



## EUROCITIES policy brief

# Support to mitigate Unemployment Risks in an Emergency (SURE)

7 April 2020

### Key figures



Targeted at protecting people's jobs



Temporary financial support



Fast deployment



Complements national efforts



Solidarity between Member States

The new instrument for temporary 'Support to mitigate Unemployment Risks in an Emergency (SURE)' is designed to help protect people in work and jobs affected by the coronavirus pandemic.

#### Who can apply?

The instrument is dedicated to **members states (cities are not eligible)**.

#### Available money

- €100 billion of **loans (not grants)** provided to member states.
- backed by €25 billion of guarantees voluntarily committed by member states
- no pre-allocated envelopes for member states.

#### How does it work?

- It will provide financial assistance from EU to member states in the form of loans granted on favourable terms.
- These loans will assist member states to address sudden and severe increases in public expenditure to preserve employment by:
  - covering the costs directly related to the creation or extension of national short-time work schemes.
  - covering similar measures to protect self-employed.

#### How can countries apply?

1. Member states decide to activate short-time work schemes to preserve employment and assist the self-employed. This leads to sudden increases in public expenditure.
2. Member states make a request to the Commission for financial support through SURE to help finance this expenditure.
3. Commission consults the member state to define the terms of the loan, based on an evaluation of the increase in public expenditure.
4. Commission presents a proposal for a decision to the Council to provide financial assistance.
5. Once approved, the financial assistance will take the form of a loan from the EU to the member state on favourable terms.

## EU Support to mitigate Unemployment Risks in an Emergency (SURE)

On 2 April, the European Commission has launched a new instrument to provide ‘**Support to mitigate Unemployment Risks in an Emergency (SURE)**’. This new temporary pan-European instrument worth **up to €100 billion of loans** dedicated to **members states**. The proposal was agreed by the EU ministries of finances on 9 April.

The instrument is designed to protect jobs and employees affected by the coronavirus pandemic. The objective is to complement the efforts of the national governments to address sudden increases in public expenditures linked to preserving employment during the COVID-19 outbreak and containment period.

### About the instrument

- **Available money.** EU financial assistance to the member states that request support, in the form of **loans up to €100 billion** granted on favourable terms. There are **no pre-allocated envelopes** for members states.
- **Guarantee from members states.** The new fund will be available after the member states offer a **guarantee of minimum €25 billion**. The guarantees will be on a voluntary basis and it will be irrevocable.
- **Areas for financial assistance.** These loans (not grants) will assist member states to address sudden and severe increases in public expenditure to preserve employment. It will cover the costs directly related to the **creation or extension of national short-time work schemes and similar measures for self-employed.**
- **Credit's conditions.** To finance the loans to member states, the Commission will borrow on financial markets. The Commission will then provide the loans to member states which will benefit from the EU's strong **credit rating and low borrowing costs**. There will be **caps for the borrowing** available for each member state.
- **Temporary character.** The European Commission will review every six months whether the exceptional circumstances causing the severe economic disturbances still exist.
- **Complementary approach.** The loans will complement the national measures taken by affected member states.

#### For cities: practical considerations

- \* **up to €100 billion** loans
- \* **Cities are not eligible** for the loans under SURE. The instrument is dedicated exclusively to the member states.
- \* **SURE is not offering grants.** It enables loans at a favourable interest rate.
- \* **15 countries** have expressed their interest for the moment.
- \* **Short-time work schemes** - public programmes that under certain circumstances allow firms experiencing economic difficulties to temporarily reduce the hours worked by their employees, which are provided with public income support for the hours not worked.

### Eligibility criteria

- **Member states** where the COVID-19 outbreak has led to a **sudden and severe increase** in public expenditure due to national measures adopted as **from 1 February 2020**.
- **National measures** should be **directly related to the creation or extension** of short-time work schemes and to similar measures for self-employed persons. Evidence of the sudden and severe increase in actual and possibly also planned expenditure for short time work schemes or similar measures.

## Procedure to obtain the loans

1. Member states decide to activate short-time work schemes to preserve employment and assist the self-employed. This leads to sudden and severe increases in public expenditure linked to the exceptional occurrence caused by the COVID-19 outbreak.
2. Member states make a request to the Commission for financial support through SURE to help finance this expenditure.
3. Commission consults the member state to define the terms of the loan, based on an evaluation of the increase in public expenditure.
4. Commission presents a proposal for a decision to the Council to provide financial assistance.
5. Once approved, the financial assistance will take the form of a loan from the EU to the Member State on favourable terms.

The instrument is part of a wider response the EU is exploring to address the economic crisis related to the COVID19. Read more about SURE instrument [here](#).

### Sources

1. European Commission proposal for [European instrument for temporary support to mitigate unemployment risks in an emergency \(SURE\) following the COVID-19 outbreak](#)
2. Factsheet: [Supporting Member States to help protect people in work and jobs - SURE](#)



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