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2023/0349 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

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

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2023/0349 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

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

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Spain on 30 April 2021, the Commission has proposed its positive assessment to the Council. The Council has approved the positive assessment by means of the Council Implementing Decision of 6 July 2021[2].

(2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State should be updated by 30 June 2022 in accordance with the methodology provided therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and the Council.

(3) On 6 June 2023, Spain submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.

(4) The modified RRP also takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241, includes a request for loan support to support additional reforms and investments in accordance with Article 14(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to propose to the Council to amend the Council Implementing Decision in accordance with Article 21(1) of Regulation (EU) 2021/241 considering the RRP to be partially no longer achievable due to objective circumstances. The additions and modifications to the RRP submitted by Spain concern 142 measures.

[1] OJ L 57, 18.2.2021, p. 17.
[2] ST 10150 2021; ST 10150 2021 ADD 1 REV 1.

(5) On 14 July 2023, the Council addressed recommendations to Spain in the context of the European Semester. In particular, the Council recommended that Spain maintains the momentum in the steady implementation of its RRP and reduces its reliance on fossil fuels, notably by accelerating the deployment of renewable energy, including by further streamlining and digitalising permitting procedures, supporting the work of permitting authorities, improving access to the grid and investing in energy storage, electricity transmission and distribution, and cross-border electricity interconnections. The Council also recommended that Spain increases the availability of social and affordable energy-efficient housing, including through renovation, accelerates the electrification of buildings and the penetration of electromobility. Recommendations also include stepping up policy efforts aimed at the provision and acquisition of the skills needed for the green transition.

(6) The submission of the modified RRP followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

Loan request based on Article 14(2) of Regulation 2021/241

(7) The modified RRP submitted by Spain includes a request for loan support to support 27 additional measures consisting of 20 investments and seven reforms, without including those measures in the REPowerEU chapter.

(8) Notably, Spain has requested loan support to establish 14 financial instruments to stimulate private investment, including to support the green and digital transition. Moreover, the requested loan support aims to increase the ambition of strategic industrial projects in the green and digital transition included in the initial plan.

(9) The reforms corresponding to the requested loan support include a programme of measures to promote the supply of rental housing, a new reform on the prevention of food losses and food waste and a new reform related to the National Strategy to fight desertification.

(10) The modified RRP contains new measures under components 1 (Sustainable, safe and connected mobility in urban and metropolitan environments), 2 (Energy efficiency), 3 (Agri-food and fisheries), 4 (Ecosystems), 5 (Coast and water resources), 6 (Long-distance transport), 11 (Public administration), 12 (Industry), 13 (SMEs), 15 (Digital connectivity), 17 (Science, technology and innovation), 22 (Care economy, equality and inclusion), 25 (Audio-visual) and 28 (Tax system). Some of these new measures build on existing measures included in the initial RRP.

(11) In component 1, these measures concern a new reform to establish Low Emission Zones in municipalities with more than 50 000 inhabitants and island territories.

(12) In component 2, these measures concern a public investment into a Facility for the Promotion of Social Housing, in order to incentivise private investment and improve access to finance for the construction and renovation of energy efficient social and affordable housing and a new reform consisting of an amendment of the Land and Urban Rehabilitation Law to help speed up planning procedures associated with

building rehabilitation actions and construction of social housing, as well as the publication of a guide with recommendations and best practices to simplify and speed up urban planning licensing procedures.

(13) In component 3, these measures concern a new reform on the prevention of food losses and food waste, a new reform to improve the management of agricultural and livestock policies and an investment building on an existing measure to improve efficiency and sustainability in irrigation. This builds on existing investment 1 (Plan to improve efficiency and sustainability in irrigation) of component 3 (Environmental and digital transformation of the agri-food and fisheries system).

(14) In component 4, this measure concerns a new reform related to the adoption of the National Strategy to Combat Desertification.

(15) In component 5, these measures concern a new investment for aquifer recovery and a new investment for the digitalisation of water uses in the urban water cycle and the industrial sector.

(16) In component 6, the measure concerns a new reform consisting in the publication of the Strategy for Energy Efficiency in the State Road Network and in calculating the carbon footprint for the year 2024, as a follow-up to the Strategy.

(17) In component 11, this measure concerns a new investment with two elements: the reinforcement of the public administration's cybersecurity capabilities and a public investment into a Facility to incentivise private investment and improve access to finance in Spain's security, defence, aeronautics and space sectors.

(18) In component 12, this measure concerns a new investment into a support scheme to support to strategic projects in the value chain of electric cars and agrifood in the form of loans.

(19) In component 13, these measures concern the public investment into eight new Facilities to incentivise private investment and improve access to finance: a fund to improve access to finance for the private sector and households in the areas of sustainable transport including railway, energy efficiency, renewable energy (including energy storage and electricity network), industrial decarbonisation and low-carbon industrial supply chains, water management, circular economy and climate change adaptation; a fund to improve access to finance for enterprises and entrepreneurs, for public and private universities for projects related to digitalisation and for the tourism sector; a financial instrument to provide incentives to funds and companies in the technological sector; a financial instrument to co-invest in Spain with foreign institutional investors in strategic economic activities tied to the green and digital transitions; a financial instrument that supported the solvency of strategic enterprises affected during the COVID-19 pandemic; a financial instrument that supported the solvency of medium-sized companies during the COVID-19 pandemic, a re-guarantee scheme to support access to finance for SMEs; a financial instrument to provide financial support for private and public investments in the regions of Spain; and a financial instrument to provide financial support to SMEs for innovative projects and projects related to Language Technology.

(20) In component 15, this measure concerns a new investment in the form of aa public investment in a Facility to incentivise private investment and improve access to finance in the semiconductor industry.

(21) In component 17, this measure concerns a public investment to improve access to finance in the health and aerospace sectors. The investment also includes actions to

invest in venture capital of technology-based or innovative companies in the health sector.

(22) In component 22, these measures concern a new reform for a new Law on the protection of consumers and users against situations of social and economic vulnerability, a new investment consisting of a public investment in a Facility in order to incentivise private investment and improve access to finance in projects with a measurable social or environmental impact that contribute to social and environmental solutions.

(23) In component 25, these measures concern a new investment for the digitalisation and dissemination of content and information by the media in Spanish and co-official languages, as well as a new investment in the form of a public investment in a Facility to incentivise private investment and improve access to finance in the audio-visual sector.

(24) In component 28, this measure concerns an investment that builds on two existing measures consisting of tax incentive schemes to promote building renovation works to improve energy efficiency and to support the purchase of electric vehicles and charging points. This measure builds on existing investment 2 (Incentive scheme for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility) of component 1 (Sustainable, Safe and Connected Mobility in Urban and Metropolitan Environments). This measure also builds on existing investment 1 (Rehabilitation programme for economic and social recovery in residential) of component 2 (Implementation of the Spanish Urban Agenda: Urban Rehabilitation and Regeneration Plan).

Updates based on Article 18(2) of Regulation 2021/241

(25) The modified RRP submitted by Spain, excluding the REPowerEU chapter, updates 32 measures, consisting of 23 investments and nine reforms, to take into account the updated maximum financial contribution. Spain has explained that because the maximum financial contribution increased[3], Spain requested to use the additional available resources to: change existing measures in order to increase the level of required implementation compared to the original plan; add new measures; and use the remaining financial contribution to contribute to the REPowerEU chapter.

(26) The modified RRP contains new measures under components 12 (Industry), 13 (SMEs), 15 (Digital connectivity), and 21 (Education). These measures concern an investment to support the semiconductors' industry as well as an investment to strengthen the scientific and technological ecosystem of the semiconductor industry; a reform to revise the Securities Markets and Investment Services Law to improve access to finance for SMEs and the self-employed; a scheme to support the circular economy in key sectors of the Spanish economy; a scheme to support to strategic projects in the value chain of electric cars ;; and an investment to develop a strategy for the provision of micro-credentials by the university system.

(27) Furthermore, the modified RRP submitted by Spain changes measures under components 1 (Sustainable, safe and connected mobility in urban and metropolitan environments), 3 (Agri-food and fisheries), 5 (Coast and water resources), 11 (Public

[3] This amount corresponds to the financial allocation after deduction of Spain's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article IVa of that Regulation.

administration), 12 (Industry), 13 (SMEs), 16 (Artificial intelligence), 17 (Science, technology and innovation), 18 (Health system), and 22 (Care economy, equality and inclusion) to reflect the updated maximum financial contribution. Notably, the following measures are modified to increase the level of required implementation compared to the original plan to reflect the increased allocation: reform 2 (Sustainable Mobility Law) under component 1 (Sustainable, safe and connected mobility shock plan in urban and metropolitan environments); reform 2 (Development and review of the regulatory framework for the environmental sustainability of livestock farming), and investment 1 (Plan to improve efficiency and sustainability in irrigation) under component 3 (Environmental and digital transformation of the agri-food and fisheries system); investment 1 (Implementation of treatment, sanitation, efficiency, savings, re-use and infrastructure safety actions), investment 2 (Monitoring and restoration of river ecosystems, aquifer recovery and flood risk mitigation) and investment 3 (Digital transition in the water sector (Digital Environmental Enforcement) and investment 4 (Adapting the coastline to climate change, and implementing Marine Strategies and Maritime Spatial Planning Plans) under component 5 (Coast and water resources); reform 1 (Reform for the modernisation and digitalisation of the administration), reform 3 (Reform to modernise the institutional architecture of economic governance), and investment 3 (Digital transformation and modernisation of the Ministry of Territorial Policy and the Civil service and of the administration of the Autonomous Communities and the local authorities) under component 11 (Public Administration); reform 2 (Waste policy and boosting the circular economy), investment 3 (Plan to support the implementation of waste legislation and the promotion of the circular economy) under component 12 (Industry); reform 1 (Improving business regulation and climate) and reform 2 (Strategy Spain Entrepreneurial Nation) under component 13 (SMEs); reform 1 (National Artificial Intelligence Strategy) under component 16 (Artificial Intelligence); investment 2 (Strengthening the capacity, infrastructure and equipment of State System for Science, Technology and Innovation), investment 3 (New private, interdisciplinary, public R&D&I projects, concept tests and the award of aid as a result of international competitive calls. Cutting-edge R&D geared to societal challenges. Pre-commercial public procurement), investment 4 (New scientific career), investment 6 (Health), and investment 9 (Aerospace) under component 17 (Science, technology and innovation); investment 4 (Training) and investment 5 (Plan to rationalise consumption of pharmaceuticals) under component 18 (Health Systems); and investment 1 (Long-term care and support plan: deinstitutionalisation, equipment and technology), investment 2 (Plan for the Modernisation of Social Services - Technological transformation, innovation, training and strengthening childcare), investment 3 (Spain Accessible Country Plan) and investment 4 (Plan Spain protects you from gender violence) under component 22 (Action Plan for the Care Economy, Strengthening Equality and Inclusion Policies).

(28) In component 1, this measure concerns the increase in the level of ambition compared to the initial plan of the existing reform with two new sub-measures on the development of a software application to conduct cost-benefit analyses for infrastructure investments, and the operationalisation of a regulatory sandbox to facilitate innovations in mobility and transport reach the market.

(29) In component 3, these measures concern the increase in the level of ambition compared to the initial plan of the existing reform on the regulatory framework for the environmental sustainability of livestock farming by improving the biosecurity of livestock transport and the sustainable use of antibiotics in livestock species and of the

existing investment to improve efficiency and sustainability in irrigation by increasing the number of hectares to be modernised.

(30) In component 5, these measures concern the increase in the level of ambition of the existing investment on treatment, sanitation, efficiency, savings, re-use and infrastructure safety by improving water and waste-water treatment infrastructures, of the existing investment on monitoring and restoration of river ecosystems, aquifer recovery and flood risk mitigation by promoting actions for aquifer recovery, of the existing investment on digital transition in the water sector by supporting the digitalisation of water users and of the existing investment related to the adaptation of the coastline to climate change by increasing the number of kilometres of coastline to be restored.

(31) In component 11, these measures concern the increase in the level of ambition compared to the initial plan of the existing reform on the modernisation and digitalisation of the administration, namely through a new law on Transparency and Integrity of Interest Groups and the update of the National Security Framework; and of the existing reform to modernise the institutional architecture of economic governance, namely through a law on customer services and the publication of a green book to promote sustainable finance. It also includes the increase in the level of ambition compared to the initial plan of an investment on the digital transformation of the public administration to introduce Personal Digital Care Plans.

(32) In component 12, these measures concern the increase in the level of ambition compared to the initial plan of the existing reform on waste policy and circular economy, namely to improve the coordination between different levels of organisation and competence in waste management to improve the implementation of the legislation and make progress in reducing waste generation, as well as improving the management of waste whose generation cannot be avoided; and of the existing investment on the circular economy to improve municipal waste treatment. These measures also strengthen the design and manufacturing capacity of the semiconductors industry in Spain and set up a subsidy scheme to support to strategic projects in the value chain of electric cars through grants; and promote the circular economy in three key sectors of the economy: textiles and fashion, plastics and renewable energy equipment.

(33) In component 13, these measures concern the increase in the level of ambition compared to the initial plan of the existing reform to improve regulation and business climate, namely by amending the competition law and its regulations, and of the reform to promote Spanish entrepreneurship, namely by streamlining the migration procedures for workers.

(34) In component 16, this measure concerns the increase in the level of ambition compared to the initial plan of the reform on Artificial Intelligence strategy, namely by establishing a national Artificial Intelligence authority and further supporting research and development in new quantum chip technologies.

(35) In component 17, these measures concern the increase in the level of ambition compared to the initial plan of the existing investment on Strengthening the capacity, infrastructure and equipment of State System for Science, Technology and Innovation, namely by investing in R&D&I in the field of semiconductors and microelectronics and strengthening capacities in the field of semiconductors associated with supercomputing. The measures further increase the ambition of the existing investment in new private, interdisciplinary, public R&D&I projects, concept tests and

the award of aid as a result of international competitive calls, namely by supporting R&D projects in the field of semiconductors in the early stages of the pre-competitive development. The measures also increase the ambition of the exiting investment in new scientific careers by financing a research start-up package in the field of microelectronics and semiconductors. The measures increase the ambition of the existing investment on health, namely by supporting participation of Spain in multi-country R&D&I projects. They also support research and development linked to the diagnostic of rare diseases, personalised precision medicine, development of a proteomics and metabolomics platform, expansion and improvement of human biomonitoring infrastructure and upgrade of patient oriented clinical research units. Finally, the measures also increase the ambition of the existing investment on Aerospace, namely by financing R&D&I, update of productive capacities, digitisation and technology, and green technologies that contribute to the sustainability of the aerospace sector.

(36) In component 18, these measures concern the increase in the level of ambition compared to the initial plan of the existing investment on training of health professionals, to boost support for the treatment of rare diseases and of the existing investment on the sustainability of pharmaceutical products, namely expanding the capacity to provide genomic testing in the national health system.

(37) In component 22, these measures concern the modification of the initial plan of four existing investments where additional funding was requested to support the areas of long-term care, modernisation of care services, accessibility and gender violence.

Amendments based on Article 21 of Regulation 2021/241

(38) The amendments to the RRP submitted by Spain because of objective circumstances concern 52 measures.

(39) Spain has explained that 15 measures are no longer achievable within the timeline envisaged in the original RRP because supply-side constraints of different nature, combined in some cases with high inflation, have delayed their implementation or have affected their original ambition. This concerns target with sequential number 49 of measure I2 (investment: Plan to boost the sustainability and competitiveness of agriculture and livestock farming (I): Modernising animal and plant health laboratories) and milestone with sequential number 55 of measure I6 (Plan to promote sustainability, research, innovation and digitalisation in the fisheries sector (I): Modernisation of the network of marine reserves of fisheries interest) under component 3 (Environmental and digital transformation of the agri-food and fisheries system); target with sequential number 142 of measure I1 (investment: Investment in Just Transition) under component 10 (Just Transition); target with sequential number 238 of measure I2 (investment: Strengthening connectivity in centres of reference, socio-economic drivers and sectoral digitalisation projects) under component 15 (Digital connectivity); target with sequential number 240 of measure I4 (investment: Infrastructure renewal and sustainability) under component 15 (Digital connectivity); milestones with sequential number 243 and 244 of measure I6 (investment: 5G Deployment: networks, technological change and innovation) under component 15 (Digital connectivity); milestone with sequential number 269 of measure I7 (investment: Environment, Climate change and energy) under component 17 (Science, technology and innovation); target with sequential number 309 of measure I1 (investment: Promoting early childhood education and care (ECEC)) under component 21 (Modernisation and digitalisation of education, including early education 0-3);

target with sequential number 323 of measure I1 (investment: Long-term care and support plan: deinstitutionalisation, equipment and technology) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); milestone with sequential number 325 of measure I2 (investment: Plan for the Modernisation of Social Services - Technological transformation, innovation, training and strengthening childcare) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); target with sequential number 326 of measure I3 (investment: Spain Accessible Country Plan) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); target with sequential number 327 of measure I4 (investment: Plan Spain protects you from gender violence) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); target with sequential number 328 of measure I5 (investment: Increasing the capacity and efficiency of the reception system for migrants and applicants of international protection) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); target with sequential number 347 of measure I5 (investment: Governance and boost of policies to support activation) under component 23 (New public policies for a dynamic, resilient and inclusive labour market); and target with sequential number 370 and with sequential number 372 target of measure I1 (investment: Digital plan for sports) under component 26. On this basis, Spain has requested to extend the implementation timeline of the aforementioned milestones and targets and the Council Implementing Decision should be amended accordingly. For milestone with sequential number 55 of measure I6 under component 3, Spain has requested to delete this requirement as it is unachievable within the timeline envisaged in the original RRP because of supply-side constraints and the Council Implementing Decision should be amended accordingly.

(40) Spain has explained that seven measures are no longer achievable within the timeline envisaged in the original RRP because lack of demand resulting from high inflation, or the uncertain economic context provoked by Russia's war of aggression against Ukraine is delaying their implementation. This concerns a sub-measure of milestone with sequential number 2 of measure R2 (Law on sustainable mobility) under component 1, target with sequential number 27 of measure I1 (investment: Rehabilitation programme for economic and social recovery in residential environments) under component 2 (Implementation of the Spanish urban agenda: urban rehabilitation and regeneration plan); target with sequential number 50 of measure I3 (investment: Plan to boost the sustainability and competitiveness of agriculture and livestock farming (II): strengthen capacity building and biosecurity systems in nurseries, cleansing and disinfection centres) under component 3 (Environmental and Digital Transformation of the agri-food and fisheries system); target with sequential number 78 of measure I2 (investment: Monitoring and restoration of river ecosystems, aquifer recovery and flood risk mitigation) under component 5 (Coast and water resources); target with sequential number 141 of measure I1 (investment: Investment in Just Transition) under component 10 (Just Transition); targets with sequential number 193 and 195 of measure I1 (investment: Entrepreneurship) under component 13 (Support to SMEs); targets with sequential number 204 and 208 of measure I3 (investment: Digitalisation and Innovation) under component 13 (Support to SMEs). On this basis, Spain has requested to extend the implementation timeline of the aforementioned milestones and targets and the Council Implementing Decision should be amended accordingly.

(41) Spain has explained that six measures are no longer achievable within the timeline envisaged in the original RRP because Spain concluded that, in order to meet the

policy objectives of the measure, additional adaptations of the legal framework are necessary and those adaptations could not be finalised within the initial implementation timeline. This concerns target with sequential number 197 of measure I2 (investment: Growth) under component 13 (Support to SMEs); milestone with sequential number 281 of measure I3 (investment: Increased capacities to respond to health crises) under component 18 (Refurbishment and extension of capacities of the national health system); target with sequential number 288 of measure I1 (investment: Transversal digital skills) under component 19 (Digital skills); target with sequential number 290 of measure I2 (investment: Digital transformation of education) under component 19 (Digital skills); target with sequential number 292 of measure I3 (investment: Digital skills for employment) under component 19 (Digital skills); and target with sequential number 349 of measure I6 (investment: Social economy projects completed) under component 23 (New public policies for a dynamic, resilient and inclusive labour market). On this basis, Spain has requested to extend the implementation timeline of the aforementioned milestones and targets and the Council Implementing Decision should be amended accordingly.

(42) Spain has explained that three measures are no longer achievable within the timeline envisaged in the original RRP, as more time is required in order to take into account the adoption of new procedures, demand-driven circumstances or adapting the administrative framework to facilitate the implementation. This concerns target with sequential number 220 of measure I1 (investment: Transformation of the tourism model towards sustainability) under component 14 (Tourism); target with sequential number 239 of measure I3 (investment: Connectivity vouchers for SMEs and vulnerable groups) under component 15 (Digital connectivity); and targets with sequential number 241 and 242 of measure I5 (investment: Deployment of cross-border digital infrastructure) under component 15 (Digital connectivity). On this basis, Spain has requested to extend the implementation timeline of the aforementioned targets and the Council Implementing Decision should be amended accordingly.

(43) Spain has explained that one measure is no longer achievable within the timeline envisaged in the original RRP because the legal instruments to attain the measure had to be amended as a discrepancy in the level of ambition between the original RRP and the CID Annex had led Spain to underestimate the number of calls required to meet the necessary level of ambition. This concerns target with sequential number 119 of measure I2 (investment: Sustainable energy in islands) under component 7 (Deployment and integration of renewable energy sources). On this basis, Spain has requested to extend the implementation timeline of the aforementioned target and the Council Implementing Decision should be amended accordingly.

(44) Spain has explained that three measures are no longer achievable within the timeline envisaged in the original RRP because of the need to follow unexpected lengthier preparatory procedures than initially planned, which are more conducive to meeting the policy objectives of the measure.3 This concerns target with sequential number 111 of measure R3 (reform: Development of energy communities) under component 7 (Deployment and integration of renewable energy sources); new milestone with sequential number 434 of measure R2 (reform: To boost the rule of law and the efficiency of the justice system) under component 11 (Modernisation of public administrations); and milestone with sequential number 245 of measure I7 (investment: Cybersecurity: Strengthening the capacities of citizens, SMEs and professionals; improving the sector's ecosystem) under component 15 (Digital connectivity). On this basis, Spain has requested to amend some sub-measures, extend

the implementation timeline of the affected parts or replace the implementing legal instruments of the aforementioned measures and the Council Implementing Decision should be amended accordingly.

(45) Spain has explained that three measures are no longer achievable within the timeline envisaged in the original RRP because an extraordinary amount of forest fires led to the redistribution of resources. This concerns milestone with sequential number 66 of measure I1 (investment: Digitalisation and Knowledge of natural heritage), target with sequential number 71 of measure I3 (investment: Restoration of ecosystems and green infrastructure) and milestone with sequential number 73 of measure I4 (investment: Sustainable forest management) under component 4 (Ecosystems and biodiversity). On this basis, Spain has requested to extend the implementation timeline of target with sequential number 71, create a new milestone to capture some elements of milestone with sequential number 73 which could not be achieved in the proposed timeline and to modify the scope of the aforementioned milestones respectively and the Council Implementing Decision should be amended accordingly.

(46) Spain has explained that the original ambition of six measures is no longer achievable because of insufficient demand. This concerns targets with sequential number 34 and 35 of measure I4 (investment: Regeneration programme and demographic challenge) under component 2 (Implementation of the Spanish urban agenda: urban rehabilitation and regeneration plan); targets with sequential numbers 125 and 126 and the measure description of measure I1 (Deployment of energy storage) under component 8 (Electricity infrastructure, smart grids and deployment of flexibility and storage) and target with sequential number 141 of measure I1 (investment: Investment in Just Transition) under component 10 (Just transition); milestone with sequential number 236 of measure I1 (investment: Promoting territorial cohesion through the deployment of networks: Ultra-fast broadband extension) under component 15 (Digital connectivity); and target with sequential number 297 of measure I1 (investment: Reskilling and upskilling of the labour force linked to professional qualifications) under component 20 (Strategic plan to boost vocational training). Furthermore, measure I1 of component 20 also encompasses a delay in implementation. On this basis, Spain has requested to decrease the corresponding targets and milestones of these measures or modify the description of the measure compared to the original RRP, and the Council Implementing Decision should be amended accordingly.

(47) Spain has further requested to use the resources freed up by the decrease of the targets referred in the preceding recital to increase the level of ambition of four measures. The increased ambition takes the form of increased targets. This concerns measure I1 (investment: Investment in Just Transition) under component 10 (Just transition); milestones with sequential number 243 and 244 of measure I6 (investment: 5G Deployment: networks, technological change and innovation) under component 15 (Digital connectivity); and measure I3 (investment: Innovation and internationalisation of vocational training) under component 20 (Strategic plan to boost vocational training). This also concerns measure I2 (investment: Digital transformation of vocational training) under component 20 (Strategic plan to boost vocational training). Spain has explained that the completion of the increased target requires a longer timeline than indicated in the original Plan. On this basis, Spain has requested to increase the level of ambition or to extend the implementation timeline of the aforementioned milestones, targets and measures and the Council Implementing Decision should be amended accordingly.

(48) Spain has explained that six measures are no longer achievable in the specific terms envisaged in the original plan because of changes in market demand as a result of changes in the market conditions, including higher costs. These objective circumstances concern target with sequential number 85 of measure I1 (investment: National transmission network: European Corridors) under component 6 (Sustainable mobility (long-distance). On this basis, Spain has requested to expand the list of the corridors for the project awards, while keeping the original ambition. These objective circumstances also concern milestone with sequential number 99 of measure I4 (investment: – Support programme for sustainable and digital transport) under component 6 (Sustainable mobility (long-distance). On this basis, Spain has requested to delete the budgetary reference per budget line, while keeping the original ambition. These objective circumstances concern as well measure I4 (investment: Energy transition plan in the General State Administration) under Component 11 (Modernisation of public administrations). On this basis, Spain has requested to lower the target with sequential number 170 in proportion to cost increases regarding vehicles. Spain has also proposed to redistribute to target with sequential number 172 part of the original costing associated to new target with sequential number 439 (concerning the implementation of solar photovoltaic systems or other renewables energies) to cover the cost increases in the field of construction, which translates into an increase of the former and a decrease of the latter. These objective circumstances also concern targets with sequential number 217, 218 and 219 of measure I1 (investment Transformation of the tourism model towards sustainability) under component 14 (Tourism). On this basis, Spain has requested to change the climate tagging while keeping the original ambition of the targets unchanged. These objective circumstances also concern target with sequential number 342 of measure I1 (investment: Youth Employment) under component 23 (New public policies for a dynamic, resilient and inclusive labour market). On this basis, Spain has requested to enlarge the scope of beneficiary entities, notably by allowing other public entities, foundations and third sector organisations to execute the *Tandem* programme, while keeping the original ambition. These objective circumstances also concern target with sequential number 344 of measure I3 (investment: New skills for the green, digital and productive transition) under component 23 (New public policies for a dynamic, resilient and inclusive labour market). On this basis, Spain has requested to enlarge the groups of beneficiaries, including also employed workers, while keeping the original ambition and the Council Implementing Decision should be amended accordingly.

(49) Spain has explained that five measures are no longer achievable in the specific terms envisaged in the original plan because of supply-chain disruptions. These objective circumstances concern target with sequential number 12 of measure I2 (investment: Incentive scheme for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility, recharging and green hydrogen) under component 1 (Sustainable, safe and connected mobility shock plan in urban and metropolitan environments). On this basis, Spain has requested to change the specifications of the target, replacing the 'deployment' of electric vehicles and recharging points with the 'registration of the subsidy', and to add a milestone with sequential number 419 to extend the implementation of the measure aimed at preserving its original level of ambition. These objective circumstances also concern measure I4 (Sustainable forest management) under component 4 (Ecosystems and Biodiversity). On this basis, Spain has requested to delete the reference to the acquisition of new aerial assets and reallocate the budget to existing measures on forest management. Objective circumstances also concern milestone with sequential

number 79 of measure I3 (investment: – Digital transition in the water sector (Digital Environmental Enforcement - PERTE for the digitalisation of water uses) under component 5 (Coast and water resources). On this basis, Spain has requested to replace the entry into service of the infrastructure by the award of contracts and to add a milestone with sequential number 426 to extend the implementation of the measure aimed at preserving its original level of ambition. These objective circumstances also concern milestone with sequential number 309 of measure I1 (investment: Promoting early childhood education and care (ECEC)) under component 21 (Modernisation and digitalisation of education, including early education 0-3). On this basis, in view of the increase in construction and renovation costs Spain has requested to postpone the completion date by a year and to reduce, if necessary to meet the investment target, the budget initially allocated to financing operating expenditure. These objective circumstances also concern target with sequential number 356 of measure I2 (investment: Boosting culture across the territory) under component 24 (Cultural Industry). In relation to the same measure, Spain has proposed to postpone the completion date of target with sequential number 358. On this basis, Spain has requested to narrow down the specification to 19 sites and to integrate the remaining site ("Tabacalera") into a new target with sequential number 474.The Council Implementing Decision should be amended accordingly.

(50) Spain has explained that three measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns milestones with sequential number 145, 147 and 148 of measure R1 (reform: modernisation and digitalisation of the administration) as well as milestone with sequential number 152 and new milestone with sequential number 435 of measure R2 (reform: To boost the rule of law and the efficiency of the justice system) under component 11 (Modernisation of public administrations), to reflect a change in the types of legal instruments to be adopted to ensure a faster, more efficient and comprehensive implementation of the reform. This also concerns target with sequential number 322 of measure I1 (investment: Long-term care and support plan: deinstitutionalisation, equipment and technology) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies), where Spain has advanced more than expected in the coverage of telecare services prior to the implementation of the measure., The Council Implementing Decision should be amended accordingly.

(51) Spain has explained that one measure has been modified to adjust the ambition to cost increases as a result of inflation and a shift in demand towards more expensive energy efficiency renovations that achieve more energy savings. This concerns target with sequential number 29 of measure I1 (investment: Rehabilitation programme for economic and social recovery in residential environments) under component 2 (Implementation of the Spanish urban agenda: urban rehabilitation and regeneration plan). On this basis, Spain has requested to lower the target in proportion to cost increases and the Council Implementing Decision should be amended accordingly.

(52) Spain has requested to include additional targets, intended to preserve the original level of ambition, because of issues concerning, among others, supply-chain bottlenecks, inflation, subsequent administrative delays and required labour and skill shortages. These objective circumstances concern target with sequential number 419 of measure I2 (investment: Incentive scheme for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility, recharging and green hydrogen) under component 1 (Sustainable, safe and connected

mobility shock plan in urban and metropolitan environments); milestone with sequential number 425 of measure I4 (investment: Sustainable forest management) under component 4 (Ecosystems and biodiversity); and milestone with sequential number 426 of measure I3 (investment: Digital transition in the water sector (Digital Environmental Enforcement) under component 5 (Coast and water resources). On this basis, Spain has requested to add the targets of these measures to the plan and the Council Implementing Decision should be amended accordingly.

(53) The Commission considers that the reasons put forward by Spain justify the revisions pursuant to Article 14(2) of Regulation (EU) 2021/241, the update pursuant to Article 18(2) of that Regulation and the amendments pursuant to Article 21(2) of that Regulation.

(54) The distribution of milestones and targets in instalments should be amended to take into account the new allocation, the amendments to the plan and the indicative timeline presented by Spain.

Corrections of clerical errors

(55) Clerical errors have been identified in the text of the Council Implementing Decision, affecting 63 measures. The Council Implementing Decision should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 30 April 2021, as agreed between the Commission and Spain. Those clerical errors relate to measure R2 (Sustainable mobility and financing of transport act) and measure I2 (investment: Incentive scheme for the installation of recharging points, the purchase of electric and fuel cell vehicles and innovation in electro-mobility, recharging and green hydrogen) under component 1 (Sustainable, safe and connected mobility shock plan in urban and metropolitan environments); measure R3 (reform: Housing Law), measure R4 (reform: Law on the Quality of Architecture and Building Environment and New National Architecture Strategy), measure R5 (Renovation offices ('one-stop-shop')), measure R6 (Improved funding for renovation actions) and investment I1 (Rehabilitation programme for economic and social recovery in residential environments) under component 2 (Implementation of the Spanish urban agenda: urban rehabilitation and regeneration plan); measure R6 (reform: Revision of the national regulatory framework for the regulation of sustainable fisheries) and measure I6 (Plan to promote sustainability, research, innovation and digitalisation in the fisheries sector (I): Modernisation of the network of marine reserves of fisheries interest) under component 3 (Environmental and digital transformation of the agri-food and fisheries system); measure R1 (reform: Conservation of terrestrial and marine biodiversity), measure R3 (reform: sustainable forest management), measure I1 (investment: Digitalisation and knowledge of natural heritage), measure I2 (investment: Conservation of terrestrial and marine biodiversity), measure I3 (investment: Restoration of ecosystems and green infrastructure) under component 4 (Ecosystems and biodiversity); measure R1 (reform: Water plans and strategies and regulatory changes), measure I1 (Implementation of treatment, sanitation, efficiency, savings, re-use and infrastructure safety (DSEAR) actions) and measure I4 (investment: Adapting the coastline to climate change, and implementing Marine Strategies and Maritime Spatial Planning Plans) under component 5 (Coast and water resources); measure I2 (investment: Trans-European Network for Transport Program, other works), measure I3 (investment: Intermodality and logistics) and measure I4 (investment: Support programme for sustainable and digital transport) under component 6 (Sustainable mobility (long-distance)); measure I1 (investment: Development of innovative renewable energies, integrated into buildings and

production processes) and measure I2 (investment: Sustainable energy in islands) under component 7 (Deployment and integration of renewable energy sources); ; measure I1 (investment: renewable hydrogen, a country project) under component 9 (renewable hydrogen); measure R1 (reform: Just Transition Protocols), measure I1 (investment: Investment in Just Transition) under component 10 (Just transition); measure I2 (investment: Programme to boost competitiveness and industrial sustainability) under component 12 (Industrial policy); measure R1 (reform: Improving business regulation and climate), measure R2 (reform: Strategy Spain Entrepreneurial Nation), measure I1 (investment: Entrepreneurship), measure I3 (investment: Digitalisation and Innovation) and measure I4 (investment: Growth) under component 13 (Support to SMEs); measure I1 (investment: Transformation of the tourism model towards sustainability) under component 14 (Tourism); measure I2 (investment: Strengthening connectivity in centres of reference, socio-economic drivers and sectoral digitalisation projects) under component 15 (Digital connectivity); measure I6 (investment: 5G Deployment: networks, technological change and innovation) under component 15 (Digital connectivity); measure R1 (National Artificial Intelligence Strategy) under component 16 (Artificial Intelligence); measure I5 (investment: Knowledge Transfer), measure I7 (Environment, climate change and energy) and measure I3 (New private, interdisciplinary, public R&D&I projects, concept tests and the award of aid as a result of international competitive calls. Cutting-edge R&D geared to societal challenges. Pre-commercial public procurement) measure I5 (Knowledge transfer), measure I7 (Environment, Climate change and energy) and measure I9 (Aerospace) under component 17 (Science, Technology and Innovation); measure R3 (reform: Law on equity, universality and cohesion of the national health system), measure R4 (reform: Law on the framework statute for statutory health services staff), measure R5 (reform: Reforming the regulation of medicines and improving access to medicines), measure I3 (Public surveillance network) and measure I4 (investment: Healthcare professionals trained within the framework of continuing education plans), measure I5 (investment: VALTERMED system and platform for the assessment of Health Technologies and Benefits of the National Health Systems), measure I6 (Health data lake) under component 18 (Refurbishment and extension of capacities of the national health system); measure I1 (investment: Transversal digital skills), measure I2 (investment: Digital transformation of education) and measure I3 (investment: Digital skills for employment) under component 19 (Digital skills); measure I1 (investment: Reskilling and upskilling of the labour force linked to professional qualifications) and measure I2 (investment: Digital transformation of vocational training) under component 20 (Strategic plan to boost vocational training); measure I5 (investment: Improving university digital infrastructure, equipment, technologies, teaching and evaluation) under component 21 (Modernisation and digitalisation of education, including early education 0-3); measure I1 (investment: Long-term care and support plan: deinstitutionalisation, equipment and technology) , measure I2 (investment: Plan for the modernisation of social services – Technological transformation, innovation, training and strengthening childcare), measure I3 (investment: Spain accessible country plan), and measure I4 (investment: Plan Spain protects you from gender violence) under component 22 (Action plan for the care economy, strengthening equality and inclusion policies); measure I3 (investment: New skills for the green, digital and productive transition), measure R7 (reform: Review of hiring incentives) and measure R10 (reform: Simplification and improvement of unemployment assistance) under component 23 (New public policies for a dynamic, resilient and inclusive labour market); measure I1 (investment: Strengthening the competitiveness of cultural industries) under

component 24 (Cultural Industry); measure I1 (investment: Program for the promotion, modernisation and digitalisation of the audio-visual sector) under component 25 (Spain Audio-visual Hub); and measure I2 (investment: Plan for the ecological transition of sports facilities) under component 26 (Promotion of sports). Those corrections do not affect the implementation of the measures concerned.

The REPowerEU chapter based on Article 21c of Regulation 2021/241

(56) The REPowerEU chapter includes one new reform, one scaled-up investment and seven new investments. The reform aims to facilitate the deployment of renewable energy sources and to streamline the processing of permitting applications. In particular, the reform simplifies the procedures related to new renewable energy projects and new electricity network infrastructure, and sets up of a new administrative unit within the central administration to assist processing permitting applications.

(57) The seven new investments under the REPowerEU chapter include a public investment in a support scheme to improve access to finance in the value chain in the design, manufacturing, storage, recycling or research & development of technologies and components relevant for the transition to a net-zero-emission economy; a public investment in a support scheme to support renewable hydrogen and an investment to deploy new electricity transmission infrastructure to integrate larger volumes of renewable energy and to connect new net-zero industrial sites to the electricity network and four investments to support industrial decarbonisation, two of which in the form of support schemes.

(58) The component includes investments and reforms to increase the share of renewable energy sources which contribute to the reduction of Spain's reliance on fossil fuels and therefore reducing vulnerabilities in coming winter seasons. These measures are the reform on renewable energy permitting,the investment aimed at supporting energy communities, energy storage and self-consumption, and the investments supporting renewable hydrogen, the net-zero industry value chain, and the development of the electricity transmission network.

(59) The REPowerEU chapter also includes a scaled-up measure based on two existing measures in component 7 (Development and integration of renewable energy sources) and one existing measure in component 8 (Electricity infrastructure, smart grids and deployment of flexibility and storage). The scaled-up measure included in the REPowerEU chapter increase the level of ambition of the existing measures, in particular in relation to self-consumption, energy storage and energy communities.

(60) The Commission has assessed the modified RRP including the REPowerEU chapter against the assessment criteria laid down in Article 19(3) of Regulation 2021/241.

Balanced response contributing to the six pillars

(61) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.

(62) The modified RRP includes further measures to support the green transition pillars, notably on industry decarbonisation, deployment of renewable energy and hydrogen, sustainable transport, energy efficiency, water management, circular economy, climate

change adaptation and sustainable tourism. The modified RRP also includes further measures to support the digital transition notably on development of advanced digital technologies, increasing the capacity of the fabless and manufacturing industry, strengthening the scientific and technological ecosystem, digitalisation of SMEs, the public administration and education, boosting the audio-visual sector and digitalisation of information and media connectivity. Moreover, the modified RRP includes measures to enhance social and territorial cohesion and gender balance, notably through support for the strategic project for the social and care economy.

Addressing all or a significant subset of challenges identified in country-specific recommendations

(63) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Spain, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

(64) In particular, the modified RRP takes into account country-specific recommendations formally adopted by the Council prior to the assessment of the modified plan by the Commission. As the maximum financial contribution for Spain has been adjusted upwards and as the size of the plan increased following a loan request intended to be used not exclusively for REPowerEU objectives, all 2022 and 2023 structural recommendations are considered in the overall assessment.

(65) Having assessed progress in the implementation of all relevant country-specific recommendations at the time of submission of the modified national RRP, the Commission finds that no recommendation was fully implemented. Substantial progress has been achieved with respect to the recommendations on public investment for the green and digital transitions and for energy security (2022.1.2), on renewable hydrogen (2022.4.6), on supporting employment (2020.2.1), on measures to provide liquidity to SMEs and the self-employed (2020.3.1), on sustainability of the pension system (2019.1.4), on transition towards open-ended contracts (2019.2.3) and on addressing coverage gaps in regional minimum income schemes (2019.2.7).

(66) The modified RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Spain by the Council in the context of the European Semester in 2019, 2020, 2022 and 2023. By addressing the aforementioned challenges, the modified RRP is expected to also contribute to correcting the imbalances, as identified in recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2019, 2020, 2022 and 2023, that Spain is experiencing, in particular with regard to high private, government and external debt, in a context of high unemployment.

(67) The modifications to Spain's RRP do not change, but confirm and strengthen the previous assessment that the RRP is contributing to effectively addressing all or a significant subset of the country-specific recommendations addressed to Spain for the years 2019 and 2020, since Spain does not remove or significantly reduce any investments or reforms, but adds additional investments and reforms. Many of the new

measures help further address those country-specific recommendations that are already partly addressed by the existing RRP.

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

(69) In line with the country-specific recommendation 2022.3 to increase recycling rates to meet Union targets and to promote the circular economy and enhance water reuse, a waste management reform in the modified plan improves the coordination among all levels of administration. This is achieved through the creation of a coordination committee and the approval of secondary legislation included in the "Waste Package". Additional transfers to the regions shall contribute directly to achieve a minimum of 30% of separately collected municipal waste. A new subsidy scheme for circular economy in key Spanish sectors (Plastics, textiles and fashion and RES equipment) shall contribute to enhance circularity in these sectors. Additional investments in wastewater treatment shall contribute to increase water reuse (PERTE digitalisation of water).

(70) The REPowerEU chapter reinforces the ambition of the plan as regards most of the relevant country-specific recommendations in the field of energy (CSR 2022.4, CSR 2023.3), notably to reduce reliance on fossil fuels, to accelerate the deployment of renewable energy sources, to invest in energy storage and network infrastructure, and to deploy renewable hydrogen. The REPowerEU chapter contains a reform improving the permitting framework for renewable energy projects, and investments in self-consumption, energy storage, energy communities and an investment in renewable hydrogen (addressing recommendations 2023.3.1 reducing overall reliance in fossil fuels and 2023.3.2 to accelerate the deployment of renewable energy by further streamlining and digitalising permitting procedures, supporting the work of permitting authorities, by integrating renewable energies in buildings and by investing in renewable hydrogen). It also contains an investment in new electricity network infrastructure (addressing CSR 2023.3.1 to reduce reliance on fossil fuels and CSR 2023.3.3 on improving electricity transmission). It also contains an investment in the value chain of renewable energy sources (addressing recommendations 2023.3.1 reducing overall reliance in fossil fuels)

(71) Several proposed measures included in the modified plan also contribute to the recommendations 2023.3.7 and 2022.4.5 in the fields of electrifying transport (via a new tax incentive for the purchase of electric vehicles and support of electric vehicle industry), and to the recommendations 2023.3.5 and 2022.4.8 in the fields of increasing the availability of energy-efficient social and affordable housing (via the Facility for the Promotion of Social Housing and the programme of measures to promote the supply of rental housing). The Strategy for Energy Efficiency in the State Road Network contributes to addressing the country-specific recommendations 2019.3.3 on energy efficiency and 2020.3.5 on clean and efficient production and use of energy.

(72) Moreover, the modified plan helps address the country-specific recommendations 2020.3 to foster research and innovation, clean and efficient production and use of energy, energy infrastructure, water and waste management and sustainable transport, through the operationalisation of new regulatory sandbox in the field of transport and mobility. A new regulation on farm information systems to manage the agricultural and livestock policies contributes to addressing the country-specific recommendation 2019.3.2 on resource efficiency. An increase in the level of ambition compared to the original plan in investment to modernise irrigation systems in terms of water savings and energy efficiency contributes to addressing the country-specific recommendation 2020.3.6 on investing in the ecological and digital transition, in particular in the management of water resources and waste.

(73) New investments in healthcare contribute to addressing the country-specific recommendations 2020.1.2 to strengthen the resilience and capacity of the health system. The new Entrepreneurship and Small and Medium-sized Enterprises Fund contributes to addressing the country specific recommendation 2020.3.1 to implement measures to support SMEs. A further financial instrument, the Social Impact Fund, contributes to addressing the country-specific recommendation 2019.2.1 to ensure that employment and social services have the capacity to provide effective support.

Contribution to growth potential, job creation and economic, social and institutional resilience

(74) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Spain, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.

(75) The assessment of the initial Plan, in accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241 found that the RRP is expected to have a high impact on strengthening the growth potential, job creation, and economic, social and institutional resilience of Spain, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union (Rating A).

(76) The initial plan included reforms and investments that have the potential to address significant vulnerabilities of the Spanish economy related to the external sector by raising business competitiveness and reducing energy imports. That plan partially contributed to tackling the country's existing vulnerabilities from a fiscal standpoint by ensuring efficient public spending and strengthening the taxation and public procurement frameworks. It was also expected to effectively reduce territorial disparities through reforms and investments to address the demographic challenge in rural areas and small municipalities and support the transition process towards a climate-neutral economy. It included measures aiming to address social cohesion challenges identified in previous country reports and country-specific recommendations to Spain and monitored through the Social Scoreboard. Specific measures pointed at addressing vulnerabilities in the social protection system, such as

with the simplification of the unemployment assistance and the review of the system of family benefits.

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

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

Do no significant harm

(79) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council[4] (the principle of 'do no significant harm').

(80) The modified plan assesses compliance with the 'do no significant harm' principle following the methodology set out in the Commission's technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation (2021/C58/01). Changes introduced in measures through the modification of the plan do not affect the assessment carried out for the original version of the RRP, which remains the same.

(81) For the new reforms and investments introduced, including the REPowerEU chapter, Spain provided a systematic assessment of each measure against the principle of 'do no significant harm'. Where necessary, specific safeguards to ensure compliance with the 'do no significant harm' principle are included in the relevant milestones and targets. The information provided by Spain allows to conclude that the plan is expected to ensure that none of the measures does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.

[4] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

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

Contribution to the REPowerEU objectives

(83) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (Rating A) to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

(84) The implementation of the measures included in the REPowerEU chapter are expected to contribute notably to supporting the objectives in Article 21c (3), points (b), (e) and (f) of Regulation (EU) 20C13/241. The implementation of the investments to decarbonise industry (C31.I5, C31.I6, C31.I7, C31.I8) and to deploy renewable hydrogen (C31.I2), the scale-up of the investment to deploy additional renewable energy by supporting self-consumption (C31.I1) and the reform to simplify permitting procedures for renewable energy projects (C31.R1) are expected to contribute to the objective set out in Article 21c (3), point (b) of Regulation (EU) 2021/241, that is, to boosting energy efficiency in buildings and critical energy infrastructure, decarbonising industry, increasing the production and uptake of sustainable biomethane and of renewable or fossil-free hydrogen, and increasing the share and accelerating the deployment of renewable energy. The implementation of the investment in new electricity transmission infrastructure (C31.I4) is expected to contribute to addressing internal and cross-border energy transmission and distribution bottlenecks, supporting storage and accelerating the integration of renewable energy sources, that is, the objective in Article 21c (3), point (e) of Regulation (EU) 2021/241. The implementation of the investment supporting the value chain of the net-zero industry (C31.I3) is expected to contribute to the objective in Article 21c (3), point (f) of that Regulation. The REPowerEU chapter also addresses the need to diversify away from fossil fuels, notably by accelerating the deployment of renewable energy, renewable hydrogen, decarbonising industry and investing in the value chain for the net-zero industry.

(85) The measures in the REPowerEU chapter are therefore coherent with the efforts of Spain to achieve the objectives set out in Article 21c (3) of Regulation (EU) 2021/241. In particular the government adopted in October 2022 a Plan reinforcing Spain's energy security ('Plan Más Seguridad Energética') which lays down 73 measures grouped in six categories: i) energy savings; ii) energy transition; iii) protecting vulnerable consumers; iv) tax rebates to protect energy consumers; v) energy independence; and vi) solidarity with other EU Member States. The measures in the REPowerEU chapter are also coherent with the initial RRP as the REPowerEU measures notably increase the original RRP ambition in the area of renewable energy sources, renewable hydrogen, energy communities and storage.

Measures having a cross-border or multi-country dimension or effect

(86) In accordance with Article 19(3), point (db), of and Annex V, criterion 2.13, to Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (Rating A) to have a cross-border or multi-country dimension or effect.

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

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

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

Contribution to the green transition including biodiversity

(90) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter, contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represent 39.9% of the RRP's total allocation and 75% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to that Regulation. In accordance with Article 17 of Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(91) With respect to measures related to the green transition, the modified RRP only concerns changes to the timeline of milestones and targets on the basis of Article 21 of Regulation (EU) 2021/241 and correction of clerical errors. In addition, it includes the change of 7 measures on the basis of Article 18(2) to reflect a higher level of ambition and 12 new measures that contribute to the green transition as they support the decarbonisation of industry, deployment of renewable energy and hydrogen, sustainable transport, energy efficiency, water management, circular economy, climate change adaptation and sustainable tourism. The REPowerEU chapter includes 8 measures which aim to accelerate the deployment of renewable energy sources, to strengthen the value chain for the net-zero industry, to invest in additional electricity network infrastructure, to decarbonise industry and to fund measures that enable renewable energy. New investment measures supporting the electric and connected value chain and the agrifood sector through loans are expected to contribute to the green transition of these value chains.

(92) These measures related to the green transition, including biodiversity, in the modified RRP and the REPowerEU chapter continue having a lasting impact as the measures aim at structural changes to reduce Spain's overall reliance on fossil fuels and to increasing energy savings by shifting to green technologies, notably those related to renewable energy sources, energy storage, energy efficiency and industrial decarbonisation. As a result, they also contribute to achieving the 2030-2050 targets and the objective of EU Union climate neutrality by 2050.

Contribution to the digital transition

(93) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 25.9% of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.

(94) With respect to measures contributing to the digital transition, some modifications are made in 30 measures in terms of final targets on the basis of the Article 21 Regulation (EU) 2021/241. Beyond these modifications the modified plan includes 16 new measures that contribute to the digital transition.

(95) The modified RRP contains investments and reforms that are expected to have a long-lasting impact in the digital transformation of the economic and social sectors and significantly contribute to address the challenges resulting from the digital transition, such expected impact is further strengthened by the new measures included in the modified plan. In particular, the modified plan includes significant new measures in the area of advanced digital technologies with investments in the entire value chain of advanced microprocessors from R&D to manufacturing. Significant investments are expected to also support the scaling up of technological start-ups. Other investments are expected to support SMEs in the development of a Spanish Natural Processing Language environment using computer science and Artificial Intelligence technologies. Other investments are expected to further strengthen the digitalisation of the water sector and of the public administration, including with investments in cybersecurity. Finally, other resources have been allocated to further develop the investments under the framework of the Spanish Audio-visual Hub.

Lasting impact

(96) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a lasting impact on Spain to a large extent (Rating A).

(97) The initial assessment of the RRP, in accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241 found that the RRP was expected to have a lasting impact on Spain to a large extent (Rating A).

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

(99) New reforms included in the modified RRP are expected to have a long-lasting impact on Spain, as 16 reforms have been introduced or enhanced to strengthen the competition framework, attract foreign talent and facilitate the entry into the country of skilled migrant workers, improve the regulatory framework for the financial sector, improve the animal and human health standards for transport and sustainable use of

antibiotics in the livestock industry, reduce food waste, promote the circular economy, combat desertification, increase the supply of and facilitate access to housing, develop low-emission areas, improve the energy efficiency of the road network, operationalise a regulatory sandbox in the field of transport and mobility, improve the regulatory framework for the protection of financial clients, promote transparency in the field of lobbying activities, foster public sustainable finances and update the regulatory framework for digital security. The REPowerEU chapter moreover includes a new reform to streamline permitting procedures for renewable energy projects.

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

Monitoring and implementation

(101) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter and the additional measures contained in this Decision are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(102) The modified RRP includes an update of the monitoring and implementation framework. First, it includes a description of additional measures introduced by Spain since the approval of the initial RRP. These measures were subject to milestones in the first payment request and their implementation have contributed to the reinforcement of the monitoring and implementation set-up. In particular, the national arrangements as set out in Royal Decree-Law 36/2020 of 30 December approving urgent measures for the modernisation of the public administration and the implementation of the Recovery Plan remain in place. Additionally, Spain has approved Order HFP/1031/2021 defining the procedures and format of the information to be shared for monitoring of the RRP and accounting execution of expenditure and put in place the Recovery and Resilience Facility Integrated Information System ('Coffee') facilitating the monitoring of the RRP implementation and the production of management declarations, audit summaries and payment requests. The Commission made a positive preliminary assessment of the milestones concerning these measures in the context of the first payment request. Secondly, the modified RRP also includes an extension of the monitoring framework to align with the introduction of new measures consisting of the set-up of financial instruments and the set-up of subsidy schemes combining grants with financial instruments, Spain will sign an Implementing Agreement or equivalent with the implementing partner, or approve a regulatory framework, that is to contain the description of the monitoring systems of the implementing partner, and – where relevant – of financial intermediaries, to report on the investment mobilised. This requirement does not apply when the implementing partner or financial intermediary is the EIB, the EIF or the EBRD.

(103) The nature and extent of the proposed modifications to Spain's recovery and resilience plan do not have an impact on the original assessment of the effective monitoring and implementation of the plan. The structure tasked with the implementation, monitoring and report of the RRP has been reinforced and the overall arrangements proposed by

Spain in terms of organisation of the implementation of the reforms and investments remain credible. The milestones and targets that accompany the modified or additional measures, including those in the REPowerEU chapter, are clear and the proposed indicators for those milestones and targets are relevant, acceptable and robust.

Costing

(104) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the modified RRP including the REPowerEU chapter on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(105) The assessment of the original RRP was that the estimated total cost of the RRP was to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and was commensurate to the expected national economic and social impact.

(106) Spain has provided individual cost estimates for all modified and new investments and reforms with an associated cost included in the modified RRP, relying on a number of sources to justify them. These include calls of interest specifically launched for the purposes of the RRP, procurement contracts referring to similar services or past investments of similar nature, examples of similar investments conducted in other Member States, and data on investment needs and market financing gaps. As a result, cost estimates for most of the measures in the RRP are deemed reasonable. Spain has used simplified cost options with regard to both flat rates and unit costs.

(107) The amount of the estimated total costs of the RRP is in line with the nature and type of the envisaged reforms and investments. As a result, cost estimates for most of the measures in the RRP are deemed plausible. Spain has provided sufficient information and evidence that the amount of the estimated total costs is not covered by existing or planned Union financing. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

Protection of the financial interests of the Union

(108) In accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter and the additional measures contained in this Decision are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council[5].

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[5] Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

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

(110) The modified RRP includes an update of the audit and control framework. First, it includes a description of additional measures introduced by Spain since the approval of the initial RRP. These measures have contributed to the reinforcement of the framework. In particular, as confirmed by the Commission in the context of the preliminary assessment of the third payment request, Spain has improved the collection of data on beneficial owners of foreign companies that have no power of attorney in Spain, both for already concluded contracts, as well as for future contracts and has developed an additional risk scoring IT tool called Minerva for the systematic control and prevention of conflict of interest, making use of beneficial owner's data. Secondly, the modified RRP also includes an extension of the control and audit framework to align with the introduction of new measures consisting of the set-up of financial instruments and the set-up of subsidy schemes combining grants with financial instruments. In accordance with the modification, Spain will sign an Implementing Agreement or equivalent with the implementing partner, or approve a regulatory framework, that should contain the description of the audit and control systems of the implementing partner, and – where relevant – of the financial intermediaries. These audit and controls requirements are to ensure the prevention, detection and correction of fraud, corruption and conflict of interests, the verification of the eligibility of every operation before committing to financing, and the implementation of risk-based ex-post audits in accordance with an audit plan. In those cases where the implementing partner or financial intermediary is the EIB, the EIF or the EBRD, the obligation to describe the audit and control systems does not apply, but these bodies are to be required to provide to the relevant national authorities an annual audit report prepared by their external auditors.

(111) The nature and extent of the proposed modifications to Spain's recovery and resilience plan do not have an impact on the original assessment of the effective monitoring and implementation of the recovery and resilience plan. The existing audit and control framework has been reinforced and is considered to be adequate and robust.

Coherence of the RRP

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

(113) The original Spanish RRP was structured around 30 coherent components, which support the common objectives to stimulate the recovery of the Spanish economy, to contribute to the green and digital transition and to increase Spain's resilience towards sustainable and inclusive growth. Each component is built around consistent packages of both reforms and investments, with measures that are mutually reinforcing or

complementary. Synergies also exist across the various components and no measure contradicts or undermines the effectiveness of another.

(114) The modifications to the RRP concern 28 of the existing components and include an additional component, the REPowerEU chapter. The modifications made to the existing chapters do not alter the overall coherence of the plan, taking into account the way in which the components are mutually reinforcing and complementary in particular those related to the green and digital transitions and the newly added REPowerEU chapter. The newly added financial instruments and additional investments funded as a result of the increase in the maximum financial contribution and with the request of the loan support, as well as the REPowerEU chapter, are complementary to existing measures in the RRP. In addition to these new investments and to the investments the ambition of which has been increased, newly added reforms are mutually reinforcing and complementary.

Consultation process

(115) The RRP of Spain includes a summary of the consultation process carried out for its preparation and implementation. In the preparation of the plan, Spain carried out targeted consultations on the broad intentions regarding the RRP modifications, including the REPowerEU chapter, with social partners, stakeholders, regional and local authorities and other political groups. In its submission, Spain has provided details on the stakeholders consulted, explained the outcome of this targeted complementary consultation and outlined how the input received from the stakeholders was reflected initially, also for measures in the REPowerEU chapter.

(116) To ensure ownership by the relevant actors, it is crucial to involve all regional and local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified plan, including its REPowerEU Chapter. Ensuring a broader ownership for the implementation of the plan shall contribute to enhance its effectiveness and expected long-lasting impact. For the implementation of the plan, Spain has set up a new Sectoral Conference for the Recovery, Transformation and Resilience to coordinate regions, local entities and the central government. In addition, existing sectoral conferences in various policy areas should support the implementation as regards specific measures within their area of competence. Furthermore, reform measures laid down in the modified RRP, including the REPowerEU chapter, may be subject to the consultation process which, in accordance with the national legal framework, precedes the adoption of legislative measures in Spain.

Positive assessment

(117) Following the positive assessment of the Commission concerning the modified RRP including the REPowerEU chapter, with the finding that the plan satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the modified RRP including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP including the REPowerEU chapter in the form of non-repayable financial and loan support should be set out.

Financial contribution

(118) The estimated total costs of the modified RRP including the REPowerEU chapter of Spain is EUR 163 029 653 473. As the amount of the estimated total cost of the modified RRP is higher than the updated maximum financial contribution available for Spain, the financial contribution calculated in accordance with Article 11 allocated for Spain's modified RRP including the REPowerEU chapter should be equal to the total amount of the financial contribution available for Spain's modified RRP including the REPowerEU chapter. This amount is equal to EUR 77 213 906 801 with EUR 2 576 417 190, to support the reforms and investments in the REPowerEU chapter and EUR 74 637 489 611 to support other reforms and investments in the RRP.

(119) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 6 June 2023 Spain submitted a request for the allocation of the revenue referred to in Article 21a (1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology in Annex IVa to Regulation (EU) 2021/241. The estimated total cost of the measures referred to in Article 21c(3), points (b) to (f) included in the REPowerEU chapter is EUR 6 916 693 413. As this amount is higher than the allocation share available for Spain, the additional non-repayable financial support available for Spain should be equal to the allocation share. This amount is equal to EUR 2 582 276 223.

(120) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755[6], on 1 March 2023 Spain submitted a reasoned request to transfer part of its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Facility, amounting to EUR 58 000 000. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.

(121) The total financial contribution available to Spain should be EUR 79 854 183 024.

Loan

(122) Furthermore, in order to support additional reforms and investments, Spain has requested a total loan support of EUR 83 160 060 000, in particular, EUR 1 700 000 000 to support the reforms and investments in the REPowerEU chapter and EUR 81 475 050 000 to support the other reforms and investments in the RRP. The amount of the estimated total costs of the RRP is higher than the combined financial contribution available for Spain, including the REPowerEU chapter and the updated maximum financial contribution for non-repayable financial support, the revenue from the emission trading system under Directive 2003/87/EC of the European Parliament and of the Council[7], and the Brexit Adjustment Reserve. The maximum volume of the loan requested by Spain is lower than 6.8% of its 2019 gross national income in current prices.

REPowerEU Pre-financing

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6 Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357 8.10.2021, p. 1).

7 Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32–46).

(123) Spain has requested the following funding for the implementation of its REPowerEU chapter: EUR 2 576 417 190 in the form of financial contribution calculated in accordance with Article 11, transfer of EUR 58 000 000 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR 2 582 276 223 from the revenue from the Emissions Trading System under Directive 2003/87/EC of the European Parliament and of the Council, EUR 1 700 000 000 in the form of loan.

(124) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 11 September 2023 Spain has requested pre-financing of 20% of the funding requested. Subject to available resources, that pre-financing should be made available to Spain subject to the entry into force of, and in accordance with, agreements to be concluded between the Commission and Spain pursuant to Article 23(1) of Regulation (EU) 2021/241 (the 'financing agreement') and pursuant to Article 15(2) of that Regulation (the ‘loan agreement’).

(125) Council Implementing Decision ST 10150 2021 INIT; ST 10150 2021 ADD 1 REV 2of 6 July on the approval of the assessment of the RRP for Spain should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

Implementing Decision (EU) ST 10150 2021 INIT; ST 10150 2021 ADD 1 REV 2 is amended as follows:

(1) Article 1 is replaced by the following:

‘Article 1

Approval of the assessment of the RRP

The assessment of the modified RRP of Spain on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.’;

(2) in Article 2, paragraphs 1 and 2 are replaced by the following:

‘1. The Union shall make available to Spain a financial contribution in the form of non-repayable support amounting to EUR 79 854 183 024.[8] That contribution includes:

[8] This amount corresponds to the financial allocation after deduction of Spain’s proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

(a) an amount of EUR 46 592 869 727 – that shall be available to be legally committed by 31 December 2022;

(b) an amount of EUR 30 621 037 074 – that shall be available to be legally committed from 1 January 2023 until 31 December 2023;

(c) an amount of EUR 2 582 276 223[9], in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for measures referred to in Article 21c of that Regulation, with the exception of measures referred to in Article 21c (3), point (a);

(d) an amount of EUR 58 000 000, transferred from the Brexit Adjustment Reserve to the Facility.

2. The Union financial contribution shall be made available by the Commission to Spain in instalments in accordance with the Annex to this Decision. An amount of EUR 9 036 636 649 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 1 043 338 683 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.';

(3) the following Article is inserted:

'Article 2a
Loan support

1. The Union shall make available to Spain a loan amounting to a maximum of EUR 83 160 060 000.

2. The loan support referred to in paragraph 1 shall be made available by the Commission to Spain in instalments in accordance with the Annex to this Decision. An amount of EUR 340 000 000 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

   The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing referred to in paragraph 2 shall be released subject to the entry into force and in accordance with the loan agreement. Pre-financing shall be cleared by being proportionally deducted against the payment of the instalments.

4. The release of instalments in accordance with the Loan Agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Spain has satisfactorily fulfilled the additional milestones and targets covered by the loan and identified in relation to the implementation of the modified RRP including the

[9] This amount corresponds to the financial allocation after deduction of Spain's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

REPowerEU chapter. In order to be eligible for payment, Spain shall complete the additional milestones and targets no later than 31 August 2026.';

(4) The Annex is replaced by the text in the Annex to this Decision.

Article 2
Addressee

This Decision is addressed to the Kingdom of Spain.

Done at Brussels,

For the Council
The President