RECOVERY, TRANSFORMATION AND RESILIENCE PLAN
A necessary Plan to boost recovery after the health crisis

The outbreak of Covid-19 in March 2020 has had a substantial impact on Spain’s economy, due to the significant relative importance of the economic sectors most affected by the decline in mobility and demand, as well as to the stringency of the containment measures necessary to curb the spread of the virus. The major drop in GDP, more than 10% for 2020, has constituted an unprecedented challenge in our recent history and has given rise to an economic policy response that is very different from that of previous crises, both at the national and at the European and global levels.

The decisive response by the national and EU authorities from the outset has been effective in mitigating the economic and social impact, thus preventing a highly disruptive economic and social scenario. Indeed, it has been estimated that the different packages of measures launched prevented a GDP drop in Spain of over 25% in 2020 and the destruction of more than 3 million jobs. The major investment of public resources through loans and guarantees, as well as direct aid, especially that channelled through short-term employment schemes (ERTEs) and benefits for self-employed workers, has offered companies an alternative to carrying out redundancies, and has preserved a considerable proportion of jobs and household income; the average unemployment rate has remained at 15.5%, unparalleled in previous crises, in which there was much more job destruction.

All of these measures have adapted in line with the evolution of the pandemic and of the economy. In addition to the measures for all activities and companies, sectoral plans have been launched to contribute to closing the production gap in those areas most affected by restrictions on mobility and by drops in demand, such as tourism, transportation and the automotive industry, which account for a great proportion of GDP and have a substantial impact on the rest of the economy. The State has also transferred significant resources to Spain’s Autonomous Communities so that they may finance the necessary public strengthening of healthcare and education, as well as provide direct aid to the companies most affected by the restriction measures adopted in the territory for which they are responsible.

To supplement the measures with the greatest macroeconomic impact involving liquidity and support for workers and companies affected by restrictions, the response has progressively focused on the sectors and companies facing the greatest difficulties in returning to normal operation, and aimed at supporting business solvency. The main objective was to prevent a structural impact and ensure a sound foundation for the recovery in line with the recovery of activity in Europe and globally.

Response and support measures, which are essential for protecting activity, the production structure and jobs in the short term, are not on their own, however, sufficient to guarantee the full recovery of the pre-pandemic GDP level, nor to correct the significant imbalances, both new and inherited, and address the challenges of the future.
Indeed, the different measures adopted have made it possible to preserve a considerable proportion of the production structure and maintain income levels that will enable recovery, throughout the year, of domestic consumption and investment, but under the “new normal” economies will operate below their potential for some time. In a no-stimulus scenario, if there is no Recovery Plan, the forecast is that in the medium term, GDP will grow in the coming years driven by the recovery of international demand and the normalisation of the pandemic scenario. This very significant growth in activity and employment would not, however, make it possible to recover the pre-shock level of production and jobs until 2024.

The negative impact of the pandemic is compounded by two additional challenges: correcting imbalances carried over from the past, and the need to address the challenges of the future. Indeed, since the financial crisis, Spain has witnessed significant economic and financial imbalances and increasing inequality, which have put an end to decades of constant progress. Moreover, our country also needs to respond to significant future challenges shared by all of the world’s economies, relating to the ecological transition, digitalisation, demographic changes and the depopulation of part of the territory.

In the fiscal area, the decisive response to the pandemic, the automatic stabilisers and the unused production capacity will generate, in the short term, a significant increase in deficit and in public debt. In 2021 it will be necessary to continue supporting the sectors most affected by the pandemic (in particular, the hospitality industry), to maintain the short-term work schemes to accompany the recovery process, and gradually orient public support towards investment for the future and the training of workers, together with the reassignment of resources and jobs towards the most productive sectors and companies.

The measures implemented to date, which amounted to approximately 20% of GDP in 2020, including liquidity measures and direct support, and amount to more than 2% of GDP in 2021, have led to a significant increase in the debt issued by the Treasury of the Kingdom of Spain, approximately 150 billion euros in 2020 and 2021. As described in April in the Stability Programme, a progressive reduction in these ratios is forecast to start in 2021, thanks to the improvement of the cyclical component in an environment of strong economic growth.
The Next Generation EU Plan

Europe’s response to the crisis has been crucial to guaranteeing financial stability and enabling the different countries to implement the necessary measures. Indeed, the decisive action of the European Central Bank, strengthened by the financial support instruments launched by the Eurogroup during 2020, has been fundamental. In particular, the new SURE instrument for financing short-term work schemes and other stabilising mechanisms has funded part of the needs corresponding to the healthcare response and to preserving jobs during these two years.

Moreover, the new REACT-EU instrument is providing vital support for the short-term financing of the national response to the crisis. Between 2021 and 2022, this instrument will provide Spain with more than 12 billion euros, enabling the purchase of vaccines, as well as transfers to the Autonomous Communities to finance the additional cost in healthcare, education and support for companies.
Beyond the short term, the new Recovery and Resilience Facility will provide essential financial support to consolidate recovery and minimise the risk of a delayed negative impact on the production structure, investment and jobs from the shock suffered in 2020. At this time, the main risk to recovery could stem from a structural impact on the production structure and from a drop in total investment which would depress potential growth in the medium term, as was the case after the financial crisis. This is why it is crucial to accelerate the approval and implementation of these new instruments, to effectively mobilise the 750 billion euros in investment, and to coordinate a reform programme to promote the growth and modernisation of the economy throughout the entire European Union.

The parallel implementation of the different national recovery plans will have an additional leverage effect due to the stimulation of demand in all EU countries, which are each other’s principal markets for exporting goods and services. The Plan constitutes a positive internal and external shock, with significant mobilisation of public-private investment that will foster growth and prevent, in the short term, the deterioration of the financial solvency indicators and an unnecessary adjustment, with a particular impact on SMEs and on the most vulnerable groups. Moreover, focus on transformative investment in production will also have a medium- and long-term multiplier impact, preventing the crowding out effect and raising the economy’s sustainable growth potential. In order to maximise the synergies deriving from coordinated action, the Plan envisages a cooperation framework with other European countries, in particular with our neighbours Portugal and France, to implement joint, large-scale cross-border projects, for example, in the entire Iberian market, in the sphere of ecological and digital transition.

Therefore, in a context marked by uncertainty, and given the risks surrounding the full recovery of the economy, the comprehensive implementation of the Recovery Plan constitutes a priority for achieving momentum in 2021-2023, a sustained recovery, and greater financial sustainability also in the medium term in Europe.

**Architecture of the Recovery, Transformation and Resilience Plan for the Spanish Economy**

In this context, the Recovery Plan envisages the mobilisation of more than 140 billion euros in public investment until 2026, with a significant concentration of investments and reforms in the first phase of the Next Generation EU Plan, covering the 2021-2023 period, in order to boost recovery and achieve the greatest possible countercyclical impact. Given the high level of uncertainty with regard to key variables, this Plan provides greater details for the initial phase entailing the mobilisation of nearly 70 billion euros in transfers from the European Recovery and Resilience Facility. This initial programme will be supplemented by the loans set forth in the Recovery and Resilience Facility, mainly to fund financial instruments in the first few years, and to finance the continuation of the investment programmes after 2023.
Thanks to the Next Generation EU financing, it will be possible to recover the investment levels that existed before the financial crisis, which amounted to approximately 4% of GDP. Moreover, additional investments to that which would have been made in the alternative, counterfactual scenario (without the Plan) will be mobilised and will drive private investment amounting to 500 billion euros over the next six years. The Recovery and Resilience Facility funding will be supplemented by 12.4 billion euros from REACT-EU, mainly for investment in health and education, as well as by the deployment of the structural funds set forth in the 2021-2027 Multiannual Financial Framework.

The Plan earmarks 40.29% of investments for promoting the green transition, and 29.58% for the digital transformation, in clear alignment with the Sustainable Development Goals of the United Nations’ 2030 Agenda, and with the specific recommendations of the EU institutions.

In addition to this significant volume of investment, the Plan sets forth a coherent agenda of structural reforms that respond to the diagnosis shared by the EU institutions, the Spanish Government, and the leading economic and social agents. In particular, the Plan responds to the specific recommendations made to Spain in the framework of the 2019-2020 European Semester, and it is also fully aligned with the European Union’s strategic agendas. As regards the green transition, the Plan confirms Spain’s commitment to the transformation of the EU’s economy to promote a sustainable future in line with the priorities of the European Green Deal, and to achieving the objectives of the National Integrated Energy and Climate Plan, which constituted the guide for designing the Plan’s reforms and investments relating to the green transition. Likewise, with regard to the digital transition, the Plan lists the actions set forth in the Spain Digital Agenda 2025, which in turn is perfectly aligned with the objectives, strategic lines and actions of the renewed European digital agenda.

The structural reforms set forth in the Plan are particularly important for Spain’s economy, which for decades has been suffering from significant imbalances that are hindering our country’s capacity to grow sustainably over time. Indeed, Spain has had high structural unemployment, low rates of female employment, small companies, low public and private investment in R&D&i and in human capital, and a public sector with a limited margin in which to play its role in promotion and redistribution, due to its structural imbalances. Consequently, the Spanish economy has not had the capacity to significantly increase productivity and per capita income, or the resilience to address periodic crises. The result is well known: sharp cyclical fluctuations, intense job destruction processes, minimal increases in productivity and wages, and a nearly chronic aggravation of inequality.

Moreover, in compliance with regulatory requirements, none of the measures included in the Plan will do significant harm with regard to the six environmental objectives defined in the Taxonomy Regulation. To guarantee the protection of citizens’ rights, as well as of their personal data, and to advance towards a humanist digitalisation, the Plan will steadily incorporate a second, digital do no significant harm principle, to gradually implement governance and an evaluation methodology in this regard.
Four cross-cutting lines of action for a green, digital, cohesive and egalitarian Spain

The Plan has four cross-cutting lines of action that serve as the backbone for all the levers and components, and they are fully in line with those set forth in the Recovery and Resilience Facility: (i) the green transition, (ii) the digital transformation, (iii) social and territorial cohesion and (iv) gender equality.

In particular, the Plan pays priority attention to developing life and professional opportunities for future generations. Young people have suffered greatly, both from the previous financial crisis and from this health crisis, and they will have to bear the increase in public debt that has funded the response to the pandemic. It is crucial that the Plan’s resources be assigned to promoting activity, training and jobs in future-oriented sectors; to protecting ecosystems and making the environment healthier and more sustainable; to guaranteeing their access to adequate housing; to implementing new policies on caregiving and a more progressive and fairer tax system; to provide them with connectivity and support so that they have the opportunity to develop their life projects throughout the national territory.

Ten lever policies

These four lines of action are reflected in ten lever policies with a great capacity to drive activity and employment as of the first phase of the Plan, with a view to 2023, to promote economic recovery in the short term and support a transformation process that increases the Spanish economy’s productivity and future growth potential.
These ten lever policies encompass the 30 components of the coherent investment and reform projects to modernise the country. Most of them are horizontal in nature, 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, the automotive industry, or the public administrations themselves.

**LEVER POLICY I**  
**Urban and rural agenda, agricultural development and the fight against depopulation**

Cities play a key role in economic and social transformation. But in addition to those living in metropolitan areas, other populations, such as the rural population, must also be taken into account. It is necessary to design specific measures for the depopulated areas of Spain, to promote social and territorial innovation and facilitate the development of new professional projects, to maintain the rural population, attract talent, provide services, and foster a sustainable use of our resources.

The crisis has also underscored the importance of having a robust agri-food system, one that meets the highest standards. This is a strategic sector that played a key role during the pandemic, and must continue to play a key role in the recovery from the crisis, as it did in the recovery from the previous financial crisis, which began in 2008. The components set forth include:

1. Action plan for safe, sustainable and connected mobility in urban and metropolitan areas
2. Housing rehabilitation and urban renewal plan
3. Green and digital transformation of the agri-food and fisheries industries

**LEVER POLICY II**  
**Resilient infrastructures and ecosystems**

Infrastructure has the capacity to mobilise large volumes of investment in the short term, and to generate a structural impact on society and the economy as a whole. In order to develop nature-based solutions and strengthen climate adaptation and resilience in infrastructure, the Plan includes the following components:

4. Ecosystems and biodiversity conservation and restoration
5. Coastal area and water resources preservation
6. Sustainable, safe and connected mobility
EXECUTIVE SUMMARY

LEVER POLICY III
A fair and inclusive energy transition

Developing a decarbonised, competitive and efficient energy sector will enable the mobilisation of significant private investment, providing certainty and a predictable regulatory framework, and harnessing of our country’s enormous renewable potential and of existing value chains to strengthen competitiveness in domestic and export markets. It will also allow for strategic positioning in rapidly growing global sectors in which our country can be a leader.

The Plan includes the following components:

7. Renewable energies implementation and integration
8. Electrical infrastructures, promotion of smart networks and deployment of flexibility and storage
9. Renewable hydrogen roadmap and sectoral integration
10. Fair transition strategy

LEVER POLICY IV
A public administration for the 21st century

A genuine transformation of the economy and society cannot be undertaken without a public administration capable of driving technological changes by fostering innovation, working closely with the private sector, stimulating growth in economic sectors and creating new business models that are scalable and can be replicated across the economy as a whole. Consequently, the proposal is to modernise the public administration in order to meet the needs of citizens and the economy nationwide. The foundations of this modernisation process will be the digitalisation of public services and the digital transformation of the administration, as well as the energy transition of public infrastructure and State property because of the pull effect it will have on the rest of the economy.

Reforming the justice system to make it more efficient and effective will be a priority. The modernisation of public administrations is a major part of the Plan:

11. Modernisation of public administration
Es necesario abordar una The industry-services ecosystem needs to be modernised, with an emphasis on digitalisation and energy transition, so that it can become more competitive and make a contribution to the Sustainable Development Goals. There is also a need to promote cross-border projects and for Spain to take an active part in the Important Projects of Common European Interest in order to position Spanish industry and services at the forefront of innovation and technology development in key areas such as cloud computing, microelectronics, satellite communication and automotive batteries.

Likewise, given their importance in the business sector, SMEs must also be part of this process so that digitalisation and the green transformation can really take hold in Spain. To transform Spain into an entrepreneurial nation, it is essential to improve the business environment, encourage investment and promote new companies and their growth by increasing their size and productivity, thus consolidating our country’s reputation for supporting entrepreneurship and in particular tech start-ups, through a comprehensive approach and the adoption of international best practices.

In the same vein, it is also necessary to roll out a coherent digitalisation plan encompassing the whole value chain in sectors that drive the economy. The Plan should enable the full harnessing of synergies and opportunities from new technological developments and data management in the agri-food and logistics chain, in trade, tourism, health and mobility.

Lastly, special attention needs to be paid to tourism, given its importance for our economy and its highly competitive international nature, now that the sector has been so severely hit by the crisis. The Plan includes the following components:

12. Industrial Policy Spain 2030
13. Fostering SME growth
14. Modernisation and competitiveness of the tourism sector
15. Digital connectivity, cybersecurity, 5G deployment

No forward-looking nationwide transformation can be successfully accomplished unless it is underpinned by science and knowledge. The health crisis has elevated science to a prominent position today but at the same time it has revealed how insufficient the invest-
ment made in science and innovation is in general, and in some crucial strategic sectors such as Artificial Intelligence or the health system in particular. It has also become plain that we need to play a more active part in a more robust pan-European research system. The decline in funding for R&D and innovation over the last 15 years, together with the impact of the crisis, which will accelerate the obsolescence of part of the production structure, require drastic measures to rebuild and reinforce the science and innovation system and boost basic research and innovation. These measures must range from the modernisation of production processes by incorporating existing technologies, to incremental innovation and increasing intangible assets and, finally, the launching of truly disruptive innovation processes with a view to the future.

The health crisis has highlighted the strength of the public health system in our country but it has also exposed the challenges and difficulties it faces when coping with situations that require preparedness, a fast response and coordination within each territory and with the rest of the country. That is why the proposal is to strengthen the capabilities of the public health system in several key areas so that it will be able to respond to future needs. The Plan includes the following components:

16. National Strategy for Artificial Intelligence
17. Institutional reform and capacity-building in the national science, technology and innovation system
18. Renewal and expansion of the capabilities of the National Health System

LEVER POLICY VII
Education and knowledge, lifelong learning and capacity building

Strengthening human capital is an essential step if the investment and reform plan is to have the desired effect: generating activity in the short term, making the economy stronger structurally and creating new job opportunities in the medium and long term. Immediate, coordinated action is required now to work on capacity-building for the society as a whole from a strategic perspective. We need to redirect and harness the talent and skills that already exist in our country and generate training and capacity transfer activity. The proposal is to coordinate with economic and social actors to work on the following components:

19. National Plan for Digital skills
20. Strategic plan for Vocational Training
21. Modernisation and digitalisation of the education system, including early years education from age 0 to 3
LEVER POLICY VIII
The new care economy and employment policies

Improving how the Spanish job market functions is crucial for economic and social welfare. The combination of a high structural unemployment rate and job market segmentation together with the tendency for companies to adjust to adverse economic circumstances by cutting their workforce not only generates job insecurity but also lowers productivity and causes greater inequality. A package of reforms is required to solve the segmentation ("duality") in the job market and its inherited inequalities based on social dialogue.

Moreover, the pandemic has demonstrated the need to build a stronger care economy, encompassing services ranging from care for dependents or vulnerable individuals right through to caring for the elderly, the age group that has borne the brunt of the virus. In this context it is essential to work on a specific plan that will put people back at the heart of the economy. The Plan must attach value to the contribution each generation can make to society as a whole and make sure that no one is left behind. The Plan should also value care work and social work as well as their potential to create jobs all over Spain. To achieve this, the Plan includes the following components:

22. Emergency plan for the care economy and reinforcement of inclusion policies
23. New public policies for a dynamic, resilient and inclusive labour market

LEVER POLICY IX
Promotion of the culture and sports industries

Spain has a wealth of culture and the Spanish language is also a major asset for future economic and social development. Alongside the more traditional dominant cultural industries—books, museums, theatres, historical-artistic heritage, etc.—support is also needed for ongoing initiatives under development in the audiovisual production and videogames industry to capitalise on the opportunities afforded by the new digital economy. Cultural industries are vitally important for the development of a free, open society as well as being a source of wealth generation and job creation.

Spain’s sports industry is also internationally renowned, a major tourist attraction and an essential element in keeping citizens healthy.

The pandemic has drawn attention to the vulnerability of both of these sectors and their reliance on audiences, so what is needed now is a set of reforms and investments to build up their economic role. The components included here are:
The economic and social measures that have already been taken are absorbing the immediate impact of the health emergency but they entail a substantial fiscal cost on top of the economic cycle-related cost through automatic stabilisers. Higher public spending and increased public debt are inevitable and are covered by the flexibility mechanisms envisaged for exceptional circumstances in the Stability and Growth Pact. However, to ensure medium-term financial sustainability, when the recovery in economic growth is strong enough, we will have to get back on track to reduce fiscal imbalances without jeopardising the investments needed for that growth to be sustainable through the recovery, transformation and resilience of the Spanish economy. Similarly, the public pension system will once again be the central element of our welfare state through the elimination of the Pensions Adjustment Index and the Sustainability Factor, thus guaranteeing the purchasing power of pensions and ensuring their sufficiency. The lesson learned from the previous failed reform is that unbalanced pension system reforms not backed by consensus are not sustainable over time. Consequently, within the framework of the Toledo Pact, whose recommendations have once again been approved by a comfortable majority after a ten-year gap, the Plan integrates the adaptation of some of its elements to the demographics that are common to all European countries so that its fiscal sustainability is guaranteed throughout the transition period as the generation of baby boomers start to retire.

Many different reports have identified the shortcomings accumulated by Spain’s fiscal system over the years: Spain’s tax revenue to GDP ratio is lower than the European average, there is a heavy tax burden on employment income and insufficient development of environmental taxes. Low VAT revenue collection due to the extensive use of super-reduced tax rates and the need to tackle the persistent deficit in the pension system have also been pointed out. Lastly, the Independent Authority for Fiscal Authority (AIReF) has conducted a number of spending reviews including one review on the broad array of corporate income tax benefits and deductions and another on hiring incentives for businesses.

Any modernisation of the tax system requires an in-depth analysis of the different taxes, the array of tax benefits and of international best practices. A Group of Experts for tax reform will be set up straight away to analyse the different options and submit proposals for reform. While that work is ongoing, the following components aim to reform the tax
system so that it is fit for the 21st century by making it more progressive and redistributive in nature:

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<tbody>
<tr>
<td>27.</td>
<td>Measures and actions to prevent and combat tax fraud</td>
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<tr>
<td>28.</td>
<td>Tax reform for the 21st century</td>
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<td>29.</td>
<td>Improving the effectiveness of public spending</td>
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<td>30.</td>
<td>Long-term sustainability of the public pension system within the framework of the Toledo Pact</td>
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</table>

The 30 components for a coherent reform and investment plan

The Plan includes a total of 212 measures, of which 110 are investments and 102 are reforms for 2021-2023. These measures do not entail starting initiatives from scratch, but rather are based on the strategic lines followed since 2018 but limited, to date, in their public investment dimension by the fiscal space available. The Next Generation EU recovery plan for Europe offers a unique opportunity to step up reforms already underway, mobilise private investment and achieve the positive externalities stemming from the unprecedented impetus being given to investment in human, natural, institutional, scientific and technological capital.

The main lines of reform and investment relate to the flagship initiatives that will contribute to the achievement of the ambitious goals set by the European Commission in the areas of urban rehabilitation and renewal, the integration of renewable energy, the development of charging points, the Hydrogen Roadmap, 5G connectivity, the modernisation and digitalisation of the public administrations, the promotion of Artificial Intelligence and the development of digital skills.
## TABLE 1: Lever policies and components

<table>
<thead>
<tr>
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<th>ALLOCATION</th>
<th>% TOTAL</th>
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<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>69.52</td>
<td>100%</td>
</tr>
<tr>
<td><strong>I. Urban and rural agenda, agricultural development and the fight against depopulation</strong></td>
<td>14.40</td>
<td>20.7%</td>
</tr>
<tr>
<td>1. Action Plan for sustainable, safe and connected mobility in urban and metropolitan areas</td>
<td>6.53</td>
<td>9.4%</td>
</tr>
<tr>
<td>2. Housing rehabilitation and urban renewal plan</td>
<td>6.62</td>
<td>9.8%</td>
</tr>
<tr>
<td>3. Green and digital transformation of agri-food and fisheries industries</td>
<td>1.05</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>II. Resilient infrastructures and ecosystems</strong></td>
<td>10.40</td>
<td>15.0%</td>
</tr>
<tr>
<td>4. Ecosystems and biodiversity conservation and restoration</td>
<td>1.64</td>
<td>2.4%</td>
</tr>
<tr>
<td>5. Coastal area and water resources preservation</td>
<td>2.09</td>
<td>3.0%</td>
</tr>
<tr>
<td>6. Sustainable, safe and connected mobility</td>
<td>6.66</td>
<td>9.6%</td>
</tr>
<tr>
<td><strong>III. A fair and inclusive energy transition</strong></td>
<td>6.38</td>
<td>9.2%</td>
</tr>
<tr>
<td>7. Renewable energies implementation and integration</td>
<td>3.16</td>
<td>4.6%</td>
</tr>
<tr>
<td>8. Electrical infrastructures, promotion of smart networks and deployment of flexibility and storage</td>
<td>1.36</td>
<td>2.0%</td>
</tr>
<tr>
<td>9. Renewable hydrogen roadmap and sectoral integration</td>
<td>1.55</td>
<td>2.2%</td>
</tr>
<tr>
<td>10. Fair transition strategy</td>
<td>0.30</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>IV. A public administration for the 21st century</strong></td>
<td>4.31</td>
<td>6.2%</td>
</tr>
<tr>
<td>11. Modernisation of public administration</td>
<td>4.31</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>V. Modernisation and digitalisation of industry and SMEs, entrepreneurship and business environment, recovery and transformation of tourism and other strategic sectors</strong></td>
<td>16.07</td>
<td>23.1%</td>
</tr>
<tr>
<td>12. Industrial Policy Spain 2030</td>
<td>3.78</td>
<td>5.4%</td>
</tr>
<tr>
<td>13. Fostering SME growth</td>
<td>4.89</td>
<td>7.0%</td>
</tr>
<tr>
<td>14. Modernisation and competitiveness of the tourism sector</td>
<td>3.40</td>
<td>4.9%</td>
</tr>
<tr>
<td>15. Digital connectivity, cybersecurity, 5G deployment</td>
<td>3.99</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>VI. Promotion of science and innovation and strengthening of the capabilities of the National Health System</strong></td>
<td>4.94</td>
<td>7.1%</td>
</tr>
<tr>
<td>16. National Strategy for Artificial Intelligence</td>
<td>0.50</td>
<td>0.7%</td>
</tr>
<tr>
<td>17. Institutional reform and capacity building in the national science, technology and innovation system</td>
<td>3.38</td>
<td>4.9%</td>
</tr>
<tr>
<td>18. Renewal and expansion of the capabilities of the National Health System</td>
<td>1.06</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>VII. Education and knowledge, lifelong learning and capacity building</strong></td>
<td>7.31</td>
<td>10.5%</td>
</tr>
<tr>
<td>19. National Plan for Digital skills</td>
<td>3.59</td>
<td>5.2%</td>
</tr>
<tr>
<td>20. Strategic plan for Vocational Training</td>
<td>2.07</td>
<td>3.0%</td>
</tr>
<tr>
<td>21. Modernisation and digitalisation of the education system, including early years education from age 0 to 3</td>
<td>1.64</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>VIII. The new care economy and employment policies</strong></td>
<td>4.85</td>
<td>7.0%</td>
</tr>
<tr>
<td>22. Emergency plan for the care economy and reinforcement of inclusion policies</td>
<td>2.49</td>
<td>3.6%</td>
</tr>
<tr>
<td>23. New public policies for a dynamic, resilient and inclusive labour market</td>
<td>2.36</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>IX. Promotion of the culture and sports industries</strong></td>
<td>0.82</td>
<td>1.2%</td>
</tr>
<tr>
<td>24. Valorisation of the cultural industry</td>
<td>0.32</td>
<td>0.5%</td>
</tr>
<tr>
<td>25. Spain audio-visual hub</td>
<td>0.20</td>
<td>0.3%</td>
</tr>
<tr>
<td>26. Sports industry promotion plan</td>
<td>0.30</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>X. Modernisation of the tax system for inclusive and sustainable growth</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>27. Measures and actions to prevent and combat tax fraud</td>
<td>-</td>
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<tr>
<td>28. Tax reform for the 21st century</td>
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<tr>
<td>29. Improving the effectiveness of public spending</td>
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<tr>
<td>30. Long-term sustainability of the public pension system within the framework of the Toledo Pact</td>
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</table>
Investments

The Recovery Plan provides for a significant volume of public investment, amounting to almost 70 billion euros for 2021-2023, to mobilise and attract private investment in areas that will be of strategic importance in the future.

Some of these projects, such as those relating to sustainable infrastructure, are at a more advanced stage and may have an immediate impact on growth and employment in 2021. Others, such as those related to the most disruptive innovation, have longer implementation periods and their impact will be seen in the medium term.

To achieve an anti-cyclical effect and promote economic activity and employment in the second half of the current year, the General State Budgets for 2021 provide for an investment of 27 billion euros that is fully aligned with the different components of the Recovery Plan, prioritising investment in mature projects and with a strong potential to drive the economy.

Table 2 sets forth the main investment programmes included in the first phase of the Plan. Key investments include those in the safe, sustainable and connected mobility strategy (of over 13 billion euros in total), the housing rehabilitation and urban renewal programme (of almost 7 billion euros), which includes a 1-billion-euro social rental housing programme, the digitalisation plan for SMEs (totalling around 4 billion euros), the 5G roadmap (totalling almost 4 billion euros), the new 2030 industrial policy and the circular economy strategy (amounting to almost 3.8 billion euros), the digital skills plan (amounting to almost 3.6 billion euros), the tourism modernisation plan (3.4 billion euros), the development of the national science and innovation system (almost 3.4 billion euros) and a national strategy to position Spain as a world leader in Artificial Intelligence and to exploit the potential impact of digitalisation on the productivity of Spain’s companies and public administrations. Projects driving disruptive digitalisation based on the intensive use of data will speed up adoption and innovation processes, including those relating to Artificial Intelligence, throughout the value chain. All of these initiatives are underpinned by a humanist perspective guaranteeing citizens’ individual and collective rights, both in the physical world and online.

In addition to resources from the Recovery and Resilience Facility and from the REACT-EU package, the Recovery Plan will coordinate financial support from the other instruments of the EU’s Multiannual Financial Framework, for example, from the European Social Fund (ESF) for investments in education and vocational training, and from the European Regional Development Fund (ERDF) for infrastructure investment projects.
**TABLE 2: The 20 programmes driving investment**

<table>
<thead>
<tr>
<th>Programme</th>
<th>€Bn 2021-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Safe, sustainable and connected mobility strategy</td>
<td>13.20</td>
</tr>
<tr>
<td>2. Housing rehabilitation and urban renewal programme</td>
<td>6.82</td>
</tr>
<tr>
<td>3. Modernisation of the public administration</td>
<td>4.31</td>
</tr>
<tr>
<td>4. SMEs Digitalisation Plan</td>
<td>4.06</td>
</tr>
<tr>
<td>5. 5G roadmap</td>
<td>3.99</td>
</tr>
<tr>
<td>6. New Spain 2030 industrial policy and circular economy strategy</td>
<td>3.78</td>
</tr>
<tr>
<td>7. National Plan for Digital Skills</td>
<td>3.59</td>
</tr>
<tr>
<td>8. Modernisation and competitiveness of the tourism industry</td>
<td>3.40</td>
</tr>
<tr>
<td>9. Development of the national science and innovation system</td>
<td>3.38</td>
</tr>
<tr>
<td>10. Implementation and integration of renewable energies</td>
<td>3.16</td>
</tr>
<tr>
<td>11. New care economy</td>
<td>2.49</td>
</tr>
<tr>
<td>12. New public policies for a dynamic, resilient and inclusive labour market</td>
<td>2.36</td>
</tr>
<tr>
<td>13. Preservation of coastal areas and water resources</td>
<td>2.09</td>
</tr>
<tr>
<td>14. Strategic plan for vocational training</td>
<td>2.07</td>
</tr>
<tr>
<td>15. Modernisation and digitalisation of the education system</td>
<td>1.64</td>
</tr>
<tr>
<td>16. Conservation and restoration of ecosystems and biodiversity</td>
<td>1.64</td>
</tr>
<tr>
<td>17. Renewable hydrogen roadmap</td>
<td>1.55</td>
</tr>
<tr>
<td>18. Electrical infrastructure, smart networks and storage</td>
<td>1.36</td>
</tr>
<tr>
<td>19. Renovation and modernisation of the health system</td>
<td>1.06</td>
</tr>
<tr>
<td>20. National Strategy for Artificial Intelligence</td>
<td>0.50</td>
</tr>
</tbody>
</table>
Reforms

As previously mentioned, over the past three years Spain has launched significant reforms aimed at modernising the economy and the public administration, responding to market failures, increasing the factors of production (natural, human, technological and social capital) and their productivity, reducing inequality and, in doing so, fostering Spain’s growth potential. These reform efforts were maintained during 2020 and the first quarter of 2021, in parallel with the response to the pandemic.

On these foundations, the Plan encompasses the following major reforms in 11 key spheres to strengthen the country’s economic and social structure.

- One. Improve business demography figures and the business climate, promote entrepreneurship, and increase the size and efficiency of companies.
- Two. Strengthen human capital by reforming education, the university system, vocational training and active employment policies.
- Three. Actively commit to science, modernising and strengthening the research system and launching major projects to drive and promote innovation in the economy as a whole.
- Four. Increase the country’s technological capital through a new industrial policy to modernise Spain’s production structure, support SMEs, promote those sectors with the most promising futures, and implement a programme to replace the equipment of the National Health System.
- Five. Protect and underscore the value of Spain’s natural capital by protecting ecosystems, decarbonising traditional industry and the agri-food sector, and promoting a new, efficient and sustainable green and blue economy.
- Six. Modernise physical and digital infrastructure to strengthen the sustainability and resilience of the economy as a whole.
- Seven. Reform the energy system by rolling out networks and systems that can support an increase in renewable power generation.
- Eight. Modernise public policy in the sphere of employment on the basis of social dialogue.
- Nine. Improve territorial cohesion and organisation, and strengthen social capital, to provide jobs and personal development opportunities throughout the country, curbing depopulation and rolling out a modern welfare state that protects citizens, guarantees the care of older and dependent persons, strengthens social services and provides vital opportunities to future generations. Also noteworthy in this sphere is the particular attention paid to culture and sport, which are of great economic value and are fundamental to protecting our values and building a cohesive society.
- Ten. Modernise the public administration, which plays a key role in driving the productivity of the economy as a whole, in addition to its redistributive role, fostering social and territorial cohesion.
• Eleven. **Advance towards a 21st century tax system**, one that strengthens public income and progressivity, combats the informal economy and fraud, adapts taxation to current circumstances, guarantees the **sustainability and sufficiency of pensions** in the medium and long term, and improves the **efficiency of public spending**.

**One of the main reform components relates to the need for new public policies aimed at establishing a dynamic, resilient and inclusive job market**, one that responds to the circumstances stemming from the intense digitalisation process accelerated by the pandemic, and that can resolve structural problems that have existed for decades. The Plan’s aim is to reduce the proportion of temporary and precarious jobs, while fostering legal certainty and job creation, through an ambitious reform programme that comprehensively addresses this complex issue, aligning the regulatory framework with the realities of the 21st century and committing to a secure and flexible framework that guarantees economic efficiency and job quality, in particular for the youngest workers and jobseekers. In line with the recommendations made to Spain by different institutions, this programme, which will include contributions from different social dialogue fora, includes the simplification of types of contract, the rationalisation of hiring incentives, the modernisation of active employment and collective bargaining policies, as well as the development of a new internal adjustment mechanism for companies that will serve as an alternative to staff redundancies, with a view to mitigating the impact of falls in demand, supporting the training and requalification of workers, as well as transition and retraining processes. It is, moreover, essential to adapt the framework of labour relations and social consultation mechanisms to the needs deriving from the digitalisation process. Finally, it is fundamental to modernise and digitalise Spain’s Public Employment Service so that it can more effectively meet the demands of the job market throughout Spain.

**In parallel with the initial impetus stemming from investments, the Plan encompasses significant reforms for the next few years.** Some of the structural transformation processes have already reached a very advanced stage of design and implementation, for example, in the sphere of the energy reform, thanks to the momentum gathered in recent years. Others call for a social consultation process or a number of legislative changes whose effects will be felt in the medium term.

**To ensure broad and enduring consensus, the reforms programme will be accompanied by ongoing dialogue with social actors**, who are once again demonstrating a responsible, constructive attitude and their commitment to contributing proactively to this process.
## TABLE 3: The 20 main reforms of the Recovery Plan

1. Climate Change and Energy Transition Law
2. Development of a robust and flexible energy system, implementation and integration of renewable energies
3. Renewable hydrogen roadmap
4. Resilience and adaptation of ecosystems, development and connectivity of green infrastructures
5. Water Law and national water treatment, sanitation, efficiency, saving and reuse plan
6. Modernisation of the agricultural and fisheries policy – soil protection and efficient use of water
7. Waste policy and promotion of the circular economy
8. Modernisation of the national science system and support for innovation
9. Sustainable and connected mobility strategy
10. New housing policy
11. Modernisation of the justice system
12. Modernisation and digitalisation of the public administration
14. Modernisation and strengthening of the National Health System
15. Modernisation and strengthening of the education, vocational training and university system
16. New labour market public policies
17. New care economy
18. Reinforcement of inclusion policies and social services
19. Modernisation and progressivity of the tax system
20. Strengthening of the pension system
Social and macroeconomic impact

This Plan will give major impetus to economic recovery in the near term, thereby averting a dramatic decrease in public and private investment of the kind experienced by Spain following the most recent financial crisis. The large volume of investment envisaged in this Plan will have a highly significant macroeconomic impact, leveraging private investment, and will support a modernisation and transformation of the production model with particular impact on certain key sectors. Achieving these aims is essential to increasing the growth potential of the Spanish economy. In particular, the Plan has the following goals:

• Foster sustainable mobility and connectivity, contributing to the balance between urban and rural territories, and modernise the primary sector
• Promote infrastructure aimed at energy sustainability, preserving natural spaces and water resources
• Develop renewable energy, including the necessary support systems such as storage, and advance along the renewable hydrogen roadmap
• Modernise public administrations with a digitalisation plan and measures to strengthen human capital
• Modernise industry, particularly small and medium-sized enterprises, and promote digitalisation in strategic sectors, focusing on the tourism industry and the development of 5G
• Develop the national science, technology and innovation strategy, with a particular focus on stepping up the capabilities of the health system, and on the development of Artificial Intelligence
• Strengthen the education system, investing in digital skills and promoting vocational training
• Reinforce inclusion policies and the care economy, and advance towards a more resistant job market, with mechanisms for internal adjustment in response to shocks such as the recent health crisis, reform active employment policies and promote job market integration policies related to the guaranteed minimum income scheme.
• Promote cultural and sports industries
• Modernise the tax system, stepping up the fight against fraud, undertaking more exhaustive spending reviews and implementing pension agreements in the framework of the Toledo Pact.

Current estimates suggest that the full implementation of the investments and reforms considered would entail an impact of, on average, approximately 2 percentage points per year during the implementation period, the creation of over 800,000 jobs, and would improve the cohesion and organisation of the country by preventing rural depopulation throughout Spain.

In addition, the Plan will have a significant impact on Spain’s growth potential. Increasing the factors of production, strengthening their productivity and tackling social and terri-
torial cohesion will improve the economy’s growth potential by more than 2% in the medium to long term. Moreover, territorial cohesion is expected to increase, reducing both the gap between the regions with the highest and lowest per capita incomes, and gender inequality, in particular by narrowing the digital gap, bringing Spain closer to the countries that are furthest ahead in this aspect.

Finally, the Plan is expected to reduce income inequality, cutting the difference from the EU average by two thirds and promoting territorial cohesion through actions in diverse areas such as mobility, the provision of basic services, the rehabilitation of buildings, connectivity, digital skills development, innovation and support for entrepreneurship, territorial intelligence, the conservation of natural and cultural heritage and the just transition, which will promote the cohesion and organisation of the national territory and will address the demographic challenge. Support measures for those sectors, such as tourism, that were particularly hard hit by the crisis will also stimulate recovery in those territories most adversely affected by the pandemic.

As previously stated, the Plan is especially aimed at offsetting the foreseeable negative impact of the pandemic on the two groups of people hit hardest by the most recent financial crisis: women and young people. The Plan includes numerous investments and reforms that seek, in particular, to close the gender gap, including measures aimed at improving digital skills, promoting female entrepreneurship, and fostering women’s sports. Other measures, such as the creation of positions in the first cycle of early years education or the development of the care economy, promote women’s participation in the job market.

Another priority included in the Plan is to increase personal and professional opportunities for the youngest jobseekers and workers and to build a more sustainable framework for growth that will lay the foundations for a better future for the coming generations. Thus, a significant proportion of investments will be targeted at sustainable mobility and ecosystem recovery, industrial transformation and modernisation of the main production sectors. A second main line of action focuses on promoting education, vocational training and the development of digital skills, which are absolutely key to improving productivity and salaries, as well as to reducing the high level of youth unemployment. The new job market public policies include a reform of contract types, in order to promote stable hiring, reduce the proportion of temporary and precarious work, and promote proper training contracts that guarantee investment in human capital. In addition, the housing policy includes a significant element of renovation and promotion of public housing with the aim of providing accessible housing to young people, including a 1-billion-euro social rental housing programme. The promotion of entrepreneurship is also aimed at fostering professional opportunities for young people, progressively aligning the conditions for self-employed workers with those offered to employees. The policies promoting sport will also have a positive impact on the younger population by fostering public health and equality and promoting values and important life skills such as teamwork, perseverance and social inclusion.

Finally, the Plan will also have a positive impact on resilience and long-term fiscal sustainability, preventing the increase in public deficit and debt resulting from the response
to the pandemic from hindering future growth, and will provide a fiscal space in which future generations can make their own decisions. Moreover, it will improve Spain’s capacity to respond to future health, economic, environmental and social crises by strengthening Spanish companies and businesses and public administrations, physical and digital infrastructure, and the adaptation and response to climate change. Furthermore, it will increase long-term financial stability by increasing Spain’s growth potential, reforming its tax system and strengthening the public pension system.

Efficient governance, effective oversight and broad participation: key to implementing the Plan

This Recovery Plan is a nationwide project, which requires the involvement of all economic and social actors, from all levels of government and from all of the public administrations. For the Plan to be fully effective, it is vital to have streamlined implementation and oversight instruments, as well as governance that guarantees the transparency and coherence of actions, as well as their continuity over time.

To this end, on 1 January 2021 Royal Decree-Law 36/2020 for the implementation of the Recovery Plan entered into force. It constitutes a structural reform aimed at reducing the main legal barriers and bottlenecks hindering the streamlined, effective, efficient and rigorous management of public resources, with full respect for EU Directives and for the principles of transparency and accountability. The reform is also aimed at facilitating public-private collaboration and the proper coordination of the powers of the different levels of the public administration, which are key to meeting the schedule for implementing the Plan.

In this context, new governance bodies have been created to guarantee a participatory process which will include proposals from the main economic, social and political actors, as well as the necessary coordination mechanisms between the different levels of the public administration. Specifically, these new bodies include a Ministerial Committee for Recovery, Transformation and Resilience chaired by the President of the Government, a central Sectoral Conference chaired by the Ministry of Finance to coordinate with the Autonomous Communities, and mechanisms for parliamentary oversight, in particular through the Joint Congress-Senate Committee for the European Union.

In order to achieve maximum political and social support for the Recovery Plan, an intense programme of public consultations has been launched, including the presentation of the Plan by the President of the Government in different Autonomous Communities after the publication of the first draft on 7 October 2020, the creation of advisory councils for the main areas of action, the convening of the Conference of Presidents of Autonomous Communities on 26 October 2020 with the participation of the President of the European Commission, the convening of Sectoral Conferences with the Autonomous Communities to address the different components, the creation of a specific forum for social dialogue with representatives from trade unions and employers’ associations, the detailed presentation of the Plan to the Spanish Parliament’s Joint Congress-Senate Committee for the
European Union on 25 February 2021, and to the Plenary of the Congress of Deputies on 14 April 2021.

Social dialogue is a key instrument for the coordination of the reforms contained in the Plan. Social dialogue mechanisms enabled the coordination of the response to the pandemic and gave rise, on 3 July 2020, to the signature of the Tripartite Agreement for Economic Reactivation and Employment.

In addition, public-private collaboration is indispensable to the launch of the reforms and investments. In order to incorporate the different economic and social representatives, high-level councils and groups have been created for the principal spheres of action of the Plan and have already begun to meet to channel public consultation on the different components.

The Plan is completed by a description of the management and monitoring system, the global and comprehensive oversight system, and the methodology for estimating costs. On the basis of existing structures for the management of European funds, a monitoring system is being rolled out that is adapted to the specificities of the Recovery and Resilience Facility and, in particular, of implementation based on the achievement of milestones and targets.

The global and comprehensive oversight system is underpinned by the organisational structure, and by the mechanisms and tools for the ordinary oversight of public expenditure, and is linked to the budgetary structure and to the Accounting Reporting System, both in terms of financial implementation and the achievement of milestones and objectives, but adjusting these elements to the special requirements of the Plan, in particular to the prevention, detection, and correction of fraud and corruption, conflicts of interest and double financing, with three levels or lines of defence. Firstly, oversight by those responsible for managing the Plan and by support systems, with the corresponding comprehensive software system, which will enable the storage and monitoring of all the related information, as well as coordination with the Commission’s control system (ARACHNE), also providing access to this information to the Commission’s oversight bodies, the European Anti-Fraud Office (OLAF), the European Public Prosecutor’s Office and the European Court of Auditors. A second level entrusted to bodies not involved with the management itself (the legal service, the General Intervention Board of the State Administration [IGAE] and other internal control bodies). And thirdly, of ex-post controls through audits, with the IGAE being the Authority that controls the Recovery and Resilience Facility.

Focus on the streamlined implementation of the Recovery Plan starting in 2021

The streamlined and agile implementation of the Plan and the flow of resources from the Recovery and Resilience Facility will be crucial for the European funds to have a significant impact on the Spanish and European economies, helping to mitigate the impact of the Covid-19 crisis and to drive a real structural transformation.
In order to achieve a countercyclical macroeconomic impact, it is essential to frontload the investments and reforms in the first few years, so that resources reach the real economy and private sector investments are mobilised as soon as possible. This will prevent a negative structural impact on activity and employment as a result of the pandemic, especially in the worst hit sectors, and for SMEs and the self-employed.

Spain has already implemented substantial reforms in several areas. Due to the significant investment gap in relation to other European Union countries, investments and reforms have been launched since 2018 in the environmental, energy and climate, science, education and vocational training areas, within the available fiscal margins. Likewise, programmes to support innovation and entrepreneurship have been launched, together with plans for the modernisation of strategic sectors and the just transition in the green and digital spheres.

Since February 2020, in parallel with the response to the pandemic, progress has been made in legislative reforms to promote the ecological transition, digitalisation and science policy, to modernise education and vocational training, labour regulations and the tax system. Some reforms, such as teleworking, were implemented through urgent regulatory texts and entered into force in 2020. Other measures, such as the education reform or the establishment of new taxes on financial transactions and digital services, have already been adopted by Parliament to come into force in 2021. A third group of reforms, for instance the Anti-Fraud Law, made progress in its way through Parliament last year. Lastly, other reforms are being finalised by Government.

In the first quarter of 2021, progress continued in the implementation of reforms and the deployment of the investment programme. With regard to reforms, a number of important steps have been already taken: the public consultation of the future Law on Creation, Business Growth and Improvement of the Business Climate; the publication of the Strategic Plans for Digital Skills, Digitalisation of SMEs, Digitalisation of the Administration and the Spain Audiovisual Hub Plan for Europe (Spain AVS Hub); the approval of the Energy Storage Strategy; the approval of the 130 measures plan of to face the Demographic Challenge; progress has been achieved in the protection of vulnerable groups, facilitating access to the guaranteed minimum income scheme and establishing a regulatory framework for consumer protection in situations of social and economic vulnerability. The Government is also soon to approve a Royal Decree-Law to provide an adequate employment framework for digital platform delivery workers, in line with the agreements reached through the social dialogue.

The governance framework envisaged for the Plan has also been rapidly deployed, with the holding of the meetings of the main Sectoral Conferences, of the Ministerial Committee for Recovery (whose Technical Committee has also been created and meets regularly) and of the social dialogue forums. This Plan incorporates the main elements and proposals stemming from Parliamentary debates, as well as the conclusions of the Parliamentary Committee for Reconstruction, created in the Congress of Deputies, and

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1. Appendix 1 includes the reforms for which major milestones have been recorded since February 2020.
which adopted conclusions and recommendations on 22 July 2020. For its part, the Parliamentary Committee of the Toledo Pact is already playing a central role in the design of pension reform.

**In order to accelerate the recovery and transformation process, Spain started to launch the different investment programmes as of 1 January 2021.** The 2021 General State Budget provides for an investment of 27 billion euros, of which 25 billion euros correspond to the Recovery and Resilience Facility and approximately 2 billion euros from the REACT-EU instrument, to finance investments in health and education, which are mainly under the authority of the Autonomous Communities. Payments under the Structural Funds of the Multiannual Financial Framework will supplement these investments in the coming years.

**In accordance with the milestones reached from February 2020 until the approval of the Plan, it is expected that, in addition to the payment of the corresponding pre-financing, a first payment from the Recovery and Resilience Facility will be made in the second half of 2021.** Loans will be mobilised from 2022 onwards to cover financial instruments (such as, for example, the COFIDES fund for business recapitalisation, and the NEXT-TECH fund for scaling start-ups) as well as reforms involving investments of variable magnitude (such as, for example, the new permanent mechanism for employment stability and support for transition processes). In addition, loans will be mobilised to complete the investments foreseen in the Plan as of 2023.

**In order to identify the most suitable channels and projects for achieving the Plan’s objectives, various calls for expressions of interest have been published.** So far, 15 calls for expressions of interest have been launched by the Government in the fields of industry, the green transition and digitalisation, the demographic challenge and the fight against depopulation. These calls have mobilised a large response from companies, public entities and territorial public administrations.

**To bring together the actions of the different levels of the public administration and the private sector, work is underway to identify and prepare a first group of Strategic Projects for Economic Recovery and Transformation (PERTEs).** The expressions of interest, as well as the plans prepared by the Autonomous Communities, companies and other economic and social agents provide very useful information for identifying the most mature and impactful projects for the deployment of the Plan. A first PERTE has already been announced bringing together investments from different agents for the transformation of the electric car value chain.

**Finally, progress has been made in the launching of the financial management, oversight and audit mechanisms, in parallel with budget implementation for 2021.** Specifically, the General Secretariat of European Funds of the Ministry of Finance will be the competent authority for monitoring the implementation of the Plan, using a comprehensive financial information system, coordinated with EU mechanisms, and responding to the novel characteristics of this Fund, in particular as regards the monitoring of milestones and targets. Likewise, the General Intervention Board of the State Administration (IGAE) will exercise the corresponding auditing duties.
This Recovery Plan therefore complies with the requirements and provisions of the regulations applicable to the Next Generation EU instruments, is fully aligned with national and EU economic policy priorities and with the Sustainable Development Goals of the 2030 Agenda. Its aim is to improve the growth potential of Spain’s economy by increasing natural, human, institutional, scientific and technological capital, thus achieving greater productivity and sustained growth that creates an abundance of quality jobs, which will redress inherited imbalances in the medium term.

This is an ambitious project, with a medium-term perspective. It complements all the measures put in place to respond to the pandemic and will allow Spain to be one of the drivers of the recovery of the EU as a whole.