

27 June 2022

**Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the second payment request submitted by the Kingdom of Spain on 30 April 2022, transmitted to the Economic and Financial Committee by the European Commission**

**Executive summary**

In accordance with Article 24(2) of Regulation (EU) 2021/241,<sup>1</sup> on 30 April 2022, Spain submitted a request for payment for the second instalment of non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Spain provided due justification of the satisfactory fulfilment of the 40 milestones and targets of the second instalment of non-repayable support, as set out in Section 2(1)(1.2) of the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Spain.<sup>2</sup>

In its payment request, Spain has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Spain, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 40 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Spain's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. These include, among others: the first part of the pension reforms foreseen in the Plan, consisting of the maintenance of purchasing power of pensions and the alignment of the effective retirement age and the legal retirement age, a series of labour market reforms including the simplification of contracts, the introduction of a scheme to adjust to cyclical and structural shocks in the labour market, and the modernisation of active labour market policies and collective bargaining, the modernisation of the Tax Agency as well as different measures to prevent tax fraud, the entry into force of the Law amending Law 34/2006 on access to the professions of lawyers and *procuradores*, and taxes on single-use plastics and waste. The milestones and targets also confirm progress towards the implementation of investment projects related to the just and green transition, the digital transition, research and development, healthcare, education, tourism and support to vulnerable groups, entrepreneurship and micro-enterprises.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

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<sup>1</sup> <https://data.europa.eu/eli/reg/2021/241/oj>

<sup>2</sup> ST 10150 2021 INIT and ST 10150 2021 ADD 1 REV 2, not yet published.

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<b>Number:</b> 24	<b>Related Measure:</b> C2.R5 - Entry into force of the Royal Decree on Renovation Offices, 'one-stop shops'	
<b>Name of the Milestone:</b> Entry into force of the Royal Decree on Renovation Offices ('one-stop shops')		
<b>Qualitative Indicator:</b> Provision in the Royal Decree on Renovation Offices on the entry into force		<b>Time:</b> Q3 2021
<p><b>Context:</b></p> <p>The objective of this reform is to encourage and extend local renovation offices previously set up at the local level, and only in some municipalities, to include the local, regional and central government levels. To this end, this measure establishes a process to ensure an effective collaboration, cooperation and coordination between the central, regional and/or local governments. Renovation offices support households and communities of owners to renovate a residential building, acting as 'one-stop shops'. All levels of government will be involved in these one-stop shops to maximise the effectiveness of renovation actions.</p> <p>This milestone (milestone #24) is the only one under this measure. Milestone #24 includes the entry into force of Royal Decree 853/2021 of 5 October regulating residential renovation and social housing support programmes of the Recovery and Resilience Plan, setting out the scope of renovation offices and their financing. Before finalisation of the Royal Decree, milestone #24 requires that a Sectoral Conference is held. Sectoral Conferences are bodies set up to enhance multilateral cooperation between the central government and regional administrations in Spain. They are generally focused on a single specific issue or sector of public policy<sup>3</sup>. In addition, milestone #24 requires that the public information phase and other legal procedures are also completed.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone (including all its constitutive elements) was satisfactorily fulfilled.</li> <li>ii) Copy of the publication in the Official Journal (<i>Boletín Oficial del Estado</i>)<sup>4</sup> of Royal Decree 853/2021 of 5 October regulating the programmes to support residential renovations and social housing of the Recovery and Resilience Plan. Published in the Official Journal on 6 October 2021 (available at the following link: <a href="https://www.boe.es/eli/es/rd/2021/10/05/853">https://www.boe.es/eli/es/rd/2021/10/05/853</a>).</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>i) Impact assessment of Royal Decree 853/2021 of 5 October.</li> <li>ii) Certificate of approval of the agreement reached in the Sectoral Conference held on 21 July 2021.</li> <li>iii) Certificate of pre-approval by the Council of Ministers issued on 13 July 2021 prior to calling the Sectoral Conference of 21 July 2021.</li> </ul>		

<sup>3</sup> This definition of Sectoral Conference also applies to those referred in milestones #26, #30, #189, #217, #289, #306 and #345.

<sup>4</sup> References to the Official Journal in this Preliminary Assessment should be understood as references to the national official Journal (*Boletín Oficial del Estado*).

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree 853/2021 entered into force on 7 October 2021, the following day to its publication in the Official Journal (6 October 2021), as foreseen in its second final provision.

Royal Decree 853/2021 articulates and regulates six support programmes for investment, including *Renovation offices and their funding*. These are laid down in Articles 21 to 29 of Royal Decree 853/2021. In particular:

- Article 21 establishes the objective of the programme. This is to finance the provision of renovation offices established to coordinate, inform and facilitate the management of aid and provision of services to facilitate managing and comprehensively implementing energy renovation projects in residential buildings for citizens, homeowners' communities, businesses and renovation agents in general.
- Article 22 lays down who is to be an ultimate aid beneficiary of this programme. These are the regions (Autonomous Communities) and the cities of Ceuta and Melilla, as well as local entities and/or other public or private authorities or bodies.
- Article 23.2 refers to what are to be considered eligible costs under the programme. These include the: (a) costs of design, implementation and management of information equipment and offices, management, processing and support of renovation actions, including actions to 'renovate buildings', to 'improve energy efficiency in dwellings' and to 'prepare the building book of renovation actions and drafting of renovation projects' governed by Royal Decree 853/2021; (b) costs to provide specific services to address questions and consultations of the applicants for aid referred to investment programmes referred to actions to 'renovate buildings' and to 'improve energy efficiency in dwellings' governed by Royal Decree 853/2021 before and during the processing of requests for aid; (c) costs to provide advice and support to improve energy efficiency to implement and manage eligible projects referred to investment programmes referred to actions to 'renovate buildings' and to 'improve energy efficiency in dwellings' regulated by Royal Decree 853/2021; and (d) costs referred to promoting and dissemination activities of this support programme. The investment programmes covered by Royal Decree 853/2021 are funded under the Spanish RRP (they are covered under investments one and two in component two).
- Article 24 establishes the amount of aid. The procedure to apply to be able to benefit from aid is presented in Article 25. Article 26 establishes the compatibility of such aid with other support. Finally, Articles 27, 28 and 29 of Royal Decree 853/2021 establish the time limit, specific procedures for the autonomous cities of Ceuta and Melilla and specific means for how payments will be disbursed.

In addition, Royal Decree 853/2021 regulates the programme *Renovation actions at neighbourhood level*. In particular:

- Article 14 (1) (c) provides for renovation offices to also facilitate the management and implementation of eligible actions within Programmed Residential Settings Renovations (ERRP). This further supports residential renovation, as it also encompasses its territorial deployment, offering higher intensity support in areas where renovations are made at the whole neighbourhood level. The latter are to be identified in the context of bilateral follow-up committees being signed between the Ministry of Transport, Mobility and Agenda and municipalities where an ERRP is to be located.

Overall, these provisions support and extend local renovation offices in line with the provisions in the Council Implementing Decision.

In particular, Royal Decree 853/2021 establishes a process to ensure an effective collaboration and cooperation between central, regional or local governments. This is due to the fact that the programme to support rehabilitation offices must be promoted by a public administration, or by an entity or body belonging to the institutional public sector. It also requires agreement of the Bilateral Monitoring Committee signed by the Ministry of Transport, Mobility and Urban Agenda and the region (autonomous community) or city of Ceuta and Melilla concerned, with the participation, where appropriate, of the corresponding municipality. In particular:

- Article 4(d) foresees the establishment of a Bilateral Monitoring Committee chaired by the Director General of the Ministry of Housing including the specific director general of the region involved (where a renovation office is to be established).
- Article 5.3 foresees the signing of agreements in the context of developing and establishing such renovation offices.
- Article 22 lays down the financing of offices at different levels of government on the basis of the agreement, to also include municipalities.
- Article 25 foresees the drafting in the agreement of the conditions to provide funding to support, develop or establish the renovation offices.

This mechanism thus strengthens coordination of all public support (central, regional or local level), involving all levels of government in these renovation offices, as one-stop-shops, in order to maximise the effectiveness of measures to promote building renovation. Additionally, Article 71 foresees the monitoring of renovation offices funding to be the responsibility of the following bodies: the Sectoral Conference, bringing together the central and regional government at the ministerial level; the Multilateral Housing Commission, bringing together the central and regional government at Director General level; and the Bilateral Monitoring Committee, bringing together the Director General of the Housing Ministry together with the specific regional authority concerned (including the autonomous cities of Ceuta and Melilla).

Overall the provisions in Royal Decree 853/2021 provide for an effective collaboration between the different levels of Spanish public administrations, in the funding and establishment of the renovation offices.

Royal Decree 853/2021 has been processed according to the steps stipulated in the Council Implementing Decision, including relevant legal procedures. In particular, and as presented in the Impact Assessment of Royal Decree 853/2021, the public information phase followed the steps foreseen in Law 50/1997 on the elaboration of legal acts with rank of law. Specifically, the public information phase took place from 18 June to 9 July 2021. Also, prior to the approval of Royal Decree 853/2021 two Sectoral Conferences were held. The first sectoral housing conference took place on 26 May 2021. Following this first Sectoral Conference, and in order to be able to reach an agreement on the territorial distribution of funds in the subsequent Sectoral Conference, the Council of Ministers reached a pre-approval agreement on 13 July 2021 to the agreement that was ultimately reached on 21 July 2021. This was required due to the fact that the distributional allocation to be agreed in the Sectoral Conference was to exceed EUR 12 million (as required per Article 86.2.Segunda of Law 47/2003 of 26 November, General Budget Law). The second Sectoral Conference was held on 21 July 2021 where agreement on the distribution of regional financing for the programme *Renovation offices and their funding* was reached.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 26	<b>Related Measure:</b> C2.I1 - Rehabilitation programme for economic and social recovery in residential environments
<b>Name of the Milestone:</b> Entry into force of the Royal Decree on the regulatory framework for the	

implementation of the renewal programme; and Royal Decree Law regulating personal income tax incentives to support the programme.

**Qualitative Indicator:** Provision in the Royal Decree and Royal Decree Law on the entry into force

**Time:** Q3 2021

**Context:**

The objective of this measure is to support energy efficiency renovations in residential buildings and neighbourhoods. To this end, this investment includes one milestone (milestone #26) and three subsequent targets (targets #27, #28, and #29).

Milestone #26 envisages the entry into force of a Royal Decree to establish and regulate aid programmes to promote residential renovation and social housing. The Royal Decree will lay down technical requirements to ensure compliance with the 30% average reduction in primary energy demand. In addition, it will also foresee the entry into force of a Royal Decree Law to provide incentives for energy renovations and improvements in energy efficiency (including tax incentives). Before finalisation of the Royal Decree, milestone #26 requires that a Sectoral Conference is held and that the public information phase and other legal procedures are completed.

The three targets under this measure focus on implementing at least 510 000 renovation actions in at least 355 000 unique dwellings (target #29), achieving on average a primary energy demand reduction of at least 30 % verified by energy performance certificates, and renovating at least 600 hectares of urban areas (target #28). The first aim is broken into two parts, with an intermediate target (target #27) of 231 000 renovation actions, in at least 160 000 unique dwellings.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone (including all its constitutive elements) was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of Royal Decree 853/2021 of 5 October regulating the programmes to support residential renovations and social housing of the Recovery and Resilience Plan. Published in the Official Journal on 6 October 2021 (available at the following link: <https://www.boe.es/eli/es/rd/2021/10/05/853>).
- iii) Copy of the publication in the Official Journal of Royal Decree Law 19/2021 of 5 October on urgent measures to promote energy renovations in buildings in the context of the Spanish Recovery and Resilience Plan. Published in the Official Journal on 6 October 2021 (available at the following link: <https://www.boe.es/eli/es/rdl/2021/10/05/19>).

The authorities also provided:

- i) Impact assessment of the Royal Decree 853/2021 of 5 October.
- ii) Impact assessment of the Royal Decree Law 19/2021 of 5 October.
- iii) Certificate of approval of the agreement reached in the Sectoral Conference held on 21 July 2021.
- iv) Certificate of pre-approval by the Council of Ministers issued on 13 July 2021 prior to calling the Sectoral Conference of 21 July.

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree 853/2021 and Royal Decree Law 19/2021 of 5 October entered into force on 7 October 2021, the following day to their publication in the official journal (6 October 2021), as foreseen in their second final provision (Royal Decree 853/2021) and third final provision (Royal Decree Law 19/2021), respectively.

In particular, Royal Decree 853/2021 establishes and regulates a number of support programmes for investment, including:

- *Energy renovation actions at neighbourhood level.* These are laid down in Articles 9 to 20 of Royal Decree 853/2021. In particular, according to Article 9, the programme is to renovate at least 600 hectares of urban areas, achieving on average a primary energy demand reduction of at least 30% verified by energy performance certificates. Pursuant to Article 14, the actions include improving energy efficiency, deploying infrastructure for electric mobility, improving the accessibility of buildings and removing hazardous substances. Pursuant to Article 15, the Royal Decree provides for grants and other support estimated to, on average, reach EUR 20,000 per dwelling, structured in three levels of support according to energy savings reached. Also, according to this Article 15, a maximum of 15% of the measure shall be dedicated to improvements at the level of neighbourhoods, such as improvements of outdoor lighting, cycling paths, green infrastructure and drainage systems, taking into account the socio-economic characteristic of the neighbourhood.
- *Energy renovation actions at building level.* These are laid out in Articles 30 to 39 of Royal Decree 853/2021. These provisions provide to support energy renovations of residential buildings by the provision of grants, via public calls, of, on average, EUR 15 000 per dwelling. Pursuant to Article 33, the energy renovation actions shall include improving energy efficiency, deploying infrastructure for electric mobility, improving the accessibility of buildings and removing hazardous substances. According to Article 34, the level of support shall be divided in three levels, and the level of support foreseen shall be higher for actions for which the reduction of primary energy demand is higher and for low-income households.

Articles 14, 33 and 43 of Royal Decree 853/2021 lay down the technical requirements to achieve the 30% average reduction in non-renewable primary energy demand. In addition, Article 20 (for energy renovation actions at neighbourhood level) and Article 35 (for energy renovation actions at building level) establish the obligation to provide energy performance certificates before and after an energy renovation action is implemented.

RDL 19/2021 includes further incentives for energy renovations. These comprise, among others, (i) the possibility to deduct the cost of energy renovations from the personal income tax if at least a 30% primary energy demand reduction is achieved (Article 1), and (ii) improving the funding framework by encouraging public-private partnerships (Article 4). With regards to:

- i) The tax deduction, Article 1 of Royal Decree Law 19/2021 introduces the possibility of deducting the cost of energy renovations from an individual's personal income tax if a reduction in the primary energy demand is of at least 30%. The deduction regime may reach 40% of the amounts invested in the case of actions at the level of the dwelling, and up to and including 60% of the amounts invested in actions at residential building level, subject to accreditation of the reduction of primary energy demand through the non-renewable primary energy consumption indicator of the previous energy certificate and following (chronologically) the implementation of the renovation actions.
- ii) The promotion of public-private partnerships, Article 4 of Royal Decree Law 19/2021 creates a guarantee line, partially covered by the Kingdom of Spain, to finance energy renovation works that contribute to improving energy efficiency. These are meant to support the financing of building renovations by private financial institutions. In addition, Article 8 of Royal Decree Law 19/2021 establishes energy renovation agents/managers, as intermediaries to implement energy renovation or improvement actions that can be financed via one of the programmes established by the Royal Decree. In particular, this provision enables them to undertake an energy renovation project or improvement on



behalf of owners or communities of owners to promote new energy renovation actions.

Both Royal Decree 853/2021 and Royal Decree Law 19/2021 have been processed according to the steps stipulated in the Council Implementing Decision, including relevant legal procedures. In particular, and as presented in the Impact Assessment of Royal Decree 853/2021, the public information phase prior to the adoption of Royal Decree 853/2021 has followed the steps foreseen in Law 50/1997 of 27 November on the elaboration of legal acts with the rank of law. Specifically, the public information phase took place from 18 June to 9 July 2021. Royal Decree Law 19/2021 was not subject to such a public information phase, as royal decree laws are exempt from it as foreseen in Law 50/1997 of 27 November. Also, prior to the approval of Royal Decree 853/2021 and of Royal Decree Law 19/2021 two Sectoral Conferences were held. The first Sectoral Conference took place on 26 May 2021. Following this first Sectoral Conference, and in order to be able to reach an agreement on the territorial distribution of funds in the subsequent Sectoral Conference, the Council of Ministers reached a pre-approval agreement on 13 July 2021 to the agreement that was ultimately reached on 21 July 2021. This was required due to the fact that the distributional allocation to be agreed in the Sectoral Conference was to exceed EUR 12 million (as required per Article 86.2.Segunda of Law 47/2003 of 26 November, General Budget Law). The second Sectoral Conference was held on 21 July 2021 where agreement on the distribution of regional financing for the programmes *Energy renovation actions at neighbourhood level and Energy renovation actions at building level* was reached.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 30	<b>Related Measure:</b> C2.I2 - Programme for the construction of social rented housing in energy-efficient buildings
<b>Name of the Milestone:</b> Entry into force of the Royal Decree on the definition of the regulatory framework for the implementation of the programme on energy efficient social rental dwellings compliant with energy efficient criteria	
<b>Qualitative Indicator:</b> Provision in the Royal Decree on the entry into force	<b>Time:</b> Q3 2021
<b>Context:</b> <p>The objective of this measure (milestone #30) is to build at least 20 000 new dwellings for social rental purposes or at affordable prices compliant with energy efficient criteria. These will be built in particular in areas in which social housing is currently insufficient and on publicly owned land. The primary energy demand of the social housing will be at least 20% below the requirements of nearly zero-energy buildings.</p> <p>To this end, Milestone #30 includes the entry into force of Royal Decree, defining the regulatory framework for the implementation of the programme on energy efficient social rental dwellings compliant with energy efficiency criteria. The Royal Decree will set out the technical requirements to meet the objective that the primary energy demand of the social housing is to be at least 20% below the requirements of nearly zero-energy buildings. To this end, it will lay down the technical requirements to limit the value of primary energy demand to 80% of the limit set in section HE 0 of the Basic Energy Saving Document of the Spanish Technical Building Code. Before finalisation of the Royal Decree, milestone #30 requires that a Sectoral Conference is held and that the public information phase and other legal procedures are completed. An additional target under this measure (target #31, expected in Q2 2026) envisages building at least 20 000 dwellings for social rent or at affordable prices, compliant with energy efficiency criteria.</p>	
<b>Evidence provided:</b> <p>In line with the verification mechanism set out in the Operational Arrangements, the following</p>	

evidence was provided:

- i) Summary document duly justifying how the milestone (including all its constitutive elements) was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of Royal Decree 853/2021 of 5 October regulating the programmes to support residential renovations and social housing of the Recovery and Resilience Plan. Published in the Official Journal on 6 October 2021 (available at the following permanent link: <https://www.boe.es/eli/es/rd/2021/10/05/853>).

The authorities also provided:

- i) Impact assessment of the Royal Decree 853/2021 of 5 October.
- ii) Certificate of approval of the agreement reached in the Sectoral Conference held on 21 July 2021.
- iii) Certificate of pre-approval by the Council of Ministers issued on 13 July 2021 prior to calling the Sectoral Conference of 21 July.

### **Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree 853/2021 entered into force on 7 October 2021, the following day to its publication in the official journal (6 October 2021), as foreseen in its second final provision.

Royal Decree 853/2021 establishes and regulates six support programmes for investment, including the construction of social and affordable dwellings in energy efficient buildings (which is the subject matter of this milestone #30).

Articles 59 to 70 of Royal Decree 853/2021 set out the purpose of, technical requirements of and eligibility criteria for the support to construct social and affordable dwellings in energy efficient buildings. In particular:

- According to Article 59.1, the purpose of this support programme is to promote and increase the public stock of energy-efficient housing aimed at social or affordable rental. To this end, the support programme shall promote the construction of new housing; or refurbishment of buildings not currently intended for housing located on publicly owned land, whether owned by public authorities, public bodies or other bodies governed by public law, or by public, public-private or commercial companies majority owned by public administrations.
- According to Article 60.2, the primary energy demand of social housing shall be at least 20% lower than the requirements for nearly zero-energy buildings. To this end, this Article limits, as a technical requirement, the value of non-renewable primary energy demand to 80 per cent of the limit set out in section HE 0 of the Basic Energy Saving Document ("DB-HE") of the Technical Building Code ("CTE"). The CTE is the technical regulation applicable to new and existing buildings when certain interventions are carried out to them, with the aim to guarantee acceptable conditions of safety and habitability. The DB-HE is part of the CTE and seeks to ensure that the comfort of a building's occupants is achieved making rational use of energy in buildings. In this regard, Directive 2010/31/EU on the energy efficiency of buildings establishes the obligation to review and update the minimum energy efficiency requirements periodically (set out in the DB-HE), at intervals no longer than five years, to adapt them to technical advances in the construction sector. The latest version of the DB-HE was last revised in 2019. This updated the concept of Building with Almost Zero Energy Consumption (defined by Ministerial Order FOM/588/2017 of 15 June) in its section HE 0 for its application to buildings as from 2019.
- According to Article 64, eligible actions are those required to construct new dwellings or to

refurbish non-residential buildings for social rental purposes, provided that they involve an increase in the public stock of affordable rented housing.

Royal Decree 853/2021 has been processed according to the steps stipulated in the Council Implementing Decision, including relevant legal procedures. In particular, and as presented in the Impact Assessment of Royal Decree 853/2021, the public information phase has followed the steps foreseen in Law 50/1997 of 27 November on the elaboration of legal acts with the rank of law. Specifically, the public information phase took place from 18 June to 9 July 2021. Also, prior to the approval of Royal Decree 853/2021 two Sectoral Conferences were held. The first Sectoral Conference took place on 26 May 2021. Following this first Sectoral Conference, and in order to be able to reach an agreement on the territorial distribution of funds in the subsequent Sectoral Conference, the Council of Ministers reached a pre-approval agreement on 13 July 2021 to the agreement that was ultimately reached on 21 July 2021. This was required due to the fact that the distributional allocation to be agreed in the Sectoral Conference was to exceed EUR 12 million (as required per Article 86.2.Segunda of Law 47/2003 of 26 November, General Budget Law). The second Sectoral Conference was held on 21 July 2021 where agreement on the distribution of regional financing for the programme to construct *Social and affordable dwellings* was reached.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 40	<b>Related Measure:</b> C3.R1 - Amendment of the rules governing trade relations in the food chain, including amending Law 12/2013 of 2 August 2007 on measures to improve the functioning of the food chain	
<b>Name of the Milestone:</b> Entry into force of the second amendment to Law 12/2013 on measures to improve the functioning of the food chain		
<b>Qualitative Indicator:</b> Provision of Law 12/2013 on the entry into force		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this measure is to improve the functioning of the food chain. This will be achieved by amending the national legislation governing trade relations in the food chain (Law 12/2013 of 2 August), including the transposition of Directive (EU) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationship in the agricultural and food supply chain. The measure covers: (a) extension of the scope of the law by including trade relations with foreign countries; (b) extension of the minimum content of food contracts; (c) expansion of the list of unfair commercial practices and (d) recognition of the Food Information and Control Agency as the body responsible for establishing and developing the control system necessary to check compliance with the law at national level, and as a contact point for cooperation between enforcement authorities, as well as with the European Commission and the Autonomous Communities in their respective territorial areas. Milestone #40 provides for different actions towards a more transparent and balanced food value chain with changes to (i) extend the scope of the law to trade relations; (ii) extend the minimum content of food contracts. In addition, the milestone shall include an extension of the list of unfair commercial practices as well as the recognition and definition of the responsibilities of the Food Information and Control Agency.</p> <p>Milestone #40 is the second and last milestone of measure C3.R1 as it follows the completion of milestone #39, related to the entry into force of the Royal Decree Law 5/2020 of 25 February, on urgent measures regarding agriculture and food as well as of Law 8/2020 of 16 December on the modifications of Law 12/2013 of 2 August on urgent measures to improve the functioning of the food chain.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following</p>		

evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii) Copy of the publication in the Official Journal of the Law 16/2021 of 14 December on the transposition of Directive (EU) 2019/633

The authorities also provided:

- iii) Copy of the publication in the Official Journal of the Law 12/2013 of 2 August (legal text being amended by Law 16/2021 of 15 December 2021)

### **Analysis:**

In line with the requirements of the Council Implementing Decision annex, Law 16/2021 of 14 December was published on 15 December 2021 and amended the national legislation governing trade relations in the food chain (i.e. Law 12/2013 of 2 August) to transpose the EU Directive 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain but also going beyond its minimum requirements. According to its final disposition eight, Law 16/2021 entered into force on 15 December 2021 with the publication in the Official Journal.

Law 16/2021 of 14 December 2021 introduces the following changes:

On extended trade relationships:

- Article 1 Section 2 of Law 16/2021 has amended Article 2 of Law 12/2013 to protect Spanish operators in their trade relationships with national, EU and non-EU trade-operators. In trade relations with EU member states, the Chain Act (Law 16/2021 of 14 December), which requires a written contract for all commercial relationships, will be applied if both parties agree on applying the Spanish legislation. If the other country legislation applies, operators will be protected by the national transposition of the Common Protection Directive on unfair trade practices. For relations with countries outside the EU, the Chain Act shall apply, if the parties agree so in the contract. However, even in the event that the law of the other non-EU country applies, the prohibitions and penalties of the Chain Act shall always apply.
- Article 1 Section 4 of Law 16/2021 has amended Article 5.e of Law 12/2013 by including all products and raw materials listed in Annex I of the Treaty on the Functioning of the European Union and any other substance or product intended or likely to be ingested by humans.
- Article 1 Section 4 of Law 16/2021 has amended Article 5.a of Law 12/2013 by redefining Food Chain as a group of activities carried out by the various operators involved in the production, processing and distribution of agricultural and food products excluding transport activities and including hotel and restaurant business with a turnover over EUR 10 million and accommodation services with a turnover over EUR 50 million.

In line with the requirements of the milestone #40, the amendments listed above expand the scope of application of Law 12/2013 through the inclusion of: i) the relations both with the EU Member States and with third countries as long as an operator is located in Spain and ii) raw materials and other products included in the Annex I of the Treaty on the Functioning of the European Union (TFEU) (Annex I: list referred to in the Article 38 of the TFEU). In this way, the requirement of a written contract for all commercial relationships will become applicable to commercial relations between a supplier and a buyer when both are in Spain or when one is established in Spain and the other in another Member State, when the legislation of another Member State is not applicable. The material scope is extended to the products included in that Annex I.

On the extension of minimum content of food contracts to practically all transactions:

- Article 1 Section 2 of Law 16/2021 has amended Article 2 of Law 12/2013 with the effect that a written contract shall be mandatory for all commercial transactions carried out by operators whose products' price is higher than the amount set in Article 7 of Law 7/2012 of 29 October on antifraud actions (i.e. EUR 1,000) or where the payment is not made in cash for the products. This modification eliminates the requirement of the existence of a situation of bargaining power imbalance between operators included in Law 12/2013 of 2 August.
- Article 1 Section 2 of Law 16/2021 has amended Article 2 of Law 12/2013 by including 1<sup>st</sup> time sales in the fishing sector so that a bill shall be interpreted as a formal written contract.
- Article 1 Section 6 of Law 16/2021 has amended Article 8 of Law 12/2013 by including the obligation to formalise written food contracts by each of the parties that intervene in the transaction.
- Article 1 Section 10 of Law 16/2021 introduces Article 11 bis providing for the creation of the Digital Food Contracts Register to give further transparency in commercial relations and more security for primary producers.
- Article 1 Section 7 of Law 16/2021 has amended Article 9 of Law 12/2013 by including contractual penalties and exceptions for reasons of force majeure.
- The fourth final provision of Law 16/2021 is added to regulate mediation requests by parties to address cases of non-agreement.

In line with the requirements of the milestone #40, the amendments and provisions listed above contribute to the expansion of the minimum content of written food contracts through the inclusion of: i) contractual sanctions, ii) exceptions for reasons of force majeure and iii) a reference to the dispute settlement mechanism between the parties.

In addition, in line with the description of milestone #40, the amendments and provisions listed above provide for actions towards a more transparent and balanced food value chain. This is achieved, for instance, through Article 1 section 10 of Law 16/2021 introducing Article 11 bis that creates the Digital Registry of Food Contracts, giving greater transparency to the trade relations and security for primary producers. The buyer must register through the electronic means that are determined, all the food contracts, including their modifications that are signed with the primary producers and their groups. In addition, following the amendment of Article 1 section 6 of Law 16/2021 to Article 8 of Law 12/2013, a registration system will be launched by the Ministry of Agriculture, Fisheries and Food together with an obligation for food contracts to be formalised in writing and based on the principles of transparency, clarity, concreteness and simplicity.

On expanding the list of unfair commercial practices:

- Article 1 Section 13 of Law 16/2021 has amended Article 12 ter of Law 12/2013 (value chain destruction) of Law 12/2013 by requesting each operator to pay to the precedent operator a price equal or superior to the production cost of the product incurred by the operator.
- Article 1 Section 16 of Law 16/2021 adds Article 14 bis to of Law 12/2013 on other unfair commercial practices (i.e. the unilateral amendment of contracts in terms of volume or the return of unsold products).

On the Food Information and Control Agency (*Agencia de Información y Control Alimentario*), in Title VII (Execution authorities):

- Article 1 Section 25 of Law 16/2021 adds Title VII on Execution Authorities to Law 12/2013. Under Title VII, Article 28 recognises the Food Information and Control Agency as the contact point for cooperation between enforcement authorities, the European Commission and the Autonomous communities. Article 29, the Food Information and Control Agency has been made the body responsible for establishing and developing the control system

necessary to check compliance with the law at national level.

Law 16/2021 of 14 December transposes the EU Directive on unfair trading practices in the business-to-business relationships in the agricultural and food supply by strengthening the farmers' position in the food supply chain (Directive 2019/633). In particular, it bans the unfair trading practices listed in the Directive among which: late payments and last-minute order cancellations for perishable food products; unilateral or retroactive changes to contracts; forcing the supplier to pay for wasted products; or refusing written contracts. It also establishes the Food Information and Control Agency as the competent body to handle the complaints and cooperate with the enforcement authorities of other Member States. Furthermore, Law 16/2021 of 14 December goes beyond the scope of the Directive 2019/633 with the creation of the Digital Food Contracts Register as well as the obligation to keep all correspondence, documentation and supporting documents, in electronic or paper format, related to the food contracts for a period of four years. In addition, Law 16/2021 of 14 December goes also beyond the scope of the Directive by creating an obligation for the operators for trademark management and calls upon them to manage the brands of food products that they offer to the consumer, both their own and those of other operators, avoiding practices which are anti-competitive or that constitute acts of unfair competition.

The assessment of the transposition of Directive 2019/633/EU for the purposes of payments from the Recovery and Resilience Facility does not prejudice the assessment by the Commission in any other proceedings regarding the conformity of the national law with the Directive.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 46	<b>Related Measure:</b> C3.I1 - Plan to improve efficiency and sustainability in irrigation		
<b>Name of the Target:</b> Entry into force of the contractual agreement between the Ministry of Agriculture, Fisheries and Food (MAPA) and SEIASA to support the improvement and the sustainability of irrigated areas (Phase I)			
<b>Quantitative Indicator:</b> Million EUR	<b>Baseline:</b> 0	<b>Target:</b> 260	<b>Time:</b> Q3 2021
<b>Context:</b>			
<p>The objective of this measure is to improve the efficiency and sustainability of irrigation by promoting water savings and energy efficiency in irrigation activities, through a number of specific modernising actions. This target relates to the first step in the implementation of the measure, through the entry into force of the collaboration agreement between the Ministry of Agriculture, Fisheries and Food (MAPA) and the public enterprise on agricultural infrastructures (<i>Sociedad Estatal de Infraestructuras Agrarias, SEIASA</i>). This agreement will regulate the public/private financing regime for the investments in the modernisation of irrigation, the project selection criteria, the plan execution procedures as well as the list of actions to be carried out to execute the budget. This list of actions include: a) substitution of the use of groundwater or surface water by the use of nonconventional water resources (reclaimed water or desalinated water in compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01), b) implementation of water regulation systems (reservoirs) that allow for gravity irrigation; c) replacement of open-air ditches with underground pipes; d) construction of filtering and pumping systems; and e) installation of meters and remote management systems. The target includes an expected budget execution under the agreement of EUR 260 million (without VAT).</p> <p>This is the first step of the implementation of the Investment C3.I1 and it will be followed by milestones #47 and #48 with the final expected date for implementation in Q2 2026.</p>			
<b>Evidence Provided:</b>			

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the Council Implementing Decision annex) was satisfactorily fulfilled
- ii) Publication of the Agreement between MAPA and SEIASA in the Official Journal on 15 July 2021 ([https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2021-11853](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-11853)).
- iii) Addendum to the Agreement between MAPA and SEIASA to include additional provisions. Published in the Official Journal on 14 May 2022 (<https://www.boe.es/boe/dias/2022/05/14/pdfs/BOE-A-2022-7860.pdf>)

The authorities also provided:

- i) Report by the Polytechnic University of Cartagena ensuring the usage of the best available technology for desalinated projects.
- ii) Entrustment agreement between MAPA and CSIC for the elaboration of scientific-technical directives for ensuring compliance with the DNSH Technical Guidance (2021/C58/01).

#### **Analysis:**

The collaboration agreement between the MAPA and SEIASA to support the improvement and the sustainability of irrigated areas (Phase I) was signed on 25 June 2021 and was published in the Official Journal on 15 July 2021 (the entry into force, as stated in clause thirteenth of the agreement, is the day of the signature). The addendum to the agreement entered into force on 14 May 2022.

In line with the requirements of the Council Implementing Decision, the collaboration agreement between the MAPA and SEIASA includes a total budget allocation of EUR 260 million (Page 84793). In line with the Operational Arrangements, the budget assigned to the collaboration agreement shall be executed over the lifetime of the collaboration agreement and fulfils the conditions of the Council Implementing Decision on budget execution.

Clause 2 of the agreement regulates SEIASA actions and how they are being executed. Clause 2 also regulates that prior to the execution of the modernisation actions, SEIASA will enter into an Agreement with communities of water users (*Comunidades de usuarios del agua*) to inform them about financing, procedures, follow-up and schedules of the works being carried out. Additionally, Clause 6 establishes a series of indicators to follow-up the accomplishment of the modernisation actions.

This agreement aims at improving the efficiency and sustainability of irrigation through a set of selected actions. The project selection criteria and the list of actions to be carried out are described in Annex I of the Agreement between SEIASA and MAPA and are in line with the description of the measure in the Council Implementing Decision. The selection criteria prioritises:

- Modernising actions including (i) actions in areas replacing surface water or groundwater with the use of unconventional water resources (such as reclaimed water and desalinated water, and (ii) actions that increase water saving or achieve a further decrease in water demand or higher energy savings;
- Modernising irrigation systems with and energy impact including (i) a preferential treatment of actions that do not require electricity for their operation over those that need it or require renewable energy, and (ii) modernisation measures to facilitate energy self-sufficiency including the use of renewable energy;
- Fostering new technologies, such as (i) actions enabling higher levels of implementation of new technologies and innovations to achieve more efficient irrigation, and (ii) actions

- proposing a higher degree of intensity in the modernisation of irrigation; and
- Other aspects to be taken into account in the selection criteria include the economic viability of the actions and spill-over effects of the modernisation actions.

The list of selected actions, listed in Annex I, includes, among others:

- i) the substitution of the use of groundwater or surface water by the use of non-conventional water resources (reclaimed water or desalinated water in compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01));
- ii) the implementation of water regulation systems (reservoirs) that allow for gravity irrigation;
- iii) the replacement of open-air ditches with underground pipes;
- iv) the construction of filtering and pumping systems;
- v) the installation of meters and remote management systems.

Clause 9 of the agreement regulates the public-private financing regime for investments in the modernisation of irrigation. The clause states that up to 80% of the eligible costs will be financed under the measure described in the RRP. The rest will be financed by the water users association (*Comunidad de usuarios del agua*).

The Addendum to the Agreement modifies and/or extends several articles of the Agreement ensuring alignment with the DNSH Technical Guidance (2021/C58/01), in accordance with Council Implementing Decision. The Addendum modifies the following clauses of the agreement:

- Clause 3 is modified to require that each water users association (*Comunidad de usuarios del agua*) provides a self-declaration on the compliance with the DNSH principle. The addendum includes a template for the self-declaration (Annex IX).
- Clause 4 is modified to require SEIASA, as executor entity, to guarantee full compliance with the DNSH principle.
- Clause 7 is modified to include new scientific-technical directives to correctly perform the Environmental Impact Assessment of each action.
- Clause 7 is modified so that actions related to desalinated water use “the best available technology in the sector with the lowest environmental impact” in line with the requirements of the Council Implementing Decision. The independent report by the University of Cartagena concludes that all actions included in Phase I of the Agreement comply with the premise of using the best available technology with the lowest environmental impact in line with Council Implementing Decision requirements.
- Incorporation of Clause 19 “Obligation of compliance with the DNSH principle”. This clause that all irrigation modernisation actions under C3.I1 have to comply with the DNSH principle in line with the DNSH Technical Guidance (2021/C58/01).
- Annex I is modified to add the contribution of this measure to the ecological transition (in line with the climate tagging established in Component 3 of the Recover and Resilience Plan).
- Annex III of the Agreement has been modified in the Addendum ensuring that all projects and all steps comply with the following:
  - i. Scientific-technical directives prepared by MAPA and CSIC ([002.2-460-c3.i1-mapa-directrices-cientifico-tecnicas-mapa-csic-sp2-6266b09d25f74.pdf](https://www.mapa.gob.es/datos-y-servicios/002_2-460-c3.i1-mapa-directrices-cientifico-tecnicas-mapa-csic-sp2-6266b09d25f74.pdf)).
  - ii. Report by the University of Cartagena proving that the project complies with the specific Council Implementing Decision provision “the best available technology with the lowest environmental impact”.
  - iii. Environmental guidance prepared by MAPA to ensure DNSH compliance.
- Annex III is modified to ensure that each of the selected actions is self-evaluated in line with the DNSH Technical Guidance (2021/C58/01) during all the design and execution



phases.

Recital 7 of the Addendum states that all irrigation actions selected in the Agreement have already been included in the corresponding third cycle River Basin Hydrological Plan, in line with the Water Framework Directive, and will be evaluated by the Ministry for the Ecological Transition and the Demographic challenge in accordance with Law 21/2013 on Environmental Impact Assessments (EIAs) which includes the appropriate assessment under Article 6.3 of the Habitats Directive (92/43/EEC). According to Recital 7, the Environmental Impact Assessment may accordingly result in preventive, corrective or mitigating measures. Moreover, Annex III of the Agreement requires that all actions comply with the Environmental Guidance prepared by MAPA and the scientific-technical directives prepared by MAPA and CSIC (which are based on Directives 2009/147/EC (Conservation of wild birds) and 92/43/EEC (Conservation of natural habitats)).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 56	<b>Related Measure:</b> C3.I7 - Plan to boost the sustainability, research, innovation and digitalisation of the fisheries sector (II): Boosting fisheries and aquaculture research and supporting training
<b>Name of the Milestone:</b> Agreements with Public Research Bodies	
<b>Qualitative Indicator:</b> Signing of agreements with Public Research Bodies	<b>Time:</b> Q4 2021
<b>Context:</b> <p>This measure shall improve the quantity and the quality of the scientific knowledge that informs decision-making on fisheries management. The measure includes:</p> <ul style="list-style-type: none"><li>i) The purchase of at least two acoustic probes to equip two existing fishing and oceanographic research vessels to ensure the quality of the data obtained for the scientific assessment of the different stocks of pelagic species.</li><li>ii) The promotion of fisheries and aquaculture research to ensure an ecosystem-based approach to decision-making in fisheries management.</li></ul> <p>This milestone concerns point (ii) of the measure: the signing of agreements with Public Research Bodies to promote fisheries and aquaculture research, ensuring an ecosystem-based approach to decision-making in fisheries management. Milestone #56 will be followed by milestone #57, dealing with point (i) and expected to be completed in Q2 2022.</p>	
<b>Evidence provided:</b> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"><li>i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled with appropriate links to the underlying evidence; Copies of the agreements with Public Research Bodies and links to the website of the Ministry of Agriculture where the agreements have been published:<ul style="list-style-type: none"><li>o Annex I, Agreement <i>Ministerio de Agricultura, Pesca y Alimentación</i> (MAPA)-AZTI Foundation (<a href="https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-7831">https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-7831</a>) Annex II, Agreement MAPA-Consejo Superior de Investigaciones Científicas (CSIC) (<a href="https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-17223">https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-17223</a>) Annex III, Agreement MAPA-University of Gran Canaria and León (<a href="https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-19981">https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-19981</a>) Annex IV, Technical specifications of the contract with the Agricultural Technologies and Services Company (<i>Empresa de Tecnologías y Servicios Agrarios -TRAGSATEC</i>), a</li></ul></li></ul>	

subsidiary of the Spanish Agricultural Transformation Company (TRAGSA), signed on 12 July 2021, for the performance of observation work on board fishing vessels 21-22

- i) Link to the publication of the agreements on the webpage of the Ministry of Agriculture: <https://www.mapa.gob.es/es/pesca/proyectos-de-cooperacion>

#### Analysis:

In line with the requirements of the Council Implementing Decision, the following agreements have been signed between MAPA and Public Research Bodies to promote fisheries and aquaculture research, ensuring an ecosystem-based approach to decision-making in fisheries management.

- **The agreement with AZTI foundation:** This agreement was signed on 30 April 2021 and published in the Official Journal on 11 May 2021. This agreement seeks to promote research for economically and environmentally sustainable fishing through the realization of 19 projects focused on four different complementary axes:
  - Axis 1 concerns governance, value and communication. Governance is to be based on participatory actions by the Administration, the fishing sector, different agents of fishing and ecosystems and social agents. An assessment of the value of fishing is carried out in relation to the services of marine ecosystems and the economic, ecological and social sustainability of the different fleet segments. Communication, awareness and training actions are to be carried out on environmental and fishing sustainability, digitization and energy efficiency.
  - Axis 2 consists in the collection of new data on the fishing sector and marine ecosystem for research purposes.
  - Axis 3 centers around new methodologies and tools: fleets, stocks and the marine ecosystem. New methodologies and tools to be used in the analysis include the use of artificial intelligence and big data in decision making, with the aim of making fishing practices more sustainably from ecological and economic approaches.
  - Axis 4 relates to sustainable production and aims to improve fishing gear to reduce the capture of unwanted species and avoid interaction with protected, endangered and/or threatened species.

In line with the requirements of the Council Implementing Decision annex, the agreement between MAPA and ATZI foundation directly contributes to promoting fisheries and aquaculture research through axis 2, 3 and 4. Additionally, axis 1 promotes an ecosystem-based approach to decision-making in fisheries management by involving several actors in governance activities. The Agreement with ATZI was finalised on 30 November 2021 after the 19 projects had been completed.

- **The Agreement with CSIC** signed on 8 September 2021 and published in the Official Journal on 22 October 2021, aims at promoting fishing research as basis for sustainable fishing management. This agreement signed but still being implemented; it is centred on 7 axes:
  - Axis 1 concerns the Mediterranean and aims to guarantee that fishing activity in the Mediterranean complies with the principles contained in the Common Fisheries Policy on long-term environmentally, socially and economically sustainable fishing as well as to implement an ecosystem approach to fisheries management.
  - Axis 2 concerns monitoring, evaluation and reduction of accidental mortality of cetaceans due to interactions with the Spanish fleet.
  - Axis 3 involves new information technologies to include the use of artificial intelligence in data collection, fine-tuning their use for inclusion in scientific evaluations.
  - Axis 4 concerns scientific knowledge for adaptation to climate change in the Spanish fishing sector and aims to create the necessary scientific knowledge for the

implementation of participatory management strategies and mechanisms that allow fish populations to maintain a Sustainable Performance.

- Axis 5 concerns the evaluation of the red coral *corallium rubrum* populations in external waters open to fishing off the Spanish coast.
- Axis 6 is about the development and implementation of new tools for mathematical modelling in the scientific advice of Spanish fisheries.
- Axis 7 consists in the diagnosis of the fisheries sustainability and protection of the biodiversity of vulnerable marine ecosystems. It aims also at the development of early detection mechanisms and damage prevention strategies for the protection of VMEs.

In line with the requirements of the Council Implementing Decision, the agreement between MAPA and CSIC contributes to promoting fisheries and aquaculture research through axis 2 to 7. Additionally, axis 1 promotes an ecosystem-based approach to decision-making in fisheries management in the Mediterranean region.

- **The Agreement with the Universities of Gran Canaria and León** signed on 22 November 2021 and published in the Official Journal on 2 December 2021. The agreement signed with the Universities of Gran Canaria and León concerns activities centred around 3 axes:
  - Axis 1 aims at the generation of a protocol, in Spanish, for the necropsy of cetaceans (*odontocetes*) and for the study, diagnosis and individual health evaluation of dead dolphins due to accidental capture (by-catch) by fishing boats.
  - Axis 2 concerns the performance of necropsies by veterinarians specialised in pathology and pathological anatomy of cetaceans.
  - Axis 3 consists in carrying out analysis and laboratory studies to establish the diagnosis and health evaluation of dolphins killed by accidental capture (by-catch) or other causes.

In line with the requirements of the Council Implementing Decision, the agreement between MAPA and the Universities of Gran Canaria and León contributes to promoting fisheries and aquaculture research through axis 1 to 3. This research should contribute to reducing mortality of cetaceans by accidental capture.

In line with the requirements of the Council Implementing Decision, the three agreements, when fully implemented, are expected to improve the quantity and the quality of the scientific knowledge that informs decision-making in matters of fisheries management due to the research activities that they will support (collection of data on marine ecosystem, necropsies and laboratory studies of cetaceans, evaluation of the red coral *corallium rubrum*, etc), the development of new methodologies and tools (also including artificial intelligence), as well as participatory actions (trainings, awareness raising, communication) involving administration, fishing sector representatives and other agents involved.

In addition, MAPA has entered into a contract with TRAGSA, through its subsidiary TRAGSATEC, for the purpose of providing observers on board Spanish fishing vessels. The on-board observers will collect data on vulnerable marine species, mainly cetaceans, and on deep waters. TRAGSA is a public company so this task has been assigned to its own resources in line with the description of the measure. The Technical specifications of the contract for the performance of observation work were signed on 21 July 2021. These technical specifications provided by the Spanish authorities contain the relevant information and explanation on the assignment of this task to TRAGSATEC, including in particular:

- A detailed description of the activities to be carried out (i.e. on-board observations of vulnerable marine species such as cetaceans and observations of deep waters);
- The timeframe to execute the observation activities (between 1 August 2021 and 30 April

- 2022);
- The budget for the observation activities (EUR 1.1 million).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 74	<b>Related Measure:</b> C5.R1 - Water plans and strategies and regulatory changes	
<b>Name of the Milestone:</b> Entry into force of the amendments of the Hydrological Planning Regulation		
<b>Qualitative Indicator:</b> Provision of the Royal Decree on the entry into force		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this reform is to review and update the Water Law, its regulations and other secondary legislation to ensure a legal framework favourable to foster investments, aligned with the European Green Deal. This will be achieved by adopting and revising a number of plans and strategies that form the basis of investments and water management in order to strengthen them and increase investments. This reform will address numerous issues regarding all types of water such as an improved financial framework for wastewater reuse, a Water Strategy for Ecological Transition, adoption of technical standards for the safety of dams and their reservoirs, adoption of a national plan for wastewater, sanitation, water efficiency, savings and re-use (<i>Plan Nacional de Depuración, Saneamiento, Eficiencia, Ahorro y Reutilización</i> (“Plan DSEAR”)), the third cycle of river basin management plans and second-cycle review of flood risks management plans, among others.</p> <p>The RRP provides for two milestones related to this reform. This milestone, milestone #74, relates to the amendments of the Hydrological Planning Regulation (Royal Decree 1159/2021, of 28 December). The amendments concern aspects related to droughts and water scarcity, the implementation requirements of the Water Framework Directive and the relevant standards within the framework of the Common Strategy for the Implementation of the Water Directives. The other milestone of this reform, milestone #75, is expected to be fulfilled by the second quarter of 2023 and relates to the entry into force of the amendment of the Water Law. These amendments will change the regulatory framework and financial framework for the reuse of wastewater in line with the “polluter pays” principle and cost recovery principles improving the monitoring and protection of water bodies. This second milestone will also include the Water Strategy for Ecological Transition, the third cycle of river basin management plans and the second-cycle review of flood risks management plans.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</li> <li>ii) Copy of the publication in the Official Journal of the Royal Decree 1159/2021 of 28 December (BOE-A-2021-21664, of 29 December 2021) amending Royal Decree 907/2007, of 6 July 2007, which approves the Hydrological Planning Regulation (<a href="#">Disposición 21664 del BOE núm. 312 de 2021</a>)</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>i) Link in the summary document to the National Plan for wastewater, sanitation, water efficiency, savings and re-use (Plan DSEAR). The plan was approved by the Order TED/801/2021 of 14 July, published in the Official Journal (BOE-A-2021-12592, 27 July 2021). <a href="#">Plan DSEAR (miteco.gob.es)</a></li> </ul>		

- ii) Copy of the publication in the Official Journal of Royal Decree 264/2021 of April 13 (BOE-A-2021-5867, of 14 April 2021), which adopts new technical standards for the safety of dams and their reservoirs. [BOE.es - BOE-A-2021-5867 Real Decreto 264/2021, de 13 de abril, por el que se aprueban las normas técnicas de seguridad para las presas y sus embalses.](https://www.boe.es/boe/BOE-A-2021-5867-Real-Decreto-264-2021-de-13-de-abril-por-el-que-se-aprueban-las-normas-tecnicas-de-seguridad-para-las-presas-y-sus-embalses)
- iii) Reference to the Royal Decree 47/2022, of 18 January, published in the Official Journal (BOE-A-2022-860, of 18 January 2021) about the protection of water bodies against diffuse pollution produced by nitrates from agrarian sources. [BOE.es - BOE-A-2022-860 Real Decreto 47/2022, de 18 de enero, sobre protección de las aguas contra la contaminación difusa producida por los nitratos procedentes de fuentes agrarias.](https://www.boe.es/boe/BOE-A-2022-860-Real-Decreto-47-2022-de-18-de-enero-sobre-proteccion-de-las-aguas-contra-la-contaminacion-difusa-producida-por-los-nitratos-procedentes-de-fuentes-agrarias)

**Analysis:**

In line with the requirements of the Council Implementing Decision annex, Royal Decree 1159/2021 of 28 December, entered into force on 30 December 2021 according to its unique final provision ("*disposición fina única*"), on the following day of its publication in the Official Journal (29 December 2021).

Royal Decree 1159/2021 of 28 December, has amended the Hydrological Planning Regulation in the following ways:

- Droughts and water scarcity:

Article 2.3 of the Royal Decree 1159/2021 has amended Article 3 of the Hydrological Planning Regulation by introducing new definitions of droughts and water scarcity (scarcity, structural scarcity, conjunctural scarcity, drought and prolonged drought). In addition, Article 2.36 of Royal Decree 1159/2021 adds new Articles into the Hydrological Planning Regulation; these Articles have established procedures to elaborate and approve special drought plans (Article 83 quarter of the Hydrological Planning Regulation) and drought emergency plans for water systems (Article 83 quinquies of the Hydrological Planning Regulation). Article 2.31 of the Royal Decree 1159/2021 adds Article 66 bis in the Hydrological Planning Regulation, which includes detailed rules on what will need to be included in special drought plans. Moreover, Article 2.39 of the Royal Decree 1159/2021 adds in the Hydrological Planning Regulation Articles 89 bis, 89 ter and 89 quarter that establish general rules on how to implement special drought plans, their monitoring and revision.

- The EU Water Framework Directive (Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy) and relevant standards within the framework of the Common Water Strategy for the Implementation of the Water Directive (2000/60/EC):

The amendments take into account climate change and energy efficiency in the hydrological planning process (for instance, during each planning cycle, the pertinent authorities will perform a specific adaptation study analysing the risks that climate change poses in each of the hydrological areas). These amendments are introduced by the amended Article 1 of the Hydrological Planning Regulation by Article 2.1 of the Royal Decree 1159/2021, amended Article 17 of the Hydrological Planning Regulation by Article 2.13 of the Royal Decree 1159/2021 and inclusion in the Hydrological Planning Regulation of Article 4 bis by Article 2.5 of the Royal Decree 1159/2021. Article 81 of the Hydrological Planning regulation has been amended by Article 2.34 of the Royal Decree 1159/2021 by standardising and harmonizing the normative aspects of the hydrological plans. The amendments of Article 71 of the Hydrological Planning Regulation by Article 2.32 of the Royal Decree 1159/2021 and the inclusion of Articles 83 bis and 83 ter by Article 2.35 of the Royal Decree 1159/2021, align the requisites of publication and notification of the hydrological planning to the EU

as established in the Common Strategy for the Implementation of Water Directives.

In addition, amendments in Articles 44, 45, 48, 49, and 50 of the Hydrological Planning Regulation by Articles 2.23, 2.24, 2.25, 2.26 and 2.29 respectively of the Royal Decree 1159/2021, and the introduction of Articles 49 bis, 49 ter and 60 bis in the Hydrological Planning Regulation by Articles 2.27, 2.28 and 2.30 respectively, of the Royal Decree 1159/2021, contribute to improve the organisation, management and documentation of the programs regarding water bodies, which is needed in order to consolidate a favourable legal framework to increase investments. In order to establish the regulatory definition of the measures to improve the organisation, management and documentation of the programs regarding water bodies, different guidance from the Common Strategy for the Implementation of Water Directives have been taken into account such as the *Guidance 37 – Steps for defining and assessing ecological potential for improving comparability of Heavily Modified Water Bodies and Mitigation Measure Libraries (2020)*. Furthermore, Article 39 of the Hydrological Planning Regulation has been modified in order to align it with Article 4.7 of the Water Framework Directive, which relates to the necessary conditions to modify or alter water bodies.

Royal Decree 1159/2021 contributes to the implementation requirements of the EU Water Framework Directive (Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy). These implementation requirements were agreed in the context of the Common Strategy for the Implementation of the Water Directives. These aspects are: i) consideration of the climate change phenomenon in the hydrological planning, for instance, during each planning cycle, the pertinent authorities will perform a specific adaptation study analysing the risks that climate change poses in each of the hydrological areas; ii) harmonisation of the normative content of the hydrological plans; iii) update of publication's requisites and the notifications to the European Union regarding the hydrological planning; iv) improvement of the organisation and the necessary documentation of some programmes that need to be promoted by Autonomous Communities; v) stronger requisites to justify the exemption of environmental objectives, this refers to conditions that are necessary to modify water bodies; and vi) the creation of guidelines and action plans for the protection of water bodies against the diffuse pollution produced by nitrates coming from agrarian sources. The implementation of these aspects improves the alignments of the Spanish water legislation with Directive 2000/60/EC.

The assessment of the transposition of Directive 2000/60/EC for the purposes of payments from the Recovery and Resilience Facility does not prejudice the assessment by the Commission in any other proceedings regarding the conformity of the national law with the Directive.

In addition, Spain has provided evidence on other elements that are included in the description of the measure in the Council Implementing Decision. Notably, the new technical standards for the safety of dams and their reservoirs was approved by the publication in the Official Journal of the Royal Decree 264/2021, on April 13, and entered into force on 14 April 2021 according to the fourth final provision ("*disposición final cuarta*"). This Royal Decree sets three technical standards covering i) the classification of dams and the preparation and implementation of emergency plans for dams and their reservoirs; ii) the project, construction and put in function the dams and fill of their reservoirs; and iii) for exploitation, safety reviews and the dams and reservoirs which shall be out of service. These technical standards set the appropriate framework to monitor the safety of the dams and their reservoirs since it includes new guidelines within the three areas mentioned above that were not included in the previous safety plans of dams and their reservoirs.

Moreover, the National Plan for wastewater, sanitation, water efficiency, savings and re-use (Plan DSEAR) has been approved by the Order TED/801/2021, on 14 July 2021, and was published in the Official Journal of 27 July 2021 and entered into force on 28 July 2021 as stated in its final provision

("disposición final única"). The Plan DSEAR is a governance instrument which analysis the wastewater sector as well as the water efficiency, water saving and water reuse, identifies the issues in different governance aspects and develops proposals to solve them.

Furthermore, Royal Decree 47/2022, of 18 January, published in the Official Journal on 20 January 2022, entered into force the day after of its publication, 21 January 2021, as in its fifth final provision ("disposición final quinta"), was approved to protect water bodies against the diffuse pollution produced by nitrates coming from agrarian sources. This Royal Decree sets the objectives to identify the water bodies that have been affected by this type of pollution, as well as the necessary measures that need to be implement in each scenario to reduce this type of pollution. These objectives are set in the Water Framework Directive and Nitrates Directive and are aligned with the European Green Deal, and its ensuing Zero Pollution Action Plan.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 83	<b>Related Measure:</b> C6.R1 - Safe, Sustainable and Connected Mobility Strategy	
<b>Name of the Milestone:</b> Strategy on sustainable, secure and connected mobility (approval)		
<b>Qualitative Indicator:</b> Approval by Council of Ministers		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>The objective of the reform is to set-up a comprehensive framework for the development of a new paradigm for mobility and transport, centred on the objectives of sustainability, security and connectivity. This is done by means of the implementation of a mobility strategy ("the Strategy"), addressing nine cross-cutting areas, translated into 46 lines of action and 163 individual actions. The Strategy intends to increase the security and sustainability of the mobility network by ensuring better protection of people and goods as well as to prioritise daily mobility, economic and social equity, energy efficiency and the fight against climate change. Furthermore, the Strategy includes measures to enhance the connectivity of the transport system, including multimodal connectivity, by means of the digitalisation of the network and technological progress.</p> <p>This is the second milestone envisaged for the completion of this reform. It consists of the approval of the Strategy on Sustainable, Secure and Connected Mobility by the Council of Ministers. This milestone follows the satisfactory fulfilment of milestone #82 (included in the first payment request), related to the end of the Strategy's public consultation process.</p>		
<b>Evidence provided:</b>		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</li> <li>ii) Copy of the Strategy on Sustainable, Secure and Connected Mobility and of the Council of Ministers Decision, included in the certification from the Minister of the Presidency, Relations with the Courts and Democratic Memory and Secretary of the Council of Ministers, on the approval of the agreement adopting the Strategy at the meeting of the Council of Ministers on 10 December 2021 on a proposal from the Minister for Transport, Mobility and Urban Agenda;</li> <li>iii) Link to the publication on the official government website, including links to the web pages of each of the nine areas of actions of the strategy, fulfilling the relevant elements indicated by description of the milestone: <a href="https://esmovilidad.mitma.es/ejes-estrategicos">https://esmovilidad.mitma.es/ejes-estrategicos</a></li> </ul> <p>The authorities also provided:</p>		

- iv) Evidence of the adoption of the Strategy on Sustainable, Secure and Connected Mobility by the Spanish government by means of:
- a. Reference to the Agreement of the Council of Ministers of 10 December 2021 on adopting the Strategy on Sustainable, Secure and Connected Mobility:  
<https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2021/refc20211210.aspx>

**Analysis:**

In line with the requirements laid down in the Council Implementing Decision annex, the Strategy on Sustainable, Secure and Connected Mobility was approved by the Council of Ministers at its meeting on 10 December 2021, as documented in the summary of the meeting available online on the website of the Government of Spain

(<https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2021/refc20211210.aspx>)

and confirmed by means of a certification from the Minister of the Presidency, Relations with the Courts and Democratic Memory and Secretary of the Council of Ministers.

The Strategy sets up a comprehensive framework upholding the development of sustainable mobility across the dimensions of sustainability, security and connectivity. The Strategy further specifies those dimensions under section 3 'Vision and Basic Principles' (page 45) and on the home page of the Strategy website (<https://esmovilidad.mitma.es/ejes-estrategicos>). All the three objectives, specified in the description of the reform in the CID annex are addressed throughout the strategy.

The sustainability objective, is addressed by the following parts of the Strategy: 'Mobility for all' (I area) 'Accessibility and non-discrimination of the system', 'Social and labour aspects' (VIII area), and 'Participation of women as professionals in the sector' (VIII area). Environmental sustainability is addressed by the following parts of the Strategy: 'Collective transport and active mobility options' in both urban and rural areas - 'Mobility for all' (I area) as well as 'Alternative energy sources and low-emission means of transport' under its 'Low-emission mobility' (IV area) and modal shift of freight from road to the more environmentally efficient rail or maritime mode – 'Smart intermodal logistic chains' (VI area).

The security objective is mainly addressed in the 'Secure mobility' (III area) of the Strategy through the strengthening of the security investment, updating the technical safety regulations, promoting the security culture in the sector and developing research, development and innovation in security field for the sector.

The connectivity objective relates to the modernisation and digitalisation of the transport network through technological progress and multimodal connectivity. Measures are developed under the 'Smart mobility' (V area) part of the Strategy, promoting the use of open data and the development of the national multimodal transport information access point. Other lines of actions promoting the connectivity refer to following parts of the Strategy: the construction of a Single European Transport Area 'Connecting Europe and connected to the World' (VII area), as well as the measures supporting intermodality in freight and logistics 'smart intermodal logistic chains' (VI area) and facilitating intermodality in passenger transport 'Mobility for all' (I area).

The Strategy addresses nine areas of action, which are translated into 46 lines of action and 163 individual actions. Although the Strategy has a horizon until 2030, the specific individual actions contained under each area set three-year targets, after which the suitability and level of implementation will be re-assessed. The Strategy provides, for each of the nine areas, the detailed list and comprehensive descriptions of the concrete lines of action as well as the specific means underpinning the attainment of the relevant wider objective.



- **Mobility for all** (ensuring universal accessibility at reasonable cost):

This area intends to provide accessible and affordable public mobility solutions for all citizens and in all territories, focusing on everyday mobility and inclusive mobility (page 111 of the Strategy). It is composed of 6 lines of actions: a) Sustainable mobility planning, b) Strengthening of alternatives to the private car in urban and metropolitan mobility, c) Mobility in rural environment, d) Public Service Obligations (PSOs), e) Universal accessibility, f) Liberalization of Rail Transport of Passengers. These actions are further developed into 24 specific measures.

Actions included under this area seek to contribute to sustainable mobility, prioritize daily mobility for all citizens, and foster economic and social equality as well as energy efficiency in the field of transport.

For instance, Plans for Sustainable Urban Mobility are a tool helping to promote sustainability in the daily urban mobility. Furthermore, these solutions propose a model of public transport that is more affordable for the citizens than the use of private vehicles. Individual items under the line of action called “universal accessibility” respond to the needs of people with reduced mobility and with disabilities. An individual action called “mobility for all people” aims also to guarantee non-discrimination for other reasons (age, sex, purchasing power, etc.) in access to mobility solutions. In addition to that, the Strategy foresees also actions to ensure protection of passenger rights in the rail market after its liberalization.

- **New investment policies** (ensuring adequate financing of transport infrastructure and services):

This area intends to define new criteria for prioritizing investments in order to obtain the highest social returns. The strategic planning of railway and road network are particularly relevant within this area. This area also promotes green taxation of all modes of transport (page 164 of the Strategy). It is composed of 5 lines of actions: i) New criteria of prioritization of investments, ii) Planning and Management of the State Road Network, iii) Planning and Management of the railway network of General Interest, iv) Financing of urban public transport, v) Transparency and participation. These actions are further developed into 10 specific measures.

The measures of this area contribute to optimizing investment decision-making. This will allow to maximize the efficiency of investments, guaranteeing their economic, social and environmental profitability. For instance, the line of action "financing the collective urban public transport" seeks to contribute to guarantee the operating costs of services through a state contribution calculated according to production or demand parameters, adding correction factors, for example, to favor collective public transport services in lower-income municipalities.

- **Secure mobility** (prioritizing investment in monitoring, maintenance, and cybersecurity):

This area aims at transport safety from an integrated point of view. It covers numerous aspects among which there are investment, research, innovation and development as well as organization of the transport and its regulation (page 189 of the Strategy). It is composed of 9 lines of actions: i) Strengthening Security Investment, ii) Reinforcement of Accident Monitoring and Control and Technical Investigation Organizations, iii) Strengthening Security against Unlawful Acts, iv) Regulatory measures, v) Improving Operational Management in Emergency and Crisis Cases, vi) Strengthening Cybersecurity, vii) Research & Development & Innovation in the field of security, viii) Promotion of Security Culture in the Sector, ix) Adaptation of Infrastructure to Climate Change. These actions are further developed into 29 specific measures.

This area of the Strategy focuses in particular on the aspect of security taking into account both operational safety (safety) and security against illicit acts (security) for all modes of transport. Indeed, on one hand, it aims, for example, to guarantee adequate attention brought to accident victims, and on the other hand – it addresses such aspects as reinforcement cybersecurity or the resilience of the system. Promotion of Research & Development & Innovation in security as well as promotion of the safety culture in the sector are also present among other lines of action.

- **Low-emission mobility** (increase efficiency, reduce energy consumption):

The area focuses on fostering the development of alternative and sustainable energy sources for transport (electrification, hydrogen, etc.) and stimulating low-emission means of transport. It also aims to boost sustainable transport-related buildings and facilities (terminals, workshops, surfaces, etc.) as well as to encourage noise reduction (page 221 of the Strategy). It is composed of 4 lines of actions: i) Stimulating Alternative and Sustainable Energy Sources, ii) Stimulation of low-emission means of transport, iii) Sustainability of land, buildings and other transport facilities, iv) Other environmental pollution of infrastructure, services and means of transport. These actions are further developed into 18 specific measures.

The objectives of the proposed actions are to increase the effectiveness and efficiency of the transport system, reduce energy consumption and limit environmental externalities (particularly air and noise pollution) as well as to decarbonize transport. This is achieved with lines of action that integrate measures to stimulate use of alternative energy sources, low-emissions means of transport, and also address the problem of sustainability in terminal buildings and other facilities.

- **Smart mobility** (boost R&D and mobility innovation, build and manage intelligent infrastructure):

The objectives pursued in this area are to improve user's experience with progressing on smart infrastructure management: optimizing its use, reducing maintenance costs, improving the efficiency of the transport system, boosting research & development and innovation as well as ensuring the security of new technologies and data protection (page 257). It is composed of 5 lines of actions: i) Facilitating Mobility as a Service, Open Data and New Technologies for Mobility Analysis and Optimization, ii) Smart Infrastructure, Terminals and Station Management, iii) Automation of transport and logistics. Boosting connected and autonomous vehicles and the use of Galileo in mobility, iv) Promotion of the use of Drones, v) Promoting Research, Development and Innovation in Mobility. These actions are further developed into 29 specific interventions.

The individual actions of this area contribute especially to the objective of improving connectivity with the digitalization, technological progress and multimodal connectivity.

For instance, fostering of use of digital solutions by MITMA will allow development of the tools for mobility purposes. The creation of a transport and mobility data space will allow a better design and coordination of public policies, and the publication of these data in an open format will encourage creating new opportunities in the private sector. In addition, this area of actions aim also to promote connected infrastructures allowing intelligent management, optimizing its capacity and performance, reducing costs of maintenance and achieving more efficient solutions. The Strategy proposes to use the BIM methodology (Building Information Modeling or Information Modeling for Building), based on the digitization of all infrastructure information, creating a model virtual as a "digital model". Such a database will facilitate the collaboration between all the agents involved in construction, maintenance and management, pooling the work of engineers, architects, builders, manufacturers, customers and managers, throughout the entire life cycle of the infrastructure.

- **Smart Intermodal Logistics Chains** (prioritize the transport of goods by rail in public and private agendas):

This area refers to freight transport. It aims at improving the connectivity between nodes and the application of technology to improve the efficiency of the logistics sector (page 303 of the Strategy). It is composed of 4 lines of actions: i) Increase in the effectiveness of rail freight transport, ii) Promoting an intermodality policy, iii) Road transport and urban distribution of goods, iv) Digitalization of the Logistics Chain. These lines of actions are further developed into 16 specific interventions.

This area seeks to promote intermodality as a key element to increase efficiency, competitiveness and reliability of freight transport and to prioritize the transport of goods by railway in public and private agendas. Among the solutions proposed are, for instance: progressive electrification actions of the non-electrified freight railway lines, as well as the renewal of the different elements of the

electrification system on the lines already electrified; actions to adjust gauges on freight railway lines; and rehabilitation, renovation or improvement of railway lines, aiming to increase the efficiency of the network and make railway freight transport more competitive compared to other modes of transport.

- **Connecting Europe and Connected to the World** (connect ports to intermodal logistic terminals and intensify cooperation with neighboring countries to coordinate the construction and/or improvement of cross-border infrastructures):

The area of the Strategy includes individual actions aiming to facilitate, through multimodal and interoperable mobility systems, the connection with European and global markets as well as contributing to the creation of a single European area (page 331 of the Strategy). It is composed of 4 lines of actions: i) Building a Single European Transport Area, ii) Spain as Intercontinental Platform for Europe, iii) Connecting our Citizens and Products to the Main European Centers of Activity, iv) Air transport as a Gateway to the World. These actions are further developed into 16 specific measures.

This area seeks to contribute to the creation of a single European transport space by connecting large ports, intermodal logistics terminals, industrial zones and airports with the Trans-European Network of Transport (TEN-T). Among the lines of action proposed are: solution of the problem of the congestion of the airspace in the European continent through application of technology and innovations to air traffic management systems or creation of High Level Groups with the heads of the Ministries responsible for infrastructure and transport and with the Commission, to coordinate and agree on the development of common infrastructures and to organize fast, periodic and high-frequency services (rail and sea) throughout along the Atlantic and Mediterranean European corridors.

- **Social and employment aspects** (gender balance and training and re-training of the transport workforce):

This area encompasses actions addressing labor and social issues affecting the transport sector. These include the role of women in the transport sector, improving the training of professionals, with the aim to move towards a more equal labor market and social environment within the transport sector (page 351 of the Strategy). It is composed of 4 lines of action: a) Raising awareness and outreach, b) Training in the transport and mobility sector, c) Working conditions in the field of transport, d) Women in the transport and mobility sector. These actions are further developed into 7 specific measures.

The actions of this axis aim to spread the knowledge on sustainable mobility to citizens so that they take informed decisions about their mobility habits. Awareness raising campaigns are to be organized on topics such as: benefits of public transport, disadvantages of the private car, use of bicycles in urban or interurban areas, externalities associated with private motor vehicles, etc. Also a catalogue of good practices of awareness and sensitization campaigns will be prepared. In addition, this area addresses the improvement in the training of professionals in the sector, through the creation of a working group involving staff from various ministries and the promotion of job opportunities in the sector by disseminating these opportunities to students and workers, in order to attract talent to the sector.

- **Evolution and transformation of the Ministry of Transport, Mobility and Urban Agenda (MITMA) to achieve a complete digital transition of the MITMA and make it more open and innovative:**

The actions within this area address the cultural and organisational change in MITMA, notably by completing the digital transformation of its processes, strengthening its internal communication channels, as well as fostering its innovation-oriented culture and involvement in international forums. As it concerns processes internal to MITMA itself, these action lines and individual actions have not been part of the open mobility. The information on the actions and measures foreseen

under this area was shared with the Commission for the purpose of the assessment of the fulfilment of the milestone. The area is composed of 5 lines of actions: i) Reorganisation of the Ministry, ii) Cultural change and internal communication, iii) Digital transformation, iv) Knowledge management, v) Training and selection. The actions are translated into 16 specific measures.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 108	<b>Related Measure:</b> C7.R2 - National self-consumption strategy
<b>Name of the Milestone:</b> National self-consumption strategy	
<b>Qualitative Indicator:</b> Publication on webpage	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The measure shall include the adoption by the Council of Ministers of a National Self-Consumption Strategy and publication on government website in order to reduce administrative barriers to self-consumption during the second half of 2021. The strategy shall diagnose the current and potential situation in Spain, and identify measures aimed at: (i) better coordination between administrations; (ii) the dissemination of information to consumers and awareness-raising; (iii) identifying existing relevant skills, as well as further training opportunities connected to the deployment of self-consumption. The publication of the National self-consumption Strategy is covered by this milestone.</p> <p>The next milestone included under this measure is the completion of key measures under the National Self-Consumption Strategy (milestone #109 by Q2 2023), including the publication of guidance on how to foster self-consumption and the completion of trainings aimed at improving required technical skills on renewable sources of renewable self-consumption for at least 500 professionals.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled</li> <li>ii. A copy of certificate of approval of the Self-Consumption Strategy (defined as Self-Consumption roadmap) at the Council of Ministers on 21 December 2021. A link to the decision of the Council of Ministers was also provided (<a href="https://www.lamoncloa.gob.es/consejodeministros/referencias/documents/2021/refc20211221.pdf">https://www.lamoncloa.gob.es/consejodeministros/referencias/documents/2021/refc20211221.pdf</a>)</li> <li>iii. A copy of the Self-Consumption Strategy (defined as Self-Consumption Roadmap), and a link to the website of the Ministry for Ecological Transition and the Demographic Challenge where it is published (<a href="https://www.miteco.gob.es/es/ministerio/planes-estrategias/hoja-ruta-autoconsumo/hojaderutaautoconsumo_tcm30-534411.pdf">https://www.miteco.gob.es/es/ministerio/planes-estrategias/hoja-ruta-autoconsumo/hojaderutaautoconsumo_tcm30-534411.pdf</a>).</li> </ol>	
<p><b>Analysis:</b></p> <p>The National Self-Consumption Strategy has been developed by drawing up a Self-Consumption Roadmap that was approved by the Council of Ministers on 21 December 2021 and published on the webpage of the Ministry for Ecological Transition and the Demographic Challenge.</p> <p>The Self-Consumption Roadmap reduces administrative barriers to self-consumption by identifying several administrative challenges for self-consumption, and defining a number of specific measures</p>	

how to overcome them. Specific measures are included to improve the agility and efficiency of the management of self-consumption facilities, by improving procedures, mechanisms for exchanging information and monitoring compliance with the rules in force. Out of the 37 measures covered by the Roadmap, 13 measures include actions related to the reduction of administrative barriers:

- Measure 2: National Bureau of Self-Consumption for coordination between administrations
- Measure 3: Working group with local authorities
- Measure 4: Publication of guidelines to municipalities for the promotion of self-consumption
- Measure 7: Office for self-consumption
- Measure 15: Greater flexibility in updating collective self-consumption
- Measure 16: Collective self-consumption manager
- Measure 18: Variable and dynamic distribution of energy in collective self-consumption
- Measure 20: Updating and adapting protocols and formats
- Measure 21: Improving communications with electricity companies
- Measure 22: Adequacy of access and connection procedures
- Measure 23: Transparency of access and connection costs
- Measure 24: Corrective measures in the event of non-compliance
- Measure 25: Updating and adapting technical regulations

In addition, the self-consumption roadmap diagnoses the current and potential situation in Spain and identifies measures aimed at:

- i) Better coordination between administrations and the identification of existing relevant competences. This is included under title 5.1.2 (Coordination between public administrations and simplification) and Measure 2 (National Bureau of Self-Consumption for coordination between administrations);
- ii) The dissemination of information to consumers and awareness-raising. This is included under title 5.2 (Information and awareness raising); Measure 5 (Publication of technical guidance); Measure 6 (Dissemination, improvement of knowledge and awareness); and Measure 7 (Office for self-consumption); and
- iii) Identifying existing relevant skills, as well as further training opportunities connected to the deployment of self-consumption by identifying other training opportunities related to the deployment of self-consumption. This is included under title 5.3.1 (Training and skills to seize job opportunities); Measure 8 (Training to improve technical skills in the Member States for self-consumption); Measure 9 (Gender mainstreaming in specialised training); and Measure 10 (Adaptation of training and curricula).

The roadmap also describes measures to be implemented in the future, as part of milestone #109 of the Council Implementing Decision (this milestone envisages the completion of key measures under the National self-consumption Strategy, including: the publication on the website of the Ministry for the Ecological Transition of technical guidance and the guidance to municipalities on how to foster self-consumption and the completion of trainings made at improving required technical skills on renewable sources of renewable self-consumption for at least 500 professionals).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 112	<b>Related Measure:</b> C7.R4 - Framework for innovation and technological development in renewable energy	
<b>Name of the Milestone:</b> Roadmap for offshore wind and other marine energy		
<b>Qualitative Indicator:</b> Publication on webpage		<b>Time:</b> Q4 2021

**Context:**

The aim of this measure is to strengthen the framework for innovation and technological development of a number of renewable energy sources, and contribute to progress towards the goal of 100% of renewable sources in energy demand. The renewable sources covered in this measure shall include offshore wind energy and biogas. The measure shall also facilitate R&D in renewable technologies.

This milestone relates to the publication of the Roadmap for offshore wind and other marine energy in order to reduce administrative barriers to the development of this source of renewable energy. The roadmap shall seek to:

- i. promote research, development and innovation through a more agile regulatory framework, and by strengthening technology centres and testing platforms for new prototypes;
- ii. identify opportunities and synergies with key industrial sectors;
- iii. develop an appropriate regulatory framework for the deployment in Spain (especially of floating technology); and
- iv. identify measures to minimise environmental effects (whilst at the same time seeking to simplify administrative procedures).

Other elements of the measure to be implemented in future milestones are:

- i. Entry into force of the key regulatory measures identified in the map for offshore wind and other marine energy (milestone #113 by Q2 2023), to promote research and innovation, and to support deployment of floating technologies. These key measures shall include: final approval of the Maritime Spatial Planning Plans, better coordination of the grid planning and the offshore strategy and updating of the regulatory framework; and
- ii. Publication of a Biogas Roadmap, which will analyse appropriate regulatory and sectoral tools to promote biogas, focusing on the efficient use of this energy source. It will be measured by completion of measures identified in the roadmap on biogas (milestone #114 by Q4 2023), including the establishment of a guarantees of origin scheme for renewable gases, to improve the competitiveness of biogas and to foster the investments in biogas production ensuring a faster decarbonisation in sectors such as industry and transport.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of the Roadmap for offshore wind and other marine energy, accompanied by a link to the Roadmap for offshore wind and other marine energy on the website of the Ministry for Ecological Transition and the Demographic Challenge: ([https://www.miteco.gob.es/es/prensa/211210hreolicamarinayenergiasdelmarenespana\\_tc\\_m30-533945.pdf](https://www.miteco.gob.es/es/prensa/211210hreolicamarinayenergiasdelmarenespana_tc_m30-533945.pdf))
- iii. A copy of certificate of approval of the Roadmap for offshore wind and other marine energy at the Council of Ministers on 10 December 2021, signed by the Minister for the Presidency, Relations with Parliament and Democratic Memory and Secretary of the Council of Ministers, accompanied by a link to the approval of the Roadmap for offshore wind and other marine energy at the Council of Ministers on 10 December 2021 ([https://www.lamoncloa.gob.es/consejodeministros/referencias/documents/2021/refc2021\\_1210.pdf](https://www.lamoncloa.gob.es/consejodeministros/referencias/documents/2021/refc2021_1210.pdf))

**Analysis:**

The Roadmap for Marine Wind and Marine Energy in Spain was approved by the Council of Ministers on 10 December 2021 and published on the website of the Ministry for Ecological Transition and the Demographic Challenge.

The Roadmap for Marine Wind and Marine Energy in Spain seeks to create a comprehensive framework to facilitate the development of the marine energy sector. It is articulated around four lines of action (relating respectively to: R&D, industrial value chains, regulatory framework and governance), and 23 specific actions. The line of action on the regulatory framework aims to develop a clear and predictable framework for the deployment of offshore renewable energy generation, in order to reduce administrative barriers for this source of renewable energy. This area of action includes the following eight individual actions:

- i. Action 3.1: Definition and approval of zoning for the development of offshore wind farms in the Plans for the Regulation of Marine Environment (*Planes de Ordenación del Espacio Marino, POEM*)
- ii. Action 3.2: Production and publication of geographical sites with information on marine wind and marine energy resources in Spain and in the areas set out in the Plans for the Regulation of Marine Environment (*Planes de Ordenación del Espacio Marino, POEM*)
- iii. Action 3.3: Coordination of the framework for access and connection to the electricity grid, and new models for electricity network management
- iv. Action 3.4: Improving the administrative framework for the authorisation of offshore renewable installations
- v. Action 3.5: Framework for boosting investment in offshore wind and offshore energy
- vi. Action 3.6: Early development of offshore wind deployment in the Canary Islands
- vii. Action 3.7: Guide to environmental and biodiversity directives and regulations on the deployment of renewable energy in the marine environment
- viii. Action 3.8: Creation of a Technical Office for the Deployment of Marine Renewable Energy

In accordance with the requirements of the measure description in the Council Implementing Decision, the action lines set out in the Roadmap are designed to:

- (a) promote research, development and innovation through a more agile regulatory framework, and by strengthening technology centres and testing platforms for new prototypes. Four specific actions (1.1., 1.2., 1.3., 1.4.) are identified in the roadmap to support this objective, in particular, by establishing a flexible and agile framework for “plug&play” solutions (shortening authorisation periods for testing prototypes), and increasing public investment in R&D&I in the area of wind energy (with an investment of at least EUR 200 million between 2021 and 2023). The overall aim of the roadmap in this area is to establish Spain has a reference hub for the development and testing of new offshore solutions.
- (b) identify opportunities and synergies with key industrial sectors. The roadmap includes 9 specific actions to accompany and develop an industrial value chain (including actions to: strengthen port infrastructure; strengthen the national industrial capacity to develop offshore wind and marine energy; create of cooperation hubs involving public and private actors; strengthen Spain’s position in the international context; enhance human capital in this area; promote a circular economy approach; create intersectoral working groups to develop renewable marine energy). The overall aim of these actions is to support and develop the industrial value chain associated with renewable marine energy, creating a supportive environment for firms and other stakeholders.
- (c) develop an appropriate regulatory framework for the deployment in Spain (especially of floating technology). This framework is based on the eight individual actions listed above. These actions

revolve around three main elements: (i) an improved regulation of the physical space for the projects; (ii) better coordination of access and connection to the electricity grid, to ensure the effective integration of new generation capacity; and (iii) a clear and transparent framework to support a viable business model.

- (d) identify measures to minimise environmental effects (whilst at the same time seeking to simplify administrative procedures). The roadmap aims to incorporate sustainability considerations to identify the areas of lowest impact for marine energy and seeks to use the development of this technology as a tool to improve the understanding of the marine environment and of the impact of new installations. For this purpose, it identifies a number of actions, including: (i) the installation in new infrastructure of marine energy of sensors to monitor key parameters to understand the impact of climate change; (ii) the inclusion of other instruments to follow and monitor marine biodiversity; (iii) reliance on monitoring instruments to improve environmental monitoring plans and authorisation procedures, and to establish best practices; and (iv) reliance on better information and knowledge to support the development of environmentally sustainable marine resources, and to provide guidance to project developers.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 139	<b>Related Measure:</b> C10.I1 - Investment in Just Transition	
<b>Name of the Milestone:</b> “Just transition” training aid programme and granting aid for the economic development of just transition areas		
<b>Qualitative Indicator:</b> Publication in the Official Journal (OJ)		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this measure is to address the economic and social impact in the geographical areas in transition to a low carbon economy and affected by the closing coalmines and coal-fired and nuclear power plants. It includes four different lines of action: i) investments to develop environmental restoration plans for closed or abandoned mining sites and deteriorated land; ii) environmental, digital and social infrastructure projects; iii) support two RDI projects on energy storage and green hydrogen; and iv) support for the reskilling and improving employability of workers and people affected by the transition.</p> <p>There are a total of four targets and one milestone related to this investment.</p> <p>This milestone (#139) consists in the publication in the Official Journal of: i) order approving the regulatory framework for the “just transition” training aid programme, specifying the support plan for the vocational qualification and integration into the labour market of workers and people affected by the transition to a low carbon economy; and ii) order setting out the regulatory bases for granting aid for the economic development of just transition areas, through the development of environmental, digital and social infrastructure in municipalities and territories in transition to a low carbon economy. The order setting out the regulatory bases for granting aid for the economic development of just transition areas sets out the legal framework for target #140, on the support for environmental, digital and social infrastructure projects, (expected for the fourth quarter of 2022). The order approving the regulatory framework for the “just transition” training aid programme sets the legal framework for target #141, on job search assistance and reskilling for at least 4 000 individuals having benefited from personal job search assistance and individual reskilling pathways for unemployed people in just transition areas, (expected for the third quarter of 2023). In addition, target #142 aims to develop two projects to adapt industrial facilities for green hydrogen and energy storage (expected for the fourth quarter of 2023) and target #143 aims at rehabilitating land in closed coal mines or adjacent areas to power stations (expected for the</p>		



second quarter of 2026).

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Order TED/1323/2021 of 24 November, published in the Official Journal (BOE-A-2021-19776, of 30 November 2021), that approves the regulatory framework for the “just transition” training aid programme supporting vocational qualification and integration into the labour market of workers and people affected by the transition to a low carbon economy (available at the following permanent link: [Disposición 19776 del BOE núm. 286 de 2021](#))
- iii) Order TED/1476/2021, of 27 December, published in the Official Journal (BOE-A-2021-21772, of 29 December 2021), which sets out the regulatory bases for granting aid for the economic development of just transition areas, through the development of environmental, digital and social infrastructure in municipalities and territories in transition to a low carbon economy. (available at the following permanent link: <https://www.boe.es/eli/es/o/2021/12/27/ted1476>)

**Analysis:**

In line with the requirements of the Council Implementing Decision, Order TED/1323/2021, of 24 November, approves the regulatory framework for the “just transition” training aid programme, specifying the support plan for vocational qualification and integration into the labour market of workers and people affected by the transition to a low carbon economy. Order TED/1323/2021 entered into force on 30 November 2021 as for its unique final provision (“*disposición final única*”).

The objective of Order TED/1323/2021, of 24 November, is to set out the regulatory framework for the “just transition” training aid programme. In particular:

- Article 2.3 of Order TED/1323/2021 sets the framework for job search assistance and reskilling for unemployed people, specifying who will be eligible to receive it, the minimum amount of people who will receive it, the areas covered by the requalification and the reskilling and upskilling trainings, and how the targeted individuals will join the labour market. It sets a target of at least 4 000 individuals affected by the transition to a low carbon economy, in particular, those directly affected by the closure of coal mining sites or adjacent areas to thermal or nuclear power stations, as stated in the further specification of the Operational Arrangement.
- Article 2.2 of order TED/1323/2021 provides that the requalification assistance and reskilling and upskilling of workers will cover the following areas: the installation and maintenance of renewable energy infrastructures (wind and photovoltaic), restoration and environmental management, and/or integrated and energy rehabilitation of housing. In addition, Article 3.1 includes a support plan of EUR 20 million for the vocational qualification and integration into the labour market of workers and individuals affected by the transition. Article 3.1 also determines the mechanisms for which these funds can be used for reskilling and upskilling individuals and integrating them into the labour market.

Order TED/1476/2021 of 27 December, published in the Official Journal on 29 December 2021 (BOE-A-2021-21772), approves the regulatory framework for granting aid for the economic development of just transition areas, through the development of environmental, digital and social infrastructure in municipalities and territories in transition to a low carbon economy. Order TED/1476/2021 entered into force on 30 December 2021 as stated in the third final provision

("disposición final tercera").

The objective of Order TED/1476/2021, of 27 December, is to set the regulatory framework for the granting of aid for the economic development of just transition areas. The order specifies the areas that are eligible to receive the aid for the implementation of projects, the total amount of money that will be awarded, the minimum amount of projects that will be covered and the types of projects that can be performed. In particular:

- Article 3 sets the areas that will be able to receive aid under this scheme, which are those affected by the transition to a low carbon economy.
- The scheme will award EUR 91 million (Article 34) to a minimum of 100 projects (Article 9) before 31 December 2022.
- The type of projects covered by Order TED/1476/2021 are specified in Article 32 and include the following: rehabilitation of infrastructure and public buildings; innovative projects for communication between municipalities or isolated population areas based on sustainable mobility solutions and the recovery and alternative use of existing transport infrastructure; rehabilitation of public infrastructure supporting the circular economy, including community composting plants, waste management centres; environmental projects for the rehabilitation and enhancement of publicly owned areas (such as reserves, river walkaways or quays and nature-interpretation areas); digital infrastructure and services for the development of cooperative of ecological products or community schemes for joint purchases and sales over the internet.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 155	<b>Related Measure:</b> C11.R4 - National public procurement strategy	
<b>Name of the Milestone:</b> Entry into force of the ministerial order establishing the National Evaluation Office		
<b>Qualitative Indicator:</b> Provision in the ministerial order indicating the entry into force of the order		<b>Time:</b> Q4 2021
<b>Context:</b> <p>The objective of the reform is to finalise the implementation of the public procurement reform provided for in Law 9/2017 on public sector contracts. To this end, the reform shall establish a governance structure to address the need for a consistent public procurement framework ensuring transparency, effective control mechanisms, interconnection of public procurement databases among all levels of Government, and coordination across government levels, in order to: i) make the National Evaluation Office fully operational and ii) adopt the National Public Procurement Strategy. In addition, this reform shall also address issues related to the limited provision of public procurement information and databases, as well as weaknesses in the structure of public procurement contracting. Finally, the reform shall also aim to: a) improve the efficiency of public procurement (processes, results, data and information); b) promote the professionalization of actors; c) improve SME access; and d) reinforce the legal framework of digital public procurement.</p> <p>There are two milestones related to this reform. The milestone under this payment request (milestone #155) seeks to make the National Evaluation Office fully operational. This is to be achieved by the entry into force of the ministerial order establishing the National Evaluation Office within the Independent Office for Regulation and Supervision of Public Procurement. The Office will assess the financial sustainability of the concession contracts, as defined in Articles 14 and 15 of Law 9/2017. The order will also endow the Office with the capacity and means to exercise its functions.</p> <p>The second milestone included in this measure (milestone #156, due to be completed by Q4 2022)</p>		

refers to the adoption of the National Procurement Strategy by the Independent Office for Regulation and Supervision of Public Procurement. The objective of the Strategy is to improve the efficiency and sustainability of public procurement. The Strategy is to include the following elements: (i) promote Strategic public procurement; (ii) professionalization; (iii) facilitate SMEs' access to public procurement; (iv) improve available data; (v) foster efficiency in public procurement; (vi) full digital transformation of public procurement; (vii) enhance legal certainty; and (viii) improve the supervision and control of public procurement, including to prevent corruption on the basis of a map of identified risks.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

1. Summary document duly justifying how the milestone (including all its constitutive elements) was satisfactorily fulfilled.
2. Copy of the publication in the Official Journal of Ministerial order HFP/1381/2021 of 9 December of the Minister of Finance and Civil Service regulating the organisation and functioning of the National Evaluation Office. Published in the Official Journal on 11 December 2021 (available at the following link: [https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2021-20475](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-20475)).

The authorities also provided:

3. Copy of the Resolution of the Executive Committee of the Interministerial Commission for Human Resources (reference 378/22-F, signed on 24 February 2022) stipulating the creation of six posts to be assigned to the National Evaluation Office.
4. Copy of the Resolution of the Deputy Secretary of the Ministry of Finance and Civil Service (signed on 15 February 2022) on own resources establishing the contract between ISDEFE and the National Evaluation Office, to provide technical means for the National Evaluation Office to exercise its functions by requesting ISDEFE to carry out tasks for the Office.
5. Copy of the template to be used by ISDEFE to draft reports as input for the National Evaluation Office, this includes reference to the specific clause stipulating the absence of conflicts of interest for ISDEFE staff to carry out such tasks.

**Analysis:**

In line with the requirements of the Council Implementing Decision, Ministerial order HFP/1381/2021 of 9 December of the Minister of Finance and Civil Service (the 'Order') was published in the Official Journal on 11 December 2021 and entered into force 20 days later, in accordance with its third final provision.

The Order regulates the organisation and functioning of the National Evaluation Office ('the Office'), established within the Independent Office for Regulation and Supervision of Public Procurement (known as OIReScon), as foreseen in Article 333 of Law 9/2017 of 8 November on Public Sector Contracts. Law 9/2017 transposes into Spanish law Directives 2014/23/EU and 2014/24/EU of the European Parliament and of the Council of 26 February 2014. As defined in Articles 14 and 15 of this Law 9/2017, the purpose of the Office is to assess the financial sustainability of concession contracts.

The Order was approved in accordance with the penultimate paragraph of Article 333 (2) of Law 9/2017. This provides that an Order of the Minister of Finance and Civil Service, on a proposal from the OIReScon, on the basis of a report from the Government's Delegated Committee for Economic Affairs, shall determine the organisation and functioning of the Office. In addition, the single additional provision of the Order requires approving the posts of the technical evaluation unit of the

Office for it to start functioning. As a result, the Executive Committee of the Interministerial Commission for Human Resources approved a resolution (reference 378/22-F) on 24 February 2022 stipulating the creation of six posts in the Office with a qualification appropriate to its activity.

The Ministry of Finance and Civil Service has also provided the Office with a contract to support its evaluation tasks via the own means of the Spanish central administration. This refers to consulting services to be provided by ISDEFE, the internal consulting company of the Spanish central administration. ISDEFE, whilst incorporated, is part of the central government, as set out in Article 84 (1) (b) of Law 40/2015 of 1 October 1992 on the Legal Regime for the Public Sector. ISDEFE has a Code of Ethics applicable to its managers and employees, setting out rules on integrity and conflict of interest. In addition, to anticipate any potential conflicts of interest, each report by ISDEFE contains a declaration of absence of conflict, as follows: "Absence of conflict of interest. Members of ISDEFE involved in carrying out this assessment declare that they have no conflict of interest that could impede the impartiality of their evaluation due to personal or professional affinities, economic interests or any other direct or indirect personal interest." The contract with ISDEFE is established by means of a resolution of the Deputy Secretary of the Ministry of Finance and Public Service on behalf of both services (as both the Office and ISDEFE fall under the central government). Both measures (the right for the Office to hire six posts and to call on ISDEFE to support it to carry out its tasks) have been operational since February 2022. The Office will gradually reduce its reliance on technical assistance provided by ISDEFE via its own resources, in so far as new posts are filled in by the Office.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 189	<b>Related Measure:</b> C13.R1 - Improving business regulation and climate	
<b>Name of the Milestone:</b> Entry into force of the Law amending Law 34/2006 on access to the professions of lawyers and <i>procuradores</i>		
<b>Qualitative Indicator:</b> Provision in the law indicating the entry into force of the law		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>This measure aims to improve the framework in which economic activity takes place by ensuring a better regulation and business climate that facilitate the creation and growth of businesses, and their restructuring if necessary, through the adoption of the following measures: i) a new law on business creation and growth with the aim to a) simplify the procedures for setting up a business; b) foster an early payment culture; c) amend certain provisions of the Law on Market Unity to remove unnecessary barriers to economic activity. Other measures include: ii) setting up of a new Sectoral Conference for Regulatory Improvement and Business Climate; iii) reform of the insolvency law; iv) reform of the legislative framework related to the professional practice of lawyers and <i>procuradores</i>.</p> <p>This milestone concerns the adoption of a law amending three legislative texts, notably Law 34/2006 of 30 October 2006, related to the professional practice of lawyers and <i>procuradores</i> with the reform of the tariff system of <i>procuradores</i>, the reform of the access to the profession of lawyer and <i>procurador</i>, and the regulation of professional companies for the provision of comprehensive legal defence and representation services. Two other milestones, milestone #190 (in Q2 2022) and milestone #191 (in Q4 2022), concern the reform of the insolvency law and the adoption of a law on business creation and growth, respectively.</p>		
<b>Evidence provided:</b>		
In line with the verification mechanism set out in the Operational Arrangements, the following		

evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii) Copy of Law 15/2021 of 23 October, published in the Official Journal (BOE-A-2021-17276, of 25 October 2021), amending Law 34/2006 of 30 October on access to the professions of lawyer and *procurador*, as well as Law 2/2007 of 15 March on professional companies, Royal Decree Law 5/2010 of 31 March, extending the validity of certain temporary economic measures, and Law 9/2014 of 9 May, General Telecommunications Law. The law 15/2021 of 23 October entered into force on 14 November 2021, as stated in its third final provision.
- iii) Copy of Royal Decree 307/2022 of 3 May, published in the Official Journal (BOE-A-2022-7186, of 4 May 2022), that amends the Royal decree 1373/2003 of 7 November, on the remuneration of *procuradores*, entered into force on 4 May 2022 as for its second final provision.

**Analysis:**

In line with the requirements of the Council Implementing Decision, Law 15/2021 of 23 October amends Law 34/2006 of 30 October on access to the professions of lawyer and *procurador*, as well as Law 2/2007 of 15 March on professional companies, and Royal Decree Law 5/2010 of 31 March, extending the validity of certain temporary economic measures.

Law 15/2021 of 23 October entered into force on 14 November 2021, as the third final provision of the Law 15/2021 provides that it will enter into force on the twentieth day following that of its publication in the Official Journal. In addition, the third transitional provision of the Law 15/2021 clarifies that the entry into force of the maximum amount of fees payable to a *procurador* shall apply to all procedures initiated as from the entry into force of the Law 15/2021 (i.e. on 14 November 2021). The same provision states that the prohibition of the minimum tariffs payable to a *procurador* shall only apply as from the entry into force of the rule amending Royal Decree 1373/2003 of 7 November approving the tariffs payable to *procuradores*. Royal decree 307/2022, of 3 May, that amends the Royal decree 1373/2003 of 7 November, on the remuneration of *procuradores*, entered into force on 4 May 2022 as for its second final provision.

Article 1 of the Law 15/2021 of 23 October amends Law 34/2006 of 30 October on access to the professions of lawyer and *procurador*. Provisions are made for the single access to the professions of lawyer and *procuradores*. The same academic title (degree in law), specialised training and accreditations are required to access both professions. Both professions may not be exercised simultaneously though they can be exercised within the same legal entity (see below).

Article 2 of Law 15/2021 of 23 October amends Law 2/2007 of 15 March to authorise professional companies to offer the provision of comprehensive legal defence and representation services and to include both lawyers and *procuradores* as professional partners. In particular, Article 2 introduces eight additional provisions to Law 2/2007 of 15 March to allow the multidisciplinary activities of the professions of lawyer and *procuradores* within the same legal entity and to regulate the special regime for the provision of comprehensive legal defence and representation services while guaranteeing the professional independence.

Article 3 of Law 15/2021 of 23 October amends the Royal Decree Law 5/2010 of 31 March extending the validity of certain temporary economic measures, which affect the tariffs payable to *procuradores*. Accordingly, paragraph 1 of the single additional provision of Royal Decree Law 5/2010 of 31 March is amended. As a result, the overall amount of fees payable to a *procurador* in the same case, action or proceedings may not exceed EUR 75 000. This amount can be exceeded only in exceptional circumstances and subject to justification and authorisation by the competent

judge. In addition, it is established that the tariff system for *procuradores* may not set minimum limits for the amounts due in relation to the various professional activities carried out.

Royal decree 307/2022 of 3 May amends Royal Decree 1373/2003 of 7 November. Notably, the first and unique Article of Royal Decree 307/2022 of 3 May amends Article 1 of Royal Decree 1373/2003 of 7 November establishing that the tariff of *procuradores* will be of a maximum nature and prohibiting the setting of minimum tariffs. The first and unique Article of Royal Decree 307/2022 of 3 May also amends Article 2 of Royal Decree 1373/2003 of 7 November with the effect that *procuradores* will be obliged to submit a preliminary cost offer to their clients and such offer shall expressly state the reduction offered in respect to the maximum tariff provided for in the applicable law (i.e. Article 3 of Law 15/2021 of 23 October). Furthermore, in order to ensure consistency throughout the text of Royal Decree 1373/2003 of 7 November, the single additional provision of Royal Decree 307/2022 of 3 May states that all the references contained in Royal Decree 1373/2003 of 7 November approving the minimum tariff system payable to *procuradores* shall be deemed as not in force.

The above enacted amendments to the relevant legislation reduce barriers and remove requirements for access to or exercise of the professions of lawyer and *procurador* in line with Articles 15, 16 and 25 of Directive 2006/123/C of the European Parliament and of the Council on services in the internal market, and with Articles 49 and 56 of the Treaty on the Functioning of the European Union. The assessment of compliance with Articles 15, 16 and 25 of Directive 2006/123/EC on services in the internal market, and with Articles 49 and 56 of the Treaty on the Functioning of the European Union for the purposes of payments from the Recovery and Resilience Facility does not prejudice the assessment by the Commission in any other proceedings regarding the conformity of the national law with the aforementioned legislation.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 216	<b>Related Measure:</b> C14.R1 - Royal Decree implementing the State Financial Fund for Tourism Competitiveness	
<b>Name of the Milestone:</b> Entry into force of the Royal Decree implementing the State Financial Fund for Tourism Competitiveness		
<b>Qualitative Indicator:</b> Provision in the Royal Decree indicating the entry into force of the law		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>The reform has the objective to improve the competitiveness of the tourism sector by fostering innovation and supporting energy efficiency and the circular economy. The reform amends the existing legal acts governing the objectives, nature, operations and eligible projects of the State Financial Fund for Tourism Competitiveness.</p> <p>The Royal Decree implementing the State Financial Fund for Tourism Competitiveness will improve access to public funding for businesses in the fields of circular economy and energy efficiency. The amended legal act enables the State Financial Fund for Tourism Competitiveness to finance tourism businesses to improve energy efficiency, reduce the level of resource consumption and waste production and increase the reuse and recycling of waste. In the field of energy efficiency and the circular economy, the Fund will finance innovation projects.</p> <p>The reform C14.R1 also includes already implemented milestones: milestone #214 Plan to promote the tourism sector (Q2 2020), and milestone #215 Launch of 'DATAESTUR' website collecting data</p>		

on tourism (Q4 2020).

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all its constitutive elements) was satisfactorily fulfilled.
- ii. Copy and link to Royal Decree 1072/2021 of 7 December regulating the State Financial Fund for Tourism Competitiveness. Published in the Official Journal (BOE-A-2021-20257) on 8 December 2021 (available at <https://www.boe.es/eli/es/rd/2021/12/07/1072>)

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree 1072/2021 of 7 December regulating the State Financial Fund for Tourism Competitiveness entered into force on 9 December 2021, one day after its publication in the Official Journal. This took effect in accordance with the third final provision (*Disposición Final Tercera*) of the Royal Decree.

The Royal Decree amends the existing legal acts governing the objectives, nature, operations and eligible projects of the State Financial Fund for Tourism Competitiveness, in particular article 17 repeals Royal Decree 937/2010 of 23 July 2010 regulating the State Fund for the Modernisation of Tourism Infrastructures and any provisions of equal or lower rank that conflict with the provisions of Royal Decree 1072/2021. It also provides for a safeguard for existing projects that have already benefited from the State Financial Fund for the Modernisation of Tourism Infrastructure and points out that they will be governed by the provisions of Royal Decree 937/2010 of 23 July 2010 and by the other rules applicable at the time of the adoption of Royal Decree Law 12/2019 of 11 October 2019 adopting urgent measures to mitigate the effects of the opening of insolvency proceedings of the Thomas Cook business group.

The Royal Decree will improve the competitiveness of the tourism sector by fostering innovation and supporting energy efficiency and the circular economy. In particular, Article 6 of the Royal Decree sets out eligibility criteria which enable the State Financial Fund for Tourism Competitiveness to finance tourism businesses to improve energy efficiency, reduce the level of resource consumption and waste production and increase the reuse and recycling of waste. The same Article enables the Fund to finance innovation projects in the field of energy efficiency and the circular economy.

Article 9 of the Royal Decree provides the maximum percentage (75%) and amount (EUR 6 million) of eligible costs covered by loans. There are no provisions in the Royal Decree that would limit the use of blending schemes consisting of other types of support.

Article 4 of the Royal Decree provides that the resources to finance operations under the Fund shall come from allocations made annually from the general State budget.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

**Number:** 217

**Related Measure:** C14.I1 - Transformation of the tourism model towards sustainability

**Name of the Target:** Budget award of plans promoting the sustainability of Tourism at their destination

<b>Quantitative Indicator:</b> EUR (million)	<b>Baseline:</b> 0	<b>Target:</b> 561	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The investment has the objective to strengthen the environmental, socio-economic and territorial sustainability of tourism and targets tourist destinations, social partners and private operators in the sector. Four sub-measures are envisaged under the investment: i) Preparation of the Sustainable Tourism Strategy Spain 2030 (expected to be tendered in 2022 and fully implemented in the course of 2023), ii) Tourism Sustainability Plans at Destinations, iii) A social sustainability plan for the tourism sector (starting in the second half of 2022 through the signature of agreements and other legal instruments with various social partners, trade unions and business associations) and iv) Transformation of the existing Spanish Tourism Quality System for tourism destinations (to be finalised in 2022). For ii) Tourism Sustainability Plans at Destinations, the investment awards support to local authorities to implement ‘Territorial Plans for Tourism Sustainability at Destination’, for at least EUR 1 788 600 000 and with 35% of the funds to account for measures addressing green transition, sustainability and energy efficiency/electromobility at destinations. The selection criteria will ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Selection criteria will ensure that, out of the final total budget awarded for the measure, at least EUR 511 000 000 of the measure contribute to the climate change objectives with a 100% climate coefficient and at least EUR 140 000 000 with a 40 % climate coefficient, in accordance with Annex VI to the Recovery and Resilience Facility Regulation (EU) 2021/24.</p> <p>The scope of the target is to award to local authorities financial resources to implement ‘Territorial Plans for Tourism Sustainability at Destination’, for at least EUR 561 000 000. Within the nationwide framework of the Tourism Sustainability Strategy for Destination, the Territorial Plans are intended to enable each territory and destination to respond to the challenges of tourism sustainability. The lines of actions considered in the Plans include green transition, energy efficiency, digital transformation and competitiveness transformation.</p> <p>This target constitutes the first out of three budget awards to local authorities under C14.I1. The following targets #218 and #219 are due in Q4 2022 and Q4 2023 respectively. In addition, future milestones monitor the completion of the plans (#220) and projects (#221) due in Q4 2024 and Q4 2026 respectively.</p>			
<p><b>Evidence Provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary documents duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled.</li> <li>ii. A copy of the Tourism Sectoral Conference Agreement, and link to its publication in the Official Journal (available at: <a href="https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-21764">https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-21764</a>).</li> <li>iii. Extract of the official documents containing the selection criteria that ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), as specified in the Council Implementing Decision Annex.</li> <li>iv. Extract of the official documents containing the selection criteria used to ensure that the amounts contributing to climate change objectives specified in the description of the measure, in line with Annex VI to the Recovery and Resilience Facility Regulation (EU) 2021/241, shall be achieved.</li> <li>v. Extract of the official documents containing the selection criteria that ensure that 35 %</li> </ol>			



of the funds account for measures addressing green transition, sustainability and energy efficiency/electro mobility at destinations.

The authorities also provided

- i. Copy of the Tourism Sustainability Strategy in Destinations

**Analysis:**

In line with the requirements for the Council Implementing Decision, the Agreement of the Sectoral Tourism Conference was published in the Official Journal No. 312 on 29 December 2021 (pages 166449 to 166478). The Agreement was published through the Resolution of the Secretary of State for Tourism and includes awards of support to local authorities to implement Territorial Plans for Tourism Sustainability at Destination, amounting to EUR 615 million (excluding VAT), which is above the target of EUR 561 million.

The Agreement of the Sectoral Tourism Conference states (Table 3, page 166466) that the funds will be devoted to green and sustainable transition (EUR 178 428 719, 29% of the total), energy efficiency improvement (EUR 142 858 408, 23%), digital transition (EUR 108 557 541, 18 %) and competitiveness (EUR 182 611 815, 30%)

The Agreement of the Sectoral Conference of Tourism specifies (Table 2, pages 166454 to 166466): i) the local Entities whose Territorial Plans for Tourism Sustainability at Destination have been approved, ii) the reference to the local impact of the Plans of supramunicipal scope and iii) the amounts awarded for each Territorial Plan (excluding VAT).

The Agreement of the Sectoral Conference of Tourism also includes (pages 166475 to 166477) the selection criteria ensuring compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Furthermore it contains (pages 166450 and 166466 to 166477) the selection criteria used to ensure that the amounts contributing to climate change objectives in accordance with Annex VI to the Regulation (EU) 2021/24, with further criteria laid out in the Strategy for Tourism Sustainability in Destinations (section 8.2, pages 22-23).

Specifically, criteria established in Annex 03 of the Strategy for Tourism Sustainability in Destinations (page 40) were applied in the process of assessing the local Territorial Plans for Tourism Sustainability at Destination (hereafter referred to "Plans") in which the degree of compliance with the minimum thresholds proposed in section 8.2 of the Strategy was verified. This section (pages 22 and 23) establishes the minimum investment thresholds of the local Plans in each of the lines of action provided for in section 6 of the Strategy. The assessment process is set up to ensure that a minimum of 7.5% of the total annual budget allocated to each Plan will be allocated to actions with a climate coefficient of 100% in the field of green and sustainable transition. A minimum of 7.5% of the budget allocated to each Plan will be allocated to actions identified with a climate coefficient of 40% in the field of green and sustainable transition. Finally, a minimum of 20 % of the budget of each Plan will be allocated to actions with a climate coefficient of 100% in the field of energy efficiency. The selection criteria will ensure that for the total budget awarded for the measure, the 35% threshold for measures addressing green transition, sustainability and energy efficiency/electromobility at destinations is met.

Additionally, the selection criteria ensure that, out of the final total budget awarded (EUR 1 858 000 000) for the measure, at least EUR 511 000 000 of the measure contribute to the climate change objectives with a 100% climate coefficient. As regards the 40% climate coefficient, the selection criteria requires that at least EUR 139 350 000 contribute to the climate change objectives with a 40% climate coefficient. This minimum amount is less than the minimum

contribution of EUR 140 000 000 set out in the Council Implementing Decision. However, it is considered it does not put at risk the final total contribution of the measure to meet the climate objective, given the negligible difference of less than 0.5 % between the minimum amount and the target as well as the fact that the selection criteria state the minimum requirements for each Plan and it is expected that this minimum requirement will be exceeded during the implementation of the Plans.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 232	<b>Related Measure:</b> C15.R2 - Roadmap 5G: Spectrum management and assignment, deployment burden reduction, Cybersecurity Act 5G and Support to Local Authorities	
<b>Name of the Milestone:</b> Assignment of the 700 MHz spectrum band		
<b>Qualitative Indicator:</b> Publication in the Official Journal		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>The objective of the reform is to support and accelerate the shift to 5G mobile communication with the implementation of measures on spectrum allocation, spectrum taxation, 5G cybersecurity, and the dissemination of good practices to local public administrations on telecommunications and urban planning.</p> <p>There are a total of six milestones related to this reform. This milestone #232 relates to the assignment of the 700 MHz spectrum band as a result of the relevant auction. This follows the release of the 700 MHz frequency band object of milestone #231 and the publication of the 2025 Digital Spain Strategy object of milestone #230 (both satisfactorily assessed in the first payment request).</p> <p>Milestone #233, also part of this second payment request, relates to 5G spectrum taxation. The last two milestones of reform C15.R2 are expected to be completed by Q4 2022 and relate to the assignment of the 26 GHz spectrum band, milestone #234, and the entry into force of the Law on 5G Cybersecurity, milestone #235.</p>		
<b>Evidence provided:</b>		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii) Order ETD/1141/2021, of 8 October, published in the Official Journal (BOE-A-2021-17233, of 22 October 2021), resolving the auction launched by Order ETD/534/2021 of 26 May for the granting of concessions for the private use of public spectrum in the 700 MHz band. Entered into force on 8 October 2021 with the signed award decision by the Minister for Economic Affairs and Digital Transformation.</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>iii) Order ETD/1449/2021 of 16 December, published in the Official Journal (BOE-A-2021-21346, of 24 December 2021), approving the National Frequency Allocation Table.</li> <li>iv) Order ETD/534/2021 of 26 May, published in the Official Journal (BOE-A-2021-9060, of 31 May 2021), approving the special administrative conditions and technical requirements for the award by auction of concessions for the exclusive use of public radio spectrum in the 700 MHz band and convening the corresponding auction.</li> </ul>		

- v) Notification of award of contract to Orange España S.A.U.
- vi) Notification of award of contract to Telefónica Móviles España S.A.U.
- vii) Notification of award of contract to Vodafone España S.A.U.

**Analysis:**

In line with the requirements of the Council Implementing Decision, with the first provision of Order ETD/1141/2021 of 8 October the Minister for Economic Affairs and Digital Transformation awarded the auction and granted the concessions for the private use of public spectrum in the 700 MHz band.

In line with the milestone description and the further specification set out in the Operational Arrangements the assignment of the paired band 703-733 MHz and the paired band 758-788 MHz entered into force on 8 October 2021 with the signed award decision by the Minister for Economic Affairs and Digital Transformation (Order ETD/1141/2021 of 8 October 2021).

The Order ETD/1141/2021 of 8 October, in its preamble, also indicates that the award decision followed the auction that was launched on 26 May 2021 as outlined in the order ETD/534/2021 of 26 May. In line with Commission Implementing Decision (EU) 2016/687, the auction made available in the 700MHz spectrum the 703-733 MHz and 758-788 MHz frequency bands. Order ETD/1141/2021 of 8 October, in its annex, clearly details the frequencies of the awarded bands, being the paired band 703-733 MHz and the paired band 758-788 MHz, as well as the entities to which the concessions have been awarded.

In addition to this legal requirement, the authorities have voluntarily attempted to auction the 738-753 MHz frequency band, although this was not required to ensure the intended result of this reform (that is the deployment of 5G networks).

For band 738-753 MHz (download only), no offer was received. This band has a lower economic interest, as it only allows down-stream communication (from base station to mobile terminal), which, as such, does not allow bidirectional communication which is considered critical for 5G mobile communication. Despite setting a lower minimum price for the frequencies under this 738-753 MHz band, no entity has found them of enough commercial value. The authorities have explained that these frequencies have not been awarded also in other EU Member States for similar reasons. Against this background, and considering that Spain has awarded the 700 MHz spectrum in line with Commission Implementing Decision (EU) 2016/687, the fact that the 738-753 MHz band was not awarded does not affect the intended result of this reform.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 233	<b>Related Measure:</b> C15.R2 - Roadmap 5G: Spectrum management and assignment, deployment burden reduction, Cybersecurity Act 5G and Support to Local Authorities	
<b>Name of the Milestone:</b> Entry into force of legal act on the reduction of 5G spectrum taxation		
<b>Qualitative Indicator:</b> Provision in the legal act on entry into force		<b>Time:</b> Q4 2021
<b>Context:</b>		
The objective of the reform is to support and accelerate the shift to 5G mobile communication with the implementation of measures on spectrum allocation, spectrum taxation, 5G cybersecurity, and the dissemination of good practices to local public administrations on telecommunications and urban planning.		
There are a total of six milestones related to this reform. This milestone #233 relates to the		

adoption of a legal act for the reduction of 5G spectrum taxation to accelerate 5G deployment. This follows the release of the 700 MHz frequency band which was the object of milestone #231 and the publication of the 2025 Digital Spain Strategy which was object of milestone #230 (both satisfactorily fulfilled as part of the first payment request).

Milestone #232, also part of this second payment request, relates to the assignment of the 700 MHz spectrum band as a result of the auction. The last two milestones of reform C15.R2 are expected to be completed by Q4 2022 and relate to the assignment of the 26 GHz spectrum band, milestone #234, and the entry into force of the Law on 5G Cybersecurity, milestone #235.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii) Copy of the legal acts concerning the reduction of 5G spectrum taxation, deployment acceleration and the legal and regulatory measures required for the project deployment
  - a) Law 22/2021 of 28 December, on the General State Budget for 2022 published in the Official Journal (BOE-A-2021-21653, of 29 December 2021) and entered into force on 1 January 2022 due to the annual nature of the budget law, as stated in Article 134.2 of the Spanish Constitution and as further explained in a dedicated note available on the website of the presidency of the government;
  - b) Resolution of the State Secretary for Telecommunications and Digital Infrastructure of 18 May 2022, defining Masmovil Group's acceleration of 5G deployment and establishing the required legal and regulatory measures for the project deployment;
  - c) Resolution of the State Secretary for Telecommunications and Digital Infrastructure of 18 May 2022, defining Orange Espagne, S.A.U.'s acceleration of 5G deployment and establishing the required legal and regulatory measures for the project deployment;
  - d) Resolution of the State Secretary for Telecommunications and Digital Infrastructure of 18 May 2022, defining Telefónica Móviles España, S.A.U.'s acceleration of 5G deployment and establishing the required legal and regulatory measures for the project deployment;
  - e) Resolution of the State Secretary for Telecommunications and Digital Infrastructure of 18 May 2022, defining Vodafone España, S.A.U.'s acceleration of 5G deployment and establishing the required legal and regulatory measures for the project deployment.

The authorities also provided:

- i) Order ETD/534/2021 of 26 May, published in the Official Journal (BOE-A-2021-9060, of 31 May 2021), approving the special administrative conditions and technical requirements for the award by auction of concessions for the exclusive use of public radio spectrum in the 700 MHz band and convening the corresponding auction (that also outlines the coverage obligations related to the 700 MHz band).
- ii) Communication from the Masmovil Group setting out its 5G deployment plan.
- iii) Communication from the operator Orange Espagne, S.A.U. setting out its 5G deployment plan.
- iv) Two communications from Telefónica Móviles España, S.A.U. setting out its 5G deployment plan.
- v) Communication from Vodafone España, S.A.U. setting out its 5G deployment plan.

**Analysis:**

The Law on the General State Budget, approved on 28 December 2021 and published in the Official Journal as Law 22/2021 of 28 December on the General State Budget for 2022 introduced the reduction of 5G spectrum taxation. The fee reduction measure entered into force on 1 January 2022 due to the annual nature of the budget law, as stated in Article 134.2 of the Spanish Constitution and as further explained in a dedicated note available on the website of the presidency of the government.

<https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/hacienda/Paginas/2022/120122-pge2022-en-vigor.aspx>

Article 67.1.3.1, of Law 22/2021 of 28 December, provides for the reduction in spectrum taxation.

This Article lays down the applicable coefficients for the computation of the tax related to the terrestrial electronic communications systems (provision to third parties). Article 67.1.3.1, of Law 22/2021 of 28 December, also provides for the reduction of 5G spectrum taxation by means of the following text:

*“In application of the measure included in component 15 of the Recovery, Transformation and Resilience Plan, consisting of an annual reduction of EUR 45 million in the 700 MHz bands and from 3400 to 3800 MHz, a correction factor applied to the C5 coefficient of these frequency bands is introduced. The value of this correction factor called N is equal to 0,6801529832, and for the Mode 1321 code it is only applicable to the bands 703 to 733 MHz, 738 to 753 MHz and 758 to 788 MHz.”*

The authorities explain that the value of the N correction factor was set at the time when the budget law was drawn up, so that the total amount of the tax reduction for the years 2022 and 2023 in the whole 700 MHz and 3.5 GHz band was equal to EUR 90 million.

Article 67.1.3.1, of Law 22/2021 of 28 December, which makes reference to the corresponding measure of component 15 of the recovery and resilience plan, that requires the reduction of the spectrum taxation for 2022 and 2023, is in line with the description of the measure in the Council Implementing Decision. In addition, the four resolutions of the State Secretariat for Telecommunications and Digital Infrastructure further specify that the tax reduction applies to 2022 and 2023.

The correspondent acceleration of 5G deployment expected from each beneficiary and the required legal and regulatory steps for the project deployment have been defined in the four resolutions of the State Secretary for Telecommunications and Digital Infrastructure, which analyse and accept the 5G deployment plans proposed by the operators that benefit from the spectrum tax reduction. These 5G deployment plans are attached to each resolution. Further, the resolutions note that each operator declared that its deployment plan is: i) a direct consequence of the spectrum tax reduction set out in milestone #233; ii) it is additional to its existing deployment plans; iii) it shall not be subject to any additional subsidy of any kind; and iv) it is additional to any applicable deployment obligation. The authorities explain that the decisions of the State Secretary for Telecommunications and Digital Infrastructure, issued in the exercise of the powers conferred to him by Article 10 of Royal Decree 403/2020 of 25 February implementing the basic organisational structure of the Ministry of Economic Affairs and Digital Transformation, are, given their nature as an administrative act, directly enforceable and shall be deemed to be valid and shall produce effects from the date on which they are issued, in accordance with Articles 38 and 39.1 of the general rule on administrative action and administrative procedure in Spain (Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations).

Overall, across the four plans, the 5G deployment amounts to 4,740 5G base stations broken down as follows: 1,969 5G base stations in the 700 MHz band, 1,985 5G base stations in the 3,5 GHz band

and 393 dual 5G base stations (700 MHz and 3,5 GHz bands).

These base stations will cover with 5G 1,070 new municipalities between 10,000 and 50,000 inhabitants, broken down as follows:

- i) 234 new municipalities between 10,000 and 50,000 inhabitants by the end of 2023.
- ii) 596 new municipalities between 10,000 and 50,000 inhabitants by the end of 2025.
- iii) 240 new municipalities between 10,000 and 20,000 inhabitants by the end of 2025.

The deployment plans exceed the legal coverage obligations associated with the spectrum licences. Given this, each deployment plan is considered as an acceleration compared to the baseline requirements that the spectrum licences required from licensee companies.

- Regarding the acceleration of deployment in the 3.5 GHz band, there is no overlap with the obligations as there are no coverage obligations for this band.
- With regard to the 700 MHz band, there are no overlaps with coverage obligations as coverage obligations related to municipalities with more than 50,000 inhabitants (20,000 for one operator) and the accepted deployment plans relate to less populated municipalities (below 50,000 or below 20,000 for the operator with coverage obligations above 20,000 inhabitants).

The acceleration of the deployment of 5G by exceeding the coverage obligations is expected to make 5G available within 3 years in a considerable number of municipalities in alignment with the objectives of Spain and the Digital Decade. For example, 240 municipalities with less than 20,000 inhabitants will receive 5G by 2025, whilst the authorities estimate that in these municipalities it would have taken around 5 years to have 5G services without this measure.

The four resolutions of the State Secretary for Telecommunications and Digital Infrastructure, also define the legal and regulatory measures necessary for the deployment of the project. The operators have been required to submit a deployment plan that was analysed by the State Secretary for Telecommunications and Digital Infrastructure. Furthermore, the operators are required to provide the State Secretary for Telecommunications and Digital Infrastructure with information on the implementation of the deployment plan on an annual basis.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 250	<b>Related Measure:</b> C16.R1 - National AI Strategy	
<b>Name of the Milestone:</b> Digital Rights Charter		
<b>Qualitative Indicator:</b> Publication in the Official Journal		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>The objective of this measure is to set the framework for the implementation of the Spanish National Artificial Intelligence (AI) Strategy ensuring compliance with fundamental principles and values. The measure includes reforms to set the regulatory and ethical framework on AI and investments projects to support the development and adoption of AI technologies.</p> <p>This milestone #250 concerns the adoption, publication and promotion of the Digital Rights Charter. The Charter aims to recognize the new challenges posed by AI and the digital environment and suggests principles and policies to address them, including actions expected from public authorities.</p> <p>Related to this measure, milestone #249, which was satisfactorily fulfilled as part of the first payment request, monitored the publication of the National Strategy for AI. Two other milestones (#251, Q4 2023, and #253, Q1 2026) and one target (#252, Q1 2026) will monitor the</p>		

implementation of the investments that are part of this measure.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii) Link to the publication in the official government website of the Digital Rights Charter, dated 14 July 2021.  
([https://www.lamoncloa.gob.es/presidente/actividades/Documents/2021/140721-Carta\\_Translats\\_Digitales\\_RedEs.pdf](https://www.lamoncloa.gob.es/presidente/actividades/Documents/2021/140721-Carta_Translats_Digitales_RedEs.pdf))
- iii) Copy of the Digital Rights Charter, included in the certification from the Minister for the Presidency, Relations with Parliament and Democratic Memory and Secretary of the Council of Ministers, of the approval of the agreement adopting the Digital Rights Charter at the meeting of the Council of Ministers on 13 July 2021 on a proposal from the Minister for Economic Affairs and Digital Transformation.
- iv) Evidence of adoption by the Spanish government by means of:
  - a. a certification from the Minister for the Presidency, Relations with Parliament and Democratic Memory and Secretary of the Council of Ministers, of the approval of the agreement adopting the Digital Rights Charter at the meeting of the Council of Ministers on 13 July 2021 on a proposal from the Minister for Economic Affairs and Digital Transformation.
  - b. Reference to the Agreement of the Council of Ministers at its meeting on 13 July 2021 adopting the Digital Rights Charter(available at:  
<https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2021/refc20210713.asp>)

**Analysis:**

In line with the requirements of the Council Implementing Decision, the Digital Rights Charter was adopted by the Council of Ministers at its meeting on 13 July 2021 as certified by the Minister for the Presidency, Relations with Parliament and Democratic Memory and Secretary of the Council of Ministers, and as documented in the summary of the meeting available online on the website of the Government of Spain.

<https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2021/refc20210713.aspx>

The Digital Rights Charter was published online in the official website of the Government of Spain.

[https://www.lamoncloa.gob.es/presidente/actividades/Documents/2021/140721-Carta\\_Derechos\\_Digitales\\_RedEs.pdf](https://www.lamoncloa.gob.es/presidente/actividades/Documents/2021/140721-Carta_Derechos_Digitales_RedEs.pdf)(dated 14 July 2021).

A copy of the Digital Rights Charter has also been submitted.

In line with the further specifications set out in the Operational Arrangements it is considered that the Digital Rights Charter entered into force with the publication in the official website of the Government of Spain on 14 July 2021.

The Digital Rights Charter was also presented and promoted to the public by the President of the Government on 14 July 2021. A video with the presentation by the President of the Government is also available on the website of the Government of Spain. (<https://www.lamoncloa.gob.es/presidente/actividades/Paginas/2021/140721-derechosdigital.aspx>)

The Digital Rights Charter aims to recognize the new challenges of application and interpretation that the adaptation of rights to the digital environment poses. This is done in the following parts:

- i) Part I (Rights and freedoms in the digital environment, page 8), in particular by stating that “In digital transformation processes, the development and use of digital technology shall be promoted, as well as any related or instrumentally used scientific and technical research process, taking into account the need to ensure human dignity, fundamental rights, non-discrimination, the free development of personality and be geared towards the achievement of the common good”;
- ii) Part VIII (Right to equality and non-discrimination in the digital environment, page 12), which calls for digital transformation processes to be encouraged to consider the gender perspective by adopting, where appropriate, specific measures to ensure the absence of gender bias in the data and algorithms used;
- iii) Part XVIII (Digital rights of citizens in their relations with public administrations, p.19) on the transparency on the use of AI instruments, data and decision making by public administrations;
- iv) Part XXI (Right of access to data for archiving purposes in the public interest, scientific or historical research purposes, statistical purposes, and innovation and development purposes, page 26) on the respect of human dignity, integrity and ethics related to the use of data and related research for application in biology, medicine, neuroscience and genomics;
- v) Part XXV (Rights to Artificial Intelligence, page 27) on ensuring that AI should have a human-centred approach and pursue the common good and ensure compliance with the principle of non-maleficence respecting also the principles of transparency, non-discrimination and human oversight.

The Digital Rights Charter suggests principles and policies relating to the new challenges posed by the adaptation of rights to the digital environment:

- i) Principles such as compliance by design, which calls to incorporate the analysis of the applicable legislation (including general principles of the data protection regulatory framework) in force to the technological development process (pages 5 and 6);
- ii) In relation to data protection (page 9) the Digital Rights Charter sets out that data shall be processed in accordance with the principles of lawfulness, fairness, transparency, minimisation, integrity, confidentiality and purpose limitation and retention period, based on guarantees of protection by design and by default.
- iii) On digital education it sets the principle that education and training activities by public bodies will be inspired by the values of respect for human dignity, guaranteeing fundamental rights and constitutional values (page 18);
- iv) For what concerns the rights of citizens in their relations with public administrations the Digital Rights Charter states that decisions and activities in the digital environment shall respect the principles of good governance and the right to good digital administration, as well as respect the ethical principles guiding the design and uses of AI (page 19);
- v) In relation to labour rights it is stated that the development and use of algorithms and any other equivalent procedures in the field of work will require a data protection impact assessment that will include in its analysis the risks related to the ethical principles and rights relating to AI contained in the Digital Rights Charter and in particular the gender perspective and the prohibition of all forms of direct and indirect discrimination, with particular regard to reconciliation rights (page 22); and
- vi) The Digital Rights Charter also states that scientific research shall also be guided by the principles of ethics and scientific integrity (page 26).

The Digital Rights Charter also proposes a reference framework for the action of the public



authorities, taking advantage of and developing all the potentialities and opportunities of the current digital environment whilst averting its risks. Among other aspects, the below provisions set the framework for public authorities to monitor and control the compliance with the principles of the Digital Rights Charter as well as defining the role of public authorities in promoting these same principles. The role and actions expected by the public authorities are set out specifically in the following fields:

- i) Cybersecurity (page 10). Public authorities, in accordance with European and national regulations, shall ensure that specific guarantees are met by all information systems whether publicly or privately owned, in proportion to the risks to which they are exposed. To this end, they may be assisted by civil society. Public authorities shall promote cybersecurity awareness and training across society and promote certification mechanisms;
- ii) Right of access to the internet (page 12). Public authorities will be able to promote, within their competences, policies aimed at ensuring effective access for all to the services and opportunities offered by digital environments in any of their dimensions, guaranteeing the right to digital non-exclusion and combating digital divides in all their manifestations, with particular regard to the territorial divide, as well as gender, economic, age and disability gaps;
- iii) Right to Internet neutrality (page 16). In order to ensure fair and transparent conditions for access to, or supply of, content, goods and services for end users and business users, public authorities may control gatekeepers or platform service providers which, due to their significant market power, irrespective of the origin of such weight, could condition such access, as provided for in European legislation;
- iv) Right to digital education (page 18). The education system should aim at fully integrating the educational community into the digital society and learning about the use of digital media aimed at a human-centric digital transformation of society. This mission will be inspired by the values of respect for human dignity, guaranteeing fundamental rights and constitutional values. These principles will inform about any other training activities promoted by public authorities;
- v) Digital rights of citizens in their relations with public administrations (page 19). The public authority that engages in an activity in the digital environment must identify the bodies responsible for the activity;
- vi) Business in the digital environment (page 23). Public authorities shall ensure appropriate transparency, fairness and redress options for business users and content businesses in relation to online intermediary and online search engines;
- vii) Right to technological development and a sustainable digital environment (page 26). The development of digital technologies and environments should pursue environmental sustainability and commitment to future generations, and that is why public authorities will push for orderly policies to achieve these objectives with a particular focus on sustainability, durability, reparability and backward compatibility;
- viii) Right to health protection in the digital environment (page 27). Public authorities shall promote universal access for the population to telemedicine and tele-care systems, as well as to technological devices developed for therapeutic or care purposes under appropriate connectivity conditions. Efforts shall be made to provide that access to such devices when provided free of charge by a manufacturer or supplier cannot be made conditional on the transfer of the patient's personal data to those devices;
- ix) Freedom of creation and right of access to culture in the digital environment (page 27). Public authorities shall facilitate digital access to various artistic and cultural events in spaces owned by them or by third parties with whom they collaborate directly or indirectly.

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number:</b> 258	<b>Related Measure:</b> C17.I1 - Supplementary Research and Development plans with Autonomous Communities		
<b>Name of the Target:</b> Agreements signed by the Ministry of Science and Innovation with the Autonomous Communities for the implementation of “Complementary R&D plans”			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 0	<b>Target:</b> 4	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this measure is to foster the coordination of the state and the Autonomous Communities in the area of R&amp;D&amp;I through the establishment of supplementary R&amp;D&amp;I plans to be co-financed by the RRF and the regions. The areas of research are aligned with the Regional Smart Specialization Strategies (RIS3) of the regions and the Spanish Strategy for Science, Technology and Innovation 2021-2027. The plans will improve knowledge generation and technological innovation in the targeted areas.</p> <p>The final expected output of this measure is the approval of eight agreements on supplementary R&amp;D&amp;I plans. Target #258, the only target linked to measure C17.I1, sets out the signature of four agreements by the Ministry of Science and Innovation with the Autonomous Communities for the implementation of “Complementary R&amp;D plans” of at least EUR 140 000 000. The agreements will allow for strategic coordination and synergies between regional and national Smart Specialization Strategies.</p>			
<p><b>Evidence Provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to or copies of the document(s) mentioned in the summary document.</li> <li>ii. Copy of the four agreements signed on 16 November 2021 by the Ministry of Science and Innovation with the Autonomous Communities for the implementation of the “Complementary R&amp;D&amp;I Plans” and link to the Complementary R&amp;D&amp;I Plans page on the website of the Ministry of Science and Innovation.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>i. Copy of the Royal Decree 991/2021 of 16 November 2021 that regulates the direct granting of subsidies to the autonomous communities to finance the implementation of the four Complementary R&amp;D&amp;I Plans along with the Autonomous Communities, which are part of component 17 of the Recovery, Transformation and Resilience <i>Plan (Real Decreto 991/2021, de 16 de noviembre, por el que se regula la concesión directa de subvenciones a las Comunidades Autónomas para financiar la realización de cuatro programas para la implementación de los Planes Complementarios de I+D+I con las comunidades autónomas, que forman parte del componente 17 del Plan de Recuperación, Transformación y Resiliencia)</i>. The Royal Decree was published in the Official Journal (<i>Boletín Oficial del Estado</i>)<sup>5</sup> on 18 November 2021.</li> <li>ii. Copy of the Certificate by the Secretary of the Council for Scientific, Technological and</li> </ol>			

<sup>5</sup> References to Official Journal in this document should be understood as references to the national official Journal (*Boletín Oficial del Estado*)

- Innovation Policy of the Framework Agreement of 8 November 2021 for the implementation of the four supplementary R&D&I Plans established under #258 of the Spanish RRP.
- iii. Report template of the programme proposal for the participation of regions in the supplementary R&D&I plans under target #258.
  - iv. Transfer Order of the Minister of Science and Innovation of 12 December 2021 by which the amount of EUR 35 068 013 is transferred to the Spanish National Research Council (CSIC) for its participation in the Plans on quantum communication (EUR 17 696 013) and renewable energy and hydrogen (EUR 17 372 000).
  - v. Evaluation report template issued by the Ministry of Science and Innovation for the proposals for the participation of autonomous communities in the supplementary R&D&I plans.
  - vi. Copy of the Royal Decree 287/2022 of 19 April 2022 that regulates the direct granting of subsidies to the autonomous communities to finance the implementation of four programs of the second framework for the implementation of the Complementary R&D&I Plans, which are part of component 17 of the Recovery, Transformation and Resilience Plan, entitled “Institutional reform and strengthening of the capacities of the national system of Science, Technology and Innovation”. The Royal Decree covers the grants related to the supplementary plans foreseen under investment C17.I1 in 2022. The Royal Decree was published in the Official Journal on 22 April 2022.
  - vii. Copy of the Certificate issued by the Secretary of the Council for Scientific, Technological and Innovation Policy on the Framework Agreement of 11 March 2022 for the implementation of the four Supplementary R&D&I Plans established under investment C17.I1 of the Spanish RRP that are not included in target #258.
  - viii. Copy of the four agreements signed 5 April in 2022 by the Ministry of Science and Innovation with the Autonomous Communities for the implementation of the “Supplementary R&D&I Plans” and link to the supplementary R&D&I Plans on the website of the Ministry of Science and Innovation.

**Analysis:**

In line with the requirements of the Council Implementing Decision, on 16 November 2021, four agreements have been signed between the General State Administration, through the Ministry of Science and Innovation (MCIN) and the State Agency for the Higher Council for Scientific Research (CSIC), in two of them, and the Administrations of the Autonomous Communities for the implementation of the Complementary R&D&I agreements. The agreements provide a framework for the implementation of the Complementary Plans based on the execution of joint programs and coordinated R&D&I in the areas of (i) biotechnology applied to health, (ii) marine science, (iii) quantum communication and (iv) energy and green hydrogen.

Article 6 of Royal Decree 991/2021 of 16 November 2021 – published in the Official Journal on 18 November 2021 – specifies the direct granting of subsidies to the Autonomous Communities to finance the programmes for the implementation under the four Complementary R&D&I Plans foreseen in this investment in 2021 for a total of EUR 133.8 million. Additionally, Transfer Order of the Minister of Science and Innovation of 12 November 2021 shows that EUR 35.1 million were transferred to CSIC for its participation in the R&D&I plans on quantum communication (EUR 17.7 million) and on renewable energy and hydrogen (EUR 17.4 million). The total amount invested in the four R&D supplementary Plans is therefore EUR 168.9 million, an amount above the EUR 140 million required by the target established in the Council Implementing Decision. The summary note indicates that the regions agreed on CSIC participation in two of the complementary R&D&I plans as it has unique expertise and means in these areas. Furthermore, it highlights that CSIC and the regions have actively collaborated in the elaboration of the programmes, strengthening strategic coordination and synergies in these areas. The framework Agreement of 8 November

2021 for the implementation of the four complementary R&D&I plans established in 2021 requires the co-financing from the regions, for EUR 16 million in the area of biotechnology applied to health, EUR 19.9 million in the area of marine science, EUR 19.7 million in the area of quantic communication and EUR 19.3 million in the area of energy and renewable hydrogen, for a total of EUR 75.1 million.

In line with the target description and the further specification set out in the Operational Arrangements, the four complementary R&D plans shall ensure the strategic coordination and synergies between regional smart specialization strategies and the national Spanish Strategy for Science, Technology and Innovation 2021-2027. The selection of the eight Complementary R&D&I areas as described in investment C17.I1 is based on the strategic lines identified in the Spanish Strategy for Science, Technology and Innovation 2021-2027 (EECTI 2021-2027).

The “coordination and synergies of the strategies between the state and the regional level” was included as a relevant criteria to select the winning proposals. The projects submitted by the regions and selected under these framework agreements have justified their alignment with the Specialization Strategies (RIS3) at regional and national level. Furthermore, as per the measure description, each complementary R&D&I plan incorporates several regions (minimum four) and regions shall participate in several programmes. Hence, the plans can leverage specific regional capacities in more than one program. The implementation of the complementary R&D&I plans shall improve knowledge generation and technological innovation in the eight strategic areas, as well as boost the territorial economic transformation in the regions.

On 5 April 2022, another four agreements under measure C17.I1 of the Spanish Council Implementing Decision have been signed in the areas of (v) advanced materials, (vi) biodiversity, (vii) agrifood, and (viii) astrophysics and high energy physics. Article 6 of Royal Decree 287/2022 of 19 April 2022 – published in the Official Journal on 22 April 2022 – regulates the direct granting of subsidies to the Autonomous Communities to finance investments under the four additional complementary R&D&I plans foreseen under investment C17.I1 in 2022 for a total of EUR 116.5 million. The Spanish authorities have signed a framework Agreement of 11 March 2022 for the implementation of the four complementary R&D&I plans which requires the co-financing from the regions for EUR 22.1 million in the area of advanced materials, EUR 30.2 million in the area of biodiversity, EUR 15.9 in the area of agrifood and EUR 15.9 million in the area of astrophysics and high energy physics, for a total of EUR 84.2 million.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 273	<b>Related Measure:</b> C18.R1-Strengthening primary and community care	
<b>Name of the Milestone:</b> Action Plan for primary and community care		
<b>Qualitative Indicator:</b> Approval by the Health Interterritorial Council		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>The main goal of this reform is to strengthen primary care in the National Health System, in order to offer better responses to emerging health problems, improve the individual experience of care for all, prevent disease and increase the capacity of Primary Care to resolve health problems.</p> <p>The single milestone in this reform consists of the approval of the Action Plan for primary and community care. The Council Implementing Decision requires the Action Plan to develop the Strategic Framework for Strengthening Primary and Community Care adopted by the Central Government and the Autonomous Communities in 2019, and whose implementation was delayed due to the COVID pandemic. Furthermore, the Action Plan will be structured around lines of action in which the regional execution of projects must be framed. This includes the improvement of</p>		

clinical management processes, the expansion and renewal of diagnostic equipment in health centres, IT development, training of professionals or improvement of infrastructures of health centres and health and emergency services. In line with the Council Implementing Decision, the implementation of the Action Plan is not funded by the Recovery and Resilience Plan.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the minutes of the Health Interterritorial Council meeting including the approval of the Action Plan for primary and community care on 15 December 2021; and
- iii) Copy of the Action Plan for primary and community care 2022-2023, "*Plan de Acción de Atención Primaria y Comunitaria 2022-2023, Marco Estratégico de Atención Primaria y Comunitaria*".

The authorities also provided:

- iv) The agenda of the Council of Ministers on 28 December 2021 in which a report on the Action Plan for primary and community care was presented.

**Analysis:**

In line with the requirements of the Council Implementing Decision, the Action plan for primary and community care 2022-2023 was approved by the Health Interterritorial Council on 15 December 2021, under point 4 of the agenda of the meeting as confirmed in the minutes of the Health Interterritorial Council meeting held on that date.

The Action Plan develops, as required, the Strategic Framework for Strengthening Primary and Community Care adopted by the Central Government and the Autonomous Communities in 2019. In particular, the Action Plan has been structured around lines of action in which the regional execution of projects must be framed (see the Action Plan, pp. 13-17, describing the link between the Action Plan and the Strategic Framework). Concretely, the Action Plan identifies a number of objectives as areas of actions in (1) finance, (2) human resources (including training and career development), (3) resolvability (including improved diagnostics, investments in equipment, and involvement of researchers), (4) digitalisation, (5) consolidation of primary care team, (6) reorganisation of primary care teams on the basis of professional profiles, (7) expansion of the portfolio of services, (8) improved quality of care, (9) community orientation, (10) communication and visibility of primary care, (11) improved governance in primary care, (12) accessibility and demand management, and (13) R&D and innovation. Through actions in these areas, the Action Plan will achieve its overall objectives to strengthen primary care to offer better responses to emerging health problems (for example objectives 4.1, 4.2, 4.3, 4.4, 6.1), improve the individual experience of care for all (for example objectives 6.1, 7.2, 8.2, 9.1, 9.2, 9.3, 9.4, 9.5), prevent disease and increase the capacity of Primary Care to resolve health problems (for example objectives 3.1, 3.2, 7.1, 7.3, 7.4, 8.2) (as set out in table on pp. 7 of the summary document).

Specifically, as required by the Council Implementing Decision, the Action Plan will improve clinical management processes (objectives 3.1, 5.1, 5.2, 5.3, 7.1, 11.1, 11.2), the expansion and renewal of diagnostic equipment in health centers (objective 3.2), IT development (objectives 4.1, 4.2, 4.3, 4.4, 8.3, 9.4, 9.5), training of professionals objectives (2.9, 2.10, 2.11, 3.2 and 9.2) or improvement of infrastructures of health centers and health and emergency services (objectives 7.2, 9.1, 9.3, 13.1, 13.5).

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number:</b> 278	<b>Related Measure:</b> C18.I1 - Investment plan for high-tech equipment in the National Health System	
<b>Name of the Milestone:</b> Approval of the equipment investment plan and distribution of funds		
<b>Qualitative Indicator:</b> Approval by the Consejo Interterritorial Sanidad		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>Spain has a level of obsolescence of high-tech medical equipment above the European average and a lower average level of density of equipment per inhabitant (with some exceptions such as MRI scanners). The geographic distribution of equipment is also imbalanced. The objective of this investment is to renew existing equipment and provide Spain with additional high-tech medical equipment so as to balance inter-regional differences and progressively reach the EU average.</p> <p>This investment is associated with milestone #278 and target #279. Milestone #278 concerns the approval by the Interterritorial Council (<i>Consejo Interterritorial</i>) of the investment plan for high-tech medical equipment and distribution of funds, setting out mechanisms for the award of EUR 796 100 000 of grants. Target #279 covers the putting into operation of at least 750 new equipment devices through renewals, extensions or new installations throughout the country and is expected to be completed by Q4 2023.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements (OAs) Spain provided:</p> <ul style="list-style-type: none"> <li>i) A summary document duly justifying how the milestone (including the relevant elements of the milestone, as listed in the description of milestone and of the corresponding measure in the CID annex) was satisfactorily fulfilled (an updated version received on 18 May 2022).</li> <li>ii) A copy of the investment plan for high-tech equipment (<i>Plan de Inversión en Equipos de Alta Tecnología- INVEAT</i>)</li> <li>iii) Copy of the minutes of the Interterritorial Council on the 30 June 2021, including the approval of the equipment investment plan and distribution of funds, the set out of mechanisms for the award of EUR 796 100 000 of grants and the effective distribution of the first tranche of funds (EUR 400 000 000 million) to the Autonomous Regions.</li> <li>iv) A certificate attesting that the effective distribution of the second tranche of funds (EUR 396 100 000 million) to the Autonomous Regions was approved by the Interterritorial Council on 15 June 2022.</li> <li>v) Copy of the official document including details on the distribution of funds and the mechanisms for the award of grants approved by the Interterritorial Council , including justification of how the mechanisms for the award of grants shall help reduce inter-regional differences in terms of the number of equipment per inhabitant, was provided as Annex 1 to the Minutes of the Interterritorial Council on the 14 July 2021, where details were provided on the distribution of the first tranche of credits of EUR 400 million as well as the mechanisms for the award of grants approved by the Interterritorial Council. Annex 1 includes the justification of how the mechanisms for the award of grants shall help reduce inter-regional differences in terms of the number per million inhabitants. This is also included in the <i>INVEAT</i> plan in pp. 93-99 and further explanations are provided in the Clarifying Note from 18 May 2022.</li> <li>vi) Types of equipment envisaged in the investment plan (described in <i>INVEAT</i> pp. 6 and Annex 1 to the minutes of the Interterritorial Council on 14 July 2021, pp. 28).</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>vii) Declarations from the Autonomous Regions on the transfers of the first tranche of credits.</li> </ul>		

**Analysis:**

In line with the requirements in the Council Implementing Decision (CID), the *INVEAT* plan was approved by the Health Interterritorial Council on 30 June 2021. The *INVEAT* plan includes a proposal for the distribution of funds to regions (page 85 of the plan) and of different types of equipment to hospitals (Annex 2, 3, and 4). By approving the *INVEAT* plan with a regional distribution of funds, as well as through the approval by the Interterritorial Council on 30 June 2021 and 15 June 2022 of the transfer of credits to the Autonomous Regions for implementing the *INVEAT* plan, the Commission considers that the requirement for the plan to include the distribution of funds has been complied with.

Furthermore, as reflected in Annex 1 of the minutes of the Interterritorial Council on 30 June 2021, the Interterritorial Council also approved the mechanisms for the award of EUR 796 100 000 of grants. In particular, Annex 1 specifies that the credits for the grants will be transferred to the Autonomous Regions in two tranches (a first tranche of EUR 400 million in 2021 and a second tranche of EUR 396,1 million in 2022), according to the distribution of funds approved in the *INVEAT* plan. It also specifies that this distribution could be adjusted in view of the award price of the equipment and in case that regions do not achieve the expected targets.

In line with the CID, the *INVEAT* plan covers both renewal and expansion of equipment (*INVEAT* plan pp. 5-6 and 59-63).

The *INVEAT* plan expands the stock of equipment to balance inter-regional differences, with a particular focus on areas of Spanish territory which are underserved per inhabitant compared to the national average. In particular, the plan determines and identifies the types of equipment to be installed at individual hospitals in Spain (see Annex 2, 3, and 4) on the basis of a thorough needs assessment where the main criteria is the existing density of equipment per inhabitant.

The expansion of the stock of equipment *INVEAT* plan is expected to increase the density of equipment per 100 000 inhabitants from 5.56 to 6.14 and therefore to help progressively reach the European Union average of 6.25 per inhabitant (updated summary note, pp. 7).

In order to reduce the interregional differences in equipment density, the main criteria used to decide whether regions should receive new installations was the equipment per 100 000 inhabitants. In this way, it was ensured that priority was given to regions with the lowest density and thereby regional differences would be reduced. Concretely regions were asked to submit proposals for installation. 292 projects were proposed and 262 projects were selected. 30 projects were not selected as they were not within the scope of the plan or eligible for funding (*INVEAT*, pp. 76). If the 262 projects are implemented, then the interregional differences will be significantly reduced (*INVEAT*, pp. 93-99). According to the Clarifying Note from the 18 May 2022, the differences between the lowest (Castilla la Mancha) and the highest regions (Madrid) will be reduced by 14%, if *INVEAT* is implemented as planned (pp. 2).

In line with the Council Implementing Decision requirements, *INVEAT* has a particular focus on areas of Spanish territory which are underserved per inhabitant compared to the national average. However, for complicated and less frequent procedures, National Reference Centres have been established with the most specialised and complete resources in order to ensure an excellent treatment. These Centres are located in Madrid, Catalunya, Andalucía, and Valencia, and they provide services to all regions. Consequently, the objective is to reduce the interregional differences, while at the same time improving the equipment of the national reference centres for the benefit of all (summary document, pp. 8-9).

As required by the Council Implementing Decision, the *INVEAT* plan includes the following types of equipment (pp. 6):

- *Acelerador Lineal de Partículas* (linear accelerators)
- *Tomografía Axial Computarizada de planificación* (computerised axial tomography (CAT), including planning accelerators)
- *Resonancia Magnética* (magnetic resonance)
- *Tomografía Axial Computarizada* (positron emission tomography (PET))
- *Tomografía por emisión de positrones y TC (PET-TC)* (positron emission tomography and CAT (PET-CAT))
- *Gamma cámara SPECT-TC* (gamma chamber<sup>6</sup>)
- *Equipo de Braquiterapia Digital* (digital brachiotherapy equipment)
- *Angiografía Vascul ar* (vascular angiography)
- *Angiografía Neurorradiológica* (neuroradiological angiography)
- *Equipos de Hemodinámica* (hemodynamic rooms)

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 289	<b>Related Measure:</b> C19.I2 - Digital transformation of education
<b>Name of the Milestone:</b> Programme to equip public and publicly subsidised schools with digital tools	
<b>Qualitative Indicator:</b> Publication in the Official Journal	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this measure is to enhance access to digital learning through the provision of portable devices to at least 300 000 students from vulnerable groups in public or publicly subsidised schools. It will also install, update and maintain interactive digital systems (IDS) in at least 240 000 classrooms in public and publicly subsidised schools to enable distance and blended learning. The measure will also support the preparation or revision of a digital strategy in at least 22 000 public and publicly subsidised school centres, and it will include the digital training of 700 000 teachers.</p> <p>Milestone #289 consists of the approval of the programme to equip a minimum of 240 000 classrooms, train 700 000 teachers and prepare or revise the digital strategy for at least 22 000 public and publicly subsidised school centres, and provide 300 000 connected digital devices (laptops, tablets) in public and publicly subsidised schools, in cooperation with the Autonomous Communities.</p> <p>The next milestone included under this measure (#290, expected by Q3 2024) is completion of the actions for the digital transformation of education, including the certification on digital skills of at least 80% of 700 000 teachers trained on digital skills; and at least 22 000 centres supported in the preparation and revision of their digital strategies.</p> <p>The next target included under this measure (#291, expected by Q4 2025) is the completed provision of connected and interactive digital devices for at least 300 000 students and equipment for at least 240 000 classrooms in public and publicly subsidised schools to bridge the "digital divide". Certifications from the state and regional administrations of the acquisition and delivery of the equipment.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following</p>	

<sup>6</sup> For this type of equipment the terms gamma "chamber" and gamma "camera" are used interchangeably.



evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii) Copy of the Programme for Enhancing Digital Competences (Resolution 15399 of 10 September 2021) and a link to the Official Journal where the programme is published ([https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2021-15399](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-15399)).
- iii) Copy of the Programme for the Digitalisation of the Education System (Resolution 15397 of 10 September 2021) and a link to the Official Journal where the programme is published ([https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2021-15397](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-15397)).

**Analysis:**

Milestone #289 consists of adoption of two programmes 1) the Programme for enhancing Digital Competences (Resolution 15399 of 10 September 2021) and 2) the Programme for the Digitalisation of the Education System (Resolution 15397 of 10 September 2021). Both programmes are based on the agreements of the Sectoral Conference on Education held on 21 July 2021. Resolution of 10 September 2021 of the State Secretariat for Education was published in the Official Journal on 23 September 2021. It concerns: 1) the Programme for improving digital education competence #CompDigEdu and 2) the Programme for the digitalisation of the education system agreed in the Sectoral Conference on Education of 21 July 2021.

**The Programme for improving digital education competence #CompDigEdu (Resolution 15399) addresses the following objectives of milestone #289:**

- i. Sets conditions for training at least 700 000 teachers in digital competence (points 9 and 12). The number of teachers targeted by the programme is 700 000. Point 12 also indicates that out of the teachers trained, over 80 % (i.e. at least 567 744) shall be certified.
- ii. Sets conditions for preparing or revising the digital strategies for at least 22 000 schools (points 4 and 12). The programme envisages that at least 22 094 centres should have digital strategies, and certified accordingly. The number of centres per Autonomous community is also set out. The programme is aimed at educational centres supported with public funds.
- iii. Describes the proposed territorial distribution and allocation criteria for the appropriations managed by the Autonomous Communities and is binding on Autonomous communities (points 5, 6 , 7 , 10 and 12)

The Programme is aimed at achieving that schools have digitalization plans for transforming them into digitally competent educational organizations and facilitates that the teaching staff reaches, at least, an intermediate level in the development of their digital competence (point 3).

The implementation period for this Programme is from 1 January 2021 to 31 March 2024 and it is part of the educational digitalization plan that goes beyond 2024.

**The Programme for the digitalisation of the education system (Resolution 15397) addresses the following objectives of milestone #289:**

- i. Sets conditions to provide at least 300 000 digitally connected devices and connectivity for learning (points 3, 6, 7 and 9).
- ii. Sets conditions to installation or upgrade interactive digital systems of at least 240 000 classrooms in publicly supported educational centres (points 3, 6, 7 and 9). It can also cater for private institutions supported by public funds whose students are in the situation of socio-economic vulnerability, in case at least 30% are vulnerable students in the second cycle of Early Childhood Education, Primary and / or Compulsory Secondary Education (points 7 and 9).

- iii. Describes the proposed territorial distribution and allocation criteria for the appropriations managed by the Autonomous Communities in 2021 and is binding on Autonomous communities (points 7, 10 and 12).

To address the objective that 300 000 socially vulnerable students are targeted to close the digital gap by providing portable digital devices in line with the Council Implementing Decision, the Programme sets out weighting criteria for distribution of funds for acquiring digital devices. Priority is given to distribute portable devices to communities with highest number of homes without devices (weighting 25%) and at-risk-of-poverty rate by autonomous communities (weighting 25%) (point 6). In addition, one of the objectives of the Programme is: *(b) Improving the access of pupils from vulnerable sectors to mobile devices that facilitate the continuity of their learning process with greater guarantees* (point 3). To ensure access for socially vulnerable students, Action 1 is aimed at providing students in vulnerable situations with the appropriate digital devices that allow them to continue their educational process in situations of face-to-face, distance and blending education. In the distribution of devices, the educational administrations should prioritise the students according to the degree of vulnerability (point 9) as set out by Organic Law 3/2006 on Education, as amended by Organic Law 3/2020 (LOMLOE).

Under this Programme the total number of digitally connected devices planned to be provided is at least 540 000, that includes both 300 000 digital connected devices for students and 240 000 in digitally connected classrooms. This corresponds to target of #291 to be reached by Q4 2025.

The implementation period for this Programme is from 1 January 2021 to 31 March 2025.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 306	<b>Related Measure:</b> C21.R3 - Comprehensive reform of the university system	
<b>Name of the Milestone:</b> Entry into force of the Royal Decrees for the organisation of universities		
<b>Qualitative Indicator:</b> Provision in the Royal Decrees indicating the entry into force of the Royal Decrees		<b>Time:</b> Q3 2021
<b>Context:</b>		
<p>Reform 3 (C21.R3) aims at a comprehensive reform of the university system based on four key objectives: i) promoting access to higher education; ii) adopting the organisation of university courses; iii) ensuring good governance of university institutions and promoting research, transfer and mobility of teaching and research staff; and iv) ensuring the quality of university institutions. To this end the Commission Implementing Decision specifies that the reform will take into account recommendations made by the Conference of Spanish University rectors (CRUE), and it will contribute to enhancing the labour market relevance of higher education, including by promoting cooperation with businesses and introducing performance-based funding models in public universities.</p> <p>This milestone will implement the first part of Reform 3 (C21.R3) and consists of the entry into force of two Royal Decrees that will address objectives ii) and iv) of the reform, as listed above. The two Royal Decrees are: 1) Royal Decree 822/2021 of 28 September 2021, establishing the organisation of university courses and the procedure for ensuring their quality; and 2) Royal Decree 640/2021 of 27 July 2021, on the scheme for the creation, recognition, authorisation and accreditation of universities and attached centres.</p> <p>The second part of this reform will be implemented by milestone #307 due by Q2-2023, which consists of the entry into force of the Organic Law on the university system, aiming at promoting access to higher education, adapting the organisation of university courses, ensuring good</p>		

governance of university institutions and promoting research, transfer and mobility of teaching and research staff.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of the Royal Decree 822/2021 of 28 September 2021, establishing the organisation of university courses and the procedure for ensuring their quality (*Real Decreto 822/2021, de 28 de septiembre, por el que se establece la organización de las enseñanzas universitarias y del procedimiento de aseguramiento de su calidad*), as published in the Official Journal (BOE-A-2021-15781, of 29 September 2021);
- iii) Copy of the publication in the Official Journal of the Royal Decree 640/2021 of 27 July 2021, on the scheme for the creation, recognition, authorisation and accreditation of universities and attached centres, (*Real Decreto 640/2021, de 27 de julio, de creación, reconocimiento y autorización de universidades y centros universitarios, y acreditación institucional de centros universitarios*), as published in the official journal (BOE-A-2021-12613, of 28 July 2021);
- iv) Links to the websites where the legislative acts were published.

**Analysis:**

In line with the requirements of the Commission Implementing Decision Royal Decree 822/2021 of 28 September 2021, establishing the organisation of university courses and the procedure for ensuring their quality, entered into force on 19 October 2021, according to the sixth final provision (*Disposición final sexta*) of the Royal Decree.

As specified by the Commission Implementing Decision, Royal Decree 822/2021 increases the quality and labour market relevance of university educations. It fosters university cooperation with business through dual bachelor and master's degrees, including earning between 20-40% for Bachelor's degrees and 25-50% for Master's degrees of the necessary European Credit Transfer and accumulation System (ECTS) points, through training programmes in companies (Article 22). In line with the aims of the European education area, the automatic recognition of diplomas is ensured. The verification, follow up and accreditation processes for distance, semi face-to-face as well as face-to-face teaching is also strengthened including through the use of external evaluations (Article 14.7 and 17.5 as well as Articles 26-33). Innovative teaching methods and programmes are promoted (Article 21).

Royal Decree 640/2021 of 27 July 2021. It was published on 28 July 2021 and entered into force on the 17 August 2021, according to final provision three of the Royal Decree.

As specified by the Council Implementing Decision, Royal Decree 640/2021 is setting out academic quality criteria for the creation, recognition, authorisation and accreditation of universities and attached centres, including distance and semi face-to-face teaching. It sets out minimum criteria for an institution being a University as well as the minimum academic offer, and the student teacher ratios (Articles 3-13). It ensures the possibility for specialisation of universities. It specifies that universities shall dedicate at least 5% of their budget to research programmes (Article 6.4). The Royal Decree specifies that an internal quality assurance systems must be in place. It describes the quality assurance processes to follow and the agencies responsible for external evaluations (Articles 13 and 14).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 331	<b>Related Measure:</b> C23.R3 - Regulation of the work of home distributors by digital platforms (riders)
<b>Name of the Milestone:</b> Entry into force of Royal Decree Law for the protection of workers engaged in distribution activities to third parties using technological means	
<b>Qualitative Indicator:</b> Provisions in the Royal Decree Law on entry into force	<b>Time:</b> Q3 2021
<p><b>Context:</b></p> <p>The reform has the objective to regulate the working conditions of the so-called riders, who are engaged in distribution activities to third parties using technological means. As stated in the Council Implementing Decision, a Royal Decree Law shall guarantee these workers the right to fair and equal treatment in terms of working conditions, and the right to access social protection and training, by the legal presumption of an employment relationship between the company and the rider. It shall also enable workers' legal representation to be informed of the rules contained in artificial intelligence algorithms and systems that may have an impact on working conditions, including access to and maintenance of employment and profiling.</p> <p>This is the only milestone envisaged for the completion of reform C23.R3. It consists of the entry into force of Royal Decree Law 9/2021 of 11 May 2021, amending the recast text of the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) and introducing new provisions ensuring protection of workers engaged in distribution activities to third parties using technological means.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document justifying how the milestone was satisfactorily fulfilled;</li> <li>ii) Copy of the publication in the Official Journal of Royal Decree Law 9/2021 of 11 May 2021 amending the recast text of the Law on the Workers' Statute, approved by Royal Legislative Decree 2/2015 of 23 October 2007, to guarantee the labour rights of people involved in distribution in the field of digital platforms (<i>Real Decreto-ley 9/2021, de 11 de mayo, por el que se modifica el texto refundido de la Ley del Estatuto de los Trabajadores, aprobado por el Real Decreto Legislativo 2/2015, de 23 de octubre, para garantizar los derechos laborales de las personas dedicadas al reparto en el ámbito de plataformas digitales</i>), as published in the Official Journal (BOE-A-2021-7840, of 12 May 2021); and</li> <li>iii) Copy of the publication in the Official Journal of Law 12/2021 of 28 September 2021 amending the recast text of the Law on the Workers' Statute, approved by Royal Legislative Decree 2/2015 of 23 October 2007, to guarantee the labour rights of people involved in distribution in the field of digital platforms (<i>Ley 12/2021, de 28 de septiembre, por la que se modifica el texto refundido de la Ley del Estatuto de los Trabajadores, aprobado por el Real Decreto Legislativo 2/2015, de 23 de octubre, para garantizar los derechos laborales de las personas dedicadas al reparto en el ámbito de plataformas digitales</i>), as published in the Official Journal (BOE-A-2021-15767, of 29 September 2021).</li> </ul>	
<p><b>Analysis:</b></p> <p>In line with the requirements of the Council Implementing Decision, Royal Decree Law 9/2021 of 11 May 2021 amending the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) to regulate the working conditions of the so-called <i>riders</i> entered into force on 12 August 2021, three months after its publication in the Official Journal. This is set in the second final provision (<i>Disposición final segunda</i>) of Royal Decree Law 9/2021. Royal Decree Law 9/2021 was transformed into Law 12/2021, which entered into force on 30 September 2021 as for its second final provision</p>	

(Disposición final segunda).

In line with the requirements of the Council Implementing Decision, amendments to the Workers' Statute introduced by Royal Decree Law 9/2021 guarantee *riders* the right to fair and equal treatment in terms of working conditions, and the right to access social protection and training, by setting the legal presumption of an employment relationship between the company and the rider. This is done through the new twenty-third additional provision (*Disposición adicional vigesimotercera*) of the Workers' Statute, stating that the activity of persons providing services consisting of the delivery or distribution of any consumer or good product by employers who exercise the business powers of organisation, management and control directly, indirectly or implicitly, through algorithmic management of the service or working conditions, is presumed to fall within the scope of the Workers' Statute as for Article 8, hence consisting of an employment relationship with the employer with access to social protection and training on equal terms to any other employee. This amendment reflects case law and in particular judgment of the Supreme Court 805/2020 of 25 September 2020 (*Sentencia del Tribunal Supremo 805/2020, rec. 4746/2019, 25 de septiembre de 2020*) deciding on the employment relationship on digital delivery platforms.

Article 64 of the Workers' Statute amended by Royal Decree Law 9/2021 enables workers' legal representation to be informed by the company, at the intervals appropriate in each case, of the parameters, rules and instructions on which algorithms or artificial intelligence systems are based that affect decision-making that may affect working conditions, access and maintenance of employment, including profiling.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 332	<b>Related Measure:</b> C23.R4 - Simplification of contracts: generalisation of the open-ended contract, reasons to use temporary contracts and regulation of the training/apprenticeship contract
<b>Name of the Milestone:</b> Amendment of the Worker's Statute to support the reduction of temporary employment by streamlining the number of contract types	
<b>Quantitative Indicator:</b> Provisions in the amendment on entry into force	<b>Time:</b> Q4 2021
<b>Context:</b> <p>This reform has the objective to regulate the use of temporary contracts as an exclusively causal origin (i.e. justified by specific circumstances) and generalise the use of open-ended contracts. To this end, as stated in the Council Implementing Decision, it shall simplify and reorganise the menu of contracts, review the use of the training/apprenticeship contract, reinforce the use of the seasonal contract (<i>fijo-discontinuo</i>), strengthen the control in the use of the part-time contracts, and strengthen the fight against labour fraud.</p> <p>This is the only milestone envisaged for the completion of reform C23.R4. It consists of the entry into force of amending provisions of Royal Legislative Decree 2/2015 of 23 October 2015 approving the recast text of the Workers' Statute, to support the reduction of temporary employment by streamlining the number of contract types.</p> <p>As stated in the Council Implementing Decision, reform C23.R4 shall follow a social dialogue process and be part of a comprehensive package aiming to balance the need for flexibility and security in the labour market, as introduced by the Royal Decree Law 32/2021 on 28 December 2021, together with reform C23.R6 on the creation of a permanent mechanism for employment flexibility and stability, C23.R8 on the modernisation of collective bargaining and C23.R9 on the modernisation of sub-contracting activities.</p>	

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled; and
- ii) Copy of and link to the publication in the Official Journal of the amendment of the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) through the Royal Decree Law 32/2021 of 28 December 2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2021-21788, of 30 December 2021).

The authorities also provided:

- iii) Link to the publication in the Official Journal of Resolution accounting for the Parliamentary validation of Royal Decree Law 32/2021 of 28 December 2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Resolución de 3 de febrero de 2022, del Congreso de los Diputados, por la que se ordena la publicación del Acuerdo de convalidación del Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2022-1982, of 3 February 2022).

**Analysis:**

In line with the requirements of the Council Implementing Decision, the Royal Decree Law 32/2021 of 28 December 2021 amending the regulation of contracts set in the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) to support the reduction of temporary employment by streamlining the number of contract types, entered into force on 31 December 2021, one day after its publication in the Official Journal. This is set in the eighth final provision (*Disposición final octava*) of Royal Decree Law 32/2021. As for this same provision, the entry into force of the amended Articles 11 (on training contracts), 15 (on the duration of contracts) and 16 (on seasonal contracts) of the Workers' Statute was delayed to 31 March 2022. Temporary rules will be applied to the contracts signed by 31 December 2021 and between this date and 31 March 2022 (transitional provisions 1<sup>st</sup> to 5<sup>th</sup>, *Disposiciones Transitorias primera, segunda, tercera, cuarta and quinta*).

In line with the requirements of the Council Implementing Decision, the reform followed a social dialogue process, as the Government reached an agreement on its content with the main employers' associations (CEOE, CEPYME) and trade unions (CCOO, UGT) on 23 December 2021, as indicated in Preamble I of Royal Decree Law 32/2021. The reform is also part of a comprehensive package that balances the need for flexibility and security in the labour market. As such, the generalised use of open-ended contracts is expected to allow more stable careers and improved working conditions for workers, while firms remain entitled to continue using temporary contracts to cover occasional or substitution needs and the use of seasonal contracts for discontinuous needs is boosted.

In line with the requirements of the Council Implementing Decision, the following elements of the reform serve to the objectives of regulating the use of temporary contracts as an exclusively causal origin (i.e. justified by specific circumstances) and generalising the use of open-ended contracts:

- Royal Decree Law 32/2021 has simplified and reorganised the menu of contracts (Article 1 amending Article 15 of the Workers' Statute). Three main types of contracts remain in use:

open-ended, temporary and training. The open-ended contract is established as the default type for labour relations, while the temporary one is foreseen as the exception. The typology of temporary contracts is simplified and reduced to two types whose conclusion needs to be duly justified on the following grounds: a) fixed-term contract due to production grounds, used to cover occasional needs that may be unforeseeable (maximum duration of 6 months extendable to 12 by collective agreement) or foreseeable of short duration (employers may resort to these contracts a maximum of 90 discontinuous days per year); b) fixed-term contract of replacement – to replace employees on leave, to complement voluntary reduced workday of an employee or to cover temporarily (up to three months) a job during the recruitment process of the permanent jobholder. The former fixed-term contract for a specific work or service, which had a maximum duration of 3 years in the previous regulation (extendable to 4 years by collective agreement), disappears.

- Exceptionally (Fifth additional provision –*Disposición Adicional Quinta*- of Royal Decree Law 32/2021), entities in the public sector may enter into temporary contracts for the implementation of the Recovery and Resilience Plan (RRP) or of temporary programmes funded by EU funds for the time necessary for the implementation of related projects. Programmes such as the RRP, funded by EU funds, which are of temporary nature and cover activities that are not recurrent in nature, have a duration that is often longer than the maximum duration of temporary contracts envisaged in the Royal Decree Law 32/2021. Hence this exception ensures implementation while preventing a permanent increase in public sector liabilities.
- Royal Decree Law 32/2021 has reviewed the use of the training contract (Article 1 amending Article 11 of the Workers’ Statute). Firstly, the number of types has been reduced to two (before, three): dual training contracts (*formación en alternancia*) and contracts to gain professional experience (*obtención de práctica profesional*). Secondly, the framework is improved by setting age limits and making compulsory the provision of a tutor and of an individual training plan for each worker. This regulation shall be completed with secondary legislation.
- Royal Decree Law 32/2021 has reinforced the use of the seasonal (*fijo-discontinuo*) contract (Article 1 amending Article 16 of the Workers’ Statute). It is a special type of open-ended contracts used for discontinuous activities, either seasonal or executed intermittently in known periods, and including contracting and subcontracting activities. Temporary employment agencies may now make use of these contracts. Collective agreements may regulate different aspects not included in the former regulation (e.g., maximum inactivity period between contracting or subcontracting activities). Initial data from the state public employment services (SEPE) suggest a strong impact of this legislative change, as the number of newly signed seasonal contracts in April 2022 multiplied by 14 that of April 2021 and December 2021.
- Royal Decree Law 32/2021 has strengthened the fight against labour fraud by amending the infringement and sanctions regime linked to a fraudulent use of job contracts (Article 5 amending Articles 7.2 and 40.1.c-bis of Royal Legislative Decree 5/2000): on the one hand, the infringement now is considered individually for each affected employee; on the other hand, sanctions linked to this and other infringements are significantly increased. Hence, the new system of infringements and sanctions involves a strengthened control in the use of any type of contract, not only fixed-term contracts, but also part-time contracts or seasonal contracts, among others. In addition, the use of very short contracts (shorter than 30 days) is discouraged by additional social security contributions for employers.

Although this is not necessary to conclude on the satisfactory fulfilment of the milestone, the Commission acknowledges that preliminary data on contracts from the state public employment

services (SEPE) point to a declining trend in the use of temporary contracts since the entry into force of Royal Decree Law 32/2021 and up to April 2022, in a context of continued job creation. For instance, their share in the total number of new job contracts decreased from 90% in December 2021 to 52% in April 2022.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

**Number:** 334      **Related Measure:** C23.R5 - Modernisation of active labour market policies (ALMP)

**Name of the Milestone:** Royal Decree for a new Spanish Employment Strategy 2021-2024

**Qualitative Indicator:** Provisions in the Royal Decree on entry into force

**Time:** Q4 2021

**Context:**

The objective of this reform is to modernise the delivery of ALMP in Spain, taking into account the conclusions from the spending reviews made by the independent fiscal authority ('AIReF'). As stated in the Council Implementing Decision, the reform shall consist in multiple elements, such as developing individual pathways for counselling, preventing abuses in work-based trainings (such as traineeships and training contracts), reinforcing the system of adult learning and the recognition of competences, setting up a one-stop shop for young people, improving the coordination between employment and social services and with the regions, and improving the cooperation with the private sector.

This is one of the three milestones related to reform C23.R5 and refers to the approval by the Council of Ministers and entry into force of a Royal Decree for a new Spanish Employment Activation Strategy 2021-2024, to be done following social dialogue and as part of a comprehensive approach balancing the need for flexibility and security in the labour market. The main objectives of the new strategy shall be: i) People-centred and business-centred approach; ii) Consistency with productive transformation; iii) Results orientation; iv) Improving the capacities of Public Employment Services; and v) Governance and cohesion of the National System of Employment.

The other two milestones of reform C23.R5 correspond to the approval of the Action Plan to tackle youth unemployment, which took place in Q2-2021 and was positively assessed as part of the first payment request (milestone #333), and to the entry into force of the amendment of the Employment Law, which is envisaged by Q4-2022 (milestone #335).

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled; and
- ii) Copy of and link to the publication in the Official Journal of Royal Decree 1069/2021 approving the new employment strategy 2021-2024 (*Estrategia Española de Apoyo Activo al Empleo 2021-2024*), as published in the Official Journal (BOE-A-2021-20185, of 7 December 2021).

The authorities also provided:

- iii) Copy of the reference to the Council of Ministers of 3 December 2021 approving the employment strategy (*Referencia del Consejo de Ministros, de 3 de diciembre de 2021*).

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree 1069/2021 approving the new employment strategy 2021-2024 entered into force on 8 December 2021, one day after its publication in the Official Journal. This is set in its sixth final provision (*Disposición Final*



*Sexta).*

In line with the requirements of the Council Implementing Decision, the reform followed a social dialogue process and is part of a comprehensive package that aims to balance the need for flexibility and security in the labour market. The strategy acknowledges the weaknesses of the Public Employment Services identified by AIREF, especially in relation to certain active policies, and promotes the collaboration with this body for assessment plans.

Chapter 1 of the new employment strategy 2021-2024 provides the background and reviews the preceding employment strategy, Chapter 2 focuses on labour market trends, with a particular focus on the impact of the COVID-19 crisis, while Chapter 3 explains the guiding principles for the new employment strategy, including the agreement within the social dialogue process.

Chapter 4 details the five strategic objectives aligned with the description of measure and the milestone in the Council Implementing Decision:

- i) People-centred and business-centred approach, including the development of a common frame of reference for the guidance and exploration service, the promotion of the skills management approach in employment and training services and programmes, the development of a portfolio of specific business services, the development of the Business Information System (SISPE) and Business Portal, and the launch of new Centres for Guidance, Entrepreneurship and Innovation for Employment;
- ii) Consistency with productive transformation, including support and guidance during the productive transformation process, preparation of territorial or local and sectoral plans for productive transformation, the systematic exploration and support programmes for sectors and territories undergoing productive transformation, and the enhancement of the capacities of state public employment services (SEPE) Jobs Observatory for prospecting, labour market research and identification of labour market needs;
- iii) Results orientation, including the design of the integrated model for evaluation and monitoring of active labour market policies, the design and implementation of an annual work plan with evaluation experts through specialised units, the assessment of the quality, impact and satisfaction of the provision of the Common Portfolio services of the National Employment System, the creation of a specialised mechanism for quality assessment functions in the delivery of the Common Portfolio services of the National Employment System, the definition of the knowledge and innovation management space, and the definition and implementation of annual Knowledge and Innovation Management Work Plans;
- iv) Improving the capacities of Public Employment Services (PES), including the diversification of the forms of delivery (face-to-face or digital) of the Common Portfolio services of the National Employment System; the constitution of the 'single personalised work file', the promotion of the provision, consolidation and professionalization of PES staff (including those assigned to guidance and survey services) by promoting the continuous training of the National Employment System, the boosting of the digital transformation of PES for the redesign, optimisation and modernisation of public services, the implementation, with previous legislative and budgetary changes, of a new, continuous and versatile vocational training for employment, data quality and ethics, and employment interoperability between public administrations; and
- v) Governance and cohesion of the National System of Employment to improve coordination at national and regional level and stakeholders involved in active labour policies, including the analysis of mechanisms and tools to improve the planning and use of available funds, seeking the greatest complementarity and added value of the funds, the proposal and design of an information system to provide data on all resources and investments in active labour market policies in each domain, the establishment of an

Institutional Participation Map, the proposal of the establishment of an information tool to facilitate the governance of the system, and the need to improve the knowledge and image of PES.

Chapter 5 describes the legislative acts envisaged to provide the adequate regulatory framework for the new employment strategy, including the entry into force of the amendment to the employment law (milestone #335 by Q4-2022), Chapter 6 provides the implementation timeline for the different measures included in the strategy (27 measures under 15 specific objectives and 5 strategic objectives), Chapter 7 explains the financing framework for the implementation of the strategy, including the use of EU funds (European Social Fund, Recovery and Resilience Facility and React-EU), Chapter 8 presents the monitoring and assessment mechanisms, and Chapter 9 describes the new governance system within the National System of Employment.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 336	Related Measure: C23.R6 - Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition	
<b>Name of the Milestone:</b> Amendment of the Worker's Statute to establish a scheme to adjust to cyclical and structural shocks, including a system that provides internal flexibility to companies and stability to workers.		
<b>Quantitative Indicator:</b> Provisions in the amendment on entry into force		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>This reform has the objective to establish a permanent scheme (the so-called 'RED Mechanism') to adjust to cyclical and structural shocks, by covering the suspension or reduction of working time through an employment regulation plan that includes the requirement to improve or retrain workers in the skills identified as being in demand. As stated in the Council Implementing Decision, the scheme shall build upon the experience of the short-time work schemes (so-called 'ERTEs') deployed during the COVID-19 crisis to preserve jobs during lockdown and other activity restrictions caused by the pandemic. The reform shall ensure fiscal sustainability in the medium to long term considering different options and scenarios.</p> <p>This is the only milestone envisaged for the completion of reform C23.R6. It consists of the entry into force of amending provisions of Royal Legislative Decree 2/2015 of 23 October approving the recast text of the Workers' Statute, to establish a scheme to adjust to cyclical and structural shocks, including a system that provides internal flexibility to companies and stability to workers, support the upskilling and reskilling of employees in firms and sectors in transition, and facilitate voluntary mobility of workers (within and across firms).</p> <p>As stated in the Council Implementing Decision, reform C23.R6 shall follow a social dialogue process and be part of a comprehensive package aiming to balance the need for flexibility and security in the labour market, as introduced by the Royal Decree Law 32/2021 on 28 December 2021, together with reform C23.R4 on the reduction of temporary employment by streamlining the number of contract types, C23.R8 on the modernisation of collective bargaining and C23.R9 on the modernisation of sub-contracting activities. The outcome of this reform is expected to be reinforced by the upcoming reform C23.R5 amending the Employment Law (milestone #335), which is scheduled to be completed by Q4-2022.</p> <p>The concrete functioning of the RED fund shall be negotiated with social partners. This is a further step of the reform that it is not linked to any milestone or target in the Council Implementing Decision.</p>		

**Evidence Provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled;
- ii) Copy of and link to the publication in the Official Journal of the amendment of the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October) through the Royal Decree Law 32/2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2021-21788, of 30 December 2021); and
- iii) Copy of the ex-ante assessment of the funding arrangement of the tripartite fund included in this reform, ensuring fiscal sustainability in the medium to long term (*Fondo para el Mecanismo RED de flexibilidad y estabilización del empleo, 24 de noviembre de 2021*).

The authorities also provided:

- iv) Link to the publication in the Official Journal to the Resolution accounting for the Parliamentary validation of Royal Decree Law 32/2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Resolución de 3 de febrero de 2022, del Congreso de los Diputados, por la que se ordena la publicación del Acuerdo de convalidación del Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2022-1982, of 3 February 2022);
- v) Link to the publication in the Official Journal of the Royal Decree Law 4/2022, on urgent measures to support the agrarian sector against the draught, that contains some relevant provisions on the RED Mechanism (BOE-A-2022-4136, of 17 March);
- vi) Link to the publication in the Official Journal to the Resolution accounting for the Parliamentary validation of Royal Decree Law 4/2022 (BOE-A-2022-5517, of 31 March);
- vii) Copy of slides explaining the newly created scheme to adjust to cyclical and structural shocks (the so-called RED mechanism), its macroeconomic and fiscal impact, and the sustainability analysis of the RED Fund, of 18 March 2022;
- viii) Explanatory document "RED Fund – Updated analysis", of 18 May 2022;
- ix) Outline of the *Reglamento* developing operational and financing elements of the RED Mechanism, of 24 May 2022;
- x) Follow-up questions regarding the updated version of the ex-ante assessment of 31 May 2022;
- xi) Excel file with the underlying assumptions and calculation behind the baseline and alternative scenarios of revenues and expenditures used in the ex-ante assessment of 31 May 2022; and
- xii) Draft of the *Reglamento* developing operational and financing elements of the RED Mechanism, of 1 June 2022.

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree Law 32/2021 amending the Workers' Statute (Royal Legislative Decree 2/2015) to establish a scheme to adjust to cyclical and structural shocks, entered into force on 31 December 2021, one day after its publication in the Official Journal (BOE-A-2021-21788, of 30 December 2021). This is set in the eighth final provision (*Disposición final octava*) of Royal Decree Law 32/2021 and applies to all the

provisions concerning the RED mechanism, except for the provision that amends the Social Security Law and introduces the social benefit for the workers subject to the RED mechanism, with date of entry into force of 31 March 2021.

In line with the requirements of the Council Implementing Decision, the reform followed a social dialogue process, as the Government reached an agreement on its content with the main employers' associations (CEOE, CEPYME) and trade unions (CCOO, UGT) on 23 December 2021, as indicated in Preamble I of Royal Decree Law 32/2021. The reform is also part of a comprehensive package that balances the need for flexibility and security in the labour market. As such, the RED mechanism provides flexibility to firms to adjust to cyclical and structural shocks and security to workers to preserve their jobs by covering the suspension or reduction of working time through an employment regulation plan. The scheme builds upon the experience of the short-time work schemes deployed during the COVID-19 crisis, which were extended and streamlined in different stages until March 2022.

The newly created mechanism meets the requirements of the Council Implementing Decision. In particular:

- The scheme is permanent, as it is created by the new Article 47bis of the Workers' Statute introduced through Royal Decree Law 32/2021. On this ground, the RED mechanism can be activated at any moment by a decision of the Council of Ministers provided the fulfilment of certain conditions.
- The scheme consists of two adjustment mechanisms (Article 47bis.1 of the Workers' Statute), one to adjust to transitory macroeconomic shocks affecting the overall economy (cyclical modality), and another to adjust to structural shocks affecting specific sectors or companies in transition (sectoral modality).
- The scheme covers the suspension or the reduction of working time (Article 47bis.3). The reduction of working time will range between 10% and 70%, and shall be prioritised over suspension (Article 47bis.5). Once any of the modalities (cyclical or sectoral) is activated by the Council of Ministers, interested firms can present their 'employment regulation plans' for the approval of the labour authorities. These employment regulation plans must specify the name of the affected workers, the type of measure for each of them (i.e., if reduction of working hours or suspension of contracts) and the period of application.
- Workers subject to the RED mechanism receive income support through a newly created social benefit (Article 47bis.5) whose rules of functioning are somewhat similar to those of contributory unemployment benefits, although workers under the new benefit neither consume previous unemployment benefits entitlements nor accrue new unemployment benefits entitlements while subject to RED.
- Article 47bis.6 of the Workers' Statute, as amended by Royal Decree Law 32/2021, provides that the RED Fund will be set up with the purpose of meeting future financing needs derived from the cyclical and sectoral modality of the RED Mechanism. It also provides that the resources of this fund shall be the surplus income of the social security contributions from employers and workers that finances the unemployment benefits at their contributory and assistance level, the contributions that are consigned in the General State Budgets, the contributions from the financing instruments of the European Union oriented to the fulfilment of the object and purposes of the fund, as well as returns of any nature generated by the fund.
- Further administrative rules for firms applying to the RED scheme have been introduced through the Royal Decree Law 4/2022, with date of entry into force of 17 March 2022, one day after its publication in the Official Journal according to its sixth final provision (*Disposición Final Sexta*). The same norm formally created the tripartite RED fund (see *infra*). This set of provisions guarantees the functioning of the RED mechanism on a

temporary basis, at least until the secondary legislation (*Reglamento*) currently under preparation is passed. On this ground, on 29 March the Council of Ministers agreed the activation of the first sectoral RED, targeting the sector of travel agencies (BOE-A-2022-5143, of 31 March).

- Milestone #336 requires the RED mechanism to support the upskilling and reskilling of employees in firms and sectors in transition. More broadly, the Council Implementing Decision description envisages that the employment regulation plan includes the requirement to improve or retrain workers in the skills identified as being in demand. This has been achieved through the following means:
  - In the sectoral RED, the Royal Decree Law 32/2021 envisages different levers to support the retraining of workers. First, firms must present an individual reskilling plan for the affected workers (new Article 47bis.3 of the Workers' Statute). Second, firms have financial incentives to provide training actions for the affected workers (new additional provision (*Disposición Adicional*) §44 of the Social Security Law), obtaining 40% exemptions in their social security contributions and additional training credits (between EUR 320 and 425 per worker, depending on the firm size). Third, workers subject to RED have priority access to training actions organized by the public employment services (new Article 47bis.5 of the Workers' Statute).
  - In the cyclical RED, firms are also incentivised to provide training actions with additional training credits and workers have also priority access to training actions organized by the public employment services. By contrast, firms are not obliged to present individual reskilling plans. As regards other financial incentives, the new additional provision §44.1 of the Social Security Law introduced by the Royal Decree Law 32/2021, establishes an exemption in social security contributions for firms under cyclical RED equal to 60, 30 and 20% for each consecutive four-month period (letter *d* of the aforementioned provision). The Spanish Government interprets that the referred conditionality concerns both the sectoral and cyclical modalities and has stated to the Commission that this will be confirmed in the upcoming secondary legislation (see below).
  - Overall, the Commission considers that the levers designed by Spain to support the upskilling and reskilling of workers subject to the RED Mechanism are enough to warrant a high take-up and meet the Council Implementing Decision requirements.
- Milestone #336 requires to facilitate voluntary mobility of workers within and across firms. The provision of training will upgrade workers' human capital and employability and hence will foster workers' mobility in line with the requirements of the Council Implementing Decision. This training complements active labour market policies when useful in case of mobility across firms. Past experiences across Europe (e.g., the job transition of coal mining workers in the Ruhr region) confirm the decisive role of training in facilitating job mobility.
- Milestone #336 requires to ensure the fiscal sustainability of the scheme in the medium to long term. To prove it, Spain has produced an ex-ante assessment of the funding arrangements of the tripartite fund included in the reform, as envisaged in the Operational Arrangements. The original assessment (November 2021) has been updated and completed with additional documents submitted between March and June 2022 following the approval of Royal Decree Law 32/2021 and Royal Decree Law 4/2022. The reduction of structural unemployment is expected to translate into higher revenues (through taxes and social security contributions) and lower spending (through unemployment benefits). As required in the Council Implementing Decision, the assessment carried out considers different options and scenarios to test the sustainability

of the scheme under less favourable conditions than in the baseline scenario. The Commission considers the baseline scenario to be relatively optimistic and assumptions subject to downside risks as for the financing through Social Security contributions. Still, the Commission assesses feasible that the RED Mechanism could improve the fiscal position of the economy as compared to the counterfactual scenario without its functioning. The capacity of the reform to boost these positive effects will rely to a large extent on the effectiveness of the re-skilling actions to facilitate voluntary mobility of workers and the complementarity with other active labour policies to support job-to-job transitions of the affected workers, thereby reducing the use of dismissals and the drawing of unemployment benefits. Also, the fiscal sustainability of the RED Mechanism is expected to be further enhanced by the positive impact of other labour market reforms approved by the Royal Decree Law 32/2021 (particularly, C23.R4 on the reduction of temporary employment and the streamlining of contracts).

The Commission considers that the adoption of Royal Decree Law 32/2021, complemented by the adoption of Royal Decree Law 4/2022, is sufficient to ensure that the provisions of the Council Implementing Decision are satisfactorily fulfilled. Furthermore, the adoption of the Royal Decree Law 4/2022 followed by the activation of the sectoral RED for travel agencies proves that the existing legislative framework guarantees the full operationalisation of the RED mechanism in the short to medium term.

Measures already adopted are expected to be reinforced by the upcoming approval of a *Reglamento* (secondary legislation), which is expected to include, among others, the following elements following dialogue with social partners:

- The regulation and composition of the Tripartite Committee on Sectoral RED referred to in Article 47bis.2 of the Workers' Statute, which will be evaluating economic activities undergoing structural change and in need of reskilling as defined in Article 47bis.1.b) of the Workers' Statute.
- Permanent rules on procedure derogating transitory ones as established by Royal Decree Law 4/2022, covering the initiation of proceedings, the consultation period, competences of the labour authority, the minimum content of the agreement, documentation to be submitted to the labour authority and proceedings in case of no agreement after the consultation period.
- The clarification that social security exemptions will be linked to the provision of training in both the Sectoral and Cyclical RED as for additional provision §44.1 of the Social Security Law.
- The regulation of the RED Fund derogating the transitory financial arrangements as established by Royal Decree Law 4/2022, including the definition of the management and administration bodies, details on the financing sources and their allocation to the RED Fund, and the disposal of assets exclusively earmarked to finance expenditure associated with the RED Mechanism (i.e. income support to workers, exemptions on employer's Social Security contributions, the financing of training and reskilling actions, and management costs of the RED Fund).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 338	<b>Related Measure:</b> C23.R8 - Modernisation of collective bargaining
<b>Name of the Milestone:</b> Amendment of the Worker's Statute to improve the legal rules governing collective bargaining	
<b>Qualitative Indicator:</b> Provisions in the amendment on entry into force	<b>Time:</b> Q4 2021

**Context:**

This reform has the objective to improve the functioning of collective bargaining by amending the relevant legal rules in the Workers' Statute. The modernisation of collective bargaining shall incorporate changes to the negotiating structure itself, with the aim of strengthening the representativeness of the negotiating parties, enriching the content of dialogue, and enhancing legal certainty in its implementation and effects. Changes shall not result in disproportionate obstacles for firms to adjust to the cycle and respond to productivity developments.

This is the only milestone envisaged for the completion of reform C23.R8. It consists of the entry into force of amending provisions of Royal Legislative Decree 2/2015 of 23 October approving the recast text of the Workers' Statute, to improve the legal rules governing collective bargaining.

As stated in the Council Implementing Decision, reform C23.R8 shall follow a social dialogue process and be part of a comprehensive package aiming to balance the need for flexibility and security in the labour market, as introduced by the Royal Decree Law 32/2021 on 28 December 2021, together with reform C23.R4 on the simplification of contracts, C23.R6 on the creation of a permanent mechanism for employment flexibility and stability and C23.R9 on the modernisation of sub-contracting activities.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled; and
- ii) Copy of and link to the publication in the Official Journal of the amendment of the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October) through the Royal Decree Law 32/2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2021-21788, of 30 December 2021). Copy of the ex-ante assessment of shortcomings in the current legislation on collective bargaining and identification of options to address them, "*Deficiencias de la legislación actual en materia de negociación colectiva, Ministerio de Trabajo y Economía Social, 22 de noviembre de 2021*".

The authorities also provided:

- iii) Link to the publication in the Official Journal accounting for the Parliamentary validation of Royal Decree Law 32/2021, of urgent measures for the labor reform, the guarantee of job stability and the transformation of the labor market (*Resolución de 3 de febrero de 2022, del Congreso de los Diputados, por la que se ordena la publicación del Acuerdo de convalidación del Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2022-1982, of 3 February 2022).

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree Law 32/2021 of 28 December 2021 amending the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) to improve the functioning of collective bargaining entered into force on 31 December 2021, one day after its publication in the Official Journal. This is set in the eighth final provision (*Disposición final octava*) of Royal Decree Law 32/2021. The sixth transitory provision (*Disposición transitoria sexta*) complements it indicating that the amendment of Article 84 of the Workers'

Statute shall apply to collective agreements concluded and submitted for registration or published before the entry into force once they cease to be in force and, at the latest, within one year of the entry into force.

In line with the requirements of the Council Implementing Decision, the reform followed a social dialogue process, as the Government reached an agreement on its content with the main employers' associations (CEOE, CEPYME) and trade unions (CCOO, UGT) on 23 December 2021, as indicated in Preamble I of Royal Decree Law 32/2021. The reform is also part of a comprehensive package that balances the need for flexibility and security in the labour market.

Amendments introduced by Royal Decree Law 32/2021 contribute to improve the functioning of collective bargaining by addressing shortcomings of rules governing collective bargaining as identified by the ex-ante assessment "*Deficiencias de la legislación actual en materia de negociación colectiva*" and in line with the requirements of the Council Implementing Decision. In particular, Article 1 of Royal Decree Law 32/2021 amends a number of articles of the Workers' Statute, of which 84 and 86 correspond to the legal rules governing collective bargaining, and 42 to the contracting and subcontracting of services, incorporating changes to the negotiating structure as follows:

- Article 84.2 regulating the applicative priority of conditions laid down in a firm-level agreement is amended to exclude the amount of basic salary and allowances, including those linked to the undertaking's position and performance, from those areas taking precedence over sectoral agreements. Firm-level agreements keep priority in the remaining areas included in the former legislation.
- Article 86.3 is amended and a new section (§4) is added in Article 86 to change the regulation to be applied in the event that no new agreement has been reached one year after a collective agreement has expired (so-called *ultra-activity*). The new regulation establishes that an expired agreement is extended indefinitely until a new one is negotiated and social partners may resort to mediation or arbitration schemes if necessary. By contrast, the previous legislation ruled that in the absence of agreement, a collective agreement ceased to be in force one year after its termination and the applicable higher-level collective agreement, if any, applied.
- A new section (§6) is introduced in Article 42 of the Workers' Statute stating that the collective agreement applicable to contractors and subcontractors' employees shall be that of the sector of the activity carried out in the framework of the contracted or subcontracted activity, irrespective of its corporate object or legal form. However, should the contractor or subcontractor have its own agreement, this shall be applied as set out in Article 84.

In line with the requirements of the Council Implementing Decision, the referred changes on the legal rules governing collective bargaining do not result in disproportionate obstacles for firms to adjust to the cycle and respond to productivity developments, as firms retain the ability to substantially modify working conditions foreseen in job contracts under certain economic, technical, organisational and production reasons (as for Article 41 of the Workers' Statute, not changed by Royal Decree Law 32/2021). Also under certain economic, technical, organisational and production reasons, employers may negotiate with the workers' representatives to opt-out from working conditions laid down in the applicable collective agreement (as for Article 82.3 of the Workers' Statute, also unchanged).

Furthermore, the referred amendments to the Workers' Statute contribute to strengthen the representativeness of the negotiating parties and enrich the content of dialogue, by rebalancing the relationship between firm-level and sector-level collective agreements (Article 1 of Royal Decree Law 32/2021 amending Article 84 of the Workers' Statute). They also contribute to enhance legal certainty in the implementation and effects of collective bargaining, both in the context of



subcontracting activities (Article 1 of Royal Decree Law 32/2021 amending Article 42 of the Workers' Statute) and of terminated collective agreements (Article 1 of Royal Decree Law 32/2021 amending Article 86 of the Workers' Statute), as explained above.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

**Number:** 339 | **Related Measure:** C23.R9 - Modernisation of sub-contracting activities

**Name of the Milestone:** Amendment of the Worker's Statute to improve the rights of persons working in subcontracted companies

**Qualitative Indicator:** Provisions in the amendment on entry into force | **Time:** Q4 2021

**Context:**

This reform has the objective to improve the working conditions and the rights of persons working in subcontracted companies by amending the relevant legal rules in the Workers' Statute, to ensure its proper use in cases where it improves productive activity and discourages it from those where it is merely a means of reducing costs. This reform shall provide an adequate level of protection to workers in subcontracting and move towards a level playing field between subcontracted and company workers. It shall also strengthen the responsibility of contractors or subcontractors and prevent the outsourcing of services through subcontracting in cases in which it was done with the purpose of lowering labour standards for persons working for subcontractors.

This is the only milestone envisaged for the completion of reform C23.R9. It consists of the entry into force of amending provisions of Royal Legislative Decree 2/2015 of 23 October 2015 approving the recast text of the Workers' Statute to improve the rights of people working in subcontracted companies.

As stated in the Council Implementing Decision, reform C23.R9 shall follow a social dialogue process and be part of a comprehensive package aiming to balance the need for flexibility and security in the labour market, as introduced by the Royal Decree Law 32/2021 on 28 December 2021, together with reform C23.R4 on the simplification of contracts, C23.R6 on the creation of a permanent mechanism for employment flexibility and stability and C23.R8 on the modernisation of collective bargaining.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled; and
- ii) Copy of and link to the publication in the Official Journal of the amendment of the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) through the Royal Decree Law 32/2021, of urgent measures for the labour reform, the guarantee of job stability and the transformation of the labour market (*Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2021-21788, of 30 December 2021).

The authorities also provided:

- iii) Link to the publication in the Official Journal of the Resolution accounting for the Parliamentary validation of Royal Decree Law 32/2021, of urgent measures for the labor reform, the guarantee of job stability and the transformation of the labour market (*Resolución de 3 de febrero de 2022, del Congreso de los Diputados, por la que se ordena la publicación del Acuerdo de convalidación del Real Decreto-ley 32/2021, de 28 de diciembre,*

*de medidas urgentes para la reforma laboral, la garantía de la estabilidad en el empleo y la transformación del mercado de trabajo*), as published in the Official Journal (BOE-A-2022-1982, of 3 February 2022).

**Analysis:**

In line with the requirements of the Council Implementing Decision, Royal Decree Law 32/2021 of 28 December 2021 amending the Workers' Statute (Royal Legislative Decree 2/2015 of 23 October 2015) to improve the working conditions and the rights of persons working in subcontracted companies entered into force on 31 December 2021, one day after its publication in the Official Journal (BOE-A-2021-21788, of 30 December 2021). This is set in the eighth final provision (*Disposición final octava*) of Royal Decree Law 32/2021.

In line with the requirements of the Council Implementing Decision, the reform followed a social dialogue process, as the Government reached an agreement on its content with the main employers' associations (CEOE, CEPYME) and trade unions (CCOO, UGT) on 23 December 2021, as indicated in Preamble I of Royal Decree Law 32/2021. The reform is also part of a comprehensive package that balances the need for flexibility and security in the labour market. As such, the amendments introduced by Royal Decree Law 32/2021 provide an adequate level of protection to workers in subcontracting activities and move towards a level playing field between subcontracted and company workers.

More specifically, Article 1 of Royal Decree Law 32/2021 introduces a new section (§6) in Article 42 of the Workers' Statute stating that the collective agreement of the sector of the activity carried out in the framework of the contracted or subcontracted activity shall be applicable to contractors and subcontractors' employees, irrespective of the employer's corporate object or legal form. However, should the contractor or subcontractor have its own agreement, this shall be applied as set out in Article 84.

Where the sectoral agreement applies, the reform introduced by Royal Decree Law 32/2021 (i) prevents the outsourcing of services through subcontracting when it is done with the purpose of lowering labour standards for persons working for subcontractors, (ii) ensure that the use of outsourcing services is properly used in cases where it improves productive activity, and (iii) discourage the outsourcing of services in cases where it is merely a means of reducing costs. Also, the economic responsibility of contractors or subcontractors is strengthened, as they are subject to the same rules as any other firm in the same activity sector.

Other amendments introduced by Royal Decree Law 32/2021 target contracts in the construction sector, in which sub-contracting activities are a regular practice. These amendments include the elimination of the fixed-term contract for work and services (amendment of article 15 in the Workers' Statute) and the new regulation defining the grounds for the extinction of open-ended contracts in this sector (amendment of Law 32/2006 on subcontracting in the construction sector, *Ley 32/2006, de 18 de octubre, reguladora de la subcontratación en el Sector de la Construcción*).

In line with the requirements of the Council Implementing Decision, amendments introduced by Royal Decree Law 32/2021 described above address the shortcomings of the rules governing subcontracting activities as identified by the ex-ante assessment "*Deficiencias de la legislación actual en materia de negociación colectiva*".

**Commission Preliminary Assessment:** Satisfactorily fulfilled

**Number:** 345

**Related Measure:** C23.I4 - New territorial projects for rebalancing and equity

**Name of the Milestone:** Approval of the regional allocation of funds for territorial projects for vulnerable groups, entrepreneurship and micro-enterprises

**Qualitative Indicator:** Reference Minutes of the Sectoral Employment Conference

**Time:** Q3 2021

**Context:**

This investment shall fund at least 68 new territorial projects with the objective to address the demographic challenge and facilitate productive transformation, in particular towards a green and digital economy. At least four projects shall be implemented in each autonomous region of the country. It shall consist of two types of projects, territorial projects for vulnerable groups, targeting long-term unemployed people, and entrepreneurship and microenterprise projects.

Measure C23.I4 consists of one milestone and one target. Milestone #345 corresponds to the approval at the Sectoral Employment Conference of the regional allocation of funds for the projects included in the investment measure. Target #346 envisages the completion of at least 68 projects by Q4-2023, involving around 39 000 workers and 64 000 enterprises targeting.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document justifying how the milestone was satisfactorily fulfilled;
- ii) Copy of the minutes of the Sectoral Employment Conference of 21 July 2021 approving the regional allocation of funds (*Acta de la LXXX reunión de la conferencia sectorial de empleo y asuntos laborales, 21 de julio de 2021*); and
- iii) Copy of the publication in the Official Journal of the Ministerial Order TES/897/2021 of 19 August 2021 distributing for 2021 the regional funds financed by the Recovery and Resilience Facility and to be managed by the Autonomous Communities with responsibilities assumed in the area of employment to implement investment projects 'National Plan for Digital Competences' and 'New Public Policies for a dynamic, resilient and inclusive labour market' included in the Recovery, Transformation and Resilience Plan (*Orden TES/897/2021, de 19 de agosto, por la que se distribuyen territorialmente para el ejercicio económico de 2021, para su gestión por las comunidades autónomas con competencias asumidas en el ámbito laboral, créditos financiados con el Mecanismo de Recuperación y Resiliencia, destinados a la ejecución de proyectos de inversión «Plan Nacional de Competencias Digitales» y «Nuevas Políticas Públicas para un mercado de trabajo dinámico, resiliente e inclusivo» recogidos en el Plan de Recuperación, Transformación y Resiliencia*) as published in the Official Journal (BOE-A-2021-14163, of 24 August 2021).

**Analysis:**

In line with the requirements of the Council Implementing Decision, the regional distribution of funds for new territorial projects with the objective to address the demographic challenge and facilitate productive transformation, in particular towards a green and digital economy, was approved in the 80<sup>th</sup> meeting of the Sectoral Employment Conference on 21 July 2021. This is reflected in the second section of the minutes of that Sectoral conference.

The distribution of funds agreed at the Sectoral Employment Conference was published in the Official Journal on 24 August 2021 as Ministerial Order TES/897/2021 of 19 August 2021, of which Annex I details the criteria for the regional distribution of Recovery and Resilience Facility funds for the period 2021-2023, as well as the distribution resulting from its application to the amounts included in the 2021 budget. The allocation of funds concerns different investments under

components 19 and 23 of the RRP.

In particular, regarding the allocation of funds for the two types of projects required in the Council Implementing Decision for measure C23.I4:

- EUR 95 million are earmarked for integration projects and entrepreneurship at local level for particularly vulnerable groups (long-term unemployed people, people with disabilities, ethnic minorities, etc.) (Table 4 in Annex I of Ministerial Order TES/897/2021, budget line 19.101.240A.454.05). In this investment, a two-fold criterion is proposed for the distribution:
  - 90% of the total is distributed on the basis of the number of persons in each group registered as jobseekers on 31 December 2020, in accordance with their relative importance in relation to the sum of the total number of persons in all groups to be served: i) number of low-skilled women (up to secondary education levels, ESO) registered as jobseekers on 31 December 2020, at 39.97%; ii) number of long-term unemployed persons registered as jobseekers on 31 December 2020, at 38.95%; iii) number of young people (under the age of 30) registered as jobseekers on 31 December 2020, with low qualifications (up to and including ESO), at 12.73%; iv) number of persons with disabilities registered as jobseekers on 31 December 2020, at 5.55 %; v) number of immigrants registered as jobseekers on 31 December 2020, with 2.80% of them being long-term unemployed or disabled.
  - 10% is allocated on the basis of the arithmetic average of the percentage of the population units existing in each Autonomous Community in accordance with the definition of singular entities in the continuous census for 2020 and the percentage of the average national population density divided by the population density of each Autonomous Community in 2020.
- EUR 205 million intended to finance entrepreneurship and microenterprise projects in areas that mainly favour productive transformation in green and digital economy (Table 4 in Annex I of Ministerial Order TES/897/2021, budget line 19.101.240A.454.07):
  - 90% of the total is distributed on the basis of the number of persons in each group registered as jobseekers on 31 December 2020, in accordance with their relative importance in relation to the sum of the total number of persons in all groups to be served: i) 40% of persons registered as jobseekers on 31 December 2020; ii) total persons having capitalised their unemployment benefit in 2019 and 2020, 30%; iii) total number of workers in cooperatives and work-related companies from 1 January 2019 to 30 June 2020, 10%; iv) total number of jobseekers who registered in the Social Security system under the special regime for self-employed workers ('RETA') after having received some assistance to promote self-employment and entrepreneurship in the previous 12 months in 2019 and 2020, at 20%.
  - 10% is allocated on the basis of the arithmetic average of the percentage of the population units existing in each Autonomous Community in accordance with the definition of singular entities in the continuous census for 2020 and the percentage of the average national population density divided by the population density of each Autonomous Community in 2020.

Annex II in Ministerial Order *TES/897/2021* connects the different budget lines with the investments under the RRP. In the case of C23.I4, Annex II specifies for each autonomous region that they shall implement at least two territorial projects for vulnerable groups and at least two entrepreneurship and microenterprise projects, adding up at least 68 territorial projects in the whole country. It also specifies the expected number of participants and actions in both categories of projects.

The 2021 annual budget associated to measure C23.I4 in the RRP amounted to EUR 320 million. An additional amount of EUR 150 million is envisaged to be disbursed in 2022 and EUR 85 million in

2023, following in both cases the same distribution criteria as for 2021 set in the Ministerial Order TES/897/2021 as explained above.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 378	<b>Related Measure:</b> C27.R2 - Modernisation of the Tax Agency		
<b>Name of the Target:</b> Modernisation of the Tax Agency - Number of staff at the Tax Authority			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 25 325	<b>Target:</b> 26 320	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this reform is supporting the implementation and annual review of the Strategic Plan 2020-2023 which aims at modernising the agency's provision of services to reduce tax fraud and evasion. This Strategic Plan, which relies extensively on the use of IT solutions, is revised every year to ensure it is adapted to new tax policy developments, sources of information, taxpayers' behaviour, and technological developments. In particular, the reform i) will bring the Tax Agency's human resources in line with its medium-term needs; ii) will carry out a review of the Agency's buildings to modernise technology and increase energy efficiency; and iii) will increase the number of tax investigations to discover unreported taxable activities.</p> <p>This reform has two targets expected to be reached in Q4 2021. Target #378 requires the Tax Authority to increase its number of staff to at least 26 320 employees while target #379 requires the authorities to increase to 6 591 the tax investigations carried out to discover unreported taxable activities.</p> <p>Regarding the element on modernising the Agency's provision of services, this objective is addressed by the review of the Tax Agency's buildings and their energy efficiency as well as in particular by measure C27.R3 which aims at enhancing assistance to taxpayers via an increased use of IT services (targets #380, #381 and milestone #382).</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Spain will carry out the review of the Tax Agency's buildings to modernise technology and increase energy efficiency. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.</p>			
<p><b>Evidence Provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document including descriptive statistics on the Tax Agency's human resources, including of the total number of permanent staff and the number of staff by areas of work both in 31/12/2020 and 31/12/2021 and duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of a certificate signed by the director of the Tax Agency's Human Resources Department showing the number of permanent staff at 26 361 on 20 June 2022 and at 25 334 on 31 December 2020.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>i. An order of the Court of Justice of the European Union (Seventh Chamber) of 15 October 2019, in Joined Cases C-439/18 and 472/18.</li> <li>ii. Addendum 2022 to the Tax Agency's Strategic Plan 2020-2023 updating the priorities for implementation of the Agency's Strategy in 2022.</li> </ol>			

- iii. Decision of the State Secretary of Public Administration (*la Secretaría de Estado de Función Pública*) of 8 February 2022 published in the Official Journal on 12 February 2022 (*Boletín Oficial Del Estado, Núm. 37*).
- iv. Decision of the State Secretary of Public Administration (*la Secretaría de Estado de Función Pública*) of 23 May 2022 published in the Official Journal on 27 May 2022 (*Boletín Oficial Del Estado, Núm. 126*).
- v. Decision of the State Secretary of Public Administration (*la Secretaría de Estado de Función Pública*) of 15 June 2022 published in the Official Journal on 17 June 2022 (*Boletín Oficial Del Estado, Núm. 144*).
- vi. Historical data demonstrating the rate of take up of positions at the Tax Agency following appointment as career civil servant.

**Analysis:**

The main objective of this target is to increase the number of staff at the Tax Authority to at least 26 320 employees, in line with its medium-term needs. The Operational Arrangements further specify that both the baseline and the target are to be based on full-time public servants with permanent contracts.

The certificate signed by the Director of the Human Resources Department of the Tax Authority attests that on 20 June 2022, there were 24 915 civil servants (*funcionarios de carrera*) and 1 446 employees with permanent contracts (*personal laboral fijo and fijo discontinuo*), which leads to a total of 26 361 full-time public employees with permanent contracts. The number of full-time permanent employees includes employees appointed as permanent civil servants through the appropriate publication in the Official Journal.

Moreover, Spain confirmed that the methodology used to calculate this indicator is identical to that used to calculate the baseline reflected in the certificate showing the number of full-time permanent staff at 25 334 on 31 December 2020, which included 23 978 civil servants and 1 356 employees with permanent contracts. This baseline number is higher than the initial baseline in the CID Annex and the Operational Arrangements by 9 members of staff.

In line with the CID Annex, target #378 requires to increase the staff at the Tax Authority to at least 26 320, i.e. 995 additional members of staff with respect to the-baseline (25 325). Accordingly, Spain has provided evidence that shows that, despite having slightly adjusted the baseline to reflect the actual number of full-time permanent public employees in the Tax Authority on 31 December 2020, the number of full-time public employees at the Tax Authority increased by 1 026 to 26 361 from 31 December 2020 to 20 June 2022.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 379	<b>Related Measure:</b> C27.R2 - Modernisation of the Tax Agency		
<b>Name of the Target:</b> Modernisation of the Tax Agency – Tax investigations			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 5 743	<b>Target:</b> 6 591	<b>Time:</b> Q4 2021
<b>Context:</b>			
<p>The objective of this reform is supporting the implementation and annual review of the Strategic Plan 2020-2023 which aims at modernising the agency provision of services to reduce tax fraud and evasion. This Strategic Plan, which relies extensively on the use of IT solutions, is revised every year to ensure it is adapted to new tax policy developments, sources of information, taxpayers' behaviour, and technological developments. In particular, the reform i) will bring the Tax Agency's human resources in line with its medium-term needs, ii) will carry out a review of the Agency's</p>			

buildings to modernise technology and increase energy efficiency and iii) will increase the number of tax investigations to discover unreported taxable activities.

This reform has two targets expected to be reached in Q4-2021. Target #378 requires the Tax Agency to increase its number of staff to at least 26 320 employees while target #379 requires the authorities to increase to 6 591 the tax investigations carried out to discover unreported taxable activities.

Regarding the element on modernising the Agency's provision of services, this objective is addressed by the review of the Tax Agency's buildings and their energy efficiency as well as in particular by measure C27.R3 which aims at enhancing assistance to taxpayers via an increased use of IT services (targets #380, #381 and milestone #382).

Following the completion of this target, in line with the description of the measure in the Council Implementing Decision, Spain will carry out the review of the Tax Agency's buildings to modernise technology and increase energy efficiency. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.

**Evidence Provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of a certificate signed by the director of the planning and institutional relations service (*Director del Servicio de Planificación y Relaciones Institucionales*) showing that the number of tax investigations completed in 2021 stood at 7 226 on 30 November 2021.
- iii. Link to the publication in the official website of the Tax Agency of a report on tax investigations completed in 2021, provided in the Summary document.

The authorities also provided

- i. Addendum 2022 to the Tax Agency's Strategic Plan 2020-2023 updating the priorities for implementation of the Agency's Strategy in 2022.

**Analysis:**

According to the certificate signed by the director of the planning and institutional relations service, the Tax Agency carried out 7 226 tax investigations from January to November 2021. This number of investigations is larger than the target value.

The investigations completed in 2021 were focused on discovering unreported taxable activities and included: i) inspection procedures for the control of risks linked to large assets and procedures relating to the existence of indication of high economic capacity; ii) inspection procedures which require complex analyses of corporations, their operations, business environment and stakeholders; iii) investigations on tax declarations and corporate sector accounts; iv) verification of the total or partial concealment of revenue and/or the actual development of all economic activity; and v) investigations of undeclared income targeted amongst others at professionals, artists and athletes.

By performing investigations, the Tax Agency contributes to reducing tax fraud and tax evasion and to detecting undeclared activities in accordance with the Strategic Plan 2020-2023.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 380	<b>Related Measure:</b> C27.R3 - Enhanced assistance to taxpayers		
<b>Name of the Target:</b> Delivery of enhanced assistance to taxpayers – <i>Sociedades WEB</i> upgraded and available for at least 1 666 123 taxpayers.			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 0	<b>Target:</b> 1 666 123	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of the reform is to improve the services provided to taxpayers through the increase use of electronic platforms (so-called <i>ADI, Administración Digital Integral</i>) thereby increasing tax compliance and tax revenues. The new electronic services outlined by the reform will facilitate the processing of corporate tax, personal income tax and VAT and will include enhanced methods of communication, help desk services and consultation of users' data and tax declarations and assistance in relation to tax returns.</p> <p>This reform has two targets and a milestone. Target #380 relates to the availability of the upgraded platform <i>Sociedades WEB</i> to 1 666 123 corporate taxpayers. The upgrade to the service will automatically present tax information, previously reported by companies to the public administration. Target #381 addresses the improvement of <i>Renta WEB</i>, a software aimed at Personal Income Tax which will allow the direct importing of the "libros registro" into the personal income tax returns. Milestone #382 provides for the put in place and operationalisation of four Tax Digital Support Platforms (DSPs) to improve the services and assistance to taxpayers. This milestone is expected to be reached by Q4 2023.</p>			
<p><b>Evidence Provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>I. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</li> <li>II. The link to <i>Sociedades WEB</i>, which is the electronic form for completing the corporate tax return available on the website of the tax office; <a href="https://sede.agenciatributaria.gob.es/Sede/impuesto-sobre-sociedades.html">https://sede.agenciatributaria.gob.es/Sede/impuesto-sobre-sociedades.html</a></li> <li>III. Official certificate signed by the Director of the Tax IT department (Departamento de Informática Tributaria) declaring that: <ol style="list-style-type: none"> <li>a. The service has been upgraded to automatically present tax information, previously reported by companies to the public administration, which is relevant for the tax declaration;</li> <li>b. The new functionalities of the service are operational, according to data contained in the system of the Corporate Information Analysis Tool, on 31 December 2021;</li> <li>c. The number of corporate income payers to which the enhanced service is available.</li> </ol> </li> </ol>			
<p><b>Analysis:</b></p> <p>The official certificate signed by the Director of the tax IT department certifies that, in line with the requirements of the Council Implementing Decision, the <i>Sociedades WEB</i> service has been upgraded so to automatically present certain information previously provided by the corporate taxpayers to the administration during the tax declaration process. It also certifies the full operability of the new functions of the service, and its availability to 1 666 123 corporate income taxpayers.</p>			



The upgrade of the *Sociedades WEB* service will make it easier for taxpayers to fill their tax declarations and to comply with the tax code. As a result, this is expected to increase tax revenue.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 381	<b>Related Measure:</b> C27.R3 - Enhanced assistance to taxpayers		
<b>Name of the Target:</b> Delivery of enhanced assistance to taxpayers - <i>Renta WEB</i> upgraded and available for at least 1 779 505 taxpayers			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 0	<b>Target:</b> 1 779 505	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of the reform is to improve the services provided to taxpayers through the increased use of electronic platforms (so-called <i>ADI, Administración Digital Integral</i>) thereby increasing tax compliance and tax revenues. The new electronic services outlined by the reform will facilitate the processing of corporate tax, personal income tax and VAT and will include enhanced methods of communication, help-desk services and consultation of users' data and tax declarations and assistance in relation to tax returns.</p> <p>This reform has two targets and a milestone. Target #381 addresses the improvement of <i>Renta WEB</i>, a software aimed at Personal Income Tax which will allow the direct importing of the "libros registro" into the personal income tax returns. The upgrade of the service will be made available to 1 779 505 taxpayers. Target #380, relates to the availability of the upgraded platform <i>Sociedades WEB</i> to 1 666 123 corporate taxpayers. Milestone #382 provides for the putting in place and operationalisation of four Tax Digital Support Platforms (DSPs) to improve the services and assistance to taxpayers. This milestone is expected to be reached by Q4 2023.</p>			
<p><b>Evidence Provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</li> <li>ii. The link to <i>Renta WEB</i>, which is the electronic form for completing the personal income tax statement, available on the website of the tax office             <ol style="list-style-type: none"> <li>a. <a href="https://sede.agenciatributaria.gob.es/Sede/Renta.html">https://sede.agenciatributaria.gob.es/Sede/Renta.html</a>;</li> </ol> </li> <li>iii. Official certificate signed by the Director of Tax IT department (Departamento de Informática Tributaria) declaring that:             <ol style="list-style-type: none"> <li>a. The service has been upgraded and it automatically submits tax information from personal taxpayers;</li> <li>b. The new functionalities of the service are operational, according to data contained in the system of the Corporate Information Analysis Tool of the Tax Agency, on 31 December 2021;</li> <li>c. The number of personal income payers to which the enhanced service is available.</li> </ol> </li> </ol>			
<p><b>Analysis:</b></p> <p>The official certificate signed by the Director of the tax IT department certifies that the <i>Renta WEB</i> Service has been upgraded to automatically present tax income information which is relevant for the tax declaration. It also certifies the full operability of the new functions of the service, and its availability to 1 779 505 personal income taxpayers.</p>			

The upgrade of the *Renta WEB* service will make it easier for taxpayers to fill their tax declarations and to comply with the tax code. As a result, this is expected to increase tax revenue.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 383	<b>Related Measure:</b> C27.R4 - International dimension		
<b>Name of the Target:</b> International dimension - Registered foreign tax payers identified			
<b>Quantitative Indicator:</b> Number (%)	<b>Baseline:</b> 0	<b>Target:</b> 85	<b>Time:</b> Q4 2021
<b>Context:</b>			
<p>This reform aims at using more information on taxpayers from international sources through an exchange of information, to reduce tax evasion and to increase tax compliance.</p> <p>The target requires the Tax Agency to use new information on foreign registered taxpayers from various international sources based on Foreign Account Compliance Act (FACTA) and Common Reporting Standard (CRS). The target of the project is that tax data from at least 85% of the registered foreign taxpayers of which the Tax Agency received information in 2019 have been identified and its tax data has been checked in order to be used in risk analysis by 31 December 2021. This is the only target for this reform.</p>			
<b>Evidence Provided:</b>			
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document, including a list of international data sources, nature of their contents, and statistics on their use; the number of registered foreign tax payers for which the information was received in 2019 and has been checked; and description of checks performed on the data as well as implications for risk analysis, duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of a certificate signed by the Director of the Planning and Institutional Relations Service (<i>Director del Servicio de Planificación y Relaciones Institucionales</i>) showing that the Tax Agency has identified and verified 90.4% of the data on foreign registered taxpayers received in 2020.</li> <li>iii. Link to the publication in the official website of the Tax Agency of a report on the use of data on foreign registered taxpayers received in 2020, provided in the Summary document.</li> </ol>			
<b>Analysis:</b>			
<p>According to the certificate signed by the Director of the Planning and Institutional Relations Service, the Tax Agency received a data set from international sources containing information on 1 954 860 taxpayers in 2019. In 2020, the Tax Agency continued to receive the data from foreign sources and to carry out a project to utilise the information. The authorities demonstrate that the Agency received 2 109 649 files and identified 1 907 430 foreign registered taxpayers in those files which accounts for 90.4% of the total number of files received. This percentage is larger than the target value of 85% and demonstrates that the Tax Agency is capable of receiving, analysing and using the data for risk analysis as intended by the measure.</p> <p>In line with the further specification in the Operational Arrangements, the report that Spain has published describes that Spain received data based on a Multilateral Agreement of Competent Authorities for the Automatic Exchange of Financial Accounts (<i>CRS MCAA</i>), Foreign Account Tax Compliance Act (<i>FATCA</i>), the Council Directive on administrative cooperation in the field of</p>			

taxation (DAC2) and EU agreements with Andorra, Liechtenstein, Monaco, San Marino and Switzerland.

FATCA is a legal act on whose basis Spain received information on Spanish taxpayers' bank accounts in the US. DAC2 refers to automatic mandatory exchange of financial information among EU countries. DAC2 is an EU application of Common Reporting Standards (CRS) that are developed among OECD countries. CRS MCAA and the EU's bilateral agreements allow for the exchange of financial information with signatory countries outside the EU.

According to the Tax Agency, the data received was checked automatically and if needed also manually for any possible inconsistencies to identify individual taxpayers in the data set and prepare the data for risk analysis. The Tax Agency communicated the information obtained from international sources to the taxpayers through *Renta WEB* – an online platform for personal income tax declarations. This has allowed taxpayers complete their tax declarations and can increase tax compliance thereby reducing tax evasion and fraud. The data was also used to analyse risks that relate to taxpayers' declarations on their residence, wealth and income data. According to the authorities, the data received in international sources was used in 774 tax investigations in 2021 focusing on holders of large assets and covering about EUR 123mn tax liabilities.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 384	<b>Related Measure:</b> C27.R5 - Cooperative model		
<b>Name of the Target:</b> Cooperative model – Transparency Reports			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 0	<b>Target:</b> 20	<b>Time:</b> Q4 2021
<b>Context:</b>			
<p>The objective of this reform is to improve the relations of the Tax Agency with its stakeholders such as large corporations, SMEs, self-employed and relevant associations as well as with the judicial system as a way to achieve higher compliance with tax obligations. Regarding taxpayers, the Agency aims at better cooperation and higher compliance via voluntary tax transparency reports.</p> <p>Target 384 is the only target related to this measure. The target requires the Tax Agency to implement a project in 2021 which encouraged multinational enterprises to disclose information about their operations. These disclosures might have consequences in taxation of those companies. The target is 20 transparency reports submitted in 2021.</p>			
<b>Evidence Provided:</b>			
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the target (including the relevant elements of the target, as listed in the description of target and of the corresponding measure in the CID annex) was satisfactorily fulfilled.</li> <li>ii. A certificate signed by the Central Delegate of Large Taxpayers of the State Agency of the Tax Administration proving the submission of 34 transparency reports in 2021.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>i. An annex which includes examples of the transparency reports' structure, the first preliminary assessment carried out by the authorities, the questionnaires sent to the entities prior to the meetings, the requests for additional information and the formal</li> </ol>			

- letters concluding the process of submitting a transparency report.
- ii. Report on the comments made in the assessment of the Recovery and Resilience Plan as a result of the second payment request.

**Analysis:**

The Tax Authority promotes cooperation with taxpayers through the 'Code of Good Tax Practices' (*Código de Buenas Prácticas Tributarias*), which was adopted in 2010. In turn, the submission of tax transparency reports was established through the '*Conclusions on the development and monitoring of the implementation of the Code of Good Tax Practices in the framework of the cooperative relationship between the Tax Agency and Business*', adopted on 2 November 2015 and the '*Proposal to strengthen good corporate tax transparency practices for companies adhering to the Code of Good Tax Practice*', adopted on 20 December 2016. These documents also set out the structure of the tax transparency reports and incorporate a brief guide on how the Tax Agency should proceed with these reports.

According to the report submitted by Spain, it has implemented an ambitious project in 2021 for the development of cooperative relations with large corporations. This project consisted in encouraging large companies to share data and information through the submission of transparency reports. This would improve the Tax Agency's knowledge of these entities and how they operate in order to establish an appropriate control mechanism. While the transparency reports are considered particularly relevant in the case of large corporations, these can be submitted by any company that wishes to do so.

The documentary evidence provided, namely the certificate signed by the Central Delegate of Large Taxpayers of the State Agency of the Tax Administration, attests that 34 enterprises submitted tax transparency reports in 2021, of which 31 are multinational companies and 20 are part of the IBEX-35, the benchmark stock market index of Spain's principal stock exchange, *Bolsa de Madrid*. The names of the companies that have submitted transparency reports in 2021 have also been published on the website of the Tax Authority on 30 December 2021. These reports disclose information about the enterprises which may have consequences in their taxation, including their presence in tax havens, tax strategy and major changes in holding and subholding structures. In addition to the submission of the transparency reports, a thorough analysis of these has been carried out and meetings have also been held with the institutions to discuss the basic aspects arising from the various reports. These meetings have been held since the end of the quarter of 2021 and 2022 and are ongoing.

The objective of this reform also refers to improving the relations of the Tax Agency with SMEs, self-employed and relevant associations as well as the judiciary. According to the summary document, on 16 February 2022, the Tax Agency set up two fora: i) the Forum of self-employed workers with the participation of representatives of the Union of Professionals and Self-Employed Workers (UPTA), the National Federation of Workers' Associations Self-employed (ATA) and the Union of Associations of Self-Employed Workers and Entrepreneurs (UATAE); and ii) the Forum of the Small and Medium-sized Enterprises, which is attended by the Spanish Confederation of Business Organisations (CEOE) and the Spanish Confederation of Small and Medium-sized Enterprises (Cepyme). These fora were created to promote cooperative relations on the basis of the principles of transparency and mutual trust. Both forums are chaired by the Director General of the Tax Agency. The Tax Agency's website contains information on these two fora, including their rules of procedure, participating entities, as well as working groups. A channel for direct communication with the members of the forum has also been set up through functional emails managed by the Technical Secretariat of the forums.

As explained in the report submitted by Spain, in 2021 and 2022 the Tax Agency has been

developing plans to increase cooperation with the judiciary, particularly in the area of training. As a result, the Central Unit for Analysis and External Dissemination has been created under the Director-General of the Tax Agency. In Autumn 2021, there was a first meeting between the members of the judiciary and the Association of Tax Advisers in the context of the Annual Meetings of the General Council of the Judiciary. The officials of the Tax Agency actively participated as rapporteurs in all round tables as well as in the open technical discussions on tax procedures, application of case-law and legislative amendments. In Spring 2022, the Tax Agency organised the first meeting between the Tax Agency and the General Council of the Judiciary (*'Primer Encuentro Tributario AEAT – CGPJ'*). Another way of cooperation between the Tax Agency and the judiciary is providing judicial assistance to bring criminal cases in tax matters to a successful end. There are specific units or officials who carry out this judicial assistance. For instance, the *'peritos judiciales'* are officials of the Tax Agency who are appointed by a judge or the Public Prosecutor's Office on the basis of their expertise in matters falling within the competence of the Tax Agency, providing expert evidence in the criminal proceedings. In 2021, 921 officials of the Tax Agency were at the disposal of the judicial bodies and the Public Prosecutor's Office.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 389	<b>Related Measure:</b> C28.R4 - Reform of tax measures contributing to the ecological transition	
<b>Name of the Milestone:</b> Taxes on single-use plastics and waste		
<b>Qualitative Indicator:</b> Provision of the law indicating its entry into force		<b>Time:</b> Q3 2021
<b>Context:</b>		
<p>This reform contains tax measures that aim to support the green transition.</p> <p>This milestone concerns the entry into force of the law regulating taxes on non-reusable plastic packaging and the deposit and incineration of waste to promote circular economy and reduce the use of single-use plastics.</p> <p>Other milestones in this reform consist of taxes or payments related to mobility such as road tolls and vehicle registration taxes (milestone #390) and the amendment of the tax on fluorinated greenhouse gases (milestone #391) that are included in the third disbursement. The revision of the subsidies for mineral oils used as fuel will be assessed as part of milestone #386, included in the fifth disbursement.</p>		
<b>Evidence provided:</b>		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document justifying how the milestone was satisfactorily fulfilled.</li> <li>ii. Copy of the publication in the Official Journal of the Law introducing taxes on single-use plastics and waste, Law 7/2022 of 8 April, of waste and contaminated soil for the circular economy (<i>Ley 7/2022, de 8 de abril, de residuos y suelos contaminados para una economía circular</i>), as published in the Official Journal (BOE-A-2022-5809, of 9 April 2022); and</li> <li>iii. Link to the website where the legislative act was published.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>i. Draft ministerial orders specifying inter alia the models for self-assessment related to the payment of the tax, time limits and other conditions for their submission and the procedure and time limits for providing accounting information to the Tax Administration (as subject</li> </ol>		

to public consultation in April 2022)

**Analysis:**

In line with the requirements of the Council Implementing Decision, Law 7/2022 establishes a tax on the deposit of waste in landfills, incineration and co-incineration plants, and introduces a tax and on non-reusable plastic packaging, to promote circular economy and reduce the use of single-use plastics.

Chapter I of Title VII of Law 7/2022 establishes a new tax on non-reusable plastic packaging. According to the Law, the purpose of this tax is to prevent the generation of non-reusable plastic packaging waste and to promote the recycling of plastic waste thereby contributing to the reuse of the materials (Article 67). The tax is levied in the territory of Spain without prejudice to the special tax regimes of the Basque Country and Navarre (Article 69), and the taxable events are the production, importation or intra-Community acquisition of products falling in the scope of the tax (Article 72(1)). The taxpayers are natural or legal persons and entities who carry out manufacture, importation or intra-Community acquisition of products falling in the scope of the tax (Article 72). The tax base is the quantity (weight) of non-reusable plastics (Article 77) and the tax rate is EUR 0.45 per kilogram (Article 78). The law also stipulates general management rules (Article 82) that include general guidance for the payment of the tax, a requirement to hold records of the production, intra-Community acquisitions and imports of the goods falling in the scope of the law and certain rules on invoicing of the goods falling in the scope of the law.

Chapter II of Title VII of Law 7/2022 establishes a new tax on landfilling, incineration and co-incineration of waste. According to the law, the purpose of this tax is to discourage landfilling, incineration and co-incineration of waste (Article 84). The tax is levied in the territory of Spain without prejudice to the special tax regimes of the Basque Country and Navarre (Article 85), and the taxable events are delivery of waste for disposal at authorised landfills, the supply of waste in incineration and co-incineration plants (Article 88). The taxpayers are i) natural or legal persons and entities who carry out the taxable event and ii) natural or legal persons or entities who operate landfill, incineration and co-incineration plants as substitutes of the taxpayers (Article 91). The tax base is the quantity (weight) of waste (Article 92) and the tax rate is ranges from EUR 0 to EUR 40 per metric tonne depending on the type of waste and the place where it is deposited (Article 93). The Law also stipulates general management rules (Article 95) that include the possibility for the Autonomous Communities to assume responsibility to manage, assess, collect and inspect the tax, the requirement for the taxpayers to register themselves in a register relevant for the tax, certain general guidance for the payment of the tax, requirements for holding records of the amounts of waste deposited and a requirement for having or installing certified weighting mechanisms.

The thirteenth final provision of the law (*Disposición final decimotercera*) stipulates that the “Law shall enter into force on the day following its publication in the Official Journal. Notwithstanding the above, Title VII of this Law will enter into force on 1 January 2023” (*Disposición final decimotercera. Entrada en vigor. La presente ley entrará en vigor el día siguiente al de su publicación en el «Boletín Oficial del Estado». No obstante lo anterior, la entrada en vigor del Título VII de esta ley se producirá el 1 de enero de 2023.*) Whilst the law has been published in the Official Journal (on 9 April 2022), in line with the customary practice for taxation, the implementation of the taxation will begin at the start of the following fiscal year. Therefore, according to the Law, the entry into force of the taxes relevant for this milestone is 1 January 2023. The entry into force of these taxes is not subject to any further legislative act.

On the basis of the published act (notably Article 82 and Article 95), the authorities have launched the process of approving secondary legislation (ministerial orders) that complements the approved Law by specifying *inter alia* the models for self-assessment related to the payment of the tax, time

limits and other conditions for their submission and the procedure and time limits for providing accounting information to the Tax Administration. In particular, the authorities have used the published act to conduct a public consultation of the draft ministerial orders, which was concluded at the end of April 2022. Furthermore, the authorities have relied on this published act to begin the process of aligning their systems to allow for the collection of the tax. In this respect, it is considered that the adopted act is already creating legal effects.

Both taxes in this milestone are new and are put in place to increase incentives for the reduction of waste and the promotion of the reuse of materials (circular economy). With the adoption and publication of this law, incentives for the companies to start to adjust their production systems to promote the circular economy are already in place, since the companies have legal certainty that the taxes are to be levied in the immediate future. Moreover, the limited delay between the adoption of this law and the actual imposition of the taxes is considered both proportional and appropriate, notably as the delay is limited and is considered warranted given the time necessary for both the authorities and the public to prepare for the implementation of the new taxes, thereby not negatively impacting the result. On this basis, it is considered that the milestone is satisfactorily fulfilled.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 400	<b>Related Measure:</b> C29.R1 - Public spending review and evaluation process	
<b>Name of the Milestone:</b> Approval by Council of Ministers of the new cycle (2022-26) of spending reviews to be commissioned to AIReF.		
<b>Qualitative Indicator:</b> Provision of the agreement of the Council of Ministers indicating its entry into force		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this reform is to set up a permanent framework that ensures improvements in the quality of public spending, strengthens fiscal stability and the sustainability of general government finances. This reform contains four sub-elements: i) the incorporation into the decision-making process of the recommendations of the spending review 2018-2020 (phase I and phase II); the launching of phase III of the spending review 2021; iii) a new public spending review and evaluation process (for 2022-2026); and iv) the strengthening the capacity of the evaluator (AIReF).</p> <p>There are six milestones linked to this reform. This milestone #400 relates to the Government's decision on the next multiannual cycle of spending reviews 2022-2026. The monitoring of the publication of these spending reviews will be done inter alia in the context of the future milestones linked to this measure. The regulatory changes to improve the framework concerning the Ministry of Finance and AIReF were taken in the context of milestones #397 and #399 and the third phase of spending review 2021 was launched in the context of milestone #398 (assessed in the first payment request). The publication of the spending review studies of the third phase will be assessed in the context of milestone #402 (in the fifth disbursement). The response to the recommendations of the previous rounds of spending reviews will be assessed in the context of milestone #401 (in the third disbursement).</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Spain aims to publish a report annually in 2022 to 2026. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.</p>		
<b>Evidence provided:</b>		
In line with the verification mechanism set out in the Operational Arrangements, the following		

evidence was provided:

- i. Summary document from the Ministry of Finance and Public Administration (MHFP) outlining the main elements of the consultation and what was and was not taken on board.
- ii. Copy and link to the publication on the official website of the official document presenting the agreement of the Council of Ministers, including the policy areas covered, the public entities concerned and the time periods to be covered by the analysis as well as relevant methodological aspects.

The authorities additionally provided:

- iii. Detailed documentation of the exchange of views between AIReF and the Ministry of Finance on the policy areas of the next cycle of spending reviews.

**Analysis:**

The evidence shows that, the Council of Ministers decided on 28 December 2021 to carry out the next multiannual cycle of spending reviews 2022-2026 on the following six policy areas:

- i. Health care expenditure of administrative mutuality
- ii. Benefits (minimum income and temporary incapacity benefit)
- iii. Official Development Assistance
- iv. Financial instruments supporting productive sectors (complementary to the previous Spending Review)
- v. Employment policies
- vi. Multiannual Financial Framework 2014-2020

The evidence contains a link to the publication of the agreement of the Council of Ministers on the next cycle of spending reviews, which was agreed following the consultation of AIReF. This publication includes the policy areas covered, the public entities concerned and the time periods to be covered by the analysis, as well as relevant methodological aspects.

The summary document provides assurances that AIReF will be responsible for the spending reviews of the new cycle 2022-2026. This was the case for the previous cycle of spending reviews, 2018-2022 and the decision of the Council of Ministers contains the specific provisions for the first round of the spending reviews under the new cycle. It should be also noted that recently the organic statute of AIReF has been amended enhancing AIReF's capacity to carry out spending reviews. The first phase of the new cycle will be launched in 2022, through the approval of an action plan. The Council of Minister's decision states that spending review reports should be published within 12 months after the approval of an action plan giving a timeline for the preparation of individual spending reviews.

The publication of the spending review studies on the six policy areas chosen by the Council of Ministers will help to improve the quality of public spending and represents a step towards strengthening fiscal stability and increasing the sustainability of public finances.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 403	Related Measure: C29.R2 - Alignment of the Central Government Budget with the Sustainable Development Goals of the 2030 Agenda	
<b>Name of the Milestone:</b> Budget Alignment Report with SDGs		
<b>Qualitative Indicator:</b> Publication as Complementary documentation in the Annual Budgetary Law		<b>Time:</b> Q3 2021



**Context:**

The objective of this reform is to align the state budget with the Sustainable Development Goals (SDGs), which are underlying the whole plan. The reform will consist in the publication of a report in the context of the state budget process that, in compliance with a predefined methodology, will reflect the alignment of public investments with the SDGs. This reform builds on the methodology and monitoring framework currently being designed with support of the EU Technical Support Instrument.

This reform has only one milestone which concerns the publication of a report accompanying the 2022 draft Budget Law on its alignment with the SDGs.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy and link to the publication on the official website of the alignment report.

**Analysis:**

In line with the CID, on 13 October 2021 Spain published a report accompanying the Government's 2022 draft budget law that analyses public spending policies and programmes included in the central government budget proposal for 2022.

The report gives an overview of the methodology that was used to prepare it. It explains that the development of the methodology and monitoring framework has been done with the help of a technical assistance project that has received support under the EU's Technical Support Instrument. The assistance project started in December 2020 and was ongoing when the report was being prepared. It has taken the form of international seminars and workshops. The alignment report published in 2021 builds on the methodology used in the report from the previous year and takes into account suggestions for improvements received in the context of the above-mentioned technical assistance. With the current methodology, the authorities are able to analyse spending policies' direct and indirect alignment with each Sustainable Development Goal. The alignment is measured using a variable that can have values between zero and one, calculated for each spending policy. Value close to one indicates that certain budget policy can be considered as (directly or indirectly) closely aligned with the objectives of a certain SDG.

Four sections of the report focus on social, environmental, economic and institutional dimensions of the SDGs. For each dimension the report presents the relevant SDGs, key policy measures and gives an overview of how spending policies are aligned with the relevant SDGs. For each SDG, the report presents each spending policies' direct and indirect alignment with the goal using the index figure, presents the total number of spending programmes that are aligned with the SDG and also gives an indication whether the alignment is direct or indirect and whether the financing of the programme is from national funds or from the RRP.

A dedicated section of the report assesses the alignment of state-owned enterprises with the SDGs in qualitative terms i.e. without using the variable described above. According to the alignment report, Spain selected 26 state-owned enterprises (SOEs) that are assessed in the report. The sample contains 23 non-financial SOEs whose turnover and investment account for about 90% of the aggregate turnover or investment of non-financial SOEs included in the 2022 central government budget.

The report covers the same entities as the central government budget which are defined in Article 1

of Law 22/2021, of December 28, on the Central Government Budget for 2022. The entities covered include the central government services, autonomous organisations, social security system, other central government entities covered directly by the budget and other central government entities whose estimated budgets are approved under the central government budget. The report focuses in particular on the spending of central government services i.e. 25 spending policies divided in 400 spending programmes run by ministries. Of these 400 programmes, 160 are included in Spain's Recovery and Resilience Plan. According to the authorities, in terms of investments, the report covers around EUR 20.7bn or 96.6% of investments in the consolidated central government budget. The amount of the budget not covered by the analysis is very small and therefore the Commission considers that it does not put into question the alignment of the budget with the SDGs. On the Budget Administration Portal, the report has been made available to the public together with an application that allows interactive use of data from the alignment of the 2022 Central Government Budget with the Sustainable Development Goals.

Spain will continue implementing the measure by improving the methodology under the technical assistance project that is set to finish in 2022 and by publishing new alignment reports as there is an obligation in the Spanish legal system (Article 37(2)(d) of the Law 47/2003 *Ley General Presupuestaria* (General Budget Law)) to submit a similar alignment report annually accompanying the central government budget law proposal.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 407	<b>Related Measure:</b> C30.R2 - Maintenance of the purchasing power of pensions, alignment of the effective retirement age with the statutory retirement age, adaptation of the calculation period for the calculation of the retirement pension to new careers and replacement of the sustainability factor by an intergenerational equity mechanism	
<b>Name of the Milestone:</b> Maintenance of purchasing power of pensions and the alignment of the effective retirement age and the legal retirement age		
<b>Qualitative Indicator:</b> Provision of the law indicating its entry into force		<b>Time:</b> Q4 2021
<b>Context:</b>		
<p>This reform is part of a comprehensive package of six reforms to modernise the pension system. This package set out in Component 30 has an overall objective to reform the pension system in order to i) ensure the financial sustainability of the system in the short, medium and long term, ii) maintain the purchasing power of pensions, iii) preserve the adequacy of pensions, iv) protect pensioners from poverty and v) ensure intergenerational equity.</p> <p>The objectives of the reform C30.R2 are to i) guarantee the purchasing power of pensioners, ii) increase labour participation at ages close to the legal retirement age, iii) postpone retirement, iv) reinforce the progressivity of the contribution system, v) adapt the current regulation to discontinuous careers and other forms of atypical work and vi) address the impact of the forthcoming demographic changes without worsening the adequacy of current and future pensions. The reform consists of four separate regulatory reforms in line with the Toledo Pact recommendations, to be adopted in two steps.</p> <p>This reform has four milestones. Milestone #407 is the first milestone and concerns the entry into force of legislation aiming at i) the maintenance of purchasing power of pensions through a new indexation mechanism that links pension benefits to inflation and ii) the alignment of the effective retirement age with the statutory retirement age by providing incentives for delaying retirement, including increased economic incentives and the promotion of reconciliation between work and</p>		

retirement in order to increase labour participation at ages close to the legal retirement age and postpone retirement.

The remaining three milestones are expected to be fulfilled by Q4 2022. Milestones #408 concerns the entry into force of legislation for extending the computation period for the calculation of the retirement pension. Milestone #409 refers to the entry into force of legislation replacing the current sustainability factor that links pensions to life expectancy with a mechanism that guarantees intergenerational equity and budgetary sustainability by adjusting to demographic changes. Finally, milestone #410 concerns the publication of updated projections showing how the pension reforms undertaken in 2021 and 2022 ensure long-term fiscal sustainability, also taking into account the impact of other structural reforms, such as labour market reforms.

The final design of the pension package was left open and subject to a process of social dialogue. While agreement between the government and social partners has been reached on the new indexation mechanism and as regards measures to align the effective retirement age with the statutory retirement age, there has not been consensus concerning the intergenerational equity mechanism.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii. Copy of and link to the publication in the Official Journal of Law 21/2021 on guaranteeing the purchasing power of pensions and other measures to strengthen the financial and social sustainability of the public pension system (*Ley 21/2021, de 28 de diciembre, de garantía del poder adquisitivo de las pensiones y de otras medidas de refuerzo de la sostenibilidad financiera y social del sistema público de pensiones*), as published in the Official Journal (BOE-A-2021-21652 of 29 December 2021).
- iii. Copy and link to the publication in the Official Journal of Royal Legislative Decree 8/2015 approving the recast text of the General Law on Social Security (*Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social*), as published in the Official Journal (BOE-A-2015-11724 of 31 October 2015).
- iv. Copy and link to the publication in the Official Journal of Royal Legislative Decree 2/2015 approving the recast text of the Law on the Workers' Statute. (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*) as published in the Official Journal (BOE-A-2015-11430 of 24 October 2015).
- v. Copy of the Official Journal No 126 of 27 May 1987 publishing Royal Legislative Decree 670/1987 approving the revised text of the Law on State Pensioners (*Real Decreto Legislativo 670/1987, de 30 de abril, por el que se aprueba el texto refundido de Ley de Clases Pasivas del Estado*) as published in the Official Journal (BOE-A-1987-12636 of 27 May 1987).

**Analysis:**

In line with the requirements of the Council Implementing Decision, Law 21/2021 sets out a new indexation mechanism that links pension benefits to inflation, and includes measures that aim to align the effective retirement age with the statutory retirement age. The legislative changes in the law are implemented through amendments to three legislative acts (Royal Legislative Decree 8/2015, Royal Legislative Decree 2/2015 and Royal Legislative Decree 670/1987). The law entered

into force on 1 January 2022 as indicated in the eighth final provision (*Disposición Final Octava*) of the Law.

The changes to indexation are stipulated in Articles 1 and 2 of the Law 21/2021, in which respectively i) the former indexation rule is repealed and a new Article 58 is created in the Royal Legislative Decree 8/2015 approving the recast text of the General Law of Social Security and ii) Article 27 of Royal Legislative Decree 670/1987 approving the revised text of the Law on State Pensioners is amended. The new indexation rule guarantees purchasing power in a permanent manner, as it adjusts pensions at the beginning of each year in accordance with the average year-on-year inflation (measured through the Consumers' Price Index) recorded in the 12 months previous to December of the precedent year, while no adjustments whatsoever are carried out in case of deflation. According to estimates provided by Spain, the new indexation mechanism would increase expenditure by 1.4% of GDP by 2030 and 2.7% of GDP by 2050; the Commission services find these estimates plausible.

The regulatory changes aimed at increasing the effective retirement age are:

- i. New incentives for delaying retirement through increased economic incentives and the promotion of compatibility between work and pension. Those workers that defer retirement are entitled to choose between: an increase of the pension amount for each complete additional contribution year (4% per year) credited between the legal retirement age and the effective retirement age; a lump-sum payment; and a combination of the former two as stipulated in Articles 1 and 2 of Law 21/2021 amending respectively i) Article 210 of the Royal Legislative Decree 8/2015 approving the recast text of General Law of Social Security and ii) the seventeenth additional provision (*Disposición Adicional Decimoséptima*) of Royal Legislative Decree 670/1987 approving the revised text of the Law on State Pensioners Law of State Pensioners. Article 1 of Law 21/2021 also amends Article 214 of Royal Legislative Decree 8/2015 by setting up new rules concerning active ageing in which professional activity during retirement is promoted, as pensioners are entitled to receive half of their pension benefits while continuing to accumulate future pension benefits.
- ii. Reinforcing disincentives for early retirement. Article 1 of Law 21/2021 amending Articles 207 and 58 of the Royal Legislative Decree 8/2015 approving the recast text of General Law of Social Security respectively i) modifies the penalties for early retirement in order to increase the effective retirement age and ii) removes the privileged treatment given to those pensioners with the maximum contribution base gradually over the years 2024-2033. The first final provision (*Disposición Final Primera*) of Law 21/2021 amends Royal Legislative Decree 2/2015 approving the recast text of the Law on the Workers' Statute, prohibits collective bargaining provisions that force access to pension at a standard retirement age. The provision makes the statutory retirement age, when access to pension is already required by the law, the lowest possible retirement age in collective bargaining provisions.

Overall, the regulatory changes (i. and ii. above) support the alignment of the effective retirement age with the statutory retirement age as they increase the effective retirement age by increasing labour participation rates close to the statutory retirement age and by postponing retirement.

Spain has provided estimates that the measures increasing the effective retirement age yield savings ranging from of 0.2% to 0.4% of GDP by 2030 and 1.1% to 1.6% of GDP by 2050. The Commission services consider that the reform will generate fiscal savings, but achieving savings up to and certainly above the lower bound is subject to very high uncertainty. It should be noted that the amendments to Articles 207 of Royal Legislative Decree 8/2015 referred to above can lead to lower penalties for involuntary early retirement. Furthermore, Article 1 of Law 21/2021 amending Article 205 of the Royal Legislative Decree 8/2015 introduces the possibility to reduce the

retirement age for certain arduous and dangerous professions. The Spanish authorities have provided proof in the summary document that i) the former is restricted to predefined involuntary cases and the design of the penalties creates incentives to postpone retirement and ii) both measures affect only a small fraction of contributors (less than 7% and 3% for the former and latter respectively), and thus do not put into question the overall objectives of the reform.

In view of the considerations above, the Commission considers that the milestone has been satisfactorily fulfilled.

This reform is part of a comprehensive package of reforms under Component 30 which inter alia has the objective of ensuring the financial sustainability of the system in the short, medium and long term. Although the assessment of fiscal sustainability of these reforms is not part of this milestone, Spain has provided information on the fiscal impact of relevant measures in reform C30.R2 which have already been legislated. The intergenerational equity mechanism (milestone #409) which replaces the sustainability factor was legislated as part of Law 21/2021. The Spanish authorities have provided estimates that replacing the sustainability factor with the intergenerational equity mechanism would be fiscally neutral, while the Commission services consider that it is likely to lead to a significant increase in public expenditure as a share of GDP over time. In order to respect the overall objective of fiscal sustainability of the package of reforms under Component 30 of the RRP, the risk of a significant fiscal gap emerging from the adopted measures would need to be addressed so as to ensure the satisfactory fulfilment of milestones #409 (Replacement of the sustainability factor with an intergenerational equity mechanism) and #410 (Updated projections showing how the pension reforms undertaken in 2021 and 2022 ensure long-term fiscal sustainability).

The need to achieve the objective of Component 30 of ensuring the financial sustainability of the system in the short, medium and long term (to be proven as part of milestone #410) also needs to be factored into the design of other pending reforms in Component 30, notably milestone #408 (C30.R2 -extending the computation period for the calculation of the retirement pension), milestone #411 (C30.R3 -reforming the social security contributions for self-employed) and milestone #415 (C30.R6 -increasing the maximum contribution base).

**Commission Preliminary Assessment: Satisfactorily fulfilled**