



GOBIERNO  
DE ESPAÑA

# BALANCE OF GOVERNMENT

2011-2015



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*THE LEGISLATURE OF RECOVERY*

**REFORMS AND RESULTS**

**2011-2015**



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# INTRODUCTION

## *THE LEGISLATURE OF RECOVERY*

## FOUR YEARS OF REFORMS FOR RECOVERY

In December 2011, the Government of Spain **assumed responsibility** for:

- 1. Decisively tackling the economic crisis** that had led Spain to the brink of a bail-out, the longest recession since the transition to democracy and the worst job losses ever recorded in the country.
- 2. Guaranteeing the effectiveness of social policies** in the face of growing needs and the **sustainability of the Welfare State** in the face of uncertainty stemming from the general economic situation.
- 3. Taking action to reverse the loss of confidence** in Spanish institutions due to economic and social difficulties, and strengthen the democratic bond between the general public and public representatives and managers.

The goal was to **restore confidence** in the economy, the welfare model and the Spanish institutional system, as well as lay the path to a **new era of progress and prosperity** to **allow the future to be viewed with greater certainty and a better outlook**.

## 2011: RISK, RECESSION AND COLLAPSING WELFARE AND CONFIDENCE

The situation at the start of this legislature was **extremely serious and it seemed that leaving the Euro or bailing out the economy were the only solutions**. The crisis had caused a downward spiral of economic imbalances, job losses, loss of welfare and, in general, the evaporation of confidence.

- The **financial uncertainty was unsustainable**. 2011 closed with a public deficit of **9%**, 3 percentage points above the promised and declared target, in other words, an overrun of **31.9 billion euros**.
- All the regional governments were experiencing **supplier payment and financing problems**, and this was having a knock-on effect on essential public services with huge debts that were jeopardising the viability of the Welfare State.
- The **questions hanging over the situation in the financial sector** led to a suspension of bank financing: **household loans were plummeting 40% per year and loans to SMEs by 17% per year**.
- Concerns over the sustainability of the public accounts and banking risk led to a huge **increase in financing costs: 10-year bonds stood at 6.7% in November 2011**.
- The financing problems were joined by a **loss of competitiveness**, which was questioning the viability of Spain in the Euro and dragging down economic activity: **GDP fell by over 5% between 2008 and 2011**.
- In fact, Spain was under pressure from huge economic imbalances and **inflation systematically higher** than our partners (**11 points compared with the Eurozone and 18 points compared with Germany**), while the **foreign trade deficit became the second-highest in the world in 2007 and still stood at 2.8% of GDP in 2011**.
- The economic downturn led to **unprecedented job losses**: Between 2007 and 2011, unemployment rose by more than three million people. **522,000 jobs were lost in 2011 alone and unemployment rose by 585,000 people**.
- The **welfare** of Spanish families was under **serious threat**. **The number of households in which all members are unemployed had risen by over one million in a single legislature**.
- Under these circumstances, **public confidence in public institutions had seriously collapsed** and was made worse by **successive corruption scandals** questioning the integrity of public service.

## 2011-2015: REFORMS, RECOVERY AND REGENERATION

Over the course of this legislature, the Government of Spain has implemented a **packed reformist agenda** aimed at correcting the imbalances and harnessing the potential to be found in Spain.

This programme of reforms focused on **fiscal consolidation** (to ensure the sustainability and solvency of the Spanish economy), a **reform of the financial system** and the promotion of financing in the productive economy, and **structural reforms for competitiveness**, productivity and job creation.

All these were essential conditions for **improving the welfare of the people**, ensuring the viability and effectiveness of social policies. Furthermore, they were accompanied by a **far-reaching institutional and democratic regeneration** aimed at underpinning Spain as a social and democratic State based on the Rule of Law, as enshrined in the Spanish Constitution. We have preserved its essence and managed:

- **To stabilise the fiscal situation**, overcoming an unprecedented debt crisis that would have led to intervention in the Spanish economy, and adopting structural solutions to prevent that risk arising again in the future, **guaranteeing control of spending, the payment of debts and administrative effectiveness.**
- **To undertake a far-reaching process of bank restructuring**, ensuring the solvency of entities and the guarantees protecting deposits and financial products at the same time. **The flow of credit has been restored and alternative financing mechanisms have been created.**
- To overcome the borrowing trend, **improve competitiveness and steer activity towards exports, and reform key sectors**, modernising their regulation to make them more competitive and productive.
- To make progress on a **sounder growth model** based on competitiveness rather than borrowing, **which is positioning Spain as a leader in Europe.** And to ensure this growth gains strength and **flexibly and effectively leads to job creation.**
- To ensure the foundations of the **welfare model**, guaranteeing their viability in the short and long term, and to start **repaying public efforts** that people were required to make during the crisis.
- To implement the most extensive **institutional and democratic reform programme** in the recent history of Spain, positioning the country alongside the most advanced countries and meeting the demands made by its citizens.



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# REFORMS

*THE LEGISLATURE OF RECOVERY*

## THE GREATEST FISCAL CONSOLIDATION EFFORT OF THE G-20 NATIONS

### 1. The greatest public deficit correction in the history of Spain

- **Halving the deficit** in only one legislature. In 2011, the public deficit stood at over 2,000 euros per Spaniard, while in 2015 it will have been halved. From 9% in 2011 (compared with the declared and committed target of 6%) to 4.2% at the close of 2015.
- None of the major European economies has achieved a reduction of this calibre, the largest in structural terms of the G-20 nations.
- **Recovery of public revenue:** Thanks to the economic recovery and the measures adopted by the government, public revenue represented 38.6% of GDP in 2014, an increase of 2.5 percentage points on 2011.

### 2. Greater fiscal governance and discipline

- **Constitutional Law on Budgetary Stability and Financial Sustainability.**
- The constitutional mandate to control the public deficit has been developed and mechanisms have been created to guarantee it.
- **Law on the Creation of an Independent Fiscal Responsibility Authority.**
- We are the first Government of Spain to submit its budget to supervision by an independent authority and the European institutions.
- **Anti-Fraud Programmes:** Laws to combat tax and employment fraud; Reform of the Criminal Code to stiffen penalties; Publication of the largest debtors; Reform of the General Tax Act.
- Historic record in results from anti-fraud actions: Between 2012 and June 2015, almost 5 billion euros more have been collected (41.4 billion euros) than during the whole of the previous legislature (36.68 billion euros).



## THE GREATEST FISCAL CONSOLIDATION EFFORT OF THE G-20 NATIONS

### 3. Greater order and transparency in the accounts

- **Organisation of the public accounts of the regional authorities**, with **liquidity measures worth 184.98 billion euros** (Supplier Payment Plan, Regional Liquidity Fund, financial advances).
- **State guarantee** of regional authority debts, enabling them to be refinanced and savings to be made on **interest**. This amounts to **23 billion euros** for the regional authorities.
- **Creation of a Social Fund** to finance social agreements pending payment by regional authorities to local authorities. In 2015, liquidity worth **683 million euros** was provided.
- Creation of the **Economic-Financial Information Centre** of the Public Administration Services.
- **For the first time, budgetary information from all authorities is published monthly. We are the decentralised country with the highest quality budget performance statistics.**
- Creation of the **National Subsidies Database**, providing full access to all citizens.

## A COMPREHENSIVE REFORM OF THE PUBLIC ADMINISTRATION SERVICES

**Public Administration Service Reform Commission:** Diagnosis and proposal of 222 measures. All of them are under way and 180 have been fully concluded. To achieve this, 80 regulations were approved and over 380 agreements signed with the regional authorities.

**Accumulated saving of 30.32 billion euros since the start of the reforms:** 11.03 billion euros by the State, 14.25 billion euros by the regional authorities and 5.05 billion euros by the local authorities. To this must be added over 3.07 billion euros in reductions in bureaucratic burdens.

### 4. Plan to Eradicate Late Payments in the Public Sector

- **Supplier Payment Plan:** 75.47 billion euros to pay 10.1 million invoices to 292,515 suppliers, of which 47% were SMEs. Over 70% was allocated to paying for fundamental public services.
- Constitutional Law on the **Control of Commercial Debt:** Definition and publication of the Average Period for Payment to Suppliers, and the withholding of financing due to repeated failures to comply with the deadline.
- **Reduction in the Average Period for Payment from 142 days in April 2012 to 49 days in 2015.**
- Law to **Promote e-Billing** and creation of Invoice Accounting Register in the Public Sector.

### 5. Structural streamlining and administrative organisation

- Law on **streamlining the public sector** and administrative reform, and Plan for the restructuring of the **Public Business Sector and Foundations.**
- **Elimination of 2,304 entities:** 114 State, 754 regional authority and 1,436 local authority entities. Saving of over 3 billion euros.
- **Integration of regional offices** overseas into the State network: 57 trade offices and practically all development aid offices.
- Law on Streamlining and Sustainability in **Local Authorities:** Saving of 1.32 billion euros.
- Assignment of powers to the **Central Court for Contractual Appeals:** 10 agreements.

## A COMPREHENSIVE REFORM OF THE PUBLIC ADMINISTRATION SERVICES

### 6. Resource optimisation and management of common services and resources

- **Real Estate Asset Management Plan:** Assignment of assets with revenue of **562.2 million euros**.
- **Centralised procurement:** Saving of **588 million euros** through agreements in the General State Administration Service and of **181 million euros** through the centralised procurement of healthcare products by the regional authorities.

### 7. Administrative simplification and increased flexibility

- **Promotion of e-Government:** Over 99% of all General State Administration Service procedures can be completed via the Internet.
- **Enabled Email Address (e-notifications):** **11 million** e-notifications replacing postal notifications, for a saving of 2.50 euros per notification for the administration services.
- **Data Intermediation Platform (Spanish acronym: PID):** This avoids the public being asked to provide the same documents over and over again. In 2015, **40 million certificates** were intermediated.
- **Single Edict Notice Board of the Public Authorities:** Edicts from all authorities centralised into the Official State Gazette. **23,000 users and 180,000 announcements published**.
- **Single Employment Portal:** From **400 offers** available to **900,000 jobs** added.
- **“My Social Security” Portal:** This enables certificates to be obtained directly and other procedures to be completed.
- **Direct registration from hospitals:** Electronic transmission of births and deaths. Saving of **60 million euros**.

### 8. New legislative framework for the Public Administration Services

- **Law on the Public Sector Legal System:** This streamlines the administrative structure and establishes the first ever public entity supervision, assessment and elimination regime.
- **Law on the Common Administrative Procedure of the Public Administration Services:** This is committed to entirely electronic and interconnected public authorities with zero paper.

## A TAX REFORM FOR GROWTH AND WELL-BEING

In 2015, a **far-reaching modification of fiscal regulations** was undertaken in order to foster job creation, stimulate growth and build a more balanced tax system. It led to an **impact on available income of over 9 billion euros** and a number of the measures scheduled for 2016 **were brought forward to 2015**.

### 9. Income Tax reforms

- **Lower taxes for all taxpayers**, especially those on medium and low incomes.
- Final average reduction: 14.6%.
- Final average reduction for below-average incomes (72% of all declared taxpayers): 27.44%.
- Reduction for wages below 12,000 euros/year (750,000 wage-earners): 100% (with no withholding tax on their salary)
- **Simplification in terms of the number of tax brackets**, with a reduction of amounts applied, and **increase to minimum personal and family allowances**.
- Introduction of **new social protection concepts**, - “family cheques” - worth **1,200 euros**.
- Promotion of the **savings fiscal regime**, particularly on retirement planning products.
- **Reduction of the withholding tax rate on the self-employed from 21% to 15%, and to 7%** during the first three years of activity.

### 10. Corporate Income Tax reforms

- **Reduction of the general rate from 30% to 25% as from 2016**. For SMEs that apply the new levelling-down reserve, it may be reduced to **22.5%** and to **20%** if they apply the capitalisation reserve. The **reduced tax rate for new entrepreneurs was maintained at 15%**.
- **Increase of the taxable base for the tax to bring the effective rate more into line with the nominal rate**, combined with a restructuring of deductions that, in any case, maintained those linked to job creation and **enhanced those linked to R&D+i**.

## A FAR-REACHING REFORM OF THE FINANCIAL SYSTEM

### 11. Cleaning up, restructuring and resolution of credit institutions

- **Bank restructuring and recapitalisation** with financial support from the ESM. **Finalisation of the European financial assistance programme** in 18 months. **No financial system in Europe has been subject to such a complete review of its balance sheets as the Spanish financial system.**
- Separation of assets to the **Asset Management Company deriving from Bank Restructuring** (Spanish acronym: SAREB): **Transfer of assets worth 106.58 billion euros at a price of 50.78 billion euros.**
- **Legal guarantees:** Increased **corporate governance** of institutions; Regulations for the **supervision and solvency of credit institutions; Law on Savings Banks and Bank Foundations.**
- **Fiscal treatment of bank deposits:** Regulation of harmonised taxation.

### 12. Protection and guarantees for the public

- Arbitration for **retail investors**, limits on the **commercialisation of preferred shares** and other complex financial products, and **income compensation** on the basis of savings for the holders of preferred shares.
- **Over 320,000 retail investors have recovered their investment in preferred shares thanks to the arbitration process promoted at the institutions reporting to the Orderly Bank Restructuring Fund (Spanish acronym: FROB).**
- **Limitation on commission charges** for the use of cards at businesses **and the prohibition of double commissions** for withdrawing cash.
- **Since July 2014, when card payment commission charges were limited, fees have fallen by approximately 60% for credit payments and by almost 85% for debit payments.**

## REFORM OF THE FINANCIAL SYSTEM

### 13. Facilities for tackling debts

- **Reform of the Insolvency Act:** Changes to guarantee business continuity, enhancing pre-insolvency alternatives, deleveraging mechanisms and creditor agreements.
- **Second Chance Act:** Creation of a debt exoneration mechanism, accessible by individuals, with the option to cancel any remaining debts after liquidising their assets.
- **Protection for mortgage debtors:** Urgent and structural measures:
  - Code of Best Practices: (renegotiations and dation in payment); suspension of evictions (until 2017); and mortgage improvements (elimination of floor clauses for vulnerable groups): **45,000 families**.
  - Creation of the **Housing Social Fund**: with a provision of 6,000 homes, extended to nearly 10,000.

### 14. Facilities for accessing finance

- **Strengthening of the Second-floor Facilities from the ICO:** Historic loan issue records. **21.47 billion euros in 2014, up 148% on the start of the crisis, for 298,799 applications from the self-employed and SMEs.**
- **Creation of Non-bank Financing Mechanisms:**
  - Creation of the **ICO Global Fund**, with a provision of **1.2 billion euros** and the capacity to mobilise **5 billion euros** of risk capital to promote the financing of Spanish start-ups.
  - Launch of the **Alternative Fixed-Income Market (MARF)** to make it **easier for smaller companies** to join the fixed-income capital markets.
- **Improvement of the legal framework for access to finance:**
  - **Law on Regulating Venture Capital Companies and other Collective Investment Entities:** Promotion of risk capital and creation of **Venture Capital Companies-SME**.
  - **Law on Promoting Business Finance:** Accessibility and flexibility of financing for SMEs, with new obligations on financial institutions and new alternative mechanisms.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Fostering employment

### 15. Employment-related reforms

- **To foster internal flexibility as an alternative to redundancy.**
  - Functional and geographic mobility is made easier as a way to adapt workforces. Temporary redundancy plans and working day reduction plans are encouraged instead of redundancy plans that lead to job losses.
  - New collective bargaining regulations: systems are encouraged that enable adaptation of collective conditions to the economic situation of the company, giving applicational priority to collective agreements, among other measures.
  - **In the first eight months of 2015, there has been an all-time low in the number of workers losing their jobs under redundancy plans.**
- **Fostering recruitment and reduction of labour market duality.**
  - Entrepreneurs contract, for stable recruitment at SMEs (**over 358,604 signed**). Ban on successive temporary contracts beyond 24 months. Increased flexibility for part-time work and regulation of telework.
- **To improve the employability of workers.**
  - Review of the training and apprenticeship contract, enabling labour activity and training to be combined (**over 428,000 signed since the reform**). Recognition of the right to training and paid leave of 20 hours/year for this. Public-private collaboration on placement agencies.
- **To encourage labour market efficiency.**
  - Review of the regime governing termination, elimination of express redundancy, strengthening of protective elements in the collective redundancy of groups of workers, such as the over-50s.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Fostering employment

### 15. Employment-related reforms

- **Optimisation of active and passive employment policies:**
  - **Annual Employment Policy Plans (Spanish acronym: PAPE):** Greater coordination of active policies and stronger links to passive policies.
  - Promotion of a permanent and guaranteed **Common Portfolio of Employment Services.**
  - **Improvement of training:** Launch of Dual Training and Reform of Vocational Training for employment.
  - **Protection against situations of unemployment (over 30 billion euros/year in benefits on average) and strengthening of the PREPARA Plan** (Indefinite extension while the unemployment rate is above 20% and **increased aid for the unemployed with a family burden**).
  - **Spanish Activation Strategy for Employment 2014-2016:** New multi-year scenario to strengthen the Public Employment Services under common targets and principles
  - **Employment Activation Programme:** Help and support for the employability of the long-term unemployed with a family burden.
  - **Programme of Guidance for the long-term unemployed** (Programme of Support for the Long-term Unemployed aged 30 to 55).



## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Fostering employment

### 16. Employment and entrepreneurship stimuli

- **Law Supporting Entrepreneurs and their Internationalisation:** Speeding up the incorporation of companies and of the second chance system; New fiscal stimuli in VAT and Corporate Income Tax; Implementation of the cash-accounting VAT system; Reduction in administrative burdens, Speeding up of access to public procurement.
- In Spain, there are 103,474 more self-employed workers than at the start of the legislature. Last year, 52,080 more.
- **Youth Entrepreneurship and Employment Strategy 2013-2016:** Over 100 measures: 430,000 beneficiaries.
- **Youth Guarantee Programme:** Fostering employability, especially for young people with no training or job, with 1.89 billion euros of funding from the EU. 135,000 young people signed up.
- **Subsidies and tax credits for entrepreneurship, employability and stability:**
  - **Flat rate of €50** for National Insurance contributions for the newly self-employed: 357,059 beneficiaries.
  - **Flat rate of €100** for permanent employment contracts.
  - **Minimum exemption for permanent employment contracts:** The first €500 of wages are exempt from National Insurance. The Flat Rate of 100 euros for permanent employment contracts and the exemption applied to the first 500 euros have benefitted over 430,000 workers.
  - **100% reduction** to National Insurance payments when providing work experience to university and vocational training students.

### 17. Combating employment and Social Security fraud

- Law on the **fight against illegal employment and defrauding** the Social Security system.
- Law on Reorganising the **Employment and Social Security Inspection System**.
- 252,822 undeclared jobs (2012-2014 data) have been uncovered, thus protecting the employment and Social Security rights being breached in these situations.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Regulatory Framework

### 18. Improvement in the regulatory framework, supervision and the business environment

- **Law on Guaranteeing Market Unity and Plan for Streamlining Regulation.**
  - Regulation of the principles underpinning proper operation of the market: recognition for the principles of regional effectiveness, need and proportionality of the actions taken by the competent authorities.
  - It establishes the single licence principle throughout national territory and limitations on the freedom of establishment and circulation of an operator will only be accepted for overriding reasons relating to the public interest.
  - Common regime for titles that enable the exercise of economic activities: permits, declarations of responsibility and communications. Under the Market Unity Guarantee Act, a regime of prior supervision is converted into a regime of ex-post supervision.
  - It strengthens cooperation between administration services; creates the Market Unity Council; and flexible and simple claims mechanisms.
  - Process of review for all sectoral regulations to adapt them to the market unity principles. **106 regulations have been adapted at a State level and 85 at a regional level.**
  - New procedures to protect economic operators: administrative appeals (**138 lodged since March 2014**) and contentious-administrative appeal by the CNMC (**11 cases brought before the Spanish National High Court**).

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Regulatory Framework

### 18. Improvement in the regulatory framework, supervision and the business environment

- **Integration of eight Supervisory Bodies into the National Markets and Competition Commission (CNMC)** as the public body responsible for guaranteeing, preserving and promoting the correct operation, transparency and existence of effective competition in all markets and productive sectors.
- **Law on the De-indexing of the Spanish Economy:** De-indexing from the CPI of public administration service prices and fees, **avoiding unfair increases and second-round effects.**
- **Law to Improve Corporate Governance,** mainly of listed companies.
- **Guarantees regarding the Insurance Sector:** Legal reforms to strengthen the solvency of Spanish insurance institutions, adapting them to the new European framework, and improving their corporate governance.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Sectoral Measures

### 19. Energy Reform

- The energy systems have been stabilised from a financial perspective and the tariff deficit has been eliminated (debt of 26 billion euros), establishing mechanisms to avoid future imbalances. In 2014 and 2015, the electricity system will post a surplus for the first time in 10 years.
- The price of all energy products will close the legislature lower than when it started. The price of electricity has stabilised and started to fall in the last two years following systematic increases every month over the last eight years.
- The electricity reform has protected consumers, especially families. The Voluntary Price for Small Consumers has been implemented, as has hour billing, the roll-out of smart meters and the simplification or clarification of bills.
- Promotion of energy efficiency. The National Energy Efficiency Fund has been set up. The efficiency measures will lead to a saving equal to household consumption over an entire year.
- Reform of the gas sector to guarantee its economic and financial sustainability, resolving the budding tariff deficit problem and fostering price stabilisation.
- The increasing price of a butane gas bottle has started to slow and, in 2015, even begun to fall as a result of falling raw material prices and the elimination of the deficit. So far in 2015, the price has fallen by over 27%.
- Measures to foster competition and transparency in the liquid fuels market, limiting the growth of dominant operators in the retail market and strengthening supervision.
- The Government of Spain has strengthened electricity interconnections, which are key to reducing the cost of the electricity system, fostering the integration of more renewable generation and improving supply quality and security.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Sectoral Measures

### 20. Environmental Protection

- **Reform of the Coastal Act**, which reconciles environmental protection, legal certainty and sustainable activity. [Solutions for over 600,000 citizens and guarantees for almost 150,000 jobs.](#)
- **New National Parks Act**; incorporation of the new Sierra de Guadarrama National Park and expansion of other parks.
- **Simplification and expedition of environmental assessment procedures**, to reduce administrative processing times and guarantee maximum protection. [Processing of 1,960 case files.](#)
- **Hydrological Planning**: Unprecedented progress. [Review of the plans for the next six years.](#)
- **CRECE Plan 2015-2021** for water quality with an investment of [1.1 billion euros on 400 measures.](#)
- **Climate Change**: Clima Projects; Environmental Action Plans; Roadmap in diffuse sectors 2020; National Carbon Footprint Register. [Today, Spain complies with the Kyoto Protocol.](#)

### 21. Housing and Land

- **Promotion of rentals and renovations**: Law on Flexibility Measures and Promotion of the Housing Rental Market; Urban Rehabilitation, Regeneration and Renovation Act;
- Approval of the **State Plan to Promote Property Rentals, the refurbishment of buildings and urban regeneration and renovation**, 2013-2016, with a provision of [2.31 billion euros.](#)

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Sectoral Measures

### 22. Modernisation of Infrastructure and Transport

- **Updates to the regulatory framework:** Highways Act; Law on Changes to the Land Transport Planning Act; Railway Sector Act; Law on Measures for Growth, Competitiveness and Efficiency (airport sector).
- **Cleaning up and new configuration of AENA**, guaranteeing network operation and efficiency. **The company has gone from posting negative results in 2011 to become the leading operator in the world in terms of passenger numbers**
- **Stimulus Plan for *Puertos del Estado*** (the Spanish ports authority) to boost competitiveness and investment, reducing port charges and creating the Port Land Accessibility Finance Fund. **These measures have boosted port activity. They will consolidate themselves as the third busiest in Europe and second in terms of cruise ship traffic.**
- **Effort in infrastructure investment:** 75 billion euros in the General State Budget this legislature, of which 44 billion euros correspond to investment:
- Construction of over 800 kilometres of new motorways, highways and additional lanes, leading to the conclusion of such major infrastructure projects as the A8, the A7 and the A66.
- Opening of over 524 kilometres of new high-speed railway lines, taking the AVE High-Speed Network to Girona and Figueres; to Alicante; to Palencia and Leon; to Cadiz; completion of the Atlantic Corridor between A Coruña and Vigo; and another 423 more kilometres will be opened soon.

### 23. Boosting Telecommunications

- **New Telecommunications Act** to eliminate barriers to the roll-out and promotion of market unity, and the **Digital Agenda for Spain**, with **950 million euros of financial help for technology projects.**
- Improvement Plan for **telecommunication user customer services** and **ultra-fast broadband expansion** programme in unprofitable areas.
- **Promotion of the digital economy:** Granting of subsidies to digitalise SMEs, mentoring in e-commerce, SME Cloud programme, cloud computing, among others.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Sectoral Measures

### 24. Backing for Science and the Promotion of R&D+i

- **New Strategic Framework:** Spanish Science, Technology and Innovation Strategy 2013-2020 and State Scientific, Technical and Innovation Research Plan 2013-2016.
- **New instruments to promote and finance R&D+i:**
  - Incorporation into the Centre for Industrial and Technological Development (Spanish acronym: CDTI) of calls for proposals associated with business innovation, such as the Direct Innovation Line and the Global Innovation Line, and reinstatement of the CIEN Programme.
  - Development of co-investment mechanisms at innovative companies: INNVIERTE Programme, Seed Capital for SMEs that develop public institution patents; NEOTEC Programme.
  - Reduced National Insurance contributions; Incorporation of the Patent-Box (**60% deduction** on the sale of patents); Creation of the Innovative SME Seal.
- **Support for researchers:** Increased rate of researcher replacement (back to **100%** after years of restrictions) and encouraged hiring of researchers.

### 25. Promotion of Internationalisation

- **Strengthening of the institutional framework:**
  - **Internationalisation Risk Coverage Act** and **Chambers of Commerce Act**, with the Spanish Chamber of Commerce. Creation of the High Commissioner of the Government for the **'Spain' Brand**.
  - Approval, for the first time, of a **Strategic Plan to Internationalise the Spanish Economy**.
  - Strengthening of the **Network of Economic Affairs and Trade Offices**, as well as the **ICEX**, and coordination with the regional governments.
- **Improvement to financing mechanisms:**
  - Creation of the **EU FIEM-Facilities Line** (**50 million euros**) and a provision from the **FOMPYME** (**10 million euros**).
  - Regulation of **internationalisation certificates and bonds**.

## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Sectoral Measures

### 26. Agri-food Sector Competitiveness

- Agreements for the **Reform of the Common Agricultural and Fisheries Policy**: Stability horizon.
- **47 billion euros for Spanish farming (8.3 billion for rural development) and 2.24 billion euros for fishing.**
- **Competitiveness and growth**: Law on measures to improve the food chain; Law on the integration of cooperatives; Law on the defence of food quality; Law on Protected Designations of Origin and Geographic Indications; Strategy for supporting organic farming; Strategic Internationalisation Lines; Agri-food and Forestry Innovation and Research Programme

### 27. Industrial Sector Competitiveness

- **Agenda for Strengthening the Industrial Sector in Spain: 97 measures** (completion at **81.41%**). Launch of the **Connected Industry 4.0** initiative.
- **Industrial production has posted 22 consecutive months of growth (2.7% in August).**
- **Promoting the acquisition of efficient vehicles**: MOVELE, PIVA, PIMA Aire, PIMA Transporte and PIMA Tierra Plans, and the Financing Plan for the acquisition of heavy vehicles.
- **Vehicle production has grown by 12.75% to June, up to 1.5 million units.**

### 28. Service Sector Competitiveness

- **Retail trade**. Administrative simplification (express licences); Deregulation of opening times (expansion of major tourism areas), Deregulation of promotional sales; Competitiveness support plans (**benefitting 38,691 businesses in 2013 and 2014**).
- **Retail sales have been growing at 3% in the last 12 months, following six years of general declines.**
- **Tourism**: National Comprehensive Tourism Plan 2012-2016; Specific Plan for the Overseas Promotion of Rural Tourism; Shopping Tourism Plan.
- **All-time record in inbound tourists: 65 million arrived in 2014, which is 4.3 million more than last year (up 7.1%). 54.4 million (up 3.8%) arrived between January and September 2015.**



## STRUCTURAL REFORMS TO BOOST COMPETITIVENESS: Education

### 29. Education Reform

- **Constitutional Law on Improving the Quality of Education:**
- It seeks to improve the quality of the system, education results and employability, address academic failure and school drop-out rate, and the lack of qualification among students in certain skills necessary for personal and professional development.
- It advances on the acquisition of basic skills, the increased flexibility of careers, the development of external and time-consistent census assessment systems, the promotion of greater autonomy and specialisation among education centres, increased transparency of results and accountability, student motivation, the effort culture and responsibility.
- **Six-point reduction in school drop-out rate in this legislature:** It has fallen from 26.3% in 2011 to 20.3% in the third quarter of 2015.
- **Improvement of Vocational Training:** Updating of qualifications, inclusion of basic skills, and gradual implementation of Dual Vocational Training, and configuration of a complete professional career based on the implementation of Basic Vocational Training.
- **The number of students studying Vocational Training courses has increased by over 180,000.** Since the launch of Dual Vocational Training in 2012, the number of students has risen four-fold.
- **School modernisation:** School connectivity project based on ultra-fast broadband, which will benefit over 16,500 education centres and 6,500,000 students throughout Spain. Investment of 330 million euros.

## GUARANTEE AND IMPROVEMENT OF WELL-BEING

### 30. Welfare Sustainability

- **Streamlining** reforms to guarantee the **viability and quality of social services and policies**.
- **Coverage of outstanding debts:** 16 billion euros on **Healthcare**; 1 billion euros on **Long-term Care**; postponement of payment for invoices to the **social entities** that work with people in a situation of vulnerability.
- **Rise in Social Spending:** Between 2011 and the General State Budget for 2016, total social spending will have risen by over 35 billion euros, an increase of 16.5%.

### 31. Pension Guarantee and Improvement

- **Stronger and more sustainable public pension system:** Separation of financing sources, pension revaluation index and sustainability factor as guarantees for current and future pensions.
- A guarantee has been made to ensure pensions are not frozen or lowered. Pensions have been increased every year in this legislature. Spending on pensions has risen by 16.3 billion euros since 2011, up 16%. Between 2013 and 2014, the purchasing power of Spanish pensioners rose by 2.08 billion euros.
- **Pension supplement for mothers:** Spanish mothers who retire as from 1 January 2016 will receive a supplementary pension payment of between 5% and 15%.
- **Voluntary extension of working life:** The possibility has been opened up of working, either as an employee or on a self-employed basis, full-time or part-time, while receiving 50% of one's pension.
- **Protection of more elderly workers:** An economic contribution is demanded from companies that undertake collective redundancy actions that affect people aged 50 or over.
- **Framework of Action for the Elderly:** Spain is one of the first Member States to meet the EU guidelines on active aging and inter-generational solidarity.

## SOCIAL AGENDA

### 32. Fight against Social Exclusion

- **National Action Plan for Social Inclusion 2013-2016 (240 measures):** Programme of actions that respond to social needs by improving the effectiveness of our protection system and targeting it at the most vulnerable people.
- **First Inclusion Plan since the 2008-2010 Plan and the first to incorporate a cross-cutting target to fight child poverty.**
- Creation of a **heading aimed at child poverty**, for the first time in 2014, then doubled in 2015 and increased again in 2016.
- **Funding for the regional governments** to undertake actions within the framework of the Consensus Plan, the Roma Development Plan and the Fund against Poverty: **180,797,530 euros**.
- **Comprehensive National Strategy for the Homeless:** A comprehensive approach, based on the defence of human rights, unity of action, early prevention and action, and the targeting of solutions at the availability of housing.
- **Strengthening of support for social entities in the Community Sector:**
  - **Adaptation of the legal framework:** Community Sector and Social Action Act, and Volunteering Act.
  - **Financing improvement:** Distribution of **850 million euros** to finance NGO programmes that help people in a situation of particular vulnerability through subsidies drawn against 0.7% of Personal Income Tax, increasing the number of entities receiving financial support since 2012.

## SOCIAL AGENDA

### 33. Disability and Long-Term Care

- **General Law on the Rights of Persons with Disabilities and their Inclusion in Society:** Unification of regulations in line with the International Convention on the Rights of Persons with Disabilities. This represents express recognition of their rights and that public authorities have a duty to guarantee the full exercise of those rights.
- **Spanish Strategy on Disability 2012-2020 and Action Plan (96 measures):** Five core lines of action: equality, employment, education, accessibility and boosting the economy.
- **Strategy for the Promotion of Health and Prevention in the National Health System:** It makes progress on comprehensive intervention for improving health and preventing disease or situations of disability.
- It promotes the **comprehensive action plans for those under the age of three** in a situation of dependency.

### 34. Child and Youth Protection

- **Laws within the Child and Teenager Protection System:** New framework in which the interests of the child prevail, and their rights and protection are strengthened against violence or abuse.
- Spain was the first country in the world to incorporate the higher interests of the child as an interpretive principle, in accordance with United Nations recommendations in this regard.
- Prioritisation of family solutions: Expedition of fostering and adoption procedures.
- Regulation of child protection centres and promotion of residential fostering models comprised of smaller numbers of children.
- **National Strategic Plan for Childhood and Adolescence 2013-2016 (125 measures):** Strengthening of protection and the best interests of the child against situations of risk and helplessness.
- **Youth Strategy 2020 and Action Plan 2014-2016 (211 measures):** Strategic lines of action in youth policies, in line with the EU 2020 Strategy, with a focus on employment.

## SOCIAL AGENDA

### 35. Support for Families

- **Integrated Family Support Plan 2015-2017 (227 measures)**: Fiscal, reconciliation and maternity support measures, as well as others aimed at those families with the greatest needs.
- **Family cheques** worth 100 euros/month for families with dependent or disabled children, with dependent or disabled ascendants, and large and single-parent families.
- **Extension of the term ‘large family’** up until the last of the children celebrates their 21<sup>st</sup> birthday or 26<sup>th</sup> if studying. **Exemption from fees** for the issue of national ID cards and passports.

### 36. Promotion of Equality

- **Strategic Plan for Equal Opportunities 2014-2016 (224 measures)**: Strategic lines of action to attain true equality and eliminate any form of gender discrimination. Focused on employment, reconciliation and the fight against gender-based violence.
- **Regulation of working models that facilitate reconciliation: part-time contracts or telework.**
- **Extension of breastfeeding leave: Either parent is entitled to take this leave.**
- **Extension of the right to a reduced working day for the care of children aged between 8 and 12.**
- Creation of the **Network of Companies with the “Equality in Business” Hallmark**: This contributes to the exchange of best practices in terms of reconciliation and co-responsibility actions.
- **Spanish Corporate Social Responsibility Strategy 2014-2020**: Global framework for supporting responsible practices in terms of reconciliation, co-responsibility and timetable streamlining.
- **Action Plan for Equal Opportunities between Men and Women in the Information Society 2014-2017 (121 measures)**: They seek to increase participation by women in ICT, both from the point of view of usage and professional development.
- **Plan for the Promotion of Women in the Rural Environment 2015-2018 (82 actions)**: First specific plan to promote employment, entrepreneurship and participation in decision-making bodies.

## SOCIAL AGENDA

### 37. Fight against Gender-based Violence and other Forms of Violence

- **National Strategy to Eradicate Violence Against Women 2013-2016 (250 measures):** Actions in the fields of prevention, detection, awareness, personalised care, administrative and institutional coordination, and care for the most vulnerable groups, particularly immigrant children and women, the elderly, those with disabilities or residents of rural areas.
- **Reform of the Integrated Law against Gender-based Violence:** Visibility and recognition of children as victims of gender-based violence.
- **Victims of Crime Statute:** General catalogue of procedural and extra-procedural rights of all victims of crime, regardless of whether or not they are a party to a judicial process. Special attention to the victims of gender-based violence and children.
- **Strengthening of the criminal response to violence against women:** The reform of the Criminal Code introduces new offences, such as harassment or forced marriage, and the Constitutional Law on Judicial Power extends the powers of judges in terms of domestic violence.
- **Plan to Combat the Trafficking of Women and Children for Sexual Exploitation 2015-2018 (143 measures):** It prioritises prevention and the strengthening of mechanisms to support women, especially from a psycho-social perspective, but also strengthens the fight against this sort of offence.
- **Strengthening of the Criminal Code against people trafficking:** It improves the definition of the offence of people trafficking and extends the regulation of asset seizures to this offence.
- **Incorporation of new demands into the Child Protection Act:** In order to practise a profession that implies regular contact with children, it will be necessary not to have been convicted of offences against sexual liberty, people trafficking or exploitation.

## INSTITUTIONAL CONFIDENCE: Democratic Regeneration

### 38. Reform of the Political Party Funding Act (2012)

- 20% **reduction** in subsidies to political parties in 2012 and 2013, and **de-indexing** from the CPI.
- Ban on political parties accepting **donations** from private foundations, associations and financial entities that receive public funds.
- Duty for parties to **notify the Court of Auditors of any donation** over 50,000 euros and real estate assets.

### 39. Transparency, Access to Public Information and Good Governance Act

- **Active disclosure** duties and regulation of the **right to access information** from the public administration services and public bodies. Inclusion of active disclosure duties for political parties, trade unions and employer organisations, and private entities principally funded with public money.
- Creation and launch of the “**Transparency Portal**”: Integration of over **800,000 registers** of information, achieving **4,000,000** pages visited and over **3,000** queries.
- The first legal provisions on the **principles of good governance**. Definition of a specific regime on **breaches and penalties** in order to ensure compliance.
- Strengthened control over economic activities by “**Persons of Particular Political Notability**”.

### 40. Reform of the Criminal Code to enhance Transparency and to combat Fraud

- Establishment of **criminal liability** for political parties.
- **New criminal offence** to penalise the conduct of concealing, faking and falsifying public accounts.

## INSTITUTIONAL CONFIDENCE: Democratic Regeneration

### 41. Constitutional Law on controlling the economic-financial activity of political parties (2015)

- New **limits on financing**: Ban on donations from legal entities and on the cancellation of debt by financial entities.
- New **control and transparency duties** in the operation of parties (statutes, contracting, supervision) and in their accounts (regulation of economic and financial management).
- Increased **control by the Court of Auditors**: Duty for all parties to present their accounts; Possibility to withhold subsidies; Collaboration with public entities and credit entities.

### 42. Law regulating the Exercise of Senior Officials within the General State Administration

- New **requirements for access to and exercise of senior positions**, including an absence of convictions and criminal records for certain offences.
- **Greater control**, including examination of the assets and financial position of senior officials at the start and end of their term in office and regulation of non-compatibilities and conflicts of interest.

### 43. Reform of the Criminal Code to Combat Corruption

- New criminal offences associated with the **illegal financing** of political parties.
- **Tougher criminal sanctions** against corruption-related offences.

### 44. Reform of the Criminal Procedure Act to Combat Corruption

- **Speeding up of judicial proceedings** in corruption cases, in order to expedite the process.
- **New confiscation regulations** that will enable Judges to pursue the entire asset value of the defendant.
- **Creation of the Office for the Recovery and Management of Assets stemming from Criminal Activity**
  - This will enable **these amounts to be returned** to victims or for social activities and the fight against crime.
  - It will lead to lower **costs and burdens** in the management of seized and confiscated assets.



## INSTITUTIONAL CONFIDENCE: Faster, more effective justice

### 45. Legal Reforms

- **Reform of the Constitutional Law on the Judiciary:** Faster response times stemming from a more balanced distribution of burdens based on new criteria that enable an end to the imbalance resulting in some courts having more work than they can handle while other nearby courts have less than the average.
- **Civil Procedure Act:** Fostering the use of new technologies in the Administration of Justice, as well as faster and simpler judicial notifications. It enables citizens to be notified by email and mobile devices, when opting in to this service. Email notification will be compulsory for legal entities. Increased powers for court attorneys, with the ability to issue certificates.
- **Law on Voluntary Jurisdiction:** It unifies regulations on this issue, simplifying procedures on non-controversial issues that do require the intervention of a judicial body for the protection of certain rights and interests relating to Civil and Mercantile Law.
- **Reform of the Criminal Code:** Review of the penalty system and introduction of new offences. Misdemeanours are removed, lightening the load on the courts. It updates economic and property-related offences in order to tackle organised crime and money laundering.
- **Material Improvements**
  - **Increased resources:** The largest job offer process since 1989 took place in the last year: **2,026 judicial civil servant jobs**. This year, **282 judge and magistrate posts were created, as well as 66 public prosecutor posts**.
  - **Boost to new technologies:** Plan 2015 for Expediting Justice in digital environments. Progress on the widespread use of information and communication technologies in the Administration of Justice and judicial bodies.

## INSTITUTIONAL CONFIDENCE: Security and the Fight against Terrorism

### 46. Mechanisms for National and Citizen Security

- **National Security Strategy** and **National Security Act**: It provides the State with more appropriate instruments for tackling the risks of today's world, enhancing response capabilities.
- Review of the **Private Security Act** and the **Citizen Security Protection Act** in order to respond to the needs of modern society and guarantee better protection of fundamental rights.
- Law on the **National Civil Protection System**: It integrates the administration services into a national model and steers their intervention towards the prevention of risks and the repair of damages.
- Reform of the **Criminal Code to toughen the response to crimes of hatred** and approval of an **Action Protocol** against crimes of hatred that facilitates the recognition of such situations
- At present, Spain is the **third-safest country in the European Union**. The crime rate stands at 44 criminal offences per 1,000 inhabitants (August 2015), compared with 48.4 (January 2012).

### 47. Fight against Terrorism and Victim Recognition

- Creation of the **Centre for Intelligence against Terrorism and Organised Crime** (Spanish acronym: CITCO)
- Creation of the **Memorial Centre for Victims of Terrorism**.
- **Implementation regulations** for the Recognition and Protection of Victims of Terrorism Act.
- **Exclusion of terrorists** as beneficiaries of certain financial aid and compensation.
- **New tuition disqualification penalties** for those sentenced for terrorist offences.
- The legislation on the care, protection and support for victims of terrorism has become the most advanced in Europe and a global benchmark for the UN.

### 48. Road Safety Improvements

- **Law on Traffic and Road Safety** and **Governing Regulations** for incorporating new guarantees.
- **Law to reform the system to assess damages caused to persons involved in road accidents** for a swift resolution of conflicts and to guarantee sufficient compensation.

## INSTITUTIONAL CONFIDENCE: Spain in the World

### 49. Commitment to tackle Global Challenges

- **Fight against Jihadi terrorism:** Government Pact and reform of the Criminal Code.
- **Advances in cyber-security:** Creation and implementation of the Cybernetic Coordination Department (Spanish acronym: OCC) and Cybernetic Incident Response Centres. Joint command of cyber-defence.
- **Peacekeeping:** Participation on missions and bodies, meeting our commitments.
- **Commitment to the Refugee Crisis:** Spain is firmly committed to offering a joint European Union response, with a constructive and responsible approach based on solidarity.
- **Application of resettlement and relocation commitments stemming from decisions reached by the Council of the European Union.**
- **Agreements on the lines of action to combat this crisis in Parliament, increasing the budgets allocated to this heading for the first time to over 250 million euros.**

### 50. Promotion of External Action and European Governance

- **New legal framework for External Action:**
  - External Action Strategy, Law on Foreign Service and Action by the State, Treaties Act, Immunities Act: Adaptation of external action management to make it more effective.
  - Election as non-permanent member of the **UN Security Council**.
- **New Economic Governance Framework in the European Union:**
  - Negotiations to define the **Multiannual Financial Framework 2014-2020**, with a positive result for Spain. Spain will continue to be a net beneficiary. The country will receive 38 billion euros from European Structural and Investment Funds, being the third-highest recipient from European Cohesion Policy funds.
  - Progress on **Banking Union:** Creation of a standardised supervision and resolution framework
  - Design and implementation of the **European Stability Mechanism (ESM)**.



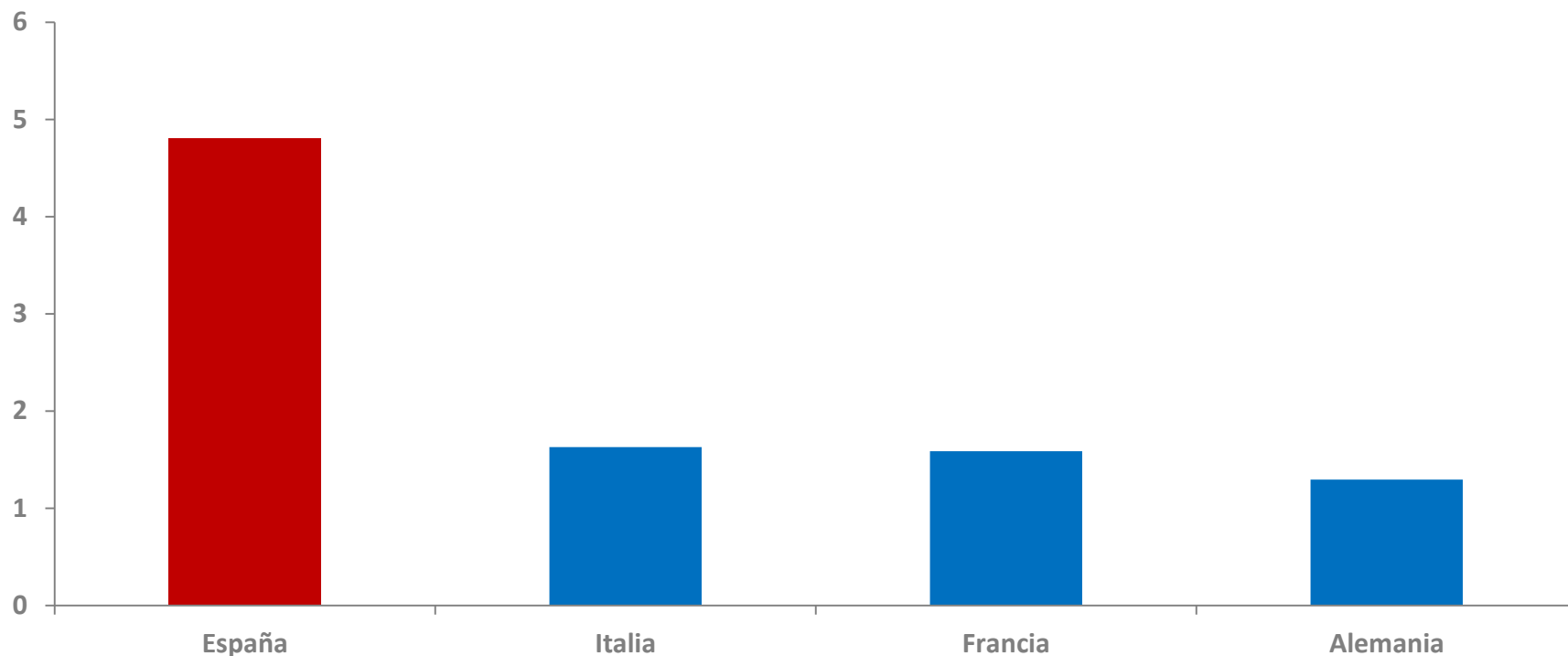
GOBIERNO  
DE ESPAÑA

# RESULTS

## *THE LEGISLATURE OF RECOVERY*

## FISCAL CONSOLIDATION: Public Deficit Reduction

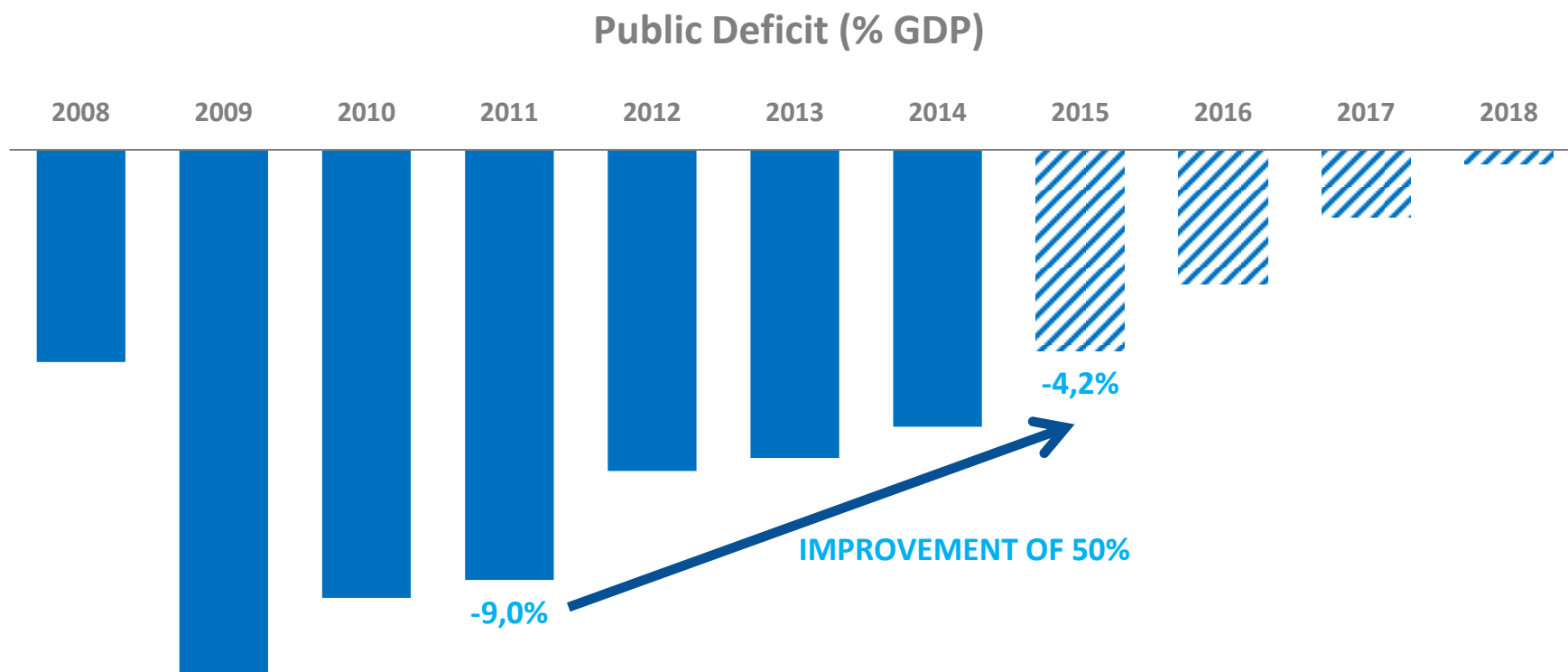
### Deficit Reduction between 2011 and 2015 (% GDP)



Source: European Commission. Excluding the impact of financial restructuring measures

At the end of 2015, **the public deficit will have been halved: from 9% of GDP to 4.2%**. This represents a deficit reduction of 1,000 euros per year per Spaniard, from the figure of over 2,000 euros posted in 2011. The IMF describes this reduction as **the most ambitious in structural terms of all the G-20 countries**.

## FISCAL CONSOLIDATION: Public Deficit Trend

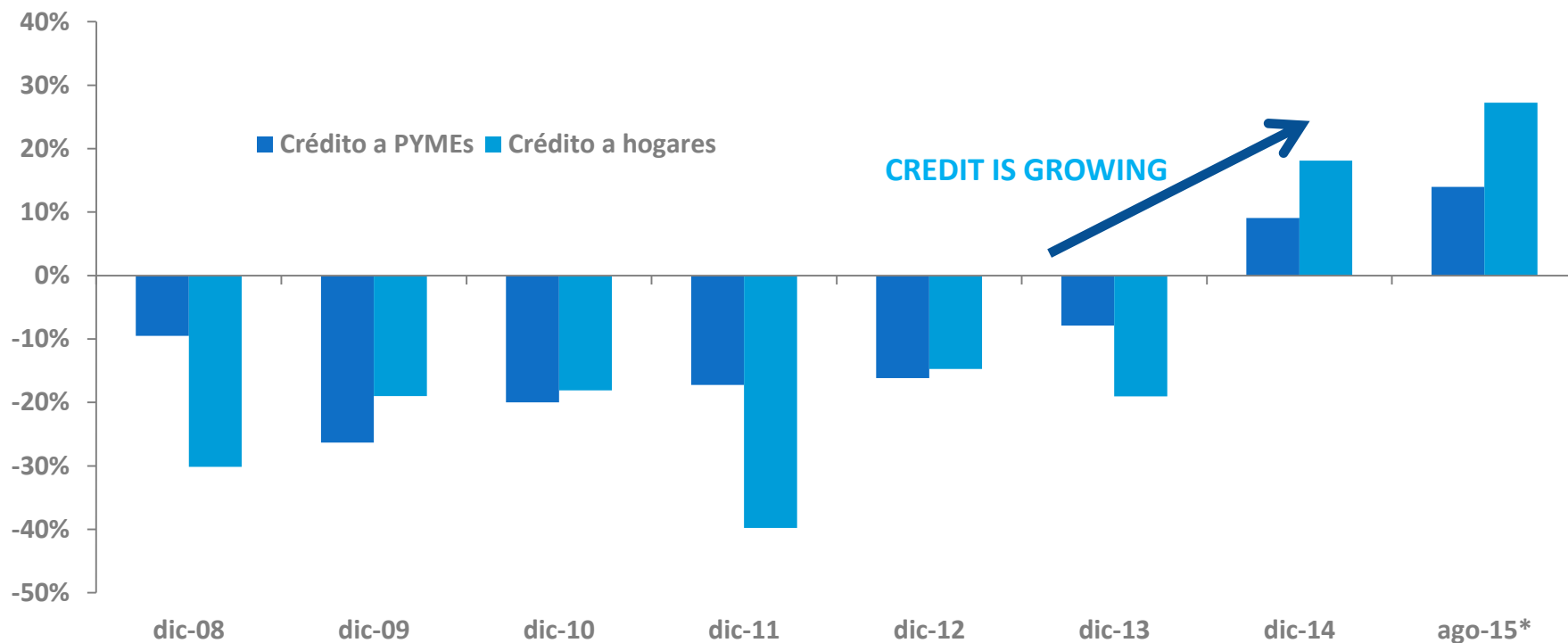


Source: IGAE and Stability Programme 2015-2018. Excluding the impact of financial restructuring measures

The fiscal effort means it is now **possible to forecast a credible path** towards **a complete correction of the public deficit in the next legislature**, that will guarantee financial sustainability and budget stability in the public sector, thereby providing a solid basis for future growth.

## FINANCIAL RESTRUCTURING: Bank Credit

Rates of Year-on-year Change. Amount of new business.

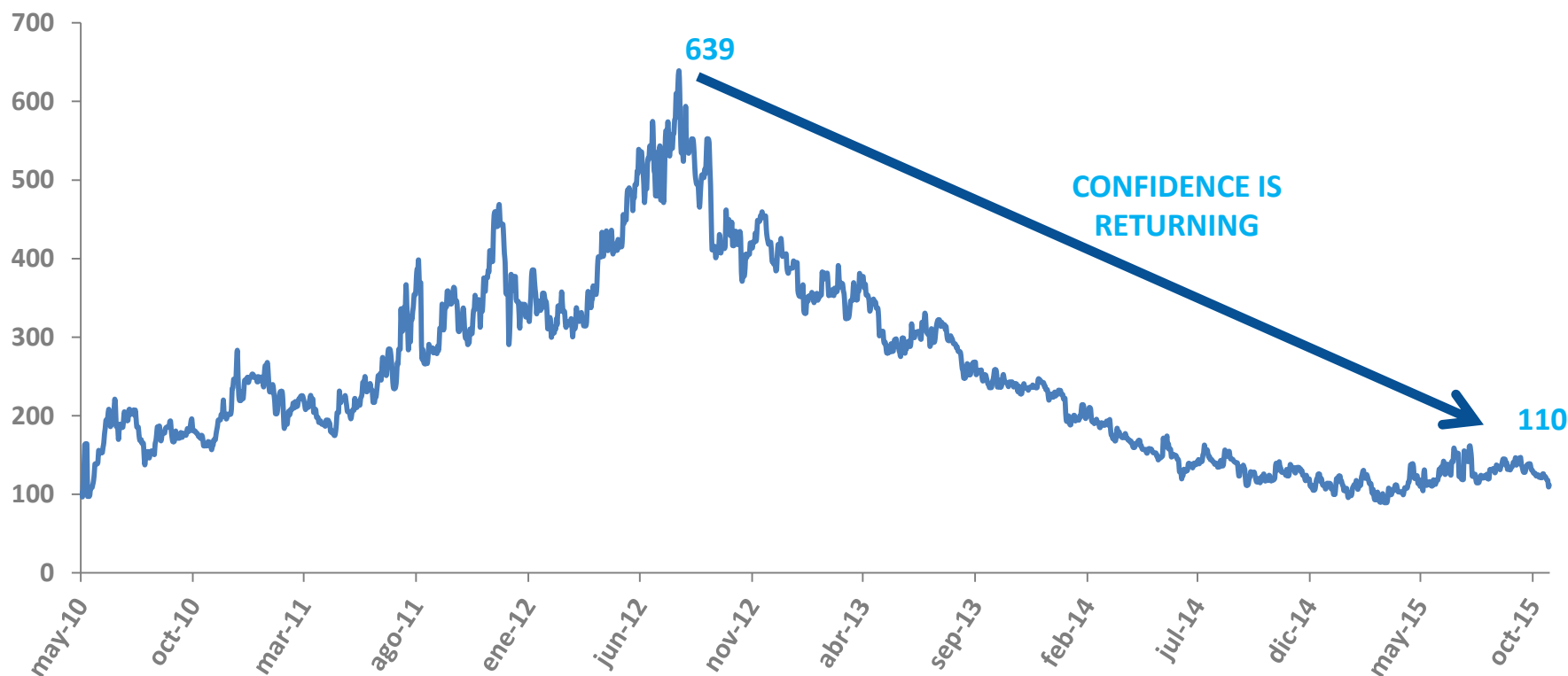


Source: Bank of Spain

The **restructuring of the financial sector** has enabled [the restriction on credit to be reversed](#), which had been dragging the Spanish economy down in the previous legislature. **Positive growth rates** have been seen in the last two years, with historically low interest rates.

## RECOVERY OF CONFIDENCE: Financing Cost Adjustment

### Difference in Performance by Spanish and German 10-year Bonds



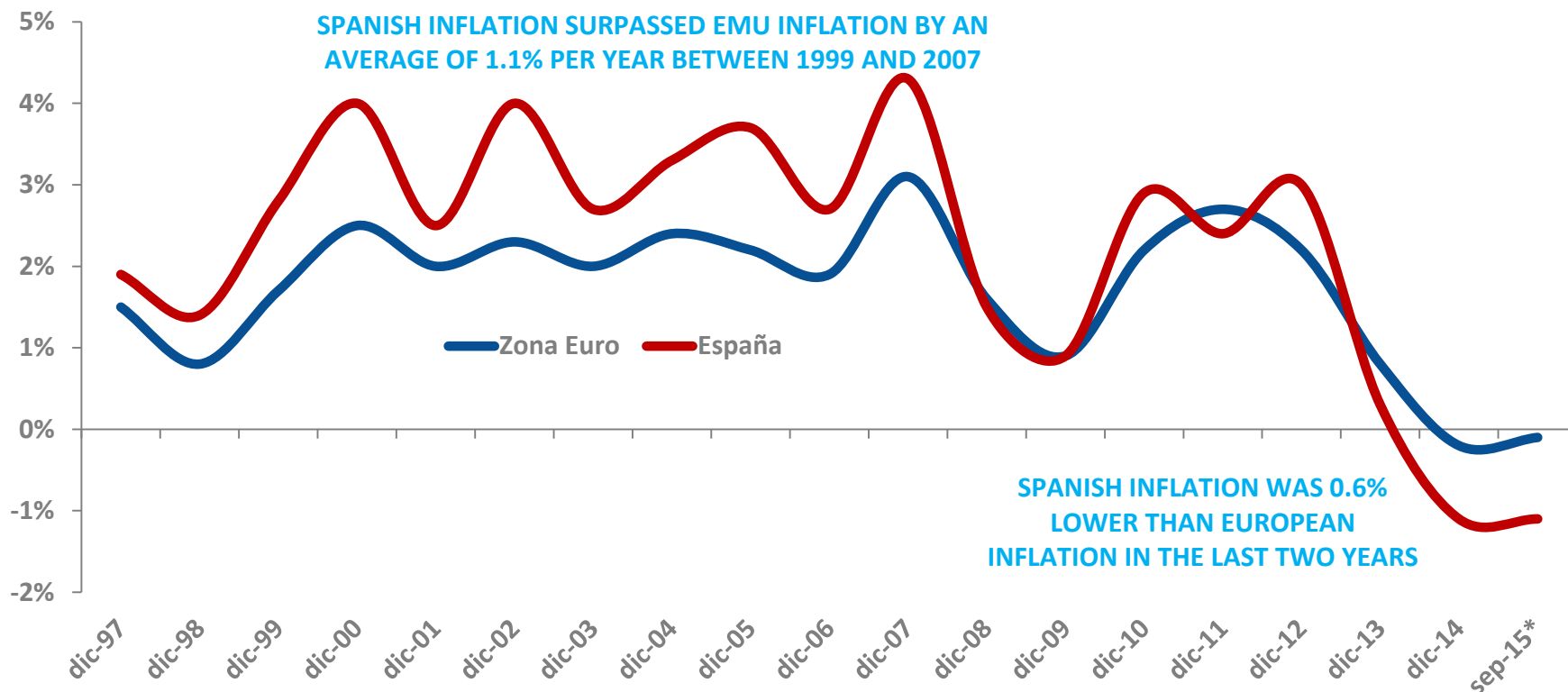
Source: Bloomberg

**Investor confidence** has been regained, both from domestic and international investors. **The risk premium has fallen by over 500 basis points** and **over 20 billion euros have been saved in interest payments** thanks to lower financing costs. The Treasury has managed **to finance itself at negative rates on several occasions**.



## COMPETITIVENESS: Control of Inflation

### Rates of Change in Harmonised Price Indices.

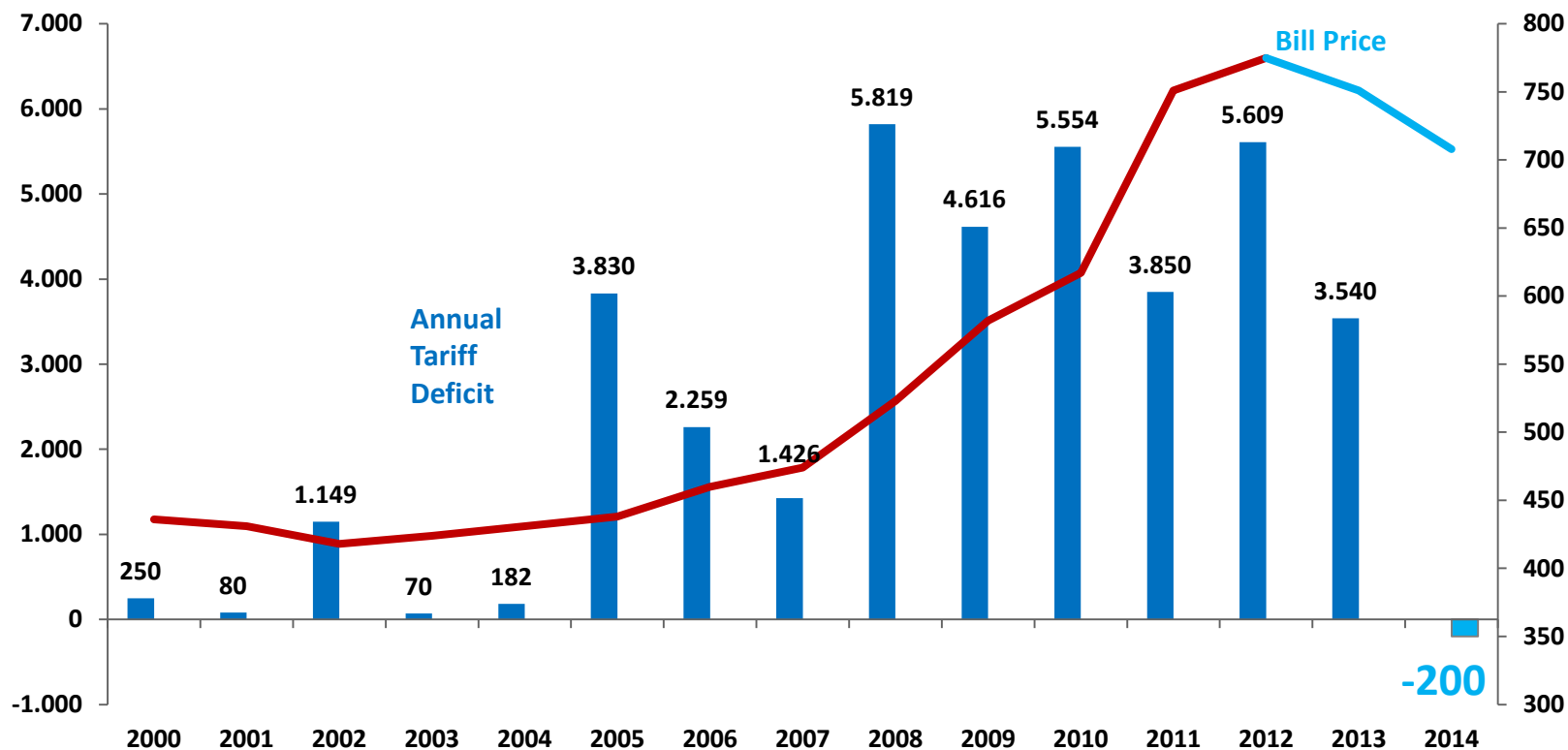


Source: National Institute of Statistics (INE), Eurostat

Among other things, the structural reforms to foster competitiveness have enabled one **chronic imbalance in the Spanish economy** to be overcome: **excessive inflation**, systematically higher than that of our Euro partners. **Spanish prices have now risen less than the EMU average and those of Germany for 25 consecutive months now.**

## COMPETITIVENESS: Energy Prices

### Electricity Bill Prices and Annual Tariff Deficit

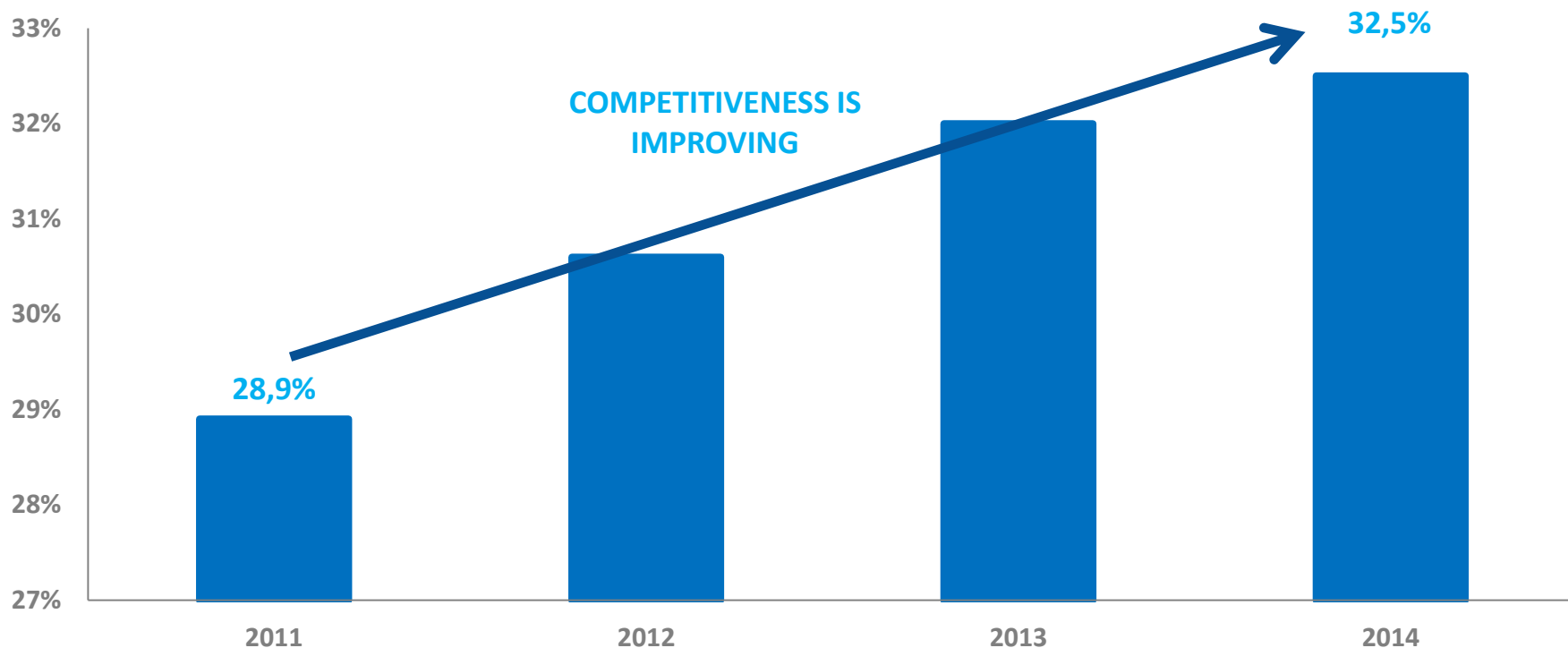


Source: National Institute of Statistics (INE), Eurostat

The energy reform has enabled **the electricity tariff deficit to be corrected entirely**, with a surplus of 200 million euros posted in 2014. At the same time, **prices have fallen every year since the reform was approved**.

## COMPETITIVENESS: Progress in the Foreign Trade Sector

Proportion of GDP accounted for by Exports.

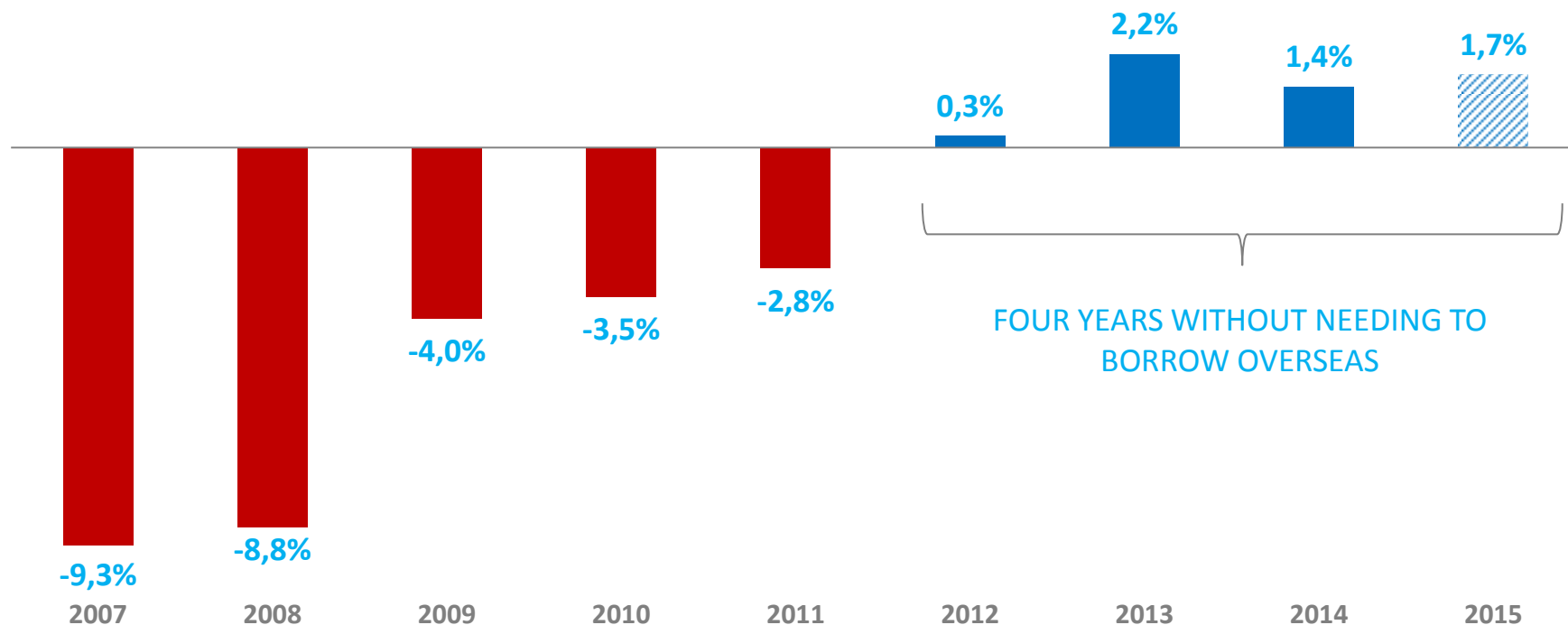


Source: National Institute of Statistics (INE)

The model change encouraged by these reforms is leading to a **greater focus on exports in the Spanish economy** and this switch is happening very quickly. **Spain has never exported as much as it does now. The proportion of Spanish economic activity accounted for by exports is higher than any of the G-7 nations, except Germany.**

## COMPETITIVENESS: Foreign Trade Balance Adjustment

### Current and Capital Account Balance (% GDP)

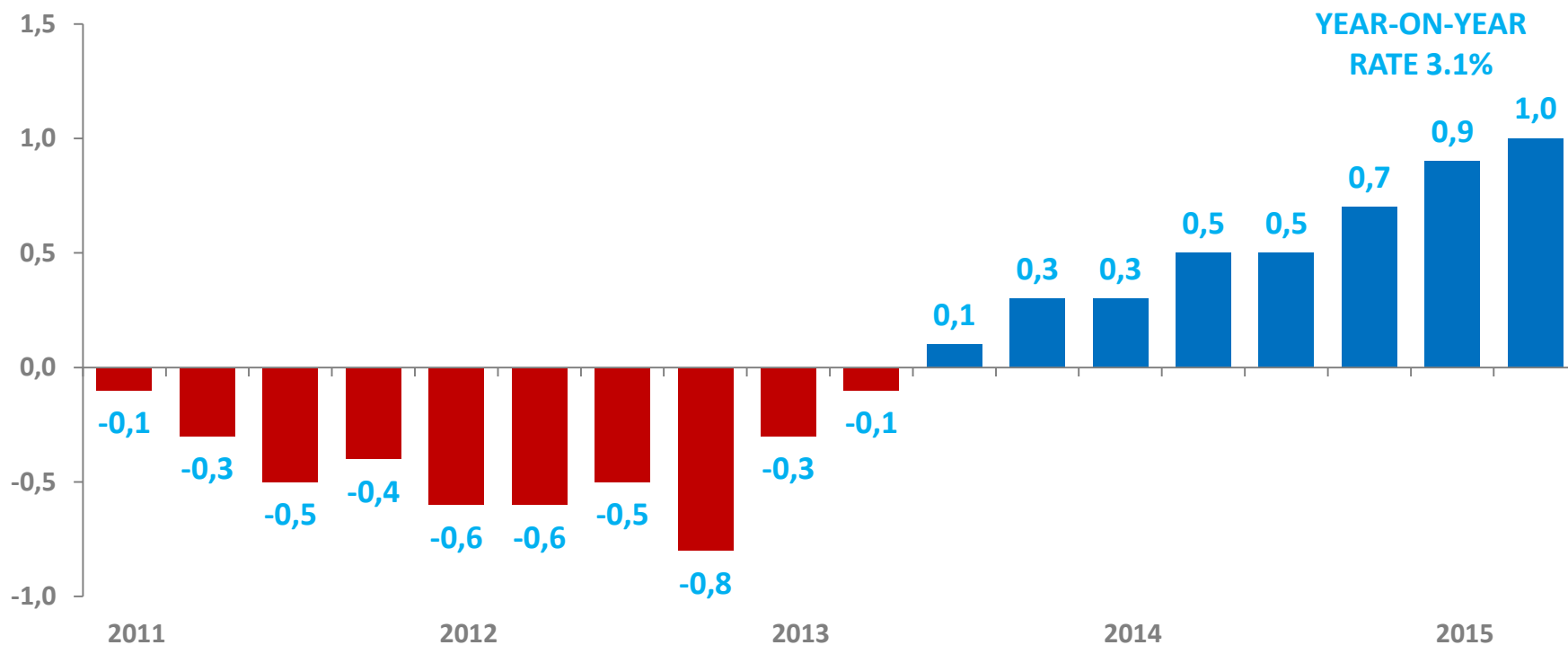


Source: National Institute of Statistics (INE ) and Bank of Spain

As a result of this transformation, **Spain is no longer increasing its debt with the rest of the world.** On the contrary, we produce more goods and services for export than we import, thus demonstrating that **Spanish products are attractive and competitive** both internationally and domestically.

## COMPETITIVENESS: Growth Recovery and Momentum

### Quarterly GDP Changes (Seasonally-adjusted)

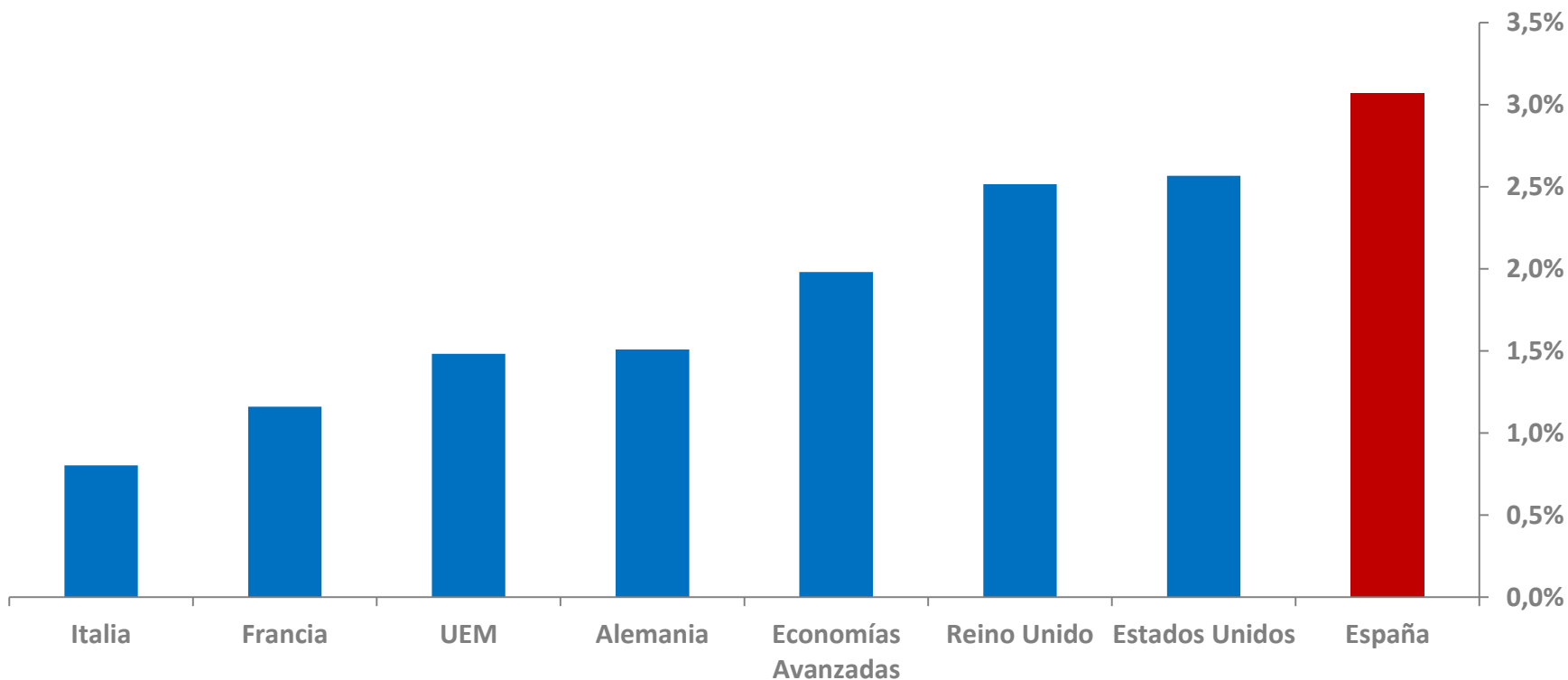


Source: National Institute of Statistics (INE)

The recession that began in 2011 has ended and an increasingly stronger recovery has been achieved that has been in place for at least eight months now. Spain is the country posting the highest growth of all the advanced European economies.

## COMPETITIVENESS: Meeting Expectations and Improving Outlooks

### Growth Forecasts in 2015

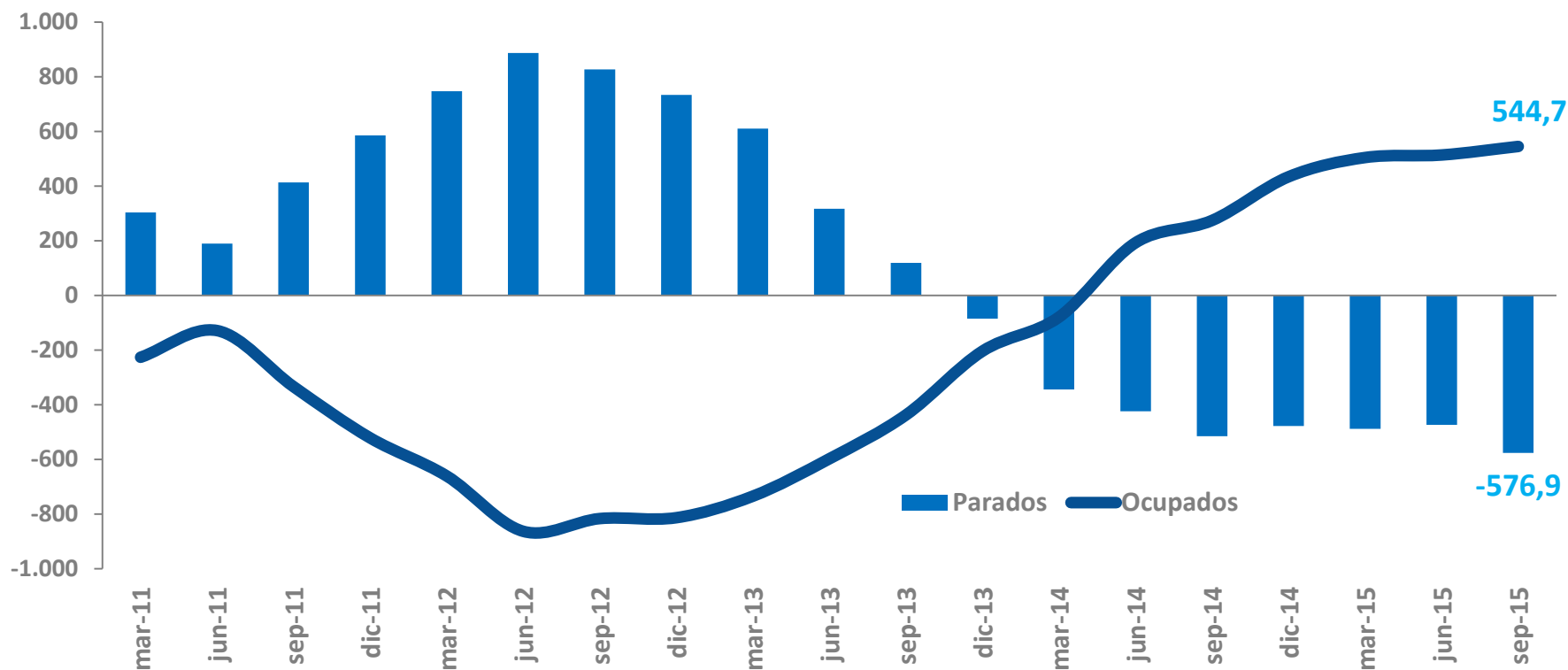


Source: IMF. Global Economic Outlooks. October 2015

International bodies agree that [Spain will grow faster than the main developed countries](#). Spanish GDP growth in 2015 will be more than double the average of the Eurozone countries.

## WELL-BEING: Unemployment Reduction and Job Creation

### Annual Change in Unemployment and Employment (thousands of people)

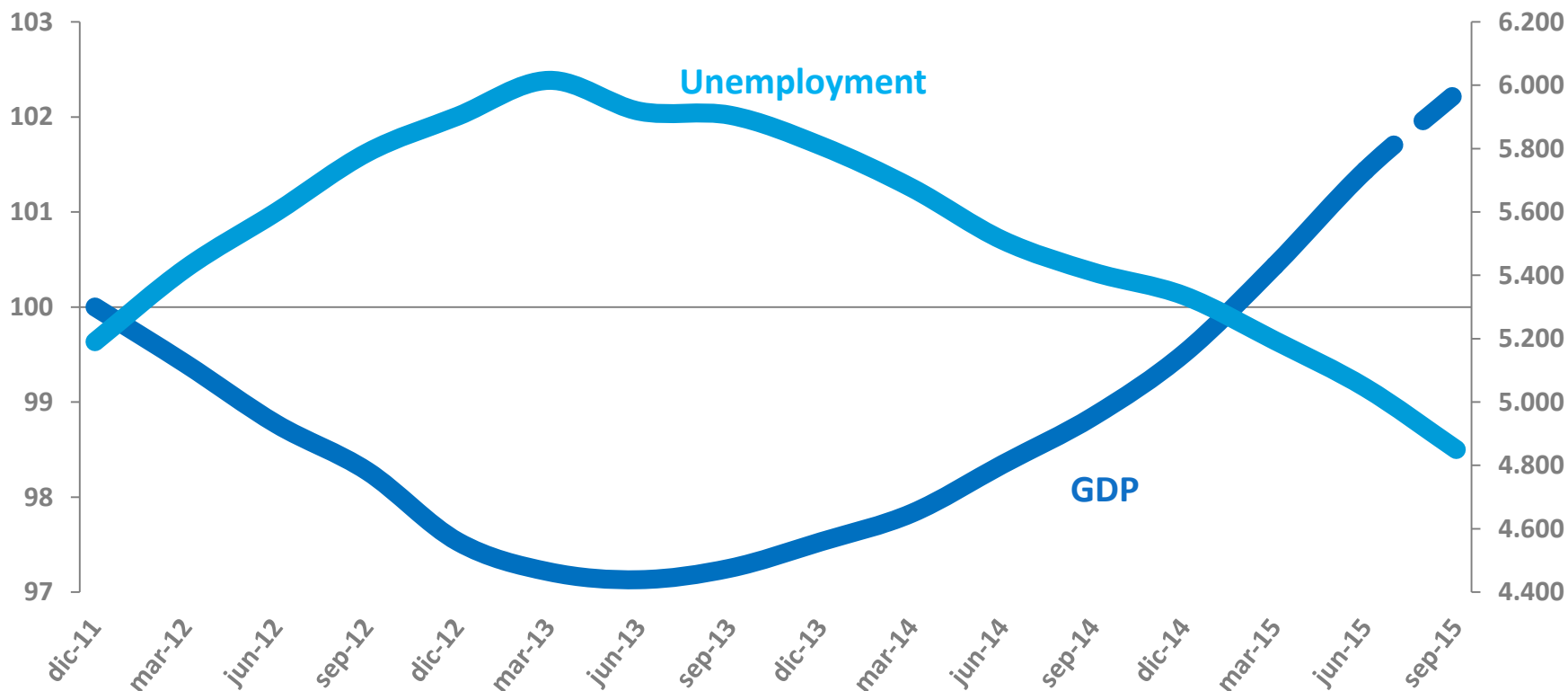


Source: National Institute of Statistics (INE).

The most recent Labour Force Survey confirms that economic growth is leading to an **intense recovery in employment and reduction in unemployment**. In the last year, we have seen the highest reduction in employment ever recorded by the Labour Force Survey (576,000 fewer unemployed, down 10.6%), with a record third quarter unemployment reduction.

## WELL-BEING: More Growth and More Employment

### Growth and Unemployment Trends (seasonally-adjusted)

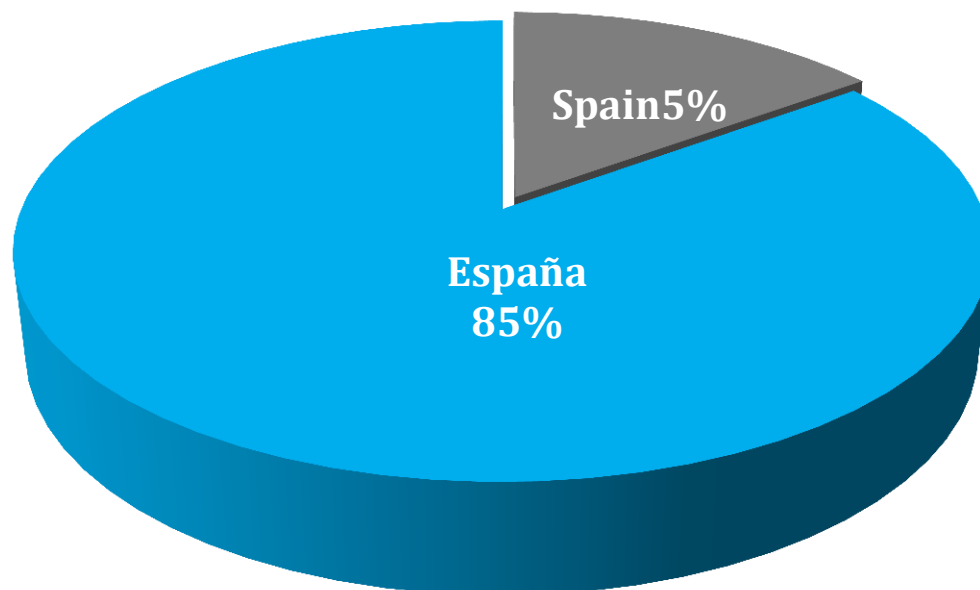


The legislature is concluding with an increase in economic activity of over 2% on the levels of GDP posted at the start. In terms of unemployment, this has been reduced by 437,000 people (third quarter of 2015 vs. fourth quarter of 2011), with an unemployment rate that is 1.5 points lower than that posted at the start of the legislature.



## WELL-BEING: Youth Unemployment Reduction

### Youth Employment Creation (last 12 months to Q2 2015)

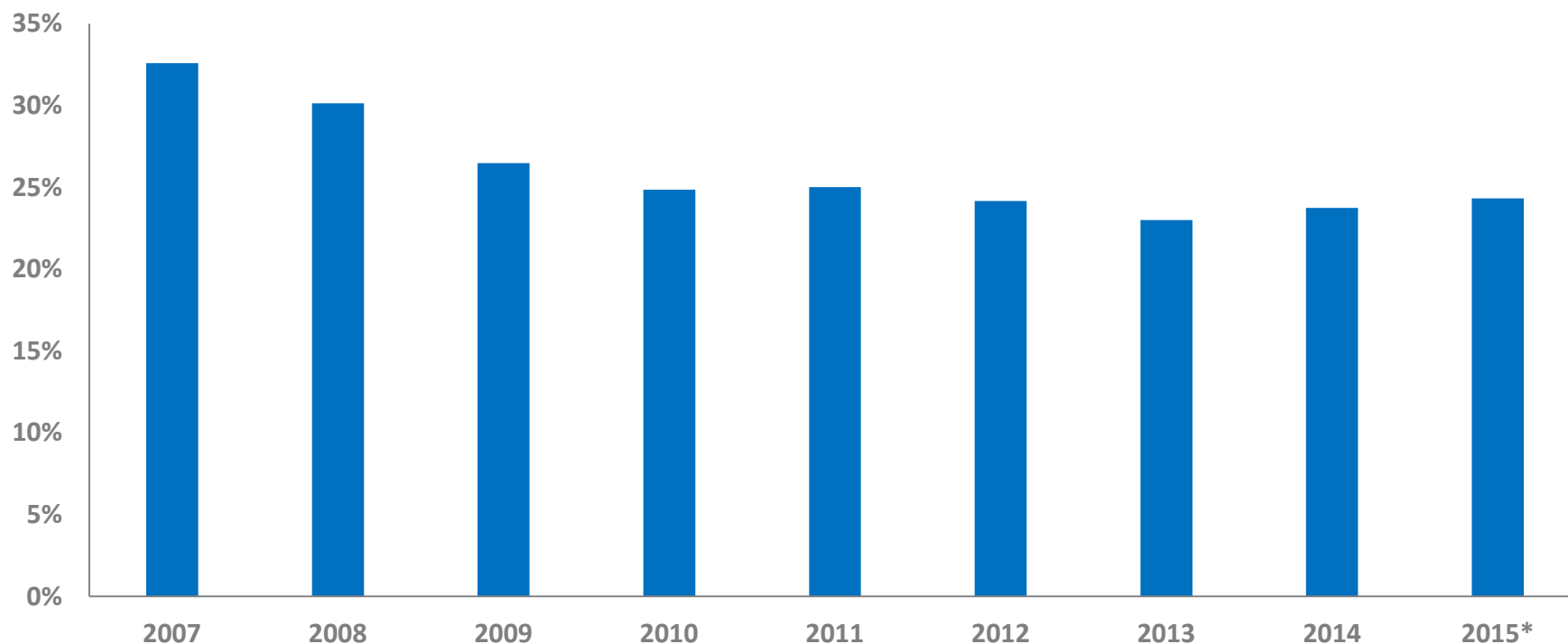


Source: Eurostat

Spain is **leading the field in youth employment creation** within the Eurozone: in the last year, approximately **85% of all jobs created** in the European Union (most recent comparable data).

## WELL-BEING: Temporary Employment Rate

### Employees on Part-time Contracts (%)



Source: National Statistics Institute (INE). Four-quarter average data. \*2015 is calculated using the average from Q4 2014 to Q3 2015 (latest available data).

The **temporary employment rate has fallen**. Between 2008 and 2011, the average temporary employment rate stood at **26.6%**. However, between 2012 and 2015, this average rate fell to 23.8%. This is an improvement of 2.8 points in the temporary employment rate.

## WELL-BEING: Increased Social Spending

### Trend in Social Spending in the General State Budget.

En millones de euros

	2011	% del total	2016	% del total	Δ 2016-2011	% Δ 2016/2011
Gasto social directo	183.230	58,0%	188.130	53,5%	4.900	2,7%
Gasto social indirecto	30.693	9,7%	61.036	17,3%	30.343	98,9%
Transferencias a AATT	30.693	9,7%	35.036	10,0%	4.343	14,1%
Aportaciones fondos AATT			26.000	7,4%	26.000	
Total gasto social directo e indirecto	213.923	67,8%	249.166	70,8%	35.243	16,5%
Total políticas de gasto	315.663	100%	351.859	100%	36.196	11,5%

Source: General State Budget

The Government of Spain **has strengthened the social focus in the budget over the course of the legislature**, with increases in social spending under headings it controls both directly and indirectly. This increase has enabled **social spending to be maintained**, as well as pensions (which have risen by over 19 billion euros this legislature) and unemployment benefits.

## WELL-BEING: General Tax Reduction

### Percentage Difference in Tax Rates per Bracket 2015 vs. 2011

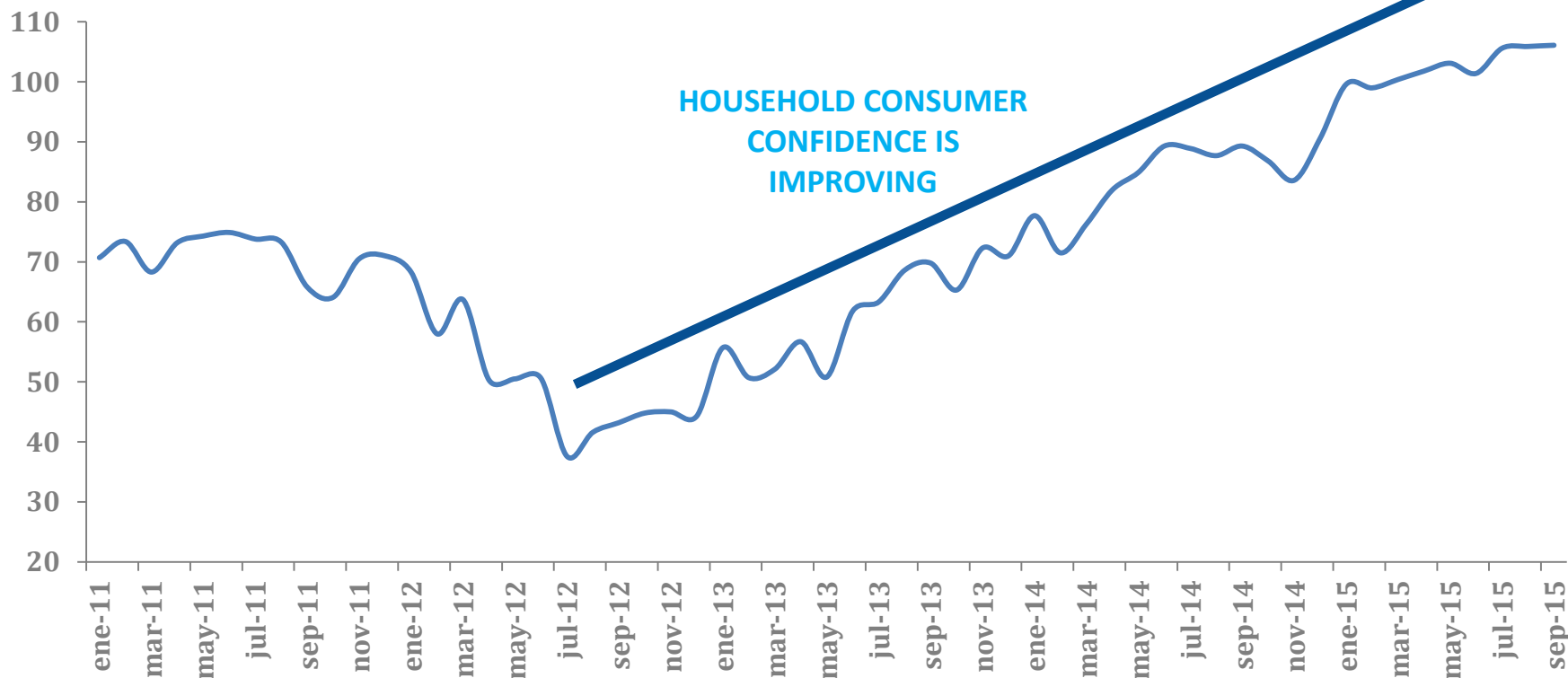
Rendimientos íntegros del trabajo	Tipo medio 2011 sobre rendimiento neto	Tipo medio 2015 sobre rendimiento neto	Diferencia (%)
12.000 €	2,27%	0,00%	<b>-100,0%</b>
15.000 €	10,24%	8,16%	<b>-20,3%</b>
20.000 €	14,00%	12,48%	<b>-10,9%</b>
30.000 €	18,44%	17,58%	<b>-4,7%</b>
40.000 €	21,26%	20,73%	<b>-2,5%</b>
50.000 €	24,52%	24,11%	<b>-1,7%</b>
100.000 €	33,48%	33,64%	<b>0,5%</b>
150.000 €	36,88%	37,49%	<b>1,7%</b>

Source: Ministry of the Treasury and Budgets and Public Administration Services

The economic recovery has enabled a **significant reduction in Personal Income Tax, amounting to 14.6% between 2014 and 2016**. Thanks to this reduction, **it has been possible to close the legislature with lower Personal Income Tax rates than those in place at the start** for the vast majority of taxpayers, the exception being those taxpayers in the highest income brackets.

## WELL-BEING: Consumer Confidence Improvement

Consumer Confidence Index.

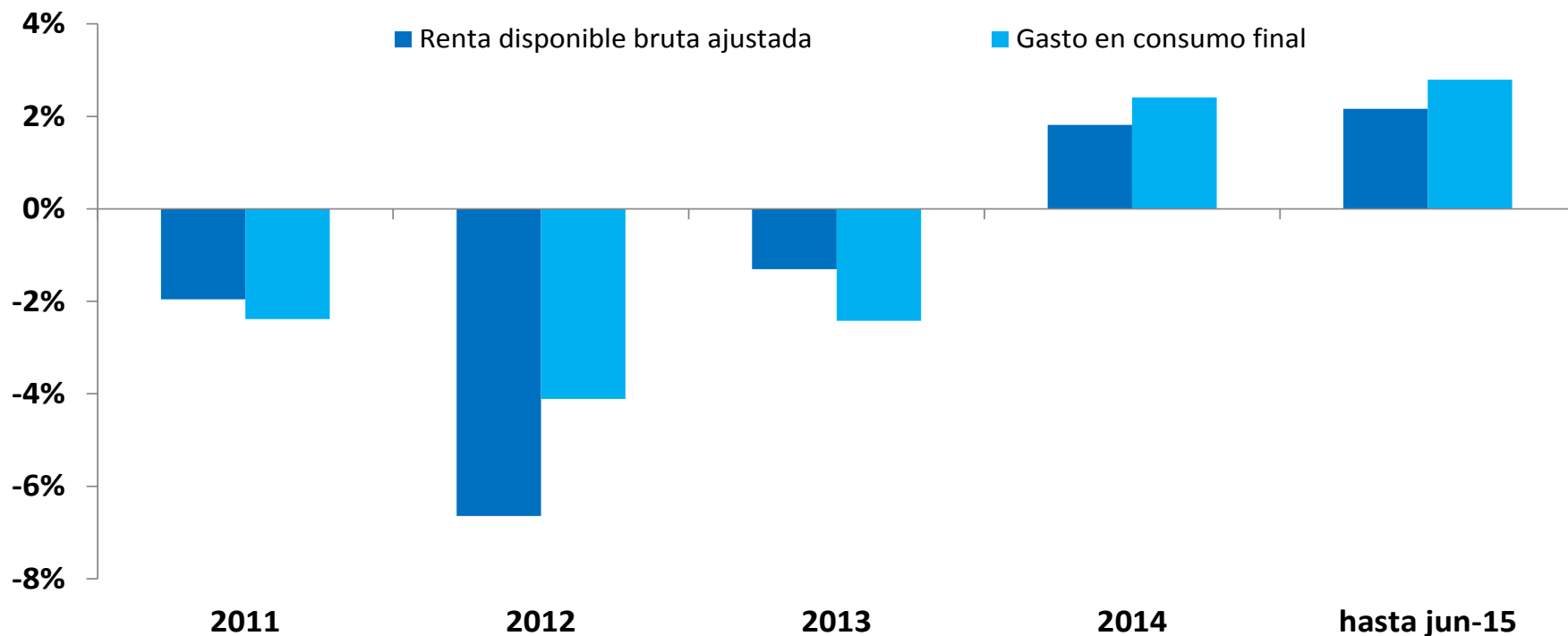


Source: CIS

Spanish households **have regained the confidence they had lost** thanks the reforms undertaken and their effect on economic activity and employment: **consumer confidence stands at record levels at the close of this legislature.**

## WELL-BEING: Improving Incomes and Consumption

### Incomes and Consumption (year-on-year rates of change)

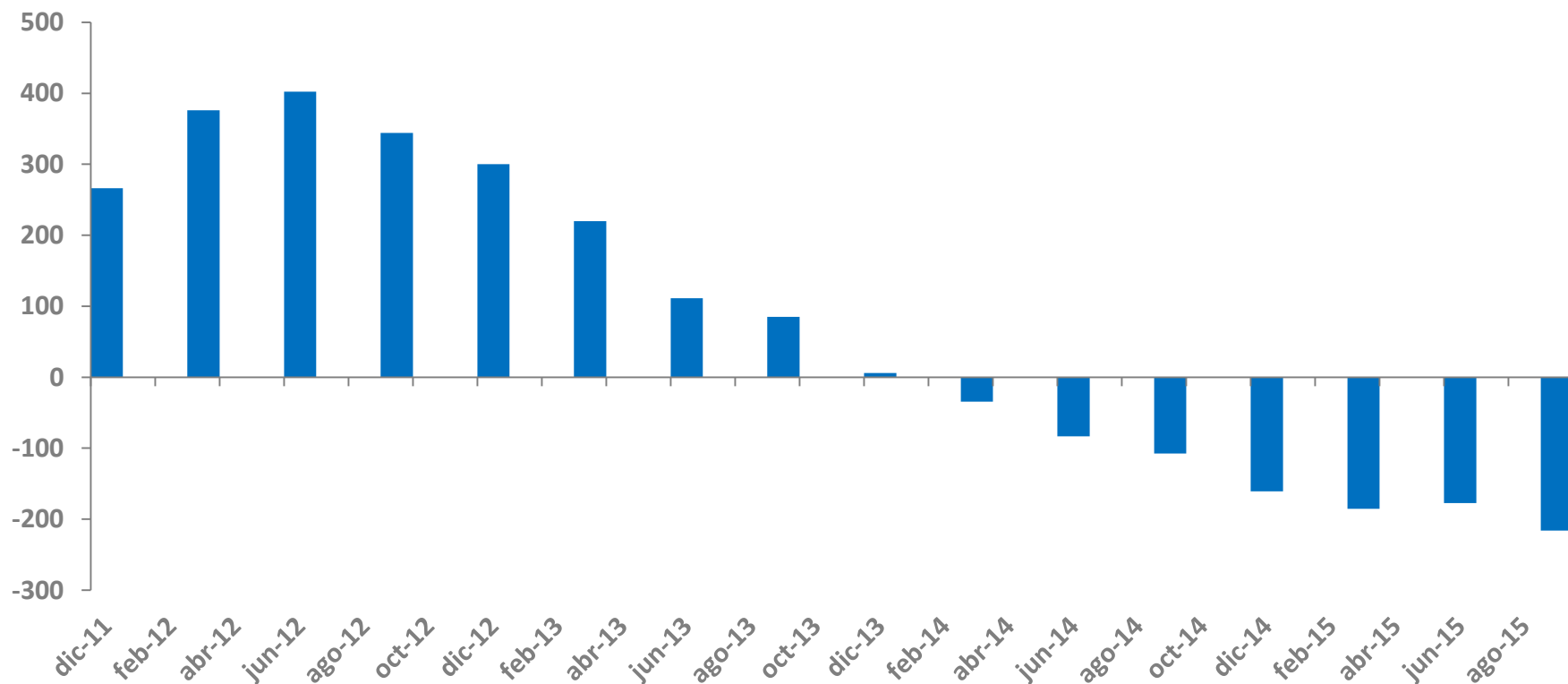


Source: National Institute of Statistics (INE). Deflated data using the CPI.

The economic recovery [is gradually improving the financial and spending situation of Spanish households](#), which are **now feeling more of the benefits from the improvements achieved in economic activity and employment**. In reflection of this fact, household spending is improving rapidly.

## WELL-BEING: Greater Opportunities for Families

### Households in which all Members are Unemployed (Annual change in thousands)



Source: National Institute of Statistics (INE)

Furthermore, the recovery in employment means that the most vulnerable households are managing to improve their situation. In the last year alone, the **number of households in which all members are unemployed fell by 216,200.**