

# Impact of coronavirus on EU aid to the most deprived

## SUMMARY

Around 24 million people in the EU, or 5.6 % of the population, are 'severely materially deprived'. Fighting poverty and social exclusion is therefore a key priority, and to this end the EU supplements its Member States' aid to those most in need through the Fund for European Aid to the Most Deprived (FEAD), which has a budget of €3.8 billion. Partner organisations selected by the Member States manage this support, providing food (e.g. distribution of food packages and meals) and material assistance (e.g. clothes), or activities to improve inclusion (e.g. better access to support and social services) to those in need. In parallel, the European Social Fund (ESF) remains the broader funding instrument fighting poverty and social exclusion.

The coronavirus crisis poses specific risks for the most deprived and unparalleled challenges for the activities supported by the FEAD and the ESF. To safeguard the most vulnerable, and aid workers and volunteers, against the coronavirus disease, emergency measures have been taken to provide them with protective equipment. Changes, launched in April 2020, have sought to adapt the FEAD to the challenging situation. For instance, electronic vouchers have been introduced to deliver food aid and basic material assistance, to reduce the risk of contamination during delivery. Furthermore, FEAD money has been made available for buying protective equipment for those delivering the aid.

Yet again, partner organisations and other players involved in the implementation of the FEAD have been enabled to quickly address the additional needs of the most deprived arising from the crisis. During the crisis, the fund will be 100 % EU-financed, including the 15 % normally paid by the Member States. Moreover, to face the acute labour crisis and its social consequences on the most deprived, the EU has taken initiatives to address immediate needs and mitigate negative impacts on employment and social policy, including measures to support the most vulnerable or deprived groups. Since the onset of the pandemic, the European Parliament has been at the forefront of initiatives to protect the most deprived.



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## Who are the most deprived in the EU?

Following the 2008 financial and economic crisis and the upsurge in precariousness within the European Union (EU), the European Council, meeting in June 2010, adopted a social target as part of the [Europe 2020 strategy](#): to lift at least 20 million people in the EU out of the risk of poverty and exclusion by 2020. To monitor progress towards this target, the Employment, Social Policy, Health and Consumer Affairs Council ([EPSCO](#)) agreed on an indicator: the 'at risk of poverty or social exclusion' ([AROPE](#)) indicator.

According to the definition adopted by the EU, the risk of poverty or social exclusion involves a combination of three main factors reflecting the multidimensional nature of poverty and social exclusion: i) at-risk-of poverty and social exclusion<sup>1</sup> (i.e. low income); ii) **severe material deprivation**; and iii) living in households with very low work intensity.<sup>2</sup>

The concept of [severe material deprivation](#) is based on the affordability of goods or services that are considered to be necessary or desirable for people to live in decent conditions. Severely materially deprived households are defined as those who cannot afford at least four of the following:

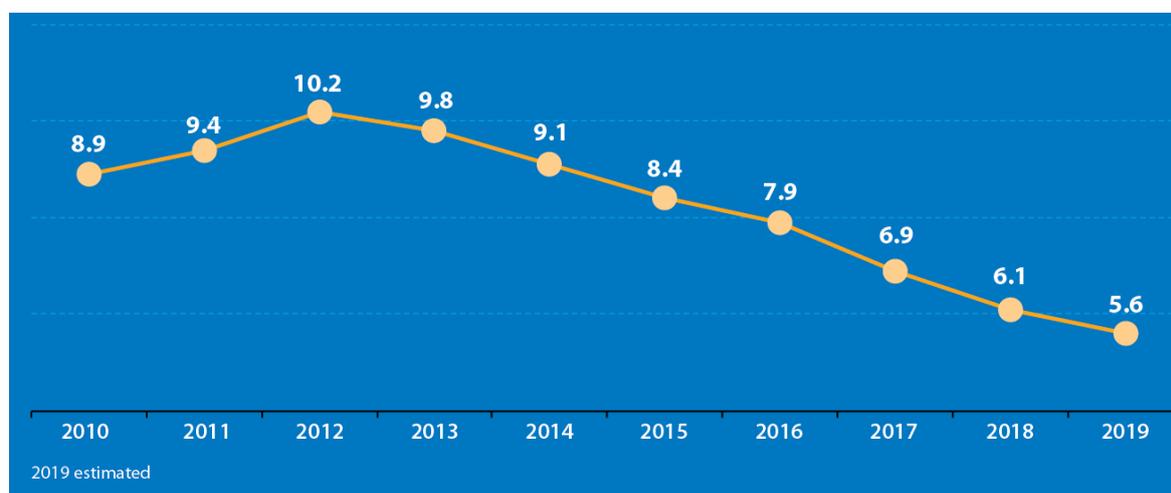
- unexpected expenses;
- one week of holiday per year away from home;
- overdue payments (incapacity to pay mortgage, rent, regular bills, loan instalments or other credit repayments on time);
- a meal containing meat or fish every two days;
- heating to keep the home adequately warm;
- a washing machine;
- a colour television;
- a telephone;
- a car.

## Statistics

### State of play

In 2019, according to the AROPE indicator (severe material deprivation), around 24 million people in the EU (5.6 % of the population, [Eurostat](#)) were severely materially deprived. Since its 10.2 % peak in 2012, the proportion of severely materially deprived persons in the EU has declined continuously (see Figure 1).

Figure 1: Severe material deprivation rate in the EU-27, (% of the population, 2010-2019)



Source: [Eurostat](#), 2020.

As shown in Table 1, the prevalence of severe material deprivation is higher among:

- people living in households composed of one single adult with dependent children (10.7 %);
- single adult households (whether a single woman or a single man, respectively 8.3 % and 8.8 %);
- households composed of two adults with three or more children (6.6 %).

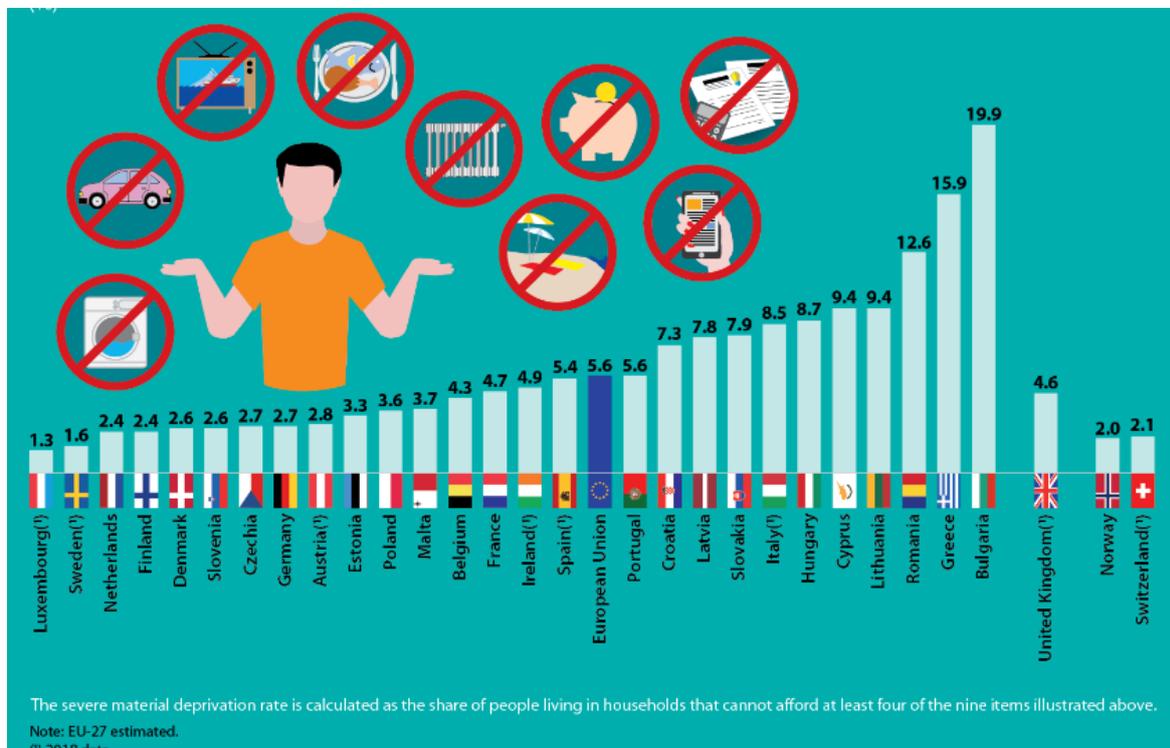
Across the EU, Bulgaria (19.9 %), Greece (15.9 %) and Romania (12.6 %) registered the highest rates of severe material deprivation in 2019 (see Figure 2). Conversely, the lowest shares were between 2.7 % and 2.4 %: in Czechia and Germany (2.7 % for both), in Denmark (2.6 %), and in the Netherlands and Finland (both 2.4 %).

Table 1: Severe material deprivation by household type, EU-27, % of the population, 2019

	EU-27 (%)
Single person with dependent children	10.7
Single female	8.3
Single male	8.8
Two adults, at least one aged 65 or over	3.5
Two adults with one dependent child	3.8
Two adults with three or more dependent children	6.6
<b>EU-27 average</b>	<b>5.6</b>

Data source: [Eurostat](#), 2020.

Figure 2: Severe material deprivation rate in the EU in 2019 (% of the population)



Source: [Eurostat](#), 2020 (2019 estimated).

In recent years, up until 2019, severe material deprivation in the EU-27 had been more common among younger persons (aged less than 18) than among older ones (aged 65 years or over), while the group of working-age persons (18 to 64 years old) has fallen between the other two.

In 2019, the situation changed. The percentage for younger people in severe material deprivation was the same as that for the working-age population (5.8 %). Compared to the other age groups, the percentage for older people in this situation remained lower (4.8 %, see Table 2).

Table 2: Severe material deprivation rate in the EU-27 by age (% of the population, 2015-2019)

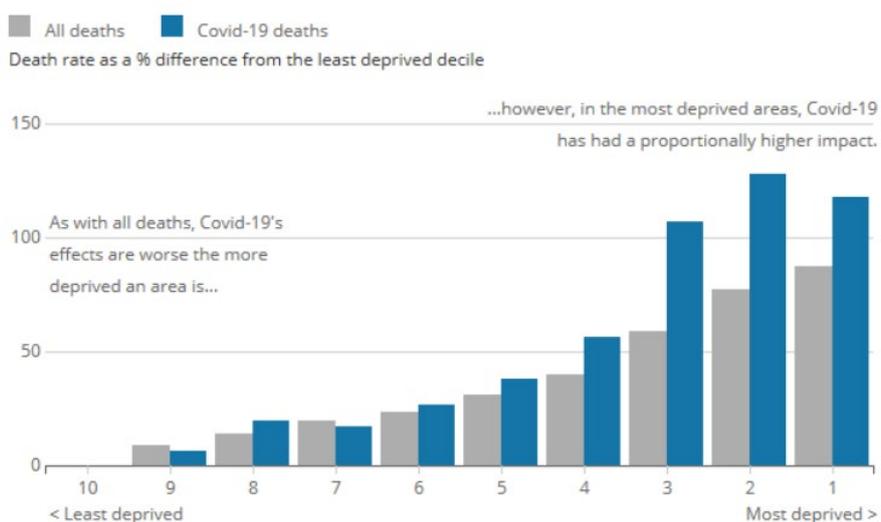
	<18 years (%)	18-64 years (%)	≥ 65 years (%)
2015	9.6	8.7	6.1
2016	8.6	8.1	6.4
2017	7.3	7.2	5.9
2018	6.5	6.3	5.2
2019	5.8	5.8	4.8

Data source: [Eurostat](#), 2020.

## Forecast

With the spread of the coronavirus and the implementation of lockdowns across the EU, those most in need may find it even more difficult to cope with the social and financial difficulties caused by the containment measures. Most probably, the downward trend in the percentage of severely materially deprived people will change throughout 2020. A recent study published by the United Kingdom's [Office for National Statistics](#) has pointed out that people living in more deprived<sup>3</sup> areas of England and Wales are more likely to die from the coronavirus disease than those living in the wealthiest areas. In England, the mortality rate was 55.1 deaths per 100 000 inhabitants in the most deprived places and 25.3 deaths per 100 000 in the least deprived places (see Figure 3).

**Figure 3:** Age-standardised mortality rates, all deaths and deaths involving coronavirus, Index of Multiple Deprivation, England, deaths occurring between 1 March and 17 April 2020



Source: [UK Office for National Statistics](#), 2020.

In Wales, the fifth most deprived areas had a mortality twice as high as the rate for the least deprived areas (respectively 44.6 and 23.2 deaths per 100 000 population between 1 March and 17 April 2020).

Mortality rates are usually higher in poorer areas, with coronavirus appearing to be adding to the problem.

## EU aid to the most deprived

Since the onset of the 2008 financial and economic crisis, fighting poverty and social exclusion has become a key priority for the EU (see the above-mentioned [Europe 2020 strategy](#) target). Anti-

poverty and social inclusion measures are also core objectives of the more recent [European Pillar of Social Rights](#) (2017), showing that the topic has been high on the European agenda for several years now. As the coronavirus crisis has hit the poorest and the most vulnerable the hardest, close attention to the economic, social and health situation and additional needs of those who are poorer and more vulnerable is needed at EU level.

## The Fund for European Aid to the Most Deprived

Since 1987, the EU's Food distribution programme for the most deprived people ([MDP](#)) had been an important source of food provision for the needy, making meaningful use of agricultural surpluses. With the reduction of intervention stocks and a [judgment](#) of the Court of Justice of the EU ruling out the use of EU funds to purchase food, the MDP was discontinued at the end of 2013. At a time when needs were increasing, the European Parliament called on the Commission to maintain a [food aid programme](#). In 2012, the Commission proposed to set up a new Fund for European Aid to the Most Deprived (FEAD) for the 2014-2020 period. Unlike its predecessor, the new fund benefits all Member States. [Regulation \(EU\) No 223/2014](#) established the FEAD.

### FEAD objectives

The overarching objective of FEAD is to promote and enhance social inclusion and therefore ultimately contribute to the goal of eradicating poverty in the EU (reducing the number of people at risk of poverty or social exclusion by at least 20 million), in accordance with the Europe 2020 strategy. It seeks to alleviate the worst forms of poverty by providing non-financial assistance to the most deprived in conjunction with other EU funds, such as the ESF, and with Member States' national poverty eradication and social inclusion policies.

### Funded actions

The EU contribution to the FEAD is more than €3.8 billion (in current prices) for the 2014-2020 period. In addition, Member States co-finance at least 15 % of the costs of their national operational programmes (around [€674 million](#)), bringing the total resources channelled through the fund to approximately €4.5 billion.

The principal actions undertaken under the FEAD are:

- **food support** (distribution of food packages and meals to people in deprived situations, school lunches for children at risk of poverty or social exclusion, collection and distribution of donated food, etc.);
- **material assistance** (basic hygiene items for adults and children, basic household items, clothing, sleeping bags for the homeless, school supplies, etc.);
- **accompanying measures** to alleviate adversity through advice and guidance (regarding basic rights, nutrition and health, available social services and access to education services, temporary shelter for the homeless, etc.);
- **social inclusion activities** (improving access to existing support and social services, psychological support, training in self-reliance, language courses, etc.).

As the FEAD is implemented under shared management, each Member State is free to adapt the assistance it provides, focusing on food aid, basic consumer goods or social inclusion activities, depending on local needs. FEAD assistance is delivered via partner organisations (public bodies or non-governmental organisations – NGOs), selected by the Member States on the basis of objective and transparent criteria. There is also a [network](#) of national FEAD managing authorities, organisations delivering or involved in FEAD-funded activities, EU-level NGOs and EU institutions. The network's main objective is to share best practice on how to deliver non-financial assistance for the most deprived in the EU.

## Other EU programmes and actions

The main funding instrument fighting poverty and social exclusion remains the broader [European Social Fund](#) (ESF). Although the ESF was originally set up to promote employment, it has evolved into a tool to reduce the risk of poverty through the empowerment of people to help themselves, the improvement of their quality of life and the fight against poverty and marginalisation. For the 2014-2020 programming period, the ESF focuses, in particular, on the promotion of social inclusion and on combating poverty, as 20 % of ESF investments (with a €80 billion budget) are to be committed to activities improving social inclusion and combating poverty.

In May 2018, the Commission issued a proposal for a [European Social Fund+](#) (with a provisional budget of €101.2 billion in current prices for the 2021-2027 period) to incorporate the FEAD and other programmes, such as the Youth Employment Initiative (YEI), the Employment and Social Innovation Programme (EaSI) and the EU Health Programme. On 27 May 2020, the Commission released a new proposal for the multiannual financial framework 2021-2027, in which the ESF+ has been allocated a total budget of €97.3 billion (€86.2 billion in 2018 prices) and a new separate EU4Health Programme will be created.

## EU response to the coronavirus crisis

### Amending the FEAD Regulation

The coronavirus crisis has engendered specific risks to the most deprived, and posed an unparalleled challenge for the actions supported by the FEAD. In order to protect the most vulnerable and the workers and volunteers delivering FEAD aid from falling victim to Covid-19, exceptional measures have been taken urgently.

On 2 April 2020, the Commission [proposed](#) to amend the FEAD Regulation in order to address the difficulties encountered by public authorities and partner organisations in implementing the fund during the pandemic. This initiative complements the Commission's first, of two, package of pandemic-related measures, the '[Coronavirus Response Investment Initiative](#)' (see below).

The specific measures included in the proposal are:

- flexibility for Member States to adjust their schemes of support to the current context, including by launching alternative schemes of delivery through electronic vouchers (lower risk of contamination), and by amending certain elements of the operational programme without such amendments having to be adopted by a Commission decision;
- the possibility to provide the necessary protective materials and equipment to partner organisations outside the technical assistance budget;
- eligibility of expenditure incurred since 1 February 2020 for FEAD operations that strengthen the capacity to respond to the pandemic;
- the possibility to exceptionally allow Member States to apply for a co-financing rate of 100 % for the accounting year 2020-2021;
- specific provisions regarding the eligibility of costs incurred by beneficiaries in case the delivery of food/basic material assistance or social assistance is delayed, as well as for suspended and not fully implemented operations;
- flexibility measures that reduce the administrative burden on the authorities in terms of compliance with certain legislative requirements, in particular as regards monitoring and control and audit;
- any changes in the multiannual financial framework annual ceilings for commitments and payments set out in the FEAD Regulation. The total annual breakdown of commitment appropriations for the FEAD will remain unchanged.

During the 17 April plenary session, Members of the European Parliament voted on the proposal for an [amending regulation](#) as regards the introduction of specific measures for addressing the

Covid-19 crisis. The Employment and Social Affairs Committee (EMPL) decided to send it direct to plenary under the urgent procedure. After adoption by the Council on 22 April 2020, the [final act](#) was signed by the presidents of the co-legislators on 23 April 2020.

On 28 May, the Commission proposed further amendments to the FEAD Regulation in view of the growing needs on the ground. These amendments make additional resources for the FEAD available for the 2020-2022 period, as part of the increased resources for cohesion policy under the 2014-2020 EU budget. It also allows Member States to inject further resources into the FEAD.

## Measures to support employment

To face the [major labour crisis](#) engendered by the pandemic and its social consequences, the EU has taken initiatives to address immediate needs and mitigate negative impacts on employment and social policy. The Member States have been focussing their [efforts](#) on three areas: supporting businesses to stay afloat; protecting and retaining employment, and protecting people's income. Despite the speed with which most of these measures were implemented, social partners continued to be involved in their design at least in those Member States with a well-functioning social dialogue in place. These measures include support to the most vulnerable or deprived groups who may be disadvantaged by the current situation:

- as a response to the most urgent needs, on 13 March 2020 the Commission launched the **Coronavirus Response Investment Initiative**, made up of two packages ([CRII](#) and [CRII+](#)), with the objective to make €37 billion available from the EU structural funds to mitigate the impact of the crisis on the most vulnerable sectors, including the labour market. These initiatives give Member States greater flexibility to make transfers between cohesion policy funds so that resources are available where they are needed most, and to offer support to those most in need (achieved by the introduction of amendments to the rules of the FEAD, see above);
- the Commission is making all coronavirus crisis-related expenditure eligible under cohesion policy rules. As ESF [funding](#) is already used to ensure access to quality services, including healthcare, it can be used to deliver community-based services to the most vulnerable. It can also be used to ensure the reintegration of workers and the self-employed into the labour market;
- the [European Globalisation Adjustment Fund](#) supports people who have lost their jobs as a result of major changes linked to globalisation or the global economic and financial crisis. The Commission [underlines](#) that it could support redundant workers and the self-employed in the current crisis. The fund has up to €179 million available in 2020;
- the Support to Mitigate Unemployment Risks in an Emergency ([SURE](#)) initiative is a temporary instrument complementing national efforts to protect employees and the self-employed from the risk of unemployment and loss of income;
- as [stated](#) by Commission Executive Vice-President, Valdis Dombrovskis, on 19 March 2020, the Commission plans to accelerate work on a legislative proposal for a permanent **European Unemployment Benefit Reinsurance Scheme** (EUBRS). The objective is to help active workers, as well as people who have lost their jobs due to major upheaval. It would also support Member State policies aimed at preserving jobs and skills and helping the unemployed to make the transition from one job to another.

## European Parliament

In its 17 April resolution on [EU coordinated action to combat the Covid-19 pandemic](#) and its consequences, the Parliament emphasised the need to 'give priority to support measures for the most vulnerable citizens, women and children exposed to domestic violence, the elderly and the disabled through a specific exceptional support fund'.

During the EMPL committee meeting of 7 May, its members held an exchange of views with the directors of the European Agency for Safety and Health at Work, (EU-OSHA) and the European Foundation for the Improvement of Living and Working Conditions (Eurofound) on the social and employment impacts of the pandemic.

Some of the topics discussed were: safe return to the workplace, risk assessment, involvement of workers, impact of the crisis on health, mental health, social and financial insecurities, work implications, work-life balance, implications of teleworking, review of the measures in the different Member States and the various practices applied in other countries. In a Eurofound [online survey](#) carried out in April, more than one-quarter of respondents across the EU reported losing their job either temporarily (23 %) or permanently (5 %), with young men being the most affected. Almost 40 % of people in the EU reported their financial situation as worse than before the pandemic – double the numbers reported in surveys before the crisis. Unsurprisingly, over half of EU respondents expressed concern about their future as a result of the pandemic, with 45 % feeling optimistic.

The additional resources will provide food and basic material assistance together with accompanying measures, or will be spent on dedicated social inclusion measures. To ensure a quick delivery, Member States will receive a substantial pre-financing payment on the additional resources, and will not have to make any financial contributions to these resources of their own.

## MAIN REFERENCES

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Eurofound, [Living, working and COVID-19: First findings – April 2020](#), May 2020.

Kiss, M., [Coronavirus and the world of work](#), EPRS, European Parliament, April 2020.

Lecerf, M., [Fund for European Aid to the Most Deprived \(FEAD\)](#), EPRS, European Parliament, April 2019.

Lecerf, M., [Poverty, gender and life cycle](#), EPRS, European Parliament, December 2017.

## ENDNOTES

- <sup>1</sup> The at risk of poverty or social exclusion rate is defined in relation to national median income (60%), which shows the relationship between poverty, time and location.
- <sup>2</sup> 'Very low work intensity' reflects the share of the population under 59 years old who live in households where the people of working age have worked less than 20 % of their total work potential during the past year.
- <sup>3</sup> According to the Office for National Statistics, the Index of Multiple Deprivation (IMD) is an overall measure of deprivation based on factors such as income, employment, health, education, crime, the living environment and access to housing within an area. There are different measurements for England and Wales, which are not directly comparable.

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