

Summary of the assessment of the Spanish recovery and resilience plan

Grants: EUR 69 512 589 61

Loans: None at this stage

211 measures: 102 reforms and 109 investments divided into 30 components

Number of milestones and targets: 416 in total, of which 169 milestones and 247 targets

Climate target: 39,7%

Digital target: 28,2%

1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	The plan pursues the general objective of the Facility to promote the Union's economic, social and territorial cohesion and is balanced in its response to the six policy pillars referred to in Article 3 of the Regulation. The balanced set of reforms and investments contained in the 30 components of the plan reflects the overall financial allocation as well as the challenges the country faces. The green and digital pillars contributions are significant in terms of reforms and investments put forward (pillars 1 and 2). The plan includes a substantial allocation for the green and digital transition (respectively, EUR 27,6 billion and EUR 19,6 billion). Most components in the plan are expected to contribute to smart, inclusive and sustainable growth, notably through support to enable a swift twin transition (pillar 3). A significant number of components contribute significantly to social and territorial cohesion, mostly through measures to address challenges in the labour market and enhance employability, investments on social inclusion and through improvements in the deployment of public services and infrastructure throughout the territory (pillar 4). Several of the components support significantly health, economic, social and institutional resilience, notably through measures seeking to improve the functioning of the public administration, the national health system and to preserve and enhance the natural capital of the country. Measures that seek to enhance the effectiveness of and fairness of tax revenue collection and spending are expected to contribute to economic and social resilience (pillar 5). In addition, a number of components are designed to support the policies for the next generation through investments in education, skills, the labour market, social inclusion and social housing (pillar 6).	A
2.2	The plan is expected to contribute to address a significant subset of the recent country-specific recommendations addressed to Spain by the Council in 2019 and 2020 . The plan of Spain is expected to contribute substantially to address the country-specific recommendations on fostering public and private investment to help the recovery. In doing so, it is expected address the country-specific recommendations on investment in innovation and the digital and green transition of the country. The plan also includes measures to reduce the high share of temporary contracts and to reinforce active labour market policies that are expected to improve the functioning of the labour market. The plan is expected to help address the existing fragmentation of unemployment protection, which resulted in gaps. It is also expected to contribute to the provision of labour market relevant skills and qualifications that should accompany the green and digital transition of the country. Access to digital learning can be significantly boosted by the plan through investments in devices and skills, but also through the development of online courses. Educational	A

	<p>outcomes may also improve as a result of investments at various stages of the education cycle. Measures in the plan also have the potential to contribute to address country-specific recommendations asking Spain to improve coverage and adequacy of minimum income schemes and family support. The plan is also expected to strengthen public procurement frameworks, and contribute to a better business environment. Finally, measures in the plan seeking a more effective public spending and tax system may contribute to fiscal sustainability.</p> <p>The plan also includes labour market and pension system reforms whose final design has been left open, as it is subject to the outcome of the process of social dialogue. With the aim of preserving employment, the plan includes the set-up of a flexibility and job stability mechanism that builds on the use made of short-time work schemes. The new mechanism is expected to promote access to training and voluntary mobility for workers in case of downturns. The plan also includes a modernisation of the collective bargaining system, which is to be carried on the basis of an evaluation identifying existing shortcomings in the system. In order to contribute to addressing country-specific recommendations in the labour market domain, the overall reform package of labour market reforms should strike the right balance between flexibility and security. The plan also includes a reform of the pension system with the aim of preserving its adequacy and long-term sustainability. For these labour market and pension system reforms, the final design of the measures is expected to reflect the outcome of the ongoing social dialogue process. These reforms are to be accompanied by an analysis of different options to ensure their medium to long term fiscal sustainability.</p>	
2.3	<p>The recovery and resilience plan is expected to have a high impact on strengthening the growth potential, job creation, and economic, social and institutional resilience of Spain. Simulations by the Commission services show that the plan has the potential to increase the GDP of Spain by between 1,8% and 2,5% by 2024. The mix of investments and reforms presented by Spain is set to stimulate economic growth through multiple channels, including by improving total factor productivity, boosting trading capacity and skills, removing barriers to investments and increasing efficiency gains in the labour market. In particular, reforms and investments in the areas of education and skills, digitalisation, research and innovation are expected to make the largest contribution to economic growth and job creation. The reforms and investments outlined in the plan have the potential to address significant vulnerabilities of the Spanish economy related to the external sector. The plan partially contributes to tackling the country's existing vulnerabilities from a fiscal standpoint. The plan is also expected to effectively reduce territorial disparities through reforms and investments to address the demographic challenge in rural areas and small municipalities. The plan presents a number of reforms and investments with the potential to contribute to the implementation of the European Pillar of Social Rights.</p>	A
2.4	<p>The measures included in the Spanish recovery and resilience plan comply with the 'do no significant harm' principle within the meaning of Article 17 of Regulation (EU) 2020/852. Spain has provided a complete assessment substantiating that no measure for the implementation of reforms and investments included in the plan is expected to do significant harm to environmental objectives. Where needed, Spain has proposed the implementation of mitigating measures or included specific elements in the design of the measures to avoid significant harm, which is to be ensured through relevant milestones and targets. This is particularly the case for measures supporting strategic projects covering installations under the EU Emissions Trading System (ETS). Spain has sought to ensure 'do no significant harm'</p>	A

	compliance by making the selection of supported projects conditional upon achieving greenhouse gas emissions that are at least below the relevant benchmarks established for free allocation. For broad measures spanning across sectors and activities, Spain has committed to selection criteria comprising an exclusion list, and ensuring the application of all relevant EU and national environmental legislation.	
2.5	The plan is expected to contribute to the green transition, including biodiversity . The Spanish recovery and resilience plan includes measures supporting climate objectives for an amount which represents 39,7% of the plan's total allocation, calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241. A particular strong contribution stems from the components on energy renovations in housing and urban areas, sustainable mobility and renewable energy. This will allow Spain to reach the EU increased climate ambition to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990, towards EU climate neutrality by 2050. Additionally, the plan includes measures to improve the waste management legislation and is accompanied by investments fostering the circular economy. As regards biodiversity , the plan includes measures in line with the new EU Biodiversity Strategy, for instance, to preserve the valuable forest carbon sinks through fire prevention actions and strengthened fire protection, and by increasing carbon absorption through enhanced sustainable forest management actions.	A
2.6	The digital transition is supported by investments on digital skills and in the digitalisation of the public administration, industry and business, as well as on the purchase of digital equipment for education. Substantial investments are designed to promote the digitalisation of the public administration and of the National Health Service, and simplify public interactions with businesses and citizens. The plan invests in the provision of basic digital skills to the general population, the unemployed and the employed with lower skills. The provision of advanced digital skills could have a significant impact on the employability of people further to the green and digital transition. Investments in digital connectivity (including 5G) and in the digitisation of the industry and small and medium-sized enterprises, including through the use of artificial intelligence, will allow Spanish firms to take better advantage of the opportunities offered by an increasingly digital economy. Investments are also made in the digitalisation of education, notably through the purchase of digital equipment and training for its use. The measures with a digital impact account for 28,2% of the plan's total allocation.	A
2.7	Once fully implemented, Spain's plan has the potential to make a lasting impact by prompting structural changes in the public administration, institutions and policies . Relevant measures in this respect include changes that seek to enhance the effectiveness of the public administration, amongst others through its digitisation and through the strengthening of the public procurement framework, the efficiency of the justice system and the evaluation of public policies and spending. Further structural, lasting change may stem from other measures seeking to improve the business environment, notably through the reduction of market fragmentation and through better regulation. Measures in the plan may also lastingly enhance the productivity and competitiveness of Spain through a swifter adaptation of its industry, energy and transport system to the green and digital transition. This impact may be reinforced by measures adopted to enhance skills at various levels, to reduce segmentation in the labour market, modernise social protection and to address the gender gap, which in turn may help enhance social cohesion. Regions are responsible for the implementation of a substantial set of measures. Ensuring a broader ownership during the implementation of the plan will be important to	A

	enhance its effectiveness and lasting impact.	
2.8	Spain has established an adequate structure to implement the plan as well as to monitor and report on progress. The proposed milestones and targets are clear and seem realistic and the proposed indicators are relevant, acceptable and robust. The new Secretariat-General for European Funds of the Ministry of Finance will act as a coordinator for the plan and contact point with the European Commission. Line Ministries will be responsible for the implementation of the investments and reforms within the scope of their competence. The implementation of the plan will be subject to the control of the Comptroller General of the central government ('Intervención General de la Administración del Estado' – IGAE).	A
2.9	Spain has provided individual cost estimates for all investments, as well as for those reforms for which associated costs have been specified in the plan. The justifications provided by Spain on the amount of the estimated total costs are in most cases reasonable, plausible, in line with the principle of cost efficiency, and commensurate to the expected national economic and social impact. Spain has provided sufficient information and evidence that the amount of the estimated total costs is not covered by existing or planned Union financing. In addition, adequate governance and control systems provide additional assurance to avoid double funding from the Facility and other Union programmes. Finally, the amount of estimated total costs of the recover and resilience plan is commensurate to the expected national economic and social impact. However, some gaps remain, in terms of the information and evidence provided on reasonability and plausibility of the estimated costs which preclude the highest rating of this assessment criterion.	B
2.10	At plan level, the national set-up for the control of the plan is designed along the same lines and involves same main players as for implementation of the European Structural and Investment Funds. Spain expects that the governance structure of the plan will ensure: (i) a participatory process integrating proposals from the main economic, social and political actors; (ii) cooperation and coordination between different levels of government and administration; and (iii) the designation of a coordinator in accordance with the regulatory requirements of the Recovery and Resilience Facility Regulation. The Royal Decree 36/2020 entrusts the Secretariat-General of European Funds of the Ministry of Finance – which is also in charge of European funds – with the responsibility for the overall coordination of the plan, including the contacts with the European Commission, the monitoring of progress on milestones and targets and the submission of requests for payments and management declarations to the Commission. The Secretariat-General of European Funds will not carry out audits or controls, so the segregation of duties is ensured. The General Comptroller of the Central Government (Intervención General de la Administración del Estado - IGAE) is the Control Authority of the Spanish plan. A specific working group is to be set up between IGAE, as Audit Authority, and the regional bodies to coordinate the actions to be carried out. The IGAE's audit strategy is globally described in the plan including its scope, frequency, sampling method, risk-assessment, types of audits and the actions to be carried out on.	A
2.11	The four cross-cutting objectives in the plan (digital and green transition, social cohesion and gender equality) and the ten policy areas that structure it are expected to ensure that measures are coherent across and within each of the 30 components of the plan . Reforms and investments are generally supportive of one another. Coherence is also embedded transversally in the plan through a set of reforms improving the functioning of the public administration. The effort required to frontload most of the reforms improving the business environment	A

	in the first years of the plan may contribute to a more effective delivery of the investments envisaged by the plan.	
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2. Horizontal principles and additionality

Horizontal principle	Commission assessment
Complementarity with EU programmes 2021-2027	The measures in the plan are consistent with and complementary to other EU programmes in the period 2021-2027. The individual components do not, as a rule, provide clear information about additional and complementary investments from other EU funds, as the negotiation of the Partnership Agreement and the Programmes for the programming period 2021-2027 is ongoing. However, this is compensated by strong governance and control systems, which provide assurances that the amount of the total cost is not covered by existing or planned Union financing.
Principle of additionality	The measures in the plan respect the principles of additionality. Concretely, the measures in the plan are expected to be additional to a baseline scenario without the RRF, in a context of subdued public investment in Spain at the outset of the COVID-19 crisis.
Recurring costs	Evidence was provided establishing the eligibility of the costs. All costs are incurred after February 2020 and do not substitute recurring national budgetary expenditure apart from a few duly justified exceptions, meeting the requirements of Article 5 of the Regulation. The share of these recurrent costs in the overall plan is very limited while these investments are expected to have a demonstrable long-term positive impact on the economic and social resilience of Spain.

3. Reply to the European Parliament's questions

Contribution to equality and gender equality: The plan contains a series of measures that are expected to effectively address the country's challenges in the area of gender equality and equal opportunities for all. These include several reforms and investments aiming at mitigating the disproportionate negative impact of the crisis on women. Legislative measures in Component 23 (Labour Market) seek to eliminate the gender pay gap and to increase transparency and equality between men and women in the labour market. Other measures include a substantial investment in the creation of places for early childhood education to facilitate women's participation in the labour market. They also include actions to promote STEM vocations at schools investment to support female entrepreneurship and support to women victims of gender-based violence, as well as measures to attract internationally talented women to carry out research projects, investments in the care sector and measures to increase the participation of women in the transport, audiovisual and professional sport sectors.

The plan also has a strong focus on social cohesion and shows a clear willingness to address other forms of inequalities, in particular those experienced by young unemployed people. Certain measures specifically targeting migrants or persons with a migrant background are envisaged, e.g. for the integration of asylum-seekers and other persons in need of protection in Component 22 (Care Economy, Equality and Inclusion), the prevention of early school leaving, as well as broader educational support later on in life in Components 20 (Vocational Training) and 21 (Education).

Several measures in Components 1 (Sustainable urban mobility), 2 (Renovation), 20 (Vocational Training), 22 (Care Economy, Equality and Inclusion) and 23 (Labour market reform) relate to persons with disabilities, in particular in relation to employment, vocational training, transport and access to public buildings. The reform of the education law included in Component 21 foresees the integration of students that are currently attending the so-called special education centres into ordinary schools within ten years. The RRP explains that a ten-year plan will be drawn up together with the regions. That plan is expected to support the integration of students with special needs in ordinary centres. The same plan is also expected to ensure that special education schools can continue welcoming students whose needs can be better met in them, and at the same time provide support to ordinary centres for the integration of students with special needs. As the scope of the ten-year plan exceeds that of the Facility, this aspect of the reform does not rely on RRF support.

Contribution to high-quality employment creation: the plan includes relevant measures to support **quality employment and the preservation of jobs**. A simplification of the menu of contracts and a review of hiring incentives aim in Components 23 (Labour Market) to generalise employment on open-ended contracts, thereby reducing high levels of labour market segmentation. Component 11 (Public administration) and 18 (Public health) include specific measures to tackle the high level of segmentation in the public administration. Working conditions of specific groups may improve on the back of the reforms on teleworking, platform workers –riders, and subcontracting. The new mechanism for flexibility for firms and stability for workers based on the experience gathered with short-time work schemes (ERTEs) intends to improve internal flexibility in firms as an alternative to job destruction, while reskilling workers at risk of displacement and promoting labour mobility. Active labour market policies and public employment services will be modernised with a view to provide a more effective support to jobseekers. As regards **strengthening the productive capacity**, measures to boost competitiveness and to enhance innovation in the country can bring a lasting impact to the Spanish industry and services. The full implementation of a number of reforms and investments has the potential to help Spanish firms better cooperate and compete in the markets that will emerge from the digital and green transition. Measures in Components 17 (Research and Innovation) and 16 (Artificial Intelligence) amongst other should enhance innovation policies and help SMEs benefit from them. Investments and reforms in Component 12 (Industrial Policy), but also in Components 13 (Support to SMEs), Components 19 (Digital Skills) and 20 (Vocational Training), are expected to help SMEs and the industry in general embrace more swiftly the twin transition. Through the successful implementation of measures in Component 14 (Tourism) to transform the tourism sector into more sustainable patterns, and of measures seeking to conserve and restore the natural capital of the country, many regions in Spain may also reduce their dependency from this sector, diversify their offer and open up to new possibilities to participate further and differently in global value chains.

Contribution to the implementation of the European Pillar of Social Rights: As regards the labour market, the Spanish Plan presents a wide array of reforms and investments that are expected to contribute to the principles of the European Pillar of Social Rights and have potential to address long-standing country-specific recommendations. The Spanish Government is still discussing the details of many of these reforms with the social partners. A simplification of the menu of contracts and a review of hiring incentives aim to generalise employment on open-ended contracts, thereby reducing high levels of labour market segmentation. Working conditions of specific groups may improve on the back of the reforms on teleworking, platform workers –riders, and subcontracting. The new mechanism for flexibility for firms and stability for workers based on the experience gathered with short-time work schemes (ERTEs) intends to improve internal flexibility in firms as an alternative to job destruction, while reskilling workers at risk of displacement and promoting labour mobility. Active labour market policies and public employment services will be modernised with a view to provide a more effective support to jobseekers. The system of non-contributory cash benefits (including unemployment assistance) will be streamlined. Plans to strengthen cooperation between

employment and social services and to facilitate labour market integration of people at risk of exclusion will build on the nationwide minimum income scheme.

Addressing regional disparities: The plan seeks to mitigate regional disparities in Spain in the areas of employment, early-school leaving rates, poverty and inequality with targeted investments. Despite a significant improvement in digital infrastructure, the urban-rural divide persists. The plan seeks to overcome them through targeted investments that take due account of these differences and focus on vulnerable areas. Targeted investments will also support the energy transition in the islands. Equally, actions for the modernization of industry foreseen in the plan and to bridge the digital divide seek to ensure that all territories are allowed to embrace swiftly and reap the benefits of the digital and green transition.

Contribution to upward economic and social convergence: the Spanish plan includes an ambitious package of reforms and investments, designed to support economic growth and job creation and to boost the country's productivity. Several components target some of the root causes that have weakened Spain's external competitiveness and slowed its convergence path towards the EU average in terms of GDP per capita in the last decade. In particular, Components 12, 13, 14, 15, 16, 17, 19, 20, 21 and 23 and a majority of components of the climate and digital pillars could help to improve the country's competitiveness and productivity, by promoting R&D and innovation, enhancing labour skills, facilitating firms' access to finance and strengthening the institutional capacity of the public administration. Moreover, the Spanish plan aims to contribute to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth and through measures to enhance employability, and to mitigate the social impact of the COVID19 crisis, thereby enhancing social cohesion and convergence within the Union.

The information contained in this summary is based on the documents COM(2021) 322 final and SWD(2021) 147 final, which are the authentic documents representing the Commission's assessment of the plan.

Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
01. Sustainable urban mobility	●	○	○	○		
02. Renovation	●		●	●		○
03. Agri-food and fisheries	●	○		○		
04. Ecosystems and biodiversity	●	○		○	●	
05. Coast and water resources	●	○		○	●	
06. Sustainable long-distance mobility	●	○	○	○		
07. Renewable energy	●		○	○		
08. Electricity infrastructure	●	●	○			
09. Hydrogen	●		○			
10. Just transition	●		○	●		
11. Public administration	○	●	●	○	●	
12. Industrial policy	●	●	●		●	
13. Support to SMEs		●	●	○	●	
14. Tourism	○	●	●	●		
15. Digital connectivity		●	●	●		
16. Artificial Intelligence		●	●			
17. Science, technology and innovation	○		●			○
18. Reform of health system		○			●	○
19. Digital skills		●	○			●
20. Vocational training	○	○	○	○		●
21. Education		○		○		●
22. Care economy, equality and inclusion		●		●	●	○
23. Labour market reform	○	○		●		○
24. Cultural industry		○	●			
25. Audiovisual		○	●			
26. Sports	○	○			○	
27. Prevention of tax fraud					●	
28. Tax system reform	●				●	
29. Effective public spending					●	
30. Pension system reform				●		

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Table 2: Mapping of country challenges identified in 2019-20 country-specific recommendations and the Spain's RRP components¹

Country challenges (as identified in Section 2)	Associated CSR (2019-2020) and European Semester recommendations	Component 1- Sustainable urban mobility	Component 2: Renovate	Component 3: Agri-food and fisheries	Component 4: Ecosystems and biodiversity	Component 5: Coast and water resources	Component 6: Sustainable long-distance mobility	Component 7: Renewable energy	Component 8: Electricity infrastructure	Component 9: Hydrogen	Component 10: Just Transition	Component 11: Public administration	Component 12: Industrial policy	Component 13: Support to SMEs	Component 14: Tourism	Component 15: Digital connectivity	Component 16: Artificial Intelligence	Component 17: Science, technology and innovation	Component 18: Reform of the health system	Component 19: Digital Skills	Component 20: Vocational training	Component 21: Education	Component 22: Care Economy, Equality and Inclusion	Component 23: Labour Market Policies	Component 24: Cultural Industry	Component 25: Audiovisual	Component 26: Sports	Component 27: Prevention of tax fraud	Component 28: Tax system reform	Component 29: Effective public spending	Component 30: Pension System Reform
Fiscal sustainability																															
Fiscal policy and fiscal governance	2019.1.2, 2020.1.1	○										○																○	○	○	
Health care and long-term care	2020.1.2																		○				○				○				
Long-term sustainability of the public finances	2019.1.4., 2020.1.3	○										○																○	○	○	○
Labour market																															
Employment protection and framework for contracts and incentives to work and create	2020.2.1 and 2020.2.2, 2019.2.3 and 2019.2.4.											●							●					○					○	○	

¹ The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Spain's RRP, notwithstanding the fact that Member State has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause.

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