

Spain's National Recovery and Resilience Plan

Latest state of play



OVERALL RESOURCES

Spain's National Recovery and Resilience Plan (NRRP)¹ is one of the biggest financed by the Next Generation EU (NGEU) recovery instrument. It contains the largest amount, in terms of grants, under the unprecedented EU response to the crisis caused by the coronavirus pandemic.

Recovery and Resilience Facility (RRF): **€69.5 billion**

RRF grants: **100 %**



Investment timeline



Major objectives

Green transition: **€27.6 billion** **39.7 %**

RRF target: 37 %

Digital transformation: **€19.6 billion** **28.2 %**

RRF target: 20 %

Social and territorial cohesion and gender equality **32.1 %**

For the time being, Spain has decided to use its national allocation for grants under the Recovery and Resilience Facility (RRF).² The proposed and approved amount (**€69.5 billion**) represents 9.6 % of the entire RRF, equal to 5.6 % of the country's gross domestic product (GDP) in 2019 (the RRF being 5.2 % of EU-27 GDP in 2019).³ In addition, Spain's general state budgets plan investment of **€27 billion**, aligned with the NRRP. The RRF funding will be supplemented by **€12.4 billion** from the REACT-EU funds, mainly for investment in health and education, and by the structural funds set out in the 2021-2027 Multiannual Financial Framework. Measures under the plan are to be completed by 2026.

Following the Council's approval of the plan on 17 August 2021, the European Commission **disbursed** €9 billion to Spain in pre-financing, equivalent to 13 % of the country's financial allocation under the RRF. The next payments, in eight instalments, will depend on progress in implementing the plan.

The European Parliament, which was a major advocate for the creation of a common EU recovery instrument and was co-legislator for the adoption of the RRF, participates in the interinstitutional fora for cooperation and discussion on its implementation and in **scrutinising** the work of the European Commission.



This briefing is one in a series covering all EU Member States.

EPRS | European Parliamentary Research Service

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Country-specific challenges

In the context of the European Semester, the [Council](#) adopts country-specific recommendations (CSRs), providing Member States with policy guidance on how to boost jobs, growth and investment, while maintaining sound public finances. National recovery and resilience plans under the [Recovery and Resilience Facility](#) must help effectively address a relevant number of challenges identified in the 2019-2020 CSRs.

The [European Commission](#) grouped the CSRs issued to Spain in [2019](#) and [2020](#) in 14 categories: 1) Public finances and taxation; 2) Pension system and long-term fiscal sustainability; 3) Fiscal policy and fiscal governance; 4) Health and long-term care; 5) Labour market reforms; 6) Education; 7) Poverty reduction and social inclusion; 8) Research and innovation policies; 9) Investment; 10) The digital transition; 11) Green and energy transition; 12) Transport; 13) Public administration and business environment; 14) Other public administration aspects.

Inefficiencies exist in the tax system and in the labour market, which is characterised by high long-term [unemployment](#). Spain's weak active labour market policies have a negative impact on reinserting unemployed or inactive people in the labour market. The Council also recommended support for employment through arrangements to preserve jobs, effective hiring incentives and skills development, and by reinforcing unemployment protection.⁴

Spain should undertake measures to address the long-standing challenge related to the duality and precariousness of the labour market and to reduce temporary contracts in the private and public sectors. The country has one of the highest shares among EU Member States of young people (aged 20-34) neither in employment nor in education or training ([NEETs](#));⁵ this points to the need for better education and training outcomes, including through targeted investment. Another challenge is the effectiveness of the public administration, which requires investment in skills, digitalisation, and quality of local public services. The CSRs request prudence in the medium term, ensuring debt sustainability, while encouraging investment, and better coordination between different levels of government.

Investment should be focused on the green and digital transition, fostering research and innovation,⁶ clean and efficient production and use of energy, energy infrastructure, water and waste management, and sustainable transport. Moreover, the health system's resilience and capacity should be strengthened as regards health workers, critical medical products and infrastructure. The Council also recommended better coverage and adequacy of minimum income schemes and family support, as well as access to digital learning. In addition, Spain should promote private investment to foster economic recovery and implement public investment projects. Finally, it should strengthen the public procurement framework to support recovery in an efficient manner.

In 2020, the Council [recommended](#) that Spain take all necessary measures in 2020 and 2021 to effectively address the Covid-19 pandemic, sustain the economy and support the ensuing recovery. It also recommended enhancing investment, while pursuing policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability.

Several CSRs relate to productivity. Regulatory fragmentation and barriers in Spain make small and medium-sized enterprises (SMEs) less productive and hinder their ability to expand and benefit from economies of scale.⁷

Objectives and structure of the plan

On 30 April 2021, Spain submitted its €69.5 billion [National Recovery, Transformation and Resilience Plan](#) to the Commission. In line with the RRF provisions, the plan's [objectives](#) are to: 1) boost activity and job creation to counteract the short-term impact of the pandemic; 2) support the broad structural transformation of the economy; and 3) steer the transformation towards a more sustainable and resilient growth model.

The Commission's [estimates](#) show that the economic impact of NGEU in Spain could lead to a GDP increase of up to 2.5 % by 2024, and that GDP could be 0.8 % higher after 20 years; spill-over effects represent an important part of this increase. It would also translate into 250 000 additional jobs by 2024. Even in a scenario with lower productivity of NGEU funds, its impact would be considerable.

Figure 1 – Breakdown of funding by lever policy



Addressing the specific economic challenges, Spain's NRRP identifies [four lines](#) of action (green transition, digital transformation, social and territorial cohesion, and gender equality), covered by all proposed 'lever policies'. In the seven flagship areas for investment and reforms identified by the [Commission](#) for the RRF,⁸ Spain's plan considers 10 lever policies and includes 30 components (see Table 1), envisaging a mix of investments and reforms to implement them.

Most of the policies are horizontal, i.e. for the economy as a whole. However, some of them specifically aim to promote the modernisation of sectors driving the economy, such as trade, tourism, agri-food, health and public administration.

Across its 10 lever policies, the plan devotes 39.7 % of its resources to green transition and 28.2 % to digital transformation. This exceeds the relevant expenditure targets set by the RRF Regulation, of 37 % and 20 % respectively (see cover page).

Table 1 - Components of Spain's NRRP

Lever policy	Component (C)	RRF resources (€ billion)	Share
I. Urban and rural agenda, agricultural development and the fight against depopulation	C1. Action plan for safe, sustainable, and connected mobility in urban and metropolitan areas	6.5	9.4 %
	C2. Housing rehabilitation and urban renewal plan	6.8	9.8 %
	C3. Green and digital transformation of agri-food and fisheries industries	1.1	1.5 %
II. Resilient infrastructures and ecosystems	C4. Ecosystems and biodiversity conservation and restoration	1.6	2.4 %
	C5. Coastal area and water resources preservation	2.1	3.0 %
	C6. Sustainable, safe and connected mobility	6.7	9.6 %
III. A fair and inclusive energy transition	C7. Renewable energies implementation and integration	3.2	4.6 %
	C8. Electrical infrastructures, promotion of smart networks and deployment of flexibility and storage	1.4	2.0 %
	C9. Renewable hydrogen roadmap and sectoral integration	1.6	2.2 %
	C10. Fair transition strategy	0.3	0.4 %

IV. A public administration for the 21st century	C11. Modernisation of public administration	4.3	6.2 %
V. Modernisation and digitalisation of the industrial and SME fabric, restoring tourism and boosting Spain's entrepreneurial nation	C12. Industrial Policy Spain 2030	3.8	5.4 %
	C13. Fostering SME growth	4.9	7.0 %
	C14. Modernisation and competitiveness of the tourism sector	3.4	4.9 %
	C15. Digital connectivity, cybersecurity, 5G deployment	4.0	5.8 %
VI. Promotion of science and innovation and strengthening of the capabilities of the National Health System	C16. National Strategy for Artificial Intelligence	0.5	0.7 %
	C17. Institutional reform and capacity building in the national science, technology and innovation system	3.4	4.9 %
	C18. Renewal and expansion of the capabilities of the National Health System	1.1	1.5 %
VII. Education and knowledge, lifelong learning and capacity building	C19. National plan for digital skills	3.6	5.2 %
	C20. Strategic plan for vocational training	2.1	3.0 %
	C21. Modernisation and digitalisation of the education system, including early years education from age 0 to 3	1.6	2.4 %
VIII. The new care economy and employment policies	C22. Emergency plan for the care economy and reinforcement of inclusion policies	2.5	3.6 %
	C23. New public policies for a dynamic, resilient and inclusive labour market	2.4	3.4 %
IX. Promotion of the culture and sports industries	C24. Valorisation of the cultural industry	0.3	0.5 %
	C25. Spain audio-visual hub	0.2	0.3 %
	C26. Sports industry promotion plan	0.3	0.4 %
X. Modernisation of the tax system for inclusive and sustainable growth	C27. Measures and actions to prevent and combat tax fraud	N/A	N/A
	C28. Tax reform for the 21st century	N/A	N/A
	C29. Improving the effectiveness of public spending	N/A	N/A
	C30. Long-term sustainability of the public pension system within the framework of the Toledo Pact	N/A	N/A
Total		69.5	100.0%

[Government estimates](#) suggest that implementing the investments and reforms in the plan would add about 2 % to annual growth during the period of implementation and create over 800 000 jobs during the same period; it would also improve territorial cohesion by preventing rural depopulation. The estimates also envisage increasing the factors of production and productivity, and foresee an improvement of the economy's growth potential by more than 2 % in the medium to long term.

Reforms

Spain's plan includes a total of [212](#) measures, of which 102 are reforms for the 2021-2023 period. The programme of structural reforms set out by the government in the [2019 Agenda for Change](#) is enhanced by the NRRP.

The plan encompasses major reforms in 11 key spheres. Reforms will help improve business demographics and the business climate, promote entrepreneurship and increase the size and efficiency of companies. Human capital will be strengthened through reforms in education,

universities, vocational training and active employment policies. The commitment to science includes modernising and reinforcing research, and launching major projects to drive and promote innovation in the economy as a whole.

To increase Spain's technological capital, the plan will implement a new industrial policy to modernise the productive fabric, support SMEs, boost the most promising sectors and introduce a programme to renew the equipment of the national health system. There will also be measures to protect ecosystems and decarbonise traditional industry and the agri-food sector, promoting a new, efficient and sustainable green and [blue economy](#).

To reinforce the sustainability and resilience of the economy as a whole, physical and digital infrastructure will be modernised. Reform to the energy system is envisaged, deploying networks and systems that will accompany the increase in generation with renewable sources. Measures to modernise public policies on employment will be implemented based on social dialogue. Territorial structuring and reinforcement of social capital will be improved with a view to providing job opportunities and personal development.

To support and push the productivity of the economy as a whole, the public administration should be modernised. The fiscal system will also be modernised with a view to reducing the informal economy and tax fraud, guaranteeing sustainability of pensions and making public spending more efficient.

Among the plan's 20 main reforms are those related to green transition, such as: adopting a climate change and energy transition law; developing a robust and flexible energy system and integrating renewable energies; a renewable hydrogen roadmap; resilience and adaptation of ecosystems, and development and connectivity of green infrastructures; a water law and a plan for national water treatment, sanitation, efficiency, saving and reuse; modernising the agricultural and fisheries policy, including soil protection and efficient use of water; waste policy and promotion of the circular economy. A new housing policy and sustainable mobility strategy are other important reforms.

Spain aims to modernise its justice system, tax system and public administration, as well as its health system, science system, education, vocational training and university system. These reforms include new labour market public policies and the care economy, enhancing inclusion policies and social services, and strengthening the pension system.

Investment

The plan contains [110 investments](#) to be adopted and implemented between 2021 and 2023. These measures are based on the strategic lines followed since 2018 but where, to date, public investment has been limited by the fiscal space available.

Over [€13 billion](#) is envisaged for the safe, sustainable and connected mobility strategy and almost €7 billion for the housing rehabilitation and urban renewal programme, including €1 billion for the social rental housing programme. The digitalisation plan for SMEs includes around €4 billion, and the 5G roadmap approximately €4 billion. Almost €3.8 billion is envisaged for the new 2030 industrial policy and the circular economy strategy, and almost €3.6 billion for the digital skills plan.

The tourism modernisation plan has €3.4 billion and a similar amount is envisaged to develop the national science and innovation system and a national strategy to position Spain as a world leader in artificial intelligence, and to profit from the potential impact of digitalisation on the productivity of its companies and public administrations.

Table 2 - Investments in flagship areas

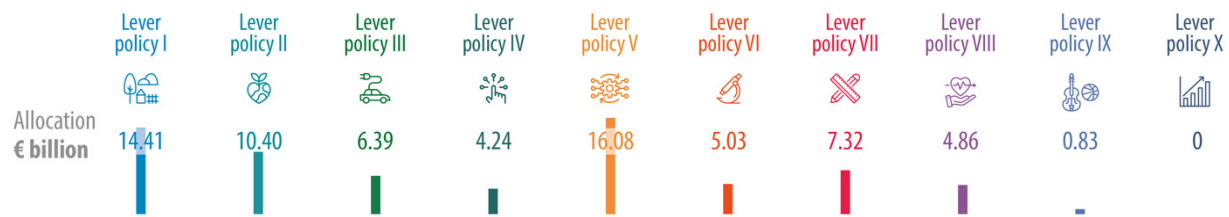
Flagships	Power up	Renovate	Recharge and Refuel	Connect	Modernise	Scale-up	Reskill and upskill
Examples of activities	<ul style="list-style-type: none"> Development of innovative renewable energies, integrated in the building and production processes... Digitisation of electrical networks... Renewable hydrogen... 	<ul style="list-style-type: none"> Housing rehabilitation and urban regeneration plan, improving energy efficiency... Energy transition plan in the General Administration of the State... Digital transformation actions in the field of water... 	<ul style="list-style-type: none"> Low emission zones and transformation of urban transport... Development and improvement of transport infrastructure Development of the battery value chain 	<ul style="list-style-type: none"> Ultra-fast broadband extension - high digital connectivity... Deployment of 5G networks... Business digital connectivity... Cross-border digital infrastructures Cybersecurity for citizens, companies and public administration 	<ul style="list-style-type: none"> Citizen-oriented administration - digital services accessible to all citizens Digital transformation of the National Health System Boosting the digital transformation of the Autonomous Communities and local entities 	<ul style="list-style-type: none"> Digitalisation projects in strategic sectors: agri-food, mobility, tourism, trade and health Develop data platforms and digital infrastructures Promotion of the European Industrial Cloud Alliance 	<ul style="list-style-type: none"> Network of digital training support centres Specific actions for digital inclusion Skilling and reskilling for employed and unemployed people Adapting vocational training to the needs of the 21st century Interactive digital classrooms for hybrid teaching system
Impacts	<ul style="list-style-type: none"> 100 % renewable energy system in 2050... Integrated network with storage Heavy vehicles with H2 4GW of installed power of electrolyzers in 2030 Reduction of energy dependence 	<ul style="list-style-type: none"> Improvement of the energy rating and energy saving in buildings... 540 hectares of land subject to regeneration actions and urban renewal Reactivation of the building sector ICT technologies in the management of biodiversity and water resources 	<ul style="list-style-type: none"> Deployment of low emission zones in municipalities of more than 50 000 inhabitants 250 000 registered electric vehicles Promotion of efficient and sustainable modes of transport, such as railways 	<ul style="list-style-type: none"> 100 % of the population with 100Mbps connectivity 75 % of the population with 5G coverage Contribution to territorial cohesion... Development and strengthening of the cybersecurity industry 	<ul style="list-style-type: none"> 150 000 public workers authorised to telework 21st century administration - digital, efficient and more accessible 	<ul style="list-style-type: none"> Strengthening of European digital sovereignty Creation of a leading industrial sector in the use of cloud Creation of sectoral data platforms and Artificial Intelligence 	<ul style="list-style-type: none"> Training in digital skills for 80 % of the population Training in digital skills throughout working life Development of digital skills for SMEs Creation of new vocational training positions Creation of interactive digital classrooms

In [summary](#), 12 components contribute significantly to the green transition pillar, and another six contribute to it partially. Nine components contribute significantly to the digital transformation pillar and 12 contribute partially. Ten components contribute significantly to the smart, sustainable and inclusive growth pillar and eight contribute partially. Seven components contribute significantly to the social and territorial cohesion pillar and 10 contribute partially. Ten components contribute significantly and one partially to the health and resilience pillar, while three components contribute significantly and five partially to policies for the next generation pillar.

The plan introduces strategic private-public partnerships ([PERTEs](#)), which are the equivalent of the Important Projects of Common European Interest ([IPCEIs](#)) at EU level. However, there are only a few PERTEs, which cover a limited proportion of the grants.

Lever policy V embraces the largest amount of investment, followed by lever policy I and II.

Figure 2 - Breakdown of funding by lever policy



In quantitative terms, the largest projects belong to lever policy I, lever policy II and lever policy V.

Figure 3 - Projects receiving the largest amount of funding



Governance

Spain has created a multi-level governance system to ensure the implementation, monitoring and control of the plan. On 1 January 2021, [Royal Decree-Law 36/2020](#) for the implementation of its NRRP entered into force. It constitutes a structural reform aimed at reducing the main legal barriers for effective, efficient and rigorous management of public resources, with full respect for EU directives and for the principles of transparency and accountability. The reform also aims to facilitate public-private collaboration and proper coordination of the powers exercised by the different levels of the public administration.

A Commission for Recovery, Transformation and Resilience, chaired by the President of the Government and gathering all Ministers responsible for the plan, has been set up.⁹ The Deputy Ministers for Economic Affairs and Business Support, Finance, Budget and Expenditure, Social Rights, the Secretary-General for European Funds, and the Secretary-General for Economic Affairs will also take part in it. Its work will be assisted by a Technical Committee of 20 members of the public administration, chaired by the new [Secretariat-General for European Funds](#) in the Ministry of Finance, which is also the coordinator of the plan; the [General Comptroller](#) (IGAE) of the central government is the control authority. A [specific](#) working group is to be set up between the General Comptroller, as the audit authority, and the regional bodies to coordinate the actions.¹⁰

The [National Anti-Fraud Coordination Service](#) will be responsible for coordinating actions to protect the financial interests of the EU against fraud, in cooperation with the European Anti-Fraud Office (OLAF).

For the implementation of the plan, a dedicated [website](#) has been created that includes information on public tenders and specific information for SMEs. It announces that, since Q2 2021, the different administrations, such as ministries, autonomous communities and some municipalities, have published calls for public tenders, subsidies and aid. Weekly [compilation](#) of grants, subsidies and other actions are published in the Official State Gazette (BOE) and in the official gazettes of the autonomous communities.

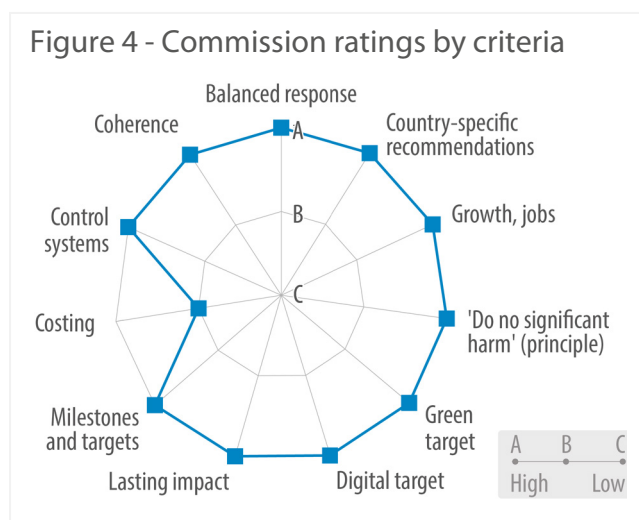
The general state budgets for 2021 [contain](#) headings for implementing the plan, which has allowed part of the resources to be executed before receiving the first disbursements from the Commission. The distribution of more than €7.3 billion has already been agreed and assigned to the autonomous communities to implement investments in green transition, housing, education and health.

Commission assessment

The European Commission published its [assessment](#) of Spain's NRRP on 16 June 2021, proposing that the Council approve it. The Commission granted the highest rating (A) to the plan for 10 out of the 11 assessment criteria set in the [RRF Regulation](#) (Annex V). The only one that received a B (medium) was cost justification, criterion No 9 (see Figure 4).

According to the Commission, Spain's plan makes a significant contribution to supporting the country's economic rebound and contributes to a green, digital and inclusive future.

The Commission concludes that Spain's plan provides a balanced response (criterion No 1) to the economic and social situation and contributes in a comprehensive way to the six pillars under the RRF (green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health, and economic, social and institutional resilience; and policies for the next generation). The plan is expected to help address a significant subset of the recent CSRs referred to Spain by the Council in 2019 and 2020 (criteria No 2 and No 11).



The Commission expects the NRRP to have a high impact on strengthening Spain's growth potential, job creation and economic, social and institutional resilience. The [QUEST model simulations](#) carried out by the Commission show that the plan has the potential to increase Spain's GDP by between 1.8 % and 2.5 % by 2024 (criterion No 3). According to these [simulations](#), this would translate into 250 000 additional jobs; structural reforms that could add to the suggested positive impact are not included in these simulations.

The investments and reforms presented by Spain are set to stimulate economic growth,

including improving total factor productivity, boosting trading capacity and skills, removing barriers to investment and increasing efficiency gains in the labour market.

Criterion No 7 considers that the plan has the potential to make a lasting impact by prompting structural changes to the public administration, institutions and policies. It includes relevant measures, such as digitisation and strengthening of the public procurement framework, to enhance the effectiveness of the public administration, the efficiency of the justice system and the evaluation of public policies and spending.

Lasting change may stem from measures that help to reduce market fragmentation and from better regulation that aims to improve the business environment. Measures adopted to enhance skills, to reduce segmentation in the labour market, modernise social protection and address the gender gap may reinforce the lasting impact.

The Commission provides a complete assessment that the measures included in Spain's plan comply with the [do no significant harm](#) (DNSH) principle¹¹ envisaged by the RRF provisions (criterion No 4), concluding that no measure to implement reforms and investments defies this principle.

Of the plan's total allocation, 39.7 % will be dedicated to measures related to green transition and biodiversity (criterion No 5). The plan is consistent with the [2020 Commission country-specific](#)

[guidelines](#) on implementing [Spain's national energy and climate plan](#): strong contributions are expected from energy renovations in housing and urban areas, sustainable mobility and renewable energy; measures related to biodiversity aim to preserve forest carbon sinks through fire prevention and stronger fire protection, and by increasing carbon absorption through enhanced sustainable forest management.

Spain's NRRP dedicates 28.2 % of the total allocation to digital transformation, with planned investments in digital skills and in the digitalisation of the public administration, industry and business (criterion No 6). It also includes investments in digital connectivity (including 5G), and measures for skilling, upskilling and reskilling, suggesting that advanced digital skills could have a significant impact on people's employability.

The estimated total costs of the plan, and the justification for these costs, are considered reasonable, plausible, in line with the principle of cost-efficiency, and commensurate with its expected impact (criterion No 9).

The control system to ensure proper implementation of the plan is assessed as adequate to protect EU financial interests (criterion No 10). An adequate structure to implement the plan and to monitor and report on progress has been established, including clear and realistic milestones and targets, along with relevant and robust indicators. A multi-level governance system to ensure effective implementation and monitoring of the plan has also been established. The coordinator is the Secretariat-General for European Funds, and the controlling authority is the [General Comptroller](#) (criterion No 8).

Council decision and pre-financing

On [13 July 2021](#), EU economy and finance ministers [approved](#) the assessment of Spain's NRRP, as part of the first batch of 12 implementing decisions adopted by the ECOFIN Council under the RRF. The [Annex](#) to the Council implementing decision on Spain's NRRP contains the plan's reforms and investment projects, and the arrangements and timetable for monitoring and implementing it, including relevant milestones (qualitative achievements), targets (quantitative achievements) and related indicators. The Council confirmed that Spain is set to receive €69.5 billion (current prices) over the lifetime of the plan.

Following the Council's approval, the Commission and Spain signed the financing agreement, which made possible the payment of pre-financing equivalent to 13 % of the allocation. On 17 August 2021, the [Commission](#) disbursed the pre-financing, amounting to €9 billion, which enabled Spain to start implementing the NRRP.

The RRF enables Member States to cover eligible measures that have started since 1 February 2020 (the outbreak of the pandemic). Therefore, part of the pre-financing will cover projects already ongoing in 2020-2021 and consistent with RRF provisions.

Subsequent payments will be made in instalments, subject to progress in implementing investments and reforms, based on a decision by the Commission that Spain has successfully fulfilled relevant milestones and targets (see Figure 5). The Commission may pay the pre-financing and the instalments in one or several tranches, depending on the availability of funding; it will be cleared over time, being deducted from subsequent payments proportionally. The final deadline for the completion of milestones and targets is Q2 2026.

European Parliament

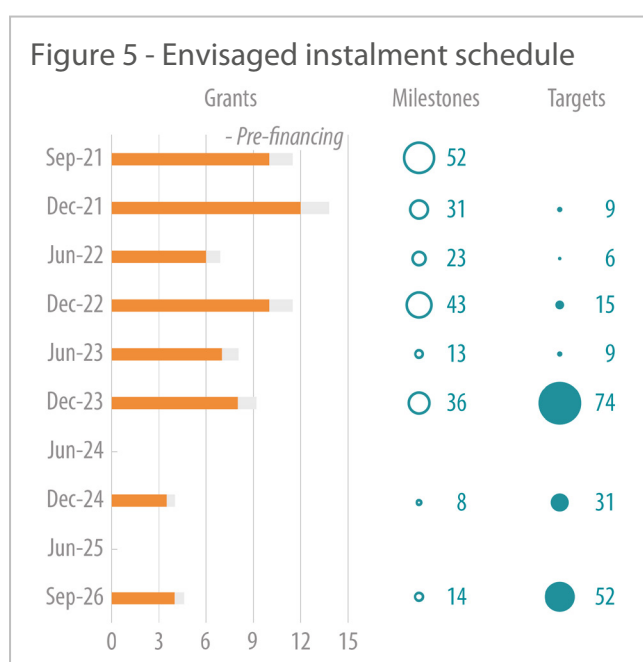
Following the outbreak of the pandemic, the European Parliament was a [major advocate](#) for the launching of a common EU recovery instrument and established the RRF as a co-legislator with the Council. Based on the RRF Regulation and the [Interinstitutional Agreement \(IIA\)](#) on budgetary matters, Parliament can scrutinise the work of the Commission in assessing national plans.

Within the Parliament, the Conference of Presidents has established a [Standing Working Group](#) to scrutinise the RRF, comprising the Committee on Budgets (BUDG) and the Committee on Economic and Monetary Affairs (ECON). This Working Group prepares and follows up the recovery and resilience dialogue that Parliament holds every 2 months with representatives of the Commission.

In addition, the IIA provides for dedicated interinstitutional meetings between Parliament, the Council and the Commission on implementing the NGEU recovery instrument. These meetings are organised in camera and are to take place at least three times per year. Through the [discharge procedure](#), Parliament will also ensure democratic scrutiny of how NGEU resources are spent.

Milestones and targets

Apart from the 13 % pre-financing disbursed in August 2021, all other NRRP payments will depend on progress in implementing Spain's plan. In total, [eight instalments](#) are planned, each linked to the



achievement of a number of milestones (qualitative goals) and targets (quantitative goals). Based on the RRF Regulation, Spain must commit RRF resources by the end of 2023, while payments must be made at the latest by the end of 2026. The graph shows that more than half of the payments are expected to be concentrated in the first four instalments.¹² Overall, Spain will have to meet 220 milestones and 196 targets to implement its NRRP entirely. The milestones, related to qualitative achievements, are mostly covered by the first part of the plan (over 67 % of them are linked to the first four instalments). Several milestones and targets may be linked to a single investment or reform, corresponding to different steps in their implementation.

The first instalment amounts to €11.5 billion and is linked to 52 milestones. These include

measures in the context of planned reforms, such as: the entry into force of enabling legislation for climate change, energy transition and renewable energy; procedural and organisational measures in the field of justice; the entry into force of legislation to follow up the implementation, control and audit of the NRRP and an integrated information system; digitalisation of SMEs in 2021-2025; the National Strategy for Artificial Intelligence and publication of a strategy for science, technology and innovation for 2021-2027; adoption of legislation related to research, education and training; an action plan to reduce youth unemployment; and adoption and modification of various taxes.

On 11 November 2021, Spain requested payment of [€10 billion](#) under the first instalment,¹³ based on achieving the 52 milestones selected in the [Council Implementing Decision](#) for the first instalment. On 3 December 2021, the Commission [adopted](#) a positive [preliminary assessment](#) of the payment request and paid the [first instalment](#) at the end of December.

Views of Spanish stakeholders

The Spanish [Confederación Española de Organizaciones Empresariales](#) (CEOE) [congratulated](#) the Commission on its support for Spain's NRRP and urged adequate execution of the investments and reforms to reactivate the economy. The [Unión General de Trabajadores](#) (UGT) [stated](#) that plans financed with EU funds 'must have the backing of the social partners' and be contingent on creating stable employment. However, the [Autoridad Independiente de Responsabilidad Fiscal](#) (AIReF)

criticised the Spanish government for not having [detailed](#) the main reforms included in the plan, especially those related to labour, pension and fiscal reform.

Expert debate

Zsolt Darvas of the Bruegel think-tank in Brussels thinks it will be an [immense challenge](#) for Spain to absorb all these funds.¹⁴ According to him, it is [important](#) that reforms and investments achieve their goals, being really transformative rather than simply meeting the milestones.

The [CEPS think-tank](#) considers that Spain entered the Covid-19 crisis with structural weaknesses and that the plan makes a complete diagnosis of the existing structural problems, and addresses many of them. However, measures on fiscal sustainability and economic diversification are missing and the plan is weak in two key areas for economic growth: public administration and the judicial system. Other concerns are the lack of prioritisation of reforms and investments and of centralised governance of the projects, as well as the efficiency of the proposed measures, which is expected to change significantly across policy areas. Additional concerns arise over tertiary education reform, the misalignment between investments and reforms, and the lack of specificity in the reforms.

Miguel Otero-Iglesias ([Real Instituto Elcano](#)) and Raymond Torres ([Funcas](#)) [state](#) that the plan is an ambitious attempt to tackle the key obstacles to inclusive growth that have plagued Spain for decades, but question whether it is achievable, and how. The authors note the tension between the Commission's insistence on retaining the main achievements of the labour and pension reforms that have already been carried out and the government's intention to undo some of them.

According to Enrique Feás (Real Instituto Elcano) and Federico Steinberg ([Universidad Autónoma de Madrid](#)), Spain [faces](#) a considerable challenge; never before has it benefited from so much funding in such a short space of time. Not having overcome the pandemic, it will have to carry out reforms and execute projects in a highly polarised political environment.

The [NextGenEU Spain Observatory](#) at the Center for Economic Policy (Esade) published an [article](#) which finds some notable deficiencies in Spain's NRRP. These include: not specifying the reforms in some key areas such as pensions, the labour market, public administration, green taxation or the internal market; insufficient ambition in the field of human capital; a vague mention of the tertiary education reform; and low execution of the science and R&D budget.

EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

D'Alfonso, A., [Italy's National Recovery and Resilience Plan](#), EPRS, European Parliament, December 2021.
Sapała, M. and Thomassen, N., [Recovery plan for Europe: State of play](#), September 2021, EPRS, European Parliament, September 2021.

OTHER SOURCES

[Analysis of the recovery and resilience plan of Spain](#) (COM(2021) 322), European Commission, June 2021.
[Plan de Recuperación, Transformación y Resiliencia](#), Gobierno de España, April 2021, Gobierno de España, April 2021.

[Revised Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Spain](#), 2021/0156 (NLE), Council of the European Union, July 2021.

ENDNOTES

- ¹ The official title is the 'Recovery, Transformation and Resilience Plan'. The abbreviation NRRP is used from here on.
- ² So far, Spain has not requested the use of loans that could amount to [€70 billion](#).
- ³ Sources of the figures in this briefing: page 1: 1) [RRF](#) and Spain's [NRRP](#); 2) [Actualización Programa de Estabilidad 2021-2024](#); pages 3 and 4: [Analysis of the recovery and resilience plan of Spain](#) COM(2021) 322 final (figures may not add up due to rounding); page 6: Spain's [Recovery, Transformation and Resilience Plan](#); page 7: 1) [Analysis of the recovery and resilience plan of Spain](#) COM(2021) 322 final; 2) Spain's [Recovery, Transformation and Resilience Plan](#) (Executive

Summary); page 8: Commission assessment ([SWD\(2021\) 147](#)); page 10: [Revised annex](#) to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Spain. Data used reflect their source at the time of extraction; moreover, there may be discrepancies between data from different sources.

- ⁴ Spain has the highest unemployment rate in the EU after Greece. According to Eurostat, in Q2 2021 it was [15.1 %](#).
- ⁵ The share of young people neither in employment, nor in education or training (NEET) [remains](#) high and increased significantly to 13.9 % in 2020 from 12.1 % in 2019.
- ⁶ In the area of research and innovation, figures for Spain show under-investment and weak governance. According to the [European Innovation Scoreboard](#), Spain is a moderate innovator.
- ⁷ Spain is performing weakly in the [Single Market Scoreboard](#).
- ⁸ The flagship areas are: 1) Power up – Clean technologies and renewables; 2) Renovate – Energy efficiency of public and private buildings; 3) Recharge and Refuel – Sustainable transport and charging stations; 4) Connect – Rapid broadband services; 5) Modernise – Digitalisation of public administration; 6) Scale-up – Data cloud capacities and sustainable processors; 7) Reskill and upskill – Education and training to support digital skills.
- ⁹ Under the plan, line ministries are responsible for verifying and monitoring progress on milestones and targets.
- ¹⁰ The audit strategy is described in the plan, including the scope, frequency, sampling methods, risk assessment, types of audits and the actions to be carried out on each payment request. It will be approved and updated at least once a year.
- ¹¹ This principle concerns environmental objectives.
- ¹² The expected timeline of disbursements from the Commission to Spain does not coincide with the timeline of RRF investments planned by Spain (see cover page). Reasons for the difference include the 13 % pre-financing and the feature enabling the RRF to retroactively finance eligible measures already started by Spain (as from February 2020).
- ¹³ This amount takes into account the proportional deduction of the pre-financing from subsequent payments (see above).
- ¹⁴ Adding that, by 23 September 2020, Spain had absorbed only 39 % of the funds it was due from the European Structural Investment Funds (ESIFs) for 2014-2020.

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First edition. The 'NGEU delivery' briefings are updated at key stages throughout the lifecycle of the plans.