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Analysis of the recovery and resilience plan of Spain

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10150/2021; ST 10150/2021 ADD 1 REV 1) of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Spain

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1. EXECUTIVE SUMMARY

Spain weathered well the effects of Russia's war of aggression against Ukraine. Real GDP grew by 6.4% last year and employment grew by 3.1% to above pre-pandemic levels. However, despite low direct exposure to the disruption of energy supply from Russia, Spain's large external energy dependence resulted in a surge in energy prices which contributed to increased inflation, reaching an average of 8.3% in 2022.

In this context, effective policies to promote a green transition are even more necessary, notably to improve energy efficiency and decarbonisation, and clean and sustainable mobility, to scale up manufacturing of clean technologies, to improve water and waste management, and to support the reskilling and upskilling of the workforce. Structural factors like low private R&D expenditure and shortfalls in the business environment keep hampering productivity growth. The energy crisis also led to social challenges affecting disproportionately vulnerable households. The effects of population ageing will pose an increasing challenge to ensuring public debt sustainability.

In light of the socio-economic challenges that Spain has been facing since the beginning of 2022, the country submitted a modified Recovery and Resilience Plan (RRP) along with a REPowerEU chapter on 6 June 2023. For the modification of its RRP, Spain has relied on the following legal bases: Article 14(2) to include additional loan support, Article 18(2) to take into account the updated maximum financial contribution, Article 21 to amend the RRP due to objective circumstances and Article 21c to include additional resources from the EU's Emission Trading System (ETS) revenues or from the Brexit Adjustment Reserve (BAR) for its REPowerEU chapter.

The modifications submitted by Spain under Article 21(1) of Regulation (EU) 2021/241 affect 52 measures in total. Spain's proposed REPowerEU chapter includes one reform and eight investments for a total estimated expenditure of EUR 6 917 million (of which EUR 5 217 million under non-repayable support and EUR 1 700 million under loan support). In addition to the measures included in the REPowerEU chapter, Spain proposes 32 new or changed measures (23 investments and nine reforms) on the basis of Article 18(2) of Regulation (EU) 2021/241 to account for an upward revision of the grant allocation. Moreover, Spain proposes 27 new measures (20 investments and seven reforms) on the basis of Article 14 (2) of Regulation (EU) 2021/241 to account for loan support.

Based on the assessment of the submitted modification and the REPowerEU chapter, the Spanish modified plan receives an A-rating on all criteria except for costing, where the plan receives a B-rating (unchanged from the original plan assessment).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A (39.9%)	A (25.9%)	A	A	B	A	A	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

2.1 The modified plan addresses Spain's main newly emerged challenges

In 2022, Russia's war of aggression against Ukraine led to a surge in energy and commodity prices in Spain and the EU as a whole. The 2023 Country Report[1] for Spain identified challenges related to its reliance on fossil fuels, limited availability of social and affordable energy-efficient housing, circular economy, business environment and skills shortages. In addition, Spain also faces the challenge of ensuring public debt sustainability given the unfavourable initial fiscal position and higher health and pension expenditure due to population ageing, while at the same time increasing the capacity of social transfers to reduce income inequality and poverty, narrowing the gap between regions and ensuring the quality of public services. Against this backdrop, Spain's modified RRP adds measures to address its current challenges, increases the level of ambition of some existing measures included in the initial RRP, includes a REPowerEU chapter and modifies existing measures in line with the provisions of the RRF Regulation.

Pursuant to Article 14(2) of Regulation (EU) 2021/241, Spain included in the submitted modified RRP a request for loan support amounting to EUR 83 160 060 000, to support 20 new investments, some of which build on existing measures, to stimulate private investment in the green and digital transition and nine new reforms. In addition, part of the requested loan support would be used in two new REPowerEU investments. Pursuant to Article 18(2) of Regulation (EU) 2021/241, Spain requested modifications due to the increase of its maximum net financial contribution from EUR 69 512 589 611 to EUR 77 213 906 801. The revision is part of the June 2022 update to the RRF grants allocation key and reflects Spain's relatively less favourable economic outcome in 2020 and 2021 than initially foreseen. Therefore, several new investments have been added or allocated to increase the level of ambition of existing measures. These adjustments amount to a total of EUR 7 701 317 190. Spain has notably added or changed 32 measures under Article 18(2) of Regulation (EU) 2021/241 which are new or increase the ambition of existing measures.

The Spanish modified RRP adds a new REPowerEU chapter pursuant to Article 21 (c), of Regulation (EU) 2021/241. The REPowerEU includes one new reform, a scaled-up investment from two measures under component 7 (Development and integration of renewable energy sources) and from one measure under component 8 (Electricity infrastructure, smart grids and deployment of flexibility and storage) and seven new investments in renewable hydrogen, in the value chain for renewable energy, in electricity networks and in the decarbonisation of industry. This chapter will deliver on the REPowerEU objectives, contribute to Spain's green transition and help address the current challenges, in particular those identified in the 'energy' recommendation addressed to Spain in 2022 and 2023 in the framework of the European Semester.

Pursuant to Article 21(1) of Regulation (EU) 2021/241, Spain has justified the modification of 52 existing measures of the plan based on objective circumstances. The objective circumstances invoked are mostly related to the need to factor in the effects of supply chain disruptions,

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insufficient demand and price increases due to the high inflation experienced in 2022 and 2023, unexpected legal and administrative difficulties. Most of the proposed amendments relate to the postponement of the timeline for completion. Other proposed amendments are related to the modification of the targets to account for the changed circumstances and the need to redesign the original measures as the existing ones are no longer attainable. In addition, errors of a clerical nature have been identified in the text of the Council Implementing Decision and have been corrected.

2.2 Overview of new and modified components

The main elements of the modified RRP and REPowerEU chapter are listed below by component:

<u>**Component 1 (Sustainable, safe and connected mobility shock plan in urban and metropolitan environments), substantial modification:**</u>

Reform C1.R2 (Sustainable Mobility Law): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the completion of the milestone with sequential number 3, namely the entry into force of a Law on sustainable mobility, by one year. This responds to delays caused by a lengthier than anticipated legislative process, notably due to the need to extend the period granted during the public consultations phase of the Law and to subsequent extend the period for the submission of amendments in the Parliament. Spain has also proposed to replace a sub-measure of the Law, namely the set-up of a payment mechanism for the use of the State's roads according to the 'polluter-pays' principle, with provisions promoting rail freight transport aimed at reducing global emissions from land freight transport. This responds to the severe disruptions in the energy markets recorded over the past two years, resulting in an increase in the monetary costs borne by road users for the circulation of State's roads, as well as to the envisaged introduction from 2027 of the revised Emission Trading System (ETS) at EU level, representing a partial overlap with the scope of the previous milestone. The partial change in the scope of the milestone keeps the level of ambition of the milestone unaltered, contributing to the reduction of greenhouse gas emissions stemming from road transport, while also addressing country-specific recommendations 2019.3.4 and 2020.3.7. The name of the Law and of the reform is amended accordingly. Moreover, in accordance with Article 18(2) of Regulation (EU) 2021/241, Spain proposed to increase the level of ambition of the reform by adding two new sub-measures, namely the development of a software application for the implementation of the cost-benefit analysis for infrastructure investment, as well as the effective operationalisation of the sandbox office to facilitate innovations in the mobility and transportation sector and their implementation in the market. These new sub-measures build on measure C1.R2. This contributes to addressing the country-specific recommendations 2020.3.3 to foster research and innovation, clean and efficient production and use of energy, energy infrastructure, water and waste management and sustainable transport.

Reform C1.R3 (Royal Decree regulating minimum criteria of low-emission zones): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed a new reform which provides for the mandatory establishment of Low Emission Zones (LEZs) for municipalities with more than 50 000 inhabitants and island territories, including the minimum requirements that the LEZs must comply with.

Investment C1.I2 (Incentive scheme for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility, recharging and green hydrogen): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the completion of target with sequential number 12, namely the deployment of 238 000 electric vehicles and recharging points, by two years and to add milestone 419 to extend the implementation of the measure aimed at preserving its original level of ambition. This responds to delays caused by supply chain disruptions affecting the components of electric vehicles and related infrastructure.

Component 2 (Implementation of the Spanish Urban Agenda: Urban Rehabilitation and Regeneration Plan), substantial modification:

Investment C2.I1 (Rehabilitation programme for economic and social recovery in residential environments): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay intermediate target with sequential number 27 by one year, namely the completion of at least 231 000 residential dwelling renovation actions in at least 160 000 unique dwellings, achieving on average at least a 30 % primary energy demand reduction. In addition, Spain has proposed a change in wording to allow not only the finalisation of renovation works, but also the decision to grant aid for carrying out such works, in order to reach the intermediate target. This responds to delays caused by slow uptake of the aid lines for renovation, as inflation and high raw material prices led to lower-than-expected demand for renovation works. Moreover, in accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to lower target with sequential number 29 to account for the higher costs of relevant inputs, as a result of inflation and a shift in demand towards more expensive renovations that achieve more energy savings.

Investment C2.I4 (Regeneration programme and demographic challenge): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain proposed to amend target with sequential number 34, reducing from 26 000 buildings to 4 300 buildings the target for renovating buildings but also committing to renovate 230 000 m2 of buildings in the tertiary sector (in municipalities with less than 5 000 inhabitants). As in many regions, the use of heating in residential dwellings is low due to climatic conditions, Spain has proposed to add buildings in the tertiary sector, which use more heating and cooling and therefore are in higher demand for energy efficiency measures. Additionally, Spain proposes to reduce the ambition of the target (for which demand was lower than expected) while increasing the ambition of the measure overall, by doubling the target with sequential number 35, covering clean energy projects in municipalities with less than 5 000 inhabitants, from 250 to 500 projects (for which demand was higher than expected).

Reform C2.R7 (Programme of measures to promote the supply of rental housing): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed an amendment of the Land and Urban Rehabilitation Law to help speed up planning procedures associated with building rehabilitation actions and construction of buildings for the purpose of social housing, as well as a the publication of a guide with recommendations and best practices to simplify and speed up urban planning licensing procedures. This contributes to addressing the country-specific recommendations 2023.3.5 and 2022.4.8 to increase the availability of energy-efficient social and affordable housing, including through renovation.

Investment C2.I7 (Programme for the construction of social rented housing in energy-efficient buildings): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed to set up a Loan Facility for the Promotion of Social Housing for EUR 4 billion, a public investment into a Facility to improve access to finance in the construction and renovation of energy-efficient social and affordable housing. This contributes to addressing the country-specific recommendations 2023.3.5 and 2022.4.8 to increase the availability of energy-efficient social and affordable housing, including through renovation.

<u>**Component 3 Environmental and Digital Transformation of the Agri-food and fisheries system, substantial modification:**</u>

Reform C3.R2 (Development and review of the regulatory framework for the environmental sustainability of livestock farming): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain proposed to enhance the scope of this measure, by introducing additional regulations on the improvement of the biosecurity of livestock transport and on the sustainable use of antibiotics in livestock species. This contributes to addressing the country-specific recommendations 2019.3.2 on the efficient use of resources, 2023.1.3, 2022.1.2 and 2020.3.4 on increasing investment in the ecological and digital transition.

Reform C3.R7 (Law on the prevention of food losses and food waste): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed to introduce a new reform, which relates to a new law on the prevention of food losses and food waste. This contributes to addressing the country specific recommendation 2022.3.1 on increasing recycling rates to achieve the EU objectives.

Reform C3.R8 (Regulation of the farm information system): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed to introduce a new measure, including a regulation on farm information systems to manage the agricultural and livestock policies. This contributes to addressing the country specific recommendations 2019.3.2 on the efficient use of resources, 2023.1.3, 2022.1.2 and 2020.3.4 on increasing investment in the ecological and digital transition.

Investment C3.I1 (Plan to improve efficiency and sustainability in irrigation): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain proposed to increase the ambition of this investment to increase the number of hectares of irrigation system modernised in terms of water savings and energy efficiency with an increase in the estimated cost of the investment of EUR 150 million. This contributes to addressing the country-specific recommendations 2023.1.3, 2022.1.2 on investing in the green and digital transition and 2020.3.6 on investing in the ecological and digital transition in particular in the management of water resources and waste.

Investment C3.I2 (Plan to boost the sustainability and competitiveness of agriculture and livestock farming (I)): Modernising animal and plant health laboratories): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain asked to delay the entry into operation of the biosecurity laboratories by two and a half years. This responds to delays and supply-side constrains due to the complexity of the construction of level 3 biosecurity laboratories.

Investment C3.I3 (Plan to boost the sustainability and competitiveness of agriculture and livestock farming (II)): Strengthen capacity building and biosecurity systems in nurseries, cleansing and disinfection centres): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain asked to delay the strengthening of training and biosecurity systems of disinfection centres and plant reproduction material production systems by nine months. This responds to lack of demand in some regions in the first call for projects.

Investment C3.I6 (Plan to promote sustainability, research, innovation and digitalisation in the fisheries sector (I)): Modernisation of the network of marine reserves of fisheries interest): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has asked to delete the requirement to acquire at least four pieces of night vision equipment to detect prohibited activities (milestone with sequential number 55), due to lack of supply derived from the geopolitical context. This requirement represents 2% of the overall cost of the measure and does not materially affect the overall level of ambition of the measure.

Investment C3.I12 (Plan to improve efficiency and sustainability in irrigation): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed a new investment of EUR 260 million to increase the amount of hectares of irrigation system modernised in terms of water savings and energy efficiency. This new measure builds on investment C3.I1. This contributes to addressing the country-specific recommendations 2023.1.3 and 2022.1.2 on investing in the green and digital transition and 2020.3.6 on investing in the ecological and digital transition in particular in the management of water resources and waste.

Component 4 (Ecosystems and Biodiversity), substantial modification:

Reform C4.R4 (National Strategy to combat desertification): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed to introduce a new measure, relating to the National Strategy to combat desertification and its associated Action Plan for the period 2022/2026. The strategy creates a new framework to combat desertification and promote coordination and cooperation among relevant agents, and create the National Committee to combat desertification, the National Council to combat desertification and a technical unit for this purpose within the Directorate General of Biodiversity, Forest and Desertification of the Ministry for Ecological Transition and Demographic Challenge.

Investment C4.I1 (Digitalisation of knowledge and natural heritage): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delete from the target with sequential number 66 the reference to the completion of the upgrade and update of at least 10 special purpose aircrafts for firefighting. This is due to a legal issue with the provider that prevents the Spanish authorities from fulfilling this part of the milestone on time. The completion of the update and upgrade of the aircrafts will be substituted by a flight with an existing precision airplane, to produce a mapping of 75% of the Spanish territory.

Investment C4.I3 (Restoration of ecosystems and green infrastructure): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 71 by one year. This responds to delays caused by extreme weather events.

Investment C4.I4 (Sustainable forest management): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay some elements included in the milestone with sequential number 73 to Q2 2026. These elements are the renovation of fire brigade bases and the completion of forest management actions. This responds to delays caused by price increases and extreme weather events. In addition, Spain has proposed to delete from the measure description the reference to the acquisition of new airplanes or helicopters for firefighting, maintaining only the reference to firefighting equipment. This responds to supply chain issues with the provider.

Component 5 (Coast and water resources), substantial modification:

Investment C5.I1 (Implementation of treatment, sanitation, efficiency, savings, re-use and infrastructure safety (DESEAR) actions): In accordance with Article 18(2) of Regulation (EU) 2021/241 Spain has proposed to increase the ambition of the investment, to carry out additional actions on waste water treatment, sanitation and re-use. As a consequence, Spain proposes to extend the deadline for implementing the measure by two years and nine months. This contributes to addressing the country-specific recommendations 2020.3.6 on water management and 2022.3.2 to enhance water reuse.

Investment C5.I2 (Monitoring and restoration of river ecosystems, aquifer recovery and flood risk mitigation): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed delaying the target with sequential number 78 by one year and a half. This responds to delays caused due to price increases and an unsuccessful call. In addition, in accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of the investment, to implement photovoltaic energy to produce and distribute alternative resources (desalinated water) for aquifer recovery. As a consequence, Spain proposed to extend the deadline for implementing the measure by two years and a half. This contributes to addressing the country-specific recommendations 2019.3.3 on fostering energy efficiency and 2020.3.5 promoting clean and efficient production and use of energy.

Investment C5.I3 (Digital transition in the water sector): In accordance with Article (21)1 of Regulation (EU) 2021/241, Spain has proposed lowering the ambition of the milestone with sequential number 79 to achieve the “award of contracts” instead of the “entry into service”. Spain has however proposed an additional milestone to achieve the “entry into service” by Q2 2026. This responds to supply chain issues with the provider and price increases. In addition, Spain proposed to extend the deadline of the measure by two years and a half, to capture the new milestone. Furthermore, on basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of the investment, to increase the scope of actions for the digitalisation of the urban water cycle and irrigation communities. This contributes to addressing the country-specific recommendations 2020.3.4 on investment for the green and digital transitions and 2020.3.6 on water management.

Investment C5.I4 (Adapting the coastline to climate change, and implementing Marine Strategies and Maritime Spatial Planning Plans): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed increasing the ambition of the measure target by restoring 45 additional kilometres of coastline restored by Q4 2025.

Investment C5.I5 (Aquifer recovery): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to a new investment for aquifer recovery. This contributes to addressing the country-specific recommendations 2020.3.6 on water management and 2022.3.2 to enhance water reuse.

Investment C5.I6 (PERTE Digitalisation of water uses): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a new investment for the digitalisation of the urban water cycle and industry. This contributes to addressing the country-specific recommendations 2020.3.4 on investment for the green and digital transitions and 2020.3.6 on water management.

<u>Component 6 (Sustainable mobility, long-distance), substantial modification:</u>

Investment C6.I1 (National transmission network: European Corridors) In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to introduce additional flexibility for the corridors under which the projects can be awarded under the milestone with sequential number 85. The measures are no longer achievable in the specific terms envisaged in the original plan because of different market circumstances, including inflation.

Investment C6.I4 (Support programme for sustainable and digital transport): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to introduce additional flexibility for the action lines under which the projects can be supported under the milestone with sequential number 99. The measures are no longer achievable in the specific terms envisaged in the original plan because of different market circumstances, including inflation.

Reform C6.R3 (Indicative Rail Strategy): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a new reform relating to the Strategy for Energy Efficiency in the State Road Network. This contributes to addressing the country-specific recommendations 2019.3.3 on energy efficiency and 2020.3.5 on clean and efficient production and use of energy.

<u>Component 7 (Deployment and integration of renewable energy sources), targeted modification</u>:

Reform C7.R3 (Development of energy communities): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 111 by one year because of delays caused by lengthier procedures than initially anticipated.

Investment C7.I2 (Sustainable energy in islands): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 119 by one year, because as a discrepancy in the level of ambition between the original RRP and the CID Annex had led Spain to underestimate the number of calls required to meet the necessary level of ambition. Spain had planned to complete 500 actions instead of the required 600 actions.

Component 8 (Electricity infrastructure, Smart grids and deployment of flexibility and storage), targeted modification:

Investment C8.I1 (Development of energy storage): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to increase the targets with sequential number 125 and 126 in view of higher demand for storage projects to compensate for lower demand in research and development projects whose reference has been deleted from the description of the measure.

Component 10 (Just Transition), targeted modification:

Investment C10.I1 (Investment in Just Transition): In accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to reduce the ambition of the target with sequential number 141 due to lower demand and unexpectedly large reskilling and upskilling offer provided by the private sector. To adapt to this change, Spain also proposed to delay the deadline of target with sequential number 141 by one year and nine months. Spain proposed to allocate the budget of this measure and create a consecutive target to target with sequential number 140 and increase the ambition of the line of action. =Furthermore, in accordance with Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the deadline of the target with sequential number 142 by three years. This responds to delays caused by supply chain disruptions.

Component 11 (Modernisation of public administrations), substantial modification:

Reform C11.R1 (Reform for the modernisation and digitalisation of the administration): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the level of ambition of this reform by adding two new elements: namely the entry into force of a law on transparency that regulates the relations between lobbyists and the public sector, creating a public and mandatory register of interest groups, and the update of the National Security Framework to adapt it to the current context and better respond to cybersecurity trends. In accordance with Article 21 of Regulation (EU) 2021/241, Spain has proposed to modify milestones with sequential numbers 145, 147 and 148 to reflect a change in the legal instruments with a view to a faster and more efficient implementation of the reform.

Reform C11.R2 (Reform to boost the rule of law and the efficiency of the justice system): In accordance with Article 21 of Regulation (EU) 2021/241, Spain has proposed to change the description of this reform to reflect changes in its timeline due to the unexpected length of the preparatory procedures, as well as in the type of legal instruments to be adopted for a faster, more efficient and comprehensive implementation of the reform. In line with the description of the measure and to correct the previous existence of three sub-measures without milestones associated, Spain has proposed to merge the entry into force of two royal decree-laws on procedural efficiency and digital efficiency into milestone 152 (due by Q2 2022) and introduce two additional milestones (due by Q2 2024) referring to the entry into force of: i) a law on organisational and procedural efficiency of justice, which contributes to the efficiency of the justice system; and ii) a law on the right to defence (as a replacement to the amendment of the code on criminal procedure) which develops and enhances the right to a fair trial, thus ultimately boosting the rule of law.

Reform C11.R3 (Reform to modernise the institutional architecture of economic governance): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the level of ambition of this reform by adding two new elements: namely the entry into force of a law on customer care services to guarantee consumers the exercise of their rights, and the publication of a green book to promote sustainable finance. The green book is expected to contain several measures, including the publication of the Biennial Climate Change Risk Report for the Financial System and the creation of a 'Sustainable Finance Council' to promote public-private collaboration in the field of sustainable finance.

Investment C11.I3 (Digital transformation and modernisation of the Ministry of Territorial Policy and the Civil service, the National Health Service, and of the administration of the Autonomous Communities and the local authorities): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this measure by introducing the expected completion of seventeen pilot projects of personal digital healthcare plans aimed at increasing the resilience and sustainability of the health system, supporting healthcare professionals and improving the quality of care and the fairness of the system. This contributes to addressing the country-specific recommendations 2020.1.2 to strengthen the resilience and capacity of the health system, in the areas of health workers, critical medical products and infrastructure, and to improve resource and energy efficiency.

Investment C11.I4 (Energy transition plan in the General State Administration): In accordance with Article 21 of Regulation (EU) 2021/241, Spain has proposed to lower the target with sequential number 170 due to cost increases regarding vehicles. Spain has also proposed to redistribute to target with sequential number 172 part of the original costing associated to new target with sequential number 439 (concerning the implementation of solar photovoltaic systems or other renewables energies) to cover the cost increases in the field of construction.

Investment C11.I6 (Cybersecurity and Security and Resilience Fund): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a new investment with two elements: i) the 'Cybersecurity programme' to reinforce the public administration's cybersecurity capabilities in the fields of prevention, protection, detection and response to cyberthreats; and ii) the 'Security and Resilience Fund', a public investment in a new Facility to incentivise private investment and improve access to finance in Spain's security, defence, aeronautics and space sectors and to develop capital markets in these areas.

Component 12 (Industrial Policy), substantial modification:

Reform C12.R2 (Waste policy and boosting the circular economy): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to add additional elements to reform 2 to directly address the country specific recommendation 2022.3.1, in particular to enhance the coordination among all levels of organisation and competence in waste management to improve the implementation of the legislation and make progress in reducing waste generation, as well as improving the management of waste, whose generation cannot be avoided.

Investment C12.I3 (Plan to support the implementation of waste legislation and the promotion of the circular economy): In accordance with Article 18(2) of Regulation (EU)

2021/241, Spain has proposed to increase the ambition of the investment by adding additional resources to increase municipal recycling rates. This contributes to addressing the country specific recommendation 2022.3.1 on the need to increase recycling rates to meet EU targets and promote the circular economy.

I**nvestments C12.I4 (PERTE Chips - Strengthening of the value chain for semiconductors):** In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed a new measure to support strategic projects in the semiconductors sector. This contributes to addressing the country specific recommendation 2020.3 on the need to focus investment on the green and digital transition.

Investment C12.I5 (Subsidy scheme to support the circular economy): In accordance with Article 18(2) of Regulation (EU) 2021/241, Spain has proposed a new investment into a subsidy scheme to promote the circular economy in three key sectors of the economy: textiles and fashion, plastics and renewable energy equipment. This measure directly contributes to address country-specific recommendation 2022.3.1.

Investment C12.16 (Subsidy scheme to support strategic projects for electric and connected vehicles): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to add a new investment, which consists of a subsidy scheme implemented by ENISA with a view to providing further support through grants to strategic projects in value chain for electric vehicles. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Investment C12.17 (Support scheme to strategic projects in the value chain of electric cars and agrifood (in the form of loans): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to add a new investment which consists of a support scheme implemented by ENISA with a view to providing support through loans to strategic projects in the value chain for electric vehicles and in the agrifood sector. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Component 13 (Support to SMEs), substantial modification:

Reform C13.R1 (Improving business regulation and climate): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the level of ambition of this measure, by amending the competition law and its regulations streamlining resolution proceedings, introducing a settlement procedure for antitrust cases and enhancing the sanctioning system.

Reform C13.R2 (Strategy Spain Entrepreneurial Nation): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the level of ambition of this measure, by streamlining migration procedures for workers with the aim of attracting foreign talent and addressing labour market shortages in certain economic activities.

Reform C13.R3 (Revision of Securities Markets and Investment Services Law): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed a new reform, which reflects the approval of the revision of Securities Markets and Investment Services Law. This contributes to addressing the country specific recommendation 2020.3.1 to ensure the effective implementation of measures to provide liquidity to SMEs and the self-employed.

Investment C13.I1 (Entrepreneurship): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion for targets 193 and 195, respectively, because of longer than expected administrative procedures and the need to adjust the call for interest due to lack in demand.

Investment C13.I2 (Growth): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion for target 197 because of longer than expected administrative procedures.

Investment C13.I3 (Digitalisation and innovation): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed one-year delays of completion for targets 204 and 208, respectively, because of lack of demand. Spain has also proposed a change in target 208, with a reduction in the number in SMEs or self-employed supported (at the same time as including larger firms) due to administrative costs and lack of demand.

Investment C13.I6 (ICO Green Fund and Enterprises and Entrepreneurs Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed public investments in two Facilities, the ICO Green Line and the ICO Enterprises and Entrepreneurs Line, in order to incentivise private investment and improve access to finance in Spain's green sectors and sectors related to the economic activity of the enterprise as well as to develop capital markets in these areas. These Facilities will contribute to the green and digital transitions and to addressing the country-specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4.

Investment C13.I7 (Next Tech Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed public investments in a Facility in order to incentivise private investment and improve access to finance in Spain's technological sector. The Facility will contribute to the digital transition and to addressing the country-specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4.

Investment C13.I8 (Co-Investment Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a public investment in a Facility in order to incentivise private investment and promote access to finance in Spain's strategic economic sectors, including those tied to the green and digital transitions and the PERTEs, via co-investment with third party foreign and multilateral institutional investors. This contributes to addressing the country-specific recommendation 2023.1.3, 2022.1.2 and 2020.3.4 to foster public investment in the green and digital transitions.

Investment C13.I9 (Solvency Support Fund for Strategic Enterprises): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to support a financial instrument to enhance the solvency of strategic enterprises affected during the COVID-19 pandemic.

Investment C13.I10 (Covid-19 Companies Recapitalisation Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to support a financial instrument that enhanced the solvency of medium sized companies during the COVID-19 pandemic. .

Investment C13.I11 (Guarantee Instrument SGR-CERSA): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to support a re-guarantee scheme to support access to finance for SMEs. This contributes to addressing the country specific recommendation 2020.3.1, ensure the effective implementation of measures to provide liquidity to SMEs and the self-employed.

Investment C13.I12 (Entrepreneurship and Small and Medium-sized Enterprises Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a fund to support innovative projects carried out by small and medium enterprises, through the State Company for Innovation (Empresa Nacional de Innovación Sociedad Anónima). This contributes to addressing the country-specific recommendation 2020.3.1, ensure the effective implementation of measures to provide liquidity to SMEs and the self-employed.

Investment C13.I13 (Regional Resilience Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a public investment in a Facility in order to incentivise public and private investment and promote access to finance in the regions of Spain, covering social and affordable housing and urban regeneration, sustainable transport, industrial and SME competitiveness, research, development and innovation, sustainable tourism, care economy, water and waste management, and energy transition, as well as to develop capital markets. This contributes to addressing the country specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4 to foster public investment in the green and digital transitions.

Component 14 (Plan for the Modernisation and Competitiveness of the Tourism Sector), targeted modification:

Investment C14.I1 (Transformation of the tourism model towards sustainability): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to amend the way in which the climate contribution is captured in the measure, and related further specifications, while keeping the overall contribution to the climate target unchanged (targets with sequential number 217, 218, 219 and 220).

Component 15 (Digital connectivity, boosting cybersecurity and 5G deployment), substantial modification:

Investment C15.I1 (Fostering territorial backbone through the deployment of networks: Ultra-fast broadband extension). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has claimed it can achieve the objectives of the milestone with sequential number 236 with a lower expected cost than initially planned. The resulting resources are reallocated to increase the level of ambition of C15.I6.

Investment C15.I2 (Strengthening connectivity in focal points, socio-economic drivers and sectoral digitalisation projects). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion because of supply chain disruptions and scarcity of providers of connectivity infrastructure works.

Investment C15.I3 (Connectivity bonds for SMEs and vulnerable groups). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion due to a more complex implementation timeline than anticipated.

Investment C15.I4 (Infrastructure renewal and sustainability). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion because of supply chain disruptions and scarcity of providers of connectivity infrastructure works, with a reduction in the target with sequential number 240 due to cost increases and the need to increase aid intensity.

Investment C15.I5 (Deployment of cross-border digital infrastructures). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion and 6 month delay on milestones with sequential numbers 241 and 242, respectively, due to a more complex implementation timeline than anticipated.

Investment C15.I6 (Deployment of 5G: networks, technological change and innovation). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed a one-year delay of completion and a 6-month delay on milestones with sequential numbers 243 and 244, respectively, because of supply chain disruptions and scarcity of providers of connectivity infrastructure works. Spain has also proposed an increase in the expected cost of this measure (due to a re-allocation from C15.I1), increasing a target of sites with new backhaul.

Investment C15.I7 (Cybersecurity: Strengthening cybersecurity capacities of citizens, SMEs and professionals; boosting the ecosystem of the sector). On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to create a new milestone to capture a part of the original budget associated with milestone with sequential number 245, due to delay resulting from the need to award part of the projects with competitive open procedures. On the basis of Article 21(1) of Regulation (EU) 2021/241 Spain has also proposed to advance the completion date of target with sequential number 247 from Q4 2023 to Q4 2022, since it has already been completed.

Investment C15.I8 (PERTE Chip: Strengthening the scientific and technological ecosystem. Increased design capabilities). On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed a new investment to support a new strategic initiative aimed at developing the scientific, design and production capacities of Spain's microelectronics and semiconductor industry to generate a significant multiplier effect in the Spanish economy as a whole. This contributes to addressing the country-specific recommendation 2023.1.3, 2022.1.2 and 2020.3.4 to foster public investment in the green and digital transitions.

Investment C15.I9 (PERTE Chip: Increasing the capacity of the fabless and manufacturing industry). In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed a new public investment in a Facility, the CHIP Financing Mechanism, in order to incentivise private investment and promote access to finance in Spain's semiconductor industry, including fabless and semiconductor manufacturing. This contributes to addressing the country-specific recommendation 2023.1.3, 2022.1.2 and 2020.3.4 to foster public investment in the green and digital transitions.

Component 16 (Artificial Intelligence), substantial modification:

Reform C16.R1 (National Artificial Intelligence Strategy): On the basis Article 18(2) of the Regulation (EU) 2021/241, Spain has proposed to further increase the ambition of this measure to establish a national agency for the surveillance of AI systems; and to strengthen the development of quantum chips by supporting R&D in new quantum technologies that allow progress towards the next generation of chips. This contributes to addressing the country-specific recommendations 2020.3.4 on expanding public investment in the green and digital transitions in the context of R&D&I.

Component 17 (Science, Technology and Innovation), substantial modification:

Investment C17.I2 (Strengthening the capacity, infrastructure and equipment of State System for Science, Technology and Innovation): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to support projects to enhance the capacity, infrastructure and equipment of the State System for Science, Technology and Innovation in the field of microelectronics and semiconductors, with a particular focus on clean rooms, and on actions to strengthen capacities in the field of semiconductors associated with supercomputing.

Investment C17.I3 (New private, interdisciplinary, public R&D&I projects, concept tests and the award of aid as a result of international competitive calls. Cutting-edge R&D geared to societal challenges. Pre-commercial public procurement): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to support R&D&I projects in the field of semiconductors and through the development of proof-of-concept investments in the field, with an increase in the estimated cost of the investment of EUR 90 million.

Investment C17.I4 (New scientific career): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to introduce a specific research start-up in the field of semiconductors and microelectronics.

Investment C17.I6 (Health): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to strengthen and internationalise the industrial capacities of the health sector by supporting the Spanish participation in R&D multi-country projects aimed at recovering capacity and strategic autonomy in the health sector, R&D to obtain precision diagnosis in rare diseases, support to R&D&I in personalised precision medicine in daily clinical practice, development and upgrade of Patient Oriented Clinical Research Units and to finance the non-reimbursable part of the health loan under C17.I10.

Investment C17.I7 (Energy storage R&D centre): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay milestone with sequential number 269 by two years, namely the completion of the building and equipment of an energy storage R&D centre in Extremadura with the aim of spurring technological and scientific response to the management of green energy production (including hydrogen). The centre will include experimental demonstration facilities for testing and validating energy storage solutions. It will be equipped with the necessary scientific and technical equipment.

Investment C17.I9 (Aerospace): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to invest in R&D&I and the industrial scaling of its results, productive capacities, digitisation needs, green technologies and the technological modernisation of the aerospace industry, and to finance the non-reimbursable part of the aerospace loan under C17.I10.

Investment C17.I10 (Loan support to the health and aerospace sector): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a new investment to strengthen the scientific, technological and innovation capacities of the health sector, including companies, the national health system and universities. There are also actions to invest in venture capital of technology-based or innovative companies in the health sector. Finally, there are measures to finance R&D, productive capacities, digitisation, green technologies and technological modernisation of the aerospace industry.

Component 18 (Renewal and expansion of the capacities of the National Health System), substantial modification:

Investment C18.I3 (Health increased capacities to respond to health crises): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay milestone with sequential number 281 by two years, concerning the implementation of the information system of the Public Health Surveillance Network. This change is justified by stakeholder consultations, which revealed that it was necessary to broaden the scope of the measure to effectively achieve its objectives. This resulted in the need for additional legislative and procedural steps that extended the timeline for implementation. This contributes to addressing the country-specific recommendations 2020.1.2 -to strengthen the resilience and capacity of the health system.

Investment C18.I4 (Training of health professionals and resources to share knowledge and other investments to improve healthcare for patients with rare diseases): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment to build capacity to support the treatment of complex diseases in the National Health Service. This contributes to addressing the country-specific recommendations 2020.1.2 to strengthen the resilience and capacity of the health system.

Investment C18.I5 (Plan to rationalise the consumption of pharmaceuticals and promote the sustainability and consolidation of personalised medicine in healthcare provision): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to increase the ambition of this investment with additional resources to build capacity to expand the personalised medicine and genomic services portfolio in the National Health Service.

Component 19 (Digital skills), targeted modification:

Investment C19. I1 (Transversal digital skills): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 288 by half a year. This responds to the adaptation of the legal framework to facilitate an optimal implementation of the measure.

Investment C19.I2 (Completion of actions for the digital transformation of education): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 290 by more than a year; and to reduce its level adding a new target with sequential number 292a for trainings conducted in the remit of the Ministry of Labour and Social Economy. This responds the adaptation of the legal framework to facilitate an optimal implementation of the measure.

Investment C19.I3 (Digital training for employment): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 292 by half a year. This responds to the adaptation of the legal framework to facilitate an optimal implementation of the measure.

Component 20 (Strategic Plan to boost vocational training), targeted modification:

Investment C20.I1 (Reskilling and upskilling of the labour force linked to professional qualifications): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 297 by one year, and to decrease its ambition. This responds to a lack of demand due to accreditation not increasing as fast as expected despite incentives and communication efforts from the authorities. Moreover, freed resources coming from decreased ambition in this target will be earmarked for increased ambition in C20.I2 **(**Digital transformation of vocational training), converting extra classrooms into applied technology spaces, which requires delaying its implementation by one year, and for C20.I3 (Innovation and internationalisation of vocational training).

Investment C20.I3 (Innovation and internationalisation of vocational training): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 302 by one year and to increase its ambition. This responds to increased capacity within regions.

Component 21 (Modernisation and digitalisation of education, including early education 0-3), substantial modification:

Investment C21.I1 (Promoting early childhood education and care (ECEC)): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 309 by one year due to supply-side constrains and to reduce, if necessary to meet the investment target, the budget initially allocated to financing operating expenditure in view of the increase in construction and renovation costs.

Investment C21.I6 (Plan for the development of university micro-credentials): On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed a new investment to develop a strategy for the provision of micro-credentials by the university system with the aim of supporting lifelong learning and the re-skilling of adult population, in line with the Council Recommendation adopted in June 2022 on a European approach to micro-credentials.

<u>Component 22 (Shock plan for the care economy and reinforcement of inclusion policies), substantial modification</u>:

Reform C22.R6 (Law 4/2022, of 25 February, on the protection of consumers and users against situations of social and economic vulnerability): In accordance with Article 14(2) of Regulation (EU) 2021/241, Spain proposed to introduce a new Law on the protection of consumers and users against situations of social and economic vulnerability.

Investment C22.I1 (Long-term support and care plan: deinstitutionalisation, equipment and technology): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to change the specification and delay the target with sequential number 322 by one year and three months. This responds to specifications on home telecare services that are less ambitious than the policy objectives of this measure. Moreover, on the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to reduce the level of ambition of target with sequential number 323, and to delay it by two and a half years. This responds to regulatory changes that limit the number of places by facility, and supply-side constraints combined with high inflation that have delayed implementation. On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to partially replace national resources to support investments in deinstitutionalisation, equipment and technology.

Investment C22.I2 (Plan for the Modernisation of Social Services: Technological transformation, innovation, training and strengthening of child care): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 325 by two years. This responds to delays caused by inflation, supply bottlenecks and problems in tendering. On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to partially replace national resources to support investments in ttechnological transformation, innovation and training in social services and in strengthening childcare.

Investment C22.I3 (Spain Accessible Country Plan): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 326 by one year. This responds to delays caused by inflation, supply bottlenecks and problems in tendering. On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to partially replace national resources to support investments in improving accessibility to services and physical spaces.

Investment C22.I4 (Plan Spain protects you against sexist violence): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 327 by one year, namely from Q4 2023 to Q4 2024. This responds to delays caused by inflation, supply bottlenecks and problems in tendering. On the basis of Article 18(2) of Regulation (EU) 2021/241, Spain has proposed to partially replace national resources to support investments in services for victims of sexual violence.

Investment C22.I5 (Increasing the capacity and efficiency of the reception system for asylum seekers): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the target with sequential number 328 by one and a half year, namely from Q4 2024 to Q2 2026.

This responds to delays caused by the increased migratory pressure, inflation, supply bottlenecks and problems in tendering.

Investment C22.I6 (Social Impact Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed a new investment in the form of a public investment in a Facility, the Social Impact Fund, in order to incentivise private investment and improve access to finance in projects with a measurable social or environmental impact that contribute to social and environmental solutions, taking into account the impact measurement and management procedures established by the European Taxonomy. This contributes to addressing the country-specific recommendation 2019.2.1 to ensure that employment and social services have the capacity to provide effective support.

Component 23 (New public policies for a dynamic, resilient and inclusive labour market), targeted modification:

Investment C23.I1 (Youth Employment): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to amend the definition of milestone with sequential number 342 to enlarge the scope of beneficiary entities, including State public sector entities as well as associations, foundations and other non-profit entities. This responds to insufficient demand.

Investment C23.I3 (New skills for the green, digital and productive transition): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to amend the description of milestone with sequential number 344 to incorporate as a target group to the trainings employed workers on top of the unemployed. This responds to insufficient demand from firms to train unemployed workers. In order to increase take up, firms will be no longer obliged to hire the unemployed.

Investment C23.I5 (Governance and boost of policies to support activation): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the completion of target with sequential number 347 by one year. This responds to complex and lengthy administrative procedures as the general government must retain the ownership of the centres. Increased construction costs due to inflation also delayed the preparatory works to make the centres fully operational.

Investment C23.I6 (Comprehensive plan to boost the social economy): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the completion of milestone with sequential number 349 by 1.5 years to allow social economy enterprises to adapt to the call and legal framework and ensure the full implementation of the measure. This responds to tight deadlines and the inability of social economy enterprises to develop and execute quality and innovative projects on time.

Component 24 (Cultural Industry) targeted modification:

Investment C24.I2 (Conservation, restoration and enhancement of the Spanish cultural heritage): On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to reduce the level of the target with sequential number 356 adding a new target with sequential number 474 for the pending site ("Tabacalera") as to delay the implementation by two and 2.5

years for the respective targets. This responds to disruptions in the supply chain of construction materials. Spain has also proposed to delay the completion of target with sequential number 358 by one year.

<u>Component 25 (Spain Audiovisual Hub) substantial modification</u>:

Investment C25.I2 (PERTE Economy of the Language): On the basis of Article 14(2), Spain has proposed to finance projects for the digitalisation and dissemination of content and information by the media in Spanish and co-official languages, including the incorporation of new technological tools in its management and processing. This contributes to addressing the country-specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4 on expanding public investment in the green and digital transitions.

Investment C25.I3 (Audiovisual Fund): On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed public investments in a Facility in order to incentivise private investment and improve access to finance in Spain's audio-visual sector and to develop capital markets in these areas. This Facility will contribute to the digital transition and to addressing the country-specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4 on expanding public investment in the green and digital transitions.

<u>Component 26 (Promotion of Sports), targeted modification:</u>

Investment C26.I1 Digital Plan for Sports: On the basis of Article 21(1) of Regulation (EU) 2021/241, Spain has proposed to delay the completion of target with sequential number 370 for digitalisation of the sports sector and target with sequential number 372 for completion of IT projects in High Performance Centres and in Antidoping Administration by three quarters, following supply chain issues and shortages in staff due to the COVID-19 pandemic, which caused delays in the work of the responsible ministry, including for launching the relevant tenders.

<u>Component 28 (Adaptation of the Tax System to the Reality of the 21st century), substantial modification:</u>

Investment C28.I1 Tax incentives: On the basis of Article 14(2) of Regulation (EU) 2021/241, Spain has proposed to reinforce the existing measures in the RRP (Components 1 and 2) by adopting amendments to personal income taxation to create tax incentives that i) support energy efficiency renovations by households in 2024 and 2025; and ii) support purchase of electric vehicles and charging stations by households from 2023 to 2025. This contributes to addressing the country-specific recommendations 2023.1.3, 2022.1.2 and 2020.3.4 on increasing investment in the ecological and digital transition, 2023.3.5 and 2022.4.8. on increasing the availability of energy-efficient social and affordable housing, including through renovation and recommendations 2023.3.7 and 2022.4.5 on electrification of transport.

<u>Component 31 (REPowerEU chapter), new or scaled-up:</u>

Under the REPowerEU chapter and in accordance with Articles 21c of Regulation (EU) 2021/241, Spain has proposed measures for seven new investments and one scaled-up investment. Spain has also proposed one new reform:

Reform C31.R1 (Reform improving permitting for renewable energy production projects and electricity network infrastructure): This reform aims to facilitate the deployment of renewable energy sources and to streamline the processing of permitting applications. In particular, the reform simplifies the procedures related to new renewable energy projects and new electricity network infrastructure, and sets up of a new administrative unit within the central administration to assist processing permitting applications. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels and 2023.3.2 and 2022.4.2 to accelerate the deployment of renewable energy by further streamlining permitting procedures and improving access to the grid.

Investment C31.I1 (Investment promoting self-consumption (based on renewable energy and behind-the-meter storage) and energy communities): This measure is a scaled-up investment of measures C7.R3 (Development of energy communities) which supports initiatives carried out by energy communities, C7.I1 (Development of innovative renewable energies, integrated into buildings and production processes) which supports self-consumption applications based on renewable energy sources and C8.I1 (Deployment of energy storage) which supports energy storage. This contributes to addressing the country-specific recommendations 2023.1.1 and 2022.4.1 to reduce overall reliance on fossil fuels and 2023.3.2 and 2022.4.2 to accelerate the deployment of renewable energy.

Investment C31.I2 (Support scheme for the production and uptake of renewable hydrogen): This measure includes a public investment in a support scheme to support the production and use of renewable hydrogen. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels and 2022.4.6 to accelerate the deployment of renewable hydrogen and 2023.3.2 to accelerate the deployment of renewable energy.

Investment C31.I3 (Support scheme for the value chain of renewable energy sources and storage): This measure includes a public investment in a support scheme designed to improve access to finance in the value chain in the design, manufacturing, storage, recycling or research & development of technologies and components relevant for the transition to a net-zero-emission economy. This contributes to addressing the country-specific recommendation 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Investment C31.I4 (Investment to support electricity network infrastructure): This measure will support investments in electricity transmission networks to integrate larger volumes of renewable energy and to connect to the electricity network new net-zero industrial sites. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels and 2023.3.3 and 2022.4.3 to support investment in network infrastructure.

Investment C31.I5 (Investment to support industrial decarbonisation in the form of grants): This investment which is part of the strategic project for industrial decarbonisation, aims to support the decarbonisation of industrial processes in all sectors. The objective of this measure is to support the decarbonisation of industrial processes. The measure consists of the implementation of projects aiming at the decarbonisation of the manufacturing industry, for instance projects that aim at GHG emission reduction, as well as the development of new highly efficient and decarbonised manufacturing facilities. This contributes to addressing the country specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Investment C31.I6 (Subsidy scheme for decarbonisation projects (grants)): This measure consists of a public investment in a public subsidy scheme to be implemented by ENISA. This investment aims to support the decarbonisation of industrial processes in all sectors and the development of new highly efficient and decarbonised manufacturing facilities in the context of the DECARB strategic project (PERTE), and it is linked to Investment C31.I5. This contributes to addressing the country-specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Investment C31.I7 (Investment to support industrial decarbonisation in the form of loans): The objective of the investment, which is part of the strategic project for industrial decarbonisation, is to grant support in the form of loans to projects that aim at the decarbonisation of the manufacturing industry. This investment measure consists of at least one of three different lines of action: (a) support to projects implementing the decarbonisation of the manufacturing industry, for instance projects that reduce GHG emissions; (b) completion of a pilot project on the implementation of a fund to incentivise companies to undertake investment with high associated costs in large industrial decarbonisation investment projects and substantial GHG emission reductions by paying a fixed carbon price over a given period (carbon contract for differences); and (c) support for the development of new highly efficient and decarbonised manufacturing facilities. This investment aims to support the decarbonisation of industrial processes in all sectors, and it is linked to Investment C31.I5. This contributes to addressing the country specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Investment C31.I8 (Support scheme for decarbonisation projects in the form of loans): This measure consists of a public investment in a public loan scheme managed by ENISA. The objective of this measure is to promote the decarbonisation of industrial processes, and the development of new highly efficient and decarbonised manufacturing facilities in the context of the Strategic project for the decarbonisation of industry (PERTE DECARB), and it is linked to Investment C31.I5. This contributes to addressing the country specific recommendations 2023.3.1 and 2022.4.1 to reduce overall reliance on fossil fuels.

Table 1: Components in the modified RRP and associated estimated costs[2] (EUR million).

	Existing Plan	Addendum			Overall
Component	**Financial contribution**	**Financial contribution**	**Loans**	**Total**	**Total**
01. Sustainable mobility (urban)	6 536	-	-	-	6 536
02. Renovation	6 820	-	4 000	4 000	10 820
03. Agri-food and fisheries	1 051	150	260	410	1 461
04. Ecosystems and biodiversity	1 642	-	-	-	1 642
05. Coast and water resources	2 091	1 250	1 805	3 055	5 146
06. Sustainable mobility (long-distance)	6 667	-	-	-	6 667
07. Renewables	3 165	-	-	-	3 165
08. Electricity infrastructure	1 365	-	-	-	1 365
09. Hydrogen	1 555	-	-	-	1 555
10. Just transition	300	-	-	-	300
11. Public administration	4 239	130	2 157	2 287	6 526
12. Industrial policy	3 782	1 050	1 200	2 250	6 032
13. Support to SMEs	4 894	-	58 103	58 103	62 998
14. Tourism	3 400	-		-	3 400
15. Digital connectivity	3 999	621	10 750	11 371	15 370
16. Artificial Intelligence	500	40		40	540
17. Science, technology and innovation	3 457	734	570	1 304	4 761
18. Reform of health system	1 069	100	-	100	1 169
19. Digital skills	3 593	-	-	-	3 593
20. Vocational training	2 076	-	-	-	2 076
21. Education	1 648	50	-	50	1 698
22. Care economy, equality and inclusion	2 492	1 000	400	1 400	3 892
23. Labour market	2 363	-			2 363
24. Cultural industry	325	-	-	-	325
25. Audiovisual	200	-	1 712	1 712	1 912
26. Sports	300	-	-	-	300
27. Prevention of tax fraud	-	-	-	-	-
28. Tax system	-	-	483	483	483
29. Effective public spending	-	-	-	-	-
30. Pension system reform	-	-	-	-	-
31. RePowerEU chapter	**-**	**5 217**	**1 700**	**6 917**	**6 917**
TOTAL	**69 528**	**10 342**	**83 160**	**93 502**	**163 030**

2.3 Other elements not covered by assessment criteria

Consistency with other programmes

The modified RRP of Spain provides detailed justification for its consistency with the objectives and priorities of other initiatives, such as the National Reform Programme of Spain, the Partnership Agreement with Spain, the National Energy and Climate Plan and the European Digital Agenda.

In 2022, the Commission adopted the Partnership Agreement for the shared management funds in Spain in 2021-2027 and the related ERDF and ESF+ programmes. The modified RRP of Spain explains how these funds and the RRP would cover different projects, sectors and types of actions. Spain further provided evidence justifying that the funds allocated to financial instruments were commensurate with the investment gaps in the targeted sectors, also taking into account the contributions from other EU funds targeting the same sectors.

Consistency with the challenges and priorities identified in the most recent euro area recommendation

The modified plan is aligned with the Commission Recommendation for a Council Recommendation on the economic policy of the euro area adopted by the Council on 16 May 2023.[3]

- In line with recommendation 1, the modified plan aims at ensuring debt sustainability and raising potential growth in a sustainable manner, contributing to gradual fiscal consolidation.
- In line with recommendation 2, the modified plan introduces additional measures to strengthen economic resilience and support the green and digital transition, including for greater energy efficiency and for the transition to renewable energy sources.
- In line with recommendation 3, the modified plan increases the ambition of measures that address skills shortages.
- In line with recommendation 4, the modified plan introduces additional measures to preserve the level playing field and the integrity of the single market, benefitting in particular for small and medium-sized enterprises.
- In line with recommendation 5, the modified plan allocates EUR 75.97 billion to financial instruments.

National arrangements for the implementation of the plan

The previous description of the implementation and monitoring aspects of the plan, as reflected in the previous Staff Working Document SWD(2021) 147 final remains valid. Concerning the

[2] The total estimated costs for measures to be supported by the financial contribution in the form of non-repayable support is marginally in excess of the plan's financial contribution of EUR 79 854 million (after deduction of Spain's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241).
[3] COM(2022) 782 final, available at [COM_2022_782_1_EN.pdf (europa.eu)]

EUR 75.97 billion allocated to financial instruments in the modified RRP, the management of the instruments will be the responsibility of entities with a proven track record and operational capacity. The governance arrangements will ensure that the instruments are managed in a manner that is transparent, independent, and market-conforming.

Gender equality and equal opportunities for all

The previous description of the Spanish RRP's focus on gender equality and equal opportunities for all, as reflected in the previous Staff Working Document SWD(2021) 147 final, remains valid. In addition, the modified RRP contains a new strategy for the provision of micro-credentials by the university system which strengthens equal opportunities for young people.

Consultation process

The modified plan underlines the importance of consultation and co-governance for the effective implementation of the revised plan of Spain.

The modified plan explains that the Spanish government has carried out a consultation process with social partners, regions and local entities and political groups during the preparation of the addendum of the RRP. In particular, the modified plan refers to a multitude of meetings with social agents, sectorial conferences and their committees, nine parliamentary hearings on the RRP attended by the first Vice-President of the Government and Ministry of the Economy, bilateral communications with political parties, as well as sectoral consultations through high-level forums and consultations with businesses and citizens. These meetings had the purpose of improving the implementation of the initial plan and preparing the modified one. Moreover, the revised plan explains that the draft addendum was published on 22 December 2022, which allowed regions, social partners, political parties and other entities to get acquainted with the key elements of the plan and to put forward suggestions. In line with the requirements laid down in Article 18(4)(q) of the Recovery and Resilience Facility Regulation, the revised plan includes a summary of the different structures and processes used for stakeholder dialogue. It also mentions how the different elements stemming from the consultation to social agents, regions, local entities, and other political forces were integrated in the submitted addendum. Finally, the document recalls the novel use made by Spain of calls of expression of interest, with 33 carried out so far, to gather input from business and stakeholders on the design of investments. As regards reforms included in the initial RRP, the document recalls the usual prior consultation and public hearing procedures that are followed for all legislative proposals, in line with the national legal framework. The above description also applies to the new REPowerEU chapter. In addition, Section 3.12 includes specific information on the consultation process in the context of the REPowerEU Chapter. In this context, the submitted document also highlights the importance of co-governance for the effective implementation of the Plan.[4]

Digital security self-assessment

Spain has provided a security self-assessment for investments in digital capacities and connectivity. In Component 15 (Digital Connectivity) of the plan, Spain explains that, as part of the two reforms envisaged under the component, it will adopt the recommendation of the European Commission on Connectivity[5] and the law on the requirements to ensure the security of 5G electronic communications networks and services, which will include the key recommendations of the European Commission Communication of 29 January 2020 "Secure 5G deployment in the EU — Implementation of the EU toolbox"[6]. For investments in data spaces, Spain explains that the security assessment will align to the evolving work programmes of the European Union on cybersecurity certification, as laid down in Regulation (EU) 2019/881 of the European Parliament and of the Council on ENISA (European Cybersecurity Agency) and on information and communications technology cybersecurity certification. Strategic measures mentioned in the security self-assessment would need to be closely monitored during the implementation of the plan. In Component 16 (Artificial Intelligence) of the plan, Spain explains that the activity generated as a result of the progressive adoption of artificial intelligence will be subject to the conclusions to be determined in the European Union's rolling work programmes on cybersecurity certification, as laid down in Regulation 2019/881 of the European Parliament and of the Council on ENISA (European Agency for Cybersecurity) and Information and Communication Technology cybersecurity certification. Concerning artificial intelligence, and without prejudice to applicable European legislation, certification schemes (i.e., "AI quality label") will be promoted to boost a trustworthy and human-centric artificial intelligence.

Communication Strategy

The submitted addendum contains a detailed description of the ambitious communication strategy that the Spanish authorities have been carrying out at national level through different communication channels. The campaign seeks to keep potential beneficiaries informed of the opportunities that the plan offers to them, to give visibility to the impact that the Recovery and Resilience Facility is having in promoting the green and digital transition and to reach out to

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[4] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

[5] C (2020) 6270

[6] COM (2020) 50

various groups of stakeholders with an interest in the measures in the plan, including implementing authorities.

State aid

State aid and competition rules fully apply to the measures funded by the RRF. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures shall be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[7]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Spain in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Spain considers that a specific measure contained in the recovery and resilience plan entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Spain to ensure full compliance with the applicable rules.

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

The modifications to Spain's RRP do not change, and rather confirm and strengthen the previous assessment that the RRP is a comprehensive and adequately balanced response to the economic and social situation, since Spain does not remove and does not significantly reduce any investment or reform, but adds additional investments and reforms.

The modified RRP including the REPowerEU chapter still covers in a comprehensive manner the six pillars structuring the scope of application of the Facility (Article 3): (i) green transition, (ii) digital transformation, (iii) smart, sustainable and inclusive growth, (iv) social and territorial cohesion, (v) health and economic, social and institutional resilience, and (vi) policies for the next generation. The coverage of the Spanish plan's components toward the six pillars is summarised

[7] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

in Table 2. All pillars are covered by at least one component, while a component may contribute to several pillars.

Table 2: Coverage of the six pillars of the Facility by the components of the modified RRP

	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 mobility (urban)	●	○	○	○		
02. Renovation	●		●	○		○
03. Agri-food and fisheries	●		●			●
04. Ecosystems and biodiversity	●		●			●
05. Coast and water resources	●	○				
06. Sustainable mobility (long-distance)	●		○	○		
07. Renewables	●		●			○
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			●		○	
24. Cultural industry		●	●	○		○

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
25. Audiovisual		●	○			
26. Sports					●	
27. Prevention of tax fraud			●			
28. Tax system	○		●		○	
29. Effective public spending			●	○	○	
30. Pension system reform			●	●	●	
31. REPowerEU chapter	●		●			○

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

Taking into consideration all reforms and investments envisaged by Spain, its modified recovery and resilience plan continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Spain into account. This would warrant a rating of A under criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

The modified plan continues to effectively address a significant subset of the challenges identified in the relevant country-specific recommendations (CSRs). As the maximum financial contribution for Spain has been adjusted upwards and as the size of the plan increased following a loan request, intended to be used not exclusively for REPowerEU objectives, all 2022 and 2023 structural recommendations are considered in the overall assessment. At the same time, the modifications to Spain's RRP confirm and strengthen the previous assessment that the RRP is contributing to effectively addressing all or a significant subset of the country-specific recommendations addressed to Spain for the years 2019 and 2020, since Spain does not remove and does not significantly reduce any investments or reforms but adds additional investments and reforms.

Notably, the modified plan addresses the country specific recommendations 2023.1.3 and 2022.1.2 to expand public investment in the green and digital transitions through public investments in facilities to incentivise private investment and improve access to finance (the two ICO Business Support Funds, the Next Tech Fund, the Co-Investment Fund and the Regional Resilience Fund, the CHIP Financing Mechanism) which are expected to significantly boost the green and digital transition in Spain. In addition, further investments, including in the audio-visual sector, also address the country specific recommendations 2023.1.3 and 2022.1.2 to expand public investment in the green and digital transitions.

In line with the country- specific recommendation 2022.3.1 to increase recycling rates to meet Union targets and to promote the circular economy and enhance water reuse, a waste management reform in the modified plan improves the coordination among all levels of administration. This is achieved through the creation of a coordination committee and the approval of secondary legislation included in the "Waste Package". A new subsidy scheme for circular economy in key Spanish sectors (Plastics, textiles and fashion and RES equipment) is to contribute to enhance circularity in these sectors. Additional transfers to the regions will contribute directly to achieving a minimum of 30% of separately collected municipal waste. Additional investments in wastewater treatment will contribute to increasing water reuse.

In line with the country-specific recommendation 2022.3.2 to enhance water reuse by the implementation of investments to promote projects related to purification, sanitation and reuse of water, improvement of water efficiency and reduction of water losses, through the digitalisation of water users.

The REPowerEU chapter reinforces the ambition of the plan as regards most of the relevant country-specific recommendations in the field of energy (CSRs 2023.3 and 2022.4), notably to reduce reliance on fossil fuels, to accelerate the deployment of renewable energy sources, to invest in energy storage and network infrastructure, and to deploy renewable hydrogen. The REPowerEU chapter contains a reform improving the permitting framework for renewable energy projects (2023.3.2 and 2022.4.2) and investments on self-consumption, energy storage, energy communities, renewable hydrogen (2023.3.2 and 2022.4.2), electricity transmission infrastructure (2023.3.3 and 2022.4.3) and industrial decarbonisation (2023.3.1 and 2022.4.1) . Several proposed measures included in the modified plan will also contribute to the country- specific recommendations 2023.3.7 and 2022.4.5 in the field of electrifying buildings and transport (via a new fiscal incentive for the purchase of electric vehicles and support of electric vehicle industry), and to the recommendations 2023.3.5 and 2022.4.8 on increasing the availability of energy-efficient social and affordable housing (via an extended fiscal incentive for renovation works, the Housing Fund and the programme of measures to promote the supply of rental housing). The Strategy for Energy Efficiency in the State Road Network contributes to addressing the country-specific recommendations 2019.3.3 on energy efficiency and 2020.3.5 on clean and efficient production and use of energy.

Many of the new or modified measures help further address those country-specific recommendations that are already partly addressed by the initial RRP. Notably, in addition to previous recommendations related to the green and digital transition, circular economy and energy, the modified plan helps address the country specific recommendations 2020.3.4 to foster research and innovation, clean and efficient production and use of energy, energy infrastructure, water and waste management and sustainable transport. This recommendation is addressed through the effective operationalisation of the regulatory sandbox in the field of transport and mobility, a new investment to modernise irrigation systems in terms of water savings and energy efficiency and the measures mentioned above in relation to country specific recommendations of 2020 (such as financial instruments ICO Business Support Funds). A new regulation on farm information systems to manage the agricultural and livestock policies contributes to addressing the country specific recommendation 2019.3.2 on resource efficiency. New investments in healthcare contribute to addressing the country-specific recommendations 2020.1.2 to strengthen the resilience and capacity of the health system. The new Entrepreneurship and Small and Medium-sized Enterprises Fund contributes to addressing the country-specific recommendation 2020.3.1 to implement measures to support SMEs. The Social Impact Fund contributes to addressing the country-specific recommendation 2019.2.1 to ensure that employment and social services have the capacity to provide effective support. A modified measure which increases the ambition of the investment to carry out additional actions on waste water treatment, sanitation and re-use of water and another two contributing to the digitalisation of the urban water cycle, industry and irrigation communities contribute to the country-specific recommendations 2022.3.2 on water reuse and 2020.3.6 on water management. The new allocation to the modified measure and the new measure for the digitalisation of water users, and new investments for digitalisation and support of private investment in the audio-visual sector also contribute to the country-specific recommendation 2020.3.4 on investment for the green and digital transition. A modified measure which increases the ambition of an investment to implement photovoltaic energy to produce and distribute alternative resources for aquifer recovery contributes to country-specific recommendation 2019.3.3 fostering energy efficiency and 2020.3.5 promoting clean and efficient production and use of energy.

Taking into consideration the reforms and investments envisaged by Spain, its modified recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the modified recovery and resilience plan represents an adequate response to the economic and social situation of Spain. Therefore, the proposed modifications to Spain’s recovery and resilience plan do not change, and rather confirm and strengthen the previous assessment (rating of A) of the contribution of the plan to addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and of the adequacy of its response to the economic and social situation of Spain, as reflected in the previous SWD(2021) 147 final.

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

As part of the modification of the RRP, Spain has put forward further reforms aimed at strengthening business competition, attracting foreign talent and accelerating the energy transition and the implementation of investments. In particular, Spain is proposing reforms in the area of renewable energy permitting. Such reforms are key to reach the objectives of REPowerEU, to accelerate the green transition, and ensure resilience against further energy shocks. The modification of the plan also includes sizeable resources to financial instruments to stimulate private investment, including to support the green and digital transition, and to enhance strategic industrial projects in the green and digital transition. The REPowerEU chapter includes additional resources to scale-up existing measures promoting self-consumption of renewable energy, energy storage and energy communities; and new investments in renewable hydrogen, the value chain for renewable energy, in electricity networks and in the decarbonisation of industry. In view of reforms and investments put forward as part of the modification of the RRP, the initial positive assessment of the impact of the plan on growth potential, job creation, and territorial and social cohesion is positively assessed.

Stylised simulations by the Commission services estimate that the modified RRP, including the increased financial contribution and the request for loans, together with the rest of measures of the European Union Recovery Instrument, have the potential to increase the GDP of Spain by between 2.7 % and 3.5 % by 2025, not explicitly including the possible positive impact of structural reforms.

The nature and extent of the proposed modifications to Spain's recovery and resilience plan confirm and strengthen the previous assessment (Rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the previous SWD(2021) 147 final.

3.4. The principle of 'do no significant harm'

The modifications of the measures included in the RRP do not have an impact on the assessment of the principle of 'do no significant harm' which remains identical.

Spain's REPowerEU chapter includes a systematic assessment of each measure against the principle of 'do no significant harm' (DNSH), for each of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. While Spain's assessment often stresses the environmental and climate benefits of measures in this assessment, it also provides information allowing to assess that measures will comply with the 'do no significant harm' principle – for instance by providing reassurance that the implementation of the existing EU and Spanish legislative framework will prevent any significant harm, or by indicating that any measure that could have had a significant impact has been carved out from funding under the Recovery and Resilience Facility.

For the financial instruments, where it is not known ex-ante which projects are to be financed, adherence with the 'do no significant harm' principle is ensured by introducing specific safeguards in the measure description and in the related milestones and targets, to monitor the implementation of the measures. This is of relevance for financial instruments under Component 13, such as ICO Green and the Regional Resilience Fund, due to the broad nature of the activities to be financed under these funds.

For some measures where calls for projects or calls for interest are necessary to select specific projects, adherence with the 'do no significant harm' principle is ensured by introducing specific safeguards in the milestones associated with each measure, to monitor the implementation of the measures. This is the case for instance for the investments to support industrial decarbonisation (measures C31.I5, C31.I6, C31.I7 and C31.I8). Specific safeguards have also been introduced for measures included in the Plan that could potentially lead to investments being made in installations falling within the scope of the EU Emission Trading System (ETS). This is the case in particular for the above-mentioned investments to support industrial decarbonisation and for investments to support the value chain of renewable energy sources and storage (C31.I3).

Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Spain's modified RRP, including its REPowerEU chapter, is expected to do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a rating of A under criterion 2.4 of Annex V to the RRF Regulation.

No measure under the Spanish RRP neither the REPowerEU chapter falls under Article 21c (3), point (a) of Regulation (EU) 2021/241.

3.5. Green transition

Climate target

The modified RRP of Spain continues to correctly follow the methodology for climate tagging set out in Annex VI to the RRF regulation, by identifying intervention fields, and corresponding coefficients for the calculation of support to the climate objectives, for each measure (the table in Annex I presents the detailed application of the climate tagging methodology). It should be noted that:

a) the tagging and the estimated expenditure of existing measures has not been modified, on this basis the assessment as reflected in the previous SWD(2021) 147 final is maintained for those measure.
b) For the new measures of the modified plan:
    - when they consist of several sub-measures the plan indicates an intervention field for each sub-measure, and climate tagging is computed at sub-measure level
    - the choice of intervention fields for the green transition is well justified and it reflects the nature, focus, objective, or expected outcome of the investments included in the component
    - the plan does not propose to increase the climate coefficients of the selected intervention fields for any measure.

The modified Spanish plan includes measures supporting climate change objectives for an amount which represents 39.9% of the total plan's allocation (EUR 65.0 billion out of EUR 163.0 billion) in the form of loan and non-repayable financial contribution, including the allocations of the REPowerEU chapter. Measures supporting climate change objectives represent 75% of the total estimated costs of measures in the REPowerEU chapter, according to the methodology for climate tracking set out in Annex VI to the Recovery and Resilience Facility Regulation. Therefore, the climate change contribution of the total plan, as well as of REPowerEU, exceeds the minimum climate target of 37% as set out in that Regulation. The climate change contribution of each of the components of the plan is set out in Table 3.5.1 below. The largest contributions come from the components on SME support (42.4% of the overall climate contribution), Renovation component (11.9% of the overall climate contribution) and REPowerEU (8% of the overall climate contribution).

The REPowerEU chapter – Component 31 – presents investments amounting to EUR 6.9 billion that aim to accelerate the deployment of renewable energy sources, energy storage and energy communities, to invest in renewable hydrogen, to strengthen the value chain for the net-zero industry, to invest in additional electricity network infrastructure and to decarbonise industry. This chapter reinforces the investments contained in the initial plan for industrial decarbonisation and renewable energy and hydrogen.

Table 3 Climate contribution by component

Component	Estimated Costs (EUR m)	Climate contribution (EUR m)	Climate contribution as percentage of component costs	Climate contribution as percentage of the plan's total allocation*
01. Sustainable mobility (urban)	6,536	4,737	72.5%	2.9%
02. Renovation	10,820	7,713	71.3%	4.7%
03. Agri-food and fisheries	1,461	582	39.8%	0.4%
04. Ecosystems and biodiversity	1,642	759	46.2%	0.5%
05. Coast and water resources	5,146	2,448	47.6%	1.5%
06. Sustainable mobility (long-distance)	6,667	4,937	74.1%	3.0%
07. Renewables	3,165	3,165	100.0%	1.9%
08. Electricity infrastructure	1,365	1,365	100.0%	0.8%
09. Hydrogen	1,555	1,555	100.0%	1.0%
10. Just transition	300	150	50.0%	0.1%
11. Public administration	6,526	1,071	16.4%	0.7%
12. Industrial policy	6,032	2,218	36.8%	1.4%
13. SME support	62,998	27,550	43.7%	16.9%
14. Tourism	3,400	655	19.3%	0.4%
15. Digital connectivity	15,370	0	0.0%	0.0%
16. Artificial Intelligence	540	0	0.0%	0.0%
17. Science, technology and innovation	4,761	49	1.0%	0.0%
18. Reform of health system	1,169	0	0.0%	0.0%
19. Digital skills	3,593	0	0.0%	0.0%
20. National vocational training	2,076	158	7.6%	0.1%
21. Modernisation of education	1,698	0	0.0%	0.0%
22. Care economy, equality and inclusion	3,892	0	0.0%	0.0%
23. Labour market	2,363	222	9.4%	0.1%
24. Cultural industry	325	0	0.0%	0.0%
25. Spain Audiovisual Hub	1,932	0	0.0%	0.0%
26. Sports	300	134	44.7%	0.1%
27. Prevention of fiscal fraud	0	0	0.0%	0.0%
28. Tax system	483	343	71.1%	0.2%
29. Improving the effectiveness of public spending	0	0	0.0%	0.0%
30. Pensions	0	0	0.0%	0.0%

Component	Estimated Costs (EUR m)	Climate contribution (EUR m)	Climate contribution as percentage of component costs	Climate contribution as percentage of the plan's total allocation*
31. REPowerEU	6,917	5,187	75.0%	3.2%
Total	**163,030**	**64,997**	**39.9%**	**39.9%**

* The plan's total allocation is the sum of the financial contribution in the form of non-repayable support and of the loan support, for a total of EUR 163,014 million.

Green transition

The modified RRP contains reforms and investments that are expected to significantly contribute to the green transition, including biodiversity, addressing the country specific recommendation as well as to the achievement of the Union climate target by 2030 and climate neutrality by 2050.

The modified plan does not modify previous measures contributing to the green transition, in terms of estimated expenditure. Beyond the modifications on the basis of Article 21, the new plan includes 30 additional measures that contribute to the green transition, with an estimated additional climate contribution of EUR 37.4 billion (compared to the original plan), bringing the green contribution to EUR 65.0 billion.

In particular, the modified plan includes significant new measures related to the decarbonisation of industry and deployment of renewable energy and hydrogen. These investments are included in components Component 12 (Industrial Policy) and Component 31 (REPowerEU). Significant investments, structured as financial instruments and subsidy schemes, will also support sustainable transport, energy efficiency, renewable energy, industry decarbonisation, water management, circular economy, climate change adaptation and sustainable tourism. The financial instruments, such as ICO Green and the Regional Resilience Fund, are covered in Component 13 (Support to SMEs) and the subsidy schemes are covered in Component 12 (Industry Policy) and 31 (REPowerEU). Other investments will support water management and re-use by the digitalisation of different users such as irrigation communities, industry and the urban water cycle. These investments are included in Component 5 (Coast and water resources).

Taking into consideration the assessment of all the measures envisaged, the modified recovery and resilience plan, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contributes to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.

3.6. Digital transition

Digital tagging

The modified RRP of Spain continues to correctly follow the methodology for digital tagging set out in Annex VII to the RRF Regulation, by identifying intervention fields, and corresponding coefficients for the calculation of support to the digital objectives, for each measure (the table in Annex I presents the detailed application of the digital tagging methodology). It should be noted that:

a) the tagging and the estimated expenditure of existing measures has not been modified, except for C23.I5 which was incorrectly not tagged in the initial analysis. On this basis the assessment as reflected in the previous SWD(2021) 147 final is maintained for all measures but for C23.I5 which is tag with Intervention Field 108 - Support for the development of digital skills (100% digital contribution).
b) For the new measures of the modified plan:
    - when they consist of several sub-measures the plan indicates an intervention field for each sub-measure, and digital tagging is computed at sub-measure level
    - the choice of intervention fields for the digital transition is well justified and it reflects the nature, focus, objective, or expected outcome of the investments included in the component
    - the plan does not propose to increase the digital coefficients of the selected intervention fields for any measure.

The modified Spanish plan includes measures supporting digital objectives for an amount which represents 25.9% of the plan's total allocation in the form of loan and non-repayable financial contribution, excluding the estimated costs of the investments included in the REPowerEU chapter (EUR 40.4 billion out of EUR 156.1 billion, excluding RePowerEU). Therefore, the digital contribution of the plan exceeds the minimum digital target of 20% as set out in the Regulation.

As it can be observed from Table 4, 22 out of 30 components (excluding the REPowerEU chapter) have a digital contribution that has been tagged accordingly to the methodology set out in Annex VII to the RRF regulation, notably in the modified plan also Component 17 (Science, Technology and Innovation) provides a contribution to the digital objective.

Table 4: Digital contribution by component

Component	Estimated cost (EUR m)	Digital contribution (EUR m)	Digital contribution as percentage of component costs	Digital contribution as percentage of the plan's total allocation (excl. RePowerEU)*
01. Sustainable mobility (urban)	6,536	119	1.8%	0.1%
02. Renovation	10,820	0	0.0%	0.0%
03. Agri-food and fisheries	1,461	62	4.2%	0.0%
04. Ecosystems and biodiversity	1,642	138	8.4%	0.1%
05. Coast and water resources	5,146	1,880	36.5%	1.2%
06. Sustainable mobility (long-distance)	6,667	445	6.7%	0.3%
07. Renewables	3,165	0	0.0%	0.0%
08. Electricity infrastructure	1,365	546	40.0%	0.3%
09. Hydrogen	1,555	0	0.0%	0.0%
10. Just transition	300	0	0.0%	0.0%
11. Public administration	6,526	4,452	68.2%	2.9%
12. Industrial policy	6,032	1,152	19.1%	0.7%
13. SME support	62,998	7,850	12.5%	5.0%
14. Tourism	3,400	523	15.4%	0.3%
15. Digital connectivity	15,370	15,370	100.0%	9.8%
16. Artificial Intelligence	540	540	100.0%	0.3%
17. Science, technology and innovation	4,761	364	7.6%	0.2%
18. Reform of health system	1,169	100	8.6%	0.1%
19. Digital skills	3,593	3,593	100.0%	2.3%
20. National vocational training	2,076	208	10.0%	0.1%
21. Modernisation of education	1,698	147	8.6%	0.1%
22. Care economy, equality and inclusion	3,892	500	12.8%	0.3%
23. Labour market	2,363	328	13.9%	0.2%
24. Cultural industry	325	96	29.5%	0.1%
25. Spain Audiovisual Hub	1,932	1,867	96.7%	1.2%
26. Sports	300	76	25.2%	0.0%
27. Prevention of fiscal fraud	0	0		0.0%
28. Tax system	483	0	0.0%	0.0%

Component	Estimated cost (EUR m)	Digital contribution (EUR m)	Digital contribution as percentage of component costs	Digital contribution as percentage of the plan's total allocation (excl. RePowerEU)*
29. Improving the effectiveness of public spending	0	0		0.0%
30. Pensions	0	0		0.0%
Total	**156,113**	**40,353**	**25.8%**	**25.9%**

* The plan's total allocation excluding the estimated costs of the investments included in the REPowerEU chapter is the sum of the financial contribution in the form of non-repayable support and of the loan support minus EUR 6,917 million, for a total of EUR 156,098 million.

Digital transition

The modified recovery and resilience plan contains investments and reforms that are expected to have a long-lasting impact in the digital transformation of the economic and social sectors and significantly contribute to addressing the challenges resulting from the digital transition. The expected impact of the initial plan is further strengthened by the new measures included in the modified plan.

The modified plan does not modify previous measures contributing to the digital transition, in terms of estimated expenditure. Beyond the modifications made on the basis of Article 21 of Regulation (EU) 2021/241, the modified plan includes 18 new measures that contribute to the digital transition with an estimated additional digital contribution of EUR 20.7 billion bringing the total digital contribution of the modified plan to EUR 40.4 billion.

The modified plan includes significant new measures in the area of advanced digital technologies with investments in the entire value chain of advanced microprocessors from R&D to manufacturing. These investments are included in several components such as Component 15 (Chips), Component 12 (Industrial Policy), Component 17 (Science, Technology and Innovation), Component 16 (Artificial Intelligence). Significant investments will also support the scaling up of technological start-ups and other investments will support SMEs in the development of a Spanish Natural Processing Language environment using computer science and Artificial Intelligence technologies, both under Component 13 (Support to SMEs). Other investments will further strengthen the digitalisation of the water sector under Component 5 (Coast and water resources), and of the public administration, including with investments in cybersecurity under Component 11 (Public administration). Finally, other resources have been allocated to further develop the investments under the framework of the Spanish audio-visual sector under Component 25 (Audiovisual Hub).

The nature and extent of the proposed modifications to Spain's recovery and resilience plan do not have a material impact on, and rather confirm and strengthen the previous assessment (rating of

A) of the contribution of the plan to the digital transition and to the digital target, as reflected in the previous SWD(2021) 147 final.

3.7. Lasting impact of the plan

The modified RRP does not reduce the ambition of the initial plan as a whole. It takes into account the prolonged impact of the COVID-19 crisis, inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties or the availability of better alternatives for the implementation of some measures by modifying measures in accordance with Article 21(2) of Regulation (EU) 2021/241. It also includes additional measures as a result of the increase in the maximum financial allocation and the request of loan support and includes a REPowerEU chapter. These additional measures, in addition to the existing measures, are expected to have lasting positive effects on the Spanish economy and further boost its green and digital transition.

New reforms included in the modified RRP are expected to have a long-lasting impact on Spain, as 16 reforms have been introduced or enhanced to strengthen the competition framework, attract foreign talent and facilitate the entry into the country of skilled migrant workers, improve the regulatory framework for the financial sector, improve the animal and human health standards for transport and sustainable use of antibiotics in the livestock industry, reduce food waste, promote the circular economy, combat desertification, increase the supply of and facilitate access to housing, develop low-emission areas, improve the energy efficiency of the road network, operationalise a regulatory sandbox in the field of transport and mobility, improve the regulatory framework for the protection of financial clients, promote transparency in the field of lobbying activities, foster public sustainable finances, and update the regulatory framework for digital security and national security. The REPowerEU chapter moreover includes a new reform to streamline permitting procedures for renewable energy projects.

New investments included in the modified RRP are expected to have a long-lasting impact on Spain by stimulating private investments with 14 financial instruments, including investments supporting the green and digital transition. The REPowerEU chapter includes investments to scale-up existing measures supporting self-consumption, energy storage and energy communities, as well as new investments in renewable hydrogen, the value chain for renewable energy, in electricity networks and in the decarbonisation of industry.

The nature and extent of the proposed modifications to Spain's recovery and resilience plan do not have a material impact, and rather confirm and strengthen the previous assessment (rating of A) of the lasting impact of the measures proposed by Spain, as reflected in the previous SWD(2021) 147 final.

3.8. Milestones, targets, monitoring and implementation.

The modified RRP includes an update of the monitoring and implementation framework, including a description of additional measures introduced by Spain since the approval of the initial RRP which have contributed to the reinforcement of the monitoring and implementation set-up. In particular, the national arrangements as set out in Royal Decree-Law 36/2020 of 30 December approving urgent measures for the modernisation of the public administration and the implementation of the Recovery Plan remain in place. Additionally, Spain has approved Order HFP/1031/2021 defining the procedures and format of the information to be shared for monitoring of the RRP and accounting execution of expenditure and put in place the Recovery and Resilience Facility Integrated Information System ('Coffee') facilitating the monitoring of the RRP implementation and the production of management declarations, audit summaries and payment requests. The Commission made a positive preliminary assessment of the milestones concerning these measures in the context of the first payment request. The modified RRP also includes an extension of the monitoring framework to align with the introduction of new measures consisting of the set-up of financial instruments and the set-up of subsidy schemes combining grants with financial instruments. Spain will sign an Implementing Agreement or equivalent with the implementing partner, or approve a regulatory framework, that should contain the description of the monitoring systems of the implementing partner, and - where relevant - of financial intermediaries, to report on the investment mobilised. This requirement will not be applicable when the implementing partner or financial intermediary is the EIB, the EIF or the EBRD. The entities entrusted with the management of the financial instruments and subsidy schemes have a proven-track record in management of similar funds. They also have the financial and operational capacity to manage the proposed instruments or have committed to increase it by recruiting additional staff (ENISA) and/or by resorting to external experts (Group SEPIDES and the State Company for Microelectronics and Semiconductors (SEMyS).

The existing monitoring and control system, including the amendments proposed in relation to financial instruments for the modified Spanish recovery and resilience plan enable an adequate monitoring of the plan's implementation. The nature and extent of the proposed modifications to Spain's recovery and resilience plan do not have an impact on the original assessment of the effective monitoring and implementation of the recovery and resilience plan. The structure tasked with the implementation, monitoring and report of the RRP is still in place and the overall arrangements proposed by Spain in terms of organisation of the implementation of the reforms and investments remain credible. The milestones and targets that accompany the new and modified measures, including those in the REPowerEU chapter, are clear and the proposed indicators for those milestones and targets are relevant, acceptable, and robust. The administrative capacity of the additional implementing agencies helps ensure the effective absorption of the additional incoming funds. The arrangements proposed by Spain in its modified recovery and resilience plan are expected to be adequate to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V to the RRF Regulation.

3.9. Costing

Spain has provided individual cost estimates for all the amended or new investments of its modified recovery and resilience plan. Spain has provided sufficient information and evidence to consider that costs are overall reasonable and plausible. In addition, the majority of costs are backed by appropriate justification and explanations that the amounts do not include costs covered by existing or planned Union financing. Costs are also commensurate to the expected economic and social impact of the envisaged measures.

Spain has relied on a number of sources to justify the costs of investments and reforms. Estimates of costs included in the plan are generally detailed, well-substantiated and based on a variety of sources. These include calls of interest specifically launched for the purposes of the plan during its preparation phase (Component 12 (Industrial Policy)), information on the use of tax benefits (Component 28 (Adapting the Tax System to the Reality of the Twenty-First Century)), procurement contracts referred to similar services or past investments of similar nature (Component 2 (Housing), Component 5 (Coast and water resources) Component 17 (Science, Technology and Innovation), Component 18 (Health)), examples of similar investments conducted in other Member States (Component 15 (Chips)), and data on investment needs and market financing gaps (Component 2 (Housing), Component 11 (Security), Component 13 (Support to SMEs), Component 15 (Chips) Component 22 (Social)). For each component, Spain has provided specific documents describing the costing methodology and identifying the underlying costing information submitted.

Reasonable costs

Cost estimates for most of the measures in the plan revision are deemed reasonable. Spain has provided detailed evidence backing the eligibility of measures. Firstly, all costs are incurred after 1 February 2020, and 1 February 2022 for the REPowerEU chapter. Secondly, in accordance with Article 5 of Regulation (EU) 2021/241, costs do not substitute recurring national budgetary expenditure. Finally, VAT has not been included in the costs estimates as a general rule. Recital 18 of the Recovery and Resilience Facility Regulation provides for Member States to use simplified cost options. Simplified costs can be based on lump sum costs, unit costs or flat rates. Spain has provided unit costs estimates across several measures, including simplified cost options for some measures. The use of unit costs was dependent on whether a specific technology permits establishing costs per unit, on whether the information is available and is relatively standardised, homogenous and available to be used.

Plausible costs

The amount of the estimated total costs of the plan revision is in line with the nature and type of the envisaged reforms and investments. Spain has submitted extensive additional costing evidence underpinning the claims presented in the plan. These documents broadly substantiate the cost estimates.

Cost estimates have been deemed overall plausible. The amounts proposed for financing have been deemed appropriate for most of the measures, whilst taking into account the limits of an ex-ante based assessment of cost estimates. In particular, Spain has provided evidence that costs are in line with previous projects and initiatives undertaken in the country. In this regard, the output targets provided in the plan for investment are commensurate with the costing justifications and assumptions provided.

No double funding

As a rule, individual measures do not consider the support of additional financing from other Union programmes. Spain has confirmed that the same cost will not be covered at the same time by the recovery and resilience plan and by existing or planned Union financing, in line with the provisions of Article 9 of Regulation (EU) 2021/241. As the planning documents for the implementation of the European Structural and Investment Funds (ESIF) have been finalised and agreed, Spain has provided documents outlining the complementarity and synergies between the two sources of Union funds and confirmed that double funding is not expected.

Spain has confirmed that specific arrangements have been put in place to avoid double funding, including from ESI funds, during the implementation phase (see further details on the arrangements to prevent double-funding under Section 4.10 Controls and Audits).

The justification provided by Spain on the amount of the estimated total costs of the modified recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Spain provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing.

This would warrant a rating of B under criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

The internal control system described in the original RRP was based on robust processes and structures. It identified the actors and their roles and responsibilities for the performance of the internal control tasks clearly. The actors responsible for controls have legal empowerment to exercise their foreseen roles and tasks, as well as administrative capacity. Altogether, the control system and other relevant arrangements, including for the collection and making available of data on final recipients, were considered adequate with regard the requirements under Regulation (EU) 2021/241. To complete the internal control system, Spain was required to develop an integrated information system for the implementation and to approve a related piece legislation prior to the first regular payment under the RRF.

The modified RRP comprises an update of the audit and control framework, including a description of additional measures introduced by Spain since the approval of the initial RRP which have contributed to the reinforcement of the framework. In particular, as confirmed by the Commission in the framework of the preliminary assessment of the third payment request, Spain has improved the collection of data on beneficial owners of foreign companies that have no power of attorney in Spain, both for already concluded contracts, as well as for future contracts and has developed an additional risk scoring IT tool called Minerva for the systematic control and prevention of conflict of interest, making use of beneficial owner's data. The modified RRP also includes an extension of the control and audit framework to align with the introduction of new measures consisting of the set-up of financial instruments and the set-up of subsidy schemes combining grants with financial instruments. In accordance with the modifications, Spain should sign an Implementing

Agreement or equivalent with the implementing partner, or approve a regulatory framework, that should contain the description of the audit and control systems of the implementing partner, and when relevant of the financial intermediaries. These audit and controls requirements will ensure the prevention, detection and correction of fraud, corruption and conflict of interests, the verification of the eligibility of every operation before committing to financing, and the implementation of risk-based ex-post audits in accordance with an audit plan. In those cases where the implementing partner or financial intermediary is the EIB, the EIF or the EBRD, the obligation to describe the audit and control systems will not apply but these bodies will be required to provide to the relevant national authorities an annual audit report prepared by their external auditors.

The arrangements proposed by Spain in the modified recovery and resilience plan to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from the Facility and other Union programmes, are assessed to be adequate. This would warrant a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

3.11. Coherence

The modified RRP presented by Spain is structured as 31 coherent components, which support the common objectives of stimulating the recovery of the Spanish economy, contributing to the twin transition and increasing Spain's resilience to meet the challenges of the twenty-first century on the path of sustainable and inclusive growth.

Each component is built around consistent packages of both reforms and investments, with mutually reinforcing or complementary measures.

In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

The modification to the RRP concern 28 of the existing components and includes an additional component, the REPowerEU chapter. The modifications made to the existing chapters do not alter the overall coherence of the plan, taking into account the way the components are mutually reinforcing and complementary in particular those related to the green and digital transitions and the newly added REPowerEU chapter. For example, the measures in the REPowerEU chapter reinforce existing green transition measures and notably Components 7, 8, 9 and 12 by scaling up or complementing measures in the original RRP on energy communities, self-consumption of renewable energy, energy storage and the decarbonisation of industry. The new investments supporting renewable hydrogen, transmission network infrastructure and the value chain for renewable energy also reinforce existing green transition measures. The REPowerEU chapter also adds a reform to improve permitting for new renewable energy projects and electricity network infrastructure. This reform is frontloaded to the first months of implementation of the modified plan and therefore will facilitate the implementation of the investments, notably those related to renewable energy and electricity network infrastructure.

In order to promote wider coherence across instruments, notably with the European cohesion policy funds, a balanced territorial allocation of resources is encouraged.

Taking into consideration the qualitative assessment of all components of Spain's modified recovery and resilience plan, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to a high extent, represent coherent actions. This would warrant a rating of A under the assessment criterion 2.11 of Annex V to the RRF Regulation.

3.12. REPowerEU

The implementation of the measures included in the REPowerEU chapter are expected to contribute notably to supporting the objectives in Article 21c (3), points (b), (e) and (f) of Regulation (EU) 2021/241. The implementation of the investments to decarbonise industry (C31.I5,C31.I6, C31.I7 and C31.I8), the scale-up of the investments to deploy additional renewable energy and energy storage (C31.I1), a public investment in a scheme to support renewable hydrogen (C31.I2) and the reform to simplify permitting procedures for renewable energy projects (C31.R1) are expected to contribute to the objective set out in Article 21c (3), point (b) of the Regulation, that is, to boosting energy efficiency in buildings and critical energy infrastructure, decarbonising industry, increasing the production and uptake of sustainable biomethane and of renewable or fossil-free hydrogen, and increasing the share and accelerating the deployment of renewable energy. The implementation of the investment in new electricity transmission infrastructure (C31.I4) is expected to contribute to addressing internal and cross-border energy transmission and distribution bottlenecks, and accelerating the integration of renewable energy sources, that is, the objective in Article 21c (3), point (e) of the Regulation. The implementation of the public investment into a scheme to support the value chain of the net-zero industry (C31.I3) is expected to contribute to the objective in Article 21c (3), point (f) of the Regulation. The REPowerEU chapter also addresses the need to diversify away from fossil fuels, notably by accelerating the deployment of renewable energy, renewable hydrogen, decarbonising industry and investing in the value chain for the net-zero industry.

The measures in the REPowerEU chapter are therefore coherent with the efforts of Spain to achieve the objectives set out in Article 21c (3) of Regulation (EU) 2021/241.

In particular the government adopted in October 2022 a Plan reinforcing Spain's energy security ('Plan Más Seguridad Energética') which lays down 73 measures grouped in six categories: i) energy savings; ii) energy transition; iii) protecting vulnerable consumers; iv) tax rebates to protect energy consumers; v) energy independence and vi) solidarity with other EU member states. The measures in the REPowerEU chapter are also coherent with the initial RRP as the REPowerEU measures notably increase the original RRP ambition to increase the share of renewable energy sources.

Furthermore, targeted consultations were held with relevant stakeholders in relation to the REPowerEU chapter. Social agents, representatives of regional authorities and relevant stakeholders in the sector were informed of priorities and consulted on reform and investment measures included in the chapter, to collect suggestions concerning measures to be included in the chapter. Consulted stakeholders highlighted the importance of reinforcing investments in self-consumption, energy communities and renewable hydrogen.

Finally, Spain used as an input for drafting the REPowerEU chapter the extensive work carried out under the Technical Support Instrument (Project title "Support to REPowerEU") which had helped Spain identifying relevant measures to meet the objectives set out in the REPowerEU's Communication.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables, energy efficiency, an increase of energy storage capacities, and the reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V of the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

Most measures included in Spain's REPowerEU chapter have a multi-country or cross-border dimension.

The REPowerEU chapter contributes to reducing dependency on fossil fuels and to reducing energy demand. In particular, a majority of the measures in the REPowerEU chapter supports the deployment of renewable energy sources, renewable hydrogen, electricity network infrastructure and decarbonising industry.

The investment related to the production and use will include projects with a multi-country and cross-border dimension or effect. Furthermore, the implementation of the investments supporting self-consumption, electricity transmission infrastructure and industrial decarbonisation are expected to reduce Spain's reliance on fossil fuels.

The estimated costs of the measures included in the REPowerEU chapter represent 85% of the total costs, which is significantly above the 30% indicative target and therefore justifies rating the chapter as expecting to have, to a large extent, a cross-border effect.

Table 5: Contribution of the REPowerEU measures to the cross-border effect

REPowerEU measure	Estimated Cost (EUR m)	Contribution to the target
Self-consumption and energy communities	666	100%
Renewable hydrogen	1 600	100%
Value chain	1 000	0%
Electricity transmission infrastructure	931	100%
Investment in decarbonisation (grants)	590	100%

REPowerEU measure	Estimated Cost (EUR m)	Contribution to the target
Subsidy scheme for decarbonisation (grants)	430	100%
Investment in decarbonisation (loans)	650	100%
Support scheme for decarbonization (loans)	1050	100%

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V of the RRF Regulation.

ANNEX I: Climate tracking and digital tagging (new measures compared to original plan are highlighted)

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C1.I1a	Low emission zones and transformation of urban and metropolitan transport (Autonomous Community actions): line of action 1	900	048	40%		
C1.I1b.i	Development of low-emission zones and projects for the sustainable transformation of urban and metropolitan transport (municipal actions): Lines of action 2a and 2b (except for cycling infrastructure), and digitalisation (municipal actions) line of action 2d	1.190	048	40%		
C1.I1b.ii	Development of low emission zones and sustainable transformation projects for urban and metropolitan transport (municipal actions): Lines of action 2a and 2b (cycling infrastructure), and fleet transformation to zero emissions vehicles and recharging points (municipalities) line of action 2c	310	077[8]	100%		

[8] This measure also includes investment in zero emission vehicles. For that part the 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for the zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles) included in this measure. This measure also includes investments in cycling infrastructure (075) as well with a 100% climate coefficient.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C1.I1d	Improvement actions in urban environments (crossings) on the State Road Network to promote the mobility of pedestrians and cyclists, and other new forms of mobility (scooters), with the aim at reducing vehicle speed, reducing both air emissions and noise pollution: line of action 4	105	048	40%		
C1.I2	Scheme of incentives for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility, recharging and renewable hydrogen	2.000	n/a[9]	100%		
C1.I3a	Investments in railway infrastructure	1.502	069bis	100%		
C1.I3b	Digitalisation of security, information and access control systems at railway stations providing PSO services	119	070	40%	070	100%
C2.I1.a.i	Energy rehabilitation of buildings with on average primary energy savings of at least 30 %	856	025bis	100%		
C2.I1b.i	Energy rehabilitation of buildings with on average primary energy savings of at least 30 %	1.716	025bis	100%		

[9] The main part of this measure concerns incentive for the purchase of zero emission vehicles or for the development on innovative projects in zero emission vehicles/mobility The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for the zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles) included in this measure. This measure also includes investment in alternative fuel infrastructure (077) that would also have a 100% climate coefficient.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C2.I1b.ii	Existing building book/Rehabilitation projects to improve energy efficiency	278	025	40%		
C2.I1c	Favourable environment to rehabilitation activity (tax incentives): line of action 3	450	025bis	100%		
C2.I2	New programme to promote affordable housing, which are energy efficient (at least 20 % lower primary energy demand compared to the NZEB requirements)	1.000	025ter	40%		
C2.I3	Energy Rehabilitation of Buildings Programme (PREE), aligned with energy efficiency criteria with on average primary energy savings of at least 30 %	300	025bis	100%		
C2.I4	Energy transition programme and demographic challenge with on average primary energy savings of at least 30 %	1.000	025bis	100%		
C2.I5a	Energy rehabilitation of public buildings with on average primary energy savings of at least 30 %	758	026bis	100%		
C2.I7a	ICO Loan Facility for the Promotion of Social Housing (New buildings)	3.130	025ter	40%		
C2.I7b	ICO Loan Facility for the Promotion of Social Housing (Building renovation)	870	025bis	100%		
C3.I1	Plan for improving efficiency and sustainability in irrigation	563	040	40%		
C3.I1a	Plan for improving efficiency and sustainability in irrigation. PERTE AGRO	150	040	40%		
C3.I12	Plan for improving efficiency and sustainability in irrigation. PERTE AGRO- Loans	260	040	40%		

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C3.I3	Plan to promote the sustainability and competitiveness of agriculture and livestock farming (II): Strengthen capacity building and Biosecurity systems in Nurseries and livestock farms	38	027	100%		
C3.I4	Plan to promote the sustainability and competitiveness of agriculture and livestock farming (III): Investments in precision agriculture, energy efficiency and circular economy and in the use of renewable energy and gases in the agriculture and livestock sector	307	047	40%		
C3.I5a	Strategy for the digitalisation of the agrifood and forestry sector and the rural environment. Technology-based entrepreneurship line	30			010	100%
C3.I5b	Strategy for the digitalisation of the agrifood and forestry sector and the rural environment. Creating a Digital Innovation Hub for businesses in the agrifood sector	4			010	100%
C3.I5c	Strategy for the digitalisation of the agrifood and forestry sector and the rural environment. Establishment of an observatory for the digitalisation of the agricultural sector	1			010	100%
C3.I5d	Strategy for the Digitisation of the Agri-Food and Forestry Sector and the Rural Environment. Creation of a platform of AKIS advisors	3			010	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C3.I6a	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (I): Purchase of ICT for marine reservoirs (radiolink Faro de Alborán, night vision equipment and drones)	3	049	40%	011	100%
C3.I6b	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (I): Other actions k est	7	049	40%		
C3.I7	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (II): Boosting fisheries and aquaculture research and supporting training to improve the monitoring of fish stocks	14	050	40%	021	40%
C3.I8	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (III): Technological development and innovation in the fisheries and aquaculture sector	11	023	40%	021	40%
C3.I9	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (IV): Digitalisation and use of ICTs in the fisheries sector	11			011	100%
C3.I10	Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (V): Supporting the fight against illegal, unreported and unregulated fishing	44	050	40%		
C4.I1a	Digitalisation of natural heritage knowledge	61	050	40%	011	100%
C4.I1b	Digitalisation of natural heritage knowledge: Other actions	77	050	40%	011	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C4.I2	Conservation of terrestrial marine biodiversity	552	050	40%		
C4.I3a	Recovery of areas affected by mining with efficiency criteria	131	046bis	40%		
C4.I3b	Other ecosystem restoration actions to protect nature and biodiversity, natural heritage and resources, and develop green and blue infrastructure	421	050	40%		
C4.I4a	Sustainable forest management for the prevention and management of climate related risks: Fire extinguishing	170	036	100%		
C4.I4b	Other actions of sustainable forest management	231	050	40%		
C5.I1a	Materialisation of Purification, Sanitation and Reuse Actions for water collection and treatment compliant with energy efficiency criteria	475	041bis	40%		
C5.I1b	Improving efficiency and reducing losses in water use	100	040	40%		
C5.I1c	Investments to improve the safety of dams and reservoirs	67	040	40%		
C5.I1d	Implementation of purification, sanitation, efficiency, savings, reuse and infrastructure safety (DSEAR). PERTE digitalising the water cycle.	200	041bis	40%		
C5.I2a	Monitoring and restoration actions in river ecosystems	225	040	40%		
C5.I2b	Actions to mitigate flood risk	225	035	100%		
C5.I2c	Measures to reduce groundwater abstraction	350	040	40%		
C5.I2d	Monitoring and restoration of river ecosystems, aquifer restoration and flood risk mitigation. PERTE digitalising the water cycle.	285	040	40%		

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C5.I3a	Improving knowledge and use of water resources	225	040	40%	011	100%
C5.I3b	Action to monitor rainfall in river basins and coastlines[10]	55	035	100%	011	100%
C5.I3c	Improving meteorological observation and monitoring and prevention of climate risks[11]	100	035	100%	011	100%
C5.I3d	Digital transition in the water sector. PERTE digitalising the water cycle.	765	040	40%	011	100%
C5.I4	Adaptation of the current to climate change and implementation of Marine Strategies and Maritime Spatial Planning Plans	269	037	100%		
C5.I5	Aquifer recovery with alternative resources – (Loans)	1.070	040	40%		
C5.I6	PERTE Digitalisation of water uses – (Loans)	735	040	40%	010	100%
C6.I1	National rail transport network: Rail investment on the core European Corridors	2.988	064	100%		
C6.I2a	Construction and modernisation of new rail infrastructure (TEN-T comprehensive network)	1.010	065	100%		
C6.I2b	Digitalisation of the State Road Network	35			063	100%
C6.I2c	Noise Reduction Action Plans on the State Road Network	302	048	40%		

[10] This is a digital investment that is also 100% contributing to the adaptation to climate change, and prevention and management of climate related risks. For this reason, the measure receives a 100% coefficient for both the climate change and digital objectives.
[11] This is a digital investment that is also 100% contributing to the adaptation to climate change, and prevention and management of climate related risks. For this reason, the measure receives a 100% coefficient for both the climate change and digital objectives.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C6.I2f	Single European Sky: Digitalisation	107			084	100%
C6.I2g	Digital transformation of MITMA	50			011	100%
C6.I3a	Development of strategic intermodal and logistic terminals on TEN-T network	217	078	40%		
C6.I3b	Inland access to Spanish ports and terminals (rail investments)	408	064	100%		
C6.I3d	Improving the internal rail accessibility of ports	177	064	100%		
C6.I4a	ERTMS on-board traffic management systems	12	071	40%	071	100%
C6.I4d	Construction, adaptation or upgrading of cargoes and intermodal rail-road terminals and their connections	75	079	40%		
C6.I4e	Support to multimodal sustainable freight transport (rail and maritime) based on ECO-INCENTIVES to supply and demand	120	079	40%		
C6.I4g	Actions to support the renewal or adaptation of railway tractor equipment with other material using alternative fuels such as hydrogen or electricity	64	072bis	100%		
C6.I4i	Intelligent transport services for the road sector (ITS)	20			063	100%
C6.I4k	Actions supporting the renewal or upgrading of means and men for the expansion of sustainable road development with reduced carbon footprint and noise reduction	3	048	40%		
C6.I4o	Projects for the digitalisation of passenger and freight transport services at regional and local level	220			010	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C7.R3	Development of energy communities contributing to the low carbon economy and to resilience to climate change	100	027	100%		
C7.I1	Development of innovative renewables, integrated into buildings and production processes	2.365	029	100%		
C7.I2	Sustainable energy on islands	700	029	100%		
C8.I1	Breakdown of energy storage, with contribution to green and digital transitions	684	033	100%	033	40%
C8.I2	Digitalisation of distribution networks to align them with the energy transition	525	033	100%	033	40%
C8.I3	New business models in the energy transition, with contribution to green and digital transitions	156	027	100%	033	40%
C9.I1	Renewable hydrogen: a country project	1.555	022	100%		
C10.I1a	Environmental restoration plan for closed or abandoned mining sites and deteriorated land adjacent to thermal or nuclear power stations, compliant with efficiency criteria	150	046bis	40%		
C10.I1b	Digital, social and environmental infrastructure plan in just transition territories	100	050	40%		
C10.I1c	Projects of R&D&I in energy storage and energy efficiency	30	022	100%		
C10.I1d	Plan to support the re-skilling and employability of workers and people affected by the energy transition	20	01	100%		
C11.I1	Digital transformation and modernisation of the General State Administration	960			011	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C11.I2	Projects for the digitalisation of the General State Administration	1.205			011	100%
C11.I3	Digital transformation and modernisation of the Ministry of Territorial Policy and the Civil Service and the administration of the Autonomous Communities and the local authorities	1.000			011	100%
C11.I3a	Digital transformation and modernisation of the Ministry of Territorial Policy and the Civil Service, the National Health Service and the administrations of the Autonomous Communities and Local Authorities. PERTE Health	130			011	100%
C11.I4	Energy Transition Plan in the General State Administration with on average primary energy savings of at least 30 %	1.071	026bis	100%		
C11.I5	Contribution to transformative projects for the digitalisation of strategic productive sectors	3			011	100%
C11.I6a	Cybersecurity programme (ciber)	1.157			021 quinquies	100%
C12.I1	Sectoral data spaces (contribution to transformative projects for the digitalisation of strategic productive sectors)	400			021 quarter	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C12.I2.a.i	Processes of research, technology transfer and innovation and for business-to-business cooperation with a focus on the low-carbon economy and climate change adaptation of the Spanish industrial sector	457	022	100%		
C12.I2.a.ii	Processes of research, technology transfer and innovation and for cooperation between enterprises, with a focus on the circular economy and the Spanish industrial sector	457	023	40%		
C12.I2.a.iii	Projects to improve energy efficiency in the industrial sector (SMEs and large enterprises)	914	024	40%		
C12.I2.a.iv	Digitalisation of the industrial sector (SMEs and large enterprises)	457			010	100%
C12.I2b	Support to process and organisational innovation projects in key areas for the industrial transition: line of action 2	118	024	40%		
C12.I2c	Support to smaller scale projects for the implementation of digitalisation in processes and the organisation of industrial companies: line of action 3	95			010bis	100%
C12.I2e	Support to sustainable industrial infrastructure: line of action 5	13	026	40%		
C12.I3	Plan to support the implementation of waste legislation and the promotion of the circular economy	850	042	40%		
C12.I3	Plan to support the implementation of waste legislation and the promotion of the circular economy. Circular Economy PERTE	300	042	40%		

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C12.I4	PERTE CHIP. Strengthening the industry of the whole semiconductor value chain.	200			021 quarter	100%
C12.I5	Circular Economy Subsidy Scheme. PERTE Circular Economy	300	042	40%		
C12.I6	Subsidy scheme to support strategic projects in the value chain for electric cars (grants)	250	047	40%		
C12.I7	Support scheme to support strategic projects for Industrial Transition in the value chain for electric cars and agrifood (loans)	480	027	100%		
C13.I1	Support to entrepreneurship including digital transition action	329	100	0%	100	40%
C13.I3	Digitalisation and Innovation of SMEs	3.548			010	100%
C13.I6a	ICO-Green Line - I Sustainable transport	5.000	073	100%		
C13.I6a	ICO-Green Line - II Energy efficiency and renewable energies	5.000	029	100%		
C13.I6a	ICO-Green Line - III Networks, industrial decarbonisation and climate change mitigation and adaptation	5.000	022	100%		
C13.I6a	ICO-Green Line - IV Circular Economy	3.500	042	40%		
C13.I6a	ICO-Green Line - VI Water Management	3.500	039bis	40%		
C13.I6.b	ICO Enterprises and Entrepreneurs Line - I PERTE NEW ECONOMY OF LANGUAGE	150			009bis	100%
C13.I7	Technology startups fund: Next Tech	4.000			010	100%
C13.I12.b	ENISA Entrepreneurship and SME Fund - SMEs Natural Language Processing Projects PERTE NEL	20			010	100%

			Climate		Digital	
Measure/Sub-Measure ID	Measure / Sub-Measure Name	Estimated costs (EUR m)	Int. Field	Coeff. %	Int. Field	Coeff. %
C13.I13a	Regional Resilience Fund (FRA). Contribution to climate transition	9.750	024ter	100%		
C14.I1.a.i	Actions in the field of green and sustainable transition (100% coefficient) Adaptation to climate change of destination and its infrastructure: development of knowledge and development of plans in relation to climate change adaptation and risk prevention, including early warning, monitoring and assessment systems, promotion of investment for the prevention and management of specific risks on the territory	139	035	100%		
C14.I1.a.ii	Actions in the field of green and sustainable transition (40% coefficient) Circular economy, management of natural resources, protection and enhancement of natural ecosystem.	139	050	40%		
C14.I1b	Sustainable mobility and energy efficiency actions for tourism destinations	372	073	100%		
C14.I1c	Actions in the field of the digital transition	186			011	100%
C14.I2	Digitisation and intelligence programme for destinations and tourism sector	337			010	100%
C14.I4b	Energy efficiency and circular economy in tourism enterprises	220	024	40%		
C15.R1	Reforming the Telecoms Regulatory Framework: General Law, Regulatory Instruments and Implementation Instruments	8			011	100%
C15.R2	Roadmap 5G: Spectrum management and assignment, deployment burden reduction, Cybersecurity Act 5G and Support to Local Authorities	110			054bis	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C15.I1	Fostering territorial cohesion through network deployment: Ultra-fast broadband extension and mobility coverage of 30 Mbps	752			054bis	100%
C15.I2	Reinforcing Connectivity in Reference Centres, Socio-Economic Drivers and Sectoral Digitalisation Tracking Projects	480			053	100%
C15.I3	Connectivity vouchers for SMEs and vulnerable groups	80			012	100%
C15.I4	Data infrastructure renewal and sustainability	80			052	100%
C15.I5	Deployment of cross-border digital infrastructure	500			055	100%
C15.I6	Deployment of 5G networks, and 5G innovations	1.465			054bis	100%
C15.I7	Cybersecurity: Strengthening the capacities of citizens, SMEs and professionals; Improving the sector's cybersecurity ecosystem	524			054 quinquies	100%
C15.I8	Strengthening the scientific and technological ecosystem. Increased design capabilities. PERTE CHIP	621			021 quarter	100%
C15.I9	Increased capacities of the fabless and manufacturing industry. PERTE CHIP. Loans	10.750			021 quarter	100%
C16.R1b	National AI Strategy. PERTE CHIP	40			009bis	100%
C16.R1	National Artificial Intelligence Strategy, including R&I in AI and talent development	500	001	0%	009bis	100%
C17.I2a	Strengthening the capacity, infrastructure and equipment of SECTI actors. PERTE CHIP	264			009bis	100%

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C17.I3a	Private, interdisciplinary public R & D & I projects, Proof of concept and grant of aid following international competitive calls. Cutting-edge R & D addressing societal challenges. Public pre-commercial purchase. PERTE CHIP	90			009bis	100%
C17.I4a	New scientific career. Post-doctoral researcher consolidation programme. PERTE CHIP	10			009bis	100%
C17.I7	R&D + R & I actions linked to environmental protection, the fight against climate change, new energy sources and key technologies and materials for the energy transition	82	023	40%		
C17.I8	R & D + R & I actions linked to sustainable automotive (PTAS)	40	024	40%		
C18.I6	Creation of a “Data Lake” for the Health sector	100			095	100%
C19.I1	Transversal digital skills	735			108	100%
C19.I2	Digital Transformation of Education	1.412			108	100%
C19.I3	Digital skills for employment	1.256			108	100%
C19.I4	Digital Professionals	190			108	100%
C20.I1b	Reskilling and upskilling of the labour force linked to professional qualifications: Digital modular offer for employed persons associated with competence units of the National Catalogue of Professional Qualifications	92			108	100%
C20.I1d.i	Contribution reskilling and upskilling to green transition	158	01	100%		
C20.I2	Digital transformation of vocational training	290			016	40%
C21.I5	Improvement of digital infrastructure, equipment, technologies, teaching and university assessment	147			108	100%
C22.I1b	E-Health services and applications: teleassistance for long-term care and support	240			013	100%

			Climate		Digital	
Measure/Sub-Measure ID	Measure / Sub-Measure Name	Estimated costs (EUR m)	Int. Field	Coeff. %	Int. Field	Coeff. %
C22.I2b	Technological transformation of social services	216			011	100%
C22.I3b	Improving accessibility of AGE websites and mobile applications	12			020	40%
C22.I4b	Improving comprehensive improvement of control device services	26			011	100%
C22.I5b	Digital investment host system	14			011	100%
C23.I1b	JOVEN-TánDEM EMPLOYMENT Programme with allocation for green / digital skills	30	01	100%	108	100%
C23.I1c	Programme First professional experience in public administrations with allocation for green / digital skills	37	01	100%	108	100%
C23.I2b	Support line for women in rural and urban areas with allocation for green / digital skills	26	01	100%	108	100%
C23.I3b	Training for workers in ERTE with allocation for green / digital skills	107	01	100%	108	100%
C23.I4b	Entrepreneurship and micro-enterprises: New territorial projects addressing the demographic challenge and facilitating productive transformation, in particular towards a green and digital economy	55	047	40%	016	40%
C23.I5	Governance and support of active labour market policies	106			108	100%[12]
C24.I1c	Strengthening the competitiveness of cultural industries / Competitiveness and professionalisation and support for cultural accelerators including boosting the transformation to digital culture and the incorporation of new technologies into cultural and creative industries	25			018	40%

[12] Clerical error corrected from SWD(2021) 147

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C24.I1d	Strengthening the competitiveness of cultural industries supporting projects to digitise intellectual property rights management operators	15			010	100%
C24.I1e	Strengthening the competitiveness of cultural industries / Digitalisation of intellectual property management systems / Digital transformation of administrative units with intellectual property competence	1			011	100%
C24.I1f	Strengthening the competitiveness of cultural industries (promotion and digitisation of the book sector)	25			010	100%
C24.I2d	Promoting culture along territorials (purchase of licences for digital books)	13			021bis	40%[13]
C24.I3c	Digitalisation of major cultural services: National Library of Spain	7			011	100%
C24.I3d	Digitalisation and boosting major cultural services: Plan for digital access to bibliographic heritage	3			011	100%
C24.I3e	Digitalisation and boosting major cultural services: Digitalisation, capacity building and interoperability of archiving systems	18			011	100%
C24.I3f	Digitalisation and boosting major cultural services: Measures to modernise public management tools and put in place an integrated system for digitisation and cataloguing of INAEM's resources, assets, structures and infrastructure	11			011	100%

[13] A coefficient of 40% is applied because the measure is not fully dedicated to digital books but also includes paper books.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C25.I1a	Programme for the promotion, modernisation and digitisation of the audiovisual sector	155			021bis	100%
C25.I3a	Spain Audiovisual Hub Fund	1.500			021bis	100%
C25.I3.b	Spain Audiovisual Hub Fund. PERTE New Language Economy	212			021bis	100%
C26.I1	Digitisation of the sport sector	76			011	100%
C26.I2a	Modernisation of sport facilities to improve their energy performance according to energy efficiency criteria	34	026bis	100%		
C26.I2b	Modernisation of high performance sport centres to improve their energy performance according to energy efficiency criteria	73	026bis	100%		
C26.I3a	Modernisation of sports installations to improve energy efficiency according to energy efficiency criteria	28	026bis	100%		
C28.I1a	Fiscal Reform Fund. Renovation of housing	250	025bis	100%		
C28.I1b	Fiscal Reform Fund. Electrification of mobility	233	n/a[14]	40%		
C31.I1	Investment promoting self-consumption (based on renewable energy and behind-the-meter storage) and energy communities	666	029	100%		

[14] This measure includes investment in hybrid and zero-emission vehicles. For this investment the 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 40% climate contribution coefficient for the zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles) and the plug-in hybrid vehicles included in this measure.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure / Sub-Measure Name**	**Estimated costs (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
C31.I2	Scheme to support the production and uptake of renewable hydrogen	1.600	022	100%		
C31.I3a	Subsidy scheme to support the value chain of RES and storage. Lines 1 (solar PV value chain), 2 (storage value chain) and 4 (other renewable value chains)	838	029	100%		
C31.I3	Subsidy scheme to support the value chain of RES and storage. Line 3 Adaptation of ports for the deployment of offshore renewable energy.	162	081bis	40%		
C31.I4	Investment to support electricity network infrastructure	931	033	100%		
C31.I5	Investment to support industrial decarbonisation (grants).	590	024	40%		
C31.I6	Subsidy scheme for decarbonisation projects (grants).	430	024	40%		
C31.I7	Investment to support decarbonisation projects (loans)	650	024	40%		
C31.I8	Support scheme for decarbonisation projects (loans)	1050	024	40%		

Int. Field = intervention field

Coeff. % = Coefficient for the calculation of support to climate change objectives and to digital transition, on the basis of Annex VI and Annex VII to the RRF Regulation