2022 BUDGETARY PLAN

KINGDOM OF SPAIN

15 – 10 – 2021

[CONTENTS]

[0]

INTRODUCTION

The preparation of the 2022 Budgetary Plan for the Kingdom of Spain is marked by the recent approval of the Preliminary Draft Bill of the General State Budget Law for 2022 (General State Budget for 2022) by the Council of Ministers on 7 October, as well as by its subsequent presentation to the Congress of Deputies on Wednesday 13 October, thus initiating its parliamentary processing, which will continue throughout the remainder of this year, so that it can enter into force on 1 January 2022.

This document is therefore based on a policy change scenario, under the assumption that the 2022 General State Budget will be approved. Accordingly, this Budgetary Plan includes all revenue and expenditure measures that form part of the public accounts that have just been presented and published, as well as all revenue and expenditure measures of the territorial government budgets.

In addition, the fiscal strategy described has been updated with information on budget execution and revenue collection for 2021, as well as forecasts regarding the impact of the COVID-19 pandemic and the eruption of the volcano on La Palma, and the latest available macroeconomic forecasts have also been incorporated, which have served as the basis for drawing up the 2022 General State Budget, and therefore also this Budgetary Plan.

For this reason, this document contains a detailed analysis of the 2021-2022 macroeconomic scenario, endorsed by the Independent Authority for Fiscal Responsibility, as established in the legislation.

The 2022 General State Budget is based on a fiscal and budgetary strategy focused on supporting a fair recovery after the crisis caused by the pandemic, on promoting a process of structural change in the economy, as well as on achieving a more sustainable and resilient development from an economic and financial perspective, which will make it possible to move towards a greener, more digital, more socially and territorially cohesive and more egalitarian country, leaving no one behind.

At the same time, these public accounts will allow progress to be made in reducing the deficit, guaranteeing the government's firm commitment to budgetary stability and fiscal consolidation.

Moreover, the General State Budget is now more important than ever, as the only instrument for channelling and efficiently planning the funds associated with Spain's Recovery, Transformation and Resilience Plan (PRTR), which was definitively approved by the ECOFIN on 13 July.

In this regard, by implementing the ambitious reform and investment agenda set out in the PRTR, the 2022 General State Budget will contribute to the economic and social recovery of the country, as well as to the digital and environmental transformation of the productive system, promoting sustainable development, increasing the potential growth of the Spanish economy, while simultaneously guaranteeing the sustainability of public finances.

It is also crucial to remember that in its Communication of 2 June this year, the European Union stated that the circumstances that allow the escape clause to remain active will continue to exist until 2022, so Spain has followed the path set by the Community institutions and has kept the mechanisms provided for in our national legislation active to provide coverage for this exceptional situation resulting from the outbreak of the COVID-19 pandemic.

This is why, in line with the guidelines set by the European Union, for 2022, Spain once again activated the clause provided for in our legal system that allows for the temporary suspension of the tax rules, as was already done for 2021.

For this reason, the Council of Ministers requested the Congress of Deputies, by means of the Council of Ministers Agreement of 27 July 2021 setting the non-financial expenditure limit for the 2022 General State Budget, the assessment provided for in articles 135.4 of the Constitution and 11.3 of the Organic Law on

Budgetary Stability and Financial Sustainability regarding the consideration that Spain is suffering from a pandemic. This assessment was ratified by the Plenary Session of the Congress of Deputies on 13 September.

In any case, it should be stressed that, as this government has always firmly reiterated and as was already made clear with the submission in spring of the Stability Programme Update 2021-2024, the commitment to budgetary stability remains despite the escape clause remaining in force, so that the activation of this clause does not suspend the procedures of the Stability and Growth Pact.

[1]

MACROECONOMIC SCENARIO 2021-2022

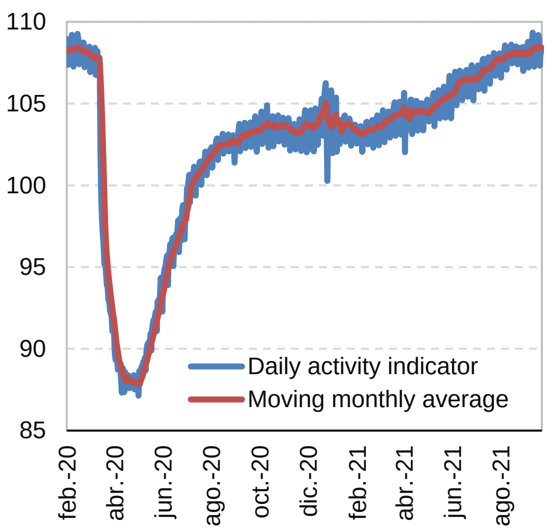
1.1 Recent progress and situation in 2021

The **recovery of the Spanish economy**, which began in May 2020, after the initial impact of the pandemic in March and April, was checked by the onset of a **third wave** in January 2021, combined with the effects of the adverse weather conditions caused by the Storm Filomena, which disrupted activity and consumption throughout much of the economy.

As the contagions of the third wave subsided and the pace of **vaccination** accelerated, the economy resumed its **recovery** in the course of March, **intensifying from May onwards**, as shown by the **daily activity indicator** (Chart 1), which summarises the behaviour of the main high-frequency indicators available.

Figure 1. Daily activity indicator

(level 20Q1 = GDP 20Q1)



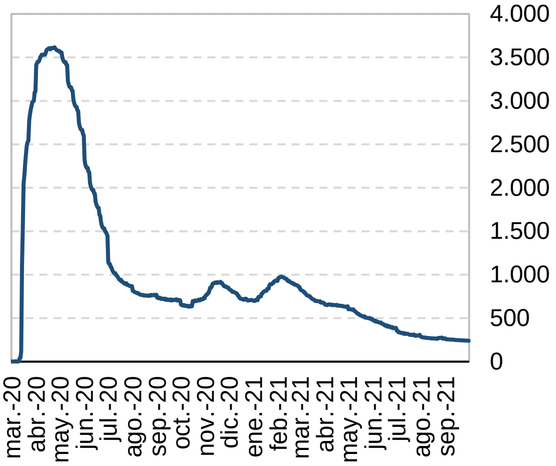
Source: Ministry of Economic Affairs and Digital Transformation

In the **second quarter** as a whole, the strong progress in vaccination and the improvement in the epidemiological situation boosted GDP growth, resulting in quarter-on-quarter growth of 1.1% (17.5% year-on-year), reflecting a **gradual recovery of the Spanish economy**. However, leading macroeconomic indicators point to an acceleration of growth in the second half of the year.

The indicator that best shows the relationship between the epidemic and the economic situation is the number of **workers on the ERTE** temporary furlough scheme, which reached close to one million at the beginning of February, during the third wave of the pandemic, and has been on a positive trend since then, reaching around 240,000 workers at the end of September, a reduction of 93% compared to the peak reached in late April 2020 (graph 2).

Figure 2. Workers on ERTE

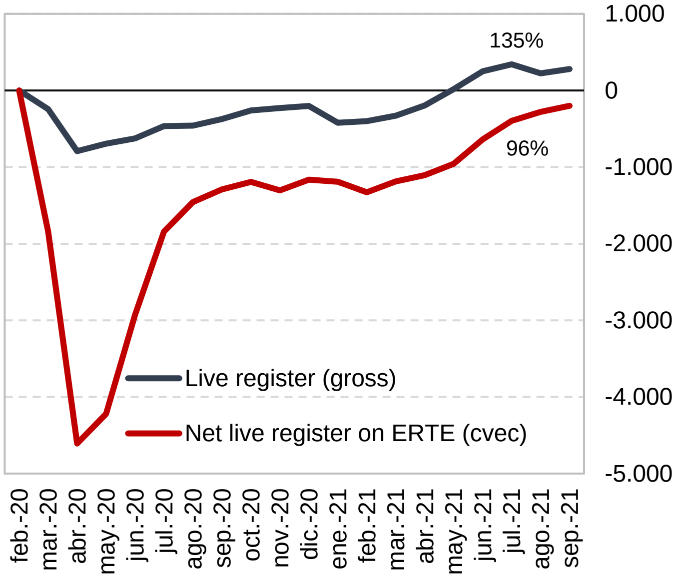
(thousands of people)



Source: Ministry of Inclusion, Social Security and Migration

Figure 3. Employment recovery

(thousands of people)



The percentages include the recovery of employment lost between February and May 2020, with information to June 2021

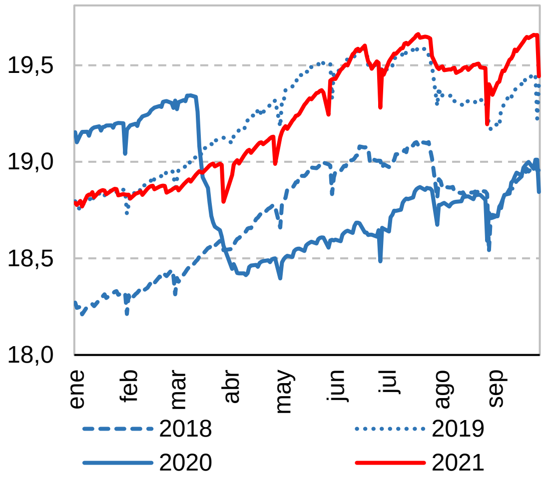
Source: Ministry of Inclusion, Social Security and Migration

Social Security enrolment data also reflect the improvement in the labour market, which since the beginning of the third quarter has been at higher levels than those in 2019 (+1.1% inter-biennial comparison in September, compared with -0.9% in April - graph 3). **Actual employment**, measured as the net enrolment of workers on ERTE[1], is now very close to the level recorded in the same period of 2019, having recovered 96% of the employment lost during the COVID-19 crisis.

[1] Given that the workers on ERTE are partially or fully furloughed from their jobs, in order to analyse effective employment it is appropriate to subtract them from the total number of Social Security affiliates. On the other hand, given that it is compared with February, a period with less favourable seasonality than other months of the year, it is worth studying the series corrected for seasonal and calendar variations (cvec).

Figure 4. SS affiliations

(millions of people)

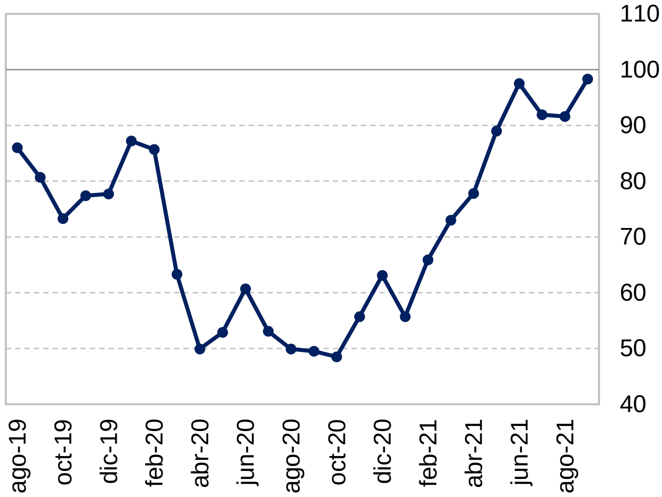


Source: Ministry of Inclusion, Social Security and Migration

The economic improvement is also reflected in the qualitative indicators with the latest data for September. Spanish **consumer confidence** remained stable in that month, maintaining its level above those prior to the outbreak of the virus (graph 5). Similarly, **economic sentiment** is at higher levels than before the pandemic (figure 6).

Figure 5. Consumer confidence

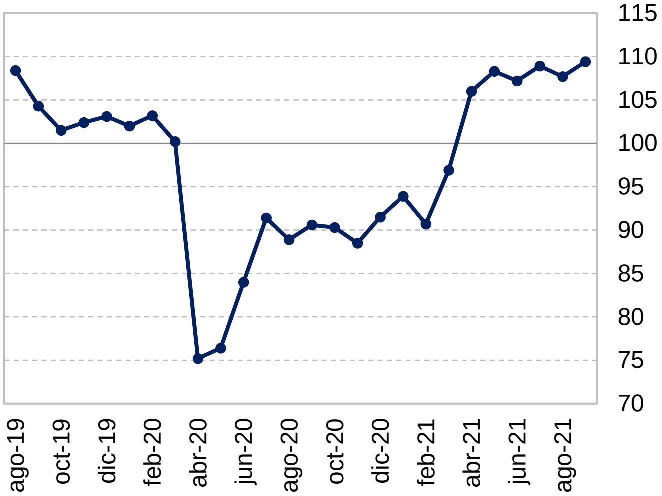
(level > 100 indicates a positive perception)



Source: CIS

Figure 6. Economic sentiment

(100 = long-term average)

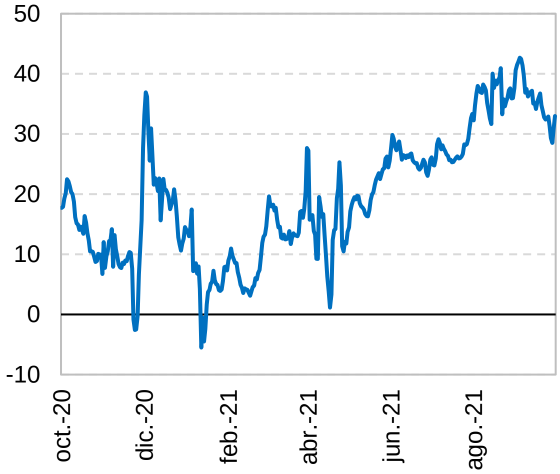


Source: European Commission

This recovery in employment and confidence has been accompanied by a **revival in consumption**, as reflected in the dynamism of card **spending** in recent months (graph 7), which went from inter-biennial rates of around 6% at the beginning of 2021 to rates of over 30% in September. This favourable evolution since January is explained by practically all items, with those related to **tourism** standing out, in particular bars and restaurants, which went from falling by more than 30% compared to 2019 in January to growing by almost 50%, favoured by the improvement in terms of health risks (graph 8). Spending on other services, including e-commerce and online subscriptions, is growing at rates close to 170% at the end of September, compared to rates of 90% before the pandemic, which may reflect structural shifts towards **greater digitisation of consumption**.

Figure 7. Card spending

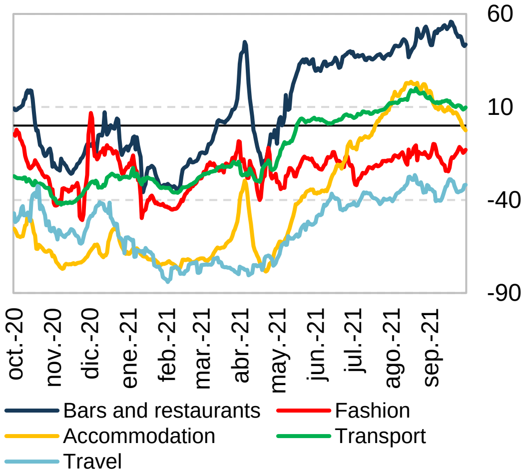
(% var. inter-biennial)



Source: BBVA Research

Figure 8. Card spending, selected sectors

(% var. inter-biennial)

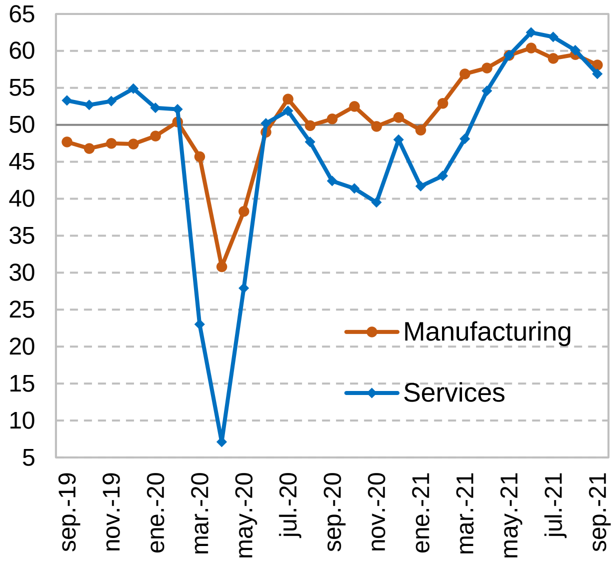


Source: BBVA Research

On the supply side, industry has been on a recovery path since the early months of 2021, as reflected in the **manufacturing PMI** (graph 9), which is around its highest levels since 1998. **Industrial production** declined from more than -5% year-on-year at the beginning of the year to -4.4% in August. However, **difficulties in supply chains** continue to challenge the industry, with a global shortage of microchips highlighted in recent weeks. For the time being, these supply tensions seem to have been passed on in the form of delays and *stock-outs,* without significantly affecting headline inflation.

Figure 9. PMI

(level > 50 indicates expansion)



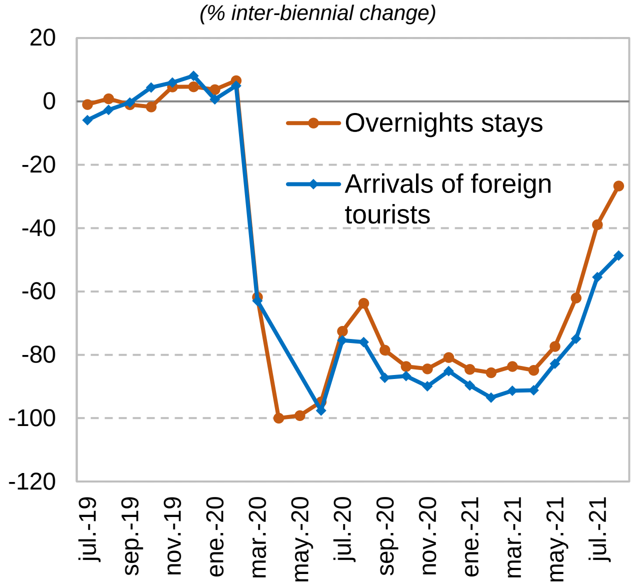
Source: Markit

Similarly, the **services PMI** reflects the strong growth of the services sector up to August. It is worth highlighting the evolution of **foreign tourism**, the sector that has suffered the most from the impact of COVID-19 and which has therefore taken the longest time to start its recovery. The sector started to show clear signs of an **incipient recovery in May and has intensified since then**. This evolution remains very much **in line with the forecast presented in the Stability Programme**, which projected that foreign tourism would reach a level of activity in the second quarter of 2021 equivalent to 31% of that recorded two years earlier, in line with the tourism GDP published by Exceltur (35%).

As for the **third quarter**, the dynamism of **tourism is surprisingly on the upside**, with overnight hotel stays in August reaching a level equivalent to 73% of two years earlier, which in terms of a two-year decline is -27%, compared to -85% at the beginning of 2021 (graph 10). Similarly, the inflow of international tourists continued to improve in August, standing 49% lower than two years earlier, compared to rates close to -90% at the beginning of the year, in a context of increased mobility favoured by progress in the vaccination campaign both here in Spain and at the European level. In terms of tourism GDP, the estimate made by Exceltur indicates that the sector's activity reached the equivalent of 73% of the activity registered in the third quarter of 2019, higher than the 56% projected in the last Stability Programme.

Figure 10. Tourism indicators

(% inter-biennial change)



Source: CTH and FRONTUR (INE)

In the short term, uncertainty remains about the evolution of the pandemic globally, which calls for caution and continuous monitoring of the situation. Among our **main tourist partners**, the situation is mixed: the wave that has affected several European countries during the summer is subsiding in most of them, France in particular, although incidence remains high in the UK. **Vaccination progress** has reached about 80% of the population fully vaccinated in Spain, 67% in the UK and France, and 65% in Germany, which will contribute to the progressive resumption of increased movement of people.

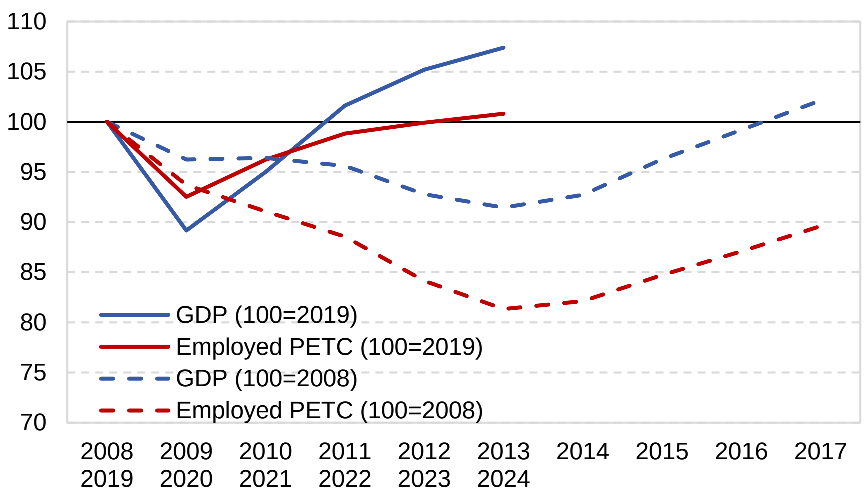
1.2. Economic policy response

During 2021, in parallel with health developments, economic and social policy measures have continued to **protect the productive fabric**, preventing **job** destruction and sustaining household **income**.

Indeed, the set of economic policy measures adopted since the beginning of the crisis has managed to avoid a sharp fall in employment, preserving a strong economic basis for recovery. Measures to support firms, workers and households **have decoupled the evolution of GDP and employment**, avoiding the heavy job destruction characteristic of previous recessions in Spain. Despite the fall in GDP during 2020, support measures have cushioned the rise in unemployment. On the other hand, the measures implemented have also allowed for a more employment-focused economic recovery, making the **exit from the crisis fairer and more equitable** for all. In this regard, compared to past recessions, the COVID-19 crisis has experienced an exit pattern in which the recovery of employment has prevailed over the recovery of GDP (graph 11).

As a result, **employment and GDP levels** are projected to **recover** in 2022 and the **pre-pandemic growth path** in 2023, confirming a speed of recovery that contrasts with the more than 10 years to reach the same milestones in the previous financial crisis (graph 11).

Figure 11. GDP and employment during the last two recessions



Source: INE and Ministry of Economic Affairs and Digital Transformation

Note: Data for 2021, 2022, 2023 and 2024 are forecasts

Public guarantee programmes continue to play an important role in **securing companies' liquidity and future investments**. By the end of September, more than 1,100,000 operations had been guaranteed through the ICO liquidity and investment lines, mobilising financing of more than 132 billion euros. 98% of these operations are aimed at SMEs and the self-employed, and the retail, transport and hospitality sectors together account for around 43% of financing mobilised by ICO guarantees.

These guarantee programmes have managed to avoid problems of access to liquidity for companies and the self-employed. All indicators and studies show that the ICO guarantee lines, together with the set of debt relief measures and direct aid to companies, have had a significant impact in reducing the risk of widespread corporate bankruptcy, bringing solvency indicators back to pre-pandemic levels. This prevents the potential structural impact and financial risk arising from the hysteresis effect on the viable productive fabric (Table 1).

TABLE 1: MEASURES TO SUPPORT THE LIQUIDITY AND SOLVENCY OF NON-FINANCIAL CORPORATIONS TO BOOST ECONOMIC RECOVERY

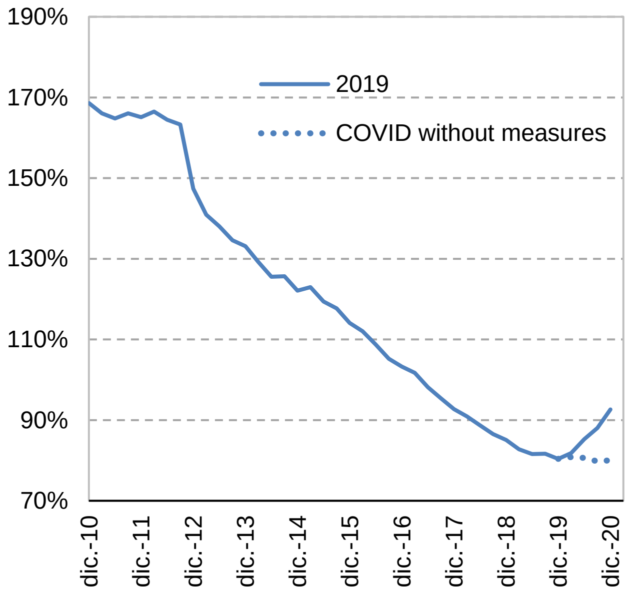
The COVID-19 pandemic has had an unprecedented impact on economic activity that has been characterised by its sectoral asymmetric nature. In this sense, the COVID-19 *shock* has led to a deterioration in corporate solvency indicators in those sectors most affected by the fall in revenues. Although non-financial corporations as a whole were in a strong position thanks to the deleveraging process of recent years, the pandemic would have tripled the percentage of viable companies with severe liquidity shortfalls[2], from 11% in 2019 to 33% in 2020 (figure 13).

The ambitious measures adopted since March 2020 to support corporate solvency, through ERTE, guarantees, loans, and direct aid, have significantly mitigated financial risk, preventing the deterioration of corporate balance sheets from triggering a financial stability problem. Thus, the potential negative impact of the destruction of viable productive fabric on both the real economy and bank balance sheets has been reduced, preventing potential credit rationing.

ICO guarantee lines have provided companies with a cushion to manage the impact of the pandemic on their liquidity. Thus, their use would have reduced the percentage of viable companies with severe liquidity shortfalls from 33% to 17%, still above the pre-pandemic level. By adding the effect of the 7 billion in direct aid to companies in the most affected sectors, the percentage of companies with severe liquidity shortfalls would fall to 9%.

In short, it is estimated that the combined impact of the ICO guarantee lines and direct aid would return the percentage of viable companies at high risk of closure to pre-pandemic levels, largely preventing the possibility of a risk of a structural or hysteresis effect on the viable productive fabric as a result of the pandemic.

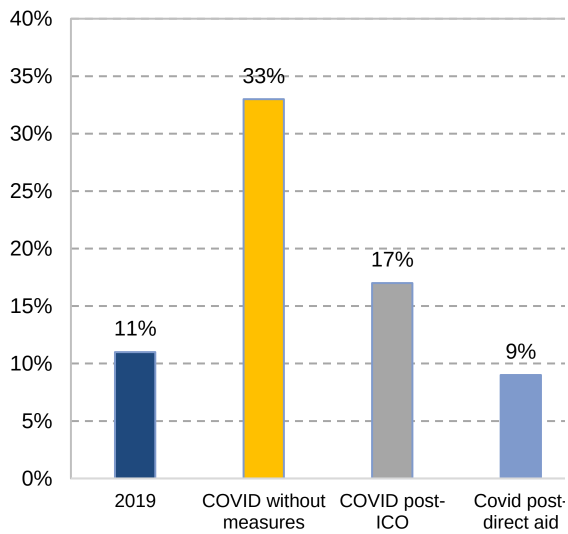
Figure 12**.** *Evolution of net debt/GAV ratio SNF 2010-2020*



Source: Bank of Spain and Mineco

Figure 13. Companies with severe liquidity shortfalls.

(% of the total number of companies benefiting from RDL 5/2021)



Source: Bank of Spain and Mineco

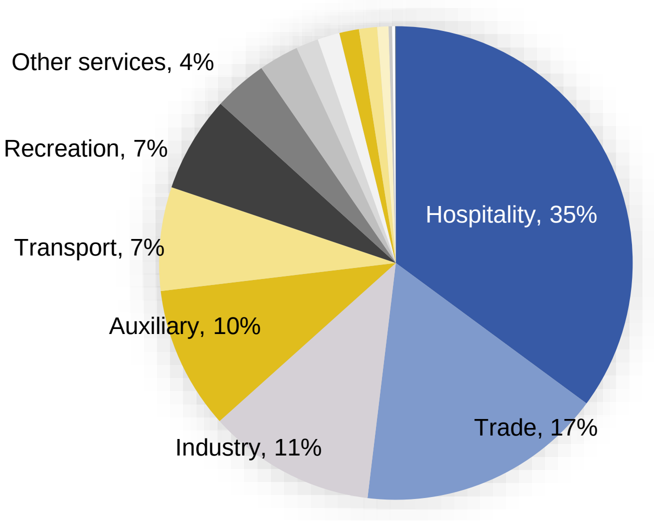
The number of workers on **ERTE** remains at a record low, but still provides effective support in the most affected sectors. The **hospitality** sector continues to account for the largest share of workers on ERTE (35%

[2] Situation where revenues are not sufficient to cover operating and financial costs (including payment of financial debt maturities).

of the total), mainly due to the food and beverage services division. However, it maintains at an above-average exit rate and has therefore reduced its weight in recent months (49% at the beginning of March). It is followed in importance by **trade**, with 17% of the total (graph 14).

Figure 14. Workers on ERTE by date of notification, main sectors

(% of total, by date of notification)

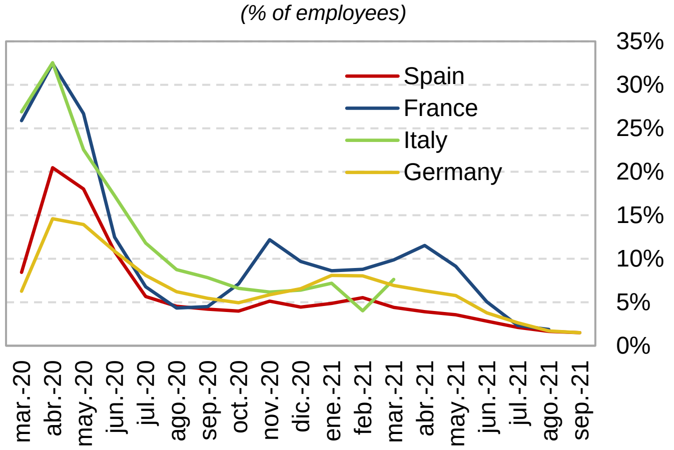


Source: Ministry of Inclusion, Social Security and Migration

The **percentage** of workers on ERTE as a percentage of the number of employees in Spain remained at around 5% from August 2020 to February 2021, falling since then to 1.5% in September, in **line with the rest of the large euro area economies**. **On 28 September, the Council of Ministers extended the use of the protection mechanisms through the approval of Royal Decree-Law 18/2021. However, companies that decide to take advantage of the extension must develop training actions for each of the affected persons on ERTE between 1 November 2021 and 28 February 2022.** In **this way, a new model of transitional ERTE is being articulated that aims to facilitate the** adaptability of workers on ERTE, through re-qualification.

Figure 15. International comparison of ERTE workers

(% of employees)



Source: TGSS (Spain), INPS (Italy), DARES (France), Bundesagentur für Arbeit (Germany) and Eurostat

1.3. Assumptions and the international scenario

The macroeconomic scenario is based on the **recent developments and trends** in the Spanish economy described above, with the information available at the time of its preparation. The **assumptions** have been derived from the assumptions included in the European Central Bank's projections, the Bank of Spain's forecasts and the Ministry of Economic Affairs and Digital Transformation's own estimates.

In this regard. the macroeconomic scenario, which is presented together with the General State Budget for 2022 has been **endorsed by the AIREF**, in compliance with Article 14 of Organic Law 6/2013, of 14 November, on the incorporation of the Independent Authority for Fiscal Responsibility and Article 4 of Directive 2011/85/EU of the Council, of 8 November 2011, on the requirements for budgetary Frameworks for Member States.

With regard to the international context, the macroeconomic scenario is sustained on a hypothesis of **recovery of global growth** in 2022. The ECB forecasts for the global economy, excluding the EU, indicate growth of 4.5% in 2022. Similarly, the euro area will experience growth of up to 4.6% in 2022.

In line with the reactivation of growth in our main trading partners, **Spanish** export markets in 2022 will experience a strong recovery, reaching 6.4%.

In line with the projection of the ECB, this assumes an upward trend in long-term **interest rates**, from 0.5% in 2021 to 0.9% in 2022. For their part, short-term rates will remain negative throughout the projection period. As for the evolution of the **exchange rate**, it is assumed to remain stable at a level of USD 1.2 in 2022.

With regard to commodity prices, since March 2021 **Brent oil** has shown an upward trend, reaching prices above pre-pandemic levels, with futures forecasting a gradual moderation over the medium term.

Table 1.1 Basic Assumptions

% variation over the same period of the previous year, unless otherwise stated.

	2020	2021	2022
Short -term interest rates (three-month Euribor)	-0.4	-0.5	-0.5
Long-term interest rates (Spanish 10-year public debt)	0.4	0.5	0.9
Exchange rate (dollars/euro)	1.1	1.2	1.2
Global GDP growth, excluding Eurozone	-2.4	6.3	4.5
Eurozone GDP growth	-6.8	5.0	4.6
Spanish export markets	-10.2	8.6	6.4
Price of oil (Brent, dollars/barrel)	42.3	71.6	60.4

Sources: European Central Bank, ICE Brent Crude, Banco de España and the Ministry of Economic Affairs and Digital Transformation

1.4. Macroeconomic Scenario 2021-2022

The **growth projections for the two-year period 2021-2022**, set in the April Stability Programme, of **6.5% and 7%** respectively, are maintained on the basis of the information available since then. These rates are among the highest in developed countries, according to forecasts by international organisations. Similarly, and in line with the majority of national and international organisations and analysts, the accumulated growth in these two years will allow pre-COVID levels of activity to be reached in 2022.

However, it is important to highlight the important role that the PRTR will play in this recovery process in 2021 and 2022. In this sense, the Plan not only aims to boost recovery through the deployment of an ambitious investment plan, but also to transform the productive structure of the Spanish economy through a set of structural reforms.

The reforms and investments contained in the Recovery Plan are consistent and its milestones focus mainly on four axes: green transition, digital transformation, gender equality and social cohesion. Thus, the milestones set by the Recovery Plan also require monitoring of the evolution of the Spanish economy through indicators complementary to GDP and its components (see Table 2). Monitoring of these complementary economic indicators will ensure that economic growth is fairer and more equitable for all citizens.

TABLE 2: COMPLEMENTARY INDICATORS

Economic growth is a powerful tool to contribute to the well-being of society, but it is not only growth that is important, but also how it is grown. In this regard, in order to have a complete picture of social welfare, it is necessary to go beyond traditional economic indicators, such as GDP, and complement them with others that provide information on the quality of growth.

Specifically, in the current context of emerging from the crisis and the implementation of the Recovery, Transformation and Resilience Plan, it is appropriate to monitor four key aspects, complementary to GDP, selecting those indicators with a shorter time lag in their publication and which allow a comparison over time and with respect to the European Union (Table 1.2):

- **Ecological transition**. There has been a clear improvement in the green dimension over the last four years, with a steady reduction in greenhouse gas emissions and an increase in the share of renewables in the generation of electricity.
- **Digital transformation**. Spain is one of the European countries with the highest coverage of broadband connection, showing a great effort in digital infrastructure and an improvement in the percentage of the population with advanced digital skills.
- **Gender equality**. The reduction of the gap in the activity rate and the improvement in the indicator for the presence of women in managerial positions now make Spain one of the European countries with the greatest equality between men and women.
- **Social cohesion**. The social cohesion indicators point to a need for effort both to continue working to improve indicators such as care for households with all members unemployed, the proportion of which increased in 2020, although the assessment of the net impact should incorporate the improvement in employment since the start of the recovery and, above all, the roll-out of the Minimum Living Income. On the other hand, it is estimated that in the early stages of the crisis that the reduction in inequality of public action would have exceeded 8.5 pp[3].

[3] CaixaBank Research, Inequality Tracker, based on internal CaixaBank data https://inequality-tracker.caixabankresearch.com/
See also CEPR Real-Time Inequality and the Welfare State in Motion: Evidence from COVID-19 in Spain
https://cepr.org/active/publications/discussion_papers/dp.php?dpno=15118

Table 1.2. Supplementary economic indicators

	Ecological transition				Digital transformation				Gender equality				Social cohesion			
	GHG emissions[4]		Renewables in electricity generation		Homes with broadband connection		Advanced digital skills		Activity rate gender gap[5] (pp)		Women in managerial positions		Early school leavers[6]		People in jobless households[7]	
2017	94	↓	32.4%	↓	82.7%	↑	32.0%	↑	10.1	↓	30.6%	↑	18.3%	↑	11.4%	↑
2018	93	↑	38.4%	↑	86.1%	↑	nd		10.2	↓	32.1%	↑	17.9%	↑	10.4%	↑
2019	87	↑	37.6%	↓	91.2%	↑	36.1%	↑	9.5	↑	33.2%	↑	17.3%	↑	9.7%	↑
2020	76	↑	44.2%	↑	95.3%	↑	41.1%	↑	9.3	↑	35.0%	↑	16.0%	↑	11.2%	↓

Top 5	Better	Similar	Worse	5 Lower

Comparison with EU average

Improving welfare ↑

Worsening welfare ↓

Source: Ministry of Economic Affairs based on data from Eurostat, INE, IMF and REE

[4] Greenhouse gas emissions index. Base 2010. IMF.
[5] Difference between the activity rate of men and women.
[6] Percentage of the population aged 18-24 with secondary education or less that is not in education.
[7] Percentage of population aged 18-59 living in households where nobody works.

Table 1.2 Macroeconomic outlooks

Chained volume series, Year 2015=100, unless otherwise stated

	ESA Code	2020 (A)	2020 (A)	2021 (P)	2022 (P)
		Level	Annual change in %		
1. Real GDP	B1*g	98,8	-10.8	6.5	7
2.) Potential GDP		1,182	0.6	1.1	1.5
contributions:					
Employment			0.1	0.3	0.3
Capital			0.2	0.2	0.4
Total productivity of the factors (PTF)			0.2	0.6	0.7
3. Nominal GDP (1) Billions of euros	B1*g	1,121,9	-9.8	7.8	8.6
Components of real GDP					
4, Private domestic final consumption expenditure (*)	P.3	95,6	-12	8	6.9
5. Final expenditure of the General Governments	P.3	109,9	3.3	2.5	1.5
6. Gross fixed capital formation	P.51	109,9	-9.5	7.2	12.3
7. Inventory variation (% of GDP)	P.52 + P.53	-0,5	-0.5	0	0
8. Export of goods and service	P.6	92,5	-20.1	10	10.3
9. Export of goods and service	P.7	97,8	-15.2	10.3	10
Contributions to real GDP growth					
10. Final domestic demand			-8.6	6.5	6.7
11. Inventory variation	P.52 + P.53		-58.3	0	0
12. External balance	B.11		-2.2	0.1	0.2

(*) Includes households and NPISH (non-profit institutions serving households).

Sources: National Statistics Institute and Ministry of Economic Affairs and Digital Transformation

The positive surprise registered by **private consumption** in the second quarter has led to a slight upward review of the forecast for 2021 as a whole, to a growth rate of 8.0% in 2021, with the forecast of 6.9% growth in 2022 remaining unchanged. The recovery in consumption has been anticipated thanks to the progress in the vaccination process, the positive evolution of employment and the strong reactivation of the services sector. This, in turn, will lead to a progressive reduction in the levels of savings accumulated by households during the pandemic, reaching savings rates similar to those of 2019 from 2023 onwards.

The forecast of strong growth in **capital goods investment** is maintained, at 16.5% in 2021 and 18.3% in 2022, unchanged from the Progress Report. In contrast, the forecast for **construction** investment is revised slightly downwards in the light of the mixed signals recorded in the first half of the year. In this sense, while employment and cement consumption evolve at a good pace, investment remains below pre-COVID levels, thus revising downwards the growth of investment in construction for 2021 to 3%. Consequently, for the two-year period 2021 - 2022, gross fixed capital formation will grow by 7.2% and 12.3% respectively.

The **external sector** will show high dynamism in 2021, with total exports increasing by 10% and imports by 10.3%. According to National Accounts data for the first two quarters, as well as world trade indicators, Spanish exports of goods performed better than expected during the first part of the year. On the services exports side, the tourism sector forecast is maintained for 2021, highlighting a partial recovery of foreign tourism, which will reach a level of less than 50% compared to the level recorded in 2019, and a recovery of domestic tourism of 75% compared to 2019. Consequently, exports of goods and services will grow by 10.0% in 2021 and accelerate slightly to 10.3% in 2022. As for imports, they will be driven by private consumption and investment in capital goods, describing a growth path of 10.3% and 10.0% by 2021 and 2022, respectively.

In terms of the composition of growth, **domestic demand** will lead the recovery of the Spanish economy in the 2021-2022 biennium with a contribution to growth of 6.5 percentage points (pp) and 6.7 pp, respectively. For its part, **external demand** will also contribute positively to GDP growth, by 0.1 pp in 2021 and 0.2 pp in 2022.

Increased economic activity and, above all, the reactivation of the services sector will be passed on to the **labour market**, with an increase in employment and a reduction in unemployment. Taking into account the most recent evolution of labour indicators in terms of enrolment, redundancies and layoffs, employment growth in 2022 is projected at 2.7%. This positive employment development will allow unemployment rate to reach 15.2 per cent in 2021 and to fall further to 14.1 per cent in 2022. Consequently, over the course of 2022, quarterly unemployment rates similar to those recorded in 2019 are expected to be reached.

Table 1.3 Evolution of the labour market (*)

	ESA Code	2020	2020	2021	2022
		Level	% change		
1. Total working population (Equivalent to full time employment. Thousands)		16,973	-7.6	4	2.7
2.) Unemployment rate (% of population working		-	15.5	15.2	14.1
3. Productivity per worker (thousands of euros)		62,7	-3.5	2.4	4.2
4, Remuneration of employees (billions of euros)	D.1	543,9	-5.6	4.4	3.8
5. Remuneration per employee (thousands of euros)(**)		37,2	1.3	0.9	1.5

(*) Data in National Accounting terms, except unemployment rate
(**) Remuneration per employee equivalent to full time
Sources: National Statistics Institute and Ministry of Economic Affairs and Digital Transformation

The **GDP deflator** growth path for the 2021-2022 biennium remains unchanged at 1.2% and 1.5%, respectively. Of particular note is the rebound in the private consumption deflator in 2021, in line with the acceleration in energy prices, especially in the second half of the year. However, in 2022 the private consumption deflator is expected to decelerate as the energy price shock is expected to be temporary and to fade from the second quarter of 2022 onwards. This evolution of the private consumption deflator is not clearly reflected in the GDP deflator, given that, to a large extent, energy goods are imported, so that the rise in energy prices is also passed on through a rise in the import deflator.

Table 1.4 Evolution of prices

	2020	2020	2021	2022
	Level	% change		
1. GDP Deflator	105,4	1.1	1.2	1.5
2. Private consumption deflator(*)	104,2	0	1.9	1.3
3. Public consumption deflator(*)	106,3	1.3	0.9	1.1
4, Gross fixed capital formation deflator	106,7	0.7	0.2	1.8
5. Exports (goods and services) deflator	102,4	-1.1	2.7	1.6
6. Imports (goods and services) deflator	101,5	-3.2	3	1.2

(*) Includes homes and non-profit institutions with at the service of homes
Sources: National Statistics Institute and Ministry of Economic Affairs and Digital Transformation

Table 1.5 Sectoral balances

	ESA Code	2020 (A)	2021 (P)	2022 (P)
		% GDP		
1. Surplus (+) /Deficit (-) of financing compared to rest of the world	B.9	1.2	2.1	2.8
- Foreign trade balance for goods and services		1.5	1.4	1.6
- Balance of primary income and current transfers		-0.6	-1.1	-0.9
- Net capital transactions		0.4	1.8	2
2. Surplus (+) /Deficit (-) private sector financing	B.9	12.2	10.5	7.8
3. Surplus (+) /Deficit (-) public sector financing(*)	B.9	-11	-8.4	-5

(*) The figures include financial support
Sources: National Statistics Institute and Ministry of Economic Affairs and Digital Transformation

In terms of the risks considered when drafting the economic projections presented, it is worth noting the following:

- **Epidemiological situation:** despite the positive effects of vaccination, the epidemiological evolution continues to represent the main downside risk. However, data from recent months indicate that vaccination and natural immunity facilitate containment with mild measures. In the absence of new variants or a different evolution of the virus, it is expected to continue in this direction until the virus moves into an endemic phase where, like others, people develop an immune response from an early age[8].

- **Energy prices:** the evolution of energy costs has pushed up inflation in recent months. Apart from the influence of base effects on the year-on-year CPI rate, the escalation of global energy costs, particularly oil and natural gas, has been putting pressure on prices in recent months. On the other hand, rising energy prices manifest themselves through bottlenecks or distortions in supply chains that could lead to adjustments via quantities.

- **Hysteresis:** the pandemic has led to a deterioration in the solvency indicators of non-financial corporations, with some risks linked to financial vulnerability persisting for some over-indebted companies or those with a worse financial starting position. However, the measures adopted since March 2020 have mitigated this problem of corporate financial vulnerability, so that the gradual recovery of activity should consolidate the return to pre-pandemic solvency levels.

[8] Torjesen, Ingrid. "Covid-19 will become endemic but with decreased potency over time, scientists believe." BMJ: British Medical Journal 372 (2021).

[2]

ORIENTATION OF FISCAL POLICY

2.1. Maintenance of **the activation of the general escape** clause of the Stability and Growth Pact

The European Commission decided to apply the general escape clause of the Stability and Growth Pact in 2020, extended it for the financial year 2021 and has also determined that the conditions are met to keep it in force also for the year 2022. The aim is for states to be able to maintain expansionary policies and stimulus until the economic recovery is more robust and pre-pandemic GDP is reached. **The activation the general escape clause allows temporary deviation from the medium-term budgetary objective Member State, provided that this deviation does not place medium-term budgetary stability at risk.**

Thus, the Commission, in its Communication of 3 March 2021, again took a position on the escape clause, this time with a view to 2022, basing its decision on whether to maintain or deactivate the escape clause on a quantitative criterion: the clause should remain active until Member States recover their pre-pandemic level of real GDP. This was confirmed in a subsequent Communication on 2 June this year. In this context, the Commission's Spring Forecasts estimate that it will not be until 2022 that all Member States will recover their pre-pandemic level of GDP.

In view of the above, in the above-mentioned Communication of 2 June, the Commission considered that the conditions for keeping the general escape clause active in 2022 and deactivating it in 2023 were fulfilled. However, the degree of uncertainty is so high that even for 2023, with the fiscal rules already back in force, the Commission is committed to taking into account the specific and individual situations of each country in the formulation of future guidelines.

In addition, in its Communication of 2 June, the Commission continues to support the implementation of an expansionary fiscal policy also for the coming year, and once again warns of the risk of withdrawing stimuli too early.

At this point, with European fiscal rules temporarily suspended also for 2022, and with the European Union refusing to set quantitative targets for member states as long as uncertainty persists and countries have not recovered their pre-pandemic level of economic activity, the budgetary cycle of the 2022 General State Budget started with the need to ensure the necessary flexibility for General Government in designing a fiscal policy aimed at consolidating the economic recovery.

This is why, in line with the guidelines set by the European Union, for 2022 Spain has once again activated the clause provided for in our legal system that allows for the temporary suspension of the tax rules, as was done in 2021.

Bearing in mind that the European Union, in its Communication of 2 June, considered the existence of circumstances that allow the escape clause to remain active for 2022, Spain should follow this path and activate the mechanisms foreseen for this exceptional situation.

For this reason, the Council of Ministers requested the Congress of Deputies, by means of the Council of Ministers Agreement of 27 July 2021 setting the non-financial expenditure limit for the 2022 General State Budget, the assessment provided for in articles 135.4 of the Constitution and 11.3 of the Organic Law on Budgetary Stability and Financial Sustainability regarding the consideration that Spain is suffering from a pandemic. This assessment was approved by the plenary session of the Congress of Deputies on 13 September.

However, the commitment to budgetary stability is maintained despite the activation of the escape clause, in line with the Stability Programme Update 2021-2024 submitted in May 2021 to Brussels, as set out in Table 2.1.

These indicative reference rates were designed to ensure compliance with a dual objective: on the one hand, to continue supporting companies, workers and families while the economic recovery takes hold; and, on the other hand, to begin a medium-term rebalancing process that allows prudent fiscal positions to be achieved and the sustainability of public accounts to be reaffirmed.

Table 2.1 Reference rates for the general government fiscal balance 2021-2024

% GDP	2021	2022*	2023	2024
Central Government	-6.3	-3.9	-3.1	-2.5
Autonomous Communities	-0.7	-0.6	-0.4	-0.2
Local Authorities	0.0	0.0	0.3	0.3
Social Security	-1.5	-0.5	-0.7	-0.7
Total Public Administrations	**-8.4**	**-5.0**	**-4.0**	**-3.2**

* The 2022 reference rates for Autonomous Communities and Social Security contained in the Stability Programme have been updated in the context of the preparation of the 2022 General State Budget
Source: Ministry of Finance and Civil Service

With regard to debt, Table 2.2 shows the evolution of public debt according to macroeconomic and fiscal forecasts. In 2021, debt will return to the downward trend observed prior to the pandemic, with this trend continuing into 2022.

Table 2.2 Evolution of General Government debt (S.13) and perspectives
% of GDP

	ESA Code	2020	2021	2022
1. Debt ratio / GDP[a]		120.0	119.5	115.1
2.) Variation of debt ratio / GDP		24.4	-0.4	-4.5
Contribution to variation of debt ratio / GDP				
3. Primary budgetary balance		8.7	6.2	3.0
4, Interest payments	D.41	2.2	2.1	2.0
5. Adjust stock-flow		3.0	-0.1	0.0
p.m.: Implicit interest rate of debt		2.1	1.9	1.8

According to definition in Council Regulation (EC) No 479/2009
Source: Ministry of Economic Affairs and Digital Transformation

2.2. Revenue and expenditure forecasts

National budget without Recovery, Transformation and Resilience Plan

The fiscal projections for the period 2021-2022 are marked by the **context of economic recovery** after the crisis generated by COVID-19. This pandemic has generated an unprecedented fall in GDP in the recent history of our economy. The Spanish authorities, in line with the recommendations of the main international organisations and like our EU partners, have opted to implement an expansionary fiscal policy, in order to support workers, families and companies, in an attempt to counteract the pernicious effects of this crisis. To this end, a wide range of measures have been adopted to mitigate the social and economic consequences. These packages of measures, added to the natural play of the automatic stabilisers (higher unemployment spending and lower tax revenues) have an immediate budgetary impact which, however, may prevent a more pronounced future deterioration in public finances to the extent that they have saved the Spanish economy from more lasting and structural effects.

This Budgetary Plan for 2022 presents the main items of public revenue and expenditure forecast for 2021 and 2022 and is aligned with both the **macroeconomic framework** and the **Draft General State Budget for 2022** (hereinafter, 2022 General State Budget) approved by the Council of Ministers on 7 October and includes the main lines of the draft budgets for 2022 of the Territorial Administrations.

In this context, the Plan includes a **policy change scenario**, updated with the information available to date, including the extension of the income support measures of Royal Decree-Law 18/2021 of 28 September, which foresees, among others, the extension of the Temporary Furlough Scheme (ERTE) until February 2022. This update of the budgetary projections confirms the general government deficit forecast of **8.4%** for 2021 and **5.0%** for 2022 contained in the Stability Programme of last April and on the basis of which the 2022 General State Budget has been constructed.

Table 2.3 2022 Projections
As % of GDP

Sub-sectors	2021	2022
Central Government	-6.3	-3.9
Autonomous Communities	-0.6	-0.6
Local Authorities	0.0	0.0
Social Security Funds	-1.5	-0.5
Total Public Administrations	**-8.4**	**-5.0**

Source: Ministry of Finance and Civil Service

In this way, the Spanish government, following the specific recommendations of the Council, maintains the fiscal strategy foreseen in the Stability Programme and will continue to effectively combat the pandemic, sustaining the economy and supporting the subsequent recovery in an effective manner. This fiscal strategy also implies that, when economic conditions allow, fiscal policies aimed at achieving prudent fiscal positions in the medium term will be pursued.

It should also be reiterated, as already done for the Stability Programme, that these budgetary projections are based on a macroeconomic scenario reflecting the impact of the Recovery, Transformation and Resilience Plan, but their expenditure and revenue lines do not include the amounts associated with the Recovery and Resilience Facility as these flows have no impact on the government deficit due to the principle of neutrality endorsed by Eurostat. Moreover, it should also be noted that these expenditure and revenue projections do not yet reflect the possible improvements in public finances that will result from Components 27 (*"Measures and actions to prevent and combat tax fraud"*), 28 (*"Adapting the tax system to the reality of the 21st century"*) and 29 (*"Improving the efficiency of public spending"*) of the Spanish Recovery, Transformation and Resilience Plan (PRTR), as the measures will be implemented in the coming months, in line with the milestone calendar set out in the PRTR, and their effects will be reflected as they are implemented.

In 2021, the ratio of **government revenue** to GDP is projected to rise to **41.3%** of GDP, i.e., a total of 499.15 billion euros, for General Government as a whole and in national accounting terms.

The forecast for **taxes**, which will reach EUR 284.865 billion in 2021, thus increasing by 11.1% compared to 2020, can be explained by a combination of several effects. Among these we can highlight the strong economic recovery that the Spanish economy is experiencing after the fall experienced in 2020 due to the COVID 19 crisis, with an estimated GDP growth of 6.5%, or the increase in prices, which means that nominal variables are behaving more dynamically than real ones, estimating a nominal GDP growth of 7.8%. The dynamic development of the **tax bases** with an expected growth of 8.2% compared to the 7.8% fall of the previous year would also have contributed to this strong growth. In addition, it is worth noting the adoption of a set of **tax measures** which, apart from their redistributive purposes, have generated additional revenue with their entry into force. Most of them had been incorporated into the 2021 State Budget (the increase in personal income tax rates for high incomes, in VAT on sugary drinks and in the tax on insurance premiums, and the limitation of double taxation exemptions for dividends and capital gains in corporate income tax). Others, on the other hand, given their nature, have been and are being processed outside the Budget Law. This is the case of the establishment of the two new taxes, the Financial Transaction Tax and the Tax on Certain Digital Services, which came into force on 16 January, and the Single-Use Plastics Tax, which is currently being processed. However, part of the increase in revenue from these tax measures will be experienced in 2022.

If we mentioned earlier the factors that supported the dynamic growth in revenues, it is worth highlighting another series of elements that have reduced them. This is the case of the measures adopted to deal with COVID-19 or the measures adopted to deal with electricity price increases (temporary reduction of the VAT rate and of the Special Tax on Electricity, and the also temporary exemption from the Tax on the Value of Electricity Production).

Current **taxes on income and wealth** are estimated to grow by 12.5%, reaching 141.054 billion euros. Among them, the positive evolution of the income of individuals and non-residents stands out, with gross household income estimated to increase by 4.2%.

Corporate income tax shows a very dynamic evolution, explained on the one hand by the increase in corporate profits in 2021 and on the other hand by lower refunds, with the growth rate of the consolidated corporate tax base close to 20%.

Taxes on production and imports are estimated to grow by 9.4% to 138.42 billion euros, which is explained by the estimated positive development of domestic private final consumption of 8%. Within this line of revenues, the performance of excise duties stands out, boosted by the evolution of consumption subject to excise duties of more than 15%. This tax, as in the case of VAT, was particularly affected in 2020 by the activity and mobility constraints experienced. On the other hand, the performance of revenue collection has been negatively affected by the reduction in the rate of the Special Tax on Electricity.

VAT, like excise duties, shows a very dynamic performance driven by a growth in final taxable expenditure of almost 10%, which, however, has been negatively affected by the reduction in the rate applicable to electricity consumption for certain consumers and by refunds.

By **2022**, total general government revenues are expected to account for 39.8% of GDP, amounting to 522.264 billion euros in national accounting terms, which represents an increase in revenues of 4.6%, thus moderating the pace of growth compared to 2021, when they increased by 7.3%.

Taxes are estimated to reach 298.801 billion euros, thus increasing by 4.9% compared to 2021.

The evolution in 2022 is explained by several factors, such as the expansion of the tax bases (by 6%) or the impact of the regulatory measures approved in 2020 and 2021 and whose effects will continue to be felt into 2022 in different ways.

Current taxes on income and wealth will perform better than taxes on production and imports. They are estimated to reach 145.723 billion euros, compared to 141.054 billion euros in 2021, for an expected increase of 3.3%. Household income tax revenue will be boosted both by the evolution of the bases and by the effect of the increase in personal income tax rates on the highest earners, approved in the 2021 State Budget.

In the case of **corporate income** tax, the expected evolution of corporate income tax, as in 2021, would be explained by the evolution of corporate profits, lower refunds and the positive effect of the limitation of double taxation exemptions on dividends and capital gains introduced in the 2021 Budget, bringing the increase in the consolidated corporate income tax base being close to 10%.

Taxes on production and imports, on the other hand, will grow at more dynamic rates, with an estimated growth of 7.2%, reaching 148.378 billion euros, which is explained, as in 2021, by the positive estimated evolution of national private final consumption, as well as by the positive effect of the tax measures mentioned above, as is the case of the new figures (Financial Transactions, Digital Services and Plastics). By lines of revenues, it is worth highlighting the evolution of VAT, which will present a dynamic performance, supported both by the evolution of domestic private final consumption expenditure by households of almost 7%, and by the reversal of the rate reductions approved in 2021.

Social security contributions maintain growth rates like those foreseen in the Stability Programme of April, 1.9% for 2021 and 5.0% for 2022, reflecting the recovery of the labour market. Thus, in 2022, the share of social security contributions in GDP will stand at 13.2%, close to the 12.9% that existed in 2019 before the outbreak of the pandemic.

Other current resources will grow by 4.9% in 2021, after a sharp decline of 6.5% in 2020. This development is again in line with macroeconomic forecasts and the expected growth outlook, which leads to a better performance of dividend and interest income for the period under review. This heading also includes revenue forecasts from EU funds (including EAFRD, EAGF, EMFF, ERDF, ESF, etc.). More moderate growth of 1.8% is projected for 2022, gradually recovering to 2019 levels as the economic recovery takes hold.

Table 2.4 Income and expenditure targets for the General Government as a whole

(As a % of GDP)

	ESA Code	2020	2021	2022
1. Total income targets	TR	41.5	41.3	39.8
of which				
1.1. Taxes on production and imports	D.2	11.3	11.4	11.3
1.2. Current taxes on income and wealth, etc.	D.5	11.2	11.7	11.1
1.3. Taxes on capital	D.91	0.4	0.4	0.4
1.4. Social contributions	D.61	14.5	13.7	13.2
1.5. Rents on property	D.4	0.6	0.6	0.5
1.6. Others		3.6	3.5	3.3
p.m.: Tax burden*		37.5	37.4	36.2
2. Total expenditure targets	TE	52.4	49.6	44.7
of which				
2.1. Remuneration of employees	D.1	12.5	12.1	11.4
2.2. Intermediate consumption	P.2	5.9	5.6	5.2
2.3. Social transfers	D.62, D.63	23.4	21.5	19.9
Of which unemployment benefit		3.7	2.5	1.8
2.4. Interest	D.41	2.2	2.1	2.0
2.5. Subsidies	D.3	1.9	1.5	1.1
2.6 Gross capital formation	P.5	2.6	2.7	2.2
2.7. Capital transfers	D.9	2.0	2.1	1.2
2.8. Others		1.9	2.0	1.9

Source: Ministry of Finance and Civil Service

* The tax burden is the sum of tax revenues and social contributions as well as taxes paid by the resident sectors to the rest of the world

On the expenditure side, the **expenditure-to-GDP ratio** declines very gradually from 52.4 per cent of GDP in 2020 to 49.6 per cent in 2021 and **44.7** per cent in 2022, reflecting both the recovery of GDP and the phasing out of exceptional measures to fight the COVID crisis.

Spending on **employee salaries** increases by **4.0%** in 2021, reflecting the 0.9% revaluation of public salaries approved for 2021, the replacement rate itself and the additional reinforcement in the number of staff (especially at the level of the Autonomous Communities) to fight the health crisis. In 2022, they are projected to reach 11.4% of GDP, an amount that includes the 2.0% revaluation of public salaries foreseen in the draft General State Budget for 2022, as well as the replacement rate, and all this compensated by the progressive decrease of the extraordinary staffing needs due to the abatement of the pandemic.

As for **intermediate consumption**, growth of **2.8%** is forecast for 2021 and a slight decrease for 2022, so that next year spending on this item will decrease to the weight it had in 2019: 5.2% of GDP. This item covers, inter alia, expenditure on the purchase of healthcare equipment for hospital care and expenditure on services related to the fight against COVID. Hence, for example, at the regional level, the fall in this expenditure forecast for 2022 is -1.4%.

Total **social transfers** (both in cash and in kind) would fall by **-0.9%** in 2021 and increase slightly by **0.6%** in 2022. Overall, they would close 2022 with a weight of 19.9% of GDP, still more than one percentage point above 2019 but well below the 23.4% they reached in 2020.

Within social transfers, the most important are **cash** transfers, which include, among others, pensions and unemployment benefits. These transfers show a decrease of **-1.4%** in 2021 mainly due to lower spending on COVID benefits compared to 2020. In 2022, a slight increase of **0.6%** is expected. The evolution of expenditure under this heading includes in 2021, among others, the 0.9% increase in contributory pensions in order to maintain the purchasing power of pensioners. In 2022, it includes the revaluation of contributory pensions in accordance with the new indexation formula: average value of the year-on-year CPI variation rates for the twelve months prior to December 2021. It also includes a 3.0% revaluation of minimum pensions, non-contributory pensions and the Minimum Vital Income, also in line with what is foreseen in the 2022 General State Budget. This expenditure line also reflects the benefits paid under ERTE and for cessation of activity for self-employees for 2021 and for the months of January and February 2022, in line with the extension of these measures approved by Royal Decree-Law 18/2021 of 28 September. Finally, it is worth noting that this item continues its declining weight in GDP and is expected to close in 2022 with a weight of 17.3%.

The sub-item of **social benefits in kind** will grow by **2.3%** and maintain its level in 2022, recovering the weight of 2.6% of GDP it had in 2019. This development is mainly due to an increase in spending on health care and hospital pharmacy agreements, as well as an increase in spending on education agreements for the 2021/2022 school year to ensure a safe return to the classroom.

Interest expenditure by general government will continue to reduce its share of GDP to 2.0% in 2022 (from 2.3% of GDP in 2019).

Expenditure on **subsidies** shows a fall of **-13.3%** in 2021 and **-24.1%**, since this item includes exemptions from social security contributions for ERTEs and extraordinary cessation of activity for the self-employees (it should be remembered that, according to Eurostat criteria, in national accounting, exemptions from contributions are not computed as lower revenues, but as higher expenditure on subsidies). This is therefore another heading that in 2022 will regain a similar weight in GDP to that of the pre-pandemic period: 1.1% in 2019.

Gross capital formation for general government will grow by 10.3% in 2021 and will fall by the same amount in 2022. This evolution is strongly influenced by non-recurring expenses ("one-offs") in 2020 and 2021, due to the reversal of certain highways. However, it is important to note that these operations have no impact on the deficit as they are recorded with an accounting entry for the same amount under the revenue heading *Capital Transfers*.

In this heading, it is worth highlighting the increase in the expenditure of the Territorial Administrations in terms of financially sustainable investments by Local Authorities. It should be recalled that this item does not include the investment expenditure of the Recovery, Transformation and Resilience Plan since, as indicated at the beginning of this section, expenditures and revenues under the Plan, being deficit-neutral according to the principle of neutrality laid down by Eurostat, are not included in these projections.

Finally, other **one-off expenses** are foreseen, most of which are included under the heading of capital transfers. Thus, for example, those already included in last April's Stability Programme (reclassification of the SAREB, net impact on the deficit of the reversal of highways, possible impact of ICO guarantee defaults, some court rulings, among others) are maintained, as well as other new ones (impact due to the repayment of court rulings, disbursements by the Insurance Compensation Consortium due to the eruption of the volcano of La Palma, etc.).

The Recovery, Transformation and Resilience Plan 2022

Table 2.5 Transfers (not loans) from the Recovery and Resilience Mechanism (RRM)

Revenue from RRM transfers (millions of euro)							
	2020	2021	2022	2023	2024	2025	2026
Revenues considered to ensure the principle of neutrality	**487,6**	**21,484,4**	**25,622,0**	**19,247,8**	**1,675,4**	**729,6**	**265,8**
Cash disbursements of RRM transfers		19,036,6	18,000,0	17,000,0	8,000,0	3,475,9	4,000,0

Expenditure financed by transfers from the RRM (millions of euro)							
	2020	2021	2022	2023	2024	2025	2026
Remuneration of employees (D.1)	0,1	3,9	9,5	5,3	0,5	0,2	0,1
Intermediate spending (P.2.)	5,7	239,2	318,1	226,6	19,7	8,6	3,1
Social transfers, current transfers and subsidies (D.62+D.632+D.3+D.7)	61,0	2,978,8	2,853,9	2,406,3	209,4	91,2	33,2
Interest (D.41)	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL CURRENT EXPENDITURE	**66,8**	**3,221,8**	**3,181,5**	**2,638,2**	**229,6**	**100,0**	**36,4**
Gross fixed capital formation P.51g	34,6	1,680,6	1,635,5	1,367,1	119,0	51,8	18,9
Capital transfers D.9	386,1	16,582,0	20,805,0	15,242,5	1,326,7	577,7	210,5
TOTAL CAPITAL EXPENDITURE	**420,8**	**18,262,5**	**22,440,5**	**16,609,6**	**1,445,7**	**629,6**	**229,4**
TOTAL	**487,6**	**21,484,4**	**25,622,0**	**19,247,8**	**1,675,4**	**729,6**	**265,8**

NOTES: these revenues and expenditures of the Recovery, Transformation and Resilience Plan have not been included in the DBP revenue and expenditure projections because their impact is deficit neutral due to Eurostat's principle of neutrality. Moreover, this distribution of the headings is a reflection of the economic classification of the General State Budget, since it is the State that receives all the funds from the EU and distributes them subsequently (hence, for example, most of the capital transfers included here are subsequently transformed into productive investment)

The PRTR lays the foundations for a more sustainable, durable, balanced and socially just growth. The 2022 General State Budget, with an allocation of 26.9 billion euros[9], contributes to this transformation.

As shown in Table 2.4, the bulk of the Plan's expenditure is concentrated under the capital expenditure item, thus showing the Plan's investment bias. This expenditure planning will prevent public spending on investment from suffering in the coming years, as is usually the case after economic crises, thus avoiding a deterioration in the pillars of the Spanish economy.

The 2022 General State Budget includes, for the second year, the PRTR, approved by the European Union on 13 July. In its assessment proposal, the Commission gave the highest possible rating and noted that the Plan responds in a comprehensive and balanced way to the economic and social situation of our country, that it will have a lasting impact, increasing productivity and social cohesion; that it will improve the level of skills of the population, including digital skills; that it will boost innovation and competitiveness and thus reinforce future potential growth and job creation.

On 6 August, the Financing Agreement between the European Union and Spain was signed, which completes

[9] Figure from consolidated Draft 2022 General State Budget chapters 1 to 8 (excluding REACT-EU)

the legal framework for the implementation of the Plan and establishes the framework for the request for disbursements. The Plan highlights investments with a high positive environmental impact, with more than 39% of the funds earmarked for the green transition, while it will contribute to the digital transformation of the economy with more than 28% of the total 69.528 billion euros of the Plan. The Plan will also contribute substantially and in most of its 30 components to smart, inclusive and sustainable growth.

The Recovery Plan will entail a volume of net transfers, with no impact on public debt, which is unprecedented for the Spanish economy. The set of 102 reforms and 110 investments feed back to boost economic activity and productivity growth, achieving concrete quantifiable targets, such as the digitisation of one million SMEs, the training of more than 2.6 million people in digital skills, the refurbishment of more than one million homes by 2030, reaching a fleet of 250,000 electric vehicles by 2023 and a network of more than 100,000 charging stations.

The reform package to boost investment, accelerate digital transformation and act as a catalyst the green transition is complemented by legislative reforms to reduce poverty, inequality and job insecurity. The concentrated policy effort in the first years adds to the ambition shown in the Recovery Plan to concentrate investments in the first three years: almost 80 per cent of the funds will arrive in the years 2021 to 2023, maximising the counter-cyclical effect of economic policy.

The reform agenda is underway and has been driven forward since February 2020, having already tackled important projects in parallel to the response to the crisis generated by the pandemic, such as the Renewable Hydrogen Roadmap, the Digital Spain 2025 agenda with its seven development plans, the Minimum Living Income, the remote working regulation, the Organic Law on Education and the Law on Climate Change.

During 2021, the high pace of structural reforms has been maintained. The Law on Measures to Prevent and Combat Tax Fraud has entered into force, the reform of Vocational Training has been referred to the courts, the public hearing phase of the bankruptcy reform, the start-up and Business Creation and Growth Acts, the Audio-visual Act and the General Telecommunications Act have been opened. The Roadmap for offshore wind energy, the National Self-consumption Strategy, the Sustainable Mobility Strategy, the Digitalisation Plans for Public Administrations and SMEs and the Spain Audio-visual Hub Plan have been approved.

In parallel to the reform agenda, the Recovery Plan foresees a total of 110 investments mobilised through the transfers received in the period 2021 to 2023, the first steps of which are already taking place. There have also been important transfers to the Autonomous Communities so that, within the framework of their competences, they can begin to deploy the Plan's investments in different areas: ecological transition (for example to develop the Moves III Plan or the Water Treatment Sanitation Plan), social protection (including in the area of the Economy of Care), justice (Justice 2030 Project for the implementation of interoperable digital infrastructures) or housing rehabilitation.

The autumn will see progress with the procedures for the approval of the first disbursement, corresponding to 2021, of the Recovery Plan, following the timetable established by the EU Council, amounting to 10 billion euros. The intense reform effort since February 2020, despite the difficulties related to the pandemic, has meant that the important reforms associated with this first disbursement have already been approved. Two disbursements of 12 billion and 6 billion euros are planned in 2022, linked to the achievement of 40 and 29 new milestones and targets, respectively.

The Recovery, Transformation and Resilience Plan is aligned with this Budgetary Plan and is the draft Budget for 2022, including a figure of 27.633 billion euros, charged to the transfers forecast under the EU budget through the new financing instruments and, in particular, the Recovery and Resilience Facility and REACT-EU.

2.3. Comparison with European Commission forecasts

In order to comply with Article 4.1 of Council Directive 2011/85/EU, of 8 November 2011, on the requirements applicable to the budgetary frameworks of Member States and Article 6 of Royal Decree 337/2018 of 25 May, on the requirements applicable to macroeconomic and budgetary forecasts, these budgetary provisions are compared with the latest European Commission spring projections below.

Table 2.6 Comparison with European Commission forecasts

As a % of GDP

	2021		2022	
	Spain	European Commission	Spain	European Commission
Total revenue	41.3%	41.7%	39.8%	41.0%
Total expenditure	49.6%	49.2%	44.7%	46.2%
Public deficit	-8.4%	-7.6%	-5.0%	-5.2%

Source: Ministry of Finance and Civil Service, European Commission Spring forecasts

In relation to 2021, the public deficit forecast stands at 8.4% of GDP, in line with the European Commission projections which estimates it at 7.6%. The differences stem in similar magnitude from both the total volume of planned expenditure and the revenue forecast. However, as was the case in 2020, the effects of the extraordinary emergency situation caused by COVID-19 and its foreseeable evolution imply a higher degree of uncertainty when making these forecasts.

For 2021, the European Commission estimates a revenue to GDP ratio of 41.7% compared to the 41.3% estimated by the Government. With regard to expenditure, in May the European Commission forecast a figure of 49.2% of GDP, while the Government's current estimate is 49.6%.

In this respect, it must be pointed out that the European Commission data is from the month of May while the Government's projection has been updated as part of the preparation of this document. This government forecast is therefore based on the most recent information on budget execution and revenue collection for the financial year 2021, as well as on the projections of the impact of the COVID-19 pandemic on public finances and the most recent macroeconomic scenario.

For 2022, the forecast public deficit is 5.0% of GDP, compared to the similar 5.2% estimated in the spring by the European Commission. Once again, these government forecasts include the impact of the different measures included in the General State Budget for 2022, having also incorporated the latest available macroeconomic forecasts that have served as the basis for drawing up these public accounts.

2.4. Calculation of the structural balance and benchmark expenditure

With the aim of analysing the orientation of fiscal policy, Table 2.7. shows real GDP growth rates as well as potential GDP estimates and output gap forecasts for the 2020-2022 period, following the methodology of the production function used by the European Commission (EC) and agreed within the Output Gap Working Group (OGWG). It is important to take into account the great uncertainty of output gap projections in the common methodology of the EC, especially in current circumstances, which also affects the valuation of the orientation of fiscal policy.

The estimated evolution of the output gap, reflects the abrupt change caused by the COVID-19 shock on the cyclical position of the Spanish economy is clearly reflected, as is the transitory and intense nature of the shock itself. Specifically, the output gap was progressively closed from 2013, the year the minimum was reached, to slightly positive years in 2018 and 2019. The impact of COVID-19 caused the Spanish economy to return to a large negative gap, at levels close to -10% in 2020. The strong economic recovery will reduce the output gap by about 5 points in 2021, and close it again in 2022.

The 2021 Central Government deficit is forecast at 8.4% of GDP, close to 2.6 points lower than in 2020. This recent development is the result of the positive impact on the public accounts of the progressive economic recovery, the effect of the automatic stabilisers that are still in place to support households and the productive fabric, as well as non-recurrent expenditure related to the fight against COVID-19, in particular health-related expenditure and budgetary support measures for the self-employed and wage earners. In 2022, the General Government deficit will stand at 5% of GDP, experiencing a slight improvement of 3.4 percentage points on the previous year.

It should be recalled that, in the current circumstances, the top-down methodology used by the European Commission for the decomposition of the General Government budget balance into its cyclical and structural components is conceptually weak. Their results (shown in Table 2.7.) should be treated with the necessary caution and do not give a valid indication of the fiscal policy stance.

Table 2.7 Budgetary goals for the whole General Government and its sub-sectors

(As % GDP)

	ESA code	2020	2021	2022
Financing Surplus or Deficit by subsectors as a % of GDP				
1. Total Public Administrations	S.13	-11.0	-8.4	-5.0
Total Public Administrations (S.13) (% GDP, unless otherwise stated:)				
6. Interest	D.41	2.2	2.1	2.0
7. Primary balance		-8.7	-6.2	-3.0
8. One-off measures and other temporary measures (*)		-1.2	-0.6	-0.5
of which financial support		-0.9	-0.2	-0.2
9. Real GDP (% variation)		-10.8	6.5	7.0
10. Potential GDP (% variation)		0.6	1.1	1.5
contributions:				
Employment		0.1	0.3	0.3
Capital		0.2	0.2	0.4
Total productivity of the factors		0.2	0.6	0.7
11. Output gap		-9.9	-5.1	0.1
12. Cyclical balance		-5.9	-3.0	0.0
13. Adjusted cyclical balance (1-12)		-5.0	-5.3	-5.0
14. Adjusted primary cyclical balance (13+6)		-2.8	-3.2	-3.0
15. Structural balance (13-8)		-3.8	-4.7	-4.5

(*) A positive sign corresponding to the deficit reduction measure
Sources: Ministry of Economic Affairs and Digital Transformation and Ministry of Finance and Civil Service

Looking at this evolution from the perspective of the Expenditure Benchmark based on the bottom-up methodology of the European Commission, nominal net computable public expenditure would grow 1.1% in 2021 and fall -1.8% in 2022 (Table 2.8). The projected fall in net computable nominal government expenditure is due to both the evolution of total general government expenditure and other factors, notably the increase in discretionary revenue measures planned for 2022.

2.8 Calculation of the Expenditure Benchmark

billions € , unless otherwise stated:

	2020 (A)	2021 (P)	2022 (P)
Nominal GDP (1)	1,121,9	1,209,1	1,312,6
Total General Government Expenditure (2)	588,3	600,2	587,3
Interest (3)	25,2	25,6	25,8
Expenditure financed with European funds (4)	5,4	5,8	7,7
Gross formation of fixed capital financed with EU funds	3,1	3,5	5,0
Gross fixed capital formation	28,8	32,3	29,0
Gross formation of fixed capital financed by Spain (5)	25,6	28,9	24,0
Average fixed gross capital formation financed by Spain over the last four years (6)	22,5	24,5	25,2
Cyclical expenditure on unemployment benefits (7)	3,1	3,5	2,7
Corrected eligible expenditure 8 = 2-3-4-5+6-7	**551,5**	**560,8**	**552,4**
Discretionary revenue measures (9) (*)	-0.3	2.1	3.0
One-off revenue (10)	0.0	0.0	0.0
One-off expenditure (11)	-4.0	-5.3	-4.0
Total one-offs (12)	-4.0	-5.3	-4.0
Discretionary revenue measures without one-off revenue (13) (*)	-0.3	2.1	3.0
Eligible corrected expenditure without one-off expenditure (14) = (8) + (11)	**547,5**	**555,5**	**548,4**
Corrected net eligible expenditure net of discretionary revenue measures and one.offs (15) = (14) - (13)	547,8	553,4	545,4
Growth of corrected eligible nominal expenditure net of measures and one-offs		**1.1**	**-1.8**

(*) In incremental terms.

Sources: Ministry of Economic Affairs and Digital Transformation and Ministry of Finance and Civil Service

[3]

BUDGETARY PLAN OF THE CENTRAL GOVERNMENT AND SOCIAL SECURITY

The General State Budget for 2022 is framed within the objective of consolidating the recovery from the crisis caused by the COVID-19 health pandemic and, at the same time, boosting the process of transformation and modernisation of the Spanish economy, making it more solid, inclusive and resilient, capable of facing the challenges ahead.

Thus, the 2022 General State Budget is based on a fiscal and budgetary strategy focused on supporting a fair recovery after the crisis caused by the pandemic, on promoting a process of structural change in the economy, as well as on achieving a more sustainable and resilient development from an economic and financial point of view, which will make it possible to move towards a greener, more digital, more socially and territorially cohesive and more egalitarian country.

This budget that has just been presented comprises the accounts of the consolidation of a fair economic and social transformation that reaches all people and territories. They will also boost growth and strengthen public services, while advancing the modernisation and transformation of Spain's productive fabric through digitalisation, green transition, youth training and gender equality. At the same time, these public accounts will allow progress to be made in reducing the deficit, guaranteeing the government's firm commitment to budgetary stability and fiscal consolidation.

As in 2021, the Budget is prepared with the fiscal rules suspended, since, in accordance with the guidelines set by the European Union, Spain has once again activated in 2022 the clause provided for in our legal system that allows for the temporary suspension of fiscal rules. However, it should be reiterated that the government's commitment to budgetary stability and fiscal consolidation is maintained, with public accounts that seek to make progress in reducing the public deficit.

The Budget is also the instrument for the efficient channelling and planning of the funds associated with Spain's PRTR, which received final approval from Brussels with the approval of the Plan by ECOFIN on 13 July.

In this regard, by implementing the ambitious reform and investment agenda set out in the PRTR, the 2022 General State Budget will contribute to the economic and social recovery of the country, as well as to the digital and environmental transformation of the productive system, promoting sustainable development, increasing the potential growth of the Spanish economy, while simultaneously guaranteeing the sustainability of the public finances.

The General State Budget covers the budgets of the Central Government, i.e., the State and its autonomous bodies, as well as the Social Security System. The main lines of the State and Social Security budgets are analysed below.

3.1. Budgetary Plan of the Central Government

Revenue budget

The 2022 Budget estimates growth in non-interest income (before transfers) of 10.8 per cent in 2022 (from 252.006 billion to 279.316 billion euros). This strong and prolonged increase in revenues is mainly explained by the continuation of the economic recovery process following the end of the worst phase of the health crisis and the inflow of European funds. Without these, growth would be 9.3 per cent in 2021 and 6.8 per cent in 2022. In any case, projected revenue figures would already be higher in 2021 than those recorded in

2019, the year before the outbreak of the COVID-19 pandemic.

The expected increase in non-interest income in 2022 is explained by the following three elements, in order of importance: the expansion of tax bases (by 6 per cent), the increase in PRTR disbursements expected in 2022 (from 6.787 billion of advance payments in 2021 to 20.225 billion of disbursements expected in 2022) and, finally, the impact of the regulatory measures approved in 2020 and 2021 and which will extend their effect in different ways to 2022. In terms of their composition, tax revenues are expected to increase by 8.1 per cent, while non-tax revenues are expected to grow by 26.9 per cent.

Table 3.1. Total non-financial and State income 2020-2022

Millions of €

Chapters	Tax Yield 2020		Advance Settlement 2021		Budget 2022		(%)	(%)	(%)
	State (1)	Total (*) (2)	State (3)	Total (*) (4)	State (5)	Total (*) (6)	2021 (T) (7)=(4)/(2)	2022 (E) (8)=(5)/(3)	2022 (T) (9)=(6)/(4)
Personal Income Tax	36,700	87,972	43,267	93,803	48,607	100,132	6.6	12.3	6.7
Corporate Income Tax	15,858	15,858	21,889	21,889	24,477	24,477	38.0	11.8	11.8
Personal Income Tax for Non-Residents	1,511	1,511	1,713	1,713	1,230	1,230	13.4	-28.2	-28.2
Environmental taxation	1,441	1,441	1,300	1,300	1,440	1,440	-9.8	10.7	10.7
Other	119	119	136	136	148	148	14.5	8.6	8.6
I. Direct taxes	**55,629**	**106,901**	**68,306**	**118,841**	**75,902**	**127,426**	**11.2**	**11.1**	**7.2**
Value Added Tax	25,765	63,337	32,913	69,099	42,934	75,651	9.1	30.4	9.5
Special Taxes	4,984	18,790	6,567	20,183	9,672	21,843	7.4	47.3	8.2
Alcohol and alcoholic beverages	*175*	*614*	*246*	*664*	*411*	*717*	*8.1*	*67.1*	*8.0*
Beer	*109*	*307*	*136*	*322*	*163*	*346*	*5.1*	*19.4*	*7.3*
Intermediate products	*9*	*20*	*10*	*22*	*11*	*23*	*8.1*	*11.6*	*8.0*
Hydrocarbons	*2,049*	*10,326*	*3,903*	*11,603*	*5,908*	*12,418*	*12.4*	*51.4*	*7.0*
Tobacco Products	*2,687*	*6,245*	*2,620*	*6,521*	*2,986*	*6,880*	*4.4*	*14.0*	*5.5*
Electricity	*-87*	*1,237*	*-371*	*1,029*	*172*	*1,437*	*-16.8*	*-146.3*	*39.7*
Coal	*41*	*41*	*23*	*23*	*23*	*23*	*-45.0*	*0.0*	*0.0*
Other	3,318	3,318	4,986	4,986	5,273	5,273	50.3	5.8	5.8
II. Indirect taxes	**34,067**	**85,445**	**44,467**	**94,269**	**57,880**	**102,767**	**10.3**	**30.2**	**9.0**
III Levies and other revenue	**1,705**	**1,705**	**1,885**	**1,885**	**2,158**	**2,158**	**10.5**	**14.5**	**14.5**
TAX REVENUE	**91,401**	**194,051**	**114,657**	**214,995**	**135,939**	**232,352**	**10.8**	**18.6**	**8.1**
NON-TAX REVENUE	**28,061**	**28,061**	**37,011**	**37,011**	**46,964**	**46,964**	**31.9**	**26.9**	**26.9**
TOTAL NON-FINANCIAL INCOME	**119,461**	**222,112**	**151,669**	**252,006**	**182,903**	**279,316**	**13.5**	**20.6**	**10.8**

(*) Before deducting the territorial governments' shares in personal income tax, VAT and excise duties.
Source: Ministry of Finance and Civil Service

<u>Revenue measures</u>

In the 2020 Budgetary Plan, the Government of the Kingdom of Spain set out a series of revenue measures to increase aggregate revenue collection. One of the objectives of this is to brings Spain's tax collection levels into line with those of our neighbours. It is one of the objectives of this legislature to ensure that those with greater economic capacity contribute more, as part of a progressive tax model, where everyone contributes according to their capacity and receives according to their needs, preserving the middle and working classes.

In this regard, the Government of Spain committed to coordinated fiscal measures within the scope of the European Union in sectors related to financial transactions, the digital economy and green tax. Ultimately, an adapted and modern taxation system that is fair and efficient and that contributes to the transformation of the model of economic growth and guarantees the welfare state.

Moreover, the government wants to undertake a profound reform of the tax system in order to contribute to Spain's economic recovery, fostering economic growth, job creation and improved competitiveness. That is why one of the thirty components of the Recovery, Transformation and Resilience Plan is precisely entitled "Adapting the tax system to the reality of the 21st century", which will entail an overhaul of our tax system.

The objectives pursued with the reform of the Spanish tax system are to make it more equitable, progressive and fair, while at the same time deepening the design of green taxation, incorporating the gender perspective and promoting public policies of general interest, such as health protection.

The above principles should be pursued with due regard to the need to ensure an appropriate balance between the medium-term consolidation of public finances and the contribution of taxation to economic growth.

This necessarily involves bringing Spain's levels of taxation closer to the average for neighbouring countries, since Spain has a negative income differential in relation to the European Union, especially in the environmental and digital areas. This will ensure the medium-term sustainability of the welfare state and use this growth to adjust the structural deficit.

There is a need to improve the collection and efficiency of the tax system by broadening tax bases reduced by numerous exemptions and deductions, assessing whether existing tax benefits achieve the objectives for which they were created, or whether they need to be revised. Furthermore, current taxes should be analysed in depth in order to adapt them to the economic context, and progress should be made in the incorporation of new taxes in accordance with the most recent trends.

Adapting the tax system to the reality of the 21st century requires, firstly, mitigating the economic and social impact of the COVID-19 pandemic, but secondly, it is essential to carry out a diagnosis of the Spanish tax system, for which a committee of experts for its reform has been created to advise the Ministry of Finance and Civil Service.

This committee, created in April 2021, is composed of renowned jurists and economists from academia and research and study centres or institutions. It is tasked with drafting a White Paper on tax reform. Its aim is twofold. Firstly, to obtain an analysis of the optimal tax system in a broad sense, i.e., including direct and indirect taxation and other public revenues. This is both from the point of view of economic efficiency, contributing to the internalisation of the environmental effects of economic activities, and from the point of view of interpersonal, territorial and gender equity. Aspects such as the adequacy, fairness and efficiency of the system, international trends, in particular in environmental taxation and taxation of the digital economy, and their consequences for the territorial model and the European integration process will have to be assessed.

Secondly, it will seek to obtain a technical analysis of what reforms would be appropriate, taking into account the current and medium to long-term future scenario, with a particular focus on the following areas:

- Environmental taxation
- Corporate taxation
- Taxation of the digital economy
- Application and implementation of the harmonisation of property taxation
- Taxation of emerging economic activities

The reforms proposed by the committee should adequately gauge the current economic situation and the medium and long term expectations, so that without losing sight of the fundamental principles that should inspire the reform, such as fiscal consolidation, legal certainty, simplification of the system, modernisation of the system, strengthening taxation in areas that are not taxed (environmental or financial, among others), it manages to get the timing right for the entry into force of each reform, so that it does not slow down economic recovery, but allows tax revenue to be brought progressively closer to the average for the Member States, in order to protect the welfare state and to tackle Spain's structural deficit.

The conclusions reached will be published in February 2022. The Ministry of Finance and Civil Service will then study them with a view to adopting measures in the 2023 General Budget. Therefore, the 2022 State Budget will not incorporate a large number of tax measures, as the in-depth reform of the system will take place once the proposals drawn up by the committee of experts have been analysed. However, some measures are introduced to improve the system in terms of how progressive it is.

a) Personal Income Tax

In terms of Personal Income Tax, two measures are introduced

Firstly, the general reduction limit applicable to the tax base for contributions to social welfare systems is reduced from 2,000 euros to 1,500 euros.

Secondly, it is forecast that the latter limit can be increased by 8,500 euros, currently 8,000 euros, not only through employer contributions, as is already the case, but also through employee contributions to the same social security instrument, provided that these contributions are equal to or less than the respective employer contribution.

This measure is intended to make the tax more progressive and promote effort sharing between workers and companies, with the aim of boosting the so-called "second pillar" of the pension model.

It should also be remembered that, as it is a partially devolved tax, higher tax revenues will mean greater resources for the Autonomous Communities.

These measures are estimated to collect in the region of an extra 77 million euros. However, they will not take effect in 2022. They will enter into force in 2022, but their first effect will be delayed until the second quarter of 2023, when the deadline for filing annual returns for the 2022 tax year begins.

b) Corporate Income Tax

Two measures are established in relation corporate income tax.

Firstly, a minimum tax rate of 15% is established on the positive taxable base for corporate income tax.

This measure will only affect groups that contribute under the consolidated or non-integrated fiscal regime and companies not integrated into groups who have a turnover equal to or in excess of 20 million euros and therefore it will not affect SMEs.

In addition, for newly created entities, the minimum tax rate will be 10% as they have a lower tax rate (compared to the general 25%, they have 15%), and for credit and hydrocarbon exploitation entities, the minimum tax rate will be 18% as they have an increased nominal rate (compared to the general 25%, they have 30%).

This measure seeks to ensure that effective taxation is not excessively affected by the use of deductions and allowances that reduce the amount of the tax paid, especially in the case of large companies.

Secondly, there is a reduction in the percentage of subsidies on rents arising from the rental of residential properties for entities dedicated to the rental of residential properties from 85% to 40%.

It is estimated that these measures will generate an annual increase in tax revenue of 421 million euros which will be delayed until 2023, at the time of filing the annual tax returns for the year 2022.

Expenditure budget

The State Expenditure Budget for 2022 amounts to 347.486 billion euros, of which 27.633 billion euros correspond to actions to be financed with European funds from the Recovery and Resilience Mechanism and REACT-EU.

For non-financial expenditure, the State has 241.717 billion, including both the actions of the PRTR and REACT-EU funds, as well as those financed by the "national budget", which amount to 215.362 billion, with a 2.7% increase over 2021.

Table 3.2. State Budget Expenditure Budget 2022 Economic Distribution

Millions of €

Chapters	Budget 2021		Budget 2022		% Δ
	Sum	%/total	Sum	%/total	22 / 21
I. Personnel expenditure	**18,597**	**4.8**	**19,229**	**5.5**	**3.4**
National Budget	18,593	5.2	19,219	6.0	3.4
PRTR	4	0.0	9	0.0	118.2
II. Current expenditure on goods and services	**4,685**	**1.2**	**5,470**	**1.6**	**16.7**
National Budget	3,501	1.0	4,532	1.4	29.5
PRTR	1,184	4.4	937	3.4	-20.9
III. Financial expenditure	**31,713**	**8.3**	**30,223**	**8.7**	**-4.7**
IV. Current transfers	**140,745**	**36.7**	**142,634**	**41.0**	**1.3**
National Budget	136,586	38.3	139,666	43.7	2.3
PRTR	4,159	15.6	2,968	10.7	-28.6
CURRENT TRANSACTIONS	**195,740**	**51.0**	**197,556**	**56.9**	**0.9**
V. Contingency fund and other contingencies	**3,889**	**1.0**	**3,923**	**1.1**	**0.9**
VI. Real investments	**8,223**	**2.1**	**8,929**	**2.6**	**8.6**
National Budget	6,682	1.9	7,718	2.4	15.5
PRTR	1,541	5.8	1,211	4.4	-21.4
VII. Capital transfers	**28,478**	**7.4**	**31,309**	**9.0**	**9.9**
National Budget	8,810	2.5	10,080	3.2	14.4
PRTR	19,668	73.8	21,229	76.8	7.9
CAPITAL TRANSACTIONS	**36,702**	**9.6**	**40,238**	**11.6**	**9.6**
TOTAL NON-FINANCIAL TRANSACTIONS	**236,331**	**61.6**	**241,717**	**69.6**	**2.3**
National Budget	209,774	58.8	215,362	67.3	2.7
PRTR	26,557	99.7	26,355	95.4	-0.8
VIII. Financial assets	**52,831**	**13.8**	**37,680**	**10.8**	**-28.7**
National Budget	52,754	14.8	36,402	11.4	-31.0
PRTR	77	0.3	1,278	4.6	1.560.0
IX. Financial liabilities	**94,381**	**24.6**	**68,089**	**19.6**	**-27.9**
TOTAL FINANCIAL TRANSACTIONS	**147,212**	**38.4**	**105,770**	**30.4**	**-28.2**
TOTAL BUDGET	**383,543**	**100.0**	**347,486**	**100.0**	**-9.4**
National Budget	356,908	100.0	319,853	100.0	-10.4
PRTR	26,634	100.0	27,633	100.0	3.8

Source: Ministry of Finance and Civil Service

From the perspective of the economic nature of expenditure, half the total budget is allocated to transfers, both current and capital, to other agents and entities, amounting to a total of 173.943 billion euros.

Current transfers total 142.634 billion, which represents an increase of 1.3 per cent on the 2021 budget. One fifth of the total, 30.267 billion, corresponds to transfers to Social Security, for the stability and sustainability of the pension system as agreed in the Pact of Toledo, as well as the transfer to the State Public Employment Service, the provision of new resources for the Autonomous Communities and Local Authorities and the expenditure included in the PRTR.

Spain's current contribution to the EU budget will amount be 17.805 billion euros by 2022, while pension expenditure for retired persons will increase by 912 million euros.

The current transfers that have increased the most with respect to 2021 are those intended to finance social actions.

Thus, current transfers to Social Security grow by 16.2 per cent compared to the 2021 budget to reach 36.15 billion. This increase is due, in addition to the increase in transfers for financial support to this sub-sector by the State, to the increase of 549 million in resources for the care of dependent persons, due to the improvement of the sums in the minimum level and in the agreed level in the area of dependency. In addition, the improvement of the quality of education is boosted, increasing scholarships and grants in general by 100 million euros compared to the 2021 budget, and the resources allocated to financing vocational training for employment by 217 million euros.

Higher amounts are also earmarked in this chapter to cover the financing of the social heating benefit (48 million more than in 2021), for the development of the strategic framework for primary care (85 million), for the extension of oral health services (44 million), for the transfer to the Autonomous Communities for the mental health plan and COVID-19 (16 million), for family protection and the eradication of child poverty (40 million) and for the fight against gender-based violence (27 million).

It also highlights the implementation of the cultural voucher, allocated 210 million euros, which aims to facilitate access to culture for young people and boost the cultural industry.

The allocations for Official Development Assistance are also increased, which allows for the consolidation of the percentage of ODA over GNI in 2022 at 0.28 per cent, increasing with respect to 2021 by three hundredths. 135 million is allocated to the Spanish Agency for International Development Cooperation.

The appropriations earmarked for financing the Autonomous Communities and Local Authorities through the common system of financing, with a sum of 42.068 billion, up 3.735 billion on the 2021 budget. Of these transfers, 22.238 billion euros were allocated to the Autonomous Communities, an increase of 8.7 per cent, while 19.829 billion euros were allocated to Local Authorities, an increase of 10.9 per cent over the previous year.

Capital transfers amount to 31.309 billion euros, an increase of 9.9 per cent compared to the 2021 budget. Of this increase, 55 per cent, equivalent to 1.561 billion, corresponds to expenditure planned to be financed through the extraordinary funds of the PRTR, which for 2022 amount to 21.229 billion. Excluding these appropriations, the increase in the chapter is 1.269 billion, 14.4 per cent more than in 2021.

The most important items in this chapter in terms of volume of resources are those destined to finance electricity system costs, representing 11.8 percent of the total, and research programmes, which represent 4.6 percent of the chapter and experience a growth of 1.4 percent with respect to the 2021 budget, a consequence of the major role of the research, development, innovation and digitalisation policy in this budget.

Also noteworthy are the transfers to Autonomous Communities for agreements to finance infrastructures amounting to 457 million euros, the transfer to Road agreements with the Canary Islands for 410 million euros, with the Autonomous Community of Valencia for 200 million euros, the credit of 200 million euros allocated to the Autonomous Community of Catalonia to comply with Supreme Court Ruling 1668/2017, and, as a new measure, the creation of the youth rental voucher, which has 200 million euros.

It also includes other important items such as 87 million in capital transfers for the development of the strategic framework for primary care, as well as the capital transfer for the programme for the Offsetting of costs of greenhouse gas emissions passed on in electricity prices, which increases by 100 million euros.

In addition, it should be noted that 33.4 per cent of the chapter, excluding the appropriations that make up the PRTR, corresponds to transfers to territorial administrations. 3.266 billion euros are earmarked for the Autonomous Communities and 103 million euros for Local Authorities. Of particular note in transfers to the Autonomous Communities are the inter-territorial compensation funds, to correct inter-territorial economic imbalances and give effect to the principle of solidarity, amounting to 582 million euros.

Interest expenses account for 8.7% of the total and decrease compared to 2021 due to the favourable development of financing conditions.

Personnel expenditure increases by 3.4% to update public employees' salaries by 2%, in addition to other personnel needs.

As regards the real investments chapter, the growth compared to the 2021 budget is 8.6%. If we discount the credits to be financed by the funds associated with the PRTR, the increase in the chapter is 15.5%, due to the increase in appropriations for investments mainly for the creation and maintenance of roads and the increase in investments for the Airbus Helicopters programme and the renewal of the car fleet and computer equipment in the area of the Ministry of the Interior.

Current expenditure on goods and services by the State amounts to 5.47 billion euros, including 937 million euros corresponding to actions that form part of the PRTR. Excluding these expenditures, the increase in the chapter compared to 2021 is 29.5%, or 1.032 billion, mainly due to the funding from the national budget of 732 million for COVID-19 vaccination, and the allocation of 96 million for the Social Partnership for Humanitarian Care and International Protection. It is important to note, with regard to spending on vaccines, that the amount initially budgeted for 2021 (€1.008 billion), was much lower than the expenditure executed to date, which already amounts to €2.237 billion.

3.2. Social Security Budgetary Plan

The State Budget also includes, among other elements, the budget of the Social Security System. However, it should be noted that, unlike the methodology of the European system of accounts, the Social Security budget does not include the budgets of the State Public Employment Service (SEPE) or FOGASA.

The figures of the Social Security budget for the year 2022 reflect an economic recovery scenario beginning in 2021 in which the reduction of income and the increase in expenditure of the system has been significant due to the socio-economic consequences of the COVID-19 pandemic. Over the course of the year 2021, activity resumed, returning to pre-pandemic levels, surpassing the number of persons in employment in February 2020, the month prior to the start of the health crisis, to reach the highest level of enrolment ever recorded in September.

According to the latest data on Social Security registrations for contributions, in September 2021 the Social Security registered 19,531,111 members, with a year-on-year increase of 3.57%, higher than the 2.4% increase for the same month in 2019. There were 57,387 more contributors than the August average and 654,722 more than in the same month of the previous year.

In addition, on 30 September, there were 239,230 people protected under Temporary Furlough Scheme (ERTE), a figure down 32,960 from the last day of August. The number of workers on ERTE due to COVID-19 is therefore at its lowest level since the pandemic began. These instruments, designed to help businesses and protect employment, reached more than 3.6 million workers at their peak in 2020, meaning that more than 93.4% have already exited this situation.

Of the 239,230 persons in ERTE at the end of the month, 76,639, over 32%, were furloughed part-time and nearly two thirds (151,605) were in one of the ERTE formats implemented as of 1 October 2020, and which include exemptions from Social Security.

At the same time, 226,463 workers received some of the severance benefits put in place due to the COVID-19 pandemic, which include exemptions from contributions, and more than 220,000 self-employed workers have benefited from significant exemptions in their social security contributions.

Under this labour and economic scenario, the Social Security system has incorporated a number of measures that contribute to the improvement of social protection of the population while ensuring the stability and sustainability of the pensions system in accordance with provisions of the Pact of Toledo. Thus, among others, the revaluation of contributory pensions in 2022 will be equal to the percentage equivalent to the average value of the year-on-year variation rates expressed as a percentage of the Consumer Price Index for the twelve months prior to December 2021.

Notwithstanding the above; minimum pensions, non-contributory pensions and the minimum living income will be increased by 3%. To determine the specific percentage by which other pensions will be revalued, we must wait for the inflation figure for November 2021.

Social Security revenue budget

The consolidated non-financial Social Security revenue budget for the year 2022 amounts to 173.655 billion euros. The details of the economic chapters of the revenue budget are shown below:

Table 3.4. Social Security Revenue Budget
Economic Distribution

Millions of €

CHAPTERS		Budget 2021		Budget 2022		% Δ
		Sum	% of total	Sum	% of total	22/21
I.	Social contributions	125,144	72.6	136,345	75.3	9.0
III.	Levies and other revenue	1,158	0.7	941	0.5	-18.7
IV.	Current transfers	31,163	18.1	36,227	20.0	16.2
V.	Asset revenue	36	0.0	26	0.0	-27.7
	CURRENT TRANSACTIONS	**157,501**	**91.3**	**173,539**	**95.8**	**10.2**
VI.	Disposal of real investments	2	0.0	2	0.0	-14.7
VII.	Capital transfers	59	0.0	115	0.1	94.7
	CAPITAL TRANSACTIONS	**61**	**0.0**	**117**	**0.1**	**90.8**
	TOTAL NON-FINANCIAL TRANSACTIONS	**157,562**	**91.4**	**173,655**	**95.9**	**10.2**
VIII.	Financial assets	1,036	0.6	444	0.2	-57.1
IX.	Financial liabilities	13,830	8.0	6,982	3.9	-49.5
	TOTAL FINANCIAL TRANSACTIONS	**14,867**	**8.6**	**7,426**	**4.1**	**-50.1**
	TOTAL BUDGET	**172,429**	**100.0**	**181,081**	**100.0**	**5.0**

The main source of funding is social security contributions, at a volume of 136.345 billion euros for 2021,with year-on-year growth of 9.0%, enough to finance 75.3% per cent of the total Budget.

This growth is influenced by the increase in the maximum contribution base by 1.7% and by the expected recovery of GDP in 2022, in contrast with the decrease in 2021 as a result of the health crisis, which is mainly due to the exemptions from contributions in the ERTE temporary furlough schemes and in the special scheme for self-employed workers.

After contributions, State contributions are the item with the greatest relative weight in the financing of the Social Security's non-financial budget. For the year 2022, those contributions will rise to 36.276 billion, an increase of 16.4%. Within the State's contributions, the most in terms of size are the transfers from the State to the Social Security system in accordance with the first recommendation of the Pact of Toledo of 2020, amounting to 18.396 billion euros, 4.467 billion euros more than in the 2021 Budget, with the aim of guaranteeing the sustainability of the System in the medium and long term.

Social Security expenditure budget

The consolidated non-financial expenditure budget of the Social Security for the year 2022 is 179.826 billion euros, an increase of 4.6% on 2021.

Table 3.5. Consolidated Expenditure Budget of the Social Security System
Economic Distribution

Millions of €

CHAPTERS		Budget 2021		Budget 2022		% Δ
		Sum	% of total	Sum	% of total	22/21
I.	Personnel expenses	2,626	1.5	2,663	1.5	1.4
II.	Current expenditure on goods and services	1,582	0.9	1,608	0.9	1.7
III.	Financial expenditure	16	0.0	37	0.0	126.7
IV.	Current transfers	167,342	97.0	175,166	96.7	4.7
	CURRENT TRANSACTIONS	**171,566**	**99.5**	**179,475**	**99.1**	**4.6**
VI.	Real investments	287	0.2	349	0.2	21.6
VII.	Capital transfers	3	0.0	3	0.0	0.0
	CAPITAL TRANSACTIONS	**290**	**0.2**	**352**	**0.2**	**21.4**
	TOTAL NON-FINANCIAL TRANSACTIONS	**171,856**	**99.7**	**179,826**	**99.3**	**4.6**
VIII.	Financial assets	573	0.3	1,255	0.7	118.9
IX.	Financial liabilities	0	0.0	0	0.0	-50.0
	TOTAL FINANCIAL TRANSACTIONS	**573**	**0.3**	**1,255**	**0.7**	**118.9**
	TOTAL BUDGET	**172,429**	**100.0**	**181,081**	**100.0**	**5.0**

The most important chapter of the Budget is "Current Transfers", absorbing 96.7% percent of the total Budget. This chapter mainly includes the allowances that aim to anticipate, correct or offset the costs arising from certain contingencies that carry a loss of revenue or greater expenditure for those that support them, such as:

- A provision of 149.996 billion euros is allocated to contributory pensions in 2022, 4.9% more than in 2021, estimated based on the increase in the number of pensioners, the change in the average pension and their revaluation.

  In 2022, contributory pensions shall generally undergo a percentage increase in 2022 equal to the average value of the year-on-year rates of change expressed as a percentage of the Consumer Price Index for the twelve months to December 2021.

- Non-contributory Social Security pensions are included in the Budget of the IMSERSO (Institute for Older Persons and Social Services) with a provision of 2.587 billion euros (not including the Basque Country and Navarra). This appropriation will cover the cost of the change in the group and the policy of improving non-contributory pensions, with an increase of 3.0 %, which will affect approximately 445,000 beneficiaries.

- The provision of temporary incapacity benefit incorporates the subsidies to offset the economic consequences arising from leave from work due to illness or accident. The credit allocated to the payment of these allowances amounts to 10.818 billion euros, an increase of 8.3%, in line with the evolution of the benefit in 2021.

- The set of benefits linked to temporary cessation of work due to the birth and care of a child, risk during pregnancy and breastfeeding, care of minors affected by cancer or other serious illnesses and co-responsibility for infant care, have an allocation of 3.378 billion euros with an increase of 4.3% for 2022, as a result of the expected evolution of the birth rate, following the establishment of equal entitlements to 16 weeks leave for both parents in 2021.

- Family protection benefits include periodic and lump-sum payments. Periodic benefit payments consist of a financial allowance for each child under 18 years of age with a disability of 33% or more, or over that age if the degree of disability is 65% or more and in the care of the beneficiary. The lump-sum payment benefits aim to partially offset the higher costs associated with new-born children and involve single-payment financial benefits paid per birth or adoption of a child, in the case of large families, single-parent homes, disabled mothers and for multiple births or adoptions.

  For the payment of these benefits, an allocation of 1.402 billion euros has been set aside, as families with children under the age of eighteen who are not disabled and dependent on the beneficiaries have been included within the scope of application of the Minimum Vital Income.

- The Minimum Vital Income is a subjective right to a financial benefit that guarantees a minimum level of income to those who are in a situation of economic vulnerability, with the aim of guaranteeing an improvement in real opportunities for social and labour inclusion of the beneficiaries.

  The benefits of the Minimum Living Income programme are revalued by 3.0%.

- Dependency care will reach 2.802 billion euros in 2022, 24.4% more than in 2021, with an increase of 549 million euros.

[4]

BUDGETARY PLAN FOR THE AUTONOMOUS COMMUNITIES

All the Autonomous Communities, except Catalonia and Madrid, have approved general budgets for 2021. The ordinary regime Autonomous Communities with budgets for that year foresee a financing need that does not exceed 1.1% of GDP, i.e., equal to or below the reference deficit rate of 1.1% of GDP estimated for the subsector. For their part, the Autonomous Communities place their forecasts at a financing need of 2.2%, in line with the path considered in the Joint and Coordinating Commissions, respectively held in September and October 2020. With regard to the year-end forecast, at the time of the preparation of the 2021-2024 Stability Programme Update, in April 2021, the estimate for the year-end closing rate for the regional government sub-sector was -0.7% of GDP, an improvement on the reference rate that was largely due to the fact that the year-end closing rate for 2020 was more favourable than initially expected, given that the execution of non-COVID expenditure in that year was ultimately lower than had been forecast.

With all the precautions required by the uncertainties associated with the possible evolution of the health crisis, the latest available estimates are around -0.6%, slightly improving on the aforementioned forecast for the end of 2021. This improvement responds unequivocally to the financial support measures adopted by the National Government for that year for the benefit of the Autonomous Communities and, very significantly, to the performance of revenue, where the Tax on Property Transfer and Stamp Duty (ITPAJD) not only confirms the good performance expected in the Stability Programme Update submitted in April in 2021, but even exceeds it, and may even reach collection levels close to those of 2019. Inheritance and gift tax has also been performing more favourably than initially expected.

For 2022, the deficit reference rate for that year is 0.6% of GDP for the regional government sub-sector. This was communicated at the meeting of the Fiscal and Financial Policy Council held on 28 July, once the Council of Ministers had approved the non-financial spending limit and the suspension of the fiscal rules for 2022 due to the extraordinary emergency situation approved by an absolute majority of the Congress of Deputies on 13 September, in line with the recommendation of the European Commission. At the same session of the Fiscal and Financial Policy Council, the forecasts for revenue from the regional financing system were reported and it was announced that in 2022 the State will continue to deploy support measures in favour of the Autonomous Communities, in their capacity as the administration that is mainly responsible for the provision of fundamental public services, and which translate into greater budgetary availabilities. Substantially noteworthy are the compensation of the impact of the SII VAT on the liquidation of the resources of the regional financing system of 2017 and the neutralisation of the possible effects arising from the possible negative liquidations of the financing system of the financial year 2020. The budgetary impact of both measures has been provisionally estimated at an overall figure of 7.004 billion euros. In addition to making these additional resources available to the Autonomous Communities, a gradual recovery to pre-pandemic income levels is expected to continue in 2022. On the expenditure side, the most likely scenario is that of a reversal of the discretionary measures associated with COVID-19 adopted in previous years. However, it will be necessary to take into account the prolongation of certain effects of some measures for the 2021-2022 school year, as well as the recovery of health expenditure on pathologies other than coronavirus, which have been displaced during these two years and for which a gradual normalisation can be anticipated.

As for the Fundamental Lines of the 2022 Budget, all Autonomous Communities have sent information. The information submitted shows that most of the Autonomous Communities plan to adjust their draft budgets to the reported reference rate of -0.6% of GDP set for the sub-sector. The Basque Country and Navarre envisage -0.9%, in line with the fiscal consolidation path included in the Agreements of the respective Joint and Coordinating Committees held in July and September 2021, taking into account the specifics of their tax and foral regimes. It should be pointed out here that the suspension of the application of the fiscal rules does not eliminate fiscal responsibility, nor does it weaken the rest of the obligations provided for in the LOEPSF and its implementing regulations, which remain fully in force and applicable in everything that is not explicitly linked to compliance with these fiscal rules. In any case, with regard to the application of the reference rates, there must also be consideration for the adaptation, where appropriate, of the economic and financial scenarios arising from the approval of the appropriate adjustment plan for joining the financing mechanisms, without prejudice to the revisions considered by the Ministry of Finance and Civil Service in relation to this reference rate, mainly in view of the budgetary effects and impacts that may finally arise from the COVID-19 health crisis. As for the rest, the basic lines of the Autonomous Communities' 2022 budgets include in their revenue forecasts certain sums for system resources, transfers to compensate for the SII VAT effect and neutralisation of the negative settlements of 2020, which, overall, are in line with the Central Government's forecasts, without prejudice to the fact that in the case of the Valencian Community, as in previous years, the inclusion of additional revenue forecasts from the financing system over those communicated for the sum of 1.366 billion euros is maintained. With respect to staff salaries, the Autonomous Communities either envisage an estimated salary increase of close to 2% or do not incorporate any changes in staff costs, pending the provisions of the basic State legislation in this respect.

For 2023 and beyond, the forecast is for deficit levels to be progressively reduced. Thus, taking the economic cycle into account and having overcome the hardest shock of the pandemic, the most plausible scenario is that of a gradual return to the path of fiscal consolidation.

Measures 2021 and 2022

Measures adopted by the General Government

In the analysis of the budgetary impact of the measures implemented or planned by the Autonomous Communities in 2021 and 2022, prior reference should be made to the financial support measures provided by the General Government to the Autonomous Communities.

The additional allocation of 13.486 billion euros contained in Article 117 of the General State Budget Law for 2021 stands out, in that the State has assumed half of the estimated deficit for the year 2021 for the Autonomous Communities as a whole. This sum has been distributed according to adjusted population criteria by Royal Decree 684/2021 of 3 August, although in general the Autonomous Communities budgeted this allocation at 1.1% of their estimated GDP. Also of particular relevance is the Next Generation Europe Recovery Plan. In their initial budgets for 2021, eight Autonomous Communities envisaged revenue from the REACT-EU Funds (a total of 12.436 billion euros for the Autonomous Communities, of which the latter will make direct use of 10 billion euros), for amounts that, as a general rule, do not exceed those communicated to them in December 2020 by the Ministry of Finance and Civil Service. With regard to the Recovery and Resilience Mechanism (RRM), only Castilla-La Mancha included allocations for this item in its initial revenue statements. In addition, consideration should be given to the financial support to the business fabric as a whole that has been implemented through the Autonomous Communities by virtue of Royal Decree-Law 5/2021, of 12 March, on extraordinary measures to support business solvency in response to the COVID-19 pandemic, which has transferred a total amount of 7 billion euros to the Autonomous Communities and the Cities of Ceuta and Melilla, respectively.

In 2022, the State will continue to provide financial support to the Autonomous Communities. As communicated at the Fiscal and Financial Policy Council held on 28 July, the impact of the SII VAT on the settlement of the resources of the regional financing system for 2017 will be offset and, in addition, the possible effects arising from the possible negative settlements for 2020 will be neutralised, which will result in the provision of additional resources for a total amount of 7.004 billion euros (3.100 billion euros and 3.904 billion euros).

Discretionary measures adopted by the Autonomous Communities arising directly from the COVID-19 pandemic

With respect to 2021, just as in the previous year, health spending is clearly conditioned by the National Health System response to the COVID-19 pandemic. This expenditure is concentrated on the needs to strengthen the allocation of personnel, and the acquisition of healthcare products, including products with high consumption during the pandemic, such as COVID-19 diagnosis kits, personal protective equipment and the disposable material of invasive mechanical respiration units. The Autonomous Communities, therefore, are carrying out investment to respond to the healthcare needs arising from the pandemic, both in public hospitals and in the and for the provision of similar facilities that allow for the extension of the response capacity of the National Health System to the health crisis.

With regard to discretionary measures directly related to the pandemic, in 2021, in terms of revenue, in the area of taxation, those arising from payment deferrals and instalments stand out, the effects of which will have an estimated positive differential impact of 493 million euros. The application of rebates, reductions, exemptions and deductions, along with the amendment of rates are especially important in terms of the budgetary impact on revenue, which, all together, are expected to determine an increase in revenue of 110 million euros for the Autonomous Communities. The spending measures relating to the COVID-19 crisis with a higher budgetary impact, and which do not affect the health and education sphere, are the current assistance and subsidies for companies and institutions, estimated at an additional 985 million euros. Also important are the current assistance and subsidies for families in the form of social services, with a differential impact 285 million less than the previous year and which includes, for example, minimum and exclusion income, assistance for children's meals (school meals allowance) assistance for vulnerable persons, etc. In terms of 2022, the corresponding reversal of measures implemented over the course of 2020 and 2021 is expected.

Discretionary measures adopted by the Autonomous Communities excluding those adopted in response to the COVID-19 pandemic

With respect to the discretionary measures adopted or planned by the Autonomous Communities that are not a consequence of the pandemic, from the point of view of revenue, the differential impact of all the measures adopted is estimated to be 149 million euros more in 2021. By categories, of note is the increase in Inheritance and Gift Tax, with a differential impact of 208 million euros compared to the previous year, and in environmental taxes, which will register a positive differential impact of 135 million euros. On the other hand, other measures have a negative impact on revenues: basically, non-tax measures, with a negative differential impact of 117 million euros, mainly due to the fall in revenues arising from the auctioning of medicines in the Autonomous Community of Andalusia, and personal income tax measures, with a negative impact of 79 million euros. On the expenditure side, the measures adopted will result in an overall increase in expenditure of 216 million euros compared to the previous year. In the area of pharmaceuticals and medical devices, the positive effects arising from the agreement signed with the pharmaceutical industry (amounting to 249 million euros) will be mainly applied, while personnel expenses (with a negative differential impact of 227 million euros) or capital transfers, with higher spending measures amounting to 146 million euros, will also stand out.

In terms of revenue, the measures planned for 2022 are expected to have an overall effect of 217 million euros more than in the previous year. Environmental taxes, in addition to the eventual effect of the implementation of the Landfill Tax, incineration and co-incineration of waste, have the highest impact with an increase of 139 million euros. In expenses, the measures adopted or planned by the Autonomous Communities and the reversal of the effects of previous years will determine a higher deficit of 185 million euros, especially the reversal of the effects of the agreement signed with the pharmaceutical industry, for which no effects are expected in 2022 as its term expired at the end of 2019.

[5]

BUDGETARY PLAN FOR LOCAL AUTHORITIES

Local governments, as a whole, have obtained tax surpluses since 2012. Starting from a deficit of 0.4% in 2011[10] , they have achieved a surplus of 0.49% of GDP on average over the period 2012-2019 and 0.26% (provisional) in 2020. According to data published by the IGAE in the second semester of 2021, the result obtained is a financing need equivalent of 0.05% in terms of estimated GDP. It should be noted that, in the same period in 2020, the IGAE had projected an accumulated deficit of 0.19% of GDP, but in the end a surplus of 0.26% was achieved. Considering that most of the revenue from municipal taxes is obtained in the second half of the year (mainly property tax) and that the final settlement of the 2019 State tax participation will be paid in this last quarter, it can be estimated that Local Authorities could present a balanced position or close to it.

In the 2021 budget, Local Authorities have estimated, with budgetary criteria financial income for a sum of 77.1584 billion euros, and non-financial expenditure of 78.139 billion euros, according to the information received and published on 30 September 2021.

The reference rate foreseen in the April Stability Programme for the sub-sector was balanced for 2021. For 2022 the reference rate is also a balanced position. With respect to 2020, the IGAE, in its report on the monitoring of budget stability, public debt and expenditure rule objective for the financial year 2020, dated 25 May 2021, stated that the Local Authorities as a whole recorded a surplus of 0.26% of GDP in 2020.

The extraordinary emergency situation was ratified by the Congress of Deputies on 13 September in order to maintain the activation of the escape clause and, therefore, the suspension of fiscal rules. All this in the framework of the European Commission's communication of 2 June 2021.

This measure may lead to a greater use of the cash surplus for general expenditure to finance spending, both in 2020 and especially in 2021 and perhaps to a lesser extent in 2022, with a gradual return to normal economic activity and a corresponding recovery of non-financial income.

Local authorities with a positive sign in this magnitude have a surplus of 20.7 billion euros at the end of 2020, which they will not use in its entirety, but which could generate an increase in spending. However, it should be noted that the degree of implementation of investments by Local Authorities is relatively low, having been below 40% of the final credits for investment expenditure in 2020. In any case, the investment activity of those entities in multi-year projects will result in a growth of GDP in the following years (considering a use of 40% of the remaining funds in these projects, this could lead to an increase in GDP of around 0.5%).

Until the application of the suspension of the fiscal rules, such investment activity had been considerably limited, mainly due to the expenditure rule, which was only partially corrected by the possibility of allocating the surplus to financially sustainable investments, but which was also subject to the limitation of not incurring a deficit at the end of the fiscal year. This limitation has been lifted by the suspension.

Strengthened transparency in the local public management shall be pursued and, as in previous years, requirements shall be issued to Local Authorities found to be in breach of their obligations in relation to the supply of information to remedy such issues. Likewise, from the second quarter of 2021, the information requested has been extended to include the information corresponding to transfers received from European Union funds for Local Authorities within the multiannual financial frameworks 2014-2020 and 2021-2027:

[10] Without considering the effect of the negative settlements of the State tax participation model.

The latter including transfers under the Recovery and Resilience Mechanism, and more specifically from REACT-EU.

Measures in the years 2021 and 2022

A) Measures adopted by the Central Government with an impact on the Local Authorities

To date, the measures adopted by the State were geared towards strengthening the obligations for the supply of information, making possible, in 2020 the use of the surplus for certain urgent costs that must be met by the Local Authorities as a result of the pandemic under the consideration of financially sustainable investments.

In this framework, the Local Authorities must, on a quarterly basis, facilitate information on the measures adopted due to the COVID-19 crisis, with the impact on different of spending programme groups and those arising from the allocation of the 2019 surplus to finance social spending, and those that may be related to the use of the 2019 surplus to finance social spending in accordance with Article 3 of Royal Decree-Law 8/2020, of 17 March, completed with Article 20.1 of Royal Decree Law 11/2020 of 31 March. The use of this surplus for these specific purposes could be extended until 2021, provided that the expenditure was authorised and committed or drawn down in 2020.

Under these rules, the non-financial expenditure of the entire sub-sector of Local Authorities could be increased by 300 million euros, because they are allowed to finance social expenditure of this amount from the 2019 surplus. Article 20 of Royal Decree-Law 11/2020 sets the amount for each local authority at the equivalent of 20% of the maximum amount that can be allocated to financially sustainable investments in 2020. This spending could be allocated to investments and benefits of Article 1.2 of Royal Decree-Law 8/2020, of 17 March. These benefits may mainly relate to personnel expenditure, purchases of goods and services (chapter 2) and current transfers.

Furthermore, Article 6 of Royal Decree-Law 23/2020, of 23 June, approving measures in the area of energy and other areas for the reactivation of the economy projects that Local Authorities may allocate a maximum of 7% of their surplus to finance the costs of investment in pure electrical and non-polluting vehicles or those with environmental label, and charging infrastructure for use of the vehicles acquired, which are destined for the provision of public services for the collection, disposal and processing of waste, security and public order, civil protection, fire prevention and fire-fighting and passenger transport. In this case, non-financial expenditure could have been increased by 107 million euros.

In the end, the aggregate limit would have been 407 million euros, of which 256 million (63% of the limit) will be allocated to projects, 209 million in 2020 and 47 million planned for 2021.

In 2021, measures have been adopted to enable the improvement of local councils in a negative financial situation, which have been implemented through the Local Authorities Financing Fund.

By Agreement of the Delegate Government Commission for Economic Affairs of 25 June 2021, the grouping of loans formalised up to 31 December 2020 with that Fund has been permitted, as well as the extension of the repayment term by 5, 7 or 10 years for certain Local Authorities that have to assume high financial burdens from this year onwards, with a strong impact on their savings levels, or that are in a situation of high financial risk. The measure will benefit 158 institutions with an overall debt of 3.441 billion euros to the Fund.

Likewise, the General State Budget Law for the year 2021 established support measures for Local Authorities with financial problems, mainly the following:

- Possibility of financing debts with public creditors (AEAT, TGSS and ICO) with the Local Authorities Financing Fund. Thirty-seven municipalities have benefited for a sum of 305.79 million euros.
- Possibility of consolidating short-term debt into long-term debt for Local Authorities with negative net savings or negative cash balance.

To conclude the measures adopted in 2021, on 8 June a Royal Decree was approved regulating the direct granting of subsidies worth 405 million euros, in favour of Local Authorities for the provision of urban or intercity public transport services, provided they are owned by these administrations. The purpose of this measure is to compensate for the drop in revenue in 2020 as a result of COVID-19, using the information on tariff revenue for 2019, the year immediately prior to the pandemic, which was provided in accordance with the instructions set out in a Resolution of 9 March by the State Secretariat for Finance.

Lastly, the General State Budget for 2022 plans to include additional allocations to offset the effect of the SII-VAT on the settlement of the 2017 share in State taxes and to neutralise the effects of the overall balances of the negative settlements for 2020 that will be calculated in 2022, which, as a whole, will mean additional resources of 1.228 billion euros. On the other hand, payments on account of the participation in State taxes will grow by 13% compared to the figure for 2021 and will reach 22.062 billion euros.

In the 2022 Draft Bill for the General State Budget, an essential measure has also been included for the financial improvement of those Local Authorities that had not complied, in December 2020 or March or June 2021, with the maximum payment period to suppliers (30 days). This is an extraordinary financing mechanism that will allow these entities to cancel their outstanding liquid, due and payable obligations on 1 July 2021

All these measures together will facilitate the achievement of the target reference balance rate for Local Authorities in 2022.

B) Discretionary measures adopted by Local Authorities relating to the COVID-19 pandemic

On the spending side, Local Authorities have adopted measures that are being executed and that, with data as of 30 June 2021, worth 375 million euros, the most significant being those corresponding to current transfers for a sum of 215 million euros, 57% of total spending. These transfers have been allocated mainly to trade and SME support (49 million euros), employment promotion (61 million euros) and primary social assistance (41 million euros). This set of actions represents 71% of current transfers. Expenditure on personnel hired as a result of the pandemic amounted to 76 million euros and expenditure on purchases of these goods and services amounted to 72 million euros, which represents 40% of the total expenditure incurred in response to the pandemic.

This is the summary of the impact of measures adopted by Local Authorities per spending item:

Millions of €

Increase in personnel costs	76	20.4%
Procurement of goods and services	72	19.2%
Current transfers	215	57.4%
Real investments	8	2.0%
Capital transfers	4	1.0%
	375	**100.0%**

The distribution of spending in accordance with the classification of (functional) programmes arising from these measures is:

Millions of €

On basic public services (1)	21	5.6%
On social protection and promotion	170	45.3%
On preferential goods (2)	33	8.8%
On actions of an economic nature (3)	131	34.9%
On actions of a general nature (administrative)	20	5.4%
	375	**100.0%**

(1) Includes: public health and safety, urban mobility, civil protection, collection of processing of waste and street cleaning, among others.

(2) Includes: primarily, protection of health, education, culture and sports fundamentally.

(3) Includes: trade, tourism, SMEs and public transport among others

C) Discretionary measures adopted by the Local Authorities not related to the COVID-19 pandemic

According to the fundamental lines of the 2022 budgets issued by the Local Authorities, and aside from the impact arising from the pandemic, a containment of non-financial spending of 339 million euros is forecast for 2022 with respect to 2021, with an increase of current costs of 1.833 billion euros and a reduction of capital spending of 2.172 billion euros. It is worth highlighting the increase in personnel expenditure by 3.6% (831 million euros, of which 326 million euros correspond to discretionary measures by Local Authorities) and in expenditure on purchases of goods and services by 4.7% (1.106 billion euros).

On the non-financial revenue side, the forecast is for an increase of 1.035 billion euros, with current revenue of 1.284 billion euros and a reduction in capital revenue (to finance investments) of 249 million euros. Among current revenues, Local Authorities estimate an increase of 158 million euros in taxes (direct and indirect) and 163 million euros in rates, in total the increase in local tax revenues would be 321 million euros. The increase in tax revenue is due to the reduction of tax benefits and increases in tax rates, quotas or tariffs.

[6]

THE RECOVERY, TRANSFORMATION AND RESILIENCE PLAN IN THE BUDGETARY PLAN 2022

The outbreak of the COVID-19 pandemic in early 2020 has had a strong impact on the Spanish economy, putting an end to more than five years of growth and leading to a particularly intense drop in activity in those sectors most affected by reduced demand and restrictions of movement.

The social shield deployed from the outset, through a significant injection of public resources to support the productive fabric, employment and household incomes, has made it possible to mitigate the economic and social impact, especially among the most vulnerable groups. The coordinated response of fiscal policy and, at the European level, monetary policy, has avoided a greater impact on income inequality, counteracting the hysteresis-type drag effects that, in the absence of a decisive response, would have hampered growth possibilities and reduced the resilience of the Spanish economy.

The European Union's response through the Next Generation EU package and, in particular, the Recovery and Resilience Mechanism (RRM), has highlighted a new way of reacting to economic shocks: the concerted action of fiscal policy and public policies increases the transformative capacity to counteract the recessionary cycle, boost demand and gear productive activity towards those sectors with the highest economic, social and environmental returns.

In this context, the Government's Recovery, Transformation and Resilience Plan (PRTR) is fully aligned with the EU's objectives and is articulated around four transversal axes: moving towards a greener, more digital, more socially and territorially cohesive and more egalitarian Spain.

On 13 July, the ECOFIN Council approved the Spanish Recovery, Transformation and Resilience Plan by means of an implementation decision. In its assessment proposal, the Commission gave the highest possible rating and noted that the Plan responds in a comprehensive and balanced way to the economic and social situation of our country, which will have a lasting impact, increasing productivity and social cohesion; that it will improve the level of skills of the population, including digital skills; that it will boost innovation and competitiveness and thus strengthen potential future growth and job creation.

The PRTR is structured around a balanced set of reforms and investments contained in 30 components that address the short, medium and long-term challenges facing the Spanish economy.

The Plan highlights investments with a high positive environmental impact, with more than 38 per cent of the funds earmarked for green transition, while it will contribute to the digital transformation of the economy with more than 28 per cent of the Plan's total 69.528 billion euros. The Plan will also contribute substantially and in most of its 30 components to smart, inclusive and sustainable growth.

The Recovery Plan will entail a volume of net transfers, with no impact on public debt, which is unprecedented for the Spanish economy. The set of 100 reforms and 110 investments feed back to boost economic activity and productivity growth, achieving concrete quantifiable targets, such as the digitisation of one million SMEs, the training of more than 2.6 million people in digital skills, the refurbishment of more than one million homes by 2030, reaching a fleet of 250,000 electric vehicles by 2023 and a network of more than 100,000 charging stations.

The design of the Recovery, Transformation and Resilience Plan is structured in such a way as to maximise its impact in the early years of the Recovery and Resilience Mechanism. The set of reforms aimed at boosting investment, accelerating the digital transformation and catalysing the green transition are complemented by legislative reforms that will tackle social inequalities in our country, particularly those resulting from labour regulations that deepen precariousness and working poverty and that hinder productivity and therefore the competitiveness of companies. The concentrated policy effort in the first years adds to the ambition shown in the Recovery Plan to concentrate investments in the first three years: almost 80 per cent of the funds will arrive in the years 2021 to 2023, maximising the counter-cyclical effect of economic policy.

The reform agenda is underway and has been driven forward since February 2020, having already tackled important projects in parallel to the response to the crisis generated by the pandemic, such as the Renewable Hydrogen Roadmap, the Digital Spain 2025 agenda with its seven development plans, the Minimum Living Income, the regulation of teleworking, the Organic Law on Education and the Law on Climate Change.

During 2021, the high pace of structural reforms has been maintained. The Law on Measures to Prevent and Combat Tax Fraud has entered into force, the reform of Vocational Training has been referred to the courts, the public hearing phases of the bankruptcy reform, the start-up and Business Creation and Growth Acts, the Audio-visual Act and the General Telecommunications Act have been opened. The Roadmap for offshore wind energy, the National Self-consumption Strategy, the Sustainable Mobility Strategy, the Digitalisation Plans for Public Administrations and SMEs and the Spain Audio-visual Hub Plan have been approved.

In parallel to the reform agenda, the Recovery Plan foresees a total of 110 investments mobilised through the transfers received in the period 2021 to 2023, the first steps of which are already taking place. 25 invitations for expressions of interest have been published as consultation processes that allow us to identify the scenarios in which the different investments will have to intervene. There have also been significant transfers to the Autonomous Communities so that, within the framework of their competences, they can begin to deploy the Plan's investments in different areas: ecological transition (for example to develop the Moves III Plan or the Water Treatment Sanitation Plan), social protection (including in the area of the Economy of Care), justice (Justice 2030 Project for the implementation of interoperable digital infrastructures) or housing rehabilitation.

On the State side, tenders have already been launched for works and services, for example in the field of environmental restoration of areas degraded by coal mining and transport infrastructure, especially railways, as well as sustainable urban mobility and aid in the field of science.

In order to drive the transformation of key sectors, a process of Strategic Projects for Economic Recovery and Transformation has been launched, the first of which (PERTE VEC) has already been approved, for the transformation of the automotive value chain in order for Spain to lead the deployment of electric and connected vehicles. With the rest of the PERTEs, work is underway to accelerate their approval by the Council of Ministers in the next quarter.

The autumn will see the first disbursement of the Recovery Plan, following the timetable set by the EU Council, amounting to 10 billion euros. The intense reform effort since February 2020, despite the difficulties related to the pandemic, has meant that the important reforms associated with this first disbursement have already been approved.

The absorption of funds and the implementation of investment projects will be a management challenge in the coming years, but measures have been taken to ensure speedy deployment and at the same time ensure that funds are spent appropriately. Royal Decree-Law 36/2020 of 30 December established measures to ensure the elimination of risks of corruption and fraud, with close monitoring and control of the implementation process, and at the same time reinforce the material and human resources of the authorities responsible for the Recovery Plan. In addition, specialities have been introduced in the areas of contracting, processing of agreements, subsidies and consortia, and instruments have been created to promote public-private partnerships. Finally, governance bodies have been set up to ensure a participatory process that includes and takes into account the proposals of the main social, economic and political actors and at the same time serves as a coordination mechanism between the different levels of administration.

The ultimate objective is to recover pre-pandemic levels of activity as soon as possible, generating quality employment and with a modern regulatory framework that responds to the reality of the 21st century and allows for sustainable growth in the medium term from a financial, environmental, territorial and social perspective. The Plan will boost the equal participation of women in the economy and society and, above all, provide professional and life opportunities for the younger generations with an education and lifelong learning system based on excellence, universality, talent and equity; with accessible, energy-efficient housing; and healthy cities. All of this in order to achieve a prosperous and resilient Spain in the face of climate change, committed to decarbonisation and green infrastructures, moving from fossil fuels to a clean energy system, ensuring a just transition that leaves no one behind. The Plan will contribute to modernising the entire productive fabric and public administration, promoting science and innovation, attracting investment and talent and making a firm commitment to the internationalisation and growth of SMEs, the self-employed and the social economy.

In short, the Recovery Plan responds to the most pressing challenges facing Spanish society and also lays the foundations for more sustainable, lasting, balanced and socially just growth. This transformational effort therefore requires the collaboration of all the national public administrations, stakeholders and society as a whole, and for this reason

the Recovery Plan is a countrywide project. The 2022 General State Budget, with an allocation of 26.9 billion euros, contributes to this transformation.

This transformative character is reflected in the organic classification of the PRTR (MRR) in the 2022 General State Budget. The Ministry of Transport, Mobility and Urban Agenda has an allocation of 5.8746 billion euros, which represents 21.8 percent of the total budget for 2022. The Ministry of Industry, Trade and Tourism is allocated 4.876 billion, while the Ministry for Ecological Transition and the Demographic Challenge is allocated 4.378 billion.

Table 6.1 Organic classification of PRTR (MRR)

Consolidated GGE 2022 (Chapters 1 to 8)

Millions of €

BUDGET SECTION	2021 GENERAL STATE BUDGET (1)	% of total General State Budget 2021	2022 GENERAL STATE BUDGET (2)	% of total General State Budget 2022	Difference (%) (2)/(1)
MINISTRY OF FOREIGN AFFAIRS, THE EUROPEAN UNION AND COOPERATION	128	0.5	49	0.2	-61,8
MINISTRY OF JUSTICE	28	0.1	210	0.8	656,2
MINISTRY OF DEFENCE	25	0.1	28	0.1	12,0
MINISTRY OF FINANCE AND CIVIL SERVICE	138	0.6	251	0.9	81,0
MINISTRY OF HOME AFFAIRS	6	0.0	40	0.1	544,0
MINISTRY OF TRANSPORT, MOBILITY AND URBAN AGENDA	4,982	20.6	5,875	21.8	17,9
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING	1,853	7.7	1,654	6.1	-10,7
MINISTRY OF EMPLOYMENT AND SOCIAL ECONOMY	1,167	4.8	808	3.0	-30,8
MINISTRY OF INDUSTRY, TRADE AND TOURISM	1,708	7.1	4,876	18.1	185,5
MINISTRY OF AGRICULTURE, FISHERIES AND FOOD	407	1.7	504	1.9	23,9
MINISTRY OF TERRITORIAL POLICY	101	0.4	152	0.6	49,5
MINISTRY FOR THE ECOLOGICAL TRANSITION AND THE DEMOGRAPHIC CHALLENGE	6,805	28.1	4,378	16.3	-35,7
MINISTRY OF CULTURE AND SPORTS	206	0.9	364	1.4	76,6

MINISTRY OF HEALTH	508	2.1	583	2.2	14,8
MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION	3,654	15.1	3,919	14.6	7,3
MINISTRY OF SCIENCE AND INNOVATION	1,102	4.6	1,662	6.2	50,8
MINISTRY OF SOCIAL RIGHTS AND THE 2030 AGENDA	917	3.8	1,060	3.9	15,7
MINISTRY OF EQUALITY	49	0.2	76	0.3	55,7
MINISTRY OF CONSUMER AFFAIRS	0	0.0	9	0.0	-
MINISTRY OF INCLUSION, SOCIAL SECURITY AND MIGRATION	211	0.9	258	1.0	22,5
MINISTRY OF UNIVERSITIES	204	0.8	147	0.5	-27,9
TOTAL CONSOLIDATED RRM GENERAL STATE BUDGET	**24,198**		**26,900**		**11,2**

Does not include REACT

In terms of economic classification, 23.658 billion (88 per cent of the total consolidated 2022 General State Budget) will be both current and capital transfers, which is indicative of the strong role that the Territorial Administrations will once again play in the reform and investment programme, as we will see below.

Table 6.2. Economic Classification of PRTR (RRM)
Consolidated General State Budget 2022
(Chapters 1 to 8)

Millions of €

CHAPTER	2021 GENERAL STATE BUDGET (1)	% of total General State Budget 2021	2022 GENERAL STATE BUDGET (2)	% of total General State Budget 2022	Difference (%) (2)/(1)
1 PERSONNEL EXPENSES	4	0,0	10	0,0	119,4
2 CURRENT EXPENDITURE ON GOODS AND SERVICES	269	1,1	318	1,2	18,4
4 CURRENT TRANSFERS	3.344	13,8	2.854	10,6	-14,7
6 REAL INVESTMENTS	1.887	7,8	1.635	6,1	-13,3
7 CAPITAL TRANSFERS	18.617	76,9	20.805	77,3	11,8
8 FINANCIAL ASSETS	77	0,3	1.278	4,8	1.560,0
TOTAL CONSOLIDATED RRM GENERAL STATE BUDGET	**24.198**		**26.900**		**11,2**

Does not include REACT

Co-Governance of the Recovery, Transformation and Resilience Plan

The Autonomous Communities and Local Authorities participate in the implementation of the Recovery, Transformation and Resilience Plan in the exercise of their constitutional powers. These competences are closely linked to the transformative purpose of the Plan and the intended green and digital transition, and their involvement in its implementation is therefore essential. The Autonomous Communities and the different Ministries have agreed on the criteria for the distribution of funds among the Autonomous Communities and the amounts to be distributed through the different sectoral conferences. In addition, Royal Decree-Law 36/2020 created the Sectoral Conference for the Recovery, Transformation and Resilience Plan, with the Autonomous Communities and Cities and the Spanish Federation of Municipalities and Provinces representing Local Authorities, chaired by the Minister of Finance and Civil Service, with the aim of channelling the multilevel territorial governance inherent to the Spanish system of the state of autonomies and establishing mechanisms and channels for cooperation and coordination in the implementation of the Plan. This is based on the fact that the Recovery Plan is a directly managed Community financing instrument, where the beneficiaries are the Member States.

In 2021, sectoral conferences have been held which have allowed the transfer to the Autonomous Communities of the necessary resources for the execution of the corresponding investments. Similarly, through royal decrees for the direct granting of aid, the Autonomous Communities have received transfers charged to the execution of the Recovery, Transformation and Resilience Plan in areas such as the promotion of efficient and sustainable mobility; requalification; modernisation and digitalisation of the Spanish university system; environmental restoration of degraded areas; promotion of the acquisition or execution of incentive programmes for self-consumption and storage, with renewable energy sources; as well as the implementation of renewable thermal systems in the residential sector.

In this way, more than 6.5 billion euros have already been allocated to Autonomous Communities and Local Authorities in the Sectoral Conference, and royal decrees have been approved for direct concessions amounting to 1.5 billion euros.

Part of these amounts will go to Local Authorities as the ultimate recipients of the funds to carry out actions linked to the green and digital transition; energy rehabilitation actions in existing buildings; unique local clean energy projects in municipalities with demographic challenges; or actions linked to the digital transformation and modernisation of Local Authority administrations. Similarly, calls for applications for aid to municipalities for the implementation of low-emission zones and the digital and sustainable transformation of urban transport have been published at the state level.

For the year 2022, transfers from the State to the Autonomous Communities and Local Authorities are envisaged in order to continue on the path of necessary and effective collaboration between Public Administrations for an adequate execution of the Recovery, Transformation and Resilience Plan, which allows for the full absorption of the funds of the Recovery and Resilience Mechanism.

In the consolidated 2022 General State Budget, transfers to Autonomous Communities amounting to 8.712 billion euros are foreseen, which is 30.7 percent more than in the previous consolidated General State Budget.

Table 6.3. Transfers to Autonomous Communities from the PRTR (RRM)
Consolidated General State Budget 2022

Millions of €

MINISTRY	2021 GENERAL STATE BUDGET (1)	% of total General State Budget 2021	2022 GENERAL STATE BUDGET (2)	% of total General State Budget 2022	Difference (%) (2)/(1)
MINISTRY OF JUSTICE	0,3	0.0	140,8	1.6	-
MINISTRY OF DEFENCE	0,0	0.0	2,0	0.0	-
MINISTRY OF FINANCE AND CIVIL SERVICE	136,0	2.0	239,1	2.7	75,8
MINISTRY OF TRANSPORT, MOBILITY AND URBAN AGENDA	1,692,5	25.4	1,957,3	22.5	15,6
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING	1,697,6	25.5	1,417,0	16.3	-16,5
MINISTRY OF EMPLOYMENT AND SOCIAL ECONOMY	687,8	10.3	383,4	4.4	-44,2
MINISTRY OF INDUSTRY, TRADE AND TOURISM	150,3	2.3	1,109,0	12.7	637,9
MINISTRY OF AGRICULTURE, FISHERIES AND FOOD	114,8	1.7	115,8	1.3	0,9
MINISTRY FOR THE ECOLOGICAL TRANSITION AND THE DEMOGRAPHIC CHALLENGE	78,0	1.2	527,3	6.1	576,0
MINISTRY OF CULTURE AND SPORTS	16,1	0.2	142,3	1.6	783,2
MINISTRY OF HEALTH	408,5	6.1	475,4	5.5	16,4
MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION	272,2	4.1	123,7	1.4	-54,6
MINISTRY OF SCIENCE AND INNOVATION	290,3	4.4	948,9	10.9	226,8
MINISTRY OF SOCIAL RIGHTS AND THE 2030 AGENDA	843,1	12.7	900,0	10.3	6,8
MINISTRY OF EQUALITY	19,8	0.3	46,2	0.5	133,3
MINISTRY OF CONSUMER AFFAIRS	0,0	0.0	0,4	0.0	-
MINISTRY OF INCLUSION, SOCIAL SECURITY AND MIGRATION	70,0	1.1	51,6	0.6	-26,2
MINISTRY OF UNIVERSITIES	186,2	2.8	131,7	1.5	-29,3
TOTAL CONSOLIDATED GENERAL STATE BUDGET TRANSFERS TO AUTONOMOUS COMMUNITIES	**6,663,5**		**8,712,1**		**30,7**

Excludes REACT and transfers from the entities that are part of the estimated sector

As for the Local Authorities, the consolidated 2022 General State Budget includes transfers amounting to 2.050 billion euros, which is 57.9 per cent more than the previous consolidated General State Budget.

Table 6.4. Transfers to Local Authorities from PRTR (RRM)
Consolidated General State Budget 2022

Millions of €

MINISTRY	2021 GENERAL STATE BUDGET (1)	% of total General State Budget 2021	2022 GENERAL STATE BUDGET (2)	% of total General State Budget 2022	Difference (%) (2)/(1)
MINISTRY OF TRANSPORT, MOBILITY AND URBAN AGENDA	312,5	24.1	1,551,0	75.7	396,3
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING	15,5	1.2	15,5	0.8	0,0
MINISTRY OF EMPLOYMENT AND SOCIAL ECONOMY	52,0	4.0	4,4	0.2	-91,5
MINISTRY OF INDUSTRY, TRADE AND TOURISM	781,6	60.2	227,8	11.1	-70,9
MINISTRY OF TERRITORIAL POLICY	92,0	7.1	149,7	7.3	62,7
MINISTRY FOR THE ECOLOGICAL TRANSITION AND THE DEMOGRAPHIC CHALLENGE	9,0	0.7	48,0	2.3	433,3
MINISTRY OF CULTURE AND SPORTS	8,4	0.6	24,1	1.2	186,5
MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION	17,2	1.3	4,5	0.2	-73,8
MINISTRY OF SCIENCE AND INNOVATION	0,0	0.0	0,7	0.0	-
MINISTRY OF CONSUMER AFFAIRS	0,0	0.0	0,4	0.0	-
MINISTRY OF INCLUSION, SOCIAL SECURITY AND MIGRATION	10,0	0.8	24,1	1.2	141,0
TOTAL TRANSFERS TO LOCAL AUTHORITIES FROM CONSOLIDATED GENERAL STATE BUDGET	**1,298,2**	**100.0**	**2,050,2**	**100.0**	**57,9**

Excludes REACT and transfers from the entities that are part of the estimate sector

[7]

LINK BETWEEN THE DRAFT BUDGETARY PLAN AND COMPLIANCE WITH SPECIFIC RECOMMENDATIONS OF THE COUNCIL[11]

1. CSR RELATING TO THE IMPROVEMENTS OF BUDGETARY FRAMEWORK AND PUBLIC PROCUREMENT, SUSTAINABILITY OF PUBLIC FINANCES AND THE PUBLIC PENSIONS SYSTEM (2019.1.2, 2019.1.3, 2020.1.2 Y 2020.1.3)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**
Budgetary framework and rationalisation of public spending	
Spending reviews: the AIREF has presented the reports corresponding to phase II: * Tax benefits (22/07/2020) * Transport infrastructures (30/07/2020) * Hospital Spend of the National Health System (01/10/2020) * Incentives for Contracting and Freelance Work (14/10/2020) * Approval of Phase III agreed by the Council of Ministers 29/06/2021. * Amendment of the Organic Statute of the AIReF for the creation of a permanent Spending Reviews division 14/09/2021. *Also contributes to CSR compliance in blocks 2, 3, 4 and 6.*	It is about incorporating better policies and spending instruments as the conclusions and recommendations of the reports of the AIREF are assessed (for example, improvements have been incorporated in new calls of the REINDUS grants plan and in the design of the corrective measures of the Instrument for sustainability of pharmaceutical and health expenditure of the Public Administrations). The ultimate objective is to improve the efficiency of public spending.
Incorporation of the conclusions of the AIReF a on the budgetary decision-making processes. Order HAC/669/2021, of 25 June, establishing the standards for the drafting of the General State Budget for 2022.	The order dictating the standards for the General State Budget for 2022, in line with the commitments of the PRTR include, as a new element, the incorporation of the results of the public spending review and assessment processed carried out by the Independent Authority for Fiscal Responsibility (AIReF) on the decision-making process linked to the budgetary cycle (through the Programme Analysis Commissions).

[11] Only includes new elements with respect to Annex 4 of the National Reform Programme, "Measured adopted that contribute to compliance with Specific Recommendations for Spain 2019 and 2020", issued 30 April 2021.

Report on **alignment of the General State Budget with the Agenda 2030 Sustainable Development Goals (SDGs)**. - Order HAC/641/2020, of 14 July, establishing the standards for the drafting of the General State Budget for 2021. Presented 28/10/2020 along with the General State Budget Law 2021 - Amendment of the General Budgetary Law 47/2003 (Article 32) to incorporate the obligation to submit to the Cortes Generales the Report on the impact on children, adolescents and the family and the Report on alignment with the SDGs, which links it to the Report on Gender Impact. Law 11/2020, of 30 October, on the General State Budget for 2021. - Order HAC/669/2021, of 25 June, dictating the standards for the drafting of General State Budget for 2022.	The alignment of the Budget with the SDGs constitutes a new transversal and strategic focus with which is intended to weight the contribution of spending policies and budgetary programmes to the achievement of said Goals, and to disseminate the most important actions being carried out linked to each of the SDGs. It was presented for the first time in 2021 and will continue to be published in 2022 and subsequent years.
Limitation of **remuneration** in the public sector. Royal Decree-Law 2/2020, of 21 January.	Establishes a spending limit in the net increase on spending on staff in any new proposal of the Ministries. It is a budgetary measure to limit the spending on staff of the Public Administrations for the purpose of budgetary stability objectives.
Public Contracts	
Draft Order regulating the organisation and functioning of the National Office for Assessment. Public hearing 07/07/2021-28/07/2021.	Body within the OIReSCon dedicated to promoting efficiency in public procurement, both in relation to the procurement process (times, bureaucratic loads) and in relation to results obtained in same.
Pensions system	
Report on the Assessment and Reform of the Pact of Toledo. * Approved by the Monitoring and Assessment Commission of the Agreements of the Pact of Toledo 23/10/2020. * Approved in the Plenary Session of the Congress of Deputies 19/11/2020. * Implementation of the Social Dialogue Table 23/11/2020. * Agreement on pensions with social partners (phase I). Signed by the Government and the CEOE, Cepyme, CCOO and UGT on 01/07/2021. * Submission to the Parliament of the Draft Bill to guarantee the purchasing power of pensions and other measures to strengthen the financial sustainability of the public pensions system 24/08/2021.	The Report on the Assessment and Reform of the Pact of Toledo includes 21 recommendations in defence of the maintenance and improvement of the public pensions system. In the short term, it attempts to eliminate uncertainty and ensure the visibility of the solvency of the system. Reducing the uncertainty surrounding the pensions system will have positive economic effects by allowing stakeholders to take more appropriate decisions and will allow for the real problem of the ageing population to be tackled. In the medium and short term, we must tackle the significant increase in the number of retirements over the coming decades, completing the current legislation with the use of positive incentives that help bring the retirement age closer to the legal age, incentivising delaying retirement while simultaneous disincentivising early retirement. The Draft Law submitted to Parliament amends different provisions of the General Social Security Law, grouping together their content in two principal blocks: - Reassessment of pensions with the resulting repeal of the revaluation index and forecast of a new Article 58 in which, in line with the 2nd Recommendation of the Pact of Toledo, recovers the guarantee of purchasing power through the updating of pensions in line with the inflation the previous year. - Different measures which, on the whole, are intended to act on access to pensions and retirement through the voluntary and more equitable formulas that foster the progressive alignment of the ordinary retirement age as a means to reinforce the sustainability of the system in the medium to long term.

Public revenue and tax reform (improvement of the revenue raising capacity, equity and guidance towards a new growth model)	
Special tax on single-use plastic packaging Public hearing process from 17/12/2020 to 11/01/2021. Included in the Draft Waste and Contaminated Soil Bill submitted to Parliament on 18/05/2021. *Also contributes to CSR compliance in block 4.*	This aim of this tax is the prevention of this type of waste, the first option understood as the principle of the hierarchy of waste, a principle that must govern the waste policy and which is key in the sphere of the circular economy: the best waste is waste not generated. The Tax on single-use plastic packaging not reusable is an indirect tax on the manufacture, import, intra-community acquisition of said products which will be subject to use in the Spanish market. Included in the Draft Waste and Contaminated Soil Bill.
Tax on the deposit of waste in landfill. Included in the Draft Waste and Contaminated Soil Bill submitted to Parliament on 18/05/2021. *Also contributes to CSR compliance in block 4.*	The new indirect tax is levied on waste destined for landfill or incineration. The tax rate will vary depending on the type of waste and type of landfill (landfill of non-hazardous waste, hazardous waste or inert waste) or the incineration of waste (disposal and energy recovery facilities). The tax will be levied more heavily on deposit in landfill than on incineration in line with the hierarchy of waste management. It has been configured as a transferred tax, with the possibility of management by the Autonomous Communities.
Law on prevention measures and combating tax fraud Law 11/2021, of 9 July.	Broad set of regulatory changes aimed at establishing a number of tax law parameters and facilitating the actions to prevent and combat fraud. Updating the list of tax havens, strengthening tax control of cryptocurrency market and prohibition of tax amnesties and broadening of the concept of tax haven to define it as a non-cooperative jurisdiction. Amendment of the regulation of the sanction procedure of the regime of limitations on payments in cash, with the aim of reducing conflicts in the imposition of said sanctions. Greater control of "exit tax". Replacement of real value with a reference value, like the land registry value, for the calculation of the taxable base in the ITPAJD and ISD. Amendment of customs, VAT and IGIC. In the sphere of special taxes, technical adjustment in the definition of fiscal deposits and classification of suspected new offenders. Limitation of cash payments for certain transactions. Extending the list of Public Treasury debtors by lowering the limit to appear on said list. Prohibition of the use of software that allows for the manipulation of accounting information.
Expert Committee on fiscal reform (working group). Resolution of the Ministry of Finance and presentation 12/04/2021.	The committee, multidisciplinary with specialists in the sphere of Tax Law, Economy and Public Treasury, will propose a reform of the tax system.

2. CSR relating to the social protection system: minimum income, unemployment protection, family support (2019.2.1, 2019.2.3, 2019.2.4, 2020.2.2 y 2020.2.3)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**

Strengthening of social protection for unemployment, minimum income and family support.	
Minimum Subsistence Income. Royal Decree-Law 20/2020, of 29 May. Diverse subsequent amendments with different scope: groups, improvement of management, etc. - Royal Decree-Law 25/2020, of 3 July - Royal Decree-Law 28/2020, of 22 September. - Royal Decree-Law 30/2020, of 29 September. - Royal Decree-Law 35/2020, of 22 December - Royal Decree-Law 39/2020, of 29 December - Royal Decree-Law 3/2021, of 2 February. - Law 10/2021, of 9 July. - Royal Decree-Law 18/2021, of 28 September. **Social-employment insertion** model for recipients of the Minimum Subsistence Income. - Agreement of pilot test in Barcelona 22/09/2021.	1. Eradication of poverty: preventing the risk of poverty and social exclusion of persons in a vulnerable situation due to lack of sufficient economic resources to cover their basic needs. 2.) Social inclusion and participation in the labour market: as the Minimum Subsistence Income is compatible with earnings and accompanied by an employment incentive mechanism, as well as the obligation for recipients to participate in inclusion strategies promoted by the Ministry of Inclusion, Social Security and Migration, and to be seeking employment if not currently working, in a term of six months from the notification of the granting of the benefit. Severe poverty itself is an obstacle to re-joining the labour market and has negative effects on growth. 3. The provision of the Social Security of the Minimum Subsistence Income is considered income exempt from Personal Income Tax. Before the introduction of the Minimum Subsistence Income, the only minimum incomes available were those of each Autonomous Community, with a disparity of designs. The Minimum Subsistence Income constitutes a guarantee mechanism of national scope, which ensures a certain level of income for all homes in situations of vulnerability, regardless of their place of residence.
Increase on the **Minimum Wage.** * Constitution of the Advisory Committee on the Minimum Wage 28/01/2020 * Report of the Advisory Committee 18/07/2021. * Agreement with social partners16/09/2021 to raise the Minimum Wage by €15 per month in 2021. Approved by the Council of Ministers on 28/09/2021	The Commission is formed by 14 experts from the academic sphere, representatives of social agents and persons designated by the ministries of Economic Affairs and Digital Transformation, Finance and Work and the Social Economy. With the aim of ensuring the Government can meet the commitment that the Minimum Wage reaches 60% of the Average Salary in Spain by the end of this legislature, as required by the European Social Charters, the Advisory Committee must determine the sum and the path of convergence. In 2021, an increase in the minimum wage to 965 euros (15 euros) has been approved, after agreement with the social partners. The Advisory Committee, in its expert opinion, proposes a rise of between 12 to 19 euros in 2021.
Reform of the **grants and study assistance system.**	In the 2021-2022 call, the budget increased by 128 million euros, up to a total of 2.038 billion euros to cover the entry of new beneficiaries as a result of the crisis arising from the Covid-19 pandemic. Moreover, the extraordinary measures adopted during the Covid-19 crisis are maintai8ned, so those subjects, credits or models that have not been pursued or assessed adequately will not be taken into account for the purposes of the grant.

Extension of public coverage of health provisions.	- Update of the common catalogue of ortho prosthetic services for persons with disabilities. Order SCB/45/2019, of 22 January. - Update of the ortho prosthetic catalogue, programme for population testing for cancer of the cervix and ocular reader for persons not able to communicate. Order SCB/480/2019, of 26 April. - Progressive incorporation into the system of glucose monitoring through sensors (flash type) for adult patients with type 1 diabetes mellitus. Resolution of 26 April 2019, of the General Directorate of the Basic Portfolio of Services of the National Health and Pharmacy System. - Progressive incorporation into the glucose monitoring system using sensors (flash type) for insulin dependent patients with non-type 1 Diabetes Mellitus who complete intensive therapy with insulin (multiple daily doses or insulin pump) and require at least six digital injections per day for self-monitoring of glucose in the blood. Resolution of 30 November 2020, General Directorate of the Basic Portfolio of Services of the National Health and Pharmacy System, publishing the agreement of the Commission of provisions, assurance and financing of 14 July 2020. - Inclusion in the pharmaceutical provision of the National Health System of advanced CAR T-cell therapy - Agreement of the Inter-territorial Council of the National Health System of 30/06/2021, in accordance with the continuous glucose real time monitoring systems (SMCG-TR) for adult patients with type 1 diabetes mellitus type 1 (DM1) and the risk of serious hypoglycaemia. The incorporation for financing of the endobronchial valves for the release of persistent air has also been approved.
Access to housing * In development, the Royal Decree regulating the State Plan for access to housing 2022-2025. Public hearing until 09/07/2021. * New Housing Law Public consultation between 25/09/2020 and 15/11/2020. * Territorial distribution of credits for the rehabilitation of housing and public buildings. Approved at the Sectoral Conference on 13/07/2021.	The principal objectives are: - Regulation of housing policies as a public service of general interest. - Ring-fencing of the social function of housing. Promotion of the development of the public housing stock. - Reinforcing the right to decent housing at a decent price. - Strengthening the planning and inter-administrative cooperation in the matter. - Transparency and information in transaction involving housing properties. Territorial distribution for the rehabilitation of housing and public buildings for the implementation of the social rental housing programme, which will allow for the construction of 20,000 homes up to 2026 among other measures.
Protection of consumers and users * Protection of consumers and users against situations of social and economic vulnerability. Royal Decree-Law 1/2021, of 19 January. * Draft Bill for the improvement and modernisation of the standards of consumer protection of the European Union (LGDCU) and the consumer affairs sanction regime. Submission to Parliament 20/07/2021.	The figure of the vulnerable consumer is, from now on, a regulatory framework that allows Public Administrations to correct situations of powerlessness, which have been aggravated by the social isolation and restrictions on movements arising from Covid-19. This new framework protects vulnerable groups like minors, the elderly, people who struggle with digitalization, those with functional, intellectual, cognitive or sensory disability and, in general, those who have difficulties due to the lack of access to information. Thus, a legal umbrella is created that guarantees that consumer relations are conducted in more equitable, accessible, transparent and secure environments. A mandate is also for the public administrations to, insofar as possible guide consumer policies towards these more vulnerable groups. The implementation of protection mechanisms for vulnerable consumers is one of the mandates that forms the backbone of the New Consumer Agenda approved by the European Commission. The purpose of the reform of the LGDCU is to adapt it to new forms of eCommerce and regulate companies' behaviour in violation of rights of consumers, which to date lacks specific regulation.

General-scope and immediate tax measures to lower the price of electricity for consumers Royal Decree-Law 12/2021, of 24 June	This legislation reduces VAT from 21% to 10% from the entry into force on 31 December de 2021 for consumers with contracted power below 10 kW, provided that the average arithmetic of the wholesale system of electricity corresponding to the month prior to the last day of the billing period has exceeded 45 euros por MWh. Similarly, a 10% rate of VAT will apply to severely vulnerable consumers at risk of social exclusion (50% of the beneficiaries of the social bonus) until the end of the year. The standard also suspends the Tax on the Value of Production of Electricity (IVPEE) between July and September. This tax is levied at a rate of 7% on revenue obtained from the sale of electricity on the wholesale market and has repercussions for the price of said market and the final bill.

3. CSR relating to human capital and employment (education, training, active employment policies, procurement incentives) (2019.2.2, 2019.2.5, 2019.2.6, 2020.2.1 y 2020.2.4)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**
Regulation of the labour market, stable employment and efficient procurement incentives	
Law 12/2021, of 28 September, amending the consolidated text of Worker Statute Act, approved by Royal Legislative Decree 2/2015, of 23 October, to **guarantee the employment rights of persons dedicated to distribution in the sphere of digital platforms.**	This Law is the result of the Agreement adopted in March 2021 between the Government, the trade unions CCOO and the UGT, the employers' group CEOE and the CEPYME, after the work developed by the Dialogue Table constitutes to such effect on 28 October 2020. Its purpose is to identify the right to information of representation of persons working in a digitalized employment environment, and regulation of the employment relationship in the online delivery platform sector.
Stabilization of temporary employment in the public sector. * Royal Decree-Law 14/2021, of 6 July, on urgent measures for the reduction of temporary working in public employment.	The reform of public employment is intended, with full respect for budgetary regulation, to formalise the status of temporary staff, clarify the procedures for access to the status of temporary staff, establish objective grounds for the termination of such staff and implement a regime of responsibilities that constitutes a proportionate, efficient and deterring mechanism for future breaches that, moreover, allow for clarification of any vacuum or doubt in the interpretation of the current regulation.
Active employment policies	
Common employment activation programmes of the National Employment System. Royal Decree 818/2021, of 28 September, regulating the common employment activation programmes of the National Employment System.	Regulate the common programmes of active employment policies, which shall apply throughout the State territory, and management of which corresponds to the Autonomous Communities and the State Public Employment Service in their respective areas of competency. The regulatory spread that existed in this area is reduced and the essential contents of the programmes established.
Spanish Strategy for Active Support for Employment 2021-2024. Draft Royal Decree subject to public hearing 01/07/2021-12/07/2021.	The Spanish Strategy for Active Support for Employment 2021-2024 has been backed by the Sectoral Conference on Employment and Labour. The strategic view of the new Strategy provides for driving the strategic objectives of the policy for activation for employment within the governance and cohesion framework of the National Employment System (SNE) with a focus on people and companies, geared towards assessable results coherent with innovation and sustainability and supported on the improvement of capacities and the digital transformation of the SPE. The new Strategy will be based on a new focus: an assessment report of each Plan will be drafted and, therefore, the activation policy which is developed each year by the SNE as a whole. For that purpose, a set of indicators are established that allow for the monitoring of programmes and services in each of the Autonomous Communities and in the SNE as a whole.

Reform of the Employment Law Public consultation between 18/08/2021 and 02/09/2021.	The new Employment Law, currently in development, aims to ensure that the Public Employment Services take advantage of the potential of big data and have skilled and specialised staff and an adequate System of Governance. The ultimate objective is to attract users and become an effect option for insertion in the labour market
Garantía Juvenil Plus: 2021-2027 Plan for decent work for young people Approved by the Council of Ministers on 08/06/2021.	Continues along the path initiated by the original Youth Guarantee Plan, maintaining its characteristic elements, particularly in relation to financing and basic principles of management and incorporating substantial changes for the purpose of increasing effectiveness and adapting it to new circumstances.
Improve qualifications and adequate skills acquisition for employability, especially in the digital sphere.	
Law on the Ordering and Integration of Professional Training. Draft Bill approved and submitted to Parliament 07/09/2021.	A new system is configured that will unify vocational training and vocational training for employment. A system for the accumulation of qualifications in accordance with staged pathways will be established, pathways to universities will be facilitated and professional skills obtained through experience will be accredited.
Reform of the system for the design of professional qualifications, vocational training qualifications and professional certificates; especially for their adaptation to the digital sphere. * Order EFP/63/2021, of 21 January updating certain professional qualifications in accordance with Royal Decree 817/2014. * Royal Decree 297/2021, of 27 April, establishing certain professional qualifications.	The Catalogue of Vocational Training Qualifications of the Education System is updated and extended on a permanent basis to respond to the needs of the labour market, based on technological and organisational changes in the professional fields in question. In this regard, the recent changes include those relating to the digital sphere, such as the aforementioned smart manufacturing, cybersecurity, 5G networks, collaborative and mobile robotics, electric vehicles, artificial Intelligence, big data and data analysis, etc.
DIGITALIZA-T Project.	Digitalízate is a project that has arisen as a result of public-private collaboration which allows for the bringing together in a single space one of the free training offers in digital competencies of the State. The Public State Employment Service and the State Foundation for Training in Employment signed an agreement, on 23 November 2019, creating the DIGITALIZA-T programme, through which free training courses in digital skills are offered. Subsequently, more Agreements were signed for collaboration with tech companies and organizations in the digital economy sector in Spain to offer free digital training courses. The courses are accessible on the websites of participating companies and the training offer is constantly extended. Active workers (especially those employed by SMEs) and the unemployed can benefit, helping reduce the digital gap. Up to 31 December 2020, there were 1.672.389 accesses to the Programme.
National Digital Skills Plan Presented 26/01/2021.	Strategy that ensures that all citizens have the tools necessary to acquire and develop digital skills in a dual digital and green transition. It aims to boost digital training for people in the context of the digital transformation of society, so that no one is left behind, including all in the digital world and ensure there is sufficient training to respond to the need for digital specialists demanded by companies.

Reform of the university system * New Organic Law of the University System. Draft bill subject to public hearing 19/05/2021-09/06/2021. * Royal Decree on the organisation of University teaching and the quality assurance procedure 28/09/2021. * Royal Decree on the creation, recognition and authorisation of universities, university centres and institutional accreditation of university centres 27/07/2021.	With the aim of improving access, quality and fostering research.
Subventions for Spanish public universities for digitalisation and modernisation. Approved by CM 27/07/2021.	These grants, 76.85 million euros distributed on a territorial basis, are aimed at fostering investment in infrastructure, technological development and teaching innovation projects to improve academic resources in digitalisation; reducing the digital hap among academic staff and students; fostering inter-university digital research projects of a strategic and interdisciplinary nature and promoting digital training with the aim of reach an increase in the "University Digitalisation Index" of at least ten percent on 2019.
Reduce early school leaving, improve education results and foster digital learning	
Programme for guidance, reinforcement and support for education (PROA+) and Programme of Personal and Family Accompaniment and Guidance for the Vulnerable Students. Approved by the Council of Ministers 13/07/2021. *Also contributes to CSR compliance in block 2.*	The fundamental purpose of the Programme is to reduce and prevent early school leaving through the support for education centres in vulnerable socio-economic environments, specific interventions aimed at groups that are often especially vulnerable, the involvement of the educational community in the education process and strengthening teacher skills training and enabling teachers' skills in the educational response to the diversity of children's needs. To tackle special needs emerging in the wake of situation caused by the Covid-19 pandemic in 2020-21, the actions through the Programme for Guidance, Advancement and Educational Enrichment are reinforced (see block 7). The new programme approved by the Council of Ministers on 13/07/2021 encompasses 118.2 million euros. It will continue in 2022 and 2023. On a complementary basis to PROA+, 29.6 million euros to finance the guidance of students at risk of repetition or leaving the education system.
Programme for the digitalization of the education system. Approved in CM 13/07/2021.	989.2 million euros, allocated to the provision of portable devices with the aim of reducing the gap in digital access for students, the installation and maintenance of interactive digital classrooms and teacher training in the use of this technology.

4. CSR relating to investment: innovation, and the ecological and digital transition (2019.3.1, 2019.3.2, 2019.3.3, 2019.3.4, 2019.3.5, 2020.3.2 y 2020.3.3)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**
R&D&I	
Country Missions for Innovation Programme Presented 09/12/2020. * R&D Missions in Artificial Intelligence 2021. Basic order 26/06/2021. * Missions CDTI 2021. Resolution 20/07/2021.	The aim is to support strategic sectoral initiatives for business innovation that respond, through collaboration with R&D&I companies and institutions, to the strategically significant challenges facing Spain. Cutting-edge R&D geared towards the rest of society.

Commission for Research Coordination First meeting 15/09/2021.	The main objective of this commission is to guarantee the coordinated functioning of the Administration in terms of research, thus underlining the fundamental role that universities and the health service have in R&D&I. This commission, created with no increase in public spending, will monitor joint actions in the area of research developed by three ministries, exchange information on the general planning of activities and coordinate actions for the development of strategies and plans in the university and R&D&I sector that affect the competencies of the three ministerial departments.
Complementary Regional Plans Initiative presented at the Science, Technology and Innovation Policy Commission 29/07/2021.	This programme constitutes a new system of co-programming and co-governance promoted by the central government and negotiated with the Autonomous Communities. These plans will allow for the establishment of collaboration and alignment of the central administration, autonomous communities and the European funds in strategic areas of the country.
Increase in public support for R&D&I and knowledge transfer.	In particular through: - Cervera Network (for example, through the call of Technological Centres of Excellence 2020, the resolution proposal of which was published in July 2021) - CDTI (for example, the business innovation programme in May 2021) - CDTI Innvierte (new call, focussed on technological transfer, in April 2021) - State Research Agency (for example, the call for assistance for ICTS in May 20201, Grants for the acquisition of scientific-technical equipment in April 2021) - ENISA (for example, digital entrepreneurs line) - Connected Industrial Strategy 4.0 - Line of R&D Funds for the Public Purchase of Innovation - Support for R&D&I projects in the shipbuilding industry. - Calls of the State Programme for the Promotion of Talent and Employability. - INCIBE Innovative Public Procurement, subject to public hearing until 06/09/2021.
Digital transition (connectivity, digitalization, cybersecurity, etc.)	
Actions relating to the expansion of broadband UNCO-broadband Programme (Universalisation of Digital Structures for Cohesion). Basic order 25/06/2021. Eligible zones published 14/07/2021. Call open for submissions until 10/09/2021. * To give continuity to the Connectivity Plan and the digital infrastructure of society, the economy and territories (Approved by the Council of Ministers 01/12/2020) and the Broadband Extension Plans (PEBA Plan 2019 -approved by the Council of Ministers 15/03/2021- and the PEBA Plan 2020 -approved by the Council of Ministers of 30/06/2020 y 24/11/2020-)	The Plan for Connectivity and digital infrastructures of society, the economy and the territories forecasts investment of €2.320M up to 2025 (583 in 2021). The call of the UNICO broadband programme is for telecommunications operators. The aim is the rollout of high-speed broadband infrastructure capable of providing coverage at speeds of at least 300 300 Mbps, scalable to 1 Gbps. By 2025, 100% of the population will have connectivity with ultra-fast broadband with speeds in excess of 100 Mbps.

Different measures for the rollout of 5G. Recent measures include: - Royal Decree-Law 7/2021, of 27 April, extended the minimum terms of the licenses of frequency bands. Amends a specific aspect of Law 9/2014, of 9 May, the General Telecommunication Act, to adapt it the provisions of the European Electronic Communications Code (specifically, the extension of the term for concessions as a means of guaranteeing stability, foreseeability and adequate return on investments made). - Completion of the process for the freeing up of the radio spectrum (Second digital dividend): 31/10/2020 all direct channel changes completed. - Auction of 700 MHz frequencies. Finalised on 21/07/2021. - UNICO-5G Networks Programme with rollout of 4G/5G infrastructure in areas with insufficient 4G coverage. Public consultation to define the regulatory bases open until 05/09/2021.	It is intended to achieve the boosting and acceleration of the rollout of 5G networks in Spain for the purpose of immediate provision of socio-economic partners of the country, consolidating the positioning of Spain as one of the leaders in the rollout of 5G. Prior measures: - Royal Decree 391/2019, of 21 June, approving the **National Technical Plan for Digital Terrestrial Television** and regulating certain aspects for the release of the second digital dividend. - Order of 21/07/2020 of the Ministry of Economic Affairs and Digital Transformation. Amends the National Table of Allocation of Frequencies (CNAF). Establishes the regulatory frequency use for which the different frequency bands are reserved, in accordance with the standards and guidelines of the international working groups and European Union legislation. - Royal Decrees 706/2020 and 707/2020 of 28 July. They regulate the direct concession of subsidies to private and public providers, respectively, of **audio-visual television communication services** allocated to **compensate the costs** arising from the changes in broadcasting equipment for adaptation to the new frequencies planned as part of the process of freeing up the 700 MHz (second digital dividend). - Completion of the process for the **freeing up of the radio spectrum** (Second digital dividend): 31/10/2020 all direct channel changes completed. - award of grants for the roll-out of eight new **5G pilot projects** July 2020 - Royal Decree-Law 7/2021, of 27 April, extended the minimum **terms of the licenses of frequency bands**. Amends a specific aspect of Act 9/2014, of 9 May, the General Telecommunication Act, to adapt it the provisions of the European Electronic Communications Code (specifically, the extension of the term for concessions as a means of guaranteeing stability, foreseeability and adequate return on investments made).
Charter of Digital Rights. Approved by the Council of Ministers 13/07/2021.	The purpose of this charter is to recognise the challenges of application and interpretation that arise from the adaptation of rights to the digital administration and to suggest principles and policies referring to same within that context. It also proposes a framework of reference for the action of public powers which, shared by all, allow for navigation in the digital environment and developing all potential and opportunities and minimising risks.
ENISA Line for Digital Entrepreneurs. Activated 16/07/2021.	Up to 51 million euros over the next three years for the new line of funding for digital female entrepreneurship, which will be managed by ENISA. In 2021, the budget was 17 million. Aimed at both newly created companies and those considered a consolidation, growth or international expansion project.
Next Tech Fund. Launch 19/07/2021.	Constituted like a venture capital fund for the financing of growing high-value tech companies, allocating funds directly or through venture capital funds, corporate funds and other investment vehicles. This fund will foster the development of high-impact digital products and investment in companies experiencing growth through the strengthening of public financing instruments, attracting international funds and the boosting of venture capital.
Agreement on Urgent Measures in relation to Cybersecurity Agreement of the Council of Ministers 25/05/2021	Includes: - Cybersecurity Shock Plan - Updating of the National Security Scheme - Implementation of the Cybersecurity Operation Centre of the General State Administration and its Public Bodies (COSS)

Emergency management * Draft Royal Decree regulating the public alerts system through mobile communications services in the event of imminent or already running major catastrophes or emergencies. Public hearing until 15/09/2021. * Draft Royal Decree regulating the emergency communications using the emergency phone number "112". Public hearing until 15/09/2021.	The objectives are: - To regulate alert messages sent via mobile phone networks, as established in the European Code of Electronic Communications and the Draft General Telecommunications Bill. - To promote the implementation of the Advanced Mobile Location system, which allows for the location of the person calling 112 to be determined with the information of their mobile
Green transition - Energy efficiency and renewable energies	
Climate Change and Energy Transition Act Law 7/2021, of 20 May.	The final objective is for Spain to reach neutral emissions by the year 2050. The draft bill articulates the transversal response of the country to the challenge of climate change. The law guides action with tools and ambitious objectives for the reduction of emissions, renewable energies in environmental terms, positioning Spain as a leader of neighbouring countries in the fight against climate change and the energy transition, leaving us well placed to take advantage of the opportunities the ecological transition opens up in terms of modernising the economy, a new reindustrialisation, employment generation and attracting investment.
A Just Transition Strategy Approved by the Council of Ministers 22/02/2019. Component 10 of the Recovery Plan. * Urgent Action Plan for coal counties and power plants subject to closure 2019-2021 * Just Transition Institute. Royal Decree 500/2020, of 28 April, creating it. Royal Decree 179/2021, of 23 march, approving the Statute of the Just Transition Institute * Just Transition Collective Agreements. * Royal Decree 341/2021,of 18 May, regulating the direct concession of grants for the restoration of areas affected by the energy transition within the Recovery, Transformation and Resilience Plan corresponding to area degraded due to coal mining.	The objective of this Strategy is to optimise the results for the ecological transition for employment and to ensure that people and regions take full advantage of the opportunities of this transition and that no one is left behind. The Strategy will last 5 days. After this period, it will be assessed, and a new Strategy implemented. Includes different measures and instruments. - For the short-term challenges of the decarbonisation process, the Urgent Action Plan for coal counties and power plants subject to closure 2019-2021, which seeks to respond to the closure of mines on 31 December 2018, and coal-fired and nuclear power plants. To achieve this, the Collective Agreements on the Just Transition, which will be applied in those territories where closures could pose difficulties for companies and economic activity. - The main objective of the Agreements, in development, is to maintain employment and the creation of activity in this territories through guidance for sector and groups at risk, maintenance of population, and the promotion of diversification and specialization coherent with the socio-economic context. Participation processes have been launched for the drafting of Collective Agreements in the Principality of Asturias, Aragón, Andalusia, Castilla y León and Galicia. Over the coming weeks, the processes of the Collective Agreements of As Pontes (Galicia) and Zorita (Castilla-La Mancha) will also be launched. The Just Transition Institute is the body assigned the competencies that were until now lacking for the implementation of the Collective Agreements on Just Transition.
Roadmap for the development of marine wind energy and sea energies in Spain Public hearing 15/07/2021-15/09/2021.	Tool which will guide and foster the rollout and development of marine wind energy and sea energies.

Creation of the **National Fund for the Sustainability of the Electricity System.** Bill approved 01/06/2021.	Triple objective: prevent increases in the price of electricity, give clear signal of electrification of the economy and provide certainty, sustainability and balance to the system which will allow for the mobilisation of the necessary investment in the coming years. Establish the creation of FNSSE, which will assume the costs arising from the specific remuneration regime for renewables, cogeneration and waste (RECORE) which cease to form part of the electricity bill paid directly by consumers, both homes and businesses. To be financed with the provisions of all companies trading in all energy sectors, based on their sales, reducing the domestic electricity bill by at least 13% thanks to the reduction in charges. There will be exemptions and compensation for those sectors with lower capacity to adapt and respond to the new system.
Law to **correct the dividend received by non-emitting power plants as a result of the costs of CO2** on the emission rights market and reduce the bill. Bill approved 03/08/2021.	The standard establishes a reduction in the remuneration of non-emitting power plants brought into operation before 2005, when the commercial emission rights system came into force. The objective of the proposal is for part of the carbon dividend to benefit all consumers, thus reducing the cost of the energy transition.
Green transition - Construction sector	
Rehabilitation of buildings to improve energy efficiency *Programme for the energy rehabilitation of existing buildings (PREE). Royal Decree 737/2020, of 4 August. Extension resolution 15/07/2021. * Territorial distribution of credits for the rehabilitation of homes and public buildings, including programmes residential rehabilitation and promoting the rehabilitation of public buildings (PIREP). Approved at the Sectoral Conference on 13/07/2021.	Under the PREE programme, 300 million euros is allocated for actions including support for cladding, more efficient thermal installations and energies from renewable sources. Under the PIREP programme, 1.631 billion euros are allocated for the execution of residential rehabilitation programmes and promote the rehabilitation of public buildings.
Green Transition - Management of water resources	
Hydrological Plans 2021-2027. Public consultation between 23 /06/2021 - 22/09/2021 of Plans for interregional demarcations (along with the "joint Strategic Environmental Study"). * Flood risk management plans, subject to the same public consultation period. • National Purification, Sanitation, Efficiency, Saving and Reuse Plan. Order TED/801/2021, of 14 July. • Green Book on water governance in Spain, published 22/03/2020.	Its main objective is to improve water policy and in particular the management of water resources, an essential piece for the achievement of a circular and sustainable economy (the Spanish strategy for the circular economy 2030 includes, among its objectives, a 10% improvement of efficiency in the use of water). It includes governance instruments that aim to revise some of the focuses developed up to now in these matters, seeking greater flexibility and efficiency in the measures indicated for hydrological planning, especially in the areas of purification, sanitation, efficiency, saving and reuse of regenerated wastewater and the minimisation and management of flood risks.

Amendment of the Regulation of Hydrological Planning. Public information 07/09/2021- 27/09/2021.	The improvements now being introduced focus on: the configuration of the third hydrological plans, which must be approved in the first weeks of 2022, and the review of the special drought plans which must be tackled between 2022 and 2024. With respect to the requirements of the hydrological plans, improvements are geared towards the consideration of climate change in hydrological planning, dimensioning and harmonisation of the regulatory contents of hydrological plans, the updating of the European Union publication and notification requirements for hydrological plans and other related information, the organisation and documentation of the programmes of measures to be fostered by the different competent administrations and the strengthening of requirements to justify exemptions from environmental targets. In relation to the special drought plans, it is desirable to approve certain common criteria as the basis of the future for processing and approval, taking into account the fact that this phenomenon knows no administrative boundaries.
Green Transition - Circular economy and protection of the environment,	
Waste and Contaminated Soil Act. Just Transition Strategy approved by the Council of Ministers 18/05/2021.	With the aim of fostering the circular and low-carbon economy in Spain, this Law reviews the regulation of waste contaminated soils to comply with the new objectives established in the community directives of the Circular Economy Package, and the single-use plastics directive. Seeks two fundamental objectives: one general objective to establish measures aimed to protect the environment and human health through the prevention and reduction of the generation of waste and the adverse impact on the environment and through the reduction of the global impact on of the use of resources and the improvement of its efficient; and another specific objective concerning certain plastic products to prevent and reduce their impact on the environment, especially the aquatic environment, and human health. Provision in Spanish legislation for the first time for limitations on the use of single-use plastics, and also include restriction on the introduction in the market and information obligations to the consumer. A tax is introduced to reduce single-use plastic packaging. Ambitious preparation targets are established for the reuse and recycling of municipal waste and for the separate collection of plastic bottles from 2025. It reinforces the order of priority in waste management options so that elimination through landfill is the last resort, obliging administrations to adopt economic instruments and other incentivising measures.

Review or regulatory framework of the management waste. Royal Decree 27/2021, of 19 January. Royal Decree 731/2020, of 4 August. Royal Decree 265/2021, of 13 April. Draft Royal Decree on Packaging and Packaging Waste subject to public hearing 28/09/2021-29/10/2021.	Process of integral review of waste regulations, to adjust to the national and European priorities in the environmental areas, aligned with the Green Pact and the Circular Spain Strategy 2030. - Royal Decree 27/2021, of 19 January, amending Royal Decree 106/2008, of 1 February, on batteries and accumulators and the environmental management of waste, and Royal Decree 110/2015, of 20 February, on Waste Electrical and Electronic Equipment (WEEE). - Royal Decree 731/2020, of 4 August, amending Royal Decree 1619/2005, of 30 December on the management of out of use tyres. - Royal Decree 265/2021, of 13 April, on vehicles at the end of their useful life and amending the General Regulation of Vehicles, approved by Royal Decree 2822/1998, of 23 December. The Royal Decree on Packaging and Packaging Waste, currently in development, encompasses: - inclusion in the domestic legal order of Directive (EU) 2018/852 of the European Parliament and of the Council of 30 May 2018 amending Directive 94/62/EC on packaging and packaging waste. Apply the measures relating to single-use plastic packaging contemplated in Directive (EU) 2019/904, of the European Parliament and of the Council, of 5 June 2019, relating to the reduction of the impact of certain plastic products on the environment (SUP Directive) and - development the regime of responsibility extended by the producer for all packaging and packaging waste in application of the provision included in Article 31.3 of Law 22/2011, of 28 July, on waste and contaminated soil, taking into account the framework regulation established in the waste and contaminated soil bill, including those associated with packaging waste affected by the single-use plastic Directive.
Green and digital transition in the agri-food sector	
Sustainable Fishing and Fishing Research Act Draft bill analysed by the Council of Ministers 01/06/2021.	Starting with the current model of Law 3/2001, of 26 March, European and international regulations, a new legislative body is established that incorporates the progress made in the sector and responds to new social, economic, environmental and administrative needs. In particular it tackles the issue of access to fishing resources, conservation measures, sustainable use, protection and regeneration of fishing resources; recreational fishing and fishing research and oceanography, access to genetic resources and mechanisms of coordination, cooperation and participation in fishing policy.
Royal Decree relating to the general register of Best Available Techniques. Public consultation between 27/04/2021 and 12/05/2021.	The new royal decree, which will provide the general register with a structure, will detail the necessary data for the notification of environmental impact mitigation techniques applied at Spanish farms (Best Available Techniques or BATs) and the mechanisms necessary for communication between the competent authorities.

Measures for investment in the modernisation of the primary sector - Programme of aid for research in the fishing and aquaculture sector. Approved by the Council of Ministers on 03/08/2021. - Irrigation modernisation plan. Agreements signed between the MAPA and the SEIASA 25/06/2021. - Collaboration Agreement between the MAPA and the National Innovation Company (ENISA). Signed 05/07/2021. - Draft Royal Decree establishing the regulatory bases for the concession of state aid allocated to the execution of investment projects within the Plan to Foster Sustainability and Competitiveness of Agriculture and Livestock (III) within the framework of the Recovery, Transformation and Resilience Plan. Public hearing 23/06/2021-01/07/2021 - Renewal of fishing and aquaculture production. Signing of agreement between MAPA and SAECA on 24/06/2021.	Given the consideration of agri-food sector as a strategic sector, the aim is to promote its transformation to boost its competitiveness and its capacity to respond to the challenges of globalisation, digitalisation and climate change to meet the needs of a population increasingly more aware of sustainable production and food quality.
Green and digital transition in the automobile sector (secure, sustainable and connected mobility)	
MOVES Singulares II. Regulatory bases 23/07/2021. Order TED/800/2021, of 23 July.	Aimed at the selection and concession, under a regime of competitive tendering, of aid for singular projects relating to experimental and innovative developments relating to the electric vehicle and fuel battery throughout the national territory. Managed by IDAE and allocated 100 million euros.
Programme of aid for municipalities for the implementation of low emission zones and the digital and sustainable transformation of urban transport Order TMA/892/2021, 17 August, approving the regulatory bases	Programme of subventions that contribute to the articulation of a reliable, attractive, accessible and affordable urban public transport system that reduces pollution, with more fleets of more modern, efficient and zero-emission vehicles, the introduction of the concept of smart mobility adapted to new mobility habits, digitalisation for the planning, management and assessment by public administrations and ensuring that active mobility is developed easily in the environment.
Approval of **PERTE of the Electrical and Connected Vehicle** Approved by the Council of Ministers 13/06/2021.	Strategic Project for the Recovery and Economic Transformation (PERTE), the central pillar of which will be the creation of the necessary ecosystem that allows for the development of an innovative automobile industry with strong traction in other sectors of the economy to respond to the new sustainable and connected mobility and the generation of new activities.
Green and digital transition in the tourism sector	
Sustainability Plans for Tourist Destinations. Approved at the Sectoral Tourism Conference on 30/09/2020. Strategy for Tourism Sustainability at Destinations approved at the Sectoral Conference on 28/07/2021. Governs the calls. Ordinary edition 2021 open 30/03/2021. First extraordinary call (financed with European funds) 30/07/2021.	On 30 September, 25 Sustainability Plans for Tourism Destinations (SPTDs) which will be financed by the contributions of the State Secretariat for Tourism, the Autonomous Communities and the Local Authorities executing the Plan. The 25 SPTDs have been approved through the respective collaboration agreements that were signed and published in the Official State Gazette in December 2020. The period for the execution of these SPTDs is three years. From the entry into force of the agreement.

Financial Fund of the State for Tourist Competitiveness New Royal Decree in development.	Through loans, it will support the projects developed by tourist companies geared towards the improvement of competitiveness and accelerate the transformation of the sector towards a more sustainable model, especially in those related to the use of renewable energies, the efficient use of resource, reuse of water and sustainable recycling of transport waste, or the digitalisation, innovation and modernisation of services. On the other hand, within the framework of this pillar are measures focussed on the financing of projects for digitalisation, innovation and internationalisation of the tourist sector and tourism sustainability plans among other measures.

5. CSR relating to the improvement of the regulation and application of the Law Guaranteeing Market Unity. (2019.4.1)	
MEASURE	DESCRIPTION / CURRENT SITUATION
Law to foster the creation and growth of business and improve to the business climate Draft Bill subject to public hearing until 06/08/2021. *Also contributes to compliance with CSR 2020.3.1.*	Aims to improve the business climate and increase the size and productivity of the companies through the elimination of the obstacles to the creation and business growth arising from the regulatory framework, on unequal access to the financing and barriers to good functioning of the internal market. Furthermore, this Law aims to reinforce the effectiveness of the application of Directive 2011/7/EU, establishing measures to combat late payment in commercial transactions.
Law to foster the ecosystem of emerging companies Draft Bill subject to public hearing until 27/07/2021.	Aims to create a favourable framework for the incorporation and growth of highly innovative emerging companies.
Reform of the Law on the defence of competition. Royal Decree-Law 7/2021, of 27 April.	Transposing Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market (Directive ECN+).
New insolvency framework. Draft Bill subject to public hearing until 25/08/2021. *Also contributes to compliance with CSR 2020.3.1.*	Work is being carried out to reform the Insolvency Law for the transposition of Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency). A more efficient second chance procedure is established for natural persons, providing for the discharge of debt without prior liquidation. Similarly, the restructuring plans required by Directive (EU) 2019/1023 on insolvency are introduced, along with the new pre-insolvency instrument that improved the pre-insolvency instruments currently applicable, with the aim of preventing insolvency and subsequent proceedings.
Royal Decree 472/2021, of 29 June, transposing into Spanish law Directive (EU) 2018/958 of the European Parliament and of the Council of 28 June 2018 on a **proportionality test before adoption of new regulation of professions.**	It avoids the adoption of standards that introduce unjustified requirements in the regulation of professions, guaranteeing better regulation of same to benefit the general public interest. This also prevents the fragmentation of the internal market and removes barriers to access to certain activities on a self-employed or employed basis, and the exercise thereof. The proportionality test is designed to support better regulatory practices and contains the case law of the Court of Justice of the European Union on the proportionality of the requirements that restrict access to regulated professional or the exercise thereof.
Creation of the new figure to foster public-private collaboration: Strategic Projects for the Recovery and	New instrument created by Royal Decree-Law 36/2020, 36/2020, of 30 December, approving urgent measures for the modernisation of the Public Administration and

Economic Transformation "PERTE". Royal Decree-Law 36/2020, of 30 December. * Approval of PERTE of the Electrical and Connected Vehicle in Council of Ministers 13/06/2021.	for the execution of the Recovery, Transformation and Resilience Plan. Nevertheless, the new figure is created with a permanent vocation.

6. CSR relating to the strengthening of coordination between different levels of government (2020.4.2)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**
Creation of a new Sectoral Conferences for Democratic Memory Constituted 29/03/2021.	Cooperation body between the General State Administration and the Autonomous Communities for the purpose of carrying out consultative, decision-making and coordination tasks in all matters relating to policies of Democratic Memory.
Creation of a new **Sectoral Conferences on Regulatory Improvement and Business Climate** Constituted 22/07/2021.	Body for cooperation between the General State Administration and the Autonomous Communities to coordinate economic policies, which will allow for the maintenance of a fluid and efficient relationship in matters of common interest, to foster consensus and work on specific lines of action that allow for the improvement of the business climate, foster investment and the creation and growth of companies.

7. CSR linked directly to the COVID-19 pandemic (2020.1.1 y 2020.1.3)	
MEASURE	**DESCRIPTION / CURRENT SITUATION**
Strengthening of financing for the provision of essential services during the pandemic.	
Royal Decree 684/2021, of 3 August, establishing the distribution and necessary aspects for the release of the **additional allocation of resources to the Autonomous Communities and Cities of Ceuta and Melilla.** Decision of the Council on Fiscal and Financial Policy 28/07/2021.	Extraordinary funds allocated to the Autonomous Communities and to Ceuta and Melilla, with the aim of absorbing the shock of the COVID-19 crisis on regional finances. Transfer provided for in LPGE 2021.
Measures for the protection of workers.	
Flexibility of ERTE (temporary furlough scheme) and **simplification of the procedure** Originally regulated in Royal Decree-Law 8/2020 of 17 March. Successive extensions, the latest in Royal Decree-Law 18/2021, of 28 September, extending the ERTE schemes to 28/02/2022. *Also contributes to CSR compliance in blocks 2 and 3.*	The ERTE schemes provide for the temporary adjustment of the work force when faced with a stoppage of activity; facilitating their use as an exceptional measure against Covid-19 has been key to preventing the destruction of employment and the loss of productive fabric, and to ensure access for affected workers to provisions. They have allowed for the protection of almost 3.4 million workers at the height of the impact of the pandemic and more than 500,000 companies. A number of different models of the scheme: - ERTE on ground of force majeure (caused directly by the Covid-19 crisis, including the declaration of the state of emergency, also partially in sectors considered essential that were affected). - ERTE on economic, technical, organisation and production grounds: provided to companies who require temporary adjustment to employment but are not covered by the circumstances of force majeure. - ERTE for permanent discontinuous employees - ERTE due to prevention or limitation of activity

Support for maintaining the employment of permanent discontinuous employees whose activity was affected by Covid-19. Royal Decree-Law 15/2020, of 21 April, amending Royal Decree Law 8/2020, of 17 March. Currently extended to 28/02/2022 by Royal Decree-Law 18/2021, of 28 September. *Also contributes to CSR compliance in blocks 2 and 3.*	This measure promotes the maintenance of employment in those sectors especially affected by the pandemic and aims to serve as an efficient mechanism that makes it possible to incentivize hiring or maintenance in period of less activity.
Training for workers on ERTE. Royal Decree-Law 30/2020, of 29 September. Royal Decree-Law 18/2021, of 28 September. *Also contributes to CSR compliance in block 3.*	Persons on ERTE have the status of a priority group for access to training initiatives of the professional training system for employment. Royal Decree-Law 18/2021, of 28 September, incorporates, as a new element, the attribution of different benefits to companies who carry out training for persons subject to the ERTE temporary furlough scheme, such as longer exemptions from Social Security contributions.
Recoverable paid leave. Royal Decree-Law 10/2020, of 29 March. Law 4/2021, of 12 April. *Also contributes to CSR compliance in blocks 2 and 3.*	Compulsory and limited in time between 30 March and 9 April (both included) for all employees who provide services in companies or entities in the public or private sector who perform non-essential services and cannot work remotely.
Extraordinary provisions (including new subsidies for specific groups).	
Extraordinary allowance for cessation of activity. Royal Decree-Law 8/2020, of 17 March. Article 17. Currently extended by Royal Decree-Law 18/2021, of 28 September.	
New extraordinary provision for suspension of activity. Royal Decree-Law 30/2020, of 29 September. Currently extended by Royal Decree-Law 18/2021, of 28 September. *Also contributes to CSR compliance in block 2.*	
New assistance for low income to cover those who **do not meet the requirements to access the provision compatible with activity.** Royal Decree-Law 30/2020, of 29 September. Currently extended by Royal Decree-Law 18/2021, of 28 September. *Also contributes to CSR compliance in block 2.*	

Boosted unemployment payment for workers subject to the ERTE temporary furlough scheme due to Covid-19, including those on permanent discontinuous contracts. Royal Decree-Law 8/2020, of 17 March. Amended by various subsequent Royal Decree Laws. Currently extended by Royal Decree-Law 18/2021, of 28 September. *Also contributes to CSR compliance in block 2.*	Coverage for workers affected by the ERTE temporary furlough scheme is boosted, making it possible for them to have access to a contributory unemployment payment, even they have not met the minimum contribution period. The reinstatement of unemployment payment, so that payment of these unemployment provisions is not taken into account for the reduction of future unemployment payments.
Protection measures for families and vulnerable groups.	
Moratorium of mortgage payments for principal payments Royal Decree-Law 8/2020, of 17 March Royal Decree-Law 11/2020, of 31 March Royal Decree-Law 3/2021, of 2 February Currently extended to 31/10/2021 by Royal Decree-Law 16/2021, of 3 August *Also contributes to CSR compliance in block 2.*	When the lessor is a public housing company or entity or a large landlord.
Guarantee of basic energy, water and telecommunications supplies. Extension of social electricity bonus, continuation of electronic communication services and broadband connectivity. Royal Decree-Law 16/2021, of 3 August. *Also contributes to CSR compliance in block 2.*	Currently extended to 31/10/2021. Access to the *bono social* (social discount) is also extended.
Support measures for liquidity and solvency of companies	
ICO guarantee line of financing granted to **companies and self-employed workers** (up to **€40 billion**). Principally to address the financial needs arising from new investments. Royal Decree-Law 25/2020, of 3 July. Article 1. *Also contributes to compliance with CSR 2020.3.1.*	The Agreements of the Council of Ministers of 28 July, of 24 November and 22 December 2020 establish the activation of tranches of the Line that have been distributed as follows: - First tranche: €8,000 M, of which €5,000 M is allocated to SMEs and the self-employed and €3.000 M for non-SME companies. - Second tranche: sum of €2,550 M, allocated to guarantee financing transactions to companies and the self-employed who are in the execution phase of the insolvency agreement within a process of administration, but are up to date with their obligations under the agreement and can demonstrate so in the form of a judicial report or report from the administrator. - Third tranche: €250 M, to guarantee the promissory notes issued on the MARF by companies who could not benefit from the tranche made available in the first Line, due to being in the renewal phase of their promissory note programme. - Fourth tranche: sum of €500 M, allocated to guarantee the financing granted to SMEs and the self-employed belonging to tourism, the hospitality sector and related activities to meet their needs arising from new investments, and liquidity needs. The Agreements of the Council of Ministers of 22 December 2020 and 25 May 2021 activated the fifth and sixth section. The fifth tranche made provision of 500 million euros to boost the CERSA refinancing guarantees, while the sixth tranche provided for 10 billion euros allocated to SMEs and the self-employed and 5 billion euros of non-SME companies.
Measures to improve the resilience of the health system	

Digital Strategy of the National Health System (SNS). Draft presented at the Inter-territorial Council of the SNS on 30/06/2021. *Also contributes to CSR compliance in block 4.*	Foster the incorporation, analytics and exploitation of data and information generated in the SNS. Advance in the electronic inter-operability of the health system at both the national and international level. Develop digital public services for the SNS and with that facilitate efficient management.
Assessment of performance of the National Health System against the Covid-19 pandemic.	The Inter-territorial Council of the National Healthy System approved the composition of the planning and coordination team of the framework for independent assessment of the SNS against the pandemic on 22/09/2021.
Strengthening of existing health investment programmes, in the framework of the Recovery, Transformation and Resilience Plan.	State Infrastructure Sub-programme of the Strategic Health Action 2017-2020. New call in July 2021, allocated 15 billion euros for the financing of Singular Scientific Infrastructures of the National Health System and the Acquisition of scientific-technical Equipment and Infrastructure. * Personalised Precision Medicine. 2021 Call of the ISCIII for R&D projects.
Law on measures for the equity, universality and cohesion of the SNS. Draft bill in public consultation from 19/10/2020 to 19/11/2020.	In accordance with the Recovery, Transformation and Resilience Plan, this reform aims to strengthen universal access to healthcare, equality in access to healthcare and the cohesion between the different territories of the country. It will be based on three pillars: (i) a new law that allows for progress in the achievement of the objectives of universality, equality and cohesion, (ii) the reorientation of highly complex healthcare in the health system, (iii) the increase of the common services portfolio of the public health services to provide to the population as a whole.
New Law on guarantees and rational use of medicines and health products. In development.	In accordance with the Recovery, Transformation and Resilience Plan, it will introduce elements that increase competition and develop new forms of access to treatments, at the same time developing the Strategic Plan of the Pharmaceutical Industry.
Plan for Investment in High Technology Equipment (INVEAT) of the National Health System (SNS) Approved by the Inter-territorial Council of the National Health System on 30/06/2021.	The objectives pursued are to reduce the obsolescence of the current technological fleet of the SNS and increase the average density rate of high technology equipment per 100,000 inhabitants, which are to be allocated 400 million euros.

[8]

LINK BETWEEN THE DRAFT BUDGETARY PLAN AND THE EUROPEAN GROWTH AND EMPLOYMENT STRATEGY

National goals	Measures	Description of link
Employment for 74% of persons aged 20-64	Spanish Strategy for Employment Activation	Regulatory framework for coordination and execution of active labour market policies, and labour intermediation in the whole State, including both the services and programmes conducted by public employment services with State funds, such as those the Regional Governments carry out with their own financial resources. As we approach the end of the Spanish Strategy for Employment Activation 2017-2020, the new Strategy 2021-2024 is being processed, which will be approved in the year 2021 The previous Spanish Employment Activation Strategy 2017-2020 focused on establishing and implementing a new organisational and conceptual framework within which all planning, programming, implementation and evaluation of active employment policies for the whole of the National Employment System should be developed, with a results-oriented and evaluative perspective. This new 2021-2024 Strategy aims to go a step further, focusing on developing and making new tools, infrastructures or information systems available to all agents of the National Employment System, or improving existing ones, so that the use of common means and the exchange of experiences and good practices constitute the best vectors for the modernisation of the System. It also incorporates the recommendations arising from the first evaluation of the factors affecting the performance of Public Employment Services, carried out in 2016 in the framework of the European Network of Public Employment Services (PES-EU Network), and is consistent with the Agenda for Change promoted by the same European Network for the second evaluation cycle. Among the objectives of the new Strategy are: a people and business-centred approach, coherence with the productive transformation, results orientation, improvement of the capacities of the Public Employment Services and the governance and cohesion of the National Employment System. The Employment Policy Annual Plans (PAPEs) are the annual implementation of the Strategy Therefore, these are operational instruments to develop and specify the provisions of this Strategy, by means of specific actions.
	Annual Employment Policy Plan 2020 (PAPE 2020).	At the 77th Sectoral Conferences on Employment and Labour Affairs on 1 April 2020, as part of the debate on the Annual Employment Policy Plan, the plan for the year 2020 was presented. The outbreak of the COVID-19 pandemic altered all the fundamental bases of the programmes envisaged by the Public Employment Services, resulting in the reconstruction of the Plan to adapt to the context of COVID-19. The principal new features of this reconstructed 2020 Plan are: • Adaptation of the strategic objectives in the context generated by the pandemic. • Adequacy of the indicators to facilitate accountability, simplifying the calculation and adjusting the definition for the purposes of active employment policies. The Annual Employment Policy Plan 2020 was approved by the Agreement of the Council of Ministers on 20 October 2020, which was published by Resolution of 26 October 2020, and is currently being implemented.
	Youth Employment Action Plan (2019-2021).	The Plan projects a reduction of youth unemployment of 23.5% and the introduction of 168,000 unemployed under 25s into the labour market.
	Strategic Vocational Training Plan	The second phase of this plan has been approved in light of the new situation arising from the COVID-19 crisis, incorporating a Plan for Vocational Training, Social and Economic Growth and Employability, to create an ecosystem for relaunching the economy with a commitment to human capital and talent. The aim is to guarantee vocational training and qualifications for the entire populations, from Vocational Training students in the education system to the working population, facilitating: at individual level, the incorporation, permanence and progression in the labour market; at social level, supporting equality of training opportunities and, at economic level, coverage of the needs for qualification and talent required by productive sectors. This

		training will also incorporate solid technical training, creativity skills, digital skills, analytical and predictive skills and proactive attitudes.
	Reincorpora-T Plan 2019-2021	Three-year plan to reduce long-term unemployment, which offers a comprehensive action programme for the reduction of long-term unemployment and prevention of situations of exclusion form and vulnerability in employment. Measures already in play with regard to this collective must be highlighted, approved by RDL 8/2019, of 8 March, such as recovering the subsidy for adults over the age of 52 or the rebate for hiring long-term unemployed individuals. The Plan seeks to reduces long-term unemployment from 6.8% in 2018 to 4.3% in 2021, which would imply 422,100 long-term job seekers.
	Digital adaptation of the vocational training system	5 new specialisation courses have been approved for Vocational Training graduates, most linked to areas like cybersecurity and digitalisation. A vocational module on Digitalisation applied to the production sector is also in the process of being included in all Vocational Training curricula and ten new specialised courses in areas like artificial intelligence, big data, hybrid vehicles, 5G technologies, etc.
	General directives of the new Spanish industrial policy	Boosting digitalisation, productivity, competition and employment, as well as sustainability and the decarbonisation of the economy.
	Strategic framework of SME policy 2030	It will improve the competitive capacity of SMEs and allow them to face the new challenges of a global and digitalised economy and will establish a framework promoting their growth.
	General directives of the strategy for sustainable tourism 2030	Promotion and modernisation of the tourism sector. Increased competition and quality employment.
	Strategic Plan for comprehensive support for the automotive sector 2019-2025	It is the roadmap to ensuring the future of a strategic sector and to anticipate support measures in the transition process towards a new model of sustainable mobility. Among other elements, it provides for the promotion of the creation of highly qualified and high-quality jobs.
	A Just Transition Strategy	It involves maximising employment opportunities and minimising the impacts of energy transition.
	Spanish Strategy on the Circular Economy, España Circular 2030	Approved by the Council of Ministers 2/06/2020. The 1st Circular Economy Action Plan 2021-2023 was approved by the Council of Ministers on 25 May 2021. A circular economy will constitute a net increase in employment of around 1%, with the jobs created by the sectors in development compensating for those destroyed in more contaminating sectors.
	National Youth Guarantee System	The Youth Guarantee is a European initiative intended to facilitate access to the labour market for young people. It is focussed on unemployed youths not integrated into the education or training systems, to facilitate their access to employment, education or training including apprenticeship training or internships upon completing formal education or becoming unemployed. In this context, the National Youth Guarantee System is created as a database on which young people, registered voluntarily constitute a unique list of demands available to the entities responsible for proposing specific offers. The Youth Employment Action Plan 2019-2021 includes in Section 6 "Improvement of the Institutional Framework", measures for improving the National Youth Guarantee System. Royal Decree-Law 8/2019, of 8 March, introduced a series of improvements in management, collaboration, coordination and communication within the National Employment System and for boosting its modernisation, highlighting the consolidated inclusion of young people between the ages of 25--29 in the SNGJ, and the reinforcement of Governance (inclusion of the Delegate Commission for Monitoring and Assessment of the SNGJ in the General Council of the National Employment System.
	National Strategy to Foster Self-employed Work 2021-2027 (currently being drafted)	This strategy will contain a set of social, inclusion, territorial, digital and sustainable measures to facilitate start-up, development and generational transition of self-employed activity, and will focus on compliance with the United Nations Sustainable Development Goals and the development of the "Action Plan for the implementation of the 2030 Agenda towards a Spanish Sustainable Development Strategy" of the Spanish Government.

	Spanish Social Economy Strategy 2021-2027 (currently being drafted)	Strategy with measures to boost the entities of the economic system that promote collective entrepreneurship as a formula for the creation of quality sustainable and inclusive employment linked with territorial development.
	Spanish Strategy for Social Responsibility of Companies 2021-2027 (currently being drafted)	This strategy aims to foster the development of responsible public and private organisational practices that improve social, environmental and good governance practices.
2% GDP investment in R+D	Spanish Science, Technology and Innovation Strategy	On 15 June 2021, the Council of Ministers approved the State Plan for Scientific, Technical and Innovation Research 2021-2023 (PEICTI 2021-2023). The State Plan is the main instrument of the General State Administration for the development and achievement of the objectives of the Spanish Science and Technology and Innovation Strategy (EECTI).
	State Budget for R&D&I	The initial Credits for spending function 46 (R&D&I) in the 2021 General State Budget stand at 12.564 billion euros. The initial non-financial budget is EUR 8.075 billion and the financial budget (repayable loans) is EUR 4.489 billion. Until 2020 policy 46 only included R&D&I, while from 2021 it also includes digitalisation. In 2021, the budget of the State Research Agency dedicated to the promotion and coordination of scientific and technological research is 793.3 million euros, which will be dedicated to aid from the State Plan for Scientific and Technical Research and Innovation 2017-2020. 140 million of this amount corresponds to the Recovery, Transformation and Resilience Plan.
	Promotion of R+D companies by means of direct incentives and access to public funding.	Improvement of public funding conditions. In 2018 The CDTI (Centre for Technological and Industrial Development) adopted a new policy on non-refundable loans to increase financial cover (85% in general), increasing the advance (up to 35%) and making the amortisation of the loan flexible (up to 10 years). The CDTI invested €886 million into supporting 1,600 R&D&I projects in 2020. Its traditional instruments are the IDIs, R&D Projects, the CIEN INNOGLOBAL Strategic Business Projects in international cooperation and NEOTEC for companies with a technological base. To these should be added the Science and Innovation Missions Programme (aimed at solving societal challenges), which in 2020 hosted its pilot call for proposals, as well as venture capital and pre-commercial public procurement actions.
	Human Resources in R&I	The PEICTI 2021-2023 includes the State Programme to develop, attract and retain talent, which prioritises investment in human resources, both pre-doctoral and post-doctoral, professional progress through the stable incorporation of research, technological and technical personnel into the university, scientific and business spheres, and the mobility of research personnel in the public and private sector. The Plan includes a new scientific career model. ISCIII - 48.4 M€; AEI - 316.4 M€ Research and technical civil servant staff positions in the Public Research Bodies of the General State Administration in the Public Employment Offer for 2021: 699 places for open access and 384 for internal promotion. A total increase of 20.4% compared to the 2020 EPO. This EPO provides for the first time since the approval of Law 14/2011 on Science, Technology and Innovation, positions for the technologist scale.
	Strengthening public instruments to support R&D&I: Red Cervera, increased CDTI action, INNVIERTE, State Research Agency, ENISA, Connected Industrial Strategy 4.0., FID Line of the Ministry of Science and Innovation and the Ministry of Universities.	Increase in public support for R&D and implementation of innovative actions, in particular in relation to pre-commercial public procurement (purchase of products in the design and development products, fostering of this form of innovation) and transfer of knowledge.
	Spain Entrepreneurship Nation Strategy	Presented on 11 February 2021 by the President of the Spanish Government. It is a long-term vision to transform the productive basis of the Spanish economy.
	National Artificial Intelligence Strategy	Integrated focus on the challenges posed by AI, which allows for maximum opportunities as regards this technological development.
	Deployment of digital infrastructures: Assistance for broadband roll-out (PEBA Programme, Plan 800, Connected Schools) and implementation of 5G roll-out process (digital dividend).	Ensure that Spain has the adequate infrastructure for the development of digital economy.
	Creation of the 5G Observatory	Fostering 5G technology.

	Attract large international scientific facilities and projects to Spain:	The procurement of the European EuroHPC supercomputer (Mare Nostrum 5) is under tender. Its acquisition and installation at the BSC consortium headquarters in Barcelona is planned for 2022. The decision on the location of the TMT telescope has not yet been taken by the US National Science Foundation. The body is expected to define its position in the course of 2022.
	Strategic Plan for comprehensive support for the automotive sector 2019-2025	It is estimated that the impact of the Plan would be €515 million for the first two years (2019-2020) and €2.634 billion for the full 2019-2025 period. Taking into account the carry-over effect, it is estimated that the total impact of the Plan will be 2.283 billion euros for 2019-2020 and 9.726 billion euros for 2019-2025.
	Digitalisation strategy for the agri-food sector, forestry and rural affairs.	Attempts to improve the life and employment conditions of the rural environment and promote the active and stable population of rural Spain, in addition to contributing to leadership in a more competitive and sustainable agri-food sector that generates wealth.
Goals of the fight against climate change: 10% reduction in GHG emissions in different sectors with regard to 2005 (212.39 mill ton. of CO2 emissions equivalent in 2020) * Renewable energies to supply 20% of the total energy consumption. * Energy efficiency: A 20% reduction in the primary consumption of energy: (on the baseline projection of the use of primary energy in 2020). 122.6 Mtoe	Law 7/2021, of 20 May, on Climate Change and the Energy Transition	Regulatory framework that establishes the institutional grounds for fulfilling the goals with regard to climate change and energy transition.
	National Integrated National Plan on Energy and Climate (PNIEC) 2021-2030	* The plan anticipates the mobilisation of investments of around 236 billion euros between 2021 and 2030 (80% private investment) and the creation of 250,000 to 364,000 net annual jobs throughout the decade. * In 2030, 42% of renewable energies on the use of final energy, 74% in the case of electricity generation. * Dependence of imported energy will decrease by 15 percentage points, from the current 74% to 59% in 2030.
	Long-term strategy	The objective of this strategy is to develop and outline a pathway to advance the decarbonisation of the economy and society by 2050, with intermediate milestones in 2030 and 2040.The pathway set out in the Long-Term Decarbonisation Strategy (LTS 2050) will lead to a 90% reduction in greenhouse gas (GHG) emissions by 2050 compared to 1990. The set of measures included in the Strategy will have a positive impact on employment generation, which will increase by 1.6% in 2050 compared to a scenario that does not take into account its implementation. This would generate some 300,000 net jobs per year over this period. It is also estimated that total cumulative investments in the period 2031-2050 will reach 500 billion euros, of which 300 billion euros are considered to be associated with the implementation of this Strategy. This figure would be in addition to the 250 billion euros mobilised by the implementation of the PNIEC from 2021 to 2030. Additional annual investments will be around 1% of GDP, in line with the figures presented by the European Long-Term Strategy 2050.
	National Adaptation Plan 2021-2030	The overall objective of the PNACC 2021-2030 is to promote coordinated and coherent action to address the effects of climate change in Spain in order to avoid or reduce present and future damage from climate change and to build a more resilient economy and society. To this end, it defines 18 areas of work and 81 lines of action to be developed through five-year work programmes. The first work programme (under preparation) contains 254 concrete measures and foresees a resource mobilisation of more than 1.5 billion euros for the period 2021-2025.
	Plan of action for decarbonisation	The CDGAE discussed the elements of the Plan of Action on 5/09/2019, which seeks to identify and promote opportunities for economic and employment growth. 10 priority work areas have been identified, to be worked on by various inter-ministry groups: * Sustainable mobility * Equipment for renewable energies * Digitisation of energy systems and networks * Storage * Sustainable resource management in the food sector * Energy efficiency in the construction sector * Sustainable tourism * Circular economy * Electro-intensive industry * Sustainable finance.
	Programme to provide assistance to SMEs and Large Businesses in the industrial sector for energy efficiency activities	Promote measures for energy savings and efficiency in the industrial sector.

	MOVES III, MOVES Singulars II and MOVES Fleets Programme	MOVES III Programme: Approved by Royal Decree 266/2021, of 13 April, which approves the direct granting of aid to the Autonomous Communities and the cities of Ceuta and Melilla, for the implementation of incentive programmes linked to electric mobility, within the framework of the European PRTR, funded to the tune of 400 million euros, extendible to 800, if there is an adequate commitment of funds and provided that there is budgetary availability. It is a territorially managed programme, which contributes to the target of 238,000 electric vehicles and charging points by 2026. MOVES Singulares II Programme: approved by Order TED/800/2021, of 23 July, and resolution of the call published on 20 September 2021: these are incentive programmes for singular projects in electric mobility, with a budget of 100 million euros, which can be increased to 300 million euros. It is a centrally managed programme, which contributes to the objective of awarding €250 million worth of grants to unique mobility projects by mid-2023. MOVES Fleets: with a budget of 50 million in 2021, aimed at companies with large fleets (more than 500 vehicles) in more than one Autonomous Community that wish to renew their fleet.
	National Programme for control of Atmospheric Pollution (PNCCA)	It seeks compliance with Spain's 2030 goals for the reduction of certain atmospheric pollutants. The objectives of the PNCCA are aligned with the PNIEC, helping to meet the goals of the fight against climate change.
	Energy rehabilitation programme for buildings in demographically challenged municipalities	PREE5000 Programme: approved by Royal Decree 691/2021, which regulates the subsidies to be granted for energy rehabilitation actions in existing buildings, in execution of the Energy Rehabilitation Programme for existing buildings in municipalities with demographic challenges included in the Regeneration and Demographic Challenge Programme of the Urban Rehabilitation and Regeneration Plan of the Recovery, Transformation and Resilience Plan, as well as its direct concession to the autonomous communities. It has a budget of 50 million euros, which can be increased to 100 million euros. This is a territorialised management programme that contributes to the objective of 26,000 rehabilitated homes in municipalities with less than 5,000 inhabitants.
	Sustainable Urban Development Aid Programme in municipalities with demographic challenges	DUS5000 Programme: approved by Royal Decree 692/2021, of 3 August, which regulates the direct granting of aid for investments in singular local clean energy projects in municipalities with demographic challenges (DUS 5000 PROGRAMME), within the framework of the Regeneration and Demographic Challenge Programme of the Recovery, Transformation and Resilience Plan. It has a budget of 75 million euros, which can be increased to 150 million euros. It is a centrally managed programme that contributes to the objective of developing 250 unique projects in municipalities with less than 5,000 inhabitants.
Early drop-out from education and training less than 15%	Extension of early childhood education between the ages of 0-3 (included in the Draft Education Bill)	Organic Law 3/2020 of 29 December amending Organic Law 2/2006 of 3 May on Education includes the adoption of a plan for the extension of pre-school education to eight years, which will prioritise access for children at risk of poverty and social exclusion. Programme to boost enrolment in the first cycle of early childhood education with the creation of at least 60,000 public places (Recovery, Transformation and Resilience Plan). It consists of combating school failure and early school leaving among children in situations of vulnerability and fostering the participation of women in the labour market.
	Strategic Vocational Training Plan	(see above)
	Strengthening of territorial cooperation in education	The Ministry of Education and Professional Training, in collaboration with the Education Authorities of the Autonomous Communities, has reinforced coordination mechanisms through the Sectoral Conference and its bodies: Currently, there are 27 active working groups on different priority areas.
	Territorial Cooperation Programmes (TCPs) with the Autonomous Communities.	In total 1,398,282,750 euros in 2021, in different educational territorial cooperation programmes (PCT) with the Autonomous Communities, in the Directorate General for Evaluation and Territorial Cooperation (not including the VET part) to support education, textbooks, boost dual vocational training and teacher training. The PCTs include two specific programmes to prevent early dropout from education and training, which are part of the Recovery, Transformation and Resilience Plan: Educational Guidance, Advancement and Enrichment Programme in centres with special educational complexity (#PROA+ Programme) and Creation of Mentoring and Personal Guidance and Family Units for educationally vulnerable students.

	Digital Educate Programme.	The Ministry of Education and Vocational Training, in collaboration with Red.es within the framework of the European Union Recovery Plan, will develop, with the aim of improving and advancing the digitalisation of education, actions oriented towards education centres, students and teaching staff.
	Youth Employment Action Plan (2019-2021).	Training is one of the 5 pillars of the programmes with measures that include basic skills training and digital skills as well as training programmes in strategic and rural economy sectors. The Plan encompasses hiring bonuses for training programmes and "second opportunity" programmes to tackle early school leaving.
Post-secondary studies for 44% of persons aged 30-34	Consolidation of the involvement of companies in the design and approval of qualifications in the framework of the Strategic Vocational Training Plan	Within the Vocational Training improvement objective, the involvement of companies throughout the process has multiplied, especially in the following phases: * Detection and identification of the professional qualification needs of the market. * Design of new qualifications and review and updating of existing qualifications in the National Professional Qualifications catalogue. Design of the Vocational Training curriculum of the educational system. Participation with Vocational Training educational centres in innovation projects arising from the calls of the Ministry of Education and Professional Training. * Participation of professionals form each productive sector in the training activities aimed at teachers and in-company training in the company of Professional Training instructors. * Training of tutors in the company collaborating in the delivery of the training at the workplaces of Vocational Training cycle students. * Implication of the increase of the percentage of the Dual Vocational Training regime. *Participation in calls for residencies of Vocational Training teaching staff in companies
	Digital adaptation of the vocational training system	(see above)
	Organic Law 6/2001, of 21 December, on Universities.	The new Law includes essential measures to improve the quality of university teaching. Among others: * Specific programme for the improvement and promotion of Teaching and Research Personnel. * Urgent measures to tackle the ageing of university staff. * Basic Statute of Associate Professors.
	Reform of the scholarship system and study assistance.	The reform of the scholarship system continues, through Royal Decree 471/2020, of 29 June, which establishes the income and family wealth thresholds and the amounts of scholarships and study grants for the academic year 2021-2022 and partially amends Royal Decree 1721/2007, of 21 December, establishing the system of personalised scholarships and study grants, which increases the amount of the basic grant for students in basic grant training cycles, eliminates requirements for the granting of grants to victims of gender violence and includes, as possible beneficiaries of grants for students with specific educational support needs, students with severe communication and language disorders.
Reduce by 1,400,000 the number of persons living in poverty or in a situation of social exclusion with respect to 2009	Increase of minimum wage	Forecast to impact close to 2.5 million workers.
	The Reincorpora-t Plan, three-yearly plan to prevent and reduce Long-Term Unemployment 2019-2021.	Its primary objective is to reduce long-term unemployment, with a special focus on the most vulnerable groups, boosting the preventive nature of the measures in risk situations and vulnerability in employment.
	National Strategy for Preventing and Combating Poverty (2019-2023). Approved by the Council of Ministers 22/03/2019.	Encompasses four strategic goals: Combating poverty, Social investment in people, Social protection against life cycle risks and Efficacy and efficiency of policies, which will be developed across 13 objectives and 85 lines of action. It also tackles the fight against child poverty on a transversal basis. It will be executed through the preparation of operating plans with specific measures for each objective.
	Action Plan for the implementation of Agenda 2030 in Spain (2018-2021)	On 20/09/2019 the first monitoring report was presented to the Council of Ministers, which concluded that the governance design of Agenda 2030 was completed and that important advances had been made. The Council of Ministers has approved up to 320 measures with a strong impact on Agenda 2030 in Spain.
	National strategy against energy poverty 2019-2024.	Approved by the Council of Ministers 5/04/2019. Rigorous and global approach to the energy poverty problem. Reduction target: at least 25% by 2025

[Addendum]

Methodology, economic models and assumptions underlying the information contained in the Budgetary Plan.

Estimation technique	Phase of the process in which it is used	Relevant features of technique/model used
Short-term forecast equation models	Preparation of macroeconomic scenario under no-policy change scenario	Multi-factor model and transfer functions
Long-term forecast equation models	Preparation of macroeconomic scenario as continued policy	Co-integration error-correction models
REMS model	Analysis of fiscal and macroeconomic impact of new measures	General dynamic equilibrium macroeconomic model
Tax revenue forecasts	Based on the fiscal Budgetary Plan and the General Budgetary Plan and quantification of the General State Draft Budget and calculation of the fiscal effect of measures.	Microsimulation models based on macroeconomic provisions and analysis of temporal statistical series.
Tax revenue forecasts	Basis of Budgetary Plan and General State Draft Budget	The expenditure forecasts are based on compliance with fiscal rules, on the sectoral budgetary proposals, the analysis of the temporal statistical series and on the measures adopted by the Government in relation to, among others, public sector personnel and pension policies.
Fiscal effort forecasts	Estimate of structural effort and breakdown by ESA subsectors	European Commission methodology developed in the Output Gap Working Group.

[Addendum Tables]

Table A.1 Amounts to be excluded from the spending ceiling

	2020	2020	2021	2022
	Level*	% GDP	% GDP	% GDP
Expenditure financed by revenue of structural funds	5,382	0.5	0.5	0.6
Gross formation of fixed capital financed with European funds	3,147	0.3	0.3	0.4
Cyclical expenditure on unemployment provisions	3,104	0.3	0.3	0.2
Effect of discretionary revenue measures *(In incremental terms)*	-346	0.0	0.2	0.2
Interest expenditure	25,225	2.2	2.1	2.0
*Millions of euros				
GDP used		1,121,948	1,209,138	1,312,554

Source: Ministry of Finance and Civil Service

Table A.2 Guarantees granted by General Government

(In euros)

	2015	2016	2017	2018	2019	2020
Total Public Administrations						
One-off guarantees						
Total stock, excluding debt assumed by Government	102,955	86,527	75,496	66,839	61,573	119,470
Of which: public companies	53,538	40,848	34,838	29,488	25,471	27,523
Financial companies	99,723	83,158	73,827	65,563	60,524	27,201
guarantees granted in the context of the financial crisis	46,385	42,656	39,369	36,435	35,409	0
Central Government						
One-off guarantees						
Total stock, excluding debt assumed by Government	99,795	83,248	73,920	65,666	60,639	118,479
Of which: public companies	53,065	40,393	34,416	29,099	25,115	27,201
Financial companies	99,723	83,158	73,827	65,563	60,524	27,201
guarantees granted in the context of the financial crisis	46,385	42,656	39,369	36,435	35,409	0
Autonomous Communities						
One-off guarantees						
Total stock, excluding debt assumed by Government	2,500	2,411	742	524	325	391
Local Authorities						
One-off guarantees						
Total stock, excluding debt assumed by Government	**660**	**868**	**834**	**649**	**609**	**600**
Of which: public companies	473	455	422	389	356	322

Notes:

1. There are only "one-off" guarantees

2.) According to the conclusions of the "Task Force on the implications of Council Directive 2011/85 on the collection and dissemination of fiscal data", the "Total Stock of guarantees, excluding debt assumed by government" item does not include the guaranteed debt of units in the Autonomous Communities sector (S.13) (FROB, FTDSE, etc.), or debt guaranteed by the EFSF.

3. The sum of the guarantee only includes the guaranteed principal, not the financial burden

Table A.3. General Government expenditure by function

Table A.3.a. General Government expenditure on education, health and employment

	2020		2021		2022	
	% GDP	% total expenditure	% GDP	% total expenditure	% GDP	% total expenditure
Education	4.6	8.8	4.5	9.0	4.1	9.2
Health	7.6	14.5	7.2	14.4	6.6	14.6
Employment[1]	3.7	7.1	2.9	5.9	2.2	4.8

[1]This category of expenditure includes expenditure relating to the active employment policies, including the public employment services

GDP used	1.209.138		1.209.138		1.312.554	

Table A.3.b. Classification of expenditure by functions

Functions	COFOG code	2020	2021	2022
		% GDP	% GDP	% GDP
1. General public services	1	5.9	5.5	5.0
2.) Defence	2	0.9	0.9	0.9
3. Public order and security	3	2.1	2.0	1.9
4, Economic affairs	4	6.5	6.7	5.1
5. Environmental protection	5	1.0	0.9	0.9
6. Housing and community services	6	0.5	0.5	0.4
7. Health	7	7.6	7.2	6.6
8. Recreational activities and religion	8	1.2	1.2	1.0
9. Education	9	4.6	4.5	4.1
10. Social protection	10	22.0	20.3	18.8
11. Total expenditure	TE	52.3	49.6	44.7
GDP used		1,209,138	1,209,138	1,312,554

Source: Ministry of Finance and Civil Service

Table A. 4: Expected budgetary impact of the planned and adopted revenue measures: Taxes (before regional transfer)

Table A.4 Discretionary revenue measures taken/announced Status

In euros

Type of measure	Measure	Description	ESA code	Implementation status	Budgetary impact 2021	Budgetary impact 2022
Personal Income Tax (PIT)	Increase in percentage deduction for donations	Up by five percentage points		RDL 17/2020	-37,000,000	
	Increase of IRPF	The tax rates on the general taxable base are increased by two points for those earning over 300,000 euros. Also, the state tax rate on the savings base will increase three percentage points for earnings on savings of more than 200,000 euros		General State Budget Law for the year 2021	144,000,000	346,000,000
	Change in the contribution limit for pension plans	For contributions to private plans, the maximum limit is reduced to €2,000. For contributions to company plans, the limit is extended to €10,000		General State Budget Law for the year 2021		580,000,000
	Measures to mitigate the effects of the pandemic	Option to change to direct estimation to payment in instalments, no calculation of days during State of Emergency in modules, increase general reduction in AE yield to 20% / 35% (hotel and catering industry)		RDL 15/2020 and RDL 35/2020	-180,000,000	
	Compensation for rental price reduction and deductions for housing energy rehabilitation	New measures are introduced to compensate landlords and to encourage energy efficiency improvements in housing		RDL 35/2020		-497,000,000
Corporate Income Tax	Double taxation exemption limitation	Limitation of exemptions for dividends and capital gains generated abroad to 95% for companies with a turnover of more than 10 million euros. The possibility of applying this exemption to those who do not hold at least a 5% stake in the subsidiary is eliminated.		General State Budget Law for the year 2021	173,000,000	1,347,000,000
	Measures to mitigate the effects of the pandemic	Option to change to direct estimation to payment in instalments, extension of the temporary limit for the application of provisions for losses		RDL 15/2020	-18,000,000	
	Other measures	Extension of tax credits for foreign film productions, increase in SOCIMI tax rate		RDL 17/2020 and RDL 34/2020	-15,000,000	11,000,000
VAT	Sanitary product rate reductions	0 rate on medical devices to fight Covid, reduction to 4% on surgical masks, PCRs and vaccines		RDL 15/2020 and RDL 34/2020	-341,000,000	

	Measures to mitigate the effects of the pandemic	Option to change from direct estimation to simplified, not counting days during State of Emergency in simplified estimate, increase general reduction in AE yield to 20% / 35% (hospitality sector)		RDL 15/2020 and RDL 35/2020	-59,000,000	
	Other VAT-type changes	Sugar-sweetened beverages rate hike, electricity rate cut		General State Budget Law for the year 2021, RDL 12/2021	-375,000,000	-275,000,000
Special Taxes	Single-use plastics	New tax measures		Pending approval		491,000,000
	IE Electricity	Rate cut from 5.11% to 0.5% from September to 31 December		RDL 17/2021	-303,000,000	-107,000,000
Other taxes	Tax on the value electricity production	Exemption from payment of the remuneration for embedded electricity for Q3 2021		RDL 12/2021 and RDL 17/2021	-400,000,000	-400,000,000
	Tax on Insurance Premiums	Rate increase from 6% to 8%		General State Budget Law for the year 2021	455,000,000	52,000,000
	Financial Transaction Tax	A 0.2% tax is levied on the purchase of listed Spanish shares in companies with a market capitalisation of more than €1 billion		Law 5/2020 on the Financial Transactions Tax	340,000,000	32,000,000
	Digital Services Tax	Taxes income from online advertising services, online brokering and the sale of data obtained from user-provided information at 3%		Ley 4/2020. Creation of Tax on Specific Digital Services	155,000,000	70,000,000
TOTAL					**-461,000,000**	**1,650,000,000**

Table A.5 Discretionary spending measures adopted/announced Status

In euros

Type of Measure	Measure	Description	ESA code	Implementation status	Budgetary impact 2021	Budgetary impact 2022
Sectoral	Measures of the Action Plan for Science and Innovation	Additional funding for the call for R&D&I projects. AEI. 2020 Call	D1	Authorised expenditure	20,000,000	20,000,000
		Additional funding for the call for R&D&I projects. AEI. 2021 Call	D1			20,000,000
		30% increase in Juan de la Cierva and Ramón y Cajal Programmes (2020) AEI	D1	Authorised expenditure		9,300,000
		30% increase in Juan de la Cierva and Ramón y Cajal Programmes (2021) AEI	D1			
		ICTS and ESFRI support. Lifewatch Call	D1, D3	In progress	27,969,871	10,531,317
	Sector-specific measures	Programme for Renovation of Spanish car fleet in 2020 (PLAN RENOVE 2020). Aid for the purchase of sustainable vehicles and the scrapping of polluting vehicles.	P2, P5	Approved by RDL 25/2020	44,363,000	
	Measures of the Action Plan for Science and Innovation	ICTS and ESFRI support. Global Range Multipurpose Oceanographic Vessel for the IEO Fleet		Tender	21,175,000	38,115,000
	Economic rebalancing - regular passenger transport	Economic rebalancing of contracts for the management of regular public passenger transport services for general use by road under State jurisdiction.(*)			-	
	Compensation to RENFE for rail transport services provided in Catalonia	Settlement for 2020 services. (**)			300,000,000	
	Streamlining Justice	Streamlining Justice Plans in the contentious-administrative and social spheres	D1, P2 and P51	In progress	14,800,000	19,380,000
Health	Microbiological monitoring of wastewater	Microbiological monitoring of wastewater as an early alert epidemiological indicator of the propagation of COVID-19.	P2		1,000,000	
Employment	Improved protection for self-isolating and/or infected workers	IT: The periods of self-isolation or contagion of workers as a result of the COVID-19 virus shall be considered a situation similar to a workplace accident for the purposes of Social Security financial assistance for temporary Incapacitation	D62	In progress	1,603,359,628	
	Maintaining employment	ERTE furlough scheme	D62	In progress	5,800,000,000	350,000,000
		Exemptions form Social Security contributions for ERTEs	D39	In progress	2,431,265,554	

	Worker protection	Exemptions form Social Security contributions for cessation of activity.	D39	In progress	1,231,822,750	
		Extraordinary provision for cessation of activity for those affected by the declaration of the State of Emergency for the management of the health crisis caused by COVID-19.	D62	In progress	2,247,143,428	
		Extension of fixed-term employment contracts with funding from calls for human resources grants made by funding agents of the State System for Science, Technology and Innovation, which are due to end between 2 April 2021 and 1 April 2023.	D1	In progress	7,000,000	7,000,000
		Amendment of conditions for grants charged to calls of the Ministry of Universities university students, research staff and/or lecturers.	D1	In progress	100,000	
		Extension of temporary contracts managed by the AEI for which one year or less remains to expire on the date of the end of the state of alert (13th additional provision Royal Decree-Law 11/2020 of 31 March)	D1	In progress	3,000,000	
		Extension of contracts managed by the ISCIII which are due to end between 2 April 2021 and 1 April 2023 (sixth additional provision of Law 2/2021 of 29 March).	D1	In progress	1,471,377	2,475,383
		Emergency employment measures in the public entities comprising the Science, Technology and Innovation System: allowing for the establishment of extraordinary working days for their employees, to be remunerated (RDL 8/2020)	D1	Finalised	139,000	
Economic	Ensure viability of companies	Financial Debt Restructuring Facility. 1st tranche: direct aid to reduce indebtedness		In progress	7,000,000,000	
		Financial Debt Restructuring Facility. 2nd Tranche: Restructuring of financial debt ICO loans		In progress	1,500,000,000	1,500,000,000
		Financial Debt Restructuring Facility. 3rd Tranche: Enterprise recapitalisation fund managed by COFIDES		In progress	1,000,000,000	
		Flexibility of contracts for the supply of electricity for the self-employed and companies: cancellation and/or amendment of contracts with no penalty, adjustment of power contracts at no cost and allowing for the return to previous conditions at no cost or penalty. Possibility of suspension of payment of electricity bills during same period.	D3	In progress	172,000,000	
		Flexibility of gas contracts for the self-employed and companies: adjustment of the capacity contracted from supply points to real needs, change of access toll scale, or even temporary suspension of supply contract.	D3		30,670,000	
	Urgent support measures to repair the damage	Support from the National Centre for Environmental Health of the Carlos III Health Institute (ISCIII) to the local air quality detection network		In progress	150,000	

	caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (Royal Decree-Law 20/2021 of 5 October).	Action and promotion measures in the scientific, technical and research field		In progress	534,937	
	Measures for the Recovery of Biodiversity and protected natural areas on the island of La Palma (Royal Decree-Law 20/2021)	Aid to restore the socio-economic and environmental setting of the La Palma Biosphere Reserve		In progress. RDL 20/2021	15,000,000	
		Aid for recovery in the area of socio-economic influence of the Caldera de Tabiriente National Park		In progress. RDL 20/2021	10,000,000	
		Aid to the Autonomous Community of the Canary Islands and the Cabildo of La Palma for the prevention and mitigation of damage to biodiversity and natural heritage.		In progress. RDL 20/2021	15,300,000	
		Declaration of general interest the repair, consolidation and modernisation works, as well as those to improve the connectivity of hydraulic infrastructures to guarantee the necessary supply of water for irrigation and other uses in the areas affected by the disasters referred to in Article 1 of this Royal Decree-Law.		In progress. RDL 20/2022		10,000,000
	Repair measure for damage caused by volcanic eruptions on the island of La Palma	Emergency supply of water for irrigation and other uses to the area affected by the eruption of the Cumbre Vieja volcano (La Palma), transporting water in a tanker for irrigation of the areas that are currently isolated and without supply.		In progress	3,000,000	
Social	Social protection for families	New rent assistance programme to help minimise the economic and social impact of COVID-19 on principal residence rental payments, which is configured within the State Housing Plan 2018-2021. Replacement of the assistance programme for persons evicted or expelled for their principal residence under the new assistance programme for victims of gender-based violence, persons subject to eviction from their principal residence, homeless persons and other particularly vulnerable persons.	D63	**Transferred to the Autonomous Communities in the first quarter of 2021**, both for these programmes and for those regulated by the 2018-2021 State Plan (RDL 11/2020), since it is the Autonomous Communities that manage the amount for one of them.		

Employment	Extension of working contracts subscribed charged to the financing of public human resources calls in the area of research and hiring of personnel in the National Health System	Extension of contracts managed by the AEI which are due to expire between 2 April 2021 and 1 April 2023 (sixth additional provision of Law 2/2021 of 29 March).	D1		13,000,000	14,000,000
Sectoral	Sector-specific measures	Sustainability Plans for Tourist Destinations.	D.75 and/or D.92	In 2020, 25 agreements were signed for the implementation of 25 Sustainability Plans	23,200,000	23,000,000
TOTAL					**23,537,464,545**	**2,023,801,700**

(*) To be determined

(**) The settlement for 2020 services, which should be paid in December 2021, is expected to be much higher (over €300,000,000) than the current budget allocation (€232,638,000), due to the demand and cost overruns caused by the COVID-19 pandemic during the 2020 financial year.

Table A. 6: Guarantees adopted/announced Status

Measure	Description	Implementation status	Maximum sum for contingent liabilities, guarantee contributed (in euros)*	Sum of guarantees granted	Date referred to in the previous column
50% guarantee for loans granted during 2020 - 2021 under the ICO Business and Entrepreneur Line (Thomas Cook - Covid'19). Coverage over the period 2020 - 2027	Extension of the Thomas Cook financing facility to cover all companies established in Spain in certain economic sectors	400 million for the line has been granted. 50% guaranteed by the Secretary of State for Tourism through the ICO (years 2020 - 2027)	200,000,000	200,000,000	12/05/2020
ICO line COVID-19 leases	RDL 11/2020, OM 378/ 2020 and subsequent development by agreement (of 1 May 2020) a line of loans aimed at enabling the payment of rent for housing for vulnerable groups.	Fully operational line.	1,200,000,000	27,577,618	30/09/2021
Covid Guarantee Line-19	Royal Decree-Law 8/2020 of 17 March approved a State Guarantee Line, from the Ministry of Economic Affairs and Digital Transformation, of up to €100 billion, to facilitate the maintenance of employment and alleviate the economic effects of the health crisis. Guarantees are given to the financing granted by financial institutions to facilitate access to credit and liquidity for companies and the self-employed to cope with the economic and social impact of COVID-19	Approved by RDL 8/2020 and fully liberalised in 5 tranches approved by ACM	100,000,000,000	92,433,800,000	30/09/2021
Covid Guarantee Line-19	Royal Decree-Law 25/2020 of 3 July approved a 40 billion euro Guarantee Line from the Ministry of Economic Affairs and Digital Transformation, with the aim of guaranteeing financing granted to companies and the self-employed to promote and support the granting of new financing to the self-employed and companies, so that they can carry out new investments in Spain as their main purpose, aimed at adapting, expanding or renewing their production and service capacities or for the restart or reopening of their activity.	Approved by RDL 25/2020 and partially released in 4 tranches approved by ACM	40,000,000,000	8,419,000,000	30/09/2021
Creation of extraordinary coverage charged to the Reserve Fund for International Expansion Risks	Revolving credit line coverage for SMEs and non-listed companies involved in exports	Royal Decree-Law 8/2020, of 17 March, on urgent emergency measures to tackle the economic and social impact of COVID-19	2,000,000,000		

CERSA line of COVID-19 guarantees	The objective is to provide emergency cover for the credit risk of financing transactions for SMEs who see their activity affected by COVID-19. To do that the allocation to the CERSA Technical Provisions Fund was increased by €60 million. This way, CERSA can assume risk of €1 billion which will mobilise €2 billion to benefit 20,000 SMEs and self-employed workers.	Real Decree-Law 11/2020, of 31 March, adopting urgent complementary measures in the social and economic sphere to tackle COVID-19	1,000,000,000	802,359,486	31/08/2021
European temporary Support to mitigate Unemployment Risks in an Emergency (SURE instrument)	The guarantee partially covers the risk assume assumed by the European Commission in providing financial support to Member States suffering severe economic difficulties as a result of COVID-19, with a view to protecting workers and the self-employed and reducing the impact of unemployment and loss of income. The financial assistance will take the form of loans to Member States who request them to finance employment protections schemes, as in the case of the Spanish ERTE temporary furlough scheme.	Royal Decree-Law 19/2020, of 26 May, adopting complementary measures in agricultural, scientific, employment and Social Security and tax to mitigate the effects of COVID-19	2,252,890,750		
Guarantees of financing operations of the European Investment Bank through the Pan-European Guarantee fund in response to the COVID-19 crisis	The guarantee covers the costs of losses in financing transactions of the European Investment Bank through the Pan-European Guarantee Fund. The purpose of this Fund is to mobilise up to 200 billion euros in financing for companies, with a special focus on SMEs tackling problems arising from the economic consequences of COVID-19.	Royal Decree-Law 21/2020, of 9 June, on urgent emergency measures to tackle the economic and social impact of COVID-19.	2,816,912,867		
Fund to support the solvency of strategic companies through the granting of participative loans, subordinate debt, subscription of shares and other capital instruments.	An analysis of each transaction is required	Approved by Royal Decree-Law 25/2020	10,000,000,000		
TOTAL			**159,469,803,617**		

* These measures shall only constitute a cost for the State in the event of having to execute the respective guarantees. On the other hand, these liquidity measures usually require a situation of solvency on 31 December 2019, so that they are given to health companies suffering only from liquidity problems (and not issues of solvency).

Table A. 7: Expected budgetary impact of the expenditure and revenue measures adopted and planned by Autonomous Communities

Autonomous Communities

IN TERMS OF IMPACT WITH DIFFERENTIAL VALUE OVER THE PREVIOUS YEAR

euros

Measure	Description	ESA Code	Implementation status	Budgetary impact 2021	Budgetary impact 2022
Expenditure_1	Measures for personnel management/planning and reduction in compensation	D1	In the process of implementation	-227,131,348	-63,439,736
Expenditure _ 2	Non-availability agreements		In the process of implementation	-51,979,211	0
Expenditure _ 3	Pharmaceutical expenditure arising out of the centralised purchase of medicinal products	D63	In the process of implementation	0	0
Expenditure_ 4	Other measures regarding pharmaceutical and healthcare products spending	D63	In the process of implementation	249,470,000	-293,640,340
Expenditure_ 5	Savings measures relating to the provision of services and supplies	P2	In the process of implementation	2,126,000	1,236,000
Expenditure_ 6	Other measures in chapter II	P2	In the process of implementation	50,000,000	50,000,000
Expenditure_ 7	Saving on interests with an improvement of funding mechanism conditions	D41	In the process of implementation	0	0
Expenditure_ 8	Others in Chapter IV	D75	In the process of implementation	-67,500,000	20,000,000
Expenditure_ 9	Others in Chapter VII	D92, D99	In the process of implementation	-146,000,000	86,000,000
Expenditure_ 10	Other measures (investments)	P51	In the process of implementation	-25,000,000	15,000,000
Revenue_1	Personal Income Tax and other direct taxes	D51	In the process of implementation	-79,076,278	37,002,962
Revenue_2	Inheritance and Gift Tax	D91	In the process of implementation	208,307,319	-25,112,588
Revenue_3	Wealth Tax	D5	In the process of implementation	6,876,980	21,497,000
Revenue_4	Environmental Taxes	D29	In the process of implementation	135,476,177	138,689,831
Revenue_5	Tax on Capital Transfers and Documented Legal Acts	D21	In the process of implementation	-25,742,385	-1,307,115
Revenue_6	IGIC AIEM	D21	In the process of implementation	4872078	0
Revenue_7	Other Taxes	D29	In the process of implementation	14,548,131	52,710,538
Revenue_8	Non-tax revenue	P51	In the process of implementation	-116,613,654	-6,740,644
Autonomous Communities excluding those adopted in response to the COVID-19 pandemic				**-67,366,192**	**31,895,908**
Expenditure_1	Personnel measures	D1	In the process of implementation	10,923,514	42,536,888
Expenditure _ 2	Services and supplies measures	P2	In the process of implementation	95,000,000	109,337,581

Expenditure _ 3	Current social services assistance and subsidies for families	D62, D63	In the process of implementation	284,968,029	91,604,940
Expenditure_ 4	Other current assistance and subsidies for families	D62, D63	In the process of implementation	-153,902,658	342,323,991
Expenditure_ 5	Current assistance and subsidies for companies and institutions	D3, D7, D9	In the process of implementation	-984,691,966	2,569,380,371
Expenditure_ 6	Capital grants and subsidies	D92,D99	In the process of implementation	46,854,593	258,585,976
Expenditure_ 7	Investments	P51	In the process of implementation	57,572,620	51,428,876
Revenue_1	Postponements and instalment breakdowns (effects of adjustment for doubtful collection)	D9	In the process of implementation	493,309,916	-218,466,395
Revenue_2	Expenditure and reductions, exemptions and deductions, amendment of rates	D21,D29	In the process of implementation	110,147,383	54,504,821
Autonomous Communities arising directly from the COVID-19 pandemic				**-39,818,569**	**3,301,237,050**
TOTAL Autonomous Communities				**-107,184,760**	**3,333,132,957**

Table A. 8: Expected budgetary impact of the expenditure and revenue measures adopted and planned by Local governments

Millions of €

Measure	Description	ESA code	Implementation status	Budgetary impact* 2021	Budgetary impact* (a) 2022
Measures foreseen in Local Authority budgets and in the ALPGE 2022 with impact on Local Authorities	Remuneration of employees for discretionary decisions of the Local Authorities	D1	2021 budget and 2022 budget lines	688	326
	Remuneration of employees by general economic policy measures				505
	Procurement of goods and services	P2		497	1106
	Expenditure on current transfers planned by Local Authorities	D75		-1602	-320
	Gross capital formation	P51		1,325	-1,563
TOTAL Local Authorities				**908**	**54**

* A plus sign denotes a deterioration in the budgetary balances, whether due to greater expenditure or a fall in revenue If the total result is positive, the impairment increases

			2021	2022
Reduction of revenue from local taxes			77	-321
Revenue from transport subsidies due to COVID-19			-405	
Allocations in favour of Local Authorities in ALPGE 2022				-1,228
Total deterioration of budget balance			**580**	**-1,495**

(a) With the suspension of fiscal rules in 2020, 2021 and 2022, no special rule on the allocation of the surplus will be applied this year.

The budget impact for 2021 has been measured on the basis of information from initial 2021 budgets compared to 2020 budgets. The impact of 2022 has been measured on the basis of the key lines of the budget compared to those of 2021

Table A. 9: Guarantees adopted/announced Autonomous Communities and Local Authorities

Measure	Description	Implementation status	Maximum sum for contingent liabilities, guarantee contributed (in euros)*
Catalonia. Guarantee in favour of the Catalan Institute of Finance in relation to a line of **ICF-COVID19** loans	Undrawn remainder of the guarantee authorised in 2020 for 80% of the live risk of a line of loans and guarantees for a total of 700 million euros for the financing of cash flow for the self-employed and companies with the aim of mitigating the effects of COVID-19	Authorised by Council of Ministers Agreement of 28-4-2020, 02-02-2021 and 29-06-2021	272,000,000
Catalonia. Guarantee of the Catalan Sports Council in favour of the Catalan Institute of Finance in relation to the **ICF-COVID19** agreement	Undrawn remainder of the guarantee authorised in 2020 for sports entities with registered or operational headquarters in Catalonia affected by COVID-19 that are beneficiaries of loans from a €10 million loan line whose conditions are set out in the ICF-Catalan Sports Council Agreement.	Authorised by Council of Ministers Agreement of 20-10-2020, 02-02-2021 and 29-06-2021	2,800,000
Catalonia. Guarantee of the Generalitat (Regional Government of Catalonia) through the Department of Culture in favour of the Catalan Institute of Finance in relation to the **COVID-19 sub-line of** the Agreement.	Undrawn remainder of the guarantee authorised in 2020 for private companies and cultural non-profit organisations with registered or operational headquarters in Catalonia affected by COVID-19, beneficiaries of a line of guaranteed loans under a collaboration agreement between the Department of Culture and the ICF and collaboration agreements between the Catalan Institute of Cultural Enterprises (ICEC) and the ICF.	Authorised by Council of Ministers Agreement of 20-10-2020, 02-02-2021 and 29-06-2021	8,240,000
Basque Country Line of re-guarantees from the Autonomous Community of the Basque Country in favour of ELKARGI SGR for an **extraordinary COVID-19 line** in accordance with the agreement.	Public refinancing, through partial coverage of defaults on the part of the Administration of the CAE, of the risk assumed by Elkargi, SGR, arising from the guarantees granted by the latter to its partners within the framework of Decree 50/2020, of 31 March, to mitigate the effects of COVID-19	*In the pipeline*	20,000,000
Aragon. Zaragoza Logistics Center Foundation (ZLC) to guarantee loans to students.	Zaragoza Logistics Center Foundation (ZLC) to guarantee loans to students on master's programmes.	Authorised by Agreement of the Council of Ministers of 01-06-2021	191,800
Asturias. Guarantee of the Regional Government of Asturias for Zona de Actividades Logísticas e Industriales de Asturias SA.	Guarantee from the Regional Government of Asturias to Zona de Actividades Logísticas e Industriales de Asturias SA to guarantee a credit policy to cover operating expenses.	Authorised by Agreement of the Council of Ministers of 28-09-2021	500,000
Balearic Islands. Revaluation by the Autonomous Community of the Balearic Islands of the guarantees granted by ISBA SGR in accordance with the Collaboration Agreement.	Revaluation by the Autonomous Community of the Balearic Islands of the credit guarantees that ISBA, SGR has granted to its participating members who are small and medium-sized enterprises with effective activity in the Balearic Islands, under certain conditions, such as live financial guarantees granted by ISBA, SGR and having a minimum revaluation by CERSA of 25%.	Authorised by Agreement of the Council of Ministers of 02-02-2021	10,000,000
Cantabria. Guarantees from the Institute of Finance of Cantabria in favour of Santander Coated Solutions SL.	Line of guarantees of up to 75% of each contract to finance working capital	Authorised by Agreement of the Council of Ministers of 27-04-2021	7,500,000
Cantabria. Guarantees from the Institute of Finance of Cantabria to guarantee different lines of financing.	Line of guarantees for SMEs and the self-employed in Cantabria and public entities	Authorised by Agreement of the Council of Ministers of 27-04-2021	7,000,000

Cantabria. Guarantees from the Institute of Finance of Cantabria in favour of Global Steel Wire SA.	Line of guarantees for up to a maximum of 79.1% of a co-signing line for payment to suppliers.	Authorised by Agreement of the Council of Ministers of 20-07-2021	13,250,000
Castilla y León. Guarantee of the Autonomous Community of Castilla y León in favour of the Institute for Business Competitiveness of Castilla y León (ICE).	**Castilla y León.** Guarantee by the Autonomous Community of Castilla y León in favour of the Institute for Business Competitiveness of Castilla y León (ICE) to guarantee tranche B of a financing contract signed with the EIB.	Authorised by Agreement of the Council of Ministers of 21-09-2021	32,100,000
Catalonia. Guarantee of the Housing Agency of Catalonia in favour of the Catalan Institute of Finance in accordance with the Agreement between the Housing Agency and the ICF.	Guarantees of the Catalan Housing Agency to the Catalan Institute of Finance to guarantee loans for the renovation of residential buildings with homeowners' associations	Authorised by Agreement of the Council of Ministers of 29-06-2021	30,000,000
Catalonia. Guarantee of the Generalitat (Regional Government of Catalonia) in favour of the Agricultural Section Credit Cooperatives.	Guarantees from the Generalitat (Regional Government of Catalonia) in favour of the Agricultural Credit Cooperatives to facilitate the deregistration of their credit sections.	Authorised by Agreement of the Council of Ministers of 29-06-2021	10,000,000
Catalonia. Guarantee from the University and Research Grant Management Agency (AGAUR) in accordance with the AGAUR and financial institutions agreement.	AGAUR guarantees for loans to be formalised by collaborating financial institutions with university students to finance university enrolment.	Authorised by Agreement of the Council of Ministers of 29-06-2021	4,000,000
Catalonia. Guarantee of the Generalitat (Regional Government of Catalonia), through different government departments, in favour of the Catalan Institute of Finance for the granting of loans for the purpose defined in their respective Agreements between these Departments and the ICF.	Social and Cooperative Economy Line (€12,418,126.10), Industrial Promotion Line (€37,750,000), Agrocredit Line (€7,000,000) and Cultural Promotion Line (€2,482,434.28)	Authorised by Agreement of the Council of Ministers of 29-06-2021	59,650,560
Extremadura. Guarantees through the non-legal Guarantee Fund for Energy Efficiency in Housing in Extremadura	Guarantees to finance projects promoted by homeowners' associations or individual homeowners who develop bankable projects that contribute to achieving energy efficiency improvements	Authorised by Agreement of the Council of Ministers of 21-09-2021	263,000
Extremadura. Guarantees through the Unincorporated JEREMIE Extremadura 2 Portfolio Fund	Guarantee of microcredits for the start-up of a new business or professional activity in Extremadura, the development of business expansion and growth projects or the development of projects aimed at the creation of a business activity promoted by people in a situation of exclusion or at risk of exclusion	Authorised by Agreement of the Council of Ministers of 21-09-2021	513,277
Murcia. Guarantees through the Public Business Entity Institute of Credit and Finance of the Region of Murcia (ICREF).	Guarantees in the framework of a new line to facilitate the purchase of housing for young people under 35 years of age	Authorised by Agreement of the Council of Ministers of 27-04-2021	10,850,000
Navarra. Guarantees through the public trading company Sociedad de Desarrollo de Navarra, S.L. (SODENA).	Guarantees to cover the risk of loan operations formalised with the companies benefiting from the different support programmes in force in 2021: guarantees to companies in which SODENA has a stake, guarantees to third party companies and guarantees under agreements signed with SGR	Authorised by Agreement of the Council of Ministers of 02-03-2021	20,000,000
Basque Country Line of guarantees and reguarantees from the Autonomous Community of the Basque Country planned for 2021.	Public refinancing of the risk assumed by Elkargi SGR for guarantees granted to Basque SMEs and companies arising from guarantees granted outside the scope of COVID-19 (€50,000,000), guarantees granted by the Basque Regional Government to companies benefiting from loans from Luzaro EFC,	*In the pipeline*	62,040,000

	S.A. loans (€12,000,000) and public refinancing of the risk assumed by Audio-visual Aval, SGR for guarantees granted by this body to its participating members (€40,000).		
Guarantees granted - Local Authorities	Forecast as of 31 December 2021 reported with Q2 2021 data, budgeted at 917,696 euros	Estimate at the end of 2021	330,501,640
Non-performing loans - Local Authorities	Forecast as of 31 December 2021 reported with Q2 2021 data, budgeted at 19,498 euros	Estimated at the end of 2021	2,367,055
Guarantees - Local Authorities	Forecast as of 31 December 2021 reported with Q2 2021 data, budgeted at 4,660,336 euros	Estimate at the end of 2021	19,953,187
For judgements - expropriations - Local Authorities	Forecast as at 31 December 2021 reported with 2Q2021 data, being budgeted at 48,704,643 euros	Estimated at the end of 2021	923,076,631
Other - Local Authorities	Forecast as of 31 December 2021 reported with Q2 2021 data, budgeted at 75,029,989 euros	Estimate at the end of 2021	327,489,267
TOTAL			**2,174,286,418**

Table A. 10: Budgetary execution of the General Government and its sub-sectors.

Millions of € (accumulated) Non-consolidated data	2020				2021			
	T1	T2	T3	T4	T1	T2	July (2+3+5)	August State
Budgetary balance by subsectors (6-7)								
1. Public Administrations	32,510	41,074	25,861	6,282	31,398	46,055	NA	NA
2. Central Government	31,326	23,407	2,942	-8,100	31,461	32,847	-5,737	25,778
3. Autonomous Communities	-2,477	-2,713	8,039	5,124	-3,059	1,483	12,096	NA
4. Information on Local Authorities	3,835	4,062	7,262	3,789	5,435	6,750	NA	NA
5. Social Security	-174	16,318	7,618	5,469	-2,439	4,975	-3,028	NA
Total Public Administrations								
Total revenue	236,459	510,225	758,088	1,072,218	244,234	515,416	561,516	NA
Total expenditure	203,949	469,151	732,227	1,065,936	212,836	469,361	558,185	NA
Central Government								
Total revenue	95,903	192,878	266,959	371,138	98,283	192,271	216,786	238,018
Total expenditure	64,577	169,471	264,017	379,238	66,822	159,424	222,523	212,240
Autonomous Communities								
Total revenue	78,208	163,380	261,461	384,035	79,897	175,171	222,974	NA
Total expenditure	80,685	166,093	253,422	378,911	82,956	173,688	210,878	NA
Local Corporations								
Total revenue	19,545	41,540	63,304	89,368	20,909	45,482	NA	NA
Total expenditure	15,710	37,478	56,042	85,579	15,474	38,732	NA	NA
Social Security								
Total revenue	42,803	112,427	166,364	227,677	45,145	102,492	121,756	NA
Total expenditure	42,977	96,109	158,746	222,208	47,584	97,517	124,784	NA

Tables A. 10: Execution in national accounts basis of the General Government and its sub-sectors.

Table A.10.1 Quarterly execution in national accounts for all Public Administrations

Millions of € (accumulated)	ESA code	2020				2021			
		T1	T2	T3	T4	T1	T2	July (2+3+5)	August (State)
Financing surplus or deficit (6-7)									
1. Public Administrations	S.13	-10,039	-71,629	-76,044	-122,900	-16,489	-49,161	NA	NA
2. Central Government	S.1311	-4,950	-48,402	-57,819	-94,051	-11,202	-35,155	-49,662	-50,531
3. Autonomous Communities	S.1312	-2,593	-7,923	1,608	-2,427	-3,523	-6,387	2,471	NA
4. Local Authorities	S.1313	-293	-2,079	1,577	2,922	248	-599	NA	NA
5. Social Security	S.1314	-2,203	-13,225	-21,410	-29,344	-2,012	-7,020	-5,005	NA
Total Public Administrations									
6. Total revenue		116,461	215,725	338,883	465,379	116,617	238,292	361,463	126,204
of which									
Taxes on production and imports	D.2	38,001	63,871	95,943	126,474	37,988	73,865	69,697	64,147
Current taxes on income and wealth, etc.	D.5	25,793	49,021	89,077	125,341	26,526	55,974	66,121	41,629
Taxes on capital	D.91	1,155	1,762	2,923	4,626	1,568	3,304	20,948	70
Social contributions	D.61	40,248	80,442	120,449	162,215	41,376	83,111	96,356	4,599
Rents on property	D.4	1,622	2,752	3,780	6,788	1,375	2,653	3,754	3,325
Other		9,642	17,877	26,711	39,935	7,784	19,385	104,587	12,434
7. Total expenditure		126,500	287,354	414,927	588,279	133,106	287,453	413,659	176,735
Of which									
Remuneration of employees	D.1	30,871	68,033	100,423	140,454	32,839	72,412	68,783	12,861
Intermediate consumption	P.2	15,722	31,829	46,967	65,909	16,265	33,331	8,654	3,719
Social transfers	D.62, D.632	54,306	133,811	190,519	262,235	58,507	130,688	131,102	13,659
Interest	D.41	5,903	12,711	19,002	25,225	6,057	12,954	15,499	15,421
Subsidies	D.3	3,253	11,518	16,365	21,452	3,630	8,281	9,267	3,399
Gross fixed capital formation	D.51	14,949	21,612	28,753	6,778	14,491	13,049	13,049	2,945
Capital transfers	D.9	2,801	4,607	6,037	22,628	2,701	4,332	7,109	3,253
Other		-1,305	3,233	6,861	43,598	-1,384	12,406	160,196	121,478
8. Gross debt		1,224,538	1,291,031	1,308,204	1,345,784	1,393,075	1,424,692	NA	1,229,428

Table A.10.2 Central Government

Millions of € (accumulated)	ESA code	2020				2021			
		T1	T2	T3	T4	T1	T2	July	August (State)
Financing surplus or deficit (6-7)									
1. Public Administrations	S.13								
2. Central Government	S.1311	-4,950	-48,402	-57,819	-94,051	-11,202	-35,155	-49,662	-50,531
3. Autonomous Communities	S.1312								
4. Local Authorities	S.1313								
5. Social Security	S.1314								
Central Government									
6. Total revenue		51,535	88,931	141,375	195,029	50,169	102,150	120,469	126,204
of which									
Taxes on production and imports	D.2	28,849	47,018	69,790	88,937	28,756	54,057	60,802	64,147
Current taxes on income and wealth, etc.	D.5	11,445	21,367	40,737	62,541	12,257	28,503	34,740	41,629
Taxes on capital	D.91	254	248	270	291	261	289	291	70
Social contributions	D.61	2,138	4,858	6,984	9,797	2,136	4,858	5,565	4,599
Rents on property	D.4	1,738	2,996	4,132	7,056	1,384	2,694	3,426	3,325
Other		7,111	12,444	19,462	26,407	5,375	11,749	15,645	12,434
7. Total expenditure		56,485	137,333	199,194	289,080	61,371	137,305	170,131	176,735
Of which									
Remuneration of employees	D.1	5,662	12,524	18,283	25,793	5,791	12,990	15,059	12,861
Intermediate consumption	P.2	2,215	4,389	6,486	8,904	2,372	5,205	6,160	3,719
Social transfers	D.62, D.632	4,472	12,149	16,661	22,831	4,657	12,471	14,094	13,659
Interest	D.41	5,190	11,381	17,045	22,467	5,454	11,753	13,684	15,421
Subsidies	D.3	929	2,624	3,981	5,942	1,103	2,883	3,455	3,399
Gross fixed capital formation	D.51	3,569	5,478	7,302	9,126	1,972	4,367	5,071	2,945
Capital transfers	D.9	1,706	3,409	4,347	18,504	2,201	3,982	4,100	3,253
Other		32,742	85,379	125,089	175,513	37,821	83,654	108,508	121,478
8. Gross debt		1,094,952	1,159,216	1,177,729	1,206,608	1,247,843	1,273,430	NA	1,229,428

Table A.10.3 Autonomous Communities

Millions of € (accumulated)	ESA code	2020				2021		
		T1	T2	T3	T4	T1	T2	July
Financing surplus or deficit (6-7)								
1. Public Administrations	S.13							
2. Central Government	S.1311							
3. Autonomous Communities	S.1312	-2,593	-7,923	1,608	-2,427	-3,523	-6,387	2,471
4. Local Authorities	S.1313							
5. Social Security	S.1314							
Autonomous Communities								
6. Total revenue		42,517	88,286	146,452	204,325	43,466	94,796	123,374
of which								
Taxes on production and imports	D.2	3,363	5,390	8,599	12,685	3,460	7,579	8,895
Current taxes on income and wealth, etc.	D.5	12,145	24,025	41,992	53,356	11,963	23,691	31,381
Taxes on capital	D.91	8,125	16,802	25,025	35,652	8,179	17,637	20,657
Social contributions	D.61	90	186	262	380	92	182	210
Rents on property	D.4	58	125	189	400	78	154	179
Other		18,736	41,758	70,385	101,852	19,694	45,553	62,052
7. Total expenditure		45,110	96,209	144,844	206,752	46,989	101,183	120,903
Of which								
Remuneration of employees	D.1	18,863	41,839	62,058	86,905	20,394	45,074	52,141
Intermediate consumption	P.2	941	1,780	2,646	3,677	776	1,530	1,815
Social transfers	D.62, D.632	962	2,041	3,095	4,575	1,001	2,116	2,589
Interest	D.41	941	1,780	2,646	3,677	776	1,530	1,815
Subsidies	D.3	572	1,458	2,202	3,661	679	1,813	2,686
Gross fixed capital formation	D.51	2,986	6,263	9,399	13,093	3,198	6,743	7,878
Capital transfers	D.9	1,194	2,203	3,346	7,209	1,019	2,448	3,009
Other		18,651	38,845	59,452	83,955	19,146	39,929	48,970
8. Gross debt		298,279	305,689	301,870	303,992	307,685	312,030	311,305

Table A.10.4 Local Authorities

Millions of € (accumulated)	ESA code	2020				2021	
		T1	T2	T3	T4	T1	T2
Financing surplus or deficit (6-7)							
1. Public Administrations	S.13						
2. Central Government	S.1311						
3. Autonomous Communities	S.1312						
4. Local Authorities	S.1313	-293	-2,079	1,577	2,922	248	-599
5. Social Security	S.1314						
Local Authorities							
6. Total revenue		16,445	32,665	51,106	74,478	17,209	34,977
of which							
Taxes on production and imports	D.2	5,789	11,463	17,554	24,852	5,772	12,229
Current taxes on income and wealth, etc.	D.5	2,203	3,629	6,348	9,444	2,306	3,780
Taxes on capital	D.91	443	769	1,288	2,020	537	1,374
Social contributions	D.61	67	142	209	292	69	145
Rents on property	D.4	102	198	301	438	135	232
Other		7,841	16,464	25,406	37,432	8,390	17,217
7. Total expenditure		16,738	34,744	49,529	71,556	16,961	35,576
Of which							
Remuneration of employees	D.1	5,736	12,352	18,162	25,074	6,025	12,977
Intermediate consumption	P.2	5,310	10,626	15,506	21,850	5,527	11,059
Social transfers	D.62, D.632	307	646	961	1,390	321	674
Interest	D.41	124	246	363	477	114	227
Subsidies	D.3	422	803	1,180	1,715	418	832
Gross fixed capital formation	D.51	1,585	3,125	4,797	6,384	1,569	3,300
Capital transfers	D.9	44	144	253	750	53	160
Other		3,210	6,802	8,307	13,916	2,934	6,347
8. Gross debt		22,872	24,971	23,743	21,951	22,121	22,644

Table A.10.5 Social Security

Millions of € (accumulated)	ESA code	2020				2021		
		T1	T2	T3	T4	T1	T2	July
Financing surplus or deficit (6-7)								
1. Public Administrations	S.13							
2. Central Government	S.1311							
3. Autonomous Communities	S.1312							
4. Local Authorities	S.1313							
5. Social Security	S.1314	-2,203	-13,225	-21,410	-29,344	-2,012	-7,020	-5,005
Social Security Funds								
6. Total revenue		41,892	100,459	140,190	191,024	46,213	98,745	117,620
of which								
Taxes on production and imports	D.2							
Current taxes on income and wealth, etc.	D.5							
Taxes on capital	D.91							
Social contributions	D.61	37,953	75,256	112,994	151,746	39,079	77,926	90,581
Rents on property	D.4	76	129	210	290	65	129	149
Other		3,863	25,074	26,986	38,988	7,069	20,690	26,890
7. Total expenditure		44,095	113,684	161,600	220,368	48,225	105,765	122,625
Of which								
Remuneration of employees	D.1	610	1,318	1,920	2,682	629	1,371	1,583
Intermediate consumption	P.2	280	555	831	1,145	288	576	679
Social transfers	D.62, D.632	41,402	104,214	147,872	202,362	45,350	99,906	114,419
Interest	D.41							
Subsidies	D.3	1,330	6,633	9,002	10,134	1,430	2,753	3,126
Gross fixed capital formation	D.51	42	83	114	150	39	81	100
Capital transfers	D.9							
Other		431	881	1,861	3,895	489	1,078	2,718
8. Gross debt		55,025	68,855	74,855	85,355	85,355	91,855	91,854