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.
[35] The EU has an AAA rating from Fitch, Moody's, DBRS and Scope and an AA (outlook stable) rating from Standard and Poor's.

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	0.62	14.7	0.06	9.5
Greece	5.3	0.73	14.5	0.51	9.7
Spain	21.3	0.44	14.7	1.58	7.4
Croatia	1.0	1.11	14.3	0.16	15.3
Hungary*	0.7	1.80	14.8	0.15	22.5
Italy	27.4	0.96	14.8	3.76	13.7
Lithuania	1.0	0.04	14.7	0.00	0.5
Latvia	0.3	0.10	14.6	0.00	1.6
Malta	0.4	0.56	14.6	0.04	8.4
Poland	9.7	0.48	13.3	0.63	6.5
Portugal	5.9	0.47	14.7	0.41	7.0
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	0.5	0.37	15.0	0.03	6.6
Ireland	2.5	0.11	14.7	0.05	2.1
Czechia	2.0	0.23	10.1	0.04	1.9
Estonia**	0.2	0.00	15.0	0.00	0.0
Total	**91.8**	**0.64**	**14.5**	**8.48**	**9.2**

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.*

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

This section reports on the continuation of the exceptional occurrences that justify the application of the SURE instrument, as required by the SURE Regulation[36].

While most Member States almost entirely removed COVID-19 related restrictions during 2022, a new wave spread across Europe in Summer 2022. As it became clear that the threat posed by the Omicron variant was less acute compared to previous COVID-19 strains, Member States relaxed most of their remaining containment measures at varying paces throughout Spring

[36] 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.

2022. However, a new wave spread across Europe in Summer 2022 leading to a renewed rise in transmission rates, hospitalisations and deaths. According to the European Centre for Disease Prevention and Control (ECDC), this wave now appears to be past its peak in all EU countries, having previously shifted from west to east[37]. As of 28 August 2022, transmission was falling in the EU/EEA, with the overall case notification rate decreasing by 14% compared to the previous week, though it remains relatively high. The aggregate 14-day COVID-19 death rate has been falling for four weeks, but increased in two Member States.

While COVID-19 temporary emergency measures are expected to be increasingly phased out, a resurgence of the COVID-19 pandemic in the EU remains a risk going forward. Among others, the planned unwinding of COVID-19 temporary emergency measures reflects the successful vaccination campaign in the EU, the less aggressive strains of COVID-19 becoming dominant and the adaptation of economies to the changes induced by the COVID-19 pandemic. However, the possibility of a resurgence of the pandemic should not be ruled out in the EU during the autumn 2022 or winter 2023, which would bring renewed disruptions to the economy[38].

The remaining financial assistance under SURE will remain available until 31 December 2022. Around EUR 6.7 billion would remain available. However, this amount is likely to decrease markedly by the end of 2022, since several Member States expressed an interest in receiving additional financial assistance under SURE.

V. 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.[39] 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 2.2, respectively. As of June 2022, over 98% of the EUR 93.3 billion allocated had been disbursed to Member States and 99% of this has already been spent.

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 97% is spent on

[37] See ECDC country overview report, week 34 (ending 28 August) 2022: https://covid19-country-overviews.ecdc.europa.eu/index.html

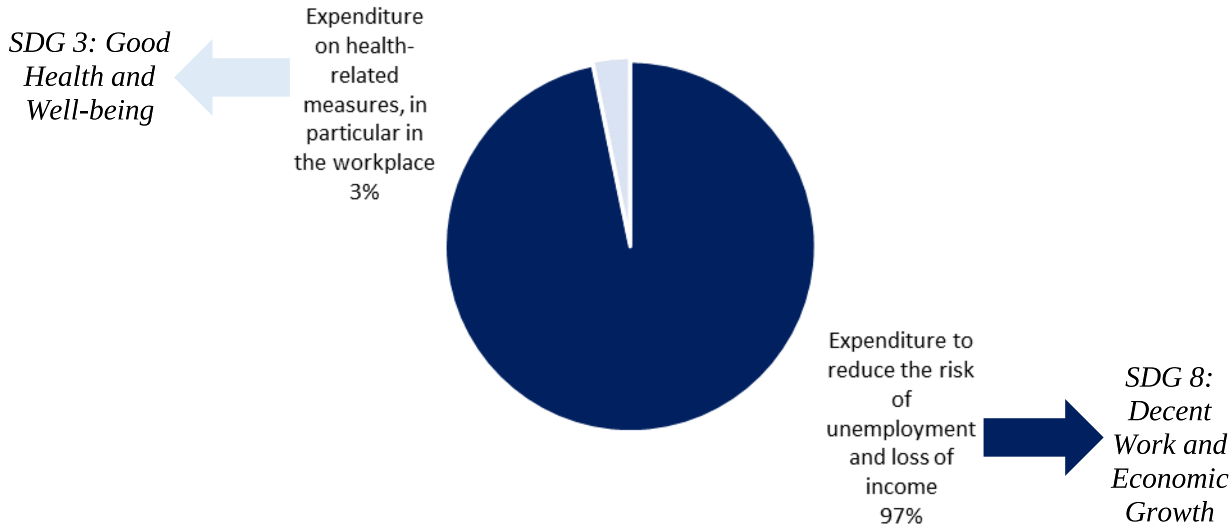
[38] In terms of economic outlook, the downside risk related to a possible resurgence of the virus would be compounded by the increased economic and political uncertainty related to the new challenges stemming from the Russian invasion of Ukraine, including, and most prominently, the surge in energy prices.

[39] 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)

reducing the risk of unemployment and loss of income. As illustrated in Graph 18, this supports SDG 8 (Decent Work and Economic Growth)). The remaining 3% is spent on health-related measures, which supports SDG 3 (Good Health and Well-being).

The impact of SURE is reported on in Section 2.3 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 8.5 billion in interest payments, as shown in Section 3.3.

Graph 18: Social Bond Framework and SDG mapping



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: 29.03.2021	**Total Disbursed**	**% of total requested**	**Avg. maturity**
		10y	20y	**Total**	5y	30y	**Total**	15y	7y	30y	**Total**	15y	5y	25y	**Total**	8y	25.6y	**Total**	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**	**100%**	**14.7**
Bulgaria	0.5															0.3	0.2	**0.5**		**0.5**	**100%**	**15.0**
Croatia	1.0				0.3	0.2	**0.5**					**0.5**								**1.0**	**100%**	**14.3**
Cyprus	0.6				0.2	0.1	**0.3**		0.2	0.1	**0.2**					0.1	0.0	**0.1**		**0.6**	**100%**	**14.7**
Czechia	2.0											**1.0**	1.0		**1.0**					**2.0**	**100%**	**10.1**
Estonia	0.2															0.1	0.1	**0.2**		**0.2**	**100%**	**15.0**
Greece	5.3				1.0	1.0	**2.0**		0.7		**0.7**					1.6	0.9	**2.5**		**5.3**	**100%**	**14.5**
Hungary	0.7							**0.2**	0.2	0.1	**0.3**								**0.1**	**0.7**	**100%**	**14.8**
Ireland	2.5												1.3	1.2	**2.5**					**2.5**	**100%**	**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**	**100%**	**14.8**
Latvia	0.3				0.1	0.0	**0.1**		0.0	0.0	**0.1**					0.1	0.0	**0.1**		**0.3**	**100%**	**14.6**
Lithuania	1.0				0.2	0.1	**0.3**					**0.3**				0.2	0.2	**0.4**		**1.0**	**100%**	**14.7**
Malta	0.4				0.1	0.0	**0.1**					**0.1**				0.1	0.1	**0.2**		**0.4**	**100%**	**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**	**9.7**	**87%**	**13.3**
Portugal	5.9							**3.0**								1.5	0.9	**2.4**	**0.5**	**5.9**	**100%**	**14.7**
Romania	3.0							**3.0**												**3.0**	**100%**	**14.6**
Slovakia	0.6							**0.3**				**0.3**								**0.6**	**100%**	**14.9**
Slovenia	1.1				0.2	0.0	**0.2**		0.5	0.4	**0.9**									**1.1**	**100%**	**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**	**100%**	**14.7**
Total	**93.3**	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**	**91.2**	**98%**	**14.5**

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

	SURE #8 (March 2022)
Tranche	15 year
Size of bond	2.17 bn
Yield	1.199%
Spread	MS-8bps
Spread to Bund (bps)	55.9
Spread to OAT (bps)	4.9
New Issue Concession	1 bps
Total investor demand	35 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.