

Available EU funding and financing to respond to COVID-19

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Introduction

The COVID-19 pandemic has an enormous impact on health and wellbeing of communities, it has led to over-stretched health services and has serious consequences for the economies of our societies. The European Union has responded with making funding and financing available to mitigate direct and indirect impacts of the crisis. This document aims to provide a quick overview of the available funding and financing. Some may be available for strengthening health promoting services.

We will look into:

- Emergency funds
- Temporary Funds
- Other initiatives for recovery investments

An overview and analysis of the latest proposals for the EU long term budget (Multi Financial Framework 2021-2027) will be added in July 2020.

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Emergency Funds

With the aim to immediately support the Member State response to the COVID-19 pandemic, the European Commission has reoriented some of its existing emergency response mechanisms. Through those instruments, the aid is mainly targeted to help equip health professionals and hospitals most in need with protective gear and increase their medical capacity.

The initiatives to support Member States in emergency are discussed below.

European Union Emergency Support Instrument for the Healthcare Sector

Budget: €2.7 billion for 2020

What for? In response to the COVID-19, the support instrument helps to fund urgent medical supply needs, such as masks and respirators, the transportation of medical equipment and patients in cross-border regions, and the construction of mobile field hospitals.

What is new: Team running the initiative at the European Commission will be assessing the developments in Member States, hence the concrete action will depend on the needs of the countries. For example, the European Commission will work to:

- support the imports, transport and distribution of protective gear;
- assist the transportation of patients to cross-border hospitals which can offer free capacity;
- facilitate fast development of medication and testing methods;
- respond to other evolving needs of Member States, hospitals, doctors and patients.

About the application: To map EU countries' most pressing necessities and direct money where the needs are, the Commission has already started working with Member States' national health authorities. Additional consultations with Member States and specific requests from their part will also be taken into account.

As of 18 June 2020, European Union countries can apply for additional funding via the Emergency Support Instrument to transport essential goods, medical teams and patients affected by the coronavirus. This comes in addition to support already available via the EU Civil Protection Mechanism and deliveries of protective equipment through rescEU. €220 million have already been made available.

Where to find more information? https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_577 and https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1118

RescEU- medical equipment capacity (complementary to EU Emergency Support Instrument)

Budget: €380 million

What for? To procure and distribute medical supplies across the EU.

What is new:

- The medical capacity will be created, and medical equipment hosted by one or several Member States. The first hosting state will be Romania. Romania will be responsible for procuring the equipment.
- The Commission will finance 100% of the medical capacity.
- The Emergency Response Coordination Centre will manage the distribution of the equipment.

About the application: When the capacities of a country to respond to the crisis are not enough, it can request assistance via the EU Civil Protection Mechanism. Once activated, the EU channels through

the [Emergency Response Coordination Centre](#) the offers of assistance made available by its Member States and Participating States.

Where to find more information? https://ec.europa.eu/echo/what/civil-protection/resceu_en

EU Solidarity Fund for COVID-19

Budget: up to €800 million

What for? The European Union Solidarity Fund (EUSF) will aid the worst affected countries to alleviate the financial burden of the immediate crisis response measures. EUSF was set up in 2002 to respond to major natural disasters and express European solidarity to disaster-stricken regions in Europe.

What is new: the scope of the Solidarity Fund was broadened to include major public health crises. The EUSF could be mobilised during the first four months from the date of the first public action against the crisis. It can finance emergency response measures retroactively, starting from the day of the first official action and up to four months after.

Funding from the EUSF will complement the public expenditure for:

- rapidly providing assistance, including medical, to the population affected by the pandemic;
- protecting the population from the risk of being affected, including prevention, monitoring or control of the spread of disease, combating severe risks to public health or mitigating their impact on public health.

About the application: It is recommended for the body preparing the application to establish early direct contact with the European Commission service in charge of processing applications who can offer advice that will help to speed up the application procedure.

Any application has to reach the Commission within 12 weeks of the date of the first official action against the emergency. However, in order to ensure an equitable treatment of all COVID-19 applications, the Commission will accept receiving updates/full information within 12 weeks of the entry into force of the amended Regulation i.e. by 24 June 2020.

Based on assessment of the full applications received by 24 June, the Commission will propose an amount of aid to the European Parliament and the Council who have to approve it.

Where to find more information? https://ec.europa.eu/regional_policy/en/funding/solidarity-fund/covid-19

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Temporary Funds

To mitigate the severe economic downturn and fund healthcare systems, European Council requested European Commission to come up with measures that would support the ongoing efforts at national level. The temporary measures aim to help preserve the employment, enhance coronavirus related research and development, promote social inclusion and combat poverty.

Apart from funding Member State efforts, the European Commission has also changed rules to allow Member States until the end of December 2020, to provide direct aid for companies and small firms hard hit by the pandemic as they may risk closing down otherwise. The [Temporary Framework](#) provides for direct grants or tax advantages, public and private loans with subsidised interest rates, the production of products relevant to tackle the coronavirus outbreak, the construction and upscaling of testing facilities, etc.

The temporary initiatives are discussed below.

Coronavirus Response Investment Initiative Plus (CRII+)

Budget: around €8 billion of immediate liquidity to accelerate up to €37 billion of European public investment.

What for: The three EU Cohesion Policy funds under the current 2014-2020 framework (the [European Regional Development Fund](#), [European Social Fund](#) and [Cohesion Fund](#)) can focus on promoting social inclusion and combating poverty as a response to the effects of the public health crisis of the COVID-19. In the current circumstances of the outbreak, it is justified to exempt Member States from the need to comply with thematic concentration requirements of different funds until the end of the programming period (2020).

What is new?

- transfer possibilities across the three EU Cohesion Policy funds;
- a 100% EU co-financing rate for cohesion policy programmes for the accounting year 2020-2021, allowing Member States to benefit for full EU financing for crisis-related measures;
- all non-utilised support from the cohesion policy funds can be mobilised to address the effects of the public health crisis on our economies and societies;
- exemption from the need to comply with thematic concentration requirements, which enables a redirection of resources to the areas most impacted by the current crisis;
- other administrative simplifications.

About the application: Member States may request amendments to operational programmes to enable a 100% EU co-financing rate to apply for the accounting year 2020-2021. Such requests can be made during the accounting year starting on 1 July 2020 and ending on 30 June 2021.

Where to find more information? https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_574

Fund for European Aid to the Most Deprived (FEAD) (part of the CRII+ initiative)

Budget: More flexible use of the remaining amount of the €3.8 billion for the 2014-2020 period.

What for: The FEAD supports EU countries' actions to provide food and/or basic material assistance to alleviate all forms of extreme poverty. This includes food, clothing and other essential items for personal use. National authorities may also support non-material assistance ensuring the greatest impact tackling social exclusion, such as homelessness, child poverty and food deprivation.

What is new?

- The costs of actions that are fostering crisis response capacities to the coronavirus outbreak as of 1 February 2020 are eligible under the FEAD;
- expenditure related to protective equipment for partner organisations;
- certain measures will no longer require approval from the European Commission;
- possibility to deliver food aid and basic material assistance through electronic vouchers;
- providing 100% of co-financing (instead of 85%) to be applied for the accounting year 2020-2021.

About the application: Member States and the bodies designated by them are responsible for implementing the programmes under the FEAD Regulation. The amendments to the regulation will make it easier for countries, partner organisations and other parties involved to access the fund and protect their staff involved in distributing the aid.

Where to find more information? <https://www.consilium.europa.eu/en/press/press-releases/2020/04/22/covid-19-council-adopts-measures-to-help-the-most-deprived-eu-citizens/>

Support to mitigate Unemployment Risks in an Emergency (SURE)

Budget: Loans granted on favourable terms to Member States, of up to €100 billion.

What for? The loans will assist Member States to address sudden increases in public expenditure to preserve employment, and contain public expenditure and debt. Specifically, it will help cover the costs directly related to the creation or extension of national short-time work schemes, and other similar measures in place for the self-employed as a response to the coronavirus pandemic.

About the application: Financial assistance under the SURE instrument will take the form of a loan from the EU to the Member States that request support. The Commission would consult the Member State concerned to verify the extent of the increase in public expenditure that is directly related to the creation or extension of short-time work schemes and similar measures for self-employed. This

consultation will help the Commission to evaluate the terms of the loan, including the amount, and the technical modalities for implementation.

Where to find more information? https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_572

4 Other initiatives for Recovery Investments

European Commission initiatives

The Next Generation EU Recovery Plan

Council agreed to work on a recovery plan to prepare and support the recovery, providing funding through the EU budget to programmes designed to kick-start the economy in line with European priorities and ensuring EU solidarity with the most affected member states. Such a fund would be temporary, targeted and help spread them over time through appropriate financing.

The European Commission has now presented the Next Generation EU recovery plan that aims to address the damage caused by the pandemic and invest in a green, digital, social and more resilient EU. Under the proposal, the Commission would borrow the money on the financial markets using its high credit rating, which should secure low borrowing costs. A total of €500 billion would be distributed in grants

National leaders remain divided over questions about financing a recovery fund, including whether the package should deliver assistance in the form of grants or with loans. The scale of the financial effort is also up for debate.

Where to find more information? https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940

Research and Innovation

The European Commission updated the Horizon2020 Work Programme to invest €1 billion into coronavirus research and innovation. Among others, the actions include funding additional research and innovation actions on the coronavirus pandemic and to extend promising projects already underway (**€172 million**), additional support to the [Coalition for Epidemic Preparedness and Innovation](#) to develop vaccines (**€50 million**), and to set up a Population Health Information Research Infrastructure to collect and make available data that can support research and policy decisions (**€15.5 million**).

Where to find more information? https://ec.europa.eu/info/news/commission-updates-horizon-2020-work-programme-support-coronavirus-research-and-innovation-2020-jun-17_en

EIB pan-European guarantee fund

Council welcomed the initiative of the EIB Group to create a pan-European guarantee fund of EUR 25 billion, which could support EUR 200 billion of financing for companies with a focus on SMEs, throughout the EU.

Council invited the EIB to operationalize its proposal and be ready to put it in place without delay, while ensuring complementarity with other EU initiatives and the future Invest EU programme. This initiative is an important contribution to preserving the level playing field of the single market in light of the national support schemes.

In addition, the European Investment Bank approved €5 billion of new financing for businesses hit by the economic shock and for medical technology. The financing is part of the EIB's quick response to the coronavirus crisis and its economic effects. It includes €3 billion dedicated for companies in Italy and Spain.

The EIB Board also agreed to extend existing EIB loans in view of the economic impact of the coronavirus crisis, up to a total of €5 billion.

The Board also approved a €75 million equity investment into the German company Curevac, to support research to mitigate the health impact of coronavirus.

Other initiatives

Public Finance Facility (PFF) by Council of Europe Development Bank

What for: In response to the challenges experienced by Europe's public health systems as a result of pandemic, the Bank has adapted the PFF, its financing instrument aimed at national and sub-national public sector partners, to fund actions which aim to reduce the impact of the ongoing emergency, including on the most vulnerable groups.

What is new: More specifically, the facility will cover:

- the acquisition, under emergency procedures, of medical equipment and consumable
- the rehabilitation and transformation of spaces, including medical units
- general support for civil protection entities
- the mobilisation of additional expertise
- any relevant action in other sectors, such as social care and education.

About the application: The CEB is in constant dialogue with its member countries which have been severely impacted by the pandemic. Multi-expertise project teams are working to translate the borrowers' needs into projects eligible for CEB financing and define the best financing solution.

All requests for COVID-19 funding are being appraised once a week and then put to the Administrative Council for approval on a monthly basis.

Where to find more information? <https://coebank.org/en/project-financing/cebs-response-covid-19/timely-flexibletargeted/>

COVID-19 Response Social Inclusion Bond by Council of Europe Development Bank

Budget: €1 billion 7-year maturity COVID-19 Response Social Inclusion Bond

What for: To support CEB member countries in mitigating the social and economic impact of the ongoing COVID-19 crisis.

What is new: The COVID-19 Response Bond is issued within the CEB Social Inclusion Bond framework, which is being adapted so that financing can be extended to the health sector. The SIB will also finance new or existing social projects which support small and medium-sized enterprises in order to create and preserve jobs.

Where to find more information? <https://coebank.org/en/news-and-publications/news/ceb-issues-social-inclusion-bond-response-covid-19-pandemic/>

World Bank funding for Europe and Central Asia

Budget: more than \$1.4 billion

What for: To help countries in the wider European region and Central Asia mitigate the impacts of COVID-19. This financing is paying for medical equipment, including test kits, respirators and ventilators, and strengthening the capacity of health systems, including training for health care workers, along with social protection support for the most vulnerable people affected by COVID-19.

Where to find more information? <https://www.worldbank.org/en/news/press-release/2020/05/04/covid19-support-to-europe-and-central-asia-from-world-bank-tops-1-billion-as-anna-bjerde-becomes-regional-vice-president>