2020 BUDGETARY PLAN

KINGDOM OF SPAIN

15 – 10 – 2019

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GG	General Government
AEAT	Agencia Estatal de Administración Tributaria (State Tax Administration Agency)
GSA	General State Administration
AIReF	Autoridad Independiente de Responsabilidad Fiscal (Independent Authority for Fiscal Responsibility)
AC	Autonomous Communities
EC	European Commission
NA	National Accounts
CSR	Country Specific Recommendations
LA	Local Authorities
ESA	European System of Accounts
GFCF	Gross Fixed Capital Formation
EAFRD	European Agricultural Fund for Rural Development
ERDF	European Regional Development Fund
EMFF	European Maritime and Fisheries Fund
FOGASA	Fondo de Garantía Salarial (Wage Guarantee Fund)
IGAE	General Comptroller of the State Administration
INE	Instituto Nacional de Estadística (National Statistics Institute)
CPI	Consumer Price Index
IRPF	Personal Income Tax
IVPEE	Impuesto sobre el Valor de la Producción de la Energía Eléctrica (Tax on Value of Electricity Production)
LOEPSF	Ley Orgánica de Estabilidad Presupuestaria y Sostenibilidad Financiera (Organic Law on Budgetary Stability and Financial Sustainability)
EDP	Excessive Deficit Procedure
PGE	Presupuestos Generales del Estado (General State Budget)
GDP	Gross Domestic Product
SME	Small and Medium-sized Enterprises
RPA	Responsabilidad Patrimonial de la Administración
SMI	Salario Mínimo Interprofesional (Minimum Wage)
SS	Social Security
TEAC	Tribunal Económico Administrativo Central (Central Administrative Court for Tax and Economic Appeals)
EU	European Union

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INTRODUCTION

The 2020 Budgetary Plan for Spain is drafted by the current government which, acting in a caretaker capacity, does not have full powers and only addresses ordinary matters, except emergencies or duly justified cases of general interest. Therefore, the caretaker Government cannot pass the Draft General State Budget Bill for the coming financial year, amend budgetary stability targets or submit legislative initiatives to Parliament. All of this has a significant effect on this Plan.

The focus, therefore, followed in the drafting and submission of the Budgetary Plan for 2020 consists of an unchanged tax scenario that does not include any additional measure. Furthermore, this fiscal strategy has been updated with the information relating to budgetary collection and enforcement for 2019, having incorporated the latest macroeconomic forecasts available, as established in the European regulation for circumstances in which a Government has no budgetary plans in place.

This document starts with a detailed analysis of the update of the macroeconomic scenario for 2019-2020 which is backed by the Independent Authority for Fiscal Responsibility (AIReF). This macroeconomic scenario that accompanies the Budget Plan 2020 is framed within the current growth phase of the Spanish economy.

On the basis of this macroeconomic scenario, it is necessary to place value on the commitment of the Government to budgetary stability and compliance with the commitments made with our EU partners. Proof of that is that 2018 closed with a deficit of 2.5%, as ratified in the Excessive Deficit Procedure notice of September that year, a figure below the 2.7% deficit forecast and notified to the European Commission by this Government when it took power in the summer of 2018. This achievement is the result of very positive revenue performance, both in terms of tax and contributions, as well as efficient control of public spending.

This reduction of the public deficit in 2018 saw the closure of the Excessive Deficit Procedure in which Spain had been immersed since 2009, thus complying with the commitments made and sending a clear signal to the market on the credibility of the fiscal policy carried out.

This trend is being maintained in 2019. So for this year, the Government is maintaining its deficit forecast at 2% of GDP, as notified in the Stability Programme. It's a realistic and credible projection that has been ratified by the AIReF in its report on forecast compliance with budgetary stability targets, public debt, and spending rules in 2019,drafted and published last July.

This effort at consolidation carried out in 2019, from 2.5% up to 2% is aimed at strengthening the strong existing commitment to fiscal consolidation and the reduction of the public deficit, despite the fact that the General State Budget for 2019, which was submitted to Congress last January, was never passed.

As we all know, this led to the calling of general elections last April, which will be repeated due to the impossibility of forming a government. This political context impeded the submission of the Draft General State Budget Bill for 2020, as the government was acting in a caretaker capacity and could not propose or adopt new revenue or spending measures, beyond what is considered the ordinary management of the State.

Therefore, as mentioned, this Budget Plan defines an inert fiscal scenario for 2020. Thus, it will not incorporate any measure on the revenue side, that is the taxation package that accompanied the Draft General State Budget for 2019 or the creation of new tax figures, which were included in the Stability Programme considering at that moment that they would be contained in the new Budget for 2020.

Nevertheless, on the spending side certain measures are included, already incorporated into the Stability Programme, it being considered that they will be adopted regardless of the scenario as there is a general consensus among the main political groups. Such is the case of the implementation of the Government Agreement with trade unions for the improvement of public employment, the revaluation of pensions and the implementation of certain recommendations put forward by the AIReF within the framework of the public spending review process.

In this regard, it must be pointed out that the work of the AIReF on the second phase of the spending review process, approved by the Council of Ministers of 14 December 2018 is at an advanced stage. As the work is being carried out, the first steps are being taken in the design of the third phase of the project that would close the first stage of the public spending review to which Spain has committed in the update of the Budgetary Plan issued to the European Commission in December 2016.

In accordance with the criteria already indicated, the scenario for the preparation of the Budgetary Plan also includes all the measures approved by the Government to date for the submission of the current Plan which includes the following: Royal Decree 1462/2018, of 21 December, setting the minimum wage for 2019; Royal Decree-Law 28/2018, of 28 December, for the revaluation of public pensions and other urgent social, labour and employment measures; Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and equality of opportunity between women and men in employment and occupation; and in Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day.

In this context, the unchanged scenario for 2020 would result in a public deficit of 1.7% of GDP. Nevertheless, it is the firm intention of the Government to present an update to the Budgetary Plan with the fiscal orientation forecast for 2020 as soon as possible.

[1]

MACROECONOMIC SCENARIO 2019-2020

The macroeconomic scenario set out below is the basis of the Budget Plan for 2020, and has been endorsed by the AIReF. The AIReF also considers that “the Government has acted prudently in drafting its projections, in presenting a continued policy scenario consistent with the current situation of the caretaker Executive, and in making an effort to incorporate into its analysis the considerable impact of the review of the National Accounts series carried out by the National Institute of Statistics.”

Similarly, the AIReF considers that the basic hypotheses that reflect the risks arising from the external environment are feasible, that the composition of growth is credible and that no major distortions are identified in the projections of the last four years.

1.1 Recent progress and situation in 2019

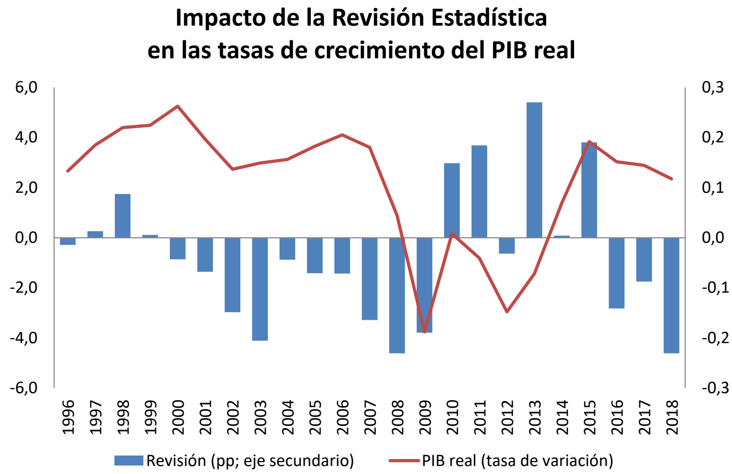
The macroeconomic scenario that accompanies the Budgetary Plan 2020 is framed within the current expansive phase of the Spanish economy, driven by robust employment growth, favourable financial conditions and the advances made in the correction of macroeconomic imbalances. The Spanish economy continues to grow at a good pace, although more moderately than in previous years, in an international context of growing uncertainty characterised by the slowdown in economic activity and persistent commercial and geopolitical tensions that affect international trade and investment in particular. Once the 2019 Statistical Review of National Accounts was carried out by the INE in September of this year, it was confirmed that in 2015 the Spanish economy reached its highest rate of real GDP growth since 2007. Since then, GDP growth has been decelerating more intensely than was thought up until now - especially in the year 2016 when the annual rate fell eight decimal points, from 3.8% to 3.0%, to 2.4% in 2018 and 2.1% in the first half of 2019.

2019 Statistical Review of Spanish National Accounts

On 16 September last, the National Institute of Statistics published the 2019 Statistical Review of Spanish National Accounts for the period 1995-2018. This review responds to the need to periodically update, at least every five years according to international recommendations, the sources and estimate methods used. It is a harmonised review of the countries of the European Union, Eurostat and the European Central Bank, which the INE has done in coordination with the Bank of Spain, in relation to the Financial Accounts of the Institutional Sectors and the statistics of the Balance of Payments and the International Investment Position and with the General Comptroller of the State Administration with respect to the accounts of the Public Administrations.

Similarly, the INE simultaneously published the provisional Quarterly National Accounts figures (CNTR as per the Spanish), which were coherent with the revised annual series, which on 30 September updated the publication of the CNTR corresponding to the second quarter of 2019.

With regard to the impact of the Statistical Review on the principle macroeconomic variables, nominal GDP fell by 0.4% for the period 1995-2018, on average, with the downward reviews for most years in the accounting series. Similarly, the growth rate for nominal GDP has also been reviewed and reduced slightly, by four decimal points for said period, due to the lower growth in real GDP, while the average growth rate the GDP deflator of has practically been left unchanged. Said changes are accentuated in the current growth phase and, in particular in the most recent phase. What's more, the magnitude of the review increases the higher the degree of desegregation, by components, of economic growth.

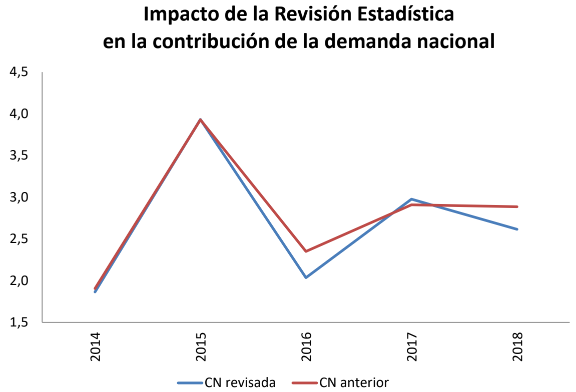


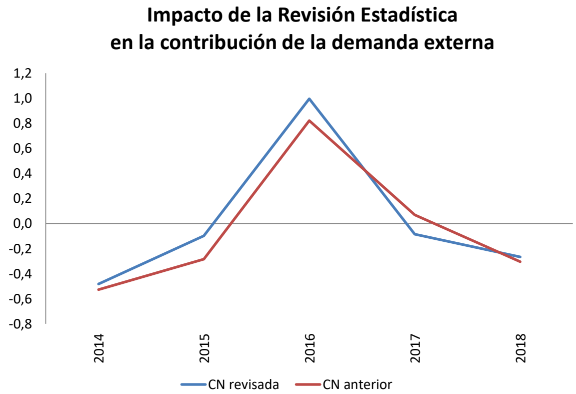
It is worth noting that in 2019, 2017 (provisional) and 2018 (advance) the reviews of the principal National Accounts aggregates have their origin in the regulatory updates arising from the INE's ordinary annual review policy for account transactions, such as the incorporation of the changes in the 2019 Statistical Review 2019.

In the period 2016-2018, the rate of real GDP review has been revised down, between one and two decimal points per year, to 2.4% last year, two decimals lower than the 2010 Base. This lower growth is explained by the reduction in domestic demand, mainly in private consumption (growth of 1.8%, a half point lower than in the previous series), and to a lesser extent, public consumption (growth two decimals lower, up to 1.9%). For their part, the investment in fixed capital maintains annual growth at 5.3% due to the upward review of growth in investment in equipment and construction, four decimals each, up to 5.6% and 6.6% respectively, to compensate for the review of the investment in intellectual property products, one point to 1.1%.

In terms of the external sector, in 2018, the annual growth rates for exports and imports of goods and services are revised downwards slightly (one and two decimals points, respectively, to 2.2% and 3.3%), with net external demand maintaining its contribution to the growth of GDP - 0.3 percentage points.

In the first semester of 2019, the Statistical Review also points to lower growth in real GDP, 2.1% compared to 2.3% previously, thus signalling a moderate profile of more pronounced activity. By components, the lower economic growth was due to domestic demand, and not just private consumption but also investment, partially compensated for by a greater contribution of net external demand (0.7 points compared to 0.3 points in the 2010 base). At the same time, the improvement of the foreign sector is explained by a growth rate slightly above that of exports (1.1% compared to 0.9%) and a greater fall-off in imports (six decimals more, up to -1%).





With regard to employment, in terms of equivalent full-time jobs, new figures for 2003 reflect a downward revision of around 100,000 jobs, which was progressively increased to register 460,000 fewer jobs in 2018. In terms of employment growth rates, the revision follows a pattern similar to GDP growth, falling by around a tenth in the period 1996-2018. In particular, in 2016 and 2017, the pace of job creation was reviewed downwards by one and two decimal points respectively to 2.8% both years; in 2018 it remained at 2.5% and in the first half of 2019, it went from 2.7% to 2.6% in the revised series.

The INE has reviewed the Quarterly Non-financial Accounts of the Institutional Sectors (CTNFSI), in accordance with the Statistical Review of the National Accounts Series.

By institutional sectors, the upward revision or the financial capacity of the Spanish economy in 2015 and 2016 is explained primarily by a greater financing capacity of non-financial companies (arising from the downward revision of compensation of employees, of net income paid and investment), partially proven by lower financing capacity of homes (compensation of employees revised downward) while in 2017 the two sectors contribute to practically the same extent to the upward revision of the external balance. However, in 2018, the highest financing capacity compared to that financed in June was due to the homes account, which went from a financing requirement of 1.2% of GDP, according to previous estimates, to a presenting a slight financing capacity (due to greater net salary income and current transfers received). As a result of this evolution, the rate of household savings was revised upward in 2018 by a point to 5.9% of the gross disposable income (GDI) of families, rising to 8.7% in the first half of 2019.

To conclude, as a reuslt of the 2019 Statistical Review of Spanish National Accounts, an economic cycle with a slightly shorter range was observed; a more balanced and sustainable growth pattern with positive contributions from both net external demand and domestic demand; a greater capacity for financing of the Spanish economy and a higher rate of household savings, which contributes to consolidating the healthier balance of this sector.

Furthermore, the changes arising from the Statistical Review of National Accounts have incorporated amendments to the potential GDP and output gap estimates for the Spanish economy based on the methodology of the European Commission. It shows once again, as explained in the Stability Programme Update 2019-2022 and as commented in section 2.3 on the Orientation of the Fiscal Policy of this Budgetary Plan, high volatility and uncertainty associated with the estimates obtained with said methodology.

The National Accounts Data show that the recovery has been somewhat less intense than estimated up to now, but also that the Spanish economy is growing based on a more balanced pattern than in previous years. From the first semester of 2019, domestic demand and net external demand contributed positively to growth, while in 2017 and 2018 net external demand contributed negatively to growth, by a tenth and three tenths respectively. Among the components of domestic demand, private consumption has reduced the rate of growth by one point, from 1.8% in 2018 to 0.8% in the first half of 2019, with the rate of household savings registering an historic minimum in 2017. In fact, in 2018 savings recovered and increased in the first half of 2019, reaching 8.7% of gross disposable income, contributing to a healthier balance for families. On the one hand, final consumption expenditure of the Public Administration by volume, having registered growth of 1.9%, closed the first semester at 2019 with an average annual increase of 2.2%.

Investment in fixed capital also contributed to less buoyant domestic demand in 2019 so far, with the growth rate for the first half of the year falling by close to half from 2018 (2.8% compared to 5.3% last year), as a result of continued uncertainty in the external environment, despite favourable financial conditions, reduced indebtedness of non-financial companies and the need to continue to replenish investments not made during the financial crisis. This slowdown in investment growth has affected both components: equipment goods and construction, which saw average annual rates for the period January - June this year of 3% and 3.5% respectively, practically half of those for 2018 as a whole (5.6% and 6.6%).

In terms of net external demand, after falling three decimal points from real GDP growth in 2018 and two more in 2017, it fell six decimal points in the first semester of 2019, fundamentally due to the fall-off in imports of goods and services, which registered an average contraction of 0.5% during the first semester of 2019 (after the increase of 3.3% for the year 2018) in line with more buoyant domestic demand. Exports, meanwhile, increased in the first half of the year by 1.3% year on year, nine decimal points higher than in 2018 (2.2%), as a consequence of lower growth in our export markets.

Despite the slowdown in activity in the part of our main trading partners, the Spanish economy maintained a high financing capacity with regard to overseas in 2019 to date, and a current account surplus that is also compatible with robust growth of real GDP, which would not have happened prior to our recent history. According to the Balance of Payments[1], the current account surplus is around 1,8% of GDP in the last twelve months up to June, and the Spanish economy has generated a financing capacity with regard to the overseas equivalent to 2.2% of GDP in the same period. The accumulation of positive foreign trade balances in recent years is allowing for the improvement of the Net International Investment Position, the debit balance of which stood at 79.9% of GDP in the second quarter of 2019, 5.2 points lower than for the same period last year (85.1%). Furthermore, this evolution of the Balance of Payments highlights the structural change experienced by the Spanish economy in combining sustained growth rates with current account surpluses.

With regard to the labour market, a notable rate of job creation has maintained, albeit more moderate in line with the less expansive performance of the activity and the unemployment rate continues to fall. According to the Labour Force Survey (EPA), in the second quarter of this year, 460,800 net jobs were created compared to a year previous, and unemployment fell by 259,500. This positive evolution of employment continued into the third quarter of 2019 according to Social Security registrations which grew by 2.5% year on year in the same period. It must be noted that in July this year, a historical record of affiliation was reached with a weight of the construction sector in total employment that has been reduced by practically half compared to before the crisis. Unemployment continued to fall over the first three quarters of 2019 with a year-on-year average reduction of 4.7%.

Thus, in the second half of 2019, youth unemployment (under 25s) remained at 33.2% and the long-term unemployed (more than 12 consecutive months unemployed) rose to around 1.2 million workers. The high rate of unemployment remains therefore one of the main imbalances in the Spanish economy and job creation remains a fundamental objective of economic policy so that the benefits of growth reach all of society.

With regard to the debt ratio of the Public Administrations on GDP, this figure has fallen more than three points from the maximum reached in 2014, to 97.6% at the end of 2018, in line with the commitment of the Spanish authorities to correct this imbalance. In parallel, there was an intense deleveraging in the private sector, with consolidated debt down by 70 points of GDP from the maximum reached in mid-2010, to sit at 133% of GDP[2] in the first quarter of 2019. Approximately two thirds of the reduction corresponds to non-financial companies and one third to homes.

In terms of prices, inflation, measured by the general year-on-year CPI rate, has continued its downward trend that started late last year as a result of the evolution of energy prices, standing at 0.1% in September 2019. Underlying inflation, meanwhile, remained at around 1%.

1 The Central Bank of Spain has reviewed the series of the Balance of Payments and the International Investment Position on a coordinated basis with that applied by the INE and by the General Intervention of the Tax Authority in relation to the accounts of the Public Administrations. As a result of this review, the financing capacity was revised upwards for recent years, 0.6% of GDP on average on average in the period 2010-2018 (around 1% of GDP in 2018), primarily due to the greater tourism balance.

2 The nominal GDP figure used is taken from the 2019 Statistical Review of Spanish National Accounts.

Progress is being made with the correction of imbalances relating to inequality in all its different dimensions: salaries, rent, consumption and wealth and intergenerational, territorial and gender distribution. This was a priority for this Government, with the aim of ensuring that economic growth and job creation is distributed more equitably across the population, allowing a more intense reduction of the GINI index[3] and the AROPE rate[4], among other indicators the maximum values of which were reached in 2014. In fact in the year 2018, the GINI index marked a greater level of inequality from the year 2009 with a fall of 2.7% compared to 2017.

To summarise, the Spanish economy continues to maintain a positive growth differential with respect to the euro zone, which was even extended in the first semester of this year. According to the figures of the Quarterly National Accounts figures (CNTR as per the Spanish), published recently by the INE, GDP increased by volume in volume by three decimal points on the Eurozone rate (1.2%), enabling Spain to continue leading growth among Europe's main economies.

1.2 Macroeconomic scenario 2019-2020: basic assumptions

The macroeconomic scenario that accompanies this 2020 Budgetary Plan is based on external hypotheses regarding exchange rates, oil prices, interest rates, Spanish export markets and global GDP, which have been prepared based on the information included in the European Central Bank's Macroeconomic Forecasts published in September and also based on the estimates of the Ministry of Economy and Enterprise.

Table 1.1 Basic Assumptions

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

	2018	2019	2020
Tipos de interés a corto plazo (euribor a tres meses)	-0,3	-0,4	-0,6
Tipos de interés a largo plazo (deuda pública a 10 años, España)	1,4	0,4	0,3
Tipo de cambio (dólares/euro)	1,18	1,13	1,13
Crecimiento del PIB Mundial, excluida la zona euro	3,8	3,1	3,4
Crecimiento del PIB de la zona euro	1,9	1,1	1,2
Mercados españoles de exportación	2,9	2,2	2,6
Precio del petróleo (Brent, dólares/barril)	71,5	64,3	60,2

Fuentes: Banco Central Europeo y Ministerio de Economía y Empresa

With regard to the international context, the provisions of the ECB point to more moderate growth in the global economy excluding the Eurozone than envisaged some months ago, from 3.1% in 2019 to 3.4% in 2020, due to less buoyant recovery than expected in some emerging economies and persistent trade tensions. In this context, economic growth in the Eurozone was also revised down, due to the weakening of the trust indicators and the persistence of uncertainty on a global scale, despite the positive effect of more favourable financing conditions and lower oil prices.

Short term interest rates will remain in negative territory this year and next and Spanish ten-year government debt yields are expected to fall to 0.4% in 2019 and 0.3% in 2020.

In terms of exchange rates, they are expected to stand at 1.13 dollars to the euro annual average throughout the projection period.

With regard to the prices of raw materials, the price of Bren oil, which was trading at over 80 dollars a

3 The GINI index takes the value of 0 for full equality and 100 for full inequality. An increase in the values of the index indicates, therefore, increased inequality.

4 The At-Risk-Of Poverty and Exclusion (AROPE) index is calculated based on three components: one referring to the year of the survey (severe material deprivation) and two to the previous year (risk of poverty and labour intensity of the household), and therefore each measure, in reality, refers to two years (mostly the year of the revenue).

barrel in October 2018, it fell at the end of the year to 60 dollars, influence in-part by the deceleration in global activity. In the early months of 2019, it rose again, surpassing 75 dollars in mid-May, in a context of geopolitical tensions, but it subsequently fell again to stand at around 60 dollars in early October. In this context, oil prices are forecast at close to 64 dollars a barrel this year, and slightly higher in 2019 in line with the trend in Brent futures prices.

With regard to Spanish export markets, rates of 2.2% for this year and 2.6% for next year, constituting a lower revised figure with respect to April estimates that accompanied the Stability Programme 2019, in line with the perspective son the evolution of demand in our main trading partners and ongoing uncertainty in relation to the international environment and in particular commercial tensions.

Macroeconomic Scenario 2019-2020: macroeconomic perspectives

The AIReF has seconded the Government's forecasts of the macroeconomic scenario of the included in the Draft Budgetary Plan 2020. The AIReF also considers that "the Government has acted prudently in drafting its projections in presenting a continued policy scenario consistent with the current situation of the caretaker Executive, and in making an effort to incorporate into its analysis the considerable impact of the review of the National Accounts series carried out by the National Institute of Statistics."

Similarly, the AIReF considers the basic hypotheses that reflect the risks arising from the external environment are feasible, that the composition of growth is credible and that no major distortions are identified in the projections of the last four years.

The macroeconomic scenario accompanying this Budgetary Plan extends recent trends, reflecting the continuation of the expansive phase of the Spanish economy while forecasting a moderation of growth in line with the maturity of the cycle and as anticipated by leading domestic and international bodies.

The Spansih economy's growth forecast for 2019 was revised down in light of the Update to the Stability Programme 2019-2022, by one decimal point to 2.1%, due almost entirely to the lower growth in real GDP in the last three years arising from the Statistical Review of National Accounts implemented by the INE in particular in 2018 and in the first quarter of 2019. Nevertheless, growth is maintained above the Eurozone average and is more robust and balanced than in recent years, settling on more solid foundations in a notable context of job creation, favourable financing conditions and advances in the correction of macroeconomic imbalances. For 2020, it is expected that the expansion, growth in real GDP of 1.8%, one decimal lower than the rate forecast in the Stability Programme last April, as a result of the dragging effect arising from the downward revision of 2019.

As signalled in the Update to the Stability Programme, the moderation of growth in comparison to 2018 forecast for this year responds to the maturity of the economic cycle, coherent with a lower rate of job creation and a slowdown in the engines of domestic demand, whose contribution to GDP growth has fallen to 1.5 percentage points in 2019 (2.6 points in 2018), increasing slightly in 2020 to 1.6 points. External demand, for its part, improved considerably in 2018 (-0.3 points) to record a surplus this year (0.6 points) and next (0.2 points).

Table 1.2 Macroeconomic outlooks

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

	ESA Code	2018	2018	2019	2020
		Nivel	% Variación		
1. PIB real	B1*g	108,5	2,4	2,1	1,8
2. PIB potencial			1,2	1,3	1,5
contribuciones:					
Empleo			0,5	0,6	0,7
Capital			0,4	0,4	0,4
Productividad total de los factores			0,4	0,4	0,3
3. PIB nominal (miles de millones de euros)	B1*g	1202,2	3,5	3,9	3,6
Componentes del PIB real					
4. Gasto final en consumo privado	P.3	107,7	1,8	0,9	1,2
5. Gasto final en consumo de las AA.PP.	P.3	103,9	1,9	2,0	1,5
6. Formación bruta de capital fijo	P.51	114,1	5,3	3,1	3,0
7. Variación de existencias (% del PIB)	P.52 + P.53	-	0,2	0,0	0,0
8. Exportación de bienes y servicios	P.6	113,7	2,2	1,7	2,3
9. Importación de bienes y servicios	P.7	113,1	3,3	0,1	2,0
Contribuciones al crecimiento del PIB real					
10. Demanda nacional		-	2,6	1,5	1,6
11. Variación de existencias	P.52 + P.53	-	0,2	0,0	0,0
12. Saldo exterior	B.11	-	-0,3	0,6	0,2

Fuentes: Instituto Nacional de Estadística y Ministerio de Economía y Empresa

Among the components of domestic demand, a declaration of nine decimal points is forecast for private consumption in 2019, to 0.9% and a slight recovery in 2020 to 1.2%. This path is coherent with the lower rate job creation and the expected recovery of the household savings rate from the historic low recorded in 2017. Private consumption will be fostered by the positive impact on disposable income of families and the increase in real salaries in a context of increased salaries and contained inflation. Real public consumption will grow this year to a rate of 2%, identical to last year's and slightly more moderately in 2020, by 1.5%.

Gross fixes capital formation is expected to continue to grow at robust rates, but somewhat more moderately than the last two years, in the region of 3%. In particular, investment in equipment is expected to grow by 3.6% this year, as is investment in construction, with increases of around 3.5% forecast for the two components. This slower growth in investment in the projection period compared to previous years is, to a large degree, attributable to a more complex international environment characterised by persistent trade and geopolitical tensions as well as uncertainty around Brexit, which is affection trade flows, manufacturing production and investment not only in Spain but also in other European economies.

With regard to the external sector, real exports of goods and services will grow 1.7% in 2019 and 2.3% in 2020, and imports will remain practically stable this year (0.1%) in line with lower growth in final demand and will recover next year, up to a rate of 2%.

In this context, the financing capacity of the Spanish economy compared to the rest of the world will remain above 2% of GDP this year and next, despite lower growth for our main trading partners, which will allow for the continued reduction of foreign debt. These balances exceed the projections in the Stability Programme 2019-2022 due to the Statistical Review of National Accounts mentioned above, which saw the financial capacity revised upward by around a percentage point of GDP on average for the period

2015-2018.

Equivalent full time employment is expected to increase in 2019 by 2.3% and to decelerate three decimal points in 2020 to 2% in line with the moderation of growth of the activity. The unemployment rate will fall progressively, to 13.8% this year and 12.36% next year.

Table 1.3 Evolution of the labour market (*)

	ESA Code	2018	2018	2019	2020
		Nivel	% Variación		
1. Población ocupada total (Empleo equivalente a tiempo completo. Miles)		17944,3	2,5	2,3	2,0
2. Tasa de paro (% de población activa)		-	15,3	13,8	12,3
3. Productividad por ocupado (miles de euros)		65,2	-0,2	-0,2	-0,2
4. Remuneración de asalariados (miles de millones de euros)	D.1	544,6	4,0	4,8	4,4
5. Remuneración por asalariado (miles de euros)(**)		35,6	1,0	2,1	2,2

(*) Datos en términos de Contabilidad Nacional, salvo la tasa de paro

(**) Remuneración por asalariado equivalente a tiempo completo

Fuentes: Instituto Nacional de Estadística y Ministerio de Economía y Empresa

Spanish economic growth is taking place in an environment of very moderate inflation, which facilitates the gains in competitiveness for our exports. In this regard, inflation is projected to remain contained during the projection period, in line with the moderation observed in the underlying inflation and with the deflators. In 2019, the private consumption deflator reached a rate of 1.5%, and the GDP deflator 1.7%o, expecting both rates to increase one tenth in 2020, to 1.6% and 1.8% respectively.

Table 1.4 Evolution of prices

	ESA Code	2018	2018	2019	2020
		Nivel	% Variación		
1. Deflactor del PIB		102,8	1,1	1,7	1,8
2. Deflactor del consumo privado(*)		103,2	1,5	1,5	1,6
3. Deflactor del consumo público		102,6	1,6	2,8	1,6
4. Deflactor de la formación bruta de capital fijo		105,4	2,3	4,5	3,3
5. Deflactor de las exportaciones (bienes y servicios)		102,4	1,1	0,5	1,2
6. Deflactor de las importaciones (bienes y servicios)		104,5	2,7	2,3	1,6

(*) Incluye hogares e instituciones sin fines de lucro al servicio de los hogares

Fuentes: Instituto Nacional de Estadística y Ministerio de Economía y Empresa

Table 1.5 Sectoral Balances

	ESA Code	2018	2019	2020
		% PIB		
1. Cap. (+) /Nec. (-) de financiación frente al resto del mundo	B.9	2,4	2,3	2,1
Saldo de intercambios exteriores de bienes y servicios		2,7	2,6	2,6
Saldo de rentas primarias y transferencias corrientes		-0,8	-0,8	-1,0
Operaciones netas de capital		0,5	0,5	0,5
2. Cap.(+)/Nec.(-) de financiación del sector privado	B.9	5,0	4,3	3,8
3. Cap.(+)/Nec.(-) de financiación del sector público (*)	B.9	-2,5	-2,0	-1,7

(*) Las cifras incluyen las ayudas financieras

Fuentes: Instituto Nacional de Estadística y Ministerio de Economía y Empresa

[2]

ORIENTATION OF FISCAL POLICY

As indicate at the outset, the Budgetary Plan 2020 is marked by the current situation faced by the Government which, acting in a caretaker capacity, is limited in its powers except in an emergency situation or duly justified cases of general interest. In this scenario, therefore, the caretaker Government cannot approve a General State Budgets bill for next year without approving budgetary stability objectives, which have a special incidence on the orientation of fiscal policy which is now presented.

It must also be highlighted that after the repeal of the Excessive Deficit Procedure last June, Spain is currently on the preventive arm of the Stability and Growth Pact and is subject to the transitional provision on debt.

2.1 Projected path of consolidation

Because the government is acting in a caretaker capacity, at this time, the Agreement of the Council of Ministers provided of in Article 15.1 of Organic Law 2/2012,of 27 Abril, on the Budgetary Stability and Financial Sustainability (LOEPSF), which sets the stability objectives and public debt referred to in the following three exercises. The application of the Law requires that the proposition or review of the budgetary stability objectives for the Public Administrations be accompanied by non-financial spending limit for the State Budget. However, because the Government is acting in a caretaker capacity, it was not possible to draft a Budget project, nor could it take any decision prior to setting the non-financial spending limit, and therefore it cannot tackle the review of the stability objectives.

The latest consolidation path in force is that approved by the Council of Ministers on 7 July 2017 and subsequently ratified by the Parliament for the period 2018-2020. In accordance with that path, the public deficit target for the Spanish Public Administrations as a whole is set at 2.2 per cent for 2018, 1.3 per cent in 2019, 1.3 per cent for 2019 and 0.5 per cent for 2020, as set out in the following table:

Table 2.1. Latest approved deficit targets

As a % of GDP

% PIB	2018	2019	2020
Administración Central	-0,7	-0,3	0,0
Comunidades Autónomas	-0,4	-0,1	0,0
Entidades Locales	0,0	0,0	0,0
Seguridad Social	-1,1	-0,9	-0,5
Total Administraciones Públicas	**-2,2**	**-1,3**	**-0,5**

Ministerio de Hacienda

Regarding that path, it should be indicated that the current Government considered from the very outset that it was not a realistic path. That is why, faced with the need for a clear analysis of the fiscal outlook, one of its first actions was to task the Independent AIREF with preparing a study of the macroeconomic and budgetary scenarios for 2018 and 2019 under the "no policy change" scenario, that is based on an unchanged macroeconomic scenario and income and expenditure trends within the current framework.

Based on this study, the Government considered that the most reasonable response was to update the stability objectives for the period 2019-2021 to adjust to the budgetary situation of 2018, to protect economic growth and employment creation and to respond to the doubts of the European Commission in relation to meeting deficit objectives.

Thus, the Council of Ministers approved, on 20 July 2018 last, new budgetary stability objectives and a breakdown of the subsectors. In accordance with said path, the public deficit target for the Spanish General Government as a whole would be set at 1.8 per cent for 2019, 1.1 per cent for 2020 and 0.4 per cent for 2021. However, this path was not ratified by the Parliament, which is a requirement provided for in the budgetary stability regulation.

Faced with the rejection of the General State Budget Bill (PGE) for 2019, elections were held on 28 April this year. In this context, and in accordance with the results obtained in the elections, the fiscal strategy presented by the Government for the Stability Programme was the result of the initial strategy projected in 2019, the impact of the extension situation for the State and Social Security, and the measures adopted by the Government: both social spending measures and discretionary measured to increase social contributions and to guarantee the sustainability of the Social Security system. Meanwhile, the package of tax measures contained in the PGE 2019 bill were carried over to the year 2020, along with the impact of new tax figures.

As a result of the above, the Stability Programme for 2019-2022, presented by the Spanish Government on 30 April 2019, estimated that the total public deficit of the Public Administrations would be reduced to 2% of GDP by 2019, balancing the budget by 2022. The objectives set out in the Stability Programme are the following:

Table 2.2. Deficit target included in the Stability Programme

As a % of GDP

% PIB	2019	2020	2021	2022
Administración Central	-0,5	-0,1	0,0	0,0
Comunidades Autónomas	-0,3	-0,1	0,0	0,0
Entidades Locales	0,0	0,0	0,0	0,0
Seguridad Social	-1,2	-0,9	-0,4	0,0
Total Administraciones Públicas	**-2,0**	**-1,1**	**-0,4**	**0,0**

Ministerio de Hacienda

Subsequently, the European Commission, after the analysis of the Stability Programme, published a deficit projection for Spain of 2.3% of GDP in 2019 and 2% of GDP in 2020; values in excess of those projected by the Government, but under the reference value of the Treaty of 3% of GDP in the horizon projected and in both cases above the latest objectives approved in 2017, confirming th need to amend that path.

At this time, faced with the impossibility of forming a Government after the elections of 28 April and without being in a position to rely on a budget approved on 1 January 2020, the situation with respect to the projection of the Stability Programme have changed substantially for the years 2020 on.

That is why this section, more than an orientation of fiscal policy to reach a certain path, details the budgetary projections for th year 2019 and 2020 given the current context, which will necessarily require the presentation of an update to the Budgetary Plan with the fiscal orientation projected for 2020 as soon as possible.

Thus, for the year 2019, as contained in the second Notification of the Procedure for Excessive Deficit issue in 30 November last, Spain confirms the target set for 2019 in the Stability Programme and projects that the balance of the Public Administrations will fall -2.5% of GDP in 2018 (data from second Notification of the Commission) to -2% of GDP in 2019. This is a realistic and credible projection that has also been ratified by the AIReF in its report on forecast compliance with budgetary stability targets, public debt, and spending rules in 2019, drafted and published last July.

For 2020, the focus followed is based on an unchanged fiscal scenario that does not include any additional measure. Thus, the scenario will not incorporate on the revenue side the taxation package that accompanied the Draft General State Budget for 2019 or the creation of new tax figures, which were included in the Stability Programme, having considered at that moment that they would be contained in the new Budget for 2020. Nevertheless, certain measures were included for next year, aslo already incorporated into the Stability Programmed, it being considered they will be adopted regardless of the scenario as there is a general consensus among the main political groups. Such is the case of the implementation of the Government Agreement with trade unions for the improvement of public employment, the revaluation of pensions and the implementation of certain recommendations put forward by the AIReF within the framework of the public spending review process.

Moreover, this fiscal strategy has been updated with information relation to revenue and budgetary execution for the year 2019, having incorporated the latest macroeconomic provisions available.

Similarly, new objectives also allow for the continued reduction of public debt, which will be consolidated when primary surpluses begin to be recorded from 2019, something which has not occurred since 2007.

Table 2.3 General Government Debt Development (Q13) and Forecasts

	ESA Code	2018	2019	2020
1. Ratio deuda / PIB[a]		97,6	95,9	94,6
2. Variación de la ratio deuda / PIB		-1,0	-1,7	-1,2
Contribución a la variación en la ratio deuda / PIB				
3. Saldo presupuestario primario		-0,1	0,2	0,4
4. Intereses pagados	D.41	2,4	2,3	2,2
5. Ajuste stock-flujo		-0,2	-0,1	0,4
p.m.: Tipo de interés implícito sobre la deuda		2,6	2,4	2,3

a Según definición del Reglamento de la CE número 479/2009

Fuente: Ministerio de Economía y Empresa

2.2 Revenue and expenditure projections

Table 2.4 shows the principal areas of public revenue and expenditure for the years 2019 and 2020. These projections, as commented previously, were made for an unchanged scenario. The tax measures that accompany the 2019 General State Budget project have not been taken into account, nor has the creation of new tax figures, but the impact on pay arising from the trade union agreement was considered, as were the pensions revaluation and the impact of the Spending Review recommendations present by AIReF relating to non-hospital pharmaceutical spend, incentives for contracting and spend on subventions.

In accordance with the tax projections, the deficit will be reduced to 2% of GDP in 2019, a figure which matches the target set out in the Stability Programme and in the Notification issued to the European Commission on 30 September.

For 2020, as a result of the revenue and expenditure projections in a no change scenario in the terms set out, the estimated deficit is equivalent to 1.7% of GDP, above the objective set out in the Stability Programme. On the one hand, as indicated this is due to the fact that the projections for 2020 were not considered in the package of tax measures contained in the General State Budget for 2019, nor the creation of new tax figures and, on the other hand, due to the update of the projections in the new macroeconomic scenario.

In 2019, the public revenue to GDP ratio rose to 38.5% and the expenditure to GDP ratio rose to 41.3%, representing a slight increase both in both resources and jobs compared to the most recent forecasts in the Stability Programme.

On the resources side, an increase of more than two decimal points in GDP on the previous forecasts of the Stability Programme is estimated, which constitutes a slight increase on the 39.2% reached in 2018. The increase in tax revenue, in line with the positive economic context, however, has been limited by two reasons. On the one hand, due to a series of factors, such as those due to extraordinary returns arising from the exemption of IRPF for maternity, and the resolution of TEAC relating to an act on Corporation Tax to a large company. On the other hand, the impact of fiscal reform, such as IRPF measures approved in General State Budgets of 2018 or the exemption of two quarters from the tax on the Value of Electricity Production (IVPEE) introduced by Royal Decree-Law 15/2018, of 5 October, of urgent measures for energy transition and consumer protection.

If we proceed to analyse the different items comprising revenue, it is estimated that taxes on production and imports will grow at a rate of 2.2%, a rate somewhat inferior to the performance registered the previous year. Income and wealth taxes also showed a slowdown in growth, reaching a growth rate of 5.3%, weighed down to a great extent by extraordinary returns and the impact on fiscal reforms, as commented above.

The State's tax revenues include collection results of the prevention and fight against tax and customs fraud obtained by the Tax Authority (AEAT), that is, the amount, in collection terms, arising from the actions carried out by the AEAT, for the prevention and control of fraud (income from administrative settlements and for the lowering of reimbursements), as well revenue arising as a result of such actions (late self-assessments).

Tax collection results in the prevention and the fight against fraud of the Agencia Tributaria in 2019 are in line with the good data from the past year, where 15.088 billion euros, 2% greater than in 2017, which comes to consolidate the trend observed in the previous years. These 2018 results are the highest in the history of the Agencia Tributaria, alongside the results obtained in 2015 which, we ought to remember, included the effects of the two “singular” files which, due to sums (2.709 billion euros) and the characteristics, it is difficult to repeat it at the time.

Together with these results, the actions of the Agencia Tributaria aimed at bringing down the numbers of negative tax bases, deductions and rates to be returned declared by taxpayers, which, without doubt, will have a positive impact on gross and liquid revenue in future years.

The forecast revenue 2020 is an unchanged or trend forecast, and therefore does not include the impact of the package of tax measures announced in the 2019 General Budget and contained in the Draft Budget Bill and April’s Stability Programme which forecast an increase in revenue of 5,654 million euros. In this unchanged scenario, it is projects that the total revenue of the Public Administrations will be 39.6% of GDP, reaching 512,032 million euros. It is estimated that taxes on production and imports will register growth of 4.6%,reaching 150,684 million euros, largely explained by the buoyant performance o expected of taxes on products, with estimated growth of 5.1%, reaching 129,087 million compared to growth of 2.3% in 2019, both due to the favourable evolution of the final private consumer spending deflator and private consumer spending. Taxes on production show more moderate growth of 1.7% reached 21,597 million euros, a rate in excess of 1.4% registered in 2019.

Taxes on income and wealth are expected to grow at a rate of 5.1%, driven by expected growth of taxes on household income of 5.9%, which constitutes a slight deceleration compared to the 6.2% in 2019, arising from the increase in wages (from 2.1% to 2.2%) and the evolution of employment forecast (form 2.3% to 2%). It is estimated that corporation tax revenue will reach 31,205 million euros which represents a rate 2.3% in line with that reached in 2019.

With regard to the revenue from contributions, it is projected that 2019 will see very buoyant growth of up to 12.8% of GDP, compared to 12.4% of GDP in 2018. This result is due to the performance of the labour market and increases in salaries, and the impact of the measures adopted at the end of 2018. These included the increase in the Minimum Wage, which resulted in an increase in the minimum level contributions, and the passing of Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures. The re-instatement of the unemployment subsidy for those aged over 52 and the re-instatement of the collective agreement on the contributions of non-professional carers of dependent persons will also lead to greater revenue form social contributions.

2020 will not see such dynamic growth and it should reach 12.9% of GDP. This growth is due to the measures to increase revenue with an impact in 2019; while they become consolidated, they will not provide additional revenue in 2020 and only the impact of the implementation of some of the recommendations of the AIReF on incentives for contracting within the framework of the public spending review process, for the sum of 500 million euros in 2020,this being an ex-ante appraisal.

Finally, we must highlights that the Executive Plan for Jobs with Dignity is already providing benefits in terms of the conversion of part-time contracts into full-time and in tackling the emergence of the falsely self-employed, which also impacts positively on the social contributions, both for 2019 and 2020.

Finally, it is estimated that investment assistance will grow both in 2019 and in 2020, for better revenue projections for the FEDER, FEADER and FEMP funs than included in the Stability Programme. Thus, with regard to the previous year, investment assistance and other capital transfers will grow 0.3% in 2020.

With respect to expenditure, as indicated it is estimated that at year end a jobs to GDP ratio of 41.3% or up to 516,323 million.

Employee compensation is projected to increase at the end of the year, 4.4% year-on-year to reach 10.7% of GDP, brought about fundamentally by the performance Territorial Administrations during the first half of the year, which are growing ahead of initial projections. This rubric incorporates, in accordance with the Trade Union Agreement, wage increases of 2.25% for public employees in 2019, more than an additional 2.5% for 2019, equal or superior to 2.5% in accordance with the advance data published by the INE, an another 0.25% corresponding to additional funds. For 2020 it is projected that the rubric is maintained stable at 10.7% of GDP as a reuslt of the application of the provisions of the aforementioned Trade Union Agreement.

Spend on intermediate consumption is also up on the projections in the Stability Programme, rising to 5% of GDP, highlighting the impact of the electoral processes that ultimately will be carried out in the exercise and that, it total, are estimated at 470 million euros. For 2020, in line with the performance observed in the Territorial Administrations it is projected to remain at 5% of GDP.

Social transfers in kind are projected to grow slightly, due to an increase in this spend, which was up 5% up to July. It is expected to remain at 2.5% of GDP in 2019 and 2020. That includes the impact of incorporating the AIReF recommendations in the evaluation project 2: “Medicines dispensed through medical prescription”. Thus, it is estimated that the implementation of these measures will result in savings of 50 million euros and 200 million euros in 2019 and 2020 respectively.

With regard to social provisions other than social transfers in kind, these showed growth up to June of 7.7%, with the projection up the end of the year reaching 15.7% of GDP, slightly above the provisions of the Stability Programme. For 2020, it includes a projected increase of pensions in line with the projected CPI of 0.9%, reaching 15.8% of GDP.

Interest, up until July, in consolidated terms, without including Local Corporations has fallen 3.4%, and therefore it is projected that this downward trend will continue due to falling interest rates, reaching a level of 2.3% of GDP, lower than 2018. As was already included in the Notification sent on 30 September last, forecast interest expenditure for 2019 stands at €28,118 million euros. For the year 2020 that sum is projected to continue to fall, although this trend will ease somewhat and it is expected to reach 2.2 of GDP.

Spending on subsidies is maintained practically constant, at around 0.6% year on year, and in line with the projection issued in April. For 2020, as indicated in the Stability Programme, the implementation of the recommendations of the AIReF, in Project 1: "Evaluation of the Subsidy Strategy and Procedure", will allow for very contained growth forecasts for subsidies at around 1% year-on-year to be delivered upon.

With regard to investment spending, we must highlight that compared to the 1.8 billion euros for Asset Liability of the Administration for bankrupt motorways included in 2018 under Gross Capital Formation (GFCF), this year only 120 million is projected for the Madrid-Toledo Motorway. The forecast notified on 30 September last for this component was €25.071 billion euros. For 2020, it is projected that GFCF will rise to 2.1% of GDP, as a result of the financially sustainable investment and the impact of greater expenditure arising from the EU structural funds which increase in this period.

Finally, with regard to other capital expenditure, which rises to 8.449 billion euros for 2019, includes, among other items, expenditure on IRPF returns for maternity provisions, for a sum of 885 million euros. For 2020, this element is not repeated and the sum rises to 7.938 billion euros, including expenditure arising from damages cause by the DANA terminal for the sum of 774 million, with no equivalent in 2019.

Table 2.4 Income and expenditure targets for the whole General Government

% de GDP

	ESA Code	2018	2019	2020
1. Objetivo ingresos totales	TR	39,2	39,3	39,6
De los cuales				
1.1. Impuestos sobre la producción e importaciones	D.2	11,7	11,5	11,6
1.2. Impuestos corrientes sobre la renta y riqueza, etc.	D.5	10,6	10,7	10,9
1.3. Impuestos sobre el capital	D.91	0,5	0,4	0,4
1.4. Cotizaciones sociales	D.61	12,4	12,8	12,9
1.5. Rentas de la propiedad	D.4	0,7	0,7	0,6
1.6. Otros		3,3	3,1	3,1
p.m.: Presión fiscal (D.2+D.5+D.61+D.91)		35,4	35,8	36,1
2. Objetivo gastos totales	TE	41,7	41,3	41,3
De los cuales				
2.1. Remuneración de empleados	D.1	10,6	10,7	10,7
2.2. Consumos intermedios	P.2	5,1	5,0	5,0
2.3. Transferencias sociales	D.62, D.63	18,0	18,2	18,3
De las cuales prestaciones de desempleo		1,4	1,5	1,5
2.4. Intereses	D.41	2,4	2,3	2,2
2.5. Subvenciones	D.3	1,0	1,0	1,0
2.6.Formación bruta de capital	P.5	2,1	2,0	2,1
2.7. Transferencias de capital	D.9	0,9	0,7	0,6
2.8. Otros		1,5	1,5	1,6

Ministerio de Hacienda

Based on this closing projection for 2019, the unchanged scenario for 2020 would result in a public deficit of 1.7% of GDP. It is the will of the Government however, to where possible issue an updated to the Budgetary Plan with the orientation of fiscal policy, incorporating all measures provided for in the Stability Programme and all the measures necessary to ensure compliance with the commitments acquired with Europe and the necessary structural adjustment to accelerate the reduction of the debt/GDP ratio.

Comparison with European Commission forecasts

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

Table 2.5 Comparison with European Commission forecasts

As a % of GDP

	2019		2020	
	España	Comisión Europea	España	Comisión Europea
Ingresos totales	39,3%	38,9%	39,6%	38,9%
Gastos totales	41,3%	41,2%	41,3%	41,0%
Déficit público	2,0%	2,3%	1,7%	2,0%

Ministerio de Hacienda

In relation to 2019, the public deficit forecast stands at 2% of GDP, in line with the European Commission projections which estimates it at 2.3%. The main differences are in the total volume of revenue projected and, to a lesser extent, the expenditure projection.

The European Commission estimates a revenue-to-GDP ratio of 38.9% compared to the 39.3% estimated by the Government. In this respect, it must be pointed out that the European Commission data is from the month of May while the Government's projection has been updated for the preparation of this document. The latter is based, therefore, on the more recent National Accounts data, covering a longer period of time and more indicative of revenue performance over the course of the year.

These data correspond to the month of August for the State, and the month of July for the Central Administration, Autonomous Communities and Social Security, and the second quarter for the General Government showing the strength of revenue in particular social contributions.

It is also necessary to underline that the AIReF revenue projection published in the month of July, of 39.1%, on the occasion of the report on expected compliance with the budgetary stability objectives, public debts and spending rules 2019, is very close to the Government's projection.

With regard to expenditure, the European Commission forecasts a figure of 41.2% of GDP, while the Government's estimate is 41.3%. Once again, the forecast included in this document takes the latest performance data which provide more accurate information on the main items of expenditure. In this case, a slight acceleration in certain items of spending is observed, highlighting among them compensation of employees, such that it has been considered prudent to adjust this forecast upwards. Once again, this forecast is in line with the forecasts of AIReF which estimate total volume of expenditure equivalent to 41.1% of GDP.

In the scenario put forward for 2020 the forecast public deficit is 1.7% of GDP, compared to the European Commission's projection of 2%.

2.3 Orientation of the fiscal policy

For the purpose of analysing the orientation of fiscal policy, Table 2.6 displays the real GDP growth rates and well as potential GDP estimates, the contributions to potential growth of the main determinants thereof and output gap forecasts for the 2018-2020 period, following the methodology of the production function used by the European Commission (EC) and agreed within the Output Gap Working Group (OGWG). As in the Stability Programme 2019-2022, population projections published by the INE and a semi-elasticity of 0.60 have been used.

As already indicated in the latest Update to the Stability Programme, potential GDP estimates and output gap for the Spanish economy contained applying the methodology of the European Commission have shown volatility and uncertainty, evident once again after the inclusion of the recently reviewed national account figures.

It is therefore necessary to exercise caution in the analysis of compliance with the fiscal policy recommendations established by the European Commission, which take into consideration the output gap, a volatile and uncertain variable, and with regard to the analysis of the suitability of fiscal policy which would vary substantially depending on the stimulus measures used.

Table 2.6 shows the continuation of the expansive phase of potential GDP initiated in 2014, accelerating slightly this year and next, with the rate reaching 1.5% in 2020. This potential growth performance is explained by the major contribution of the work factor, which would reach 0.7 percentage points in 2020, while both total factor productivity (TFP) and the capital factor maintain a relatively stable contribution of around 0.4 percentage points. The recovery of the working factor is largely explained by the reduction of the structural unemployment rate and growth projected for the population of working age.

As a result of the performance of real and potential GDP, the output gap would have been closed in 2018 and it is expected to be extended to around 1.5% of potential GDP next year.

With regard to the Country Specific Recommendations (CSR) for Spain, approved by the European Council in July 2019, in the fiscal sphere it is recommended that the public spending for 2020 does not exceed 0.9%, corresponding to a structural adjustment of 0.65 percentage points of GDP.

The General Government deficit for 2019 is projected at 2% of GDP. In 2020 and with an unchanged present scenario, the General Government deficit would stand at 1.7% of GDP. This would be the ratio in the case that no new economic policy measures could be adopted, having an impact on revenue and public spending. Consequently, the adjustment for next year would proceed in full from the economic cycle, as it is an unchanged scenario.

Table 2.6 Budgetary goals for the all of General Government and its sub-sectors

As a % of GDP

	Código ESA	2018	2019	2020
Capacidad o Necesidad de financiación por subsectores en % del PIB				
1. Total Administraciones Públicas	S.13	-2,5	-2,0	-1,7
Total Administraciones Públicas (S.13) (% PIB, salvo indicación en contrario)				
6. Intereses	D.41	2,4	2,3	2,2
7. Saldo primario		-0,1	0,2	0,4
8. Medidas One-off y otras medidas temporales (*)		-0,3	-0,2	-0,1
de las cuales ayuda financiera		0,0	0,0	0,0
9. PIB real (% variación)		2,4	2,1	1,8
10. PIB potencial (% variación)		1,2	1,3	1,5
contribuciones:				
Empleo		0,5	0,6	0,7
Capital		0,4	0,4	0,4
Productividad total de los factores		0,4	0,4	0,3
11. Output gap		0,5	1,3	1,5
12. Saldo cíclico		0,3	0,8	0,9
13. Saldo cíclicamente ajustado (1-12)		-2,8	-2,8	-2,7
14. Saldo primario cíclicamente ajustado (13+6)		-0,4	-0,5	-0,5
15. Saldo estructural (13-8)		-2,5	-2,6	-2,6

(*) Un signo positivo se corresponde con medida de reducción del déficit.
Fuentes: Ministerio de Economía y Empresa y Ministerio de Hacienda

According to the calculation of the Expenditure Benchmark based on the methodology of the European Commission in an unchanged scenario, computable net nominal public spending would grow 3.5% in 2019 and 5.1% in 2020. In any case and with respect to 2019, it is necessary to indicate that, despite the budgetary extension scenario, the Government has adopted discretional revenue measures that have allowed it to contain growth of primary net spending this year to 0.6 percentage points compared to the growth that would have occurred had it not adopted these additional discretionary spending.

Table 2.7 Calculation of the Expenditure Benchmark

Billions of euros, unless indicated otherwise

	2018 (A)	2019 (P)	2020 (P)
PIB nominal (1)	1202,2	1248,8	1293,7
Gasto total Administraciones Públicas (2)	501,5	516,3	534,5
Intereses (3)	29,3	28,1	27,9
Gasto financiado con Fondos Europeos (4)	6,6	4,8	5,3
Formación bruta de capital fijo financiada con fondos UE	*4,8*	*3,7*	*4,4*
Formación bruta de capital fijo total	*25,7*	*25,1*	*26,8*
Formación bruta de capital fijo financiada por España (5)	20,9	21,4	22,4
Media formación bruta de capital fijo financiada por España cuatro últimos años (6)	21,2	20,9	21,4
Gasto cíclico prestaciones por desempleo (7)	0,2	-0,9	-1,9
Gasto computable corregido 8 = 2-3-4-5+6-7	**465,6**	**483,8**	**502,2**
Medidas discrecionales de ingresos (9) (*)	1,7	6,2	2,2
One-offs ingreso (10)	0,0	-0,7	0,0
One-offs gasto (11)	-3,8	-1,7	-1,1
Total one-offs (12)	-3,8	-2,4	-1,1
Medidas discrecionales de ingresos sin one-offs de ingreso (13) (*)	2,5	6,9	1,5
Gasto computable corregido sin one-offs de gasto (14) = (8) + (11)	**461,8**	**482,1**	**501,1**
Gasto computable corregido neto de medidas discrecionales de ingresos y one-offs (15) = (14) - (13)	459,4	475,2	499,6
Crecimiento gasto nominal computable corregido neto de medidas y one-offs	**4,4**	**3,5**	**5,1**

(*) En términos incrementales.

Fuentes: Ministerio de Economía y Empresa y Ministerio de Hacienda.

[3]

BUDGETARY PLAN OF THE CENTRAL GOVERNMENT

AND SOCIAL SECURITY

The impossibility of forming a government after the elections last April led to the calling new general elections, which will be held on 10 November. In this context, the Government is acting in a caretaker capacity and its powers are limited, except in an emergency situation or duly justified cases of general interest. For this reason, the Government cannot approve a General State Budget Bill for 2020 within the terms determined by the legislation in force.

The failure to present a General State Budged Bill for 2020 for approval before the first day of the financial year, this will lead to the automatic extension of the budget currently in force for 2020. The General State Budget covers the budgets of the Central Government, encompassing the State and its Bodies and the Social Security System. Therefore, the budgetary extension will affect not only the State budget but also its entire institutional framework, including its public state companies, funds and foundations and the Social Security public.

In any case, and as has been pointed out, once a Government is formed, the budgetary stability objectives will be reviewed for the General Government as a whole, in accordance with the application of the Law, and the non-financial spending limits of the State Budget will be limited for the drafting of the General State Budget Plan for 2020.

3.1 Extension of the State Budget

State expenditure budget

The budgetary extension implies the extension of the initial budgets of the previous year, eliminating borrowing for spending corresponding to programmes or actions completed in the financial year of which the budget is extended and the obligations of same are extinguished, adapting the existing ministerial structure.

This constitutes an added difficulty as of today, given that the 2018 budget was itself an extension of the 2018 budget, adapted both to the new organic structure and the spending needs and political priorities of the year 2019.

Moreover, the budgetary extension might be accompanied by measures to improve the management and control of public expenditure to guarantee compliance with the budgetary stability commitment, as happened in the occurred in 2019 with the 2018 General State Budget. As an example of these measures, it is worth citing the establishment of the obligation of the ministerial department to submit to the Ministry of Finance a half-yearly calendar specifying all the actions it plans to initiate in 2020 and the involve certain expenditure items or the establishment of certain limits for the initiation of new expenditure components.

In any case, it must be recalled that during the budgetary period, the budgetary amendments considered necessary for the adaptation of budgetary items and to be able to undertake those actions considered priorities.

Despite the extension in which the 2020 budgetary year will begin, it is considered that the Government formed after the next general elections will present a new 2020 Budget to parliament for approval, adapting to the new budgetary stability objectives that must also be approved and the corresponding income estimates.

In line with that explained above, there are certain spending measures on which there is a general consensus among the principal political forces and which will be implemented in any scenario. That is why the impact has been incorporated in the fiscal projection that sustains this Budgetary Plan in the context of an unchanged scenario. They consist of a pay increase for public employees and the pension revaluation.

The 2nd Agreement for the Improvement of Public Sector Pay and Conditions, reached between the Government and the Trade Unions on 8 March 2018,covering the period 2018-2020. Specifically for 2020, a pay rise of 2% is established for all public employees (national, regional and local), to which the variable percentage linked to the performance of GDP, which could reach 1% if real GDP grows 2.5% in 2019. If GDP growth is lower than that, the variable increase would be reduced considerably. Public employees will also have an additional 0.3% of additional funds that must be assigned to measures such as the implementation of improvement plans or projects to improve productivity or efficiency, the review of specific complements between positions with comparable functions, the approval of grade allowances and pension plan contributions.

In terms of the revaluation of pensions, it is assumed that this would be done on the basis of CPI at the end of the year. Therefore, given the recent performance of prices and projections for this last quarter of the year, it is estimated the revaluation could reach 0.9%. The State Budgets would impact the increase in passive class pensions, which are those paid from the minimum, for a sum of 141 million euros, with the rest corresponding to Social Security.

State revenue budget

With regard to revenue, the impossibility of presenting a General State Budget for 2020 means that next year will be marked by the absence of new tax revenue measure.

The unchanged scenario presented in this Budget Plan for 2020 does not include any tax package that accompanied the Draft General State Budget for 2019, or the creation of new tax components that were included in the Stability Programme after considering they would be resumed in the new budget for 2020.

In this scenario, without new measures, it is projected that tax revenues will grow by around 4.8%. It is estimated that taxes on productions and imports will register growth of 4.6%, reaching 150.684 billion euros. This growth is explained by a better year in 2020 than the previous year for taxes on products, as a result of the favourable performance of both the final consumer spending deflator and the final private and final private spending.

Taxes on income and wealth would grow at a rate of close to 5%, slightly below the rate for 2019, due to a mild slowdown in employer compensation and job creation.

3.2 Extension of the Social Security Budget

The 2019 General State Budget which was rejected by the Parliament contained a wide range of social measures to respond to the most pressing problems for citizens and protect the welfare state, reinforcing allocations to education, health, dependency and pensions while preserving the medium and long-term sustainability of the system.

Many of these measures, both expenditure and revenue, were implemented via the corresponding standards, and therefore in the context of the extension of the Social Security budget in 2020, said measures will remain in force:

- Royal Decree 1462/2018, of 21 December, establishing the Minimum Wage for 2019.
- Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.
- Royal Decree-Law 6/2019, de 1 March, on urgent measures to guarantee equal treatment and equality of opportunity between women and men in employment and occupation.
- Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day

Furthermore, as indicated in the previous section, fiscal provisions included in this 2020 Budgetary Plan include the revaluation of pensions in 2020 in line with the CPI registered at the end of the year, estimated at around 0.9%.

With regard to the evolution of social contributions, it is forecast that 2020 will not see growth as buoyant as in 2019, fundamentally because in 2019, measures were adopted to increase contributions that while consolidated do not constitute any addition revenue in 2020.

In any case, the employment market is maintaining a notable rate of job creation in 2019 and following the reduction of the unemployment rate, having registered maximum highs for Social Security affiliation. For 2020, a slight deceleration in job creation is projected, which is compatible with the projected increase in contributions.

Finally, social contributions for 2020 have incorporated the impact of the implementation of some of the recommendations formulated by the AIReF in the framework of the public spending review being carried out, given that this process is a commitment of Spain with its EU partners and it is considered that it will be executed in any future scenario.

The second phase of this process will be developed during 2019 and early 2020 and, among other areas, will revolve around hiring incentives. These incentives, for which there is a credit of 2.6 billion euros in the extended 2018 Budget in 2019, mean a reduction of revenue from social contributions.

In relation to this project, it is estimated that the reorganization of existing incentives could have an annual impact of 500 million euros from 2020, which would impact positively on social contributions and the sustainability of the Social Security system. These estimates, prudent as they are, have been incorporated into the fiscal projections of the budgetary plan.

[4]

BUDGET PLAN FOR AUTONOMOUS COMMUNITIES

In 2019 all Autonomous Communities (with the exceptions of Aragón, Castilla y León, Castilla-La Mancha, Catalonia, the Basque Country and La Rioja, which extended their budgets), have approved their General Budgets for 2019, with a scenario of meeting the budgetary stability objective of -0.1% of regional GDP. That stability objective corresponds to the one currently approved in the Parliament, even where the Government's proposal for the entire Autonomous Community sub-sector, reported on favourably in the Council of fiscal and financial policy, corresponds to an update of that objective to -0.3% of GDP. In relation to the spending rule, in 2019 the information published by the Ministry of Finance in relation to the details of the calculation of the computable spend arising from the budgets approved by the Autonomous Communities has been extended, with compliance with the established reference rate established at 2.7%.

The 2019 autonomous regional budgets were certainly conditioned by circumstances that we summarise below. In accordance with the state and autonomous budgetary cycle, in July 2018, the Autonomous Communities were given notice of the sums they were to receive in 2019 in the form of down payments and liquidations of resources form the autonomous financing system, so that, in line with the standard procedure, the Autonomous Communities initiated the drafting of their respective budgets based on said sums.

The circumstances whereby the 2019 Draft General State Budget fails to be approved and the failure to update the stability objective indicated above, has led to a more demanding scenario for the Autonomous Communities in 2019 compared to that contemplated in the central Government forecasts.

Furthermore, the budgetary extension for 2019, combined with a caretaker Government, with the limitations in terms of legislative initiatives it can take may itself promoted conditioned at the same time by the terms arising from the elections called, has produced a degree of uncertainty with respect to the materialisation of the update to the deliveries on account. This is how the corresponding initiative were tackled to be completed before th end of the year in order to align insofar as possible with the scenarios set out in the autonomous community budgets with real execution of said drawdowns Those 2019 drawdowns are updated through Royal Decree-Law 13/2019, of 11 October. The total increase of drawdowns from the AC financing system by Autonomous Communities between 2018 and 2019 is 6.818 billion euros, 7.1% more than total drawdowns in 2018. This is the highest value for drawdowns in the historical series.

With regard to 2020, the circumstances detailed condition the preparation of the General State Budget for the year 2020 and, therefore, also the communications referring to sums to be transferred to the Autonomous Communities in the form of resources from the system. This way, with no central Government approving the non-financial spending limit and without any project presented for next year, some Administrations have announced the provisional extension of their budgets for the financial year 2019, while others have opted to initiate actions to present their Budget projects to the legislative chambers. In any case and just like in 2016, these circumstances have conditioned the issuing of information along the fundamental lines of the 2020 budget for autonomous communities.

The aforementioned uncertainty notwithstanding, that does not mean the Ministry of Finance cannot avail of information for the Autonomous Communities as a whole for projections of the economic-financial scenarios considered for 2020, in accordance with the publication of information derived from the Economic-Financial Plans in force, from the adjustment plans from the adjustment plan and from other information that might be released in accordance with the regulatory standards on budgetary stability and the performance of the Financial Facility of the Autonomous Communities Financing Fund. In any case, just as in previous years, monitoring of the draft autonomous budgets presented will be carried out on the part of the Ministry of Finance, ensuring among other things their compatibility with the budgetary stability objectives and the sums that might projected in relation to the budgeting of the resources financing system subject to drawdown and liquidations.

In the scope of extraordinary financing mechanisms, five Autonomous Communities have formalised and agreed the corresponding Adjustment Plan in the first four months of the year. With regard to compliance with fiscal rules, in accordance with the report of Article 17.3 LOEPSF, with advance data, four Autonomous Communities would have been in breach of one of the fiscal rules in 2018, grounds for submission of an Economic-Financial Plan for 2019-2020. Those plans must be subject to the approval of a plenary session called by the Fiscal and Financial Policy Council. Nevertheless, its processing was affected by the issuing of the communications send in application of Articles 9 and 14 of the LOEPSF, alluded to in the previous paragraph, given that the measures that might arise from such communication should be incorporated into said Plans during their processing.

The circumstances described above, which include a scenario of compliance with the most demanding fiscal rules for the Autonomous Communities for the reasons alluded to, have determined that, in light of the information available, the Ministry of Finance detected certain risks of non-compliance with the budgetary stability objective or spending rules on the part of some Autonomous Communities. At the same time, said detection of risks has been shared in different reports issued by the AIReF. As a result, in the month of August, the requirement provided for in Article 24 of the LOEPSF arising from the monitoring of the Economic-Financial Plans in force, was issued to Aragón, Asturias, Castilla y León, Castilla-La Mancha, Catalonia, Extremadura, Madrid, Murcia, La Rioja and Valencia, and the notices of hearing provided for in Article 19 LOEPSF were issued as warnings of the risk of breach of fiscal rules to Andalusia, the Balearic Islands, the Canary Islands, Cantabria and Navarra.

All the affected Autonomous Communities responded. In the case of communications issued in application of Article 24 LOEPSF, the responses will be assessed in the context of the monitoring of the Economic-Financial Plans of the second quarter, as indicated in the applicable regulation, and in the case of those issued in application of Article 19 LOEPSF, the corresponding analysis will be carried out for the purposes of proceeding, where applicable, with the formulation of the warning provided for in said article.

In any case, the details of the measures communicated by the Autonomous Communities, along with any others projected on the part of the Autonomous Administrations are the following:

In terms of revenue, the 2019 measures amount to 547 million euros, highlighting primarily the effect arising from the homogenization of the maximum rates of the autonomous tranche of the Tax on Fossil Fuels which, from 2019, will include the special state rate, the impact of which will amount to 342 million euros. The non-taxation measures, which amount to 208 million euros, fundamentally consist of the disposal of investments and assets of the Autonomous Communities, while the latest information received include certain disposals planned for this year have been postponed until next year. In relation to Personal Income Tax, there is also a positive effect to be noted, with a differential impact of 117 million euros. The measures adopted in relation to Inheritance and Gift Tax, which would see revenue fall by 151 million euros.

For their part, the measures planned for the year 2020 have a differential effect in relation to the previous year of 11 million euros. In 2020, the projected incremental effect on revenue is due, on the one hand, to the effect arising from the disposal of fixed assets projected for that year, part of which, initially considered for 2019, has been postponed, and the measures adopted in relation to Personal Income Tax and Inheritance and Gift Tax having a negative effect. For its part, also within non-taxation revenue, the Autonomous Community of Andalusia contains in its Economic-Financial Plan, the gradual phasing out of the public medicine tender system, which will be counterbalanced in 2020 by greater revenue relating to the repayment of subsidies. In any case, and in relation to the public medicine tender system, the Budgetary Plan for Autonomous Communities incorporates the positive effects on revenue that that public medicine tender system could determine in accordance with the provisions set out in the AIReF Spending Review.

With regard to spending measures, it is firstly important to point out that for the year 2019, in response to the communications and requirements carried out by virtue of Article 19 and 24 of the LOEPSF, measures for a total of €1.150 billion euros have been announced, corresponding primarily to the effects arising from the bringing forward of the end-of year orders ahead of the standard date, and non-availability agreements and credit retentions.

Part of these measures can compensate the effect arising from greater personnel expenditure not related to the repayment of extraordinary payment, amount to 624 million euros in total. Among the items to highlight here are payments relating to the recovery of supplements and redistributive measures, for seniority and professional careers in essential public services, to which we must add those pertaining to the increase in personnel and the return to the 35-hour working week in certain Autonomous Communities.

With regard to the rest of the measures for 2019, those with a positive effect included those relating to pharmaceutical and sanitation products and those pertaining to the centralized procurement of medicines. On the negative side we can refer measures associated with current and capital transfer, highlighting those arising from compensation for Local Corporations in the Canary Islands and the collection incidence, along with those projected in Valencia in relation to the inclusion income and dependency.

With regard to the year 2020, the measures provided for include a detailed analysis that might affect personnel expenditure. Firstly, there is the return of the extraordinary payment of 2013, at a cost of 72 million euros in 2020. Secondly, the return 2014s of the extraordinary payment, affecting Catalonia and the Region of Murcia, with an impact of 23 million euros forecast for 2020. In the case of Murcia, its Budgets Law for 2019 contained the recovery, in the 2019 tax year, of the extraordinary payment of December 2013, and considered the schedule for the payment of the June 2014 extra pay. The State informed the Autonomous Community of its possible breach of the basis regulations of the State, specifically Article 23 of Royal Decree-Law 24/2018. After a series of fruitless negotiations with the Region, an appeal of unconstitutionality was lodged on 30 September 2019. Finally, the rest of the personnel measures would constitute a differential impact of 395 million euros for 2020, corresponding fundamentally to measures in relation to teaching personnel and the professional career of statutory personnel, along with the recovery of working hours.

In relation to the rest of the measures for 2020, the effects of the measures alluded to previously in relation to pharmaceutical and sanitation product expenditure and the effects would be maintained, albeit with lesser impact, on measures in relation to current and capital transfers.

[5]

DRAFT BUDGETARY PLAN FOR LOCAL AUTHORITIES

Local Authorities (LAs), as a whole, have obtained tax surpluses since 2012. Starting from a deficit of 0.4% in 2011[5], surpluses of 0.32% of GDP in 2012, 0.56% in 2013, 0.53% in 2014, 0.43% in 2015, 0.63% in 2016, 0.59 in 2017 and 0.51% en 2018 have been achieved. It is estimated that the 2019 will close with a surplus of 0.4%.

Over the last 10 years (since 2010), 1,911 dependent entities have been closed, reducing the number from 6,212 in 2010 to 4,301 in the second quarter of 2019, reflecting a reduction of practically 30% in the number of entities.

For the year 2020, in accordance with the information on the budget plans 2020-2022 received in March 2019, non-financial revenue of €65.548 billion is expected and non-financial expenditure of €62.508 billion, leaving a non-financial balance of €3.040 billion, thus maintaining the run of surpluses shown by Local Authorities since 2012.

On the revenue side, current income grows by around 1% in 2020 compared to 2019m sustained by income growth of municipalities (increase of 0.7%) and income from current transfers (1.3% growth). With regard to taxes, resources will increase due to the effect of trends and fiscal policy actions developed.

All tax revenues are expected to rise, except for the “capital gains” tax and motor tax, for which growth in terms of rights charged will be practically zero. In overall terms, direct and indirect local tax revenue will increase in 2020 by 0.7% compared to 2019.

On the expenditure side, growth of 2.7% on current expenditure in 2020 compared to 2019 is forecast, with personnel costs accounting for 1.9% and the purchase of assets and services received by the Local Authorities accounting for 2.9%. To compensate, capital expenditure would fall in the region of 16%, to stand at slightly above €7.7 billion in 2019.

In the 2019-2021 period, strengthened transparency in the local public management shall be pursued and, as in previous years, requirements shall be issued to Local Governments found to be in breach of their obligations in relation to the supply of information to remedy such issues.

Also in 2019, monitoring of compliance with the fiscal rules contained in the LOEPSF will be maintained, requiring the approval of economic-financial plans for breaches of the expenditure rule or the budgetary stability objective, and the strengthening of fiscal discipline of local authorities through the monitoring of the application of the standards contained in the LOEPSF and the consolidated text of the Law regulating Local Finance Departments, through the monitoring of compliance with the adjustment plans in force.

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

[6]

LINK BETWEEN THE BUDGETARY PLAN AND COMPLIANCE WITH SPECIFIC COUNCIL RECOMMENDATIONS

Recommendation Scope	Recommendation Number	Recommendation	Measures	Description of impact
1. BUDGETARY and PUBLIC GOVERNANCE	1.1	Ensure the nominal growth rate of primary net public spending does not exceed 0,9 % in 2020, corresponding to an annual structural adjustment of 0.65 % of GDP	Report of the Council of Ministers of the result of phase I of the spending review procedure (Council of Ministers of 31/05/2019).	Structural reduction of public spending and improve efficiency of the administration. On the basis of these reports, the ministerial department work on improvement proposals, to be discussed in the CDGAE.
			Mandate of the AIReF spending reviews Phase II in the areas of tax benefits, hospital spend, hiring incentives and transport infrastructure (Council of Ministers 14/12/2018).	
			Drafting and approval, as soon as the political situation allows it, of the Draft General State Budget for 2020, including insofar as possible, tax measures than the caretaker Government already propose in the 2019 Draft Budget and the new figures.	Control of spending and structural increase of incomes
			Sustainability and efficiency measures for pharmaceutical and health spending of the General Government: Sustainability instrument and extension of Collective Agreement for collaboration between General State Administration and the Pharma industry.	Sustainability and efficiency of pharmaceutical and health spending
	1.2	Take measures aimed at strengthening the budgetary framework and public procurement at all levels of government	Application of the instruments and mechanisms provided for in the budgetary regulatory framework (Organic Law on Budgetary Stability and Fiscal Sustainability, LOEPSF)	

Law 9/2017, of 8 November, on Public Sector Contracts. 1. Entry into force on 9 March 2018 last of Law 9/2017, of 8 November, on Public Sector Contracts. 2. Consolidation of the State Public Procurement Advisory Board as a designated point of reference for cooperation with the European Commission. 3. Constitution of the Cooperation Committee on Public Procurement, with representatives of the General Government, the Autonomous Communities and Local Authorities. - Constituting session in February 2018. Next meeting scheduled. 4. Creation of the Interministerial Committee for the Inclusion of Social Criteria in Public Procurement through Royal Decree 94/2018 of 2 March with representation from all ministries. 5.- Creation of Interministerial Commission for the incorporation of ecological criteria in public contracting, through RD 6/2018. 6.- Creation of Interministerial Commission for the incorporation of BIM methodology in public procurement, through RD 1515/2018. 7. Creation of the Independent Office for Regulating and Monitoring Public Procurement with full functional independence and accountable before the Parliament annually. Integrated within it is the National Assessment Office which will analyse the financial sustainability of the works and services concession contracts. - Approval in February 2019 of an Instruction on minor contracts 8.- Coordination actions: - Constituting session of the BIM Commission (April 2019). Working meeting of the Interministerial Commission for the incorporation of ecological criterial (November 2018) and the Interministerial Commission for the incorporation of social criteria (April 2019). 9.- Approval of public procurement plans: - Ecological Public Procurement Plan of the General State Administration, its Autonomous Bodies and the Social Security Management Bodies 2018-2025 (December 2018). - Plan to foster socially responsible public procurement (April 2019).	The new Law on Public Sector Contracts makes progress towards the reinforcement of the principles of efficiency, integrity, equal treatment between bidder, free competition, advertising, transparency and the fight against corruption Improve the price-quality ratio in public contracting and define and regulate conflicts of interest. Measures are introduced to streamline procedures, promote end-to-end electronic procurement, extending its application beyond the provisions of the Directives to include contracted under thresholds, to provide greater guarantees of publicity and transparency in procurement procedure and foster the participation of SMEs. Promote a new government structure in which to highlight, firstly, the Independent Procurement Regulation and Supervision Office, with functional independence and a mission to ensure the correct application of legislation, promote participation and combat illegalities. Secondly, the National Assessment Office will issue mandatory reports assessing the financial sustainability of concession contracts. Thirdly, the Committee for Cooperation in Public Procurement is constituted as a forum for meeting, coordination and cooperation between all territorial entities involved in public procurement. Configuration of public procurement as an instrument to promote responsible policies and practices in the social, employment and environmental spheres and to foster innovation. Under this “strategic procurement” objective, the above Commissions are launched; in this case of the Commissions have already approved their respective plans, the Ecological Public Procurement Plan and the Plan to Foster Socially Responsible Public Procurement. On the one hand, the Ecological Public Procurement Plan defines what is understood as ecological public contracting and establishes a series of objectives for growth. A series of environmental criteria are collated and a group of 20 priority assets, works and services is determined. The Plan to promote socially responsible public procurement also seeks to incentivize the use of public procurement to promote employment opportunities, decent work, social inclusion, accessibility and fair trade, among other matters; it consists of a measure that particularly benefits those with disabilities and women and promotes better working conditions for workers in general.
Consolidation of the state's **centralised procurement** system and extension of the compulsory and voluntary scope through adhesion of the bodies of the Autonomous Communities and Local Authorities, for products whose procurement has already been declared subject to centralised procurement.	With this measure it is intended to strengthen the specialisation and professionalization of procurement, obtain better prices through better design of the procurement process and the aggregation of demand and savings on management costs, compared to decentralised, dispersed procurement. Through state's centralised procurement system, strategic procurement coherent with public policies on ecological and social affairs and SMEs will be promoted, harmonising procurement procedures and simplifying processes.

	1.3	Preserve the sustainability of the pensions system.	Structural increase of Social Security system contributions through measures contained in the following regulations: * Royal Decree 1462/2018, of 21 December, establishing the minimum wage for 2019. * Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures. * Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day The principle measures adopted are: * 7% increase of maximum tax bases * Professional contingencies contribution rate: increase of minimum rate to 1,5% * Professional contingencies contribution rate: increased to maximum rate if there is a reduction coefficient of retirement age * Total coverage under special regime for self-employed workers (RETA) for professional contingencies * Increase of contribution of self-employed agricultural workers * Collective Agreement on training and internships: intern contributions * New contribution category for domestic employees * Additional contribution for contracts of less than 5 days * Increased collection revenue for rates and minimum contribution bases as a result of the increase of the minimum wage * Increase of contributions for the reinstatement of the unemployment subsidy for those aged over 52 * Contributions of non-professional carers of dependent persons * Rates for contingencies of self-employed workers with cessation of activity in 2018 and who have been on temporary Incapacity leave for 60 days or more in the entry into force of Royal Decree-l 28/2018 shall be paid by insurance or management or public employment service company, charged to the contributions for cessation of activity * Contributions of police officers who benefit from the reduction coefficient for retirement age will be increased by an additional rate	Projection of Social Security revenue increase of 3.786 billion in total.
	1.4	Allocate extraordinary revenue to accelerate the reduction of public debt	Reduction of net debt emissions of the Public Treasury. Net emissions will stand at around 20 billion. 42.9% lower than that estimated at the start of the year and a lower net emission since 2007.	The progressive reduction of the financing needs of the Treasury will contribute to the objective of reducing the weight of public debt on GDP. Moreover, minors need financing to allow an estimated saving of more than 2 billion euros.
2. LABOUR MARKET, SOCIAL SERVICES AND EDUCATION	2.1	Guarantee that social services and employment services are capable of providing effective support	Youth Employment Action Plan (2019-2021). Council of Ministers 7/12/2018	The Plan projects a reduction of youth unemployment of 23.5% and the introduction of 168,000 unemployed under 25s into the labour market.
			Strengthening of Public State Employment Service training programmes in collaboration with the private sector: Approved by the Council of Ministers 21/12/2018 Resolution approving a call of subsidies for the financing of state training programmes, charged to the budgetary credit for Public State Employment Service expenditure.	€350 million in three years: 140 in 2019, and 105 in 2020 and 2021.
			Annual Employment Policy Plan 2019 (PAPE 2019). Approved by the Council of Ministers 08/03/2019	Driving active employment and coordination policies with the Autonomous Communities.
			REINCORPORA-T support plan for long-term unemployed. Approved by Council of Ministers 5/04/19	Reduction of long-term unemployment, supporting incorporation of the unemployed to the labour market, with special focus on vulnerable groups, boosting the preventive nature of the measures in risk situations and vulnerability in employment.

			Universal Social Card	In operation since 5/10/2018. Regulated in Law 6/2018 on the General State Budget for 2018. Coordination of the social benefits system: The Universal Social Card system covers the social benefits received by citizens, managed by the General State Administration, the Autonomous Communities, Local Authorities and other entities.
			Social Inclusion Network 2017-2020	Advances in the development of the Working Plan, creation of two new working groups to develop common diagnostic tools for situations of vulnerability and/or social exclusion and to establish integrated shared information models between the Third Sector and Social Services and Public Employment. Moreover, a series of pilot experiences are being carried out in Autonomous Communities to foster collaboration between Social Services and Employment, which will serve as the basis for implementing coordination throughout the national territory.
			National Youth Guarantee System	The Youth Guarantee is a European initiative intended to facilitate access to the labour market for young people. It is focussed on unemployed youths not integrated into the education or training systems, to facilitate their access to employment, education or training including apprenticeship training or internships upon completing formal education or becoming unemployed. In this context, the National Youth Guarantee System is created as a database on which young people, registered voluntarily constitute a unique list of demands available to the entities responsible for proposing specific offers.
	2.2	Foster the transition towards permanent contracts, in particular through the simplification of the hiring incentive system.	Executive Plan for Jobs with Dignity 2018-2020. Approved by the Council of Ministers 27/07/2018	The Council of Ministers 09/08/2019 examined the results of the Executive Plan: 173,957 irregular temporary contracts converted into full-time contract from August 2018 to June 2019 (an increase of 83% on the same period for the previous year).
			Express repeal of the contractual and hiring incentive measures linked to an unemployment rate of over 15 percent by Royal Decree 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures. The following measures are repealed: * The permanent enterprise support contract (which had a test period of 1 year) * The possibility of executing training and learning contract with persons aged between 25 and 30 * Incentives for part-time hiring with training link * Permanent hiring of young people by microcompanies and self-employed entrepreneurs. * Hiring incentives in new young enterprise projects * First youth employment contract * Incentives for internship contracts	Simplification of the hiring incentives system.
			REINCORPORA-T Plan. Approved by the Council of Ministers of 5/04/19	Reduction of long-term unemployment, supporting incorporation of the unemployed to the labour market, with special focus on vulnerable groups, boosting the preventive nature of the measures in risk situations and vulnerability in employment. The measures include a bonus to incentivize the hiring if the long-term unemployed.
			Increase from 36 to 40 percent of the surcharge on the company for contracts with a duration of 5 days or less	Royal Decree-Law 28/2018 Disincentivize the use of short-term employment contracts
	2.3	Improve support for families and reduce fragmentation of the national employment assistance system and remedy the shortcomings of autonomous minimum income regimes.	Reform of the scholarship system and study assistance.	Pending, but in 2019, the budget allocated to grants was extended by 40 million euros, for both pre-university and university, and the publication of the income and family asset thresholds and the sums of grants and study assistance for the 2019-2020 academic year was brought forward, thus meeting the historic demand of the education community to bring forward the calls.
			Increase of minimum wage	Forecast to impact close to 2.5 million workers.

			Increase of dependent child allowance	Reduction of child poverty. The dependent child allowance will rise from 291 euros to 341 euros annually. For families in situations of severe poverty, the economic assignment will rise to 588 euros annually. Moreover, the income limits for the right to dependent child or dependent minor allowance are increased. 12.313 euros annually; 18.532 euros for large families (3,002 euros per child from the fourth on).
			Strengthening of social protection systems: Reinstatement of age of 52 for the unemployment supplement and for the minimum pension for Permanent Total Disability for those aged under 60.	Offers the necessary coverage for persons who find themselves in situations of vulnerability.
			REINCORPORA-T Plan. Approved by the Council of Ministers of 5/04/19	Its primary objective is to reduce long-term unemployment, with a special focus on the most vulnerable groups, boosting the preventive nature of the measures in risk situations and vulnerability in employment.
			Family protection programme and focus on child poverty and basic social services provisions	€45 million to finance social programmes of the Autonomous Communities for vulnerable families with children with children for the focus on basic needs, support for work-life balance and family intervention and support services and €40 million to support primary care support services.
			.Progressive alignment of paternity leave with maternity leave	An important step in achieving real and effective equality between men and women in the labour market: Extension of parental leave and care for minors to progressively make conditions equal for both parents. For parents other than the biological mother, the extension to 16 week will be implemented on a phased basis: in 2019 up to 8 weeks; in 2020 up to 12 weeks and in 2021 up to 16 weeks.
			VECA 2019 Programme, "Continue learning during school holidays": Mobilisation of General State Budget to support ACs, Local Authorities and Civil Society to ensure meals, entertainment and culture for children during the holiday period.	€15m to finance programmes aimed at preventing situations of deprivation and social exclusion during the holiday period among the most disadvantaged families. These benefits triple the number of recipients of these benefits in 2017 to reach 100,000 boys and girls. In the first edition, in the summer of 2018, the Programme already doubled the number of boys and girls benefitting from these provisions compared to 2017,jumping from 33,000 to 66,000 participants.
			Social Barometer (measure in preparation. Contacts were established with the CIS and the institution responded favourably. Work has begun on the design of the questionnaire).	In Spain there are databases that offer systematic information regarding the attitudes of citizens in relation to the policies, social services, causes and consequences of poverty and the policies to tackle it. Better information will allow for better design and implementation of public policies.
			Distribution of credit available for the development of social programmes funded by Personal Income Tax.	The credit constitutes an increase of more than €35 million.
			Updating of the common catalogue of orthoprotesic services for persons with disabilities, constituting one of the most vulnerable groups in society	They include 48 new products including wheelchairs, orthoses and special orthoprosthesis and shall extend indications of some existing products that cover needs not met until now. Moreover, the maximum sum financing limit is defined for each type of product, adjusting it to the reality of the market to fully finance the products included and the users do not have to pay additional sums.
			Recovery of financing of special rates special agreement rates for non-professional carers of dependent persons	These measures constitute a return to previous financing levels (removed in 2012) and an increase in the minimum level contribution of the central State of 31.7%.
			National Strategy for Preventing and Combatting Poverty (2019-2023). Approved by the Council of Ministers 22/03/2019.	Encompasses four strategic goals: Combating poverty, Social investment in people, Social protection against life cycle risks and Efficacy and efficiency of policies, which are will be developed across 13 objectives and 85 lines of action. It also tackles the fight against child poverty on a transversal basis. It will be executed through the preparation of operating plans with specific measures for each objective.
			Action Plan for the implementation of Agenda 2030 in Spain (2018-2021)	On 20/09/2019 the first monitoring report was presented to the Council of Ministers, which concluded that the governance design of Agenda 2030 was completed and that important advances had been made. The Council of Ministers has approved up to 320 measures with a strong impact on Agenda 2030 in Spain.
			The General Guidelines on the National Strategy to tackle the demographic challenge in the Council of Ministers have been approved. In presentation and debate phase with Autonomous Communities and local authorities for approval at Conference of Presidents.	The Strategy tackles the demographic challenge and fosters economic and social development of small municipalities with a very negative demographic balance.

			Extension of social electricity allowance and creation of social heating benefit (Royal Decree-Law 15/2018, of 5 October)	Measures to mitigate energy poverty
			National strategy against energy poverty 2019-2024. (Approved by the Council of Ministers 5/04/2019)	Rigorous and global approach to the energy poverty problem. Reduction target: at least 25% by 2025
			Royal Decree-Law 7/2019, of 1 March, on urgent measures in housing and the rental sector	Fostering access to rental accommodation and strengthening protection for the most vulnerable groups.
			Programme of measures to promote the offer of rental housing. Reported by the CDGAE on 26/09/2019.	Objective of increasing the stick of social and affordable rental housing to reach levels close to the European average. Price pressures, concentrated in certain cities and fundamentally due to poor supply, are causing difficulties in access to housing, especially among young people and the most vulnerable groups.
	2.4	Reduce early school leaving and improve education results, taking into account regional disparities	Universal access to early childhood education (including the Draft Education Bill)	The Draft Education includes the action of the progressive implementation plan in eight years. The plan prioritizes access for children at risk of poverty and social exclusion. It consists of combating school failure among children in situations of vulnerability and fostering participation women in the labour market.
			Strategic Vocational Training Plan	The plan seeks to foster Dual Vocational Training, including flexible formulas that allow for the incorporation of SMEs and the implementation of new design methodology coordinated and in parallel with Professional Qualifications, Vocational Training Qualifications and Professionalism Certificates, which guarantee the rapid adaptation of the training demand to the needs of the labour market and the employability of young people in initial training, and workers in the qualification and requalification process. This new methodology for the design and approval of qualification and titles allows us to accelerate the process considerably. So far in 2019, seven new professional qualifications have been approved - in 2018 not one was approved - and another 36 have been updated in different areas (IT and communications, chemistry, the extraction industry, agricultural professionals, etc.). These new qualifications are subsequently translated into amendments of existing qualifications and new courses. Six new qualifications and two specialization courses have been created and another.
			Strengthening of territorial cooperation in education	The Ministry of Education and Professional Training, in collaboration with the Education Administrations of the Autonomous Communities, has reinforced coordination mechanisms through the Sectoral Conference and its bodies. At present, there are 24 working groups on different areas considered priorities.
			Territorial Cooperation Programmes (TCPs) with Autonomous Communities.	In total, 208,695,658 euros in 2019 on different territorial educational cooperation programmes with the Autonomous Communities to support education, text books, dual vocational training, teacher training, etc.
			Youth Employment Action Plan	Training is one of the 5 pillars of the programmes with measures that include basic skills training and digital skills as well as training programmes in strategic and rural economy sectors. The Plan encompasses hiring bonuses for training programmes and “second opportunity” programmes to tackle early school leaving.
	2.5	Increase cooperation between educational and business sectors with a view to improving the capacities and qualifications demanded in the labour market, especially in the area of information and communication technologies.	Consolidation of the involvement of companies in the design and approval of qualifications in the framework of the Strategic Vocational Training Plan	Within the Vocational Training improvement objective, the involvement of companies throughout the process has multiplied, especially in the following phases: * Detection and identification of the professional qualification needs of the market. * Design of new qualifications and review an updating of existing qualifications in the National Professional Qualifications catalogue. Design of the Vocational Training curriculum of the educational system. Participation with Vocational Training educational centres in innovation projects arising from the calls of the Ministry of Education and Professional Training. * Participation of professionals form each productive sector in the training activities aimed at teachers and in-company training in the company of Professional Training instructors. * Training of tutors in the company collaborating in the delivery of the training at the workplaces of Vocational Training cycle students. * Implication of the increase of the percentage of the Dual Professional Training regime.

			Digital adaptation of the vocational training system	The process for the design of new specialization courses for holders of Vocational Training qualifications relating to artificial intelligence, big data, virtual reality, mobile robotics, autonomous vehicles, cloud computing, 5G technology, Internet of Things, etc.
			Development of regulatory framework for employment	Advance in regulatory developments of the system for the employment through the approval of three ministerial orders
			The “Reconoce” system for the accreditation of key non-formal education skills	“Reconoce” is a free, permanent, state telephone system for the assessment and certification of “key” or transversal skills acquired by young people, through their participation in non-formal and volunteer education activities. With training geared towards comprehensive training for employability it has been developed, between 2017 and 2018, by the INJUVE association, retail sections and Autonomous Communities represented on the Inter-Territorial Youth Council. It is currently operational in test phases.
			National Qualification Approval project for youth qualifications	Geared towards the implementation of a common basic system of youth qualifications, recognized by all Autonomous Communities This programme could have dozens of thousands of users throughout Spain and is essential to make training and the professional exercise of youth workers throughout the country. Currently in development.
3. INVESTMENT PRIORITIES	3.1	Focus economic investment policy on fostering innovation.	Strengthening public instruments to support R&D&I: *In December 2018 the Red Cervera network entered into force. Commitments of €140m in partial assistance refunded for 2019. * Consolidation actions CDTI: €918m in 2019 (vs €749m in 2018) for the development of over 1,800 R&D operations. Pre-commercial public procurement operations and strategic missions. * Relaunch of venture capital company CDTI INNVIERTE with €60min 2019. * The State Research Agency has published calls for R&D projects for €875m. * The Ministry of Industry, Trade and Tourism, through ENISA, has approved €98.5m in new funding to support SMEs, tech-based companies and young entrepreneurs- * Conectada 4.0 Industry Strategy: €80m in digital transformation assistance for the manufacturing industry. * The Ministry of Science, Innovation and Universities has relaunched the FID line for Public Procurement of Innovation, in the frame of which the implementation of 17 new projects is envisaged for the end of 2019.	Increase in public support for R&D and implementation of innovative actions, in particular in relation to pre-commercial public procurement (purchase of design and development products, fostering of this form of innovation) and transfer of knowledge.
			Spain Entrepreneurship Nation Strategy	In preparation
			National Artificial Intelligence Strategy	Integrated focus before the AI challenge which allows for maximum opportunities in technological development.
			Deployment of digital infrastructures: Assistance for the rollout of broadband (PEBA Programme, Plan 800, Connected Schools) and implementation of 5G rollout process (digital dividend).	Ensure that Spain has the adequate infrastructure for the development of digital economy.
			Creation of 5G Observatory	Fostering 5G technology
			Attract large scientific facilities and projects: EuroHPC European supercomputer at the National Centre of Supercomputing in Barcelona (announced June 2019). The possibility of installing the TMT (Thirty Meter Telescope) on the island of Canary Island of La Palma is currently being negotiated.	The EuroHPC European supercomputer constitutes an investment on the part of the European Union of close to 100 million euros, the highest ever by the EU in a research infrastructure facility in Spain. The TMT (Thirty Meter Telescope), constituting an investment of 1.2 billion euros. Beyond direct investment, it has a significant positive impact in placing Spain at the cutting edge of technological infrastructure.
			Spanish strategy for innovation and the blue economy (in preparation Reported to the CDGAE on 01/08/2019)	Fostering of R&D in the blue growth sector.
			Strategic Plan for comprehensive support for the automotive sector 2019-2025	It is estimated that the impact of the Plan would be €515 million for the first two years (2019-2020) and €2.634 billion for the full 2019-2025 period. Taking into account the carry-over effect, it is estimated that the total impact of the Plan will be 2.283 billion euros for 2019-2020 and 9.726 billion euros for 2019-2025.
			Digitalization strategy for the agri-food sector, forestry and rural affairs.	Improve the life and employment conditions of the rural environment and promote the active and stable population of rural Spain and contribute to leadership in a more competitive and sustainable agri-food sector that generates wealth.

		Support throughout 2019 for R&D&I projects in the shipbuilding industry.	Budget of €15 million for fostering innovation in the shipbuilding sector
		Draft Project of the Law on Climate Change and Energy Transition	Regulatory framework that establishes the institutional grounds for fulfilling the goals with regard to climate change and energy transition.
		National Integrated National Plan on Energy and Climate (PNIEC) 2021-2030	* The plan anticipates the mobilisation of investments of around €236 billion between 2021 and 2030 (80% private investment) and the creation of 250,000 to 364,000 net annual jobs throughout the decade. * In terms of final energy use, renewable energies will reach a figure of 42%. In the case of electricity generation, the percentage of renewables will reach 74% by 2030. * Dependence of imported energy will decrease by 15 percentage points, from the current 74% to 59% in 2030.
		Plan of action for decarbonisation	The CDGAE 05/09/2019 disputed elements of the Action Plan. 10 priority work areas have been identified, which various inter-ministry groups will focus on: * Sustainable mobility * Equipment for renewable energies * Digitisation of energy systems and networks * Storage * Sustainable resource management in the food sector * Energy efficiency in the construction sector * Sustainable tourism * Circular economy * Electro-intensive industry * Sustainable finance.
3.2	... on energy efficiency in the use of resources	Sectoral Agenda of the wind energy industry, approved in September 2019	The goal of this Agenda is to identify the primary measures for tackling the specific needs of the wind energy industry, such as improving the adaptation capacity of production centres, repowering wind parks or developing offshore wind farms. It also includes a series of instruments to incentivise wind energy in three priority areas: industrial development (Plan Reindus), innovation (assistance from the Industria Conectada 4.0 programme) and internationalisation (contributions from ICEX, CESCE and the Fund for Company Internationalisation). The wind energy sector contributes close to €3.4 billion to Spain's GDP and generates more than 22,500 jobs. Meanwhile, exports reached nearly 2.4 billion euros, which makes our country the fourth largest exporter of wind turbines worldwide.
		Spanish Strategy on the Circular Economy	The main challenge for the Strategy is to transform the lineal economic model into a circular model, improving productivity of material by 30% on the year 2015. The Strategy promotes an economy compatible with the rational use of all natural resources, with the aim of protecting and improving quality of life and defending and restoring the environment.
		National Programme for control of Atmospheric Pollution (approved by the Council of Ministers 27/09/2019)	The first National Atmospheric Control Programme (PNCCA) will allow for the significant reduction of levels of pollution from substances harmful to health, in compliance with the commitments established for Spain in the National Emission Ceilings Directive for 2030. The plan considers a total of 57 measures aimed at all polluting sectors, necessary to reach this target and protect the health of people and ecosystems.
		National Plan for Water Purification, Sanitations, Saving and Reuse.	It lays the foundations for setting general criteria (economic, social and environmental) that allow for the prioritising and studying of viability of measures and actions in purification and sanitation, contained in the hydrological plans.
		National Plan of Action for Energy Efficiency 2017-2020	A National Plan that seeks to fulfil Spain's 2020 goals on energy efficiency.
		National Energy Efficiency Fund 2014-2020	Financing mechanism for national energy efficiency initiatives.
		Programme to provide assistance to SMEs and Large Businesses in the industrial sector for energy efficiency activities	Promote measures for energy savings and efficiency in the industrial sector.
		MOVES Programme (Approved by Royal Decree 72/2019, of 15 February)	Boosting sustainable mobility
		MOVES Singular Programme (Order TEC/752/2019 of 8 July)	Boosting unique mobility solutions in urban spaces and electromobility innovation projects

			New regulation on personal-consumption and elimination of the so-called "sun tax" (Royal Decree-Law 15/2018 and Royal Decree 244/2019)	The extension of personal consumption favours the electrification of the economy and reduces emissions, offering citizens an alternative that may be more economically advantageous than traditional energy, permitting the entry of new actors and the citizens themselves into the electrical system, and boosts economic activity and local employment thanks to the nature of its distribution.
			Secure, Sustainable and Connected Mobility Strategy	Work is being carried out on the new Secure, Sustainable and Connected Mobility Strategy, in line with the Sustainable Development Goals of the United Nations and the 2015 Paris Agreement, along with the objectives set at European level, of which the central pillars will be Security, Sustainability and the fight against Climate Change, Intermodality, Innovation and Digitalisation.
			State Housing Plan 2018-2021 (Royal Decree 106/2018, of 9 March)	One of the objectives of the State Housing Plan 2018-2021 is to improve the quality of construction and, in particular, its energy efficiency, universal accessibility and environmental sustainability. It envisages assistance programmes for the refurbishment, regeneration and renovation, fostering conservation, improving energy efficient and the implementation of universal accessibility, not only for our homes but also for the urban environment in which residents go about their lives.
			Spanish Urban Agenda (Council of Ministers 22 February 2019)	The Spanish Urban Agenda is a strategic instrument that promotes territorial, economic and environmental sustainability through urban policy. It contains a methodology for Councils to make planning integrated within the framework of the sustainability objectives established by international agreements subscribed by Spain. The financing of the urban development is fundamental in order to achieve energy efficiency, the resilience of peoples and cities in the face of the consequences of climate change, improved urban mobility, urban-rural relations and the challenge of depopulation, as well as innovative actions and adaptation to new technologies.
			Long-term strategy for the energy rehabilitation in the Spanish construction sector (Article 4 Directive 2012/27/EU)	Article 4 of Directive 2012/27/EU on energy efficiency, required Member States to present, in 2014, a strategy to mobilize investment in the renovation of the national stock of residential and commercial buildings, both public and private, drafting the Spain's Long-term Strategy for the Energy Rehabilitation of the Construction Sector (ERESEE)" in compliance with said requirement. The Strategy is carried out in coordination with the National Energy and Climate Plan (PNIEC), the Decarbonisation Strategy 2050 and framed within National Energy Efficiency Action Plan (PNAEE). The ERESEE 2014 was the best evaluated strategy in all the European Union according to the report carried out by the JRC of the European Commission. The Strategy, in accordance with the requirements of the Directive, which calls for the document to ve reviewed every 3 years, was updated in 2017 and is currently under review. The Strategy is a document that contains: an analysis of the property stock with the aim of determining the rate envisaged for buildings renovated in 2020, an analysis of the appropriate reforms for each type of building and the climate zone in order to guide the profitable economic actions, a review of public policies and public and private initiatives to incentivize energy rehabilitation of the stock and calculates the projected energy saving in the application of strategies with a view to the efficiency improvement objectives and final objectives for the decarbonizaton of the property stock in 2050. It also analyses the repercussions of energy refurbishment policies in other parameters such as economic activity and employment, primarily in the construction sector, analyses the relationship with the financial sector and in relation to other issues also object of strategic development and sustainable mobility.
			New regulation on energy efficiency, electricity generation and electromobility in the scope of construction (proposed by Royal Decrees amending Royal Decree 314/2006).	In compliance with the ever increasing requirements of European Directives (Directive 2010/30/EU, Directive 2012/27/EU, Directive 2018/844) the Ministry of Public Works is amending the technical regulations of energy performance in buildings, contained in the Basic Energy Savings Document of the Technical Building Code, through amendments to the regulatory text geared towards extending the energy efficiency requirements in buildings, increasing the percentage of renewable energies in construction, collaborating with the decarbonisation of the stock, fostering personal consumption and limiting energy dependency and incentivizing sustainable mobility through the regulation of recharge points.

	3.3	Improvement or rail infrastructure for freight transport.	Strategy indicative of development, maintenance and renewal of rail infrastructures making up the General Interest Railway Infrastructure	This strategy will establish a general financial framework of priorities and will be based on economic and social efficiency and sustainable financing of the rail system, taking into account, where applicable, the needs of the European Union and shall establish after the processing of the procedure in which, in the terms established in the regulations, the general government, autonomous governments and local authorities affected and other interested parties. The strategy for the development of rail infrastructures from an intermodal perspective to guarantee the optimisation of resources invested and efficient assignment between modes of transport.
	3.4	Improvement of electrical interconnections with the rest of the Union	Energy Planning: Electrical Energy Transport Network Development Plan 2015-2020 and Electrical Energy Transport Network Development Plan for 2026 (currently being drafted): electrical interconnections	Interconnections with France and with Portugal are on different phases of progress. - The Bay of Biscay project, with the aim of doubling interconnection capacity with France up to 5.000 MW (projected implementation 2025). The electrical interconnection between Portugal and Spain, between Vila Fria-Vila do Conde-Recarei (Portugal) and Beariz-Fontefría (Spain), which, once concluded, will allow Portugal to reach an interconnection level of 10% (projected implementation 2021). Furthermore, it is planned to execute two new projects across the Pyrenees, increasing the level of interconnection between France and Spain to around 8,000 MW. All these interconnections are included in the List of Projects of Common Interest (PCI) in Regulation 347/2013, relating to the guidelines on trans-European energy infrastructure.
	3.5	Improve the efficiency of research and innovation support policies	Reactivation of the Science, Technology and Innovation policy.	Reactivated 6/11/2018 (first time since 7/10/2014). This meeting had the participation of 10 ministries with competencies in R&D&I and representatives of 16 Autonomous Communities at the highest level.
			Consolidation and rejuvenation of research personnel in public research bodies (OPIs as per the Spanish) and universities.	* In December 2018 the State Research Agency was authorised to hold a call for the hiring of researchers with funding of €111.2 million (State Talent and Employability Promotion Programme). * 1450 vacancies in the Extraordinary Public Employment Offer of January 2019 to reduce temporality in OPIs. * The Public Employment Offer of 2019, approved in March, increased the number vacancies to be filled in positions attached to the Ministry of Science, Innovation and Universities by 9%.
			Approval of Pre-Doctoral In-training Research Personnel Statute	Improved working conditions for young researchers. Attracting and retaining talent for research.
			Reform of the assessment system for civil service research staff (Royal Decree 310/2019, of 26 April)	More transparent assessment system, introducing adequate incentives for quality research activity.
			Implementation of “six-year knowledge transfer period” in the scope of the assessment of the research activities of university professors and science school personnel of the OPIs.	The participation in company projects, dissemination activities, etc. for the purposes of the calculation of productivity bonuses.
			Removal of administrative barriers from the Spanish Science, Technology and Innovation System.	Reform of the system with the following elements: * Reduction of administrative load in the development of scientific projects * Streamlining of stable recruitment of researchers and procurement of materials * Increase in measures to prevent delays in calls * Guarantee equality of opportunity between researchers
			Publication of the calendar of calls of the State Research Agency up to late 2020.	This measure responds to the unanimous demand of the sector, which will allow for researchers to plan their work better.
4. MARKET RISK	4.1	Advance in the application of the Law to guarantee unity of the market, ensuring that at all levels of government the regulations that govern access to, and the exercise of, economic activity - in particular in the case of services, are coherent with the principles of said Law,	Creation of a Sectoral Conference on Regulatory Improvement and the Business Climate.	The new Conference preserves and improves the investor climate in the country and fosters the application of the principles of the Law Guaranteeing Market Unity (LGUM) promoting regulatory improvement and the adoption of best practices in the areas such as the processing of authorisations and licenses for activity, without diminishing the autonomy of Autonomous Communities and Local Authorities.
			Mechanisms for the protection of operators: Articles 26 and 28 of the Law Guaranteeing Market Unity.	The mechanisms to protect economic operators are fully operative. The Secretariat of the Council of Market Unity has processed 537 cases up to 30/09/2019, of which approximately one of every three of those that encountered compatibility issues with the LGUM were resolved in favour of the complainant. Within the framework of these procedures, over 1,500 reports were drafted on the part of the Secretariat and the different Administrations.

		and improving cooperation between the Administrations.	Mechanisms for the protection of operators: Article 27 of the Law Guaranteeing Market Unity.	Up to 30/09/2019, the CNMC has lodged over 50 appeals, of which 21 have been resolved. In 15 of these cases, rulings granted in full or in part the appeals of the CNMC.

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

National goals	Measures	Description of link
Employment for 74% of persons aged 20-64	Spanish Strategy for Employment Activation	Regulatory framework for coordination and execution of active labour market policies, and labour intermediation in the whole State, including both the services and programmes carried out by public employment services with State funds, such as those the Regional Governments carry out with their own financial resources. The Strategy establishes three types of objectives, which are set out in the Annual Employment Policy Plans: • Key objectives, which will remain stable for the whole term of the Strategy • Strategic or priority objectives, which acquire specific relevance at a given time • Structural objectives, of a stable nature, which must be addressed by public employment services during their ordinary course of operations by means of services sustained over time. The Annual Employment Policy Plans (PAPE) is the annual materialisation of this Strategy. Therefore, these are operational instruments to develop and specify the provisions of this Strategy, by means of specific actions.
	Annual Employment Policy Plan 2019 (PAPE 2019).	Approved by the Council of Ministers on 08/03/2019. Driving active employment and coordination policies with the Autonomous Communities. It is useful to highlight the simplification and rationalisation of the number of indicators, resulting from the joint work performed with the Autonomous Communities and additionally, that the result of the second evaluation made by the Network of European Public Services was taken into consideration in its drafting.
	Master Plan for Jobs with Dignity 2018-2020.	The Council of Ministers of 09/08/2019 examined the results of the Master Plan: 173,957 irregular temporary contracts converted into full-time contract from August 2018 to June 2019 (an increase of 83% on the same period for the previous year).
	Youth Employment Action Plan (2019-2021).	The Plan projects a reduction of youth unemployment of 23.5% and the introduction of 168,000 unemployed under 25s into the labour market.
	Development of regulatory framework for employment	Advance in regulatory developments of the system for the employment through the approval of three ministerial orders
	Strategic Vocational Training Plan	The plan seeks to foster Dual Vocational Training, including flexible formulas that allow for the incorporation of SMEs and the implementation of new design methodology coordinated and in parallel with Professional Qualifications, Vocational Training Qualifications and Professionalism Certificates, which guarantee the rapid adaptation of the training demand to the needs of the labour market and the employability of young people in initial training, and workers in the qualification and requalification process. This new methodology for the design and approval of qualification and titles allows us to accelerate the process considerably. So far in 2019, seven new professional qualifications have been approved - in 2018 not one was approved - and another 36 have been updated in different areas (IT and communications, chemistry, the extraction industry, agricultural professionals, etc.). These new qualifications are subsequently translated into amendments of existing qualifications and new courses. Six new qualifications have also been created, along two specialization courses and another qualification has been modified.
	Reincorpora-T Plan 2019-2021	Three-year plan to reduce long-term unemployment, which offers a comprehensive action programme for the reduction of long-term unemployment and prevention of situations of exclusion form and vulnerability in employment. Measures already in play with regard to this collective must be highlighted, approved by RDL 8/2019, of 8 March, such as recovering the subsidy for adults over the age of 52 or the rebate for hiring long-term unemployed individuals. The Plan seeks to reduce long-term unemployment from 6.8% in 2018 to 4.3% in 2021, which would imply 422,100 long-term job seekers.

	Digital adaptation of the vocational training system	The process for the design of new specialization courses for holders of Vocational Training qualifications relating to artificial intelligence, big data, virtual reality, mobile robotics, autonomous vehicles, cloud computing, 5G technology, Internet of Things, etc.
	General directives of the new Spanish industrial policy	Boosting digitalisation, productivity, competition and employment, as well as sustainability and the decarbonisation of the economy.
	Strategic framework of SME policy 2030	It will improve the competitive capacity of SMEs and allow them to face the new challenges of a global and digitalised economy, and will establish a framework promoting their growth.
	Action Plan for the internationalisation of the Spanish economy 2019-2020	Boosting the exterior sector as a source of growth and employment.
	Plan for Modernising Retail Trade (in preparation)	Increased competitiveness of the retail trade sector, a key element of the economic fabric and employment.
	General directives of the strategy for sustainable tourism 2030	Promotion and modernisation of the tourism sector. Increased competition and quality employment.
	Strategic Plan for comprehensive support for the automotive sector 2019-2025	It is the roadmap to ensuring the future of a strategic sector and to anticipate support measures in the transition process towards a new model of sustainable mobility. Among other elements, it considers the promotion of highly qualified and high quality jobs creation.
	"Reconoce" system for the accreditation of key non-formal education skills	"Reconoce" is a free, permanent, state telephone system for the assessment and certification of "key" or transversal skills acquired by young people, through their participation in non-formal and volunteer education activities. With training geared towards comprehensive training for employability it has been developed, between 2017 and 2018, by the INJUVE association, retail sections and Autonomous Communities represented on the Inter-Territorial Youth Council. It is currently operational in test phases.
	Plan of action for decarbonisation	The CDGAE discussed the elements of the Plan of Action on 5/09/2019, which seeks to identify and promote opportunities for economic and employment growth.
	A Just Transition Strategy	It involves maximising employment opportunities and minimising the impacts of energy transition.
	National Youth Guarantee System	The Youth Guarantee is a European initiative intended to facilitate access to the labour market for young people. It is focussed on unemployed youths not integrated into the education or training systems, to facilitate their access to employment, education or training including apprenticeship training or internships upon completing formal education or becoming unemployed. In this context, the National Youth Guarantee System is created as a database on which young people, registered voluntarily constitute a unique list of demands available to the entities responsible for proposing specific offers. The Youth Employment Action Plan 2019-2021 includes in Section 6 "Improvement of the Institutional Framework", measures for improving the National Youth Guarantee System. The Royal Decree-Law 8/2019, of 8 March, introduced a series of improvements in management, collaboration, coordination and communication within the National Employment System and for boosting its modernisation, highlighting the consolidated inclusion of young people between the ages of 25-29 in the SNGJ, and the reinforcement of Governance (inclusion of the Delegate Commission for Monitoring and Assessment of the SNGJ in the General Council of the National Employment System
2% GDP investment in R+D	State Budget for R+D+i	The 2018 PGE extended to 2019 includes a total expenditure on civil R&D of 6,366 billion euros, 5.4% higher than in 2017, including subsidies and refundable tax credits. The total non-financial budget amounts to 2.629 billion euros in 2018 (+7.1% compared to 2017). The total financial budget (refundable loans) amounts to 3.738 billion euro (+4.2% compared to 2017). State Research Agency. 2019 is the third year in which the Agency has its own budget intended for the promotion and coordination of scientific and technological research. The Agency's budget for 2019 is carried over from 2018 and increased to 640 million euros, of which 614 are intended to fund grants under the National Scientific and Technical Research and Innovation Plan 2017-2020.
	Promotion of R+D companies by means of direct incentives and access to public funding.	Improvement of public funding conditions. In 2018 The CDTI (Centre for Technological and Industrial Development) adopted a new policy on non-refundable loans to increase financial cover (85% in general), increasing the advance (up to 35%) and making the amortisation of the loan flexible (up to 10 years).

		The CDTI invested €974 million in supporting 1,657 R&D&I projects in 2018. Its traditional instruments are the IDIs, R&D Projects, and the CIEN INNOGLOBAL Strategic Business Projects in international cooperation and NEOTEC for companies with a technology base. It also announced the call for INTERCONNECTA, experimental development projects in regional consortia, in several Autonomous Communities as part of the FEDER Technological Fund.
	Human Resources in R+I	Stabilising and renewing research personnel in Public Research Bodies (OPI in Spanish) and in Universities * In December 2018, the National Research Agency was given the authority to publish an invitation for grants totalling 111.2 million euros for hiring researchers (National Programme for Talent Promotion and Employability). * 1450 vacancies in the Extraordinary Public Employment Offer of January 2019 to reduce temporality in OPIs. * The Public employment Offer of 2019, approved in March, increased by 9% the vacancies to be filled in positions attached to the Ministry of Science, Innovation and Universities. Approval of the Statutes of pre-doctoral research personnel in training. Improved working conditions of young researchers. Attracting and retaining talent for research.
	Strengthening public instruments to support R&D&I: Red Cervera, increased activities of CDTI, INNVIERTE, the National Research Agency, ENISA, the Connected Industry Strategy 4.0., Línea FID of the Ministry of Science, Innovation and Universities (see CSR 3.1.)	Increase in public support for R&D and implementation of innovative actions, in particular in relation to pre-commercial public procurement (purchase of design and development products, fostering of this form of innovation) and transfer of knowledge.
	Spain Entrepreneurship Nation Strategy	In preparation
	National Artificial Intelligence Strategy	Integrated focus on the challenges posed by AI, which allows for maximum opportunities as regards this technological development.
	Deployment of digital infrastructures: Assistance for broadband rollout (PEBA Programme, Plan 800, Connected Schools) and implementation of 5G rollout process (digital dividend).	Ensure that Spain has the adequate infrastructure for the development of digital economy.
	Creation of the 5G Observatory	Fostering 5G technology.
	Large facilities and scientific projects: EuroHPC European supercomputer at the National Centre of Supercomputing in Barcelona (announced in June 2019).	The EuroHPC European supercomputer constitutes an investment on the part of the European Union of close to 100 million euros, the highest ever by the EU in a research infrastructure facility in Spain.
	The possibility of installing the TMT (Thirty Meter Telescope) on the island of Canary Island of La Palma is currently being negotiated.	The TMT (Thirty Meter Telescope), constituting an investment of 1.2 billion euros. Beyond direct investment, it has a significant positive impact in placing Spain at the cutting edge of technological infrastructure.
	Spanish strategy for innovation and the blue economy (in preparation, CDGAE informed 1/08/2018)	Fostering of R&D in the blue growth sector.
	Strategic Plan for comprehensive support for the automotive sector 2019-2025	It is estimated that the impact of the Plan would be €515 million for the first two years (2019-2020) and €2.634 billion for the full 2019-2025 period. Taking into account the carry-over effect, it is estimated that the total impact of the Plan will be 2.283 billion euros for 2019-2020 and 9.726 billion euros for 2019-2025.
	Digitalization strategy for the agri-food sector, forestry and rural affairs.	Attempts to improve the life and employment conditions of the rural environment and promote the active and stable population of rural Spain, in addition to contributing to leadership in a more competitive and sustainable agri-food sector that generates wealth.
	Support throughout 2019 for R&D&I projects in the shipbuilding industry.	Annual budget of €15 million for fostering innovation in the shipbuilding sector
Goals of the fight against climate change: 10% reduction in GHG emissions in different sectors with regard to 2005 (212.39 mill ton. of CO2 emissions equivalent in 2020) * Renewable energies to supply 20% of the total energy consumption. * Energy efficiency: A 20%	Draft Project of the Law on Climate Change and Energy Transition	Regulatory framework that establishes the institutional grounds for fulfilling the goals with regard to climate change and energy transition.
	National Integrated National Plan on Energy and Climate (PNIEC) 2021-2030	* The plan anticipates the mobilisation of investments of around 236,000 million euros between 2021 and 2030 (80% private investment) and the creation of 250,000 to 364,000 net annual jobs throughout the decade. * In 2030, 42% of renewable energies on the use of final energy, 74% in the case of electricity generation. * Dependence of imported energy will decrease by 15 percentage points, from the current 74% to 59% in 2030.

reduction in the primary consumption of energy: (on the baseline projection of the use of primary energy in 2020). 122.6 Mtoe	Plan of action for decarbonisation	The CDGAE discussed the elements of the Plan of Action on 5/09/2019, which seeks to identify and promote opportunities for economic and employment growth. 10 priority work areas have been identified, to be worked on by various inter-ministry groups: * Sustainable mobility * Equipment for renewable energies * Digitisation of energy systems and networks * Storage * Sustainable resource management in the food sector * Energy efficiency in the construction sector * Sustainable tourism * Circular economy * Electro-intensive industry * Sustainable finance.
	National Plan of Action for Energy Efficiency 2017-2020	A National Plan that seeks to fulfil Spain's 2020 goals on energy efficiency.
	National Energy Efficiency Fund 2014-2020	Financing mechanism for national energy efficiency initiatives.
	Programme to provide assistance to SMEs and Large Businesses in the industrial sector for energy efficiency activities	Promote measures for energy savings and efficiency in the industrial sector.
	MOVES Programme and MOVES Singular Programme	MOVES Programme: Approved by Royal Decree 72/2019, of 15 February. Plan to boost sustainable mobility which has a budget of €45 million to subsidise the following activities: * Acquiring alternative energy vehicles *Implementing infrastructure for recharging electric vehicles *Implementing systems for borrowing electric bikes *Implementing measures included in plans for company workplace transportation. Singular MOVES Programme: approved by Order TEC752/2019, of 8 July. Boosting unique mobility solutions in urban spaces and projects for electromobility innovation.
	Programme to provide assistance for the energy renovation of existing buildings and infrastructures of the General State Administration within the framework of the FEDER Operational Programme for Sustainable Development 2014-2020	Promote energy efficiency measures in General State Administration offices.
	Programme to provide assistance for Sustainable Urban Development (SUD)	Promote investments in Local Entities that contribute to a low-carbon economy.
	Sectoral Agenda of the wind energy industry, approved in September 2019	The goal of this agenda is to identify the primary measures for tackling the specific needs of the wind energy industry, such as improving the adaptation capacity of production centres, repowering wind parks or developing offshore wind farms. Additionally it includes a series of instruments to incentivise wind energy in three priority areas: industrial development (Plan Reindus), innovation (assistance from the Industria Conectada 4.0 programme) and internationalisation (contributions from ICEX, CESCE and the Fund for Company Internationalisation). The wind energy sector contributes nearly 3,400 million euros to Spain's GDP and generates more than 22,500 jobs. Meanwhile, exports reached nearly 2,400 million euros, which makes our country the fourth largest exporter of wind turbines worldwide.
	New regulation on personal-consumption and repeal of the so-called "sun tax" (Royal Decree-Law 15/2018 and Royal Decree 244/2019)	The extension of personal consumption favours the electrification of the economy and reduces emissions, offering citizens an alternative that may be economically advantageous, permitting the entry of new actors and the people themselves into the electrical system, and boosts economic activity and local employment for its distributed character.
Early school leaving below 15%	Universal access to primary education between the ages of 0-3 (included in the Draft Education Bill)	The draft Education Bill includes the adoption of an eight-year plan that will prioritise access by children at risk of poverty and social exclusion. It attempts to combat school dropout rates among children in vulnerable situations and promotes the participation of women in the labour market.
	Strategic Vocational Training Plan	(see above)
	Strengthening of territorial cooperation in education	The Ministry of Education and Professional Training, in collaboration with the Educational Administrations of the Autonomous Communities, has reinforced mechanisms for coordination and cooperation through the Sector Conference and its bodies. Currently, there are 24 active working groups on different priority areas.

	Territorial Cooperation Programmes (TCPs) with Autonomous Communities.	In total, 208,695,658 euros in 2019 on different territorial educational cooperation programmes with the Autonomous Communities to support education, text books, dual vocational training, teacher training, etc.
	Youth Employment Action Plan (2019-2021).	Training is one of the 5 pillars of the programmes with measures that include basic skills training and digital skills as well as training programmes in strategic and rural economy sectors. The Plan encompasses hiring bonuses for training programmes and “second opportunity” programmes to tackle early school leaving.
Post-secondary studies for 44% of persons aged 30-34 Progress:	Consolidation of the involvement of companies in the design and approval of qualifications in the framework of the Strategic Vocational Training Plan	Within the Vocational Training improvement objective, the involvement of companies throughout the process has multiplied, especially in the following phases: * Detection and identification of the professional qualification needs of the market. * Design of new qualifications and review an updating of existing qualifications in the National Professional Qualifications catalogue. Design of the Vocational Training curriculum of the educational system. Participation with Vocational Training educational centres in innovation projects arising from the calls of the Ministry of Education and Professional Training. * Participation of professionals form each productive sector in the training activities aimed at teachers and in-company training in the company of Professional Training instructors. * Training of tutors in the company collaborating in the delivery of the training at the workplaces of Vocational Training cycle students. * Implication of the increase of the percentage of the Dual Vocational Training regime.
	Digital adaptation of the vocational training system	The process for the design of new specialization courses for holders of Vocational Training qualifications relating to artificial intelligence, big data, virtual reality, mobile robotics, autonomous vehicles, cloud computing, 5G technology, Internet of Things, etc.
	Development of regulatory framework for employment	Advance in regulatory developments of the system for the employment through the approval of three ministerial orders
	Organic Law of Universities (to be drafted).	The new Law includes essential measures to improve the quality of university teaching. Among others: * Specific programme for the improvement and promotion of Teaching and Research Personnel. * Urgent measures to tackle the ageing of university staff. * Basic Statute of Associate Professors.
	Reform of the scholarship system and study assistance.	Pending, but in 2019, the budget allocated to grants was extended by 40 million euros, for both pre-university and university, and the publication of the income and family asset thresholds and the sums of grants and study assistance for the 2019-2020 academic year was brought forward, thus meeting the historic demand of the education community to bring forward the calls.
Reduce by 000 the number of persons living in poverty or in a situation of social exclusion with respect to 2009	Increase of minimum wage	Forecast to impact close to 2.5 million workers.
	Increase of dependent child allowance	Reduction of child poverty. The dependent child allowance will rise from 291 euros to 341 euros annually. For families in situations of severe poverty, the economic assignment will rise to 588 euros annually. Moreover, the income limits for the right to dependent child or dependent minor allowance are increased. 12,313 euros annually; 18,532 euros for large families (3,002 euros per child from the fourth onwards).
	Strengthening of social protection systems: Reinstatement of age of 52 for the unemployment supplement and the minimum pension for Permanent Total Disability for those aged under 60.	Offers the necessary coverage for persons who find themselves in situations of vulnerability.
	The Reincorpora-t Plan, three-yearly plan to prevent and reduce Long-Term Unemployment 2019-2021.	Its primary objective is to reduce long-term unemployment, with a special focus on the most vulnerable groups, boosting the preventive nature of the measures in risk situations and vulnerability in employment.

Programme for family protection and focus on child poverty	€45 million to finance social programmes in Autonomous Communities to fund the basic needs of children in vulnerable families, provide support for work-life balance, and family intervention and support services, and €40 million to support primary care support services.
VECA 2019 Programme, "Continue learning during school holidays":	Mobilisation of the General State Budget to support ACs, Local Authorities and the civil society to ensure meals, entertainment and culture for children during the holiday period. €15m to finance programmes aimed at preventing situations of deprivation and social exclusion during the holiday period among the most disadvantaged families. These benefits triple the number of recipients of these benefits in 2017 to reach 100,000 boys and girls. In the first edition, in the summer of 2018, the Programme already doubled the number of boys and girls benefitting from these provisions compared to 2017,jumping from 33,000 to 66,000 participants.
National Strategy for Preventing and Combatting Poverty (2019-2023). Approved by the Council of Ministers 22/03/2019.	Encompasses four strategic goals: Combating poverty, Social investment in people, Social protection against life cycle risks and Efficacy and efficiency of policies, which are will be developed across 13 objectives and 85 lines of action. It also tackles the fight against child poverty on a transversal basis. It will be executed through the preparation of operating plans with specific measures for each objective.
Action Plan for the implementation of Agenda 2030 in Spain (2018-2021)	On 20/09/2019 the first monitoring report was presented to the Council of Ministers, which concluded that the governance design of Agenda 2030 was completed and that important advances had been made. The Council of Ministers has approved up to 320 measures with a strong impact on Agenda 2030 in Spain.
General Directives of the National Strategy with regard to the demographic challenge	(Approved by the Council of Ministers on 29/03/2019. In presentation and debate phase with Autonomous Communities and local authorities for approval at Conference of Presidents. The Strategy tackles the demographic challenge and fosters the economic and social development of small municipalities with a very negative demographic balance.
Strengthening protection to families in danger of energy poverty.	Royal Decree Law 15/2018, of 5 October, on urgent measures for energy transformation and consumer protection, which includes numerous measures to alleviate energy poverty: * Improvement of valid social electricity benefit * Creation of a social heating benefit * Creation of social workers tasked with fighting energy poverty * Inclusion of single-parent families as a special condition (+0.5 times IPREM)
National strategy against energy poverty 2019-2024.	Approved by the Council of Ministers 5/04/2019. Rigorous and global approach to the energy poverty problem. Reduction target: at least 25% by 2025

[Addendum]

Methodology, economic models and assumptions underlying the information contained in the Draft Budget.

Técnica de estimación	Fase del proceso en la que se utiliza	Rasgos relevantes de la técnica/modelo utilizado
Modelos de ecuaciones de previsión a corto plazo	Elaboración del Escenario macroeconómico a política constante	Modelos multifactoriales y funciones de transferencia
Modelos de ecuaciones de previsión a largo plazo	Elaboración del Escenario macroeconómico a política constante	Relaciones de cointegración en modelos de corrección de error
Modelo REMS	Análisis de impacto macroeconómico y fiscal de nuevas medidas	Modelo macroeconómico de equilibrio general dinámico
Previsiones fiscales de ingresos	Base de las previsiones fiscales del Plan Presupuestario del y del Proyecto de Presupuestos Generales del Estado y la cuantificación del efecto fiscal de las medidas.	Modelos de microsimulaciones basados en previsiones macroeconómicas y análisis de series estadísticas temporales.
Previsiones fiscales de gastos	Base del Plan Presupuestario del y del Proyecto de Presupuestos Generales del Estado	Las previsiones de gasto se basan en el cumplimiento de reglas fiscales, en las propuestas sectoriales de presupuestos, el análisis de series estadísticas temporales y en las medidas adoptadas por el Gobierno en materia, entre otros, de política de personal y de pensiones.
Previsiones fiscales de esfuerzo fiscal	Estimación del esfuerzo estructural y descomposición por subsectores ESA	Metodología de la Comisión Europea desarrollada en el Output Gap Working Group.

[Addendum Tables]

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

	2018	2018	2019	2020
	Nivel*	% PIB	% PIB	% PIB
Gasto financiado con ingresos de los fondos estructurales	6.592	0,5	0,4	0,4
Formación bruta de capital financiada con fondos europeos	4.790	0,4	0,3	0,3
Gasto cíclico en prestaciones por desempleo	228	0,0	-0,1	-0,1
Efecto de las medidas discrecionales de ingresos	2.470	0,2	0,5	0,1
Gasto de intereses	29.301	2,4	2,3	2,3
*Millones de euros				
PIB utilizado		1.202.193	1.248.838	1.293.713

Table A.2 Guarantees granted by General Government

(In euro)

	2013	2014	2015	2016	2017	2018
Total Administraciones Públicas						
Garantías one-off						
Stock total, excluyendo deuda asumida por el Gobierno	193.152	133.627	102.955	86.527	77.650	67.213
del cual: empresas públicas	91.108	74.048	53.538	40.848	34.838	29.488
sociedades financieras	188.277	129.585	99.723	83.158	73.827	65.563
garantías otorgadas en el contexto de la crisis financiera	95.604	55.090	46.385	42.656	39.369	36.435
Administración Central						
Garantías one-off						
Stock total, excluyendo deuda asumida por el Gobierno	188.593	129.842	99.795	83.248	73.920	65.666
del cual: empresas públicas	90.609	73.557	53.065	40.393	34.416	29.099
sociedades financieras	188.277	129.585	99.723	83.158	73.827	65.563
garantías otorgadas en el contexto de la crisis financiera	95.604	55.090	46.385	42.656	39.369	36.435
Comunidades Autónomas						
Garantías one-off						
Stock total, excluyendo deuda asumida por el Gobierno	3.604	3.024	2.500	2.411	1.933	1.060
Entidades Locales						
Garantías one-off						
Stock total, excluyendo deuda asumida por el Gobierno	**955**	**761**	**660**	**868**	**1.797**	**487**
del cual: empresas públicas	499	491	473	455	422	389

Notas:

1. Sólo existen "one-off guarantees"
2. Según las conclusiones de la "Task Force on the implications of Council Directive 2011/85 on the collection and dissemination of fiscal data", en el "Total Stock of guarantees, excluding debt assumed by government", no se incluye la deuda avalada de unidades incluidas en el sector de las AAPP (S.13) (FROB, FTDSE...), ni la deuda avalada del EFSF.
3. El importe de la garantía sólo incluye el principal avalado, no la carga financiera

Table A.3. General Government expenditure by function

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

	2019		2020	
	% PIB	% gasto total	% PIB	% gasto total
Educación	4,0	9,6	4,0	9,6
Sanidad	5,9	14,4	5,9	14,4
Empleo[1]	1,9	4,6	1,9	4,5

[1]Esta categoría de gasto incluye el gasto relacionado con las políticas activas de empleo, incluyendo los servicios públicos de empleo

PIB utilizado	1.248.838		1.293.713	

Table A.3.b Classification of expenditure by functions

Funciones	Código COFOG	2019	2020
		% PIB	% PIB
1. Servicios públicos generales	1	5,4	5,3
2. Defensa	2	0,8	0,8
3. Orden Público y seguridad	3	1,8	1,8
4. Asuntos económicos	4	3,8	3,8
5. Protección del medio ambiente	5	0,9	0,9
6. Vivienda y servicios comunitarios	6	0,4	0,4
7. Sanidad	7	5,9	5,9
8. Actividades recreativas, cultura y religión	8	1,1	1,1
9. Educación	9	4,0	4,0
10. Protección social	10	17,2	17,2
11. Gasto total	TE	41,3	41,3
PIB utilizado		1.248.838	1.293.713

Fuentes: Ministerio de Hacienda

Table A. 4: Expected budgetary impact of the planned and adopted revenue measures:

Measures	Description	Target (expenditure/ revenue)	Accounting principle	Level of implementation	Additional budgetary impact per year (€ million)		
					2018	2019	2020
IRPF					**-1,054**	**-939**	**885**
New measures or 2018	Increase of general reduction on earned income Extension of cheques (rate deductions) family members (for spouse with disability and large family) and childcare expenses	Revenue	NA	Law 6/2018, of 3 June, on the 2018 General State Budget	-401	-565	
Exemption of maternity /paternity benefits: unexpired past years	By Judgement of the Supreme Court, maternity / paternity benefits are exempted (past four unexpired years and 2018 onwards). The Royal Decree-Law 27/2018 extends the exemption to cover other collectives not included in the Supreme Court's ruling.	Expenditure	NA	Royal Decree-Law 27/2018, of 28 December, adopting certain measures on taxation and land registry.	-648	-237	885
Exemption maternity / paternity benefits: 2019 onwards		Revenue	CN	Royal Decree-Law 27/2018, of 28 December, adopting certain measures on taxation and land registry.		-120	
Tax on Lottery	The minimum prize amount exempt from taxation was increased to €20,000 in 2018 and €40,000 in 2019.	Revenue	CN	Law 6/2018, of 3 June, on the 2018 General State Budget	-5	-17	
Corporate Income Tax					**-1,033**	**1,113**	**0**
DTAs	DTA refund claims	Expenditure	NA	Law 27/2014 of 27 November on the Corporate Income Tax	-1,113	1,113	
2017 Measures	Limitation to deductibility of negative taxable bases and deduction for double taxation. Reversal of impairments. Limits on deduction of losses over own funds.	Revenue	NA	Royal Decree-Law 3/2016, of 2 December.	80		
VAT					**-49**	**-50**	**0**
Reduction in tax rates for live shows and cinema	Reduction in tax rate from 21% to 10%.	Revenue	NA	Law 3/2017, of 27 June, on the 2017 General State Budgets and Law 6/2018, of 3 July, on the 2018 General State Budget	-49	-50	
EXCISE DUTIES					**9**	**1,412**	**730**
Alcohol	5% increase of the tax rate on intermediate products of the Special Tax on Alcohol. No VAT effect.	Revenue	NA	Royal Decree-Law 3/2016, of 2 December.	6		
Fossil fuels	The autonomous regions' tax rate on Hydrocarbons is integrated into the national tax rate in order to guarantee market unity in the field of fuels and lubricants and to be in line with European legislation. Later, these amounts are made over to the autonomous regions.	Revenue	NA	Law 6/2018, of 3 June, on the 2018 General State Budget	0	1,457	730
Fossil fuels	Reduction of tax rebates of agricultural diesel	Revenue	NA	Law 3/2017, of 27 June, on the 2017 General State Budget	8		
Fossil fuels	Exemption from Special Hydrocarbon Tax for energy products used in electricity production at electricity generation plants in the production of electricity of the cogeneration of electricity and for heating at combine plants.	Revenue	NA	Royal Decree Law 15/2018, de 5 October, on urgent measures for the energy transition and consumer protection.	-5	-45	
OTHER ENVIRONMENTAL TAXES					**12**	**-721**	**721**
Tax on the value of electricity production	Exemption from the Tax on the Value of Electricity Production for two quarters.	Revenue	NA	Royal Decree Law 15/2018, de 5 October, on urgent measures for the energy transition and consumer protection.		-721	721

Tax on fluorinated gases	New environmental tax	Revenue	NA	Law 16/2013, of 29 October on environmental taxation	12		
LEVIES AND OTHER REVENUE					**279**	**377**	**0**
Levy on the use of water for electric power generation.	Rate destined for the protection and improvement of the public hydraulic domain. Amended in 2017, to increase the tax rate.	Revenue	NA	Royal Decree-Law 10/2017, of 9 June	7		
CO2 emission allowances	The excess billed for auctions of CO2 rights above €450 million will be allocated to the electrical system.	Revenue	CN	Royal Decree Law 15/2018, de 5 October, on urgent measures for the energy transition and consumer protection.	272	377	
TOTAL					**-1,836**	**1,192**	**2,336**
FIGHT AGAINST POVERTY		**Revenue**			**318**	**0**	**0**
Package of measures to fight against fraud 2017	Immediate Supply of VAT information and other measures to boost the fight against tax fraud	Revenue	NA	Royal Decree-Law 3/2016, of 2 December.	318		
TOTAL TAX MEASURES					**-1,518**	**1,192**	**2,336**
TOTAL TAX MEASURES WITHOUT MATERNITY REFUND AND DTAs (that count as expenditure in the National Accounts System)					**243**	**316**	**1,451**

Table A.5: Expected budgetary impact of the expenditure and revenue measures adopted and planned by State and Employment and Social Security

(+) expenditure savings and increase of revenue; (-) vice versa

Measures	Description	Target (expenditure/ revenue)	Level of implementation	Additional budgetary impact per year (€ million)		
				2018	2019	2020
Public service pay increase*	1.75% + 0.20% additional funds in 2018 and salary alignment	Financial	Law 6/2018, of 3 June, on the 2018 General State Budget	-2,709		
	Maximum level 2.75% (2.25% plus 0.25% GDP plus 0.25% of additional funds) in 2019 and salary alignment for the State Security Forces and Corps	Expenditure	Royal Decree-Law 24/2018 of 21 December, which implemented urgent measures on compensations in the public sector		-3,760	
	Maximum level 2.30% (2% plus 0.30% additional funds) and salary alignment for the State Security Forces and Corps	Expenditure	Resolution of 22 March 2018, of the State Secretariat for Public Affairs, on the publication of the II Government-Trade Unions Agreement for improvements in public employment and working conditions, and the Resolution of 19 March 2018 of the State Secretariat for Security, on the publication of the Agreement between the Ministry of Internal Affairs, the National Police union and professional associations of the Guardia Civil (the Spanish National Guard).			-3,264
	Maximum level 3.30% (2% plus 1% GDP plus 0.30% of additional funds) and salary alignment for the State Security Forces and Corps	Expenditure				-4,575
Replacement rate	The 2018 General State Budget contains a general replacement rate of 100% for those Public Administrations that comply with deficit, debt and expenditure regulation objectives. Moreover, a fund of an additional 8% will be available for sectors considered priorities by the respective Public Administrations. This fund will be 10% for Local Authorities who have amortised their financial debt. These percentages will be reduced in the event that the aforementioned objectives are not met. In the case of the State Security Forces the replacement rate will be 115%.		Law 6/2018, of 3 June, on the 2018 General State Budget	-40	11	
Temporary Incapacitation	Since 2012, discounts have been applied to public sector employees in situations of temporary incapacitation. The agreement with the trade unions in this area allows each Public Administration to determine the compensation that can be received by personnel in such situations up to a maximum of 100% returning to the pre-2012 situation. The impact was calculated based on the scenario of maximum disappearance of all the discounts on compensation that may be applied. Therefore, it consists of a maximum cost.	Expenditure	Law 6/2018, of 3 June, on the 2018 General State Budget	-267	-7	
Extraordinary employment activation programme	Activation programme for long-term job-seekers who have used up all unemployment benefits and subsidies and who have family responsibilities. The activation programme combines specific actions to foster employment and temporary financial assistance of six months which is compatible with a job. It therefore contributes to two goals. On the one hand, tackling the situation of job-seekers and helping them stay active. On the other hand, promoting the modernization of public employment services, ensuring a customised assistance to beneficiaries and a stronger link between active and passive policies. The programme will last until 15 April 2016 and an assessment of its impact in terms of employability is foreseen.	Expenditure	Royal Decree-Law 16/2014, of 19 December, governing the Employment Activation Programme	-102		
New access requirements for the Active Insertion Income	Access requirements to the Active Insertion Income have been modified so as to increase their connection to active employment policies and to strengthen compliance with the activity commitment.	Expenditure	Royal Decree-Law 16/2014, of 19 December, governing the Employment Activation Programme. Third final provision.	200	150	50

Training benefit	Assistance is granted to young workers registered on the SNGJ which are contracted for training and learning	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-500	-229	
Reduction for conversion of training and learning contracts to permanent contracts	Employers who contract young workers registered on the SNGJ on training and learning contracts who are in receipt of training benefit may benefit from the reduction for the conversion of the contract into an indefinite contract	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	0	-5	
Improvement of autonomous regime. Fostering entrepreneurial activity.	A set of measures with which it will be possible to continue to contribute to the improvement of the conditions in which self-employed workers carry out their activity, ensuring their future expectations and with them the creation of productive wealth in our country which constitutes one of the hallmarks of the entrepreneur group. Said measures are geared towards, among others, the following objectives: facilitating and improving Social Security contributions, reducing the administrative load m self-employed workers, clarifying the deductibility of costs incurred by the self-employed in the course of their activity, extension of existing benefits (highlighting the extension of the "Flat Rate"), fostering work-family life balance and improvement of collective rights, vocational training for salary alignment to the effect of the contingencies arising from an accident on the way to work.	Expenditure	Law 6/2017, of 24 October, on Urgent Reform of the Self-Employed Work Sector	-530		
Extension of paternity leave	In 2018, the duration of paternity leave is extended from four to five week uninterrupted, extendible in the case of multiple births by two further days per child starting with the second.	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-53	-53	
	In 2019, the duration of paternity leave is extended from 5 to 8 uninterrupted weeks, extendible in the case of multiple births by 1 week more per child starting with the second child.	Expenditure	Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and equality of opportunities between women and men in employment and occupation.		-252	
	In 2020, the duration of paternity leave is extended from 8 to 12 uninterrupted weeks, extendible in the case of multiple births by 1 week more per child starting with the second child.	Expenditure	Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and equality of opportunities between women and men in employment and occupation			-336
Co-responsibility in caring for infants	Half hour reduction in the working day of both parents. The reduction in the working day is paid to one of the parents	Expenditure	Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and equality of opportunities between women and men in employment and occupation		-17	
Increase of pensions in 2018**	Increase of the regulatory base of widow's pensions from 52% to 56%	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-133	-167	
	Increase of 3% of non-contributory pensions (includes the additional impact of 0.25% on revaluation foreseen for the extension of the revaluation index)	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-68		
	Increase of 3% of minimum pensions (includes the additional impact of 0.25% on revaluation foreseen for the extension of the revaluation index)	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-556		
	Increase of 1.6% for all other pensions (includes the additional impact of 0.25% on revaluation foreseen for the extension of the revaluation index)	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-1,451		
	Increase of civil service pensions as a consequence of the above measures	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-215		
Increase in pensions in 2019****	Increase of the regulatory base of widow's pensions from 56% to 60%	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-357	
	Increase of 3% in the non-contributory pension	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-77	
	Increase of 3% in minimum pensions	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-618	

	Increase of 1.6% in the rest of pensions	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-1,619	
	Increase of civil service pensions as a consequence of the above measures	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-311	
Revaluation of children's allowance for disabled dependent child	Revaluation of 3% in 2018 of the family provision per dependent child >18 with disability	Expenditure	Act 6/2018, of 3 June, on the 2018 General State Budget	-29		
	Revaluation of 3.1% in 2019 of the family provision per dependent child >18 with disability	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-33	
Measures to maintain the purchase power of pensions, especially the most vulnerable pensioners	Revaluation of pensions in accordance with CPI in 2018 and 2019. Sum of single payment for deviation of CPI in 2018 of 0.1%. The 2019 CPI deviation payment will be made in 2020	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-123	
	Revaluation of civil service pensions in accordance with CPI in 2018 and 2019. Amount of single payment for deviation from CPI in 2018 of 0.1% The 2019 CPI deviation payment will be made in 2020	Expenditure	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		-15	
Increase of pensions in 2020	It constitutes an increase in pension based on the CPI (0,9%)	Expenditure				-1,263
	It constitutes an increase in civil service pensions based on the CPI (0.9%)	Expenditure				-141
Retirement of local police force officers	The ordinary age for access to the retirement pension is reduced based on a reduction coefficient for local police force officers who fulfil certain requirements	Expenditure	Royal Decree 1449/2018, of 14 December, establishing the reduction coefficient for retirement age of local police force officers at the service of entities comprising the local administration		-142	
	The Social Security contributions of these local police force officers are increased at an additional rate	Financial	Act 6/2018, of 3 June, on the 2018 General State Budget		254	
Recovery of the unemployment subsidy for those aged over 52.	Reduction of age for access to the subsidy from 55 to 52, establishing the calculation of income primarily on the beneficiary and not the family unit, removing the obligation to have accessed early retirement where received and re-establishing the minimum contribution to the Social Security during receipt of same at 125% of the Minimum Wage.	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-695	-400
Social Security benefits for families	The dependent child allowance is increased for vulnerable families. Specifically, the annual allowance per dependent child for families in situations of poverty is increased from €291 to €341 and €588 for families in situations of severe poverty	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-158	
Recovery of Social Security contributions of citizens	The special agreement on non-professional carers in the Social Security system will be recovered along with the General Government's Social Security contribution allowance.	Expenditure	Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and equality of opportunities between women and men in employment and occupation		Neutral across General Government as a whole	
Minimum sums for SS contributory IPT pension	Set minimum sum for Permanent Total Disability pensions arising from common illness for those aged under 60	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-25	
Orphan benefit	Economic provision for children of those deceased as a result of violence against women if both parents deceased	Expenditure	Law 3/2019, of 1 March, on improving the situation for orphans who are children of victims of gender-based violence and violence against women		-5	
Measures to boost permanent employment	Support for the extension of the period of activity for workers with permanent seasonal contracts in tourism, commerce and the hospitality industry linked to tourism: 50% rebate on company contributions to Social Security for common contingencies, unemployment, FOGASA and Professional Training	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-21	
	Extending the earlier measure to October and December 2019 and February and March 2020 in the Balearic and Canary Islands	Expenditure	Royal Decree-Law 12/2019, of 11 October, on the adoption of urgent measures to alleviate the effects of the bankruptcy filing by Thomas Cook		-7	-1

	Plan for the conversion of seasonal contracts of agricultural workers into permanent contracts or permanent seasonal contracts	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-1	
	Tax rebate for employers who hire long-term job seekers	Expenditure	Royal Decree-Law 8/2019, of 8 March, on urgent measures in social protection and combatting job insecurity in the working day		-1	6
Updating of the maximum base cap and maximum contribution bases in the Social Security system.	Maximum cap amounts of the Social Security contribution base, in the schemes where it is established, as well as the maximum contribution bases in each of them, with an increase of 1.4% in 2018.	Revenue	Act 6/2018, of 3 June, on the 2018 General State Budget	132	185	
	Maximum cap amounts of the Social Security contribution base, in the schemes where it is established, as well as the maximum contribution bases in each of them, with an increase of 7% in 2019.	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		850	
Increasing Minimum Wage to €900	Increase of collection by rates and minimum based for contribution as a result of the increase in the Minimum Wage to €900.	Revenue	Royal Decree 1462/2018, of 21 December, establishing the minimum wage for 2019.		1,339	
Other measures impacting social contributions	Professional contingencies contribution rate: increase in minimum rate to 1.5%	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		425	
	Professional contingencies contribution rate: increase in maximum rate if there is a reduction coefficient for the retirement age	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		31	
	Total coverage in the Special Regime for Self-Employed Wokers (RETA) for professional contingencies (contribution rate of 0.9 in 2019 and 1.1. in 2020)	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		205	80
	Increase in the contribution in the increase of employed agricultural workers	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		14	
	New agreement on training and non-working internships: contributions of interns	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		74	
	New contribution category for domestic employees	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		16	
	Additional contribution on contracts with a duration less than 5 days	Revenue	Royal Decree-Law 28/2018, of 28 December, on the revaluation of public pensions and other urgent social, labour and employment measures.		50	
	Increase in contributions for the recovery of the unemployment subsidy for adults over 52 years old	Revenue	Royal Decree-Law 8/2019, of 8 March, on urgent measures on social protection and combatting job insecurity in the working day		415	200
	Reduction in the contribution of employed agricultural workers	Revenue	Royal Decree-Law 8/2019, of 8 March, on urgent measures on social protection and combatting job insecurity in the working day		-42	
	All contingency benefits of self-employed workers who have ceased working in 2018 and have been in a state of temporary incapacitation for 60 days or more upon the entry into force of RD -l 28/2018, shall be paid by the insurance agency, or management or public employment agency in charge of the contributions for cessation of activity.	Revenue	Royal Decree-Law 8/2019, of 8 March, on urgent measures on social protection and combatting job insecurity in the working day		81	
Social heating benefit	Direct economic assistance so that vulnerable homes can meet the costs of heating, hot water and cooking this winter, regardless of the fuel they use.	Expenditure	Royal Decree-Law 15/2018		-100	
Total with salary increase in 2019				**-3,572**	**-991**	**-5,069**

(*) This figure corresponds to all of General Government Central Government, Autonomous Communities, Local Corporations and Social Security.

(**) In the budgetary impact of this measure, the effect of introducing the active search for employment for all recipients of new subsidies has not been taken into account. If the mechanism works in a manner similar to the PAE or PREPARA, the expenditure mentioned will be reduced by around 20%. Moreover, the application of personalised insertion itineraries for beneficiaries will result in a greater reduction in income for placements obtained that at a minimum could be estimated at 50 million euros in 2019.
(***) Does not include the additional impact of 0.25%, which is not a discretional measure but the result of the application of the revaluation index based on the regulation in force

(****) In 2019, the total impact of the increase from 1.6% to 3% as applicable is included, as the application of the Pension Revaluation Index has been suspended

Table A. 6: Expected budgetary impact of the expenditure and revenue measures adopted and planned by Autonomous Communities

Measures	Description	Target (expenditure/revenue)	Additional budgetary impact per year (€ million)		
		ESA Code	2018	2019	2020
Personnel expenses	Measures for personnel management/planning and reduction in compensations	D1	-305	-541	-490
Non-availability agreements Art. 25.1 LOEFSP, effects of closures and other general measures for cost containment			-277	1,248	-145
Pharmaceutical and hygiene products expenditure	Pharmaceutical expenditure Centralised purchase of medicines	D63	22	67	38
	Other measures in relation to pharmaceuticals and hygiene products	D63	45	254	150
Measures related to current costs and public provision	Savings measures related to provision of services and supplies	P2	23	24	0
	Other measures in Chapter II	P2	24	91	50
Financial expenditure and interests (does not affect Local Administrations)	Interest savings, improving conditions of funding mechanisms	D41	-95	-10	-5
Current transfers	Others in Chapter IV	Other current expenditures	-16	-185	-46
Capital transfers	Others in Chapter VII	D92,D99	60	-25	-30
Other measures	Other measures (investments)	P51		-25	0
Total expenditure measures			**-519**	**898**	**-478**
Income Tax and other direct taxes		D51	-82	117	-153
Inheritance and Gift Tax		D91	-108	-151	-82
Wealth Tax		D5	2	0	0
Environmental taxes		D29	9	0	0
Wealth Transfer Tax and Stamp Duty		D21	77	52	66
Tax on hydrocarbons		D21	0	342	2
IGIC AIEM		D21	-25	-41	0
Charges		D29	3	0	0
Other Taxes		D29	129	21	5
Non-tax revenues		-P51	-5	208	173
Total means of revenue			**0**	**547**	**11**
Total measures Autonomous Communities			**-519**	**1,445**	**-467**

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

Measures	Description	Target (expenditure/revenue)	Additional budgetary impact per year (€ million)		
		ESA Code	2018	2019	2020
Personnel Expenses	Compensation	D1	-537	-870	-446
Current expenditure	Reduced expenditure on the purchase of goods and services	P2	-734	-963	-667
Corporate public sector	Company dissolution	P2	67	0	0
Suppression of services	Other means regarding expenditures. Disappearance of minor local entities and elimination of services that are not under local jurisdiction. Non-execution of investments	P2, other current expenditure	-299	-699	851
Total expenditure measures			**-1,503.4**	**-2,531.3**	**-262.0**
Taxes	Tax raises, eliminating exemptions and voluntary rebates, improved collections management	D29	1,055.8	1,280.0	700.2
	Fees and public prices	D29 AND P11	303.0	123.0	-211.8
Total means of revenue			**1,358.8**	**1,403.0**	**488.4**
Total Local Authorities			**-144.6**	**-1,128.3**	**226.4**

Table A. 8: Budgetary execution of the General Government and its sub-sectors.

millones € (acumulado) Datos no consolidados	2018				2019			
	T1	T2	T3	T4	T1	T2	Julio (2+3+5)	Agosto Estado
Saldo presupuestario por subsectores (6-7)								
1. Administraciones Públicas	24.787	32.293	54.247	17.316	34.601	31.438	NA	NA
2. Administración Central	18.303	13.844	27.868	6.380	22.200	16.601	-20.073	18.623
3. Comunidades Autónomas	-2.536	-606	10.873	3.117	910	-1.943	-150	NA
4. Corporaciones Locales	5.820	7.329	12.062	5.844	5.626	6.432	NA	NA
5. Seguridad Social	3.200	11.726	3.444	1.975	5.865	10.348	4.870	NA
Total Administraciones Públicas								
Total ingresos	207.449	417.292	645.929	899.285	219.095	429.548	450.293	NA
Total gastos	182.662	384.999	591.682	881.969	184.494	398.110	465.646	NA
Administración Central								
Total ingresos	82.232	145.378	227.784	314.892	78.711	141.427	154.032	183.659
Total gastos	63.929	131.534	199.916	308.512	56.511	124.826	174.105	165.036
Comunidades Autónomas								
Total ingresos	65.535	142.915	223.892	315.690	73.848	151.705	185.178	NA
Total gastos	68.071	143.521	213.019	312.573	72.938	153.648	185.328	NA
Corporaciones Locales								
Total ingresos	19.966	42.479	65.737	91.535	20.621	44.061	NA	NA
Total gastos	14.146	35.150	53.675	85.691	14.995	37.629	NA	NA
Seguridad Social								
Total ingresos	39.716	86.520	128.516	177.168	45.915	92.355	111.083	NA
Total gastos	36.516	74.794	125.072	175.193	40.050	82.007	106.213	NA

* Los datos trimestrales de 2018 son los recogidos en la 2ª notificación PDE remitida a finales de septiembre de 2019

Tables A. 9: Execution in national accounts basis of the General Government and its sub-sectors.

Table A.9.1 Quarterly execution in national accounts for General Government

Millones € (acumulado)	Código ESA	2018				2019			
		T1	T2	T3	T4	T1	T2	Julio (2+3+5)	Agosto (Estado)
Capacidad o Necesidad de financiación (6-7)									
1. Administraciones Públicas	S.13	-3.567	-22.615	-14.592	-30.495	-4.189	-26.711	NA	NA
2. Administración Central	S.1311	-4.500	-8.991	-13.931	-15.920	-6.825	-11.415	-16.289	-14.937
3. Comunidades Autónomas	S.1312	-1.666	-7.808	1.591	-3.326	-1.446	-8.145	-3.090	NA
4. Corporaciones Locales	S.1313	396	49	3.663	6.120	-147	-321	NA	NA
5. Seguridad Social	S.1314	2.203	-5.865	-5.915	-17.369	4.229	-6.830	-5.811	NA
Total Administraciones Públicas									
6. Total ingresos		108.931	219.971	341.695	471.002	113.541	228.746	251.843	128.916
De los cuales									
Impuestos sobre la producción e importaciones	D.2	37.661	73.628	108.319	140.930	39.170	74.922	69.588	65.143
Impuestos corrientes sobre la renta y riqueza, etc.	D.5	24.577	49.822	87.911	127.268	24.347	51.533	62.759	41.970
Impuestos sobre el capital	D.91	1.350	2.793	4.075	5.573	1.361	2.648	1.591	78
Cotizaciones Sociales	D.61	36.274	73.675	111.074	149.382	39.271	79.545	92.465	4.746
Rentas de la propiedad	D.4	1.586	3.676	5.032	7.848	1.862	3.763	4.395	4.622
Otros		7.483	16.377	25.284	40.001	7.530	16.335	21.045	12.357
7. Total gastos		112.498	242.586	356.287	501.497	117.730	255.457	277.033	143.853
De los cuales									
Remuneración de asalariados	D.1	28.037	61.623	91.359	127.644	29.703	65.611	61.869	12.215
Consumos intermedios	P.2	14.985	30.307	44.470	61.547	15.556	31.103	23.628	3.424
Transferencias sociales	D.62, D.632	46.853	105.520	154.664	216.305	49.712	113.060	129.621	12.479
Intereses	D.41	6.745	14.452	21.801	29.301	6.141	14.117	16.306	16.920
Subvenciones	D.3	2.330	5.165	7.803	12.104	2.005	5.212	5.635	2.245
Formación bruta de capital fijo	D.51	6.190	12.813	18.761	25.715	6.390	12.639	10.526	3.133
Transferencias de capital	D.9	2.481	4.235	5.149	10.376	2.340	4.235	4.765	2.852
Otros		4.877	8.471	12.280	18.505	5.883	9.480	24.683	90.585
8. Deuda bruta		1.162.130	1.165.928	1.177.704	1.173.303	1.200.446	1.210.915	NA	1.055.316

Table A.9.2 Central Government

Millones € (acumulado)	Código ESA	2018				2019			
		T1	T2	T3	T4	T1	T2	Julio	Agosto (Estado)
Capacidad o Necesidad de financiación (6-7)									
1. Administraciones Públicas	S.13								
2. Administración Central	S.1311	-4.500	-8.991	-13.931	-15.920	-6.825	-11.415	-16.289	-14.937
3. Comunidades Autónomas	S.1312								
4. Corporaciones Locales	S.1313								
5. Seguridad Social	S.1314								
Administración Central									
6. Total ingresos		49.491	99.244	153.518	213.368	49.944	100.541	120.527	128.916
De los cuales									
Impuestos sobre la producción e importaciones	D.2	28.340	53.715	77.664	97.875	29.304	54.797	61.043	65.143
Impuestos corrientes sobre la renta y riqueza, etc.	D.5	12.890	27.256	46.707	73.039	11.750	27.251	34.637	41.970
Impuestos sobre el capital	D.91	274	309	354	377	243	267	299	78
Cotizaciones Sociales	D.61	2.169	4.976	7.157	9.992	2.148	4.920	5.645	4.746
Rentas de la propiedad	D.4	1.580	3.712	5.166	8.067	1.953	3.813	4.689	4.622
Otros		4.238	9.276	16.470	24.018	4.546	9.493	14.214	12.357
7. Total gastos		53.991	108.235	167.449	229.288	56.769	111.956	136.816	143.853
De los cuales									
Remuneración de asalariados	D.1	5.143	11.444	16.908	23.991	5.452	12.217	14.171	12.215
Consumos intermedios	P.2	2.143	4.378	6.540	9.017	2.342	4.692	5.485	3.424
Transferencias sociales	D.62, D.632	4.074	10.176	14.529	20.604	4.346	11.387	12.908	12.479
Intereses	D.41	5.985	12.913	19.461	26.157	5.444	12.715	14.892	16.920
Subvenciones	D.3	1.111	2.454	3.688	5.619	598	1.812	2.308	2.245
Formación bruta de capital fijo	D.51	2.056	4.033	5.682	7.762	1.775	3.516	4.264	3.133
Transferencias de capital	D.9	2.305	3.599	4.252	9.093	2.098	3.843	4.064	2.852
Otros		31.174	59.238	96.389	127.045	34.714	61.774	78.724	90.585
8. Deuda bruta		1.029.004	1.034.891	1.048.739	1.047.250	1.069.770	1.075.480	NA	1.055.316

Table A.9.3 Autonomous Communities

Millones € (acumulado)	Código ESA	2018				2019		
		T1	T2	T3	T4	T1	T2	Julio
Capacidad o Necesidad de financiación (6-7)								
1. Administraciones Públicas	S.13							
2. Administración Central	S.1311							
3. Comunidades Autónomas	S.1312	-1.666	-7.808	1.591	-3.326	-1.446	-8.145	-3.090
4. Corporaciones Locales	S.1313							
5. Seguridad Social	S.1314							
Comunidades Autónomas								
6. Total ingresos		37.953	77.271	130.826	179.497	39.969	81.255	105.140
De los cuales								
Impuestos sobre la producción e importaciones	D.2	3.488	7.615	11.779	16.841	3.846	7.488	8.545
Impuestos corrientes sobre la renta y riqueza, etc.	D.5	9.530	18.928	34.213	44.565	10.423	20.653	28.122
Impuestos sobre el capital	D.91	528	1.228	1.812	2.412	531	1.080	1.292
Cotizaciones Sociales	D.61	65	144	210	303	76	166	188
Rentas de la propiedad	D.4	71	182	286	471	86	318	360
Otros		24.271	49.174	82.526	114.905	25.007	51.550	66.633
7. Total gastos		39.619	85.079	129.235	182.823	41.415	89.400	108.230
De los cuales								
Remuneración de asalariados	D.1	16.981	37.324	55.574	77.538	18.024	39.915	46.261
Consumos intermedios	P.2	7.263	14.754	21.607	29.571	7.456	14.897	17.507
Transferencias sociales	D.62, D.632	7.266	15.182	22.723	31.864	7.421	15.815	18.877
Intereses	D.41	980	2.011	3.062	4.224	933	1.895	2.259
Subvenciones	D.3	418	1.053	1.631	2.904	493	1.388	1.737
Formación bruta de capital fijo	D.51	2.564	5.335	7.900	11.238	2.459	5.251	6.184
Transferencias de capital	D.9	205	1.038	1.856	4.241	427	1.128	1.421
Otros		3.942	8.382	14.882	21.243	4.202	9.111	13.984
8. Deuda bruta		289.689	293.341	292.397	293.350	296.881	300.587	299.518

Table A.9.4 Local Corporations

Millones € (acumulado)	Código ESA	2018				2019	
		T1	T2	T3	T4	T1	T2
Capacidad o Necesidad de financiación (6-7)							
1. Administraciones Públicas	S.13						
2. Administración Central	S.1311						
3. Comunidades Autónomas	S.1312						
4. Corporaciones Locales	S.1313	396	49	3.663	6.120	-147	-321
5. Seguridad Social	S.1314						
Corporaciones Locales							
6. Total ingresos		16.404	33.800	53.840	76.361	16.957	35.064
De los cuales							
Impuestos sobre la producción e importaciones	D.2	5.833	12.298	18.876	26.214	6.020	12.637
Impuestos corrientes sobre la renta y riqueza, etc.	D.5	2.157	3.638	6.991	9.664	2.174	3.629
Impuestos sobre el capital	D.91	548	1.256	1.909	2.784	587	1.301
Cotizaciones Sociales	D.61	64	135	201	275	59	137
Rentas de la propiedad	D.4	119	250	360	495	114	226
Otros		7.683	16.223	25.503	36.929	8.003	17.134
7. Total gastos		16.008	33.751	50.177	70.241	17.104	35.385
De los cuales							
Remuneración de asalariados	D.1	5.370	11.644	17.092	23.575	5.671	12.235
Consumos intermedios	P.2	5.315	10.637	15.527	21.869	5.488	10.978
Transferencias sociales	D.62, D.632	321	664	1.003	1.387	318	678
Intereses	D.41	149	294	436	573	137	264
Subvenciones	D.3	332	608	899	1.267	319	606
Formación bruta de capital fijo	D.51	1.529	3.360	5.056	6.557	2.113	3.806
Transferencias de capital	D.9	95	287	487	889	45	186
Otros		2.897	6.257	9.677	14.124	3.013	6.632
8. Deuda bruta		28.950	29.371	27.988	25.780	25.971	26.233

Table A.9.5 Social Security

Millones € (acumulado)	Código ESA	2018				2019		
		T1	T2	T3	T4	T1	T2	Julio
Capacidad o Necesidad de financiación (6-7)								
1. Administraciones Públicas	S.13							
2. Administración Central	S.1311							
3. Comunidades Autónomas	S.1312							
4. Corporaciones Locales	S.1313							
5. Seguridad Social	S.1314	2.203	-5.865	-5.915	-17.369	4.229	-6.830	-5.811
Fondos de Seguridad Social								
6. Total ingresos		39.082	77.361	117.168	155.244	43.758	83.016	97.936
De los cuales								
Impuestos sobre la producción e importaciones	D.2	0	0	0	0	0	0	0
Impuestos corrientes sobre la renta y riqueza, etc.	D.5	0	0	0	0	0	0	0
Impuestos sobre el capital	D.91	0	0	0	0	0	0	0
Cotizaciones Sociales	D.61	33.976	68.420	103.506	138.812	36.988	74.322	86.632
Rentas de la propiedad	D.4	185	298	378	468	82	163	191
Otros		4.921	8.643	13.284	15.964	6.688	8.531	11.113
7. Total gastos		36.879	83.226	123.083	172.613	39.529	89.846	103.747
De los cuales								
Remuneración de asalariados	D.1	543	1.211	1.785	2.540	556	1.244	1.437
Consumos intermedios	P.2	264	538	796	1.090	270	536	636
Transferencias sociales	D.62, D.632	35.192	79.498	116.409	162.450	37.627	85.180	97.836
Intereses	D.41	0	0	0	0	0	0	0
Subvenciones	D.3	469	1.050	1.585	2.314	595	1.406	1.590
Formación bruta de capital fijo	D.51	41	85	123	158	43	66	78
Transferencias de capital	D.9	0	0	0	3	0	0	0
Otros		370	844	2.385	4.058	438	1.414	2.170
8. Deuda bruta		27.363	34.888	34.863	41.194	43.068	48.693	49.944