

# SPAIN NATIONAL REFORM PROGRAMME

## 2007 Progress Report



October 2007





## **SPAIN - NATIONAL REFORM PROGRAMME: 2007 PROGRESS REPORT**

**October 2007**

This 2007 Progress Report was drafted by the Permanent Lisbon Unit under the coordination of the Spanish Prime Minister's Economic Bureau. It also benefited from the cooperation of all Ministries represented in the Government's Standing Commission for Economic Affairs and the Ministry of Justice. The Programme was approved by the Cabinet on 11 October 2007.

## **CONTENTS**

<b>I. INTRODUCTION</b>	<b>2</b>
<b>II. ECONOMIC SITUATION</b>	<b>6</b>
<b>III. STATUS AND UPDATE OF THE SEVEN PILLARS IN THE NATIONAL REFORM PROGRAMME</b>	<b>9</b>
<b>IV. THE NATIONAL REFORM PROGRAMME AND EUROPEAN FUNDS</b>	<b>50</b>
<b>V. ACCOUNTABILITY</b>	<b>55</b>

**ANNEX I. MEASURES IN THE NATIONAL REFORM PROGRAMME**

**ANNEX II. INDICATORS OF THE NATIONAL REFORM PROGRAMME**

**ANNEX III. REGIONAL BREAKDOWN OF THE MAIN CHALLENGES IN THE NATIONAL REFORM PROGRAMME**

## **I. INTRODUCTION**

In October 2005, the Government of Spain presented to the European Commission its National Reform Programme (NRP) 2005-2010, the expression in Spain of the relaunched Lisbon Strategy for growth and jobs in Europe.

In the last two years, the European institutions have expressed a positive opinion of Spain's reform policy since it has strengthened macroeconomic and budgetary stability and comprises successful microeconomic measures for fostering a recovery in labour productivity within the economy. The pace of implementation of the measures envisaged in all areas of economic policy is considered to be good; moreover, Spain is considered to be advancing appropriately in applying the NRP and the commitments adopted at the Spring 2006 European Council.

This 2007 Annual Progress Report on the National Reform Programme provides detailed information on the measures adopted in the last year. Although it offers a full summary of the NRP's implementation in the last two years, attention is focused on the measures that respond to the main challenges facing the Spanish economy as identified by the Spring 2007 European Council; they included improving competition in energy markets, reducing labour market segmentation, and the need for additional reforms in education and training as priority areas on which Spain should continue to focus.

This report commences with a brief description of Spain's economic situation. The year 2006 was the fourth year in which economic growth accelerated, and Spain attained the highest growth level among the developed countries (3.9%). It is notable that this growth was more balanced than in previous years: consumption expenditure and investment in construction both decelerated, investment in capital goods maintained double-digit growth, and the foreign sector reduced its negative contribution to growth. Moreover, the unemployment rate fell below 8% in the second quarter of 2006, at a time when productivity regained its ten-year high (0.7%).

Chapter III, the largest section of this Report, details the status and provides an update on the seven pillars of the National Reform Programme. With respect to the specific recommendations to Spain from the European Commission, the report sets out a broad battery of measures designed to increase competition and further liberalisation in the gas and electricity industries. The reform of the electricity and gas laws, which are transpositions of the internal market directives, laid the groundwork for advancing in liberalisation of the industry through the progressive elimination of official tariffs, to be replaced by a price-capped last-resort tariff for the most vulnerable consumers. At the same time, measures were

implemented to strengthen competition in the liberalised market, including forward trading, the implementation of the Iberian Electricity Market (MIBEL), and the creation of an Office to supervise changes of supplier. Measures were also adopted to strengthen supply security, including the examination of the interconnection with France, which has been designated as a priority, and to ensure the sustainability of the energy mix by approving a new system of remuneration for renewable energy.

The Agreement for Improved Growth and Jobs, reached in the framework of Social Dialogue, is producing significant results in terms of its two priority objectives: job creation and the reduction of the proportion of fixed-term contracts. In its first full year of implementation, the measures set out in the Agreement led to a year-on-year increase of 865,000 (8.2%) in the number of persons employed under permanent contract. At the same time, the number of persons in temporary employment declined by close to 200,000, with the result that the percentage of fixed-term contracts fell by 2.5 percentage points to 31.8%, and it is expected to continue falling in the coming quarters. Meanwhile, the level of part-time employment is 12%, still below the European average.

In the area of education, the approval of the Education Organic Act (LOE) is a milestone in this legislature, with a budget of over 7 billion euro for the 2006-2010 period. The Act seeks to combat school failure and dropouts through a package of measures aimed at enhancing the quality of education and broadening its reach. The commitment to ensure that the second stage of nursery school (ages 3-6) is free of charge has been fulfilled, and the percentage of children aged 0-3 in the education system has increased to 16%. To ensure equal opportunities in access to education, the budget for education grants has increased by 50% since 2004, to 1.2 billion euro. In 2007, over 2 billion euro were allocated to the new integrated Continuing Education and Training System, with a specific emphasis on SMEs, and specific plans were implemented for training and employment of immigrants.

Regarding the "points to watch" that the European Commission identified for Spain, which are also priorities in the European economic agenda, this report sets out the main measures that are under way: transposition of the Directive on Services in the Internal Market, the Action Plan to Reduce the Administrative Burden and the Spanish Strategy on Climate Change and Clean Energy.

To transpose the Services Directive, the Government has undertaken an ambitious review of legislation whose results will be particularly notable in retail trade. In parallel, the Government is working to fulfil the commitment made at the Spring 2007 European Council with regard to reducing the administrative burden, and it is drafting an Action Plan that will be presented late in 2007.

Spain's commitment to the Kyoto Protocol is enhanced by the Spanish Strategy on Climate Change and Clean Energy 2007-2012-2020, whose aim is to ensure that greenhouse gas emissions are reduced. The Strategy is at the final consultation phase and will be approved shortly. To ensure the Strategy's implementation, in July 2007 the Cabinet approved a Plan of Urgent Measures comprising over 80 initiatives of various types. All these measures complement the policies applied since 2005, whose success is evident in the change in the trend of CO<sub>2</sub> emissions, which fell for the first time in 2006 in a context of accelerating economic growth.

More generally, all the sectoral measures with a major impact on environmental and social sustainability are framed within the Spanish Strategy for Sustainable Development. This document, which will be presented shortly to the European Commission, contains a detailed diagnosis of Spain's situation and sets out a range of goals and measures in the area of environmental, social and global sustainability.

This Report also describes the progress with liberalisation in telecommunications, finance, post, transportation and professional services. And it details progress with the housing plans aimed at increasing the number of government-sponsored homes and rented homes.

Chapter IV of the Report presents the strategy for spending the EU Funds assigned to Spain in the Financial Perspectives 2007-2013, including the National Strategic Reference Framework, strategic plans for the European Agriculture Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF) and the Autonomous Communities' Regional Operating Programmes.

The last part of the report, Chapter V, is devoted to accountability. The Programme has been expanded, with 57 new measures being added in the last year to make a total of 367. Of the initial package of 310 measures, 72% have been approved to date (compared with 51.6% one year ago). As for goal attainment, the report sets out progress towards the NRP's two main objectives. Firstly, in 2005 Spain attained 98.4% of EU-25 per capita GDP (1.7 percentage points more than in 2004) and it will attain 100% by 2010 if the current pace of convergence is maintained. Based on European Commission projections, Spain's per capita GDP will be around the EU-25 average by 2008. Secondly, the employment rate of the population aged 15-64 (65.8%) exceeded the European average (64.9%) and practically attained the 66% target that Spain had set for 2010.

The Report also has three annexes. Annex I contains detailed information about regulations and budgets for all the measures contained in the Programme. To make it easy to comprehend, assess and view progress over time in all the measures, the information is provided in the same

structure as in the 2006 Progress Report. Annex II contains a broad range of indicators that measure progress by the variables of interest associated with each of the seven pillars. There are more indicators than in 2006 since this year's report contains some of the indicators envisaged in the Spanish Strategy for Sustainable Development as well as others relating to active employment policies aimed at young people. Annex III responds to the European Commission's request for a regional breakdown of the economic policy objectives defined in the NRP for 2010. Among others, it presents the R&D and innovation objectives agreed upon in the Third Conference of Presidents of the Autonomous Communities, held in Autumn 2006.

The 2007 Progress Report under the National Reform Programme represents not only the efforts of the Central Government but also contains valuable contributions from the Autonomous Communities, the Spanish Federation of Municipalities and Provinces, and the social partners, with whom smooth communications have been maintained over the last twelve months. Some Autonomous Communities have drafted Regional Reform Programmes, and an attempt has been made to coordinate their goals and measures with this NRP<sup>1</sup>. Other Autonomous Communities have multi-year plans to improve competitiveness or employment that were agreed upon with the social partners (cf. 2006 NRP Progress Report). Also, the protocol for work on the NRP, agreed in September 2006 with the social partners, was elaborated upon this year, and a number of meetings were held with the social partners to discuss specific aspects of the Lisbon Agenda.

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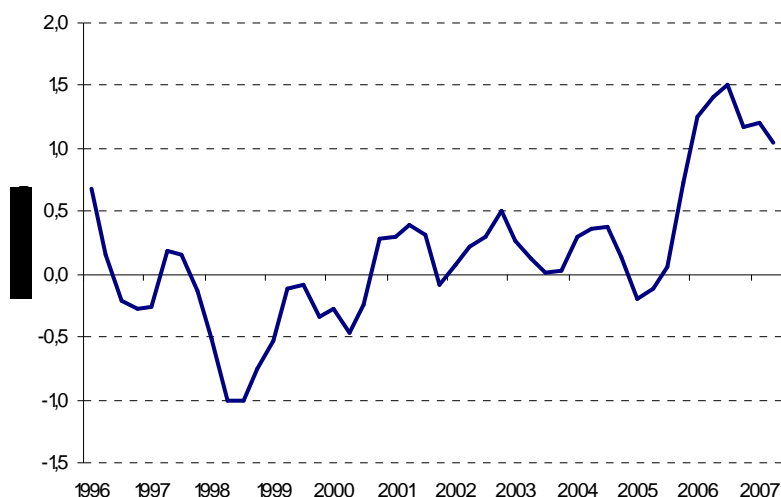
<sup>1</sup> Specifically, Andalusia's VI Social Agreement, Catalonia's Strategic Agreement for Internationalization, Education Quality and Economic Competitiveness, Murcia's Strategic Plan 2007-2013, and the Basque Country's Programme of Economic Context and Reforms for Growth and Social Progress 2006-2009.

## II. ECONOMIC SITUATION

The Spanish economy attained a 3.9% growth rate in 2006, 0.3 points more than in 2005. Though growth was faster, the composition was more balanced and sustainable as capital goods gained ground (10.4%) while investment in construction decelerated slightly (6%) and private consumption expenditure more sharply (3.8%), and the negative contribution by net external demand fell significantly (1.2 percentage points). On the supply side, industry expanded by 2.9% in 2006, driving the upswing in aggregate activity, while private sector labour productivity improved by 1.3%, the first gain since the early 1990s (Fig. II.1). The growth in productivity also proved to be compatible with a rapid pace of job creation.

The first two quarters of 2007 maintained the good trend set in 2006, with over 4% GDP growth. Investment in capital goods accelerated further (13.1%) while private consumption expenditure (3.3%) and investment in construction (4.9%) continued to slow, and the foreign sector's negative contribution to growth continued to decline (0.9 percentage points). Industry's gross value added increased by 5.1% in the first six months of 2007 (the largest increase since 2000) and private sector labour productivity again increased by over 1%, with no adverse impact on job creation.

**Fig. II.1 Private sector labour productivity.  
Rate of change**



Source: National Accounting (National Statistics Institute)

The deceleration in the construction industry was concentrated in the residential segment, which is gradually returning to normality, from 7.8% growth early in 2006 to 3.7% in the second quarter of 2007. The slowdown in the residential segment was also reflected in house prices, which



increased by 5.8% in the second quarter of 2007, more than 6 percentage points less than at the beginning of 2006. In 2007, the number of housing starts (a leading indicator) is beginning to show signs of a reduction (though slight: 3% in the first quarter), so that the process of gentle deceleration will be maintained in the coming quarters.

The labour market also performed very well in 2006. A total of 571,800 jobs (full-time equivalent) were created, representing 772,619 additional people in employment, and total employment exceeded 20 million for the first time ever. Women accounted for more than half of those new jobs, so that the move towards gender equality is bearing fruit. The labour force increased by almost 700,000 people, enabling the unemployment rate in the second quarter of 2007 to fall below 8%, a level last seen in 1978. The male unemployment rate was 6.1% and the female rate was 10.5%; the gap between the two has narrowed by 0.6 percentage points. Consequently, the employment rate improved notably to 65.8% in the second quarter of 2007 for the population aged 15-64; that is well above the European average (64.9%), and the NRP's target of 66% for 2010 will be attained this year, three years ahead of schedule. The Lisbon objective of 70% is undoubtedly achievable within the next few years. The female employment rate increased to 54.0%, narrowing the gap with respect to the male rate by around 1 percentage point and making steady progress towards the NRP objective of 57.0%.

The Spanish economy continued to advance in the process of convergence with European per capita income, and labour productivity, one of the great challenges in the NRP, accelerated appreciably in 2006. Therefore, the Spanish economy was able to increase employment while simultaneously raising the productivity growth rate. In fact, since 2004, the Spanish economy has reversed the gradual decline in productivity with respect to the EU-25 that had commenced in 1997. As a result, it is very likely to exceed the EU-25 average per capita income in 2008, two years earlier than projected in the NRP. One of the main factors that was weighing on productivity growth was the growing duality of the labour market. However, the measures contained in the *Agreement for Improved Growth and Employment* adopted in July 2006 by the social partners, which forms the basis for Pillar VI of the NRP, have begun to bear fruit: the percentage of workers on fixed-term contracts declined by nearly 2.5 percentage points to 31.8% in the second quarter of 2007.

Inflation was another of the economy's challenges that began to adjust in 2006. In that year, CPI growth was 3.5%, declining from 4.2% in January to 2.7% in December, just 0.8 percentage points above euro area inflation. The sharp increase in oil prices, which reached a record \$74/barrel, and the steady appreciation by unprocessed foods (by over 5%) had a negative impact on inflation. Nevertheless, core inflation fell to significantly below 3%. In September 2007, as a result of the one-time baseline effect of the

decline in oil prices the previous year, inflation rose to 2.7%, the 0.6 percentage point differential being maintained. Price stability requires perseverance in the medium term with policies designed to improve productivity and increase competition in the internal markets, and with plans to ensure that the economy is more energy-efficient and less dependent on the international crude oil markets. Fiscal policy has produced steadily growing surpluses since 2004, reaching 1.6% of GDP in 2006, thus contributing to economic stability.

The Spanish economy's foreign deficit continued to rise in 2006 (to 8.7% of GDP), although the pace of growth was slower than in previous years. The increase was caused by deterioration in the energy balance (which accounted for 62% of the total trade deficit), while the income and transfer deficits widened and the services surplus declined. Exports of goods registered 5.1% real growth in 2006 (the highest since 2000), and Spain maintained its share of international markets even though exporters' margins continued to grow. To slow the deterioration in the trade balance and address the process of globalisation, it is necessary to maintain policies that slow the deterioration in price-competitiveness and, above all, to continue increasing our exports' geographical diversification and technological content. From another standpoint, the current account imbalance is a reflection of the intensity of investment in Spain; investment exceeded 30% of GDP, much higher than in the euro area's main economies. Therefore, these new funds, which have improved business productivity in recent years, are enhancing the economy's capacity to generate income in the future.

One of the risks to the Spanish economy's good prospects in 2007 and 2008 is that the turbulence in the world financial markets, which was triggered by the US subprime crisis, continues and has a negative impact on world growth. However, the economy is well placed to weather such an eventuality given its strength, its low exposure to the US subprime market, the highly-efficient and solvent financial system, and the sound public accounts.

### III. STATUS AND UPDATE OF THE SEVEN PILLARS IN THE NATIONAL REFORM PROGRAMME

#### PILLAR 1: REINFORCING MACROECONOMIC AND BUDGET STABILITY

##### Status

In the last year, **budgetary stability** has continued to be a basic feature of the Government's economic policy. The Government's commitment to budgetary stability and a favourable economic situation have made it possible to continue improving the budget surplus. The higher revenues obtained as a result of strong economic growth have been used to continue reducing public debt, within a framework of stability of the public expenditure/GDP ratio, and to increase the provisions to the Social Security Reserve Fund. The Public Administrations attained a surplus amounting to 1.8% in 2006, up from 1% in 2005. A surplus in excess of the 1% envisaged in the 2006-2009 Stability Programme Update is also expected to be achieved in 2007, largely due to the Social Security surplus. The public debt has shrunk at a rate of 3 percentage points of GDP per year. The goals of the NRP were consistent with a reduction of 2 percentage points per annum over six years. Therefore, it now seems possible to achieve a ratio of 34% in 2008, i.e. two years earlier than projected.

Additionally, the scheduled reforms in this field have been completed. The **new budget stability regulations** came into force on 1 January 2007 and will be applied to budgets drawn up after that date. The first budget to which they will be applied, therefore, is the one for 2008, which is currently in the process of parliamentary approval.

In compliance with the new regulations, the Ministry of Economy and Finance submitted a Report on the cyclical position in Spain, in which projected GDP growth is 3.3% for 2008 and 2009 and 3.1% for 2010. Based on these data and on the fiscal rule established in the aforementioned regulations, a surplus must be targeted for the three-year period. The Government presented, and Parliament approved, surplus targets for the Public Administrations of 1.15% in each of those three years.

The budgetary policy is appropriate to Spain's economic position, since it is contributing to macroeconomic stability and increases the margin of manoeuvre to weather a cycle change and the long-term challenges arising from the ageing process, within a context of declining funding from the EU.

The **tax reform** was completed at 2006 year-end following its approval by Parliament, and it came into force in 2007. Under Personal Income Tax Act 35/2006, partially amending the Acts on Company Tax, Income Tax of

Non-Residents and Wealth Tax, the following measures included in the National Reform Programme were adopted:

- A five-point reduction of company tax rates over two years (just one year for SMEs). This measure was accompanied by the elimination of some tax credits within a time frame of five years in general.
- Reduction in the number of personal income tax brackets to four, establishing a marginal rate of 43%, which is two percentage points lower than the previous rate. Also, the tax treatment of salary income was improved by increasing the amount of the tax-free allowance. The tax thresholds per person and per household were also improved. Notable progress was also made towards a neutral treatment of the various types of savings by introducing a flat 18% rate.
- The introduction of an instrument to encourage research and development, consisting of a 40% rebate on employer Social Security payments for researchers as an alternative to the company tax deduction.

With respect to environmental taxes, an amendment has been proposed to the vehicle registration tax (or special tax on certain means of transport). As a result of this initiative, from 1 January 2008, the tax will be based on the level of emission of pollutant gases rather than on engine capacity and type, as has been the case to date. Under the draft Air Quality and Atmosphere Protection Act, which is currently in the process of parliamentary approval, the tax rate is 0% for vehicles with emissions of up to 120 grams of CO<sub>2</sub>/km; three other brackets have been established, with a maximum tax rate of 14.75% for vehicles emitting 200 or more grams of CO<sub>2</sub>/km and for jet skis and quads. This change will be neutral in terms of tax revenue but will favour less-polluting vehicles. Additionally, the possibility of modifying the municipal vehicle tax in a similar way is currently under consideration.

The budget stability policy is compatible with **the reorientation of public expenditure** towards policies more closely related to efficiency and to enhancing productivity. Between 2004 and 2007, budgeted expenditure on civilian R&D and innovation, education and infrastructure increased by 125%, 63% and 36%, respectively, within a 26% increase in total expenditure.

The budgets for 2008 will continue to focus on this line of action. The State will continue to lead the effort in this connection with another significant increase in funding for civilian research programmes in order to consolidate Spain's technology and knowledge base and accelerate our convergence in this area.

Significant efforts in infrastructure and training will continue to be made in 2008, with increased allocations that will make it possible to continue implementing, on the one hand, the Strategic Infrastructure and Transport Plan (PEIT) and the AGUA Programme and, on the other, the policy of increasing education grants and application of the actions addressed by the Education Organic Act. The draft State Budget for 2008 reinforces this line of action.

Another goal of the NRP is to improve the quality of public services by promoting and performing assessments of public policies and programmes, encouraging **rational use of resources** and boosting quality management. This goal is being enhanced by the creation of the State Agency for the Assessment of Public Policy and Service Quality, which became operational in 2007.

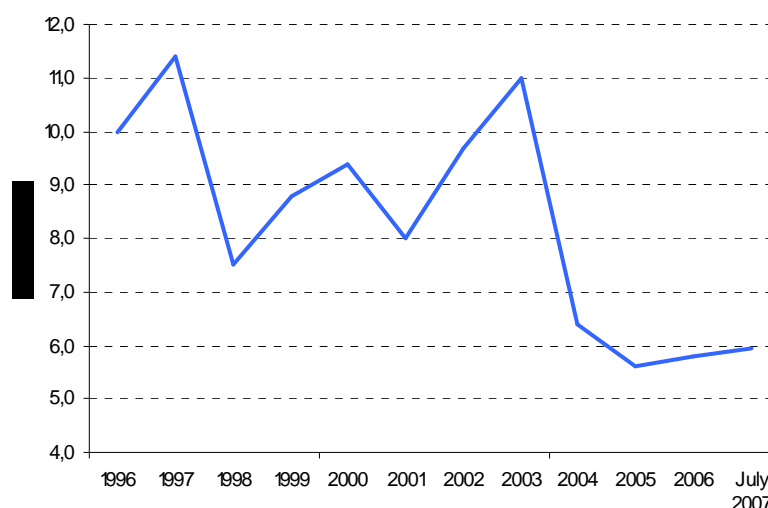
With regard to the **reform of the system of financing the Autonomous Communities**, the working team established by the Central Government and the Autonomous Communities to prepare an agreement has not yet completed its task. Accordingly, the system that was unanimously approved in 2001 is still in force and efforts are being made to achieve the maximum level of consensus over the necessary reforms.

Regarding measures to ensure the **sustainability of the pension system**, further contributions have been made to the Social Security Reserve Fund. The largest contribution to the Fund, amounting to 4.3 billion euro, was made in July, which means that 15.8 billion euro have been contributed to the Reserve Fund in the two years since the NRP was approved. The Fund now exceeds 45 billion euro (4.5% of GDP), 9% of which is the yield on managing the funds. An additional contribution of 6.814 billion euro is scheduled for 2008, which will bring the total Reserve Fund to over 52 billion euro. Also, the social security reform measures included in the Agreement reached by the Government and the social partners in 2006 are currently in the process of parliamentary approval (they were approved by Congress in September and are awaiting Senate approval); the status of these measures is discussed under Pillar 6, together with all the other measures arising from the Social Dialogue.

Regarding the **rationalisation of healthcare expenditure**, the deceleration of pharmaceutical spending in the last few years (see Figure III.1) is contributing to improving the financial sustainability of the National Health System while enabling the Autonomous Communities to re-allocate funds to other healthcare priorities. The slowdown in pharmaceutical expenditure is the result of the measures adopted by the various Administrations, such as the price policy included in the Act of Assurances and Rational Use of Medicines and Health Products, Autonomous Community plans for the use of generic drugs, and programmes to promote the rational use of medicines.

The new reference price system, in force since March 2007, will also contribute to fulfilling the pharmaceutical expenditure rationalisation goal.

**Figure III.1. Pharmaceutical expenditure.  
Year-on-year growth rate**



Source: Ministry of Health and Consumer Affairs

Also, since the Strategic Plan for Pharmaceuticals Policy was presented in November 2006, many of the measures it contained have been implemented, particularly those aiming to improve access to information by professionals. Noteworthy in this connection is the Continuous Training Programme for National Health System physicians on the rational use of medicines, through agreements with all the Autonomous Communities, which continued in 2007 with a 38 million euro budget. Also, the draft Royal Decree on medical prescriptions and hospital dispensary orders contributes to the rational use of medicines, encouraging the exchange of information between healthcare professionals and patients and adapting the prescription of a particular drug to the duration of the treatment.

Major information and educational campaigns have been conducted to foster appropriate use of medicines. A Cooperation Framework Agreement has been signed with the General Council of Official Pharmacists' Associations in Spain, which will help to develop plans to prevent self-medication and to manage the risks associated with inappropriate use of medication.

The implementation of the rationalisation measures adopted by the Autonomous Communities and by the Central Government which arose from the agreements reached at the 2nd Conference of Presidents was analysed in the second report of the Working Group for Analysis of Healthcare Expenditure submitted to the Council for Fiscal and Financial Policy. The report concludes that all the Autonomous Communities have initiated healthcare expenditure rationalisation measures, including most

notably those relating to rational use of medicines and which enhance efficiency in healthcare service management.

Significant progress has been made in 2006 and 2007 in drawing up and approving health strategies in the Quality Plan for the National Health System. These actions aim to improve the system's quality and cohesion, and they foster healthy lifestyles, reduce inequality in health, particularly between men and women, support planning and development of the healthcare system's human resources, foster clinical excellence through assessment, and exploit information technology to improve healthcare through the Online Healthcare programme in the framework of the AVANZA Plan (Pillar 4 of the NRP).

### **Update**

In addition to the aforementioned measures, the government has approved the Draft Act regulating the Social Security Reserve Fund, currently in the process of parliamentary approval, which is also a product of the Social Dialogue. This regulatory change intends to strengthen the efficacy with which the Fund is managed and to clarify when allocations are to be made to it and when the funds are to be used.

The changes proposed in the draft Act include most notably the following:

- Expansion of the possibility of investing in different types of assets following economic and social responsibility criteria, in line with the trend already initiated in other countries.
- Outsourcing the management of part of the Fund's assets.
- Restricting the use of the Fund to paying contributory pensions, and ruling out its use to pay management fees.

Additionally, the government has approved new measures aiming to boost birth rates and promote access to housing through rentals, which will have a favourable impact on future growth. Low birth rates and the overwhelming preference for home ownership as opposed to rental are adversely affecting the Spanish economy's potential growth. Since the policies that have been put into place to date have proved insufficient to address these weaknesses, new measures have been approved, as mentioned under Pillars 5 and 6. Tax incentives play an important role in these measures. A new tax credit for tenants, which will come into force in 2008, is designed to give them the same tax benefits as are available to home buyers. A personal income tax credit linked to new births is also envisaged.

## **PILLAR 2. INFRASTRUCTURE**

The infrastructure policy defined in the NRP is founded on two major investment plans, namely the PEIT and the A.G.U.A. Programme, which aim to enhance the economy's competitiveness and improve social and territorial cohesiveness. The two plans have strong budgetary support and are being executed on schedule.

### **Strategic Infrastructure and Transport Plan (PEIT)**

#### **Status**

The PEIT's financial solvency is guaranteed through a two-fold action line:

- The budgetary allocation to investments in transport infrastructure in the last three years amount to 48.640 billion euro.<sup>2</sup>
- New mechanisms and financing instruments have been set up, including most notably the State Company for Land Transport Infrastructure (SEITT—the concession system used to finance the plan to resurface the first-generation dual carriageways), the 10 billion euro framework agreement entered into in 2006 with the European Investment Bank, and the Programme-Contracts of RENFE-Operadora and the Railway Infrastructure Managing Entity (ADIF), to which the Government will contribute a total of 16.650 billion euro through 2010.

The main actions carried out relating to execution of the PEIT for each mode of transport are as follows:

#### **a) Roads**

Since the beginning of this legislature, nearly 1,500 km of high-capacity roads have been brought into service, and construction of an additional 1,640 km of dual carriageways and toll roads has commenced. The major cross-grid roads where work is currently under way include the Cantábrico, Ruta de la Plata, Duero, Extremadura-Valencia and Mudéjar highways, as well as the completion of the Mediterranean axis.

#### **b) Railways**

In line with the PEIT's priorities, which consist of promoting increasingly sustainable modes of transport, the railway system is being especially targeted, with 49% of the investments envisaged in the Plan for the entire 2005-2020 period.

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<sup>2</sup> Including the allocations envisaged in the Budgets for 2005, 2006 and 2007, and the extraordinary road plan.



Since 2004, 349 km of new high-performance railway line have been brought into service, including most notably the Madrid-Toledo, Córdoba-Antequera and Lleida-Tarragona lines. Work has commenced on an additional 980 km, which means that almost 320 km of tracks are being laid each year, 67% more than the average in the previous legislature.

The Madrid-Valladolid line will be brought into service in 2007, as will the Tarragona-Barcelona and Antequera-Málaga segments, thus completing the Madrid-Barcelona and Madrid-Málaga lines, respectively.

Regarding railway safety, investments are being made to standardise and increase the quality of the signalling systems throughout the network, through the installation of the ERTMS system in the AVE lines and in certain high-density commuter lines and of the ASFA digital system as a back-up on all AVE trains and as the main system for all the lines that do not have ERTMS<sup>3</sup>.

Implementation of the Level Crossing Safety Plan approved in 2005 continued in 2006, with an investment amounting to 1.080 billion euro. This plan envisages eliminating more than 50% of the 3,737 existing level crossings and improving protection at the remainder; 591 crossings have already been eliminated.

#### c) Ports and maritime transportation

To date, 19,330 metres of new quay-front have been completed in this legislature, which represents an annual average increase of 151% as compared with the previous legislature.

With respect to maritime safety, 58% of scheduled investments under the 2006-2009 National Sea Rescue and Fight against Pollution Plan have been made or are committed. Additionally, human resources assigned to sea rescue have increased by 55% with respect to 2004.

#### d) Airports

Air transport capacity is being expanded to appropriately cater for the rapid growth of air transport demand. In this connection, 14,616 metres of runway and 835,540 m<sup>2</sup> of terminal buildings have been brought into service since 2004. Work has also commenced on 12,190 metres of runway and more than 810,000 m<sup>2</sup> of terminal buildings.

In order to improve airport operations and quality, 19 air navigation aid systems have been brought into service.

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<sup>3</sup> These systems substantially reduce the scope for human error in train operation.

And a zero tolerance policy is in effect with regard to air safety. To this end, among other measures adopted, the number of operational safety inspections carried out has increased substantially. During this legislature, 3,034 inspections of foreign aircraft and 6,465 inspections of Spanish aircraft and operators have been conducted.

The 2005-2009 AENA General Safety Plan, which envisages 2.3 times the investment made in the previous legislature, was also approved.

The PEIT is approximately 20% complete; this is highly satisfactory progress with respect to the schedule (see Table III.1). Progress at airports exceeds the average for the plan as a whole.

**Table III.1. Percentage of completion of the PEIT. 2005-2007**

Investments as % of total scheduled

Roads	19.1 %
Railways	22.2 %
Ports	19.4 %
Airports	33.1 %

Source: Infrastructure Ministry

## **Update**

A key aspect to improving our road network is maintenance, which has increased substantially. The funds allocated to maintenance amount to 1.7% of the road network's asset value, as compared with 1% at the beginning of the legislature. The international standard that has been set as a goal within the PEIT is to eventually spend 2% of the value of the network on maintenance each year.

As a measure to improve the maintenance of the high-capacity road network, work on the first phase of the First-Generation Dual Carriageway Resurfacing Plan commenced in 2007. This plan envisages an investment totalling 6.344 billion euro for the full resurfacing of 2,130 kilometres of the oldest dual carriageways and their upgrade into line with modern quality and safety standards.

## **A.G.U.A. Programme (Actions relating to Water Management and Use)**

### **Status**

The AGUA Programme seeks to reorient Spain's water policy in order to overcome deficiencies in the public control of water usage, water quality and efficient water use. Also, the Programme aims to manage water resources in accordance with the new European legislation, which requires

greater economic rationality, environmental sustainability and public participation.

Initially, the AGUA Programme focused on the most urgent actions along the Mediterranean coast, but it was subsequently made extensive to all the River Basin Authorities. The actions included in the programme consist of certain structural measures that can be grouped into the following broad lines:

- Saving and modernisation of water supplies and irrigation, providing an estimated 231 Hm<sup>3</sup>/year of new available resources as a result of the optimisation of existing regulation, storage and distribution infrastructure and reduced water losses.
- Re-use of treated water, with the requirement that all coastal municipalities or those where waste water is directly discharged into the sea must incorporate tertiary treatments and promote the use of separate networks. It is expected that an additional 137 Hm<sup>3</sup>/year will be obtained through these measures.
- Desalination in coastal municipalities, mainly to provide quality potable water for urban consumption in place of the surface or groundwater that has been used to date, which can therefore be used upstream for human consumption or irrigation or to remedy aquifer overexploitation or pollution. These measures may help obtain an additional 621 Hm<sup>3</sup>/year.
- New water captures and reservoirs that contribute new water resources (an additional 74 Hm<sup>3</sup>/year)
- Actions which do not require the contribution of new water resources, linked to preventing floods and improving the environment so as to increase the safety of people and goods, reduce pollution and restore river ecosystems.

Regarding the territorial distribution of investments in urgent actions along the Mediterranean coast under the AGUA Programme, the status of the various projects is detailed in Table III.2.

**Table III.2. Status of urgent actions under the AGUA Programme on the Mediterranean coast. Million euro**

<b>Autonomous Community</b>	<b>Initial studies</b>	<b>Being designed</b>	<b>Under tender</b>	<b>Being executed</b>	<b>Completed</b>	<b>TOTAL</b>
Andalucía	127	398	227	89		840
Castilla-La Mancha	42	69		8		120
Catalonia	10	223				233
Valencia	72	913	346	465	20	1,816
Murcia	296	213	48	691	112	1,361
<b>TOTAL</b>	<b>547</b>	<b>1,816</b>	<b>621</b>	<b>1,253</b>	<b>132</b>	<b>4,370</b>

Source: Environment Ministry

### Update

Another measure which supplements the AGUA Programme and was developed in 2006 is the new National Water Quality Plan (2007-2015), whose principal objectives are to fully comply with the requirements of the EU Directive on waste water and to contribute to the fulfilment in 2015 of the environmental objectives required by the Water Framework Directive. Under this plan, the Central Government will participate financially as follows:

- 100% funding for actions in the State's general interest that are pending execution.
- 25% funding for actions that reduce the impact on "sensitive areas".
- Interest-free financing of 50%, with a 45-year investment recovery horizon, of investments by State Water Companies for the portion that is not co-financed by European funds.
- Cooperating with Autonomous Communities and companies in the establishment of private funding mechanisms with a charge to concession systems for the operation of wastewater treatment facilities.

The planned budget totals approximately 19.000 billion euro (of which 50% relates to the latter two points, 5% to European funds, 20% to the Central Government Budgets and 25% to the Autonomous Communities). Under this Plan, nearly 250 million euro will be put out to tender in 2007.

Additionally, in order to continue modernising irrigation, a plan was approved in 2006 regulating urgent work for the improvement and consolidation of irrigation schemes (RD 287/2006, dated 10 March), in order to save water and mitigate the effects of the drought. Under this plan, almost 2.000 billion euro will be invested in actions on nearly 900,000 hectares, which will give rise to annual water savings in excess of 1.100 billion cubic metres of water.

### **PILLAR 3. INCREASING AND ENHANCING HUMAN CAPITAL**

A set of measures has been implemented by the Ministry of Education and Science, in cooperation with the Autonomous Communities, which have broad powers over education, to ensure that the education system works properly and to guarantee a quality education at all levels of the system in addition to lifelong learning.

#### **a) Early childhood education**

With regard to the early stage of childhood education, for children under 3 years of age, measures have been implemented with a two-fold objective: increase school attendance at this age level and facilitate the access of women to the labour market without any discrimination.<sup>4</sup> The number of school places available has increased, and the percentage of children under 3 attending school has risen from 13.2% in 2004 to 15% in 2005 and to 16.6% in 2006.<sup>5</sup> These data refer only to institutions authorised by the educational administrations; if institutions dependent on other Departments such as Labour, Health and Social Affairs are included, the percentage for 2006 is 27.1%. The Education Organic Act resolves this difference by defining early childhood education as an educational stage itself which forms part of the education system. Therefore, as the Act is implemented, the data relating to school attendance for this age group will be reported by the Departments of Education.

With respect to the National Strategic Plan for Childhood and Adolescence 2006-2009, the principal measures addressed include promoting the Childhood Observatory as a system for information-sharing among all social agents with a stake in childhood and conducting an Awareness Campaign to Prevent Child Abuse, which has been broadly publicised in the media and among the general public.

#### **b) Education Organic Act (LOE)**

The objective of the Education Organic Act (LOE), approved on 3 May 2006, is to reform the education system. For this purpose, certain measures have been implemented to address the main challenges, namely, achieving the success of students in compulsory secondary education level (ESO) and reducing dropout rates.

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<sup>4</sup> In contrast with the European objective of reaching a 30% school attendance rate for children under 2 years of age, the goal in Spain, at both national and regional level, is defined in terms of attendance at the age of 2 (see Annex III).

<sup>5</sup> The detail, by Autonomous Community, is shown in Annex III.

The new system will be implemented gradually over three academic years, so that it will be possible to observe the improvement of educational results arising from the introduction of the new approach progressively over the next few years.

As mentioned in the 2006 Progress Report, the LOE has a budget of 7.033 billion euro for the period 2006-2010, financed approximately 60% by Central Government and 40% by the Autonomous Communities. The budget is divided into four large groups of measures which, apart from establishing the Government's main lines of action regarding education through 2010, focus on fulfilling the European Educational Objectives:

- Extension and improvement of Spain's educational system: 1.269 billion euro will be allocated to this end. The main actions include increasing the number of places in the first stage of nursery school and raising the rate of attendance during non-compulsory secondary education.
- Free schooling: 2.281 billion euro will be invested to extend free schooling to the second stage of nursery school, benefiting 1.3 million children, and increase the allowance for grants and study aids.
- Educational success: 2.795 billion euro will be used to ensure the success of all students through academic reinforcement programmes. In this line, special emphasis will be placed on diversity and on each student's specific needs in order to provide personalised education that will facilitate learning and the acquisition of basic skills.
- Improved teacher training: 687 million euro will be used to improve teachers' training and social prestige and to provide for early retirement at age 60.

The budget envisaged by the Central Government and the Autonomous Communities for 2007 amounts to 1.094 billion euro, an increase of 430 million euro over 2006.

One of the main novelties of the LOE relates to foreign languages. For the first time, all students will study English from 6 and a second foreign language from age 10. Key learning areas such as the vernacular are strengthened and more time is devoted to reading: a minimum of half an hour per day of reading will be compulsory in primary school.

Among the main education indicators, it should be noted that the dropout rate<sup>6</sup> declined from 31.7% in 2004 to 30.8% in 2005 and 29.9% in 2006, reversing the trend of prior years. Moreover, the percentage of 20-24-year-

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<sup>6</sup> Youths aged 18 to 24 who completed compulsory education but did not pursue further studies.

olds who have completed at least the final (non-compulsory) stage of secondary education increased slightly, from 61.2% in 2004 to 61.8% in 2005 and 61.6% in 2006.<sup>7</sup> While we are nevertheless still far from meeting the Lisbon Objectives, it should be noted that these indicators have a strong component of inertia because they encompass a broad age span and, therefore, improvements are not fully reflected until several years have elapsed.

### c) Universities Organic Act

Organic Act 4/2007, amending the Universities Organic Act (LOU), was enacted in April 2007. Its purpose is to improve the quality of the university system so that higher education in Spain attracts the best students and professors from Spain and other countries. The reform of the LOU has been allocated a total budget of 82.2 million euro by the various education administrations between 2007 and 2010.

Its first goal is to improve teaching and research quality through a professor recruitment system that is governed by principles of publicity, merit and capability and ensures efficient, transparent and objective selection. The procedure consists of the review and analysis of professional documentation. Subsequently, universities choose faculty from the pool of candidates who obtained a positive accreditation and who are most suitable for the position. The Statute for Teaching and Research Personnel, defining career paths, will also be approved.

The universities are provided with greater autonomy in management, at the same time as accountability is reinforced. This leads to greater autonomy in electing governing bodies, hiring teaching staff and drawing up curricula for official degree programmes. Additionally, in order to increase accountability to society, the role of the Spanish National Quality and Accreditation Evaluation Agency (ANECA) in evaluating universities has been enhanced.

Another major goal of the reform is to transfer knowledge to the private sector by fostering cooperation and a closer relationship with industry, promoting mobility of teachers and researchers and allowing leaves of absence to exploit patents and the results of research at technology companies (EBTs). A "technology leave of absence" has been established to allow researchers in government institutions to retain their university tenure for up to 5 years while working at an EBT. Technology transfer thus becomes the third function of universities, together with teaching and research.

Finally, the reform of the LOU seeks to promote equality between men and women, ensuring equal representation in governing bodies.

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<sup>7</sup> This change in trend has also been analysed and rated positively in international studies, including one recently published by the OECD: *Education at a Glance 2007*.

#### d) Continuous Training System

One of the strategic objectives set by the Government in 2004 in the area of education and employment was the creation of a new, more efficient model of professional training by improving quality, allowing for decentralisation by devolution to the Autonomous Communities, and further improving institutional management. With this in mind, a new training model was created under the Agreement on Professional Training for Employment 2006, signed with the social partners in the framework of the Social Dialogue.

Under this new model, with a budget in excess of 2.2 billion euro for 2007, Occupational Training and Continuous Training are integrated in the same system, enabling individuals to obtain training throughout their entire working lives, while maintaining the possibility of offering programmes tailored to the different training needs of unemployed and employed persons. The new model was set in motion as a result of the approval in March 2007 of legislation which regulates the subsystem of professional training for employment. This new system strengthens both the Autonomous Communities' management capabilities and coordination between all the Administrations.

The new model targets employed and unemployed workers alike, including those who do not pay a Social Security component for professional training, and gives priority to groups who find it most difficult to find work, such as women, young people and people over age 45. The principle that all types of training activities should be free of charge is applied, as is the principle of equal treatment and opportunities for women and men, and workers are encouraged to participate in designing training programmes.

Regulations have been implemented with respect to the training programmes for the worker-focused training and the regulatory bases have been established for the award of public subsidies to fund such programmes within the framework of the Central Government. Also, a round of applications for public subsidies to carry out training plans through State-wide agreements, mainly targeting employed workers, was approved in August 2007.

Companies can avail themselves of credit for employee training (proportionately more for smaller companies). SMEs are a priority in the new training-for-employment system. Regulations have been implemented for the subsystem relating to employer-driven training and its funding, an online system has been established, and priority groups and areas have been defined.



Finally, the quality of the training system has been enhanced so as to address the challenges faced by our economy within the European Strategy of attaining full employment. To this end, training is covered by collective bargaining at national level, thus creating a single framework of reference under which a plan to assess the system's quality, impact and efficiency will be prepared annually, in conjunction with the Autonomous Communities, for the purpose of continuous improvement.

The new system is already bearing fruit. The percentage of the working population receiving training for employment increased from 10% in 2005 to 11.2% in 2006, which means that 275,000 more employees are receiving training and 27,000 more companies have training programmes.

#### e) Measures for young people

The Government has implemented the package of measures it announced in the 2006 Progress Report, designed specifically for people aged 18 to 35, with particular emphasis on education and training.

Specifically, measures have been implemented for the 2007-2010 period to improve young people's knowledge of the English language through the "English for Young People" programme, which has a 95 million euro budget. Of that figure, 85 million euro have been allocated to 53,125 individual grants of 1,600 euro each for the beneficiaries to travel to English-speaking countries to study English. The remainder will be used to reinforce teaching at the Official Language Schools, by adding 37,800 places to study English to the current figure of over 230,000. The subsidies for young people to receive part of their university education in another European country have also been expanded: the Erasmus Programme budget has increased from 6 million euro to 52 million euro.

Measures have also been implemented to ensure equal opportunities in access to education. In this connection, a new programme has been launched to provide interest-free loans to finance the official masters degrees of more than 6,000 students, with repayment linked to loan recipients' future income. A significant effort has also been made with respect to grants. The "right to a grant" has been recognised by law for all students who meet the requirements established in each grant funding round. Means-test limits have been raised by 13.5% in the 2007-2008 academic year. This means that almost 55% of Spanish families with school-age children may be entitled to free school fees, a milestone in Spain's education grant policy. Also, the average grant amount has increased by 5%. Overall, the 2007 budget for student grants and aid, which amounts to more than 1.2 billion euro and has increased by 50% since 2004, is the highest in Spain's history.

## **Update**

**Following the LOE's approval, a package of specific measures for 2007-2008 and subsequent years has been implemented, in agreement with the Autonomous Communities, within the new regulatory framework.**

The significant budget allocation for the year, in excess of 1 billion euro, makes it possible to implement the first measures addressed by the LOE to foster the success of all students in compulsory secondary education and prevent dropouts.

The measures adopted include most notably the addition of basic competencies in the new curricular framework. These basic competencies must be acquired before completion of compulsory schooling, since they lead to personal realisation, active citizenship and the development of lifelong learning habits. Accordingly, they should serve as a template for the curricula of compulsory education and their mastery should be mandatory for student assessment purposes.

Additionally, the autonomy of educational centres is improving with increased decentralisation. For this purpose, their budgets are increasing, leading to greater decision-making capability and encouraging innovation in education. In this line, family involvement in schools is improving, with the establishment of lines of institutional cooperation with public administrations that have responsibilities relating to families and childhood and with federations of parents' associations.

Another significant measure is the implementation of initial professional qualification programmes to enable students who did not graduate from compulsory secondary education to obtain training, providing an educational alternative to school abandonment. The number of places has been increased to ensure a sufficient supply and campaigns will be conducted to increase the number of students who access and graduate from mid-level vocational training. Also, more flexible vocational training cycles will make it easier to gain access to these studies and to lifelong learning.

Finally, a range of measures are being put into place to improve the initial and ongoing training of teaching staff, encourage their stability in educational establishments, strengthen their authority vis-à-vis students and parents, and enhance their social prestige and recognition.

## **PILLAR 4 – R&D and innovation STRATEGY (INGENIO 2004)**

### **Status**

In order to fulfil the objectives of the INGENIO 2010 programme, the State's civilian Research, Development and Innovation (R&D and

innovation) budget was increased by 34.3% in 2007. As a result of this unprecedented increase, the 2007 civilian R& D and innovation budget is more than double the 2004 figure.

In 2006, three major strategic programmes were implemented under INGENIO 2010 (CENIT, CONSOLIDER and the AVANZA Plan), and they were complemented with the launch in 2007 of the EuroIngenio Programme, whose fundamental goal is to enhance Spain's participation in the EU's Seventh Framework R&D Programme. These four programmes are discussed below.

**Within the CENIT Programme**, the second and third rounds of funding of major business-led public-private cooperation projects were completed in 2007. A total of 31 projects, more than half of them private, were approved in those two phases, mobilising 843 million euro over the next four years and benefiting 460 companies and 507 research groups. The CENIT project budget for 2007 is 145 million euro.

Also within the CENIT programme, the Neotec Venture Capital Fund, whose aim is to increase early-stage investment in technology companies, committed 20 million euro in its first three deals, leveraging another 20 million euro in private funds. As a result of these transactions, two new foreign venture capital funds have begun to operate in Spain and a new Spanish venture capital fund has been launched.<sup>8</sup> The Torres-Quevedo programme, which supports integrating researchers into companies and technology centres, placed 719 researchers in 2006, 30% more than in the previous year.

**The CONSOLIDER Programme** to increase research critical mass and excellence implemented 28 projects of great scientific importance in its second phase, and funding in 2007 was double the amount in 2006. In this second phase alone, close to 150 million euro will be mobilised over the next five years, financing over 503 research groups and a total of 1,820 excellent researchers. The public budget for CONSOLIDER Projects in 2007 was 80 million euro.

Also within the CONSOLIDER Programme, in addition to the existing seven CIBER Consortia<sup>9</sup>, another 2 networks were established in 2007 to cover Diabetes & Liver Diseases and Mental Health, grouping a total of 429 researchers; as a result, this programme's budget increased to 54 million euro. And under the I3 Programme, 52 million euro were committed to

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<sup>8</sup> The foreign funds are Pond Ventures (UK), which focuses on ICTs, and Gilde (Netherlands), which focuses on health. The new Spanish fund is DEBAEQUE, focused on ICTs and life sciences.

<sup>9</sup> Networked biomedical research centres that focus on researching diseases considered to be of public interest.

assist in integrating 376 excellent researchers in universities and government research centres.

**The AVANZA Plan** to converge with Europe in the field of Information Society had 1.540 billion euro in public funds in 2006, tripling the 2004 budget for this policy.

The AVANZA Plan comprises a large number of specific programmes, some of which are detailed below. In particular, the ICT Loan programme, which helps SMEs acquire the necessary resources to access the Information Society, with a budget of 440 million euro in 2007, has benefited over 48,000 companies since it was launched in July 2004 due to cooperation by private financial institutions in implementing it. This successful initiative has also been extended to households, enabling over 91,000 households to acquire computers and broadband connections.

One of the most important aspects of the Avanza Plan is helping all citizens to bridge the digital divide, particularly those who are disadvantaged. Accordingly, in 2007, 28 million euro were allocated to favouring gender equality and inclusion in access to the Information Society and close to 38 million euro were spent to extend broadband and internet access centres in rural areas. With these programmes, 1,950 municipalities, with almost 1.5 million inhabitants, obtained a broadband connection in the first half of 2007 alone. By the end of 2007, all of Spain's municipalities will have broadband, one year ahead of schedule.

Progress also continues in the area of e-administration with the goal of cutting red tape and enhancing citizens' and companies' relations with the Administration, including the dissemination of the electronic ID card, a basic tool for providing security in e-commerce and e-administration transactions. The electronic ID card will be introduced gradually and should be available nationwide in 2007. It can now be requested in 39 cities and over 600,000 citizens have obtained an one.

Problems have been detected with the Avanza Plan indicator regarding the size of the market in information and communication technologies with respect to GDP.<sup>10</sup> For that reason, a new indicator has been introduced to provide a better picture of Spain's progress towards the Information Society objectives. This indicator is composed of the main four partial goals under the Avanza Plan for 2010, referenced to the EU-15 average:<sup>11</sup>

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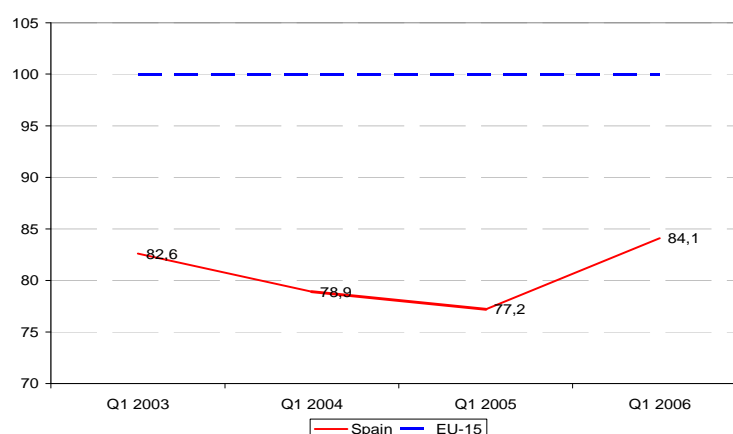
<sup>10</sup> Among other factors, the indicator used by the European Information Technology Observatory (EITO) is not consistent with the data on ICT market sales provided by Eurostat in its industrial sales survey.

<sup>11</sup> For the methodology underlying the new indicator, see <[www.avanza.es](http://www.avanza.es)>.

- Citizens' access to the Information Society: attain 55% broadband penetration in households (upgraded at the Third Conference of Presidents and discussed at the end of this section).
- Citizens' use of the Information Society: attain 65% of citizens using the internet.
- Companies' access to the Information Society: attain 98% broadband penetration in companies.
- Companies' use of the Information Society: attain 55% of companies purchasing via the internet.

Based on those four indicators, and using available Eurostat data, the indicator is drawn up to express Spain's position with respect to the EU-15. Figure III.2 plots the new indicator.

**Figure III.2. Spain's progress towards the main Information Society objectives. (EU-15 = 100)**



Source: Authors, using Eurostat data

**Euroingenio, the fourth of the strategic programmes under Ingenio 2010,** was launched in 2007 with the overall goal of increasing Spain's participation in the Framework Programme from the 6% obtained in the Sixth Framework Programme to 8% in the Seventh Framework Programme 2007-2013. In the first round of funding, four initiatives were launched in 2007 with a total budget of 15 million euro, supporting participation in Europe-wide research by close to 100 companies and technology centres, 10 technology platforms and industry associations, 11 hospitals and over 40 universities and government research centres.

**Work also continued in 2007 to improve policy administration and reduce red tape for R&D and innovation.** By year-end, the government intends to present the legislation to convert the Higher Council for Scientific Research (CSIC) and the Carlos III Health Institute, Spain's two leading research

institutes, into agencies. This will provide those institutions with more flexibility in management so that they can improve incentives for scientific excellence and strengthen their structures for transferring knowledge to industry.

**With regard to legislative reforms,** the new Biomedical Research Act, providing legal coverage for new scientific discoveries and establishing conditions for conducting biomedical research in Spain, the Citizens' Electronic Access to the Administration Act (see Pillar 5) and the Universities Reform Act (see Pillar 3), which improves technology transfer, were approved in 2007. Finally, there are two bills before parliament which have major implications for innovation: the Public Sector Procurement Act, which introduces the possibility of "public technology procurement", and the Information Society Extension Act, which establishes citizens' entitlement to engage in commercial transactions with large companies via the internet and introduces measures to facilitate starting a business via the Internet.

**The Integrated Monitoring and Assessment System (SISE) continued providing benefits in 2007.** The report approved in December 2006 by the Interministerial Commission for Science and Technology (CICYT) proposed a series of measures with goals such as enhancing the exchange of information with the Autonomous Communities, which were then set out in an agreement by the Third Conference of Presidents, and the need to define a research career path, which will be established by means of a decree by year-end.

Cooperation with the Autonomous Communities and Local Authorities, an area which the European Commission emphasised in its review of the First Progress Report on Spain's NRP, continued in the framework of the strategic programmes under Ingenio 2010. This cooperation is particularly important in the Avanza Plan—under which initiatives are carried out with all the Autonomous Communities and with the Spanish Federation of Municipalities and Provinces (FEMP)—and in the Third Conference of Presidents in January 2007. At that conference, the Central Government and the Autonomous Communities reached a broad agreement in the area of R&D and innovation, including a common strategy through 2015 with goals and follow-up mechanisms, a map specifying the 32 Unique Scientific and Technical Installations in existence, a proposal to expand and complete that map with 24 new installations distributed among practically all of the Autonomous Communities, and the launch of two new initiatives for cooperation in R&D and innovation in the fields of healthcare and the environment.

Specifically, sectoral agreements were reached at the Conference to foster research in the National Health System by co-financing excellent researchers and support technicians with a contribution of close to 39

million euro by the Central Government over the next four years, and promoting environmental R&D and innovation by jointly implementing priority programmes in the area of water, vulnerability, impacts and adaptation to climate change, with a minimum Central Government contribution of at least 13 million euro per year starting in 2007.

Additionally, the Third Conference of Presidents approved specific objectives for the Autonomous Communities in the field of R&D and innovation for 2010 which are consistent with the goals for Spain as a whole set out in the NRP<sup>12</sup> (see Annex III), and the establishment of a fund within the Euroingenio programme which would contribute up to 450 million euro to the funds of the Autonomous Communities whose researchers and companies improve their participation in the Seventh Framework Programme. The first resources from the Fund will be available in 2008.

### **Update**

The new National R&D and innovation Plan 2008-2011, the instrument for strategic planning of government intervention in the Spanish Science and Technology System, was presented and approved by the Cabinet in September 2007. The new Plan includes all the State's R&D and innovation programmes under a single coherent framework and represents major progress in cooperation with the Autonomous Communities, which participated actively in drafting the Plan and will continue to participate in its implementation. After a period of rapid growth in public funding, the new Plan concentrates on measures to simplify and improve the management of R&D and innovation initiatives and increase the system's efficiency. These include:

- a) Multi-annual financial programme with a proposal to increase funding by 16% per year.**
- b) Simplification and reduction of red tape, providing a significant monetary saving for both the Administration and the aid beneficiaries:**
  - **Creation of a One-Stop Shop** for applying for funding for all programmes and a centralised information system and a data base for all R&D policy administrators. The use of the Internet for grant applications will be mandatory from 2009.
  - **Significant reduction in the number of different grant processes** from over 100 to less than 20.

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<sup>12</sup> In this process, it was agreed to increase the national objective for households with broadband access by 2010 from 45% to 55% in view of the good progress of the broadband indicators and the ambitious goals set by the Autonomous Communities.

The Plan also selects strategic actions in five technology areas of the future which will have a fundamental impact on the competitiveness of Spanish companies and on citizens' welfare in the medium and long term. They are:

- Health.
- Energy and Climate Change.
- Biotechnology.
- Telecommunications and the Information Society.
- Nanoscience and Nanotechnology, New Materials and New Industrial Processes.

Specific strategic actions for each of these areas will be presented before year-end, identifying objectives for 2008-2011 and the instruments and resources needed to attain them.

#### PILLAR 5. MORE COMPETITION, BETTER REGULATION OF THE PUBLIC ADMINISTRATIONS, AND COMPETITIVENESS

The initiatives in this Pillar have been strengthened in the last year: both those to increase competition (particularly in strategic sectors such as energy) and those to enhance the regulatory framework. Not only have most of the measures envisaged in the NRP been completed, but new commitments have been assumed at EU level which translate into new initiatives that have been added to the NRP, mainly with regard to energy and climate change, services, and enhancing regulation.

As for the measures already applied, it is possible to quantify their degree of success in some cases. In other cases, the draft legislation set in motion has just been approved by Parliament and is pending detailed rule-making in order to make it effective.

That legislation includes the Competition Act, the Act for the Protection of Consumers' and Users' Rights, the Citizens' Electronic Access to the Administration Act, the Basic Statute for Civil Servants, the Land Act, the Acts to Transpose the European Directives on the Internal Market in Gas and Electricity, the Takeover Act, and a broad range of measures designed to ensure the economy's sustainable development, such as the National Allocation Plan of allowances to emit greenhouse effect gases 2008-2012, the AGUA Programme, and the Natural Heritage and Biodiversity Act (currently at the draft stage).

Notable among the new initiatives being addressed by the Government in 2007, in addition to those already envisaged in the NRP, is the transposition of the European Services Directive, which represents a sweeping review of domestic legislation to adapt it to the new scenario. This is particularly relevant in retail trade, where there are still many restrictive regulations that hamper competition. Also in line with the



European priority of improving regulation and configuring an appropriate environment for entrepreneurship, steps have been taken to develop a Spanish Strategy on Climate Change and Clean Energy at national level.

The reforms of those key sectors which affect the entire economy are discussed below: energy, telecommunications, water and natural resources, housing, finance, transport, and postal services. Finally, the Strategy on Climate Change and Clean Energy, which impacts a number of sectors (particularly sustainability of the energy industry, building, and environmental taxation), is a basic text that will facilitate cooperation between the Central Government, the Autonomous Communities and the municipalities in this area<sup>13</sup>.

### 1. New Competition Act

The new Competition Act came into force on 1 September after being approved on 14 June. The new Act makes it possible to modernise the framework for the defence of competition on the basis of four major principles: independence, through the creation of a single, independent authority—the National Competition Commission (CNC); efficacy, by reducing the number of procedures and through new instruments such as the leniency programme; legal certainty, particularly as a result of establishing the right of direct appeal to mercantile court judges; and strengthened supervision and transparency mechanisms, through the publication of all of the CNC's reports and decisions.

One of the principal measures introduced by the new Act is the greater independence granted to the CNC, as the sole State-level administrative authority with powers to pursue restrictive practices and to authorise business concentration. Accordingly, the Government ceases to have direct competence in the area of business concentration but retains an exceptional role: it can decide only upon transactions prohibited or approved conditionally by the CNC, and only where its intervention is necessary in the general interest.

The virtues of the new system also include extending the CNC's functions of sector and market surveys and, in particular, revitalising its role of promoting competition. Following the reform, the CNC is now empowered to challenge administrative decisions and to issue reports and proposals about the actions of the public sector in markets where barriers to effective competition are observed.

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<sup>13</sup> Those measures are set out in detail in the sections dealing with the affected sectors: energy and housing. Taxation aspects are discussed under Pillar 1.

## 2. Improving the regulatory framework and modernising the Public Administrations.

It is essential to improve legislation in order to increase competition and promote sustainable growth and employment. To that end, and in compliance with the European objective of cutting by 25% the administrative burden arising from European legislation by 2012, and to adopt similarly-ambitious goals at national level, a High-Level Group was established in May 2007 with the mission of drafting an Action Plan to be presented by the end of 2007, in which all the public administrations were asked to participate in order to contribute to eliminating or simplifying administrative processes or obligations. The administrative burden will be quantified using the common methodology recommended by the European Commission.

Additionally, in the drive to modernise the Public Administrations, the State Agency for the Assessment of Public Policy and Service Quality became operational in 2007 and this year it will examine some of the NRP initiatives, as set out in Chapter V (accountability). Finally, the Citizens' Electronic Access to the Administration Act has been approved (inter alia, it guarantees that, by 2010, citizens will be able to conduct their business with the Public Administrations online), along with the Basic Statute for Civil Servants, which is a major step forward in the progressive adaptation of government employment to the needs of our time, in line with the reforms being implemented in other EU Member States.

## 3. Transposition of the European Services Directive

The Government has given the maximum priority to transposing this Directive, which it views as an opportunity to eliminate unjustified and disproportionate obstacles in access to and provision of services. To that end, a High-Level Working Group, chaired by the Secretary of State for the Economy, was created in March 2007. Transposing this Directive is particularly complex as it affects very different areas and requires changes in regulations and the implementation of procedures that affect all three levels of the Administration (central, regional and local). Within its scope of competence, each Administration must identify all procedures having an impact on access to and provision of services and examine them with a view to adapting them to the Directive: i.e. eliminate, simplify, modify or justify them.

In particular, in the area of internal trade, transposing the Directive will lead to an improvement in the system of administrative authorisation for new commercial establishments. The Directive will require a sweeping review of regulations governing opening permits for commercial premises and, therefore, of the legislation at State, Autonomous Community and Local Authority level. Many processes and requirements that are not sufficiently

justified must be simplified or eliminated, and any limitations on the opening of new establishments must be evaluated in order to justify their necessity and proportionality.

In July, the Working Group presented to the Government's Standing Commission for Economic Affairs a detailed work programme for applying the Directive, which envisages, among other measures, the preparation of a draft "Umbrella Act" that transposes the Directive's general principles and establishes a reference legal framework. It envisages mechanisms for coordination between the Autonomous Communities and the Local Authorities, training programmes for the persons in charge of transposition, and communication actions.

#### 4. Professional services

In order to avoid obstacles to competition in professional services whose fees are set by government, measures have been introduced to increase efficiency and transparency in the services of notaries and registrars. These include steps to expedite registration processes, online access to the registers, the promotion of online processing, and the obligation on the part of public authenticating officers to disclose the application of fees. These measures were covered by the new Notaries Regulation, approved in January 2007.

Also, the Professional Companies Act came into force this year, enabling companies to engage in professional activities directly, regardless of their type (partnerships or public or private limited companies), as well as through professional shareholders or employees. This will enable them to take advantage of specialisation and the division of labour and improve the information provided to consumers.

#### 5. Vitalisation of certain key sectors

##### *5.1. Energy*

The actions and measures to reform the energy sector implemented to date and those planned for this legislature fall under three broad headings: competition, supply security, and sustainability.

These three headings are coherent with those proposed by the European Commission since the launch of the Lisbon Agenda in 2000 and with the Communication from the Commission to the European Council and the European Parliament of 10 January 2007, "An energy policy for Europe", which was supported by the Presidency Conclusions of the European Council held in Brussels in March 2007.

i. Competition

- *Tariff methodology review and energy auctions.* Royal Decree 1634/2006, which revised the electricity tariff from 1 January 2007 onwards, advances towards allowing the progressive implementation of an additive structure for the electricity tariff by improving the estimation of the cost of generating electricity. The reform of the process of calculating regulated prices will mitigate the distortions caused by the tariffs in the liberalised market. This Royal Decree also includes supply-side measures to promote competition, such as virtual power plant auctions, under which generators are obliged to assign part of their capacity to third parties outside their business group. Two of the planned five auctions have already been held successfully.
- *Transposition of the Directives on the Internal Market in Gas and Electricity.* New features include the legal and functional unbundling of the regulated and deregulated activities, the creation of a system of last-resort tariffs, a calendar for the elimination of tariffs, and the creation within the next six months of the Supplier Switching Office.
- *Bilateral contracts for electricity distributors.* Bilateral forward contracts for physical delivery enable distributors to hedge the risks inherent to the electricity supply business. Under the previous system, distributors acquired power for supply at the bundled tariff on the spot market; since June, when the first auction was held for supplying the bundled tariff market, distributors have arranged forward contracts for around one-third of their supply needs. This new form of trading, coupled with forward trading in the Portuguese forward market, OMIP, which has been operational since the summer of 2006 and in which distributors are obliged to acquire the equivalent of 10% of their demand, enables distributors to cover around 40% of their demand on a forward basis.
- *Inauguration of the Iberian Electricity Market (MIBEL).* The MIBEL spot market became operational on 1 July 2007, thus completing the process of integrating the Spanish and Portuguese electricity markets. New operating rules have been issued for the integrated market and a competitive mechanism has been established for managing the interconnection, under which the markets can be decoupled if the grid is congested. This is a process of economic integration that will increase the number of players, strengthen competition and contribute to reinforcing supply security.

ii. Supply security

- *Interconnections.* In connection with the inauguration of MIBEL, a commitment was signed in Lisbon on 8 March 2007 to strengthen the grid connections with Portugal so as to make Spain's and Portugal's

energy industry regulations compatible. Also, the Spanish and Portuguese market operators have proposed the construction of two new high-tension lines in addition to those envisaged in the 2005-2011 Plan that is currently in force.

- The electrical interconnection between Spain and France was declared to be a priority objective in the European Council Presidency Conclusions. Following last November's bilateral summit meeting, former European Commissioner Mario Monti was appointed to coordinate this project.
- *Remuneration for regulated distribution.* In the area of electricity supply quality, the National Energy Commission (CNE) is currently examining a new framework for remunerating electricity distribution. Additionally, Royal Decree 1634/2006 on electricity tariffs for 2007 revised the electricity supply quality indices by appreciably reducing the maximum allowed index of service interruptions in terms of time and number.
- *Natural gas storage and regasification.* A new remuneration framework has been developed for regasification and underground storage that will incentivate the development of new installations.

### iii. Environmental sustainability

- *Action Plan 2008-2012 for the Energy Saving and Efficiency Strategy 2004-2012.* This is a key part of the package of urgent measures on climate change and energy approved in July 2007. Its goal is to reduce energy consumption by households and SMEs through energy saving and efficiency. It is estimated that energy savings can amount to almost 100 Mtoe and that 270.6 million tonnes of CO<sub>2</sub> emissions can be avoided.
- *Energy outlook 2030.* This is a study to enable the Government to define a long-term strategy that guarantees the sustainability of Spain's energy model. It assesses consumption habits, long-term coverage of energy demand, supply security and quality, and public R&D and innovation policy, among other aspects.
- *Regulation of the remuneration for "Special Regime" electricity generation.* Royal Decree 661/2007, of 25 May, regulating "special regime" production of electricity, was approved in order to comply with the goals of the Renewable Energy Plan 2005-2010.
- *Biofuels.* The transposition of the hydrocarbon and electricity directives introduced targets for the use of biofuel in transport: 1.9% in 2008, 3.4% in 2009, and 5.83% in 2010. The Ministry of Industry, Tourism and Commerce is preparing detailed rules to specify the scope of those obligations.

- *Regulation of offshore wind power.* This is part of the plan of urgent measures on climate change and energy approved in July 2007. Royal Decree 1028/2007, of 20 July, establishes the administrative procedure for processing applications for authorisation for power generation facilities in the territorial seas.
- *Transposition of the EU Cogeneration Directive by Royal Decree 616/2007,* of 11 May. This is the regulatory framework for the development and public support of high-efficiency cogeneration.
- *Ministerial Order ITC/1522/2007 on guarantees of source.* Regulation was established to guarantee the source of energy from renewable sources and high-efficiency cogeneration.
- *Plan for saving, energy efficiency and renewable energy in Central Government buildings.* Among the urgent measures to mitigate climate change, this regulation establishes that all Central Government buildings must conduct energy audits and draw up plans for energy saving and efficiency and for the use of renewable energy in 2008. The goal is to reduce energy consumption in Central Government buildings by 9% by 2012 and by 20% by 2016.

## 5.2. Telecommunications

Measures adopted in the area of telecommunications have led to the sector's full liberalisation and the implementation of a competition-based European regulation scheme. Actions under way are aimed at reviewing that European framework to adapt it to new suppliers and new forms of marketing, regulate the conditions for new high-capacity networks, strengthen protection of users' rights, and extend mobile telephony coverage.

- *Adaptation of the European regulatory framework.* The Ministry of Industry, Tourism and Commerce is contributing actively to the drafting of the new European regulatory framework for telecommunications. This review seeks to adapt to the new situation represented by the creation of internet-based content and service providers. Regulatory models must actively promote competition, investment and innovation through regulation that is flexible enough to adapt to changes in the industry and that is predictable so as to provide appropriate legal certainty to the operators.
- *New legal framework for radio spectrum.* This regulation is being introduced progressively, by identifying frequency bands that are susceptible to the framework while safeguarding the general interest (audiovisual policy, security, pluralism in news, etc.) and avoiding distortion in companies' competitive equilibrium.

- *Decision approving the conditions that guarantee the affordability of offers applicable to the services included in the Universal Service.* The conditions to ensure an affordable Universal Service were approved in January 2007. The regulatory changes in the Universal Service focus on protecting those citizens at greatest risk of exclusion due to inability to access basic communications services.
- *Mobile Telephony Extension Plan.* The goal is to culminate the Plan in 2008 by providing mobile telephony coverage to all towns of 50-100 inhabitants that do not yet have it and to extend second-operator coverage to analogous settlements and strategic zones. A total of 5,347 actions are envisaged in 4,947 towns.
- *Plan for the Transition to Digital Terrestrial Television.* This Plan, to be approved this year, will culminate with the end of analogue television broadcasts in April 2010.
- *Introduction of innovative audiovisual services.* Spectrum planning is being completed for the multiplex to support more than 20 mobile DTT channels so as to provide reasonable territorial coverage depending on spectrum availability.

### 5.3. Water and natural resources

As a complement to the investments envisaged under Pillar 2, a number of initiatives have been undertaken whose fundamental goal is to improve efficiency in the use of water resources:

- *Changes in legislation.* The Water Act and its implementing regulations are being amended, addressing both general aspects, such as a new water planning regulation and an amendment to the treatment of the water public domain, and more specific items, such as changes in the regulations on groundwater, dam safety and re-use of treated sewage. To accelerate the planning process envisaged under the new national and European water legislation, two Royal Decrees were approved to redefine the water demarcations and regulate the composition, workings and powers of the competent authorities in the water demarcations that contain crossborder river basins.
- *Institutional and administrative improvements.* The State Water Companies have been made more transparent, amending their management agreements and ensuring the viability of their actions. The number of such companies has been reduced in line with the principle that no more than one of them should operate in any one territory, the aim being to merge them in 2007 to leave a total of no more than four. The Water Companies' economic regime was also revised in line with a

policy of recovering costs in order to ensure that they do not suffer capital depletion.

Experience with the creation of Water Rights Exchanges under the Segura, Júcar and Guadiana River Basin Authorities was consolidated. These Exchanges are the nucleus for the future Public Water Banks in each basin, with the aim of fostering a more efficient reassignment of water rights. The Bank will manage concessions that expire, for example those relating to hydroelectric facilities or re-usable wastewater, and the water released as a result of modernising irrigation and other supplies. The creation of Water Banks requires a change in the economic regime for water use as well as amendments to the Water Act.

- *Fulfilment of environmental commitments relating to biodiversity.* A draft Natural Heritage and Biodiversity Act has been approved and referred to Parliament; the Act seeks to maintain essential ecological processes and vital basic ecosystems, preserve genetic diversity and ensure the orderly use of resources so as to assure sustainable species use. Also, the Natural Park Act was passed in 2007.

#### *5.4. Financial sector*

A number of reforms were approved in 2007, including the new Takeover Act, the reform of UCITS and venture capital institutions, the new Unified Code of Corporate Governance, and reviews of the insurance regulations.

The Mortgage Market Reform Act and the transposition of MiFID will be approved in the next few months.

The transposition of MiFID will greatly increase competition in Spain's financial markets and its clearing and settlement systems and will notably enhance customer protection.

The Mortgage Market Reform Act will expand the information provided to consumers about mortgage products' risks, and it will regulate reverse mortgages for the first time, as well as providing new mechanisms for refinancing, and restructuring the system of penalties for early repayment of mortgage loans and for transferring them to another bank.

#### *5.5. Housing market*

The new Land Act, which came into force on 1 July 2007, guarantees the availability of land for government-sponsored housing by reserving at least 30% of newly-zoned residential land for this purpose and enhancing the workings of the land market and public management. In particular, it establishes a new system of valuation based on the land's actual status so as not to favour land rezoning or hoarding.



A total of 91,327 government-sponsored homes were started in Spain in 2006 (the largest number in the last 16 years). Of that number, 81.1% were financed by the Central Government and 18.9% by the Autonomous Communities. Up to 31 December 2006, over 410,000 homes had been financed under the 2004 Emergency Plan and the 2005-2008 Housing Plan.

Rented accommodation accounts for less than 10% of the total pool of housing in Spain; the Government is applying a policy of encouraging rented accommodation through direct subsidies to developers of new homes for rental and to property developers who buy existing homes in order to rent them; aid for tenants earning less than 2.5 times the minimum wage (i.e. approximately 17,000 euro/year); aid for landlords who rent out previously-unoccupied homes; the establishment of the Public Rental Agencies at State, Autonomous Community and Local Government level; and the introduction of tax credits for landlords' rental income.

There have also been changes in the legislation to stimulate the professionalisation of the supply of rented accommodation by loosening the requirements for the special corporate income tax regime for housing rental companies, allowing real estate investment institutions to develop housing for rental, and by regulating transitional rented accommodation for young people.

The Plan to Support Young People's Independence and to Promote Rented Accommodation was approved in September 2007; it includes a number of additional measures, some of which have already been published: a rent subsidy to enable young people to move out of the parental home, tax credits for tenants below a certain level of income, improvements in the certainty provided by rental contracts, and more advantages for landlords and incentives for the construction of rented accommodation.

#### *5.6. Other key sectors*

The process of liberalisation has also made notable progress in other key sectors, such as transportation and postal services. There are now several private operators in goods transport by rail and a reform is under way to make the industry regulator more independent. Additionally, the regulation on road transportation has been amended to lower barriers to entry and introduce greater flexibility in managing transport companies.

In the area of postal communications, Royal Decree 1298/2006, of 10 November, regulates access to the public postal network, and the draft Act to create a regulator for the postal sector (National Postal Sector Commission) is before Parliament.

## **PILLAR 6 - THE LABOUR MARKET AND SOCIAL DIALOGUE**

Since the signature of the *Declaration for Social Dialogue: competitiveness, stable employment and social cohesion* on 8 July 2004, numerous agreements have been reached with the social partners (unions and employers' organisations). In those agreements, the Government initially acted as promoter and coordinator, and subsequently pushed for their official ratification. The agreements cover essential aspects of labour market and Social Security regulation.

### **Status**

In the area of labour, the **Law to Improve Growth and Employment** was approved on 29 December. That Law is the outcome of parliamentary approval of the May 2006 Agreement between the government and the leading employers' organisations and unions. The measures envisaged in that Agreement to promote permanent hiring had come into effect on 1 July 2006. The Agreement established monetary incentives to permanent employment (a new programme to promote employment, including social security rebates) and measures to avoid precarious employment and improve the use of fixed-term contracts. The details were set out in the 2006 Progress Report.

That Agreement represents a bid for job security (fostering job-creation and job stability, coupled with improved worker protection) while maintaining the necessary flexibility for the labour market to operate efficiently. Consequently, it is coherent with the common principles of "flexicurity" set out in the European Commission's June 2007 communiqué.

It is having a significant impact in terms of both conversion of fixed-term contracts to indefinite (over 670,000 by the time the special Plan concluded in 2006) and in terms of the number of new hires under permanent contracts (over 2.3 million between July 2006 and June 2007). In the same period there were one million new permanent hires in the 16-29 age group, a group newly-qualifying for bonuses for stable employment under the Agreement.

Employment in Spain reached 20,367,300 in the second quarter of 2007. Specifically, the annual increase was 674,200 people (3.4%). The increase was particularly beneficial to women (370,500 more in employment in the last year, a 4.6% increase) and employees with permanent contracts (864,800 people, an 8.2% increase). As a result, very significant progress has been made towards the goals set by the NRP: in the second quarter of 2007, the overall employment rate (15-64 age group) was 65.8%, and the female employment rate was 54.8%: the employment rate in the 55-64 age group was 44.8%, and the youth unemployment rate was 18.2%. The

percentage of fixed-term contracts has begun to decline as a result of the measures applied since the June Agreement; it now stands at 31.8%.

Allocations by the Public Employment Service for social security rebates to promote job creation led to a 15.1% increase in expenditure in 2006 with respect to 2005. The 2007 figure is projected to be almost 10% higher than actual 2006 expenditure. Significant progress has been made in active employment policies. In 2006, 62.3% of participants in reinsertion programmes were hired within six months (69.3% of men, 57.6% of women). The corresponding percentages in 2004 were 49.5% (54.3% of men, 46.2% of women). Regarding **youth employment policies** (a commitment acquired at the March 2006 European Commission meeting), the latest available data, which refer to 2006, show that 92.6% of unemployed young people have found employment or been recipients of employability initiatives provided by the public employment services. Nevertheless, much work remains to be done to enhance the efficiency of these measures and thus fulfil the European commitment.

In 2007, the **minimum wage** was raised to 570.6 euro per month (7,988.4 euro/year) for 2007 as part of a process agreed upon with the social partners under which it will reach 600.0 euro/month in 2008.

The **Self-Employed Workers' Statute** was approved with the rank of an Act on 11 July; it refers to independent workers and to those with that status who provide services to a single client. A new feature added at the parliamentary stage is that self-employed workers can hire their children who are aged under 30, even if they still cohabit with the parent (albeit without unemployment coverage), and the possibility of regulating a specific system of unemployment benefits was added.

The **Tripartite Commission for Youth Employment**, involving the Central Government and the leading unions and employers' organisations, was created. This is a consultative body whose aim is to advise the Government on specific issues relating to youth employment.

In the area of Social Security, the **Draft Social Security Measures Act** was approved on 16 February 2007. The Draft is the outcome of negotiations with the social partners and is currently before parliament. It is expected to come into force no later than 1 January 2008. The Agreement is based on the principles established in the 1995 Toledo Pact. The Draft Act seeks to enhance the contributory nature of the system based on higher proportionality between contributions and benefits while also avoiding unfairness in recognition of entitlement. It also steps up incentives to postpone retirement. The system is being modernised to respond to new family realities, all in a context of guaranteeing the financial sustainability of the pension system, whose future equilibrium will be enhanced when the new Law comes into force.

The State Budget Acts for 2006 and 2007 included the following measures:

- Extension to workers aged 59 of the social security rebates available for the 60-64 age group in order to encourage their continued employment. Employer social security contributions for such workers enjoy a 40% rebate.
- Adoption of measures to encourage young people to become self-employed: persons aged 30 or under who register as self-employed qualify for a 25% reduction on the minimum social security contribution in the first two years.
- The social security system for self-employed workers was made more contributory by establishing a minimum contribution base that is higher than the general one for workers with less than five years' contributions in any of the Social Security systems upon reaching the age of 50.
- Creation of a special unit to monitor sick leave in order to control public spending. This unit, coupled with legal changes in process oversight in 2006, led to a significant curtailment of expenditure growth (6.1% in 2007, compared with 7.6% in 2006 and 9.9% in 2005).

Efforts also continued to increase the lower pensions. In 2007, the **minimum contributory pensions** were increased by 5%-6.5% (not including inflation adjustments), and non-contributory pensions increased by 3%. During this legislature, pensions have been increased by 12%-24%, benefiting close to 3.3 million people.

The **Personal Autonomy and Care for Dependent Persons Act** was approved on 14 December 2006 and came into force on 1 January 2007. The Act seeks to foster individual autonomy and long-term care for persons in a situation of dependence by establishing a National Long-Term Care System which is public, universal, integrated, equitable, sustainable and of quality. The Territorial Council of the National Long-term Care System has established the criteria for determining the intensity of home-care services and the amounts of monetary benefits. The Autonomous Communities are drafting regional regulations to enable the Act to be fully implemented throughout the national territory. The inclusion of non-professional caregivers in the Social Security system has been regulated. As for recognition of entitlement, from 23 April 2007 interested parties may apply for an assessment of their situation, which may lead to recognition of their status as requiring long-term care. Based on that, it will be decided whether they fall into any of the degrees and levels envisaged in the Act and whether they fulfil the other requirements, thus giving them access to the benefits and services provided by the Act.

As for finance, the Central Government contributed 400 million euro to defray the costs of setting up the system (guaranteed minimum, agreed level, operating system, etc.). The Autonomous Communities that participate to the agreed level will contribute an amount at least equal to that provided by the Central Government. Entitlement to long-term benefits will be phased in gradually, as provided in the Act's Final Provision One. In the first year, the plan is to attend to totally incapacitated persons, a group estimated to number approximately 206,000. In 2008, level 2 severely incapacitated persons will be included, i.e. extending the system to over 380,000 people. An amount of 781 million euro has been earmarked in the 2007 Budget Act.

The **Equality of Men and Women Act**, whose aim is to effectively enforce equality of treatment and opportunities and to eradicate all discrimination against women, was approved in March 2007. Since the Act came into force, close to 100,000 fathers have taken paternity leave, and the guidelines for workplace equality plans are being developed.

### Update

The **Strategic Plan for Citizenship and Integration 2007-2010**, based on contributions from the various public administrations and civil society, was approved on 16 February 2007. The plan will contribute to addressing one of the most important challenges facing Spanish society, namely integrating immigrants; this is also one of the four pillars of the comprehensive immigration policy, together with combating illegal immigration, making legal immigration responsive to the labour market shortages, and providing development aid to the countries which are the source of immigration. Accordingly, the **implementation of the Foreign Persons Act** is aimed at facilitating orderly legal immigration while implementing new mechanisms to combat irregular immigration more effectively. To that end, it ties work permits for foreign workers to the existence of a legitimate contract, it introduces measures to fight the underground economy, and it establishes the foundations for linkage between the Spanish labour market's accredited need for labour and hiring in other countries. The normalisation process in 2005, the introduction of the catalogue of hard-to-fill jobs and the system of regularisation for workers with one year of irregular employment represent additional progress. Work is proceeding to enhance control of immigration both through dissuasion in the source countries and through repatriation.

In 2006, 210,052 work and residence permits were granted to non-EU workers hired in their country of origin. This group includes temporary workers (i.e. for harvest work or specific projects), the contingent (professional profiles determined by the Government with the Autonomous Communities and the social partners) and general regime workers (i.e. those hired individually by employers, about half of them under the catalogue of

hard-to-fill jobs). A total of 180,034 hires are expected in 2007 (161,572 applications had been received by the end of June), reflecting a steady influx of legal immigrants. The Government has also increased development aid initiatives that are specifically tied to cooperation in controlling migration (co-development programmes).

The Strategic Plan for Citizenship and Integration seeks to enhance social cohesion by fostering public policies based on equal opportunities and equal rights and duties, developing a sense of belonging to Spanish society among immigrants, and respect for diversity. The budget for the Strategic Plan for Citizenship and Integration, for the actions promoted by the Central Government in the period 2007-2010, is 2.005 billion euro, mostly for the Immigrant Reception and Integration Fund (200 million euro in 2007). The bulk of the budget is for education (40%), followed by reception (20%) and employment (11%). Initiatives implemented to date include, most notably, subsidies for training and insertion programmes of immigrant workers. Also, by sending out 758,274 notices, the plan to automate renewals of temporary residence and employment permits led to the renewal of 897,079 such permits in 2006.

The **Draft Act regulating Insertion Companies** was approved in June 2007. This legislation establishes the framework to foster participation in the ordinary labour market of persons in situations of social exclusion. Insertion companies must be promoted and owned by not-for-profit institutions and must use at least 80% of earnings to improve their production and insertion structures. These companies and workers may use job creation fixed-term contracts. They may also arrange permanent or ordinary fixed-term contracts in the forms allowed under labour legislation. Insertion companies will participate in existing job-creation policies for the social insertion of persons who are excluded from society and will qualify for social security rebates for hires. In the area of public policies, the aim is to replace passive policies with active policies. In this connection, the **Sheltered Employment Decree**, approved in June, seeks to foster hiring of persons with disabilities.

The **Spanish Workplace Health and Safety Strategy (2007-2012)** was approved in June 2007. This strategy, which was developed by the Government in consensus with the social partners and Autonomous Communities, reflects the lines of the European Strategy. The Spanish Strategy seeks to improve workplace health and safety by reducing the number of workplace accidents. The first measure adopted under the Strategy was the approval of the Rules governing Subcontracting in the Construction Industry, thus fully implementing the Act Regulating Subcontracting in the Construction Industry which was approved in April 2007. This Act seeks to improve workers' health and safety in that industry while enhancing business efficiency by imposing minimum quality, solvency and stability requirements for its companies. Between July 2006 and June

2007, the number of workplace accidents had been cut by 5.3%, with a much larger reduction in the number of fatal accidents (-11.4%).

The **Draft Act establishing Personal Income Tax Rebates for Birth or Adoption and the One-Time Social Security Benefit Payment for Birth or Adoption** will be approved shortly. That benefit consists of a one-time payment of 2,500 euro (to the mother, father or adoptive parents), either as a personal income tax deduction or, for non-taxpayers, a non-contributory social security benefit. It will apply to all births and adoptions taking place on or after 3 July 2007 provided that the beneficiary was actually resident in Spanish territory for at least two years immediately prior to the birth or adoption. This measure complements the other instruments approved during this legislature to favour work-life balance and contribute to easing the financial burden on families.

## **PILLAR 7 - ENTREPRENEURSHIP PROGRAMME**

Early in 2006, the Government approved and presented the Entrepreneurship Programme, a five-year plan to strengthen Spain's business fabric. It includes a number of measures designed to: a) foster entrepreneurship in society; b) reduce the costs of creating a company; c) increase business dynamism; d) foster growth by young companies; e) promote technology-based companies; and f) increase the percentage of non-technological innovation.

### **Status**

Beginning with the first guideline of the Entrepreneurship Programme -- *Foster Entrepreneurship in Society*, the recently-approved Universities Organic Act (LOU; see Pillar 3) makes it possible for university professors to take leave of absence to establish technology firms and retain part-ownership of the firm when they rejoin the university. In 2006, the Official Credit Institute (ICO) provided almost 40 million euro to entrepreneurs (Microcredit and ICO-Entrepreneur loans), i.e. over 60% of the initially available funds.

Likewise, practically all of the 6 million euro allocated to the line of microcredit for women that is promoted by the Institute for Women in cooperation with the Directorate-General for SMEs (DGPYME) were allocated. In order to foster entrepreneurship and highlight entrepreneurs' important contribution to the country's economic and social development, as well as improving entrepreneurs' image in society as a whole, the second "Creating Business Together" initiative was held in 2007. The programme promotes the celebration of "Entrepreneur Day" in cooperation with the Autonomous Communities and Local Authorities; over 650 entities and close to 36,000 people participated.

As for promoting entrepreneurship in schools, the Education Organic Act (LOE) included it as a key competency and the corresponding secondary-school curricula have to be drafted. In fact, there are many entrepreneurship initiatives in secondary and vocational schools which should be recognised and highlighted.

Under the second guideline of the Entrepreneurship Programme--*Encourage the Creation of New Companies and Business Growth*, the measure that drew most attention was the reduction in the corporate income tax rates and the simplification of the related regulations. As described under Pillar 1, this measure was implemented early in 2007, when the rate was cut from 30% to 25% for small companies and from 35% to 32.5% for large companies, with the commitment to reduce it to 30% by 2008. The outcome of the financial measures has been positive overall. The 7 billion euro allocated to the ICO-SME line of credit were used up before the end of the year; the National Innovation Company (ENISA) provided over 22 million euro in participation loans; and the Spanish Reciprocal Guarantee Company (CERSA) increased its technical reserve by 15%, enabling it to arrange transactions worth almost 500 million euro. As for training, the TUTELA project was launched in 2006 to provide advice to companies created on-line. And in February 2007, regulations were enacted governing publication of the family protocol to facilitate the generational handover in family firms, which represent a very important component of Spain's business fabric.

Regarding the third guideline --*Increase the Capacity for Innovation and Knowledge Transfer*, the InnoEmpresa programme was approved in December 2006; this is the largest programme in this field, in terms of funding, and it will run until 2013. The budget for 2007 amounts to 67.3 million euro from the Central Government plus 12.9 million euro from the Autonomous Communities, since they participate in managing this programme. InnoEmpresa is aimed at increasing Spanish companies' ability to innovate as a means of enhancing competitiveness; it gives priority to aid that stimulates the adoption by SMEs of innovative practices in the area of organisation, advanced management, technology and quality.

The Innovative Clusters Programme 2007-2013 was implemented in 2007 with an initial budget of 3 million euro. This programme participates in the European strategy to promote competitiveness by supporting the creation and development of innovative clusters. There is evidence that this is one of the most effective ways of generating and rapidly extending innovation in businesses which, because of their size, find it difficult to undertake large projects other than by cooperation. These are experimental projects implemented by groups of companies aimed at using novel technology to solve problems that are common to a given business sector or area of the economy; such clusters must include 4 small companies and at least one Research Institution.



Another important project is the support to Technology Centres through three programmes: PROFIT (designed to foster research, development and innovation projects with greater technology risk, support participation by Technology Centres in international programmes, particularly the European Framework Programme, and foster cooperation between Centres to achieve more efficient use of existing resources), CONSORCIA (focused on encouraging cooperation between Technology Centres in at least three Autonomous Communities, not just by creating larger multidisciplinary teams but also by transcending the bounds of the regions where they operate) and CREA (which provides aid to create and strengthen Technology Centres so as to rationalise the current map of centres in line with the needs of industry). Overall, these plans have a budget of over 35 million euro, split almost evenly between subsidies and loans. The Spanish Patent Office has strengthened measures to protect intellectual and industrial property and set up a new web site to facilitate communications with entrepreneurs.

The fourth axis of the Entrepreneurship Programme refers to Internationalisation of Spanish Companies. The measures under this heading can be divided into two large sets: those to facilitate financing for internationalization, and those that enhance training in companies. In the first area, 24% of the largest credit line in 2006 (ICO-Internationalisation; 500 million euro) was used in nearly 180 transactions in high-technology sectors, while over 40% of the ICO-ICEX line (50 million euro) was used. There was spectacular growth in FAD loans (over 50%) and COFIDES loans (which more than doubled). As for training, nearly 5,000 companies participated in the "Learn to Export" programme in 2006. The new programme of grants for training Spanish professionals in international trade offers a greater range of possibilities, and a programme has been established to train foreign professionals at Spanish companies so that they can assist the companies to enter the markets in their home countries.

Considerable resources are being allocated to Reducing Red Tape. All but four of the Autonomous Communities (exceptions: Cantabria, Basque Country, Navarra and Balearic Islands) have Advice and Paperwork Points (PAITs), and in five of those regions (Madrid, Aragón, Castilla & León, Galicia and Andalucía) the PAITs are equipped to handle all the processes involved in establishing a Limited Liability Company (a category encompassing 90% of all mercantile companies created in Spain each year). To make this possible, it was necessary to amend the Limited Liability Companies Act, implement new information and communications technologies at Notaries' offices and Mercantile Registers (see Pillar 5), and provide on-line access to fiscal identification data and to the settlement of many of the taxes involved in establishing a company, while also developing a framework for on-line company creation that was much more complex than had existed previously.

In short, the Entrepreneurship Programme contains a battery of educational, financial, business tutoring and paperwork-reduction measures whose quantitative goal is to increase the rate of creation of companies with more than one worker by 25% by the year 2010. Although it is still too soon to analyse the success of the Entrepreneurship Programme in depth, there is evidence that the measures are being implemented at a satisfactory pace and there are signs that it is beginning to have a significant impact on the business fabric.

According to statistics from Global Entrepreneurship Monitor (GEM), the percentage of individuals aged 18-64 who have taken the first steps towards creating a company or have created one recently rose from 5.7% in 2005 to 7.3% in 2006. Moreover, the creation of mercantile companies rose at over 6.5% in the early months of 2007, contrasting with a pace of 6.1% in 2005. And investment by venture capital firms increased by 74.6% in 2006, with almost one-third of such funds being allocated to establishing and developing high-technology companies; almost one-tenth of the investment was seed finance.

### **Update**

As for financing, both the ICO lines and those managed by public administrations were renewed in 2007, amounting to a total of almost 10 billion euro, 1 billion euro more than in 2006. Also, the InnoEuropa programme was created in the framework of the EUROINGENIO 2010 initiative in order to ensure that Spain's participation in the Seventh Framework Programme is commensurate with its economic importance within the European Union. To that end, an Activation Plan has been established that will not only increase R&D investment in Spain but will also provide undoubted benefits from participation in Europe-wide R&D projects (see Pillar 4). Another programme created this year to enhance the competitiveness of Spanish business by improving its technological and innovative capacities involves supporting the implementation of R&D and innovation management systems in accordance with the Spanish standard UNE 166002:2006.

Early in 2007, a specific programme (CEIPAR) was launched to support the creation of technology companies at incubators in the Science and Technology Parks. This programme is innovative in itself since it takes advantage of the Parks' facilities to attract innovative companies, and provides entrepreneurs installed in them with aid in overcoming two of the most frequent obstacles they face (lack of funding, and lack of business training) through cooperation among various agencies of the Industry Ministry. The National R&D and innovation Plan 2008-2011 introduces the Young Innovative Companies Statute, a new instrument for boosting the creation and consolidation of small technology firms which will finance a

sizeable percentage of R&D expenditure by new research-intensive companies.

And in 2007, a number of plans were implemented to support the conversion of certain sectors that are particularly affected by globalisation and the influx of products from highly-labour-intensive emerging countries. These plans seek to facilitate the restructuring of production processes towards activities within the same industry that have much higher technology and value-added content and to strengthen the human capital of non-redundant workers while facilitating outplacement of workers who are displaced. These plans, developed in consensus with the social partners, refer specifically to the Textile, Footwear and ancillary industries, the goal being to expand them in the future to the "traditional industries".

Finally, the Government plans to continue expanding the number of Advice and Paperwork Points (PAIT) and to introduce the possibility of creating companies online so as to promote and facilitate company formation. Specimen articles of association have been developed for the online creation of limited liability companies and there will shortly be a collection of reserved company names that will minimise the time and paperwork required to establish a company, in line with the goals identified by the 2006 European Council of cutting the time to create a company to one week.

#### **IV. THE NATIONAL REFORM PROGRAMME AND EUROPEAN FUNDS**

Approval of the various plans and frameworks establishing the strategy for spending the EU funds assigned to Spain in the Financial Perspectives 2007-2013 is ongoing in 2007. Those programmes have been designed in line with Lisbon Agenda and the National Reform Programme. Notable among those plans are the National Strategic Reference Framework (NSRF) and the Autonomous Communities' Regional Operating Programmes.

A "Lisbonised" NSRF. The NSRF translates the Community strategic guidelines on cohesion 2007-2013<sup>14</sup> by establishing the strategy by region and programme for the Cohesion Fund, the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The Framework was approved by the European Commission in May 2007.

The Framework establishes four major Final Objectives expressed in the form of priority axes: (i) Making Spain a more attractive place to invest and work, (ii) Improving knowledge and innovation to strengthen growth, (iii) More and better jobs, and (iv) Improving institutional capacity. Table IV.1 sets out the distribution among the priority axes of the allocations to Spain from the ERDF, ESF and Cohesion Fund, distinguishing between funds managed by the Central Government and those managed by the Autonomous Communities.

For the structural funds overall, the planned expenditure allocations exceed the earmarking targets for the Lisbon expenditure categories, which require that at least 60% of expenditure on the convergence objective (75% in the case of the competitiveness objective) must be allocated to projects in line with the Integrated Guidelines. In fact, in the case of convergence regions, 68% (79% if the AGUA Programme is included) is allocated to the Lisbon categories<sup>15</sup>. In the other regions, the percentages are: phasing-out 67% (77% with AGUA), phasing-in 75% (86%), and competitiveness 81%. In the case of the Cohesion Fund, 82% is Lisbon category expenditure.

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<sup>14</sup> The NSRF is directly linked to the Community Strategic Guidelines for Cohesion, so that all axes in the Framework are directly related to a measure in the Community Strategic Guidelines (and all those measures should be covered by an axis). The exception is axis 4 of the European Social Fund, which responds to the overall objective of fostering cross-border and trans-national cooperation.

<sup>15</sup> In the case of Spain, the AGUA Programme can be considered as a Lisbon category, having regard to specific national circumstances established in the NRP (as the Regulation allows).

**Table IV.1. Distribution of EU Funds 2007-2013.**

ERDF programming axes CONVERGENCE + PHASING-IN + PHASING-OUT REGIONS	Total			Central Government		Autonomous Communities	
	Mill.€	%	00-06*	Mill.€	%	Mill.€	%
1. Development of the knowledge economy	4,781	24%	12,5%	3,448	29%	1,332	17%
2. Entrepreneurship and innovation	3,038	15%	12,5%	1,560	13%	1,478	19%
3. Environment, biodiversity, water resources and risk prevention.	4,106	21%	21%	2,819	23%	1,287	17%
4. Transport and energy	4,717	24%	44%	2,759	23%	1,957	25%
5. Sustainable local and urban development	1,596	8%	9%	1,034	9%	561	7%
6. Social infrastructure	847	4%	0%	-	-	847	11%
7. Technical assistance and strengthening institutional capacity	189	1%	0%	92	1%	97	1%
8.9. Ultra-peripheral regions (50% 8: Capital expenditure, 50% 9: Operating expenditure)	488	2%	-	292	2%	194	3%
<b>TOTAL</b>	<b>19,768</b>	<b>100%</b>	<b>100%</b>	<b>12,008</b>	<b>100%</b>	<b>7,759</b>	<b>100%</b>
ERDF programming axes COMPETITIVENESS REGIONS	Total			Central Government		Autonomous Communities	
	Mill.€	%	00-06*	Mill.€	%	Mill.€	%
1. Knowledge economy, innovation and entrepreneurship	1,285	67%	99%	629	72%	655	62%
2. Environment and risk prevention	174	9%	0%	30	3%	144	14%
3. Transport and telecommunications networks and services	185	10%	0%	0,7	0%	185	17%
4. Sustainable local and urban development	259	13%	0%	194	22%	65	6%
5. Technical assistance	26	1%	0%	16	2%	9	1%
<b>TOTAL</b>	<b>1,931</b>	<b>100%</b>	<b>100%</b>	<b>870</b>	<b>100%</b>	<b>1,060</b>	<b>100%</b>
ESF programming axes	Total			Central Government		Autonomous Communities	
	Mill.€	%	00-06*	Mill.€	%	Mill.€	%
1. Promoting entrepreneurship and improving adaptability of workers, companies and entrepreneurs	2,207	27%	26%	1,439	31%	768	23%
2. Promoting employability, social inclusion, and equality between men and women	4,474	56%	52%	3,007	64%	1,467	44%
3. Increasing and enhancing human capital	1,143	14%	16%	192	4%	951	28%
4. Promote transnational and interregional cooperation	112	1%	4%	13	0%	98	3%
5. Technical assistance	118	1%	1%	62	1%	55	2%
<b>TOTAL</b>	<b>8,057</b>	<b>100%</b>	<b>100%</b>	<b>4,715</b>	<b>100%</b>	<b>3,341</b>	<b>100%</b>
Cohesion Fund programming axes	Total			Central Government		Autonomous Communities	
	Mill.€	%	00-06*	Mill.€	%	Mill.€	%
1. Transport (TEN-T) Cohesion fund	1,597	33%	51%	1,597	40%	-	-
2. Environment and sustainable development Cohesion Fund	1,892	39%	48%	1,326	33%	565	100%
3. Environment and sustainable development ERDF	168	3%	-	168	4%	-	-
4. Transport (TEN-T) ERDF	1,188	24%	-	1,188	30%	-	-
5. Technical assistance	53	1%	0%	53	1%	-	-
<b>TOTAL</b>	<b>4,900</b>	<b>100%</b>	<b>100%</b>	<b>3,985</b>	<b>100%</b>	<b>565</b>	<b>100%</b>

\* Approximate percentage of expenditure on the various axes in the financial perspectives 2000-2006 (the figures from the axes in that period are adapted to those in 2007-2013).

Source: Ministry of Economy and Finance

The funding was allocated among the axes with the goal of significantly enhancing areas associated with the knowledge economy and innovation, as key sectors for growth in an advanced economy, while ensuring the continuity of ongoing investment programmes in the areas of transport, energy and the environment. Table IV.1 shows that funding for knowledge and innovation in convergence regions is practically double that allocated in the previous Financial Perspectives 2000-2006 (with transport and energy having a smaller share). In the competitiveness regions, knowledge and innovation absorb 70% of the budget and the local and urban sustainable development axis is also promoted. ERDF funding includes the additional package of 2 billion euro assigned to Spain for R&D and innovation activities (the Technology Fund, managed by the Central Government). This Fund has been regionalised in accordance with the following indicative percentages approved by the European Council: 70% for convergence regions, 5% for phasing-out regions, 15% for phasing-in regions, and 10% for competitiveness regions.

Within transport expenditure, priority is given to categories included in the earmarking calculation (such as highways, high-speed rail, trans-European networks and renewable energy). As for environmental spending, apart from the specific axes, there is a horizontal environmental component across the various axes depending on the type of actions that are planned. For example, in the area of transport, the aim is to attain territorial equilibrium and work towards means and models of transport that are less aggressive to the environment; rural and urban development takes account of the need for environmental preservation; actions to support R&D and innovation and

business competitiveness consider eco-innovation; and training curriculum design takes account of the environment.

The bulk of ESF spending is directly related to the Lisbon objectives (over 93% earmarking). Axis 2 is the most important component, accounting for 56% of total funds. Its goals include preventing unemployment and improving the employability of the unemployed in general, especially young people, as well as taking steps to favour equality between men and women at work and to foster the integration of immigrants into work and society. Actions to that end will include promoting insertion into the labour market through personalised programmes that include guidance, training and work practice. Axis 1 accounts for 27% of total resources, and it seeks to improve the capacity of companies and workers to adapt and become more competitive and effective. Axis 3 absorbs 14% of expenditure and is focused on increasing and improving human capital in order to enhance workers' adaptability to emerging jobs and increase labour productivity.

The 2006 progress report advanced the synergy between the NSRF, the NRP and the Integrated Guidelines for Growth and Jobs 2005-2008. Table IV.2 summarises the links between the various axes of the ERDF, ESF and the Cohesion Fund, on the one hand, and the NRP and the Guidelines, on the other.

**Table IV.2. Synergy between the National Reform Programme and the National Strategic Reference Framework.**

NRP PILLARS	Integrated Guidelines	NSRF		
		ERDF, Cohesion Fund (CF)		ESF
		Convergence	Competitiveness	
PILLAR 1: Reinforcing macroeconomic and budget stability	2,3,5,6,11,15, 19,21			
PILLAR 2: Strategic Infrastructure and Transport Plan (PEIT) and A.G.U.A. Programme	11, 16	Axes 3 & 4 ERDF Axes 1 & 2 CF	Axes 2 & 3 ERDF Axes 1 & 2 CF	
PILLAR 3: Increasing and enhancing human capital	8,9,22,23, 24	Axis 6 ERDF		Axis 3
PILLAR 4: R&D and innovation strategy (INGENIO 2010)	7,8,9,10	Axis 1 ERDF	Axis 1 ERDF	Axis 3
PILLAR 5: More competition, better regulation, efficiency of the public administrations, and competitiveness	2,5,8,9,10,11, 12,13,14,15, 16,21	Axis 7 ERDF	Axis 5 ERDF	Axis 5
PILLAR 6: The labour market and social dialogue	2,4,15,17,18, 19,20,21			Axis 1
PILLAR 7: Entrepreneurship Programme	8,13,14, 5	Axis 2 ERDF	Axis 1 ERDF	Axis 1

Source: Ministry of Economy and Finance

The following Regional Operating Programmes (OP) have been drawn up: 1 for the Cohesion Fund and 22 respectively for the ERDF and ESF (17 for the Autonomous Communities, i.e. 1 each, 2 for Ceuta and Melilla, and three multi-regional<sup>16</sup>). The programmes were drawn up in coordination with the Autonomous Communities and were designed as an extension of the NSRF by developing the priority axes for each region. The standard Programme includes

<sup>16</sup> The multi-regional ERDF programmes are ERDF RDI (Technology Fund), Knowledge Economy and Technical Assistance. The ESF programmes are Adaptability and Employment, Fighting Discrimination and Technical Assistance.

a section setting out its connections with the Framework and the NRP. The general pattern is equivalent to the NSRF and the programme axes are linked to the six pillars of the NRP, i.e. all except macroeconomic stability (and even in this case, it is possible to consider the generic contribution by structural funds to strengthening macroeconomic stability).

## EAFRD and European Fisheries Fund

In April 2007, the Commission approved the national strategic plans for Rural Development and the European Fisheries Fund, which establish priorities for funding assigned to Spain by the European Agriculture Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF), respectively. Those Funds were also designed in line with the Lisbon objectives. Table IV.3 shows the preliminary distribution of the resources assigned to Spain, by priority axis (pending approval of the regional programmes).

**Table IV.3. European funds for rural development and fisheries.**

<b>EAFRD programming axes</b>	<b>Mill.€</b>	<b>%</b>
1. Improving the competitiveness of agriculture and forestry	3,263	45%
2. Improving the environment and the countryside	2,709	38%
3. Improving the quality of life in rural areas and encouraging diversification	887	7%
4. LEADER*	887*	7%*
<b>TOTAL</b>	<b>7,213*</b>	<b>100%*</b>
<b>European Fisheries Fund programming axes</b>	<b>Mill.€</b>	<b>%</b>
1.- Measures to adapt the EU fishing fleet	403	36%
2. Aquaculture, inland fishing, processing and marketing	344	30%
3.- Collective action	316	28%
4.- Sustainable development of fishing areas	49	4%
5.- Technical assistance	18	2%
<b>TOTAL</b>	<b>1,131</b>	<b>100%</b>

\* Percentages and figures do not add up to 100% as the LEADER axis is horizontal and includes items also contained in the other axes.

Source: Ministry of Economy and Finance

As in the case of the structural funds, the various axes that were adopted also represent orientation towards Lisbon expenditure. Practically 85% of EAFRD spending will be allocated to policies for competitiveness and environmental improvement. And the EFF expenditure is oriented towards the sustainability of fishing resources and improving competitiveness in the sector. The main item, adaptation of the fishing fleet, responds to the Community objective of preserving resources through the entry-exit scheme and improving fishing technology.

The horizontal principles of equal opportunity, sustainability and partnership.

The Community Funds include a number of features to ensure respect for the horizontal principles of equal opportunity, sustainability and partnership as set out in the Integrated Guidelines 2005-2008 and in the NRP.

Equal Opportunity. The NSRF, EAFRD and EFF reflect the gender perspective in all their axes, guaranteeing that it is considered in the implementation of all the Operating Programmes. Moreover, in the scope of the European Social Fund, special measures are implemented to foster equal opportunities between women and men within each priority axis. The gender perspective is also

included in the follow-up and management systems by establishing indicators, thus enabling progress to be measured. Therefore, emphasis is placed on the effective application of the principle. The frameworks were drafted with the cooperation of Spain's Institute of Women and with the Equality agencies in the various regions.

**Sustainability.** The Community Funds include a specific axis on the environment (axis 2 of ERDF Competitiveness, axis 3 of ERDF Convergence, axes 2 & 3 of Cohesion Fund C, axes 2 of EAFRD and 4 of EFF) with the direct aim of enhancing the sustainability of Spain's development model in its various facets (including water, waste, pollution, soil recovery, desertification, climate change, and protection of biodiversity). As noted above, the various axes incorporate a horizontal component on the environment. As with equal opportunity, sustainability is included in the analysis of each of the priority axes.

**Partnership.** A central goal of the new programming of Community Funds is to foster cooperation between all players and all echelons of the Administration in preparing, executing, monitoring and evaluating the operating programmes. A broad coordination structure has been established, headed by the Minister of the Economy and Finance, which includes most notably the following committees and working groups:

An overall steering committee, the Community Funds Coordination Committee, comprising representatives of the Ministries that manage the funds (Economy & Finance, Labour & Social Affairs, and Agriculture, Fisheries & Food) and the authorities in charge of the NRP.

A set of sectoral networks with the participation of the Ministry in charge of the fund, the Central Government and Autonomous Community Departments involved, as well as other agencies and representatives of civil society involved in the sector, such as the Federation of Municipalities and Provinces, the Social Partners, the Employment Forum, Networks of Environmental and Social Inclusion Authorities, and the Institute of Women.

A system of steering committees for each Autonomous Community's Operating Programmes and for the Multi-regional Operating Programmes. These committees include representatives of the Central Government Ministries that manage the funds and the Autonomous Community Departments that manage the Operating Programmes.

This structure allows cross-monitoring of the goals and policies established in the NRP and the various regional Operating Programmes as well as actions by the Central Government, which favours synergy and consistency between all the programmes.



## V. ACCOUNTABILITY

### Degree of implementation of the measures

The Permanent Lisbon Unit, comprising 11 ministries, is responsible for monitoring the measures in the National Reform Programme. Detailed information about each one is set out in Annex I. To facilitate follow-up and evaluation of the measures and provide a consistent picture over time, that information is presented in a table with the same structure and design as in the 2006 Progress Report, using the same numbering and clearly identifying the new measures. This section summarises the degree to which the measures in the National Reform Programme have been implemented. They are classified into three categories:

- i) Approved: If they are supported by the corresponding legislative text or formal decision
- ii) In process: If they are in the stages prior to legislation or formal approval
- iii) Under study: If the ministerial departments responsible for the measure have begun to analyse their implementation

At present, the National Reform Programme comprises 367 measures, following the addition 57 new initiatives in this update. Of the original 310 measures, 72% have been approved, compared with 51.6% a year ago (Table V.1). A much smaller percentage (23%, 72 measures) is at pre-approval stages. And only a small percentage of measures (4.8%) is still under study.

**Table V.1. Specific legislative of implementation of the NRP.**

SPECIFIC LEGISLATIVE IMPLEMENTATION OF THE NRP				
	2007 PROGRESS REPORT		2006 PROGRESS REPORT	
	No. of measures	%	No. of measures	%
Approved	<b>223</b>	<b>72.0</b>	<b>160</b>	<b>51.6</b>
In process	<b>72</b>	<b>23.2</b>	<b>121</b>	<b>39.0</b>
Under study	<b>15</b>	<b>4.8</b>	<b>29</b>	<b>9.4</b>
<b>TOTAL</b>	<b>310</b>	<b>100</b>	<b>310</b>	<b>100</b>

The 2007 Progress Report on the National Reform Programme is a good opportunity to measure the progress made by the monitoring indicators associated with the measures. Annex II sets out the changes in the last year in the monitoring indicators for which data is available. The set of indicators has been expanded to over 250.

The measures set out in this Report reveal that Spain is responding to all the commitments assumed in the framework of the multilateral supervision process that was based on the previous NRP Progress Report. In particular, Tables V.2 and V.3 show that it is complying with all the specific recommendations made by the Spring 2007 European Council for Spain and the euro area countries. And most of the points-to-watch in the Council's recommendations are being fulfilled. In 2007, work continued on the priority actions identified by the Spring 2006 European Council <sup>17</sup>.

### Objectives of the NRP

In 2006, Spain continued to advance towards the main economic policy goals set out in the National Reform Programme, namely:

- (i) to attain full convergence with the EU-25 in terms of per capita income by 2010 and
- (ii) to attain, by that same year, an employment rate of 66%, i.e. above the European average.

According to Eurostat data, Spain continued to converge on the EU-25 measures of living standards during 2006, having attained 98.4%. The European Commission's statistics office also revised the figures for the two previous years. Based on the new information, Spain converged by 1.7 percentage points during the period for which the NRP was in force. If that pace of progress (0.6 points per year) is maintained, Spain will attain its goal of economic convergence with Europe before 2010.

Spain's progress in terms of per capita income is even more notable when compared with the Union's fifteen more advanced core countries (EU-15). By that yardstick, Spain has advanced by 2.2 percentage points in the last two years, from 89% in 2004 to 91.2% in 2006.

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<sup>17</sup> The specific objectives for 2006 have been incorporated into the NRP, and progress in this area is described in Table V.5 on the NRP Objectives and in Annex II, which describes the NRP indicators.

TABLE V.2. COMPLIANCE WITH THE SPECIFIC RECOMMENDATIONS AND POINTS TO WATCH FOR SPAIN		
TABLE OF RECOMMENDATIONS AND POINTS TO WATCH FOR SPAIN	MOST SIGNIFICANT MEASURES – 2007*	
	APPROVED	IN PROCESS
SPECIFIC RECOMMENDATIONS		
<b>Increase competition in energy, particularly by improving interconnection capacity</b>	<ul style="list-style-type: none"> <li>– Amendment of the Electricity Sector Act (116, 118, 127, 139)</li> <li>– Amendment of the Hydrocarbons Act (118, 129, 121, 127, 139, 140)</li> <li>– Full implementation of the Iberian electricity market (135)</li> <li>– Review of the tariff methodology, energy auctions and bilateral contracts (117, 136)</li> </ul>	<ul style="list-style-type: none"> <li>– Plan to make Portuguese and Spanish electricity regulations compatible</li> <li>– Creation of the Supplier Switching Office (136)</li> </ul>
<b>Labour market (protection of employment, flexibility and safety, segmentation and part-time)</b>	<ul style="list-style-type: none"> <li>– Act to Improve Growth and Jobs (204, 209, 211, 217, 218, 246-248, 250-253)</li> <li>– Personal Autonomy and Care for Dependent Persons Act (214)</li> <li>– Extension of employer Social Security rebates to workers aged 59 (216)</li> <li>– Implementation of the Equality Act (208)</li> </ul>	<ul style="list-style-type: none"> <li>– Draft Social Security Measures Act (223-231)</li> </ul>
<b>Expand the new training model and ensure the application of the education reforms</b>	<ul style="list-style-type: none"> <li>– Progress in infant schooling, ages 0-3 (45)</li> <li>– Budget priority for productivity-related spending (9)</li> <li>– Application of the new Education Organic Act (62)</li> <li>– Reform of the Universities Organic Act (71)</li> <li>– Professional Training subsystem (75)</li> </ul>	
POINTS TO WATCH		
<b>Contain inflation in the medium term</b>	<ul style="list-style-type: none"> <li>– Budget priority for productivity-related spending (RDI, education, infrastructure) (9)</li> <li>– Entry into force of the reform to the Budget Stability Act (1, 2, 4)</li> <li>– Support maintenance and consolidation of the Interconfederal Agreement for Collective Bargaining (263)</li> <li>– All the measures applied to increase competition (Pillar 5)</li> </ul>	
<b>Increase competition in professional services and retail</b>	<ul style="list-style-type: none"> <li>– New Competition Act (171)</li> <li>– Increase efficiency and transparency in services by notaries and registrars (344)</li> </ul>	<ul style="list-style-type: none"> <li>– Transposition of the Services Directive (341)</li> </ul>
<b>Improve the regulatory framework</b>	<ul style="list-style-type: none"> <li>– Application of the Agencies Act (156) and implementation of the Agency for the Assessment of Public Policies and Public Services (12)</li> <li>– Citizens' Electronic Access to the Administration Act (314)</li> <li>– Basic Statute for Civil Servants (157)</li> <li>– Act for the Protection of Consumers' and Users' Rights (201)</li> </ul>	<ul style="list-style-type: none"> <li>– Plan of action to reduce red tape (347)</li> <li>– Public Sector Procurement Act (102)</li> </ul>
<b>Execute environmental measures</b>	<ul style="list-style-type: none"> <li>– Progress in executing the AGUA Programme (37-44)</li> <li>– Implement the National Water Quality Plan (141)</li> <li>– National Allocation Plan 2008-2012 (364)</li> <li>– Spanish Strategy on Climate Change and Clean Energy (365)</li> <li>– Action Plan 2008-2012 for the Energy Saving and Efficiency Strategy 2004-2012 (334)</li> <li>– Transposition of the Cogeneration Directive and remuneration for "special regime" power production (335 and 336)</li> <li>– Foster energy saving in public buildings (337)</li> </ul>	<ul style="list-style-type: none"> <li>– Modify the vehicle registration tax (8)</li> <li>– Draft Natural Heritage and Biodiversity Act (338)</li> <li>– Spanish Strategy for Sustainable Development (366)</li> </ul>
<b>Increase training and productivity and integrate immigrants into the labour market</b>	<ul style="list-style-type: none"> <li>– Budget priority for productivity-related spending (9)</li> <li>– Application of the Education Organic Act (46, 47, 50, 54, 56, 62, 67, 74)</li> <li>– Reform of the Universities Organic Act (71)</li> <li>– Professional Training Subsystem (75)</li> <li>– Strategic Plan for Citizenship and Integration (245)</li> <li>– Tax reforms (5,6,7)</li> </ul>	
<b>Increase access to childcare facilities</b>	<ul style="list-style-type: none"> <li>– Increase the number of places in schools for children aged 0-3 (45)</li> </ul>	
<b>Apply planned measures in housing</b>	<ul style="list-style-type: none"> <li>– Approval of the Land Act (147)</li> <li>– Progress with the Housing Plan 2006-2008 (149, 150, 153)</li> <li>– Plan to Support Young People's Independence and to Promote Rented Accommodation (367)</li> </ul>	<ul style="list-style-type: none"> <li>– Integrated plan to promote Rented Accommodation</li> </ul>
<b>Pension and healthcare reform</b>	<ul style="list-style-type: none"> <li>– Additional provision to the Social Security Reserve Fund (3)</li> <li>– Rationalisation of healthcare expenditure (15-16)</li> </ul>	<ul style="list-style-type: none"> <li>– Draft Social Security Measures Act (223-231)</li> <li>– Social Security Reserve Fund Act</li> </ul>

Between 2004 and 2006, the employment rate continued to be the primary driver of growth in per capita income in Spain (Table V.4). Additionally, for the first time labour productivity did not detract from Spain's economic convergence: it actually contributed 0.1 points<sup>18</sup>.

<sup>18</sup> Since the first quarter of 2006, the National Statistics Institute (INE) has been publishing information on the total number of hours worked as part of the National Accounting data. This is an additional indicator of Spain's convergence with the EU-25 in terms of per capita income.

TABLE V.3. COMPLIANCE WITH THE SPECIFIC RECOMMENDATIONS FOR THE EURO AREA		
SPECIFIC RECOMMENDATIONS EURO AREA	MOST SIGNIFICANT MEASURES 2007*	
	APPROVED	IN PROCESS
<b>Budgetary consolidation</b>	<ul style="list-style-type: none"> <li>– Entry into force of the reform to the Budget Stability Act (1, 2, 4)</li> <li>– Additional provision to the Social Security Reserve Fund (3)</li> <li>– Rationalisation of healthcare expenditure (15,16)</li> </ul>	<ul style="list-style-type: none"> <li>– Draft Social Security Measures Act (223-231)</li> </ul>
<b>Improve the quality of public finances</b>	<ul style="list-style-type: none"> <li>– Budget priority for productivity-related spending (9)</li> <li>– Amendment of the Corporate Income Tax Act (5)</li> <li>– Application of the Agencies Act (156) and implementation of the Agency for the Assessment of Public Policies and Public Services (12)</li> <li>– Implementation of the Agency for the Assessment of Public Policies and Public Services (12)</li> <li>– Citizens' Electronic Access to the Administration Act (314)</li> </ul>	<ul style="list-style-type: none"> <li>– Plan to Reduce Red Tape (347)</li> </ul>
<b>More competition, especially in services: financial market integration and competition in financial intermediation</b>	<ul style="list-style-type: none"> <li>– New Competition Act (Act 15/2007) (171)</li> <li>– Increase efficiency and transparency in services by notaries and registrars (344)</li> <li>– Regulation of access to the public postal network (199, 200)</li> <li>– Transposition of the Takeover Directive (167)</li> </ul>	<ul style="list-style-type: none"> <li>– Transposition of the Services Directive (341)</li> <li>– Creation of the postal sector regulator (200)</li> <li>– New regulatory framework for electronic communications (326)</li> <li>– Transposition of MiFID (168)</li> <li>– Reform of the Mortgage Market Act (161, 165)</li> </ul>
<b>Flexibility and security in the labour market</b>	<ul style="list-style-type: none"> <li>– Act to Improve Growth and Jobs (204, 209, 211, 217, 218, 246-253)</li> <li>– Rationalisation of the minimum wage (238)</li> <li>– Spanish Strategy for Workplace Health and Safety (355)</li> <li>– Act for Effective Equality between Men and Women (208, 212)</li> <li>– Extension of employer Social Security rebates to workers aged 59 (216)</li> <li>– Draft Act providing tax deductions for births and adoptions (351)</li> <li>– Personal Autonomy and Care for Dependent Persons Act (Act 39/2006) (214)</li> <li>– Support for infant schooling (ages 0-3) (45)</li> </ul>	<ul style="list-style-type: none"> <li>– Draft Social Security Measures Act (223-231)</li> </ul>

\* The number of the measure as listed in Annex I is shown in parentheses.

**Table V.4. Economic convergence with Europe.  
Spain. EU-25 = 100. PPP**

ECONOMIC CONVERGENCE WITH EUROPE. SPAIN (EU-25 = 100). PPP					
	GDP per capita	Productivity per hour	Hours worked per employee	Employment rate	Demographic factor
2004	96.6	96.7	100.7	97	102.3
2006	98.4	96.8	99.5	100.1	102.1
Difference	1.7	0.1	-1.2	3.1	-0.2

At the end of 2006, Spain's employment rate, as a percentage of the population aged 15-64, was 64.8%, having exceeded the EU-25 rate of 64.7% (Figure V.4). By the second quarter of 2007, the rate had risen to 65.8%, very close to the target set for 2010 (66%).

The progress towards these two objectives epitomises the gains made in all pillars of the National Reform Programme. That information is set out in Table V.5.

Pillar 1. The goal of reducing public debt to 34% of GDP required that the ratio be cut by an average of 2 percentage points of GDP per year. In the first two years, the ratio fell even faster (by 3 percentage points) and that pace may well be maintained in 2007 and 2008. Accordingly, the 2010 goal may be attained by 2008.

Pillar 2. The main investment programmes approved in this legislature, PEIT and the AGUA Programme, are advancing on schedule. In PEIT, a 15-year programme, the investments in all modes of transport are close to 20% complete (33% in the case of airports). Within the AGUA Programme, desalination is the area where most progress has been made: the degree of execution (i.e. projects at the bidding or construction phase or already completed) is 76% in the area of irrigation and 92% in the area of water supply.

Notable progress has been made towards the two quantitative goals of the NRP's Pillar 2; in particular, the road accident rate fell sharply, from 13 deaths per billion passenger-kilometres in 2005 to 10 in 2006. The decline in the absolute number of road deaths (900 fewer deaths in 2005 with respect to 2004) in a context of growing road traffic is a reflection of work to improve infrastructure safety. Regarding the goal of expanding the rail network, investments in the PEIT are advancing on schedule, and the density of the rail network increased from 29.4 km. of track/1000 km<sup>2</sup> of land area in 2005 to 29.9 in 2006.

Pillar 3. The increase in the school dropout rate observed in 2000-2004 has been reversed, as was confirmed in 2006. In that year, the number of people aged 18-24 who had completed no more than the first (compulsory) stage of secondary education fell for the second consecutive year, from 31.7% in 2004 to 30.8% in 2005 and 29.9% in 2006. Although performance in the last two years has been positive, it is necessary to fully roll out the measures envisaged in the NRP in order to come as close as possible to the ambitious targets set in the Lisbon Agenda.

Pillar 4. The first indicators of R&D and innovation for 2006, the first year in which the INGENIO 2010 project had a budget, will not be available until well into 2007. Consequently, the recent performance of the top three indicators

of INGENIO 2010 does not yet reflect the impact of new actions take in this programme:

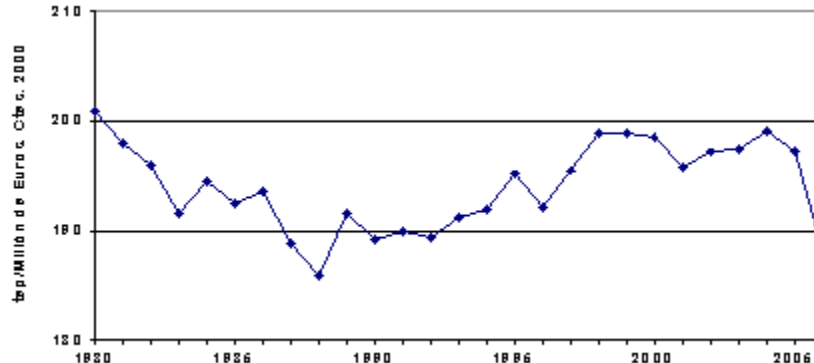
R&D expenditure attained 1.13% of GDP in 2005, a major increase on the 1.07% figure of 2004.

Meanwhile, private sector R&D expenditure amounted to 46.3% of the total in 2005, down from 48% in 2004.

As for the percentage of GDP devoted to Information and Communications Technology (ICT), because of the inconsistency of this indicator between national and Eurostat data, it has been decided to replace it with a composite of 4 indicators of the Dissemination and Use of the Information Society, as discussed under Pillar 4.

Pillar 5. Primary energy consumption fell by 1% in 2006 (basically oil and coal), while renewable energy increased its share. The economy's energy intensity declined in 2005 and 2006 (4% in 2006), thus contributing to a reduction in CO2 emissions (Fig. V.1).

**Figure V.1 The economy's energy intensity**  
**Primary energy/GDP. Tonnes of oil equivalent/million euro (constant 2000)**



Source: Ministry of Industry, Transport and Trade

Electricity supply quality also improved notably: whereas the Installed Capacity Equivalent Interrupt Time was between 2.8 and 3.3 in 1997-2004, it was cut to 2.04 by 2006 (the best figure in 16 years).

In telecommunications, there has been a decline in the price of mobile communications (8.1%), landline communications (8.9%), and broadband. As a result of the steady decline in communications prices in recent years, the telecommunications price index (2001 baseline) was 90.8, contrasting with 117.8 in the case of the CPI and 92.7 for the EU-15 telecommunications price index.

In the financial sector, venture capital investment continues to expand following the change in the law in 2005. In the first half of 2007, investments were 63% higher than in the same period of 2006, 15 new venture capital firms were registered with the National Securities Market Commission (CNMV), and the Alternative Stock Market was implemented specifically for venture capital companies and funds. New funds raised in the first half of the year amounted to 1.135 billion euro (i.e. somewhat less than the 1.574 in 2006) but the figure is expected to increase in the remainder of the year, based on deals that are under way.

As for the foreign sector, Spain and Germany are the only developed countries that have not lost market share in overall world exports (Spain's share is around 2%). Exports increased by 5.6% in 2006, the largest single increase since 2000, with certain notable features that indicate improvements in Spain's export base: geographical diversification has increased, and the technological content of exports continues to rise.

Tourism figures are also satisfactory. In fact, 2005 and 2006 had the fastest growth rates of the last five years in both incoming foreign tourist numbers and tourism revenues in real terms. All these figures confirm Spain's position as the world's second tourist destination. The improvements are visible geographically and in time, since tourism is becoming more diversified and less seasonal.

Pillar 6. This pillar's main objective, and a pre-requisite for successfully attaining the overall goals of the National Reform Programme, is to raise the female employment rate. In the second quarter of 2007, that rate had increased by 1.6 percentage points with respect to the same period of 2006, from 53.2% to 54.8% (approaching the 2010 target of 57%). The youth unemployment rate (ages 15-24) fell by 1.8 percentage points in 2006 to 17.9%, having passed the NRP target for 2010 (18.6%) and come very close to the European average (in fact, it reached 18.2% in the second quarter of 2007).

Provisional data on workplace accidents, expressed as the incidence index, reveal a reduction in 2006 (-2.2%) for the third consecutive year (-3.9% in 2004, -2.0% in 2005). The objective for 2010 is a 15% decline.

Pillar 7. According to the latest update to the National Statistics Institute's Central Directory of Companies (DIRCE), the number of companies operating in Spain increased by 5.1% in 2006, the largest single increase since this statistic has been published. The pace of creation of mercantile companies increased from 6.1% in 2006 to 6.5% in 2007. However, no significant progress has yet been made with the variable established as the objective for Pillar 7: the rate of creation of companies with more than one employee.

Horizontal objective of the NRP. In the area of sustainability, the figures on emissions reveal a change in trend in the second half of 2005, with the result that in 2006, when the economy expanded by 3.9%, emissions fell by 4.1%, mainly as a result of the reduction in the Spanish economy's energy intensity, in a departure from the rising trend of the previous fifteen years. Although emissions per capita have increased notably, they are currently around the average for the Member States that participated in sharing the Kyoto Protocol objectives (EU-15).

## Assessment

The State Agency for the Assessment of Public Policy and Service Quality is committed to publishing an assessment of the degree of execution of the National Reform Programme in 2007. In particular, it will present a specific analysis of progress with the following policies:

- Impact of measures adopted to rationalise pharmaceutical expenditure.
- Effectiveness of policies on energy security.
- Effectiveness of programmes to foster research, development and innovation.
- Effectiveness of funding lines to encourage entrepreneurship.



**Table V.5. OBJECTIVES OF THE NATIONAL REFORM PROGRAMME (NRP): SUMMARY**

MAIN OBJECTIVES							
	SPAIN			EU-15	EU-25	NRP 2010 objective	
	2006	2005	2004	2006	2006		
FULL CONVERGENCE WITH EU-25 IN TERMS OF PER CAPITA INCOME							
GDP per capita in purchasing power parity terms (UE-25=100)	98,4	97,8	96,6	108,2	100,0	100,0	
ATTAIN AN EMPLOYMENT RATE OF 66%							
Employment rate (employed as a % of total population aged 15 to 64)	64,8	63,3	60,9	66,0	64,7	66,0	
SPECIFIC OBJECTIVES							
	SPAIN			EU-15	EU-25	NRP obj.	NRP obj.
	2006	2005	2004	2006	2006	2008	2010
PILLAR 1: REINFORCING MACROECONOMIC AND BUDGET STABILITY (guidelines 1-6)							
Reduce public debt to 34% of GDP, the third-lowest in the euro area	39,9	43,2	46,2	63,3	62,2	37,5	34,0
PILLAR 2: STRATEGIC INFRASTRUCTURE AND TRANSPORT PLAN (PEIT) AND A.G.U.A. WATER PROGRAMME (guideline 16)							
Increase the density of railways to 35 km/1,000 km2 of land area	29,9	29,4	28.3 (2003)	-	-	32,0	35,0
Reduce the road accident rate by 40% (2)	10.6 (2005)	13.4 (2004)	15.9 (2002)	-	-	11,0	9,5
PILLAR 3: INCREASING AND ENHANCING HUMAN CAPITAL (guidelines 23 & 24)							
Halve the premature school abandonment rate (to 15%) (3)	29,9	30,8	31,7	16.9 (2005)	14.9 (2005)	20,1	15,0
PILLAR 4: R&D AND INNOVATION STRATEGY (INGENIO 2010) (guidelines 7, 8 & 9)							
Double investment in R&D to 2% of GDP	1.13 (2005)	1.07 (2004)	1.05 (2003)	1.91 (2005)	1.85 (2005)	1,6	2,0
Composite indicator for the Information Society (EU-15=100)	84 (1Q 2006)	77.2 (1Q 2005)	78.9 (1Q 2004)	-	-	92,0	100,0
PILLAR 5: MORE COMPETITION, BETTER REGULATION, EFFICIENCY OF THE PUBLIC ADMINISTRATIONS, AND COMPETITIVENESS (guidelines 7-15)							
Improve Spain's position in competitiveness indicators, converging on the European average in cases where we are below							
PILLAR 6: THE LABOUR MARKET AND SOCIAL DIALOGUE (guidelines 17-24)							
Increase the rate of female employment to attain the EU-15 average	53,2	51,2	47,9	58,6	57,4	54,4	57,0
Reduce the youth unemployment rate into line with the EU-25 average	17,9	19,7	22,4	16,1	17,2	19,3	18,6
Reduce the rate of workplace accidents by 15% (accumulated reduction)[4]	-7,9%	-5,9%	-3,9%	-	-	-	15%
PILLAR 7: ENTREPRENEURSHIP PROGRAMME (guidelines 14 & 15)							
Increase the rate of creation of companies with over 1 employee by 25%	7,2	7,2	7,0	-	-	8,0	8,9
HORIZONTAL OBJECTIVE							
Reduce CO2 emissions (1990 index = 100)	147.9 (e)	152,3	140,0	-	93.5 (2005)	137 (1)	

(1) Average target for the period 2008-2012; (2) no. of fatalities/billion passenger-kilometres; (3) % of population aged 18 to 24 who have at most completed compulsory secondary education but are not pursuing further studies; (4) no. of workplace accidents leading to lost time per 10,000 workers registered with the Social Security; (e) estimate

## List of acronyms

AENA: Spanish Airports and Air Traffic Authority  
AGUA: Programme of actions on water management and use  
ANECA: National Quality and Accreditation Evaluation Agency  
AOD: Official Development Aid  
ASCRI: Spanish Venture Capital Association  
ASFA: Digital railway signalling system  
BdE: Bank of Spain  
CDGAE: Government's Standing Commission for Economic Affairs  
CEIPAR: Programme for the creation of innovative companies in science and technology parks  
CERSA: Compañía Española de Reafianzamiento S.A. (State guarantees company)  
CICYT: Interministerial Commission for Science and Technology  
CMT: Telecommunications Market Commission  
CNC: National Competition Commission  
CNE: National Energy Commission  
CNMV: National Securities Market Commission  
COFIDES: Spanish Development Finance Company  
CPI: Consumer Price Index  
CSIC: Spanish Higher Council for Scientific Research  
DGPYME: Directorate-General for SME Policy  
DIRCE: Central Directory of Companies  
DTT: Digital Terrestrial Television  
EAFRD: European Agriculture Fund for Rural Development  
EBT: Technology company  
EFF: European Fisheries Fund  
ENISA: National Innovation Company  
EPO: European Patent Office  
ERDF: European Regional Development Fund  
ERTMS: European Rail Traffic Management System  
ESF: European Social Fund  
ESO: Compulsory secondary education  
EU: European Union  
FAD: Development aid fund  
FECYT: Spanish Foundation for science and technology  
GDP: Gross Domestic Product  
GEM: Global Entrepreneurship Monitor  
ICEX: Spanish Institute for Foreign Trade  
ICO: Official credit institute  
ICT: Information and Communication Technology  
IDAE: Spain's Institute for energy diversification and saving  
IET: Spain's Institute of tourism studies  
IGAE: Spain's Controller General's Office  
INE: National Statistics Institute



## **ANNEX I. MEASURES IN THE NATIONAL REFORM PROGRAMME**

**PILLAR 1: REINFORCING MACROECONOMIC AND BUDGET STABILITY**

Pillar 1 specific objective		Reduce public debt to 34% of GDP								
Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
1	Guideline 2	PILLAR 1	Reform of the Budgetary Stability Act	OBLIGATION TO HAVE SURPLUS IN PERIODS OF RAPID GROWTH	MEH	Approved	-	NO	Act 15/2006 and Organic Act 3/2006	Public sector lending/borrowing (% of GDP)
2	Guideline 2	PILLAR 1		SEPARATION OF SOCIAL SECURITY FROM THE REST OF THE PUBLIC ADMINISTRATIONS IN THE STABILITY OBJECTIVE	MEH	Approved	-		Act 15/2006 and Organic Act 3/2006	Central Government lending/borrowing (% of GDP), Social Security lending/borrowing (% of GDP), Provision to Social Security Reserve Fund (% of GDP)
3	Guideline 2	PILLAR 1		ADDITIONAL PROVISIONS TO SOCIAL SECURITY RESERVE FUND	MTAS	Approved	-		Act 28/2003, of 29 Sept. (BOE 30/9/03). Agreement on Social Security measures (13 July 2006). Draft Act regulating the Social Security Reserve Fund, currently before Parliament.	Provision to Social Security Reserve Fund (% of GDP)
311	Guideline 2	PILLARS 1 & 6		DRAFT ACT TO REGULATE THE COMPOSITION OF THE SOCIAL SECURITY RESERVE FUND	MTAS	In process	2008			Provision to Social Security Reserve Fund (% of GDP)
4	Guidelines 2 & 6	PILLAR 1		AMENDMENT OF THE PRINCIPLE OF BUDGET STABILITY TO COVER THE ECONOMIC CYCLE	MEH	Approved	-		Act 15/2006 and Organic Act 3/2006	Public sector lending/borrowing (% of GDP)
5	Guidelines 3 & 15	PILLAR 1	Tax reforms	REDUCTION OF RATE AND SIMPLIFICATION OF COMPANY TAX	MEH	Approved	-	NO	Personal Income Tax Act (Act 35/2006), partly amending the Company Tax, Non-residents' Income and Wealth Tax Acts.	Company tax rate (%)
6	Guidelines 3 and 19	PILLAR 1		REDUCTION IN THE NUMBER OF PERSONAL INCOME TAX BRACKETS AND IN THE MAXIMUM MARGINAL RATE	MEH	Approved	-		Personal Income Tax Act (Act 35/2006), partly amending the Company Tax, Non-residents' Income and Wealth Tax Acts.	Personal income tax brackets (number), Personal income tax maximum marginal rate
7	Guidelines 3 and 19	PILLAR 1		IMPROVE TAX TREATMENT OF EARNED INCOME WITH RESPECT TO OTHER INCOME SOURCES	MEH	Approved	-		Personal Income Tax Act (Act 35/2006), partly amending the Company Tax, Non-residents' Income and Wealth Tax Acts.	Minimum earnings income deduction (euro)
8	Guidelines 3, 5 and 11	PILLAR 1		CREATION OF NEW TAXABLE EVENTS TO CORRECT NEGATIVE EXTERNALITIES DERIVED FROM THE USE OF CERTAIN RESOURCES (ENERGY, WATER, ...)	MEH	In process	01/01/2008		Draft Act on Air Quality and Atmospheric Protection	Environmental taxes as % of GDP
9	Guideline 3	PILLAR 1	Reorientation of public expenditure	BUDGETARY PRIORITY TO EXPENDITURE POLICIES MORE RELATED TO PRODUCTIVITY, SUCH AS RESEARCH & INNOVATION, INFRASTRUCTURE, EDUCATION AND LIFE-LONG LEARNING	MEH	Approved	-	RDI: 8,124 M€; Infrastructure: 17,412 M€; Education: 2,485 M€	Central Government Budget 2007 (Act 42/2006)	Stock of productive capital/employment (thousand euro/capita); Increase in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
10	Guidelines 5 and 6	PILLAR 1		NEW REPORTING REQUIREMENTS FOR THE ACCOUNTS OF ALL PUBLIC ADMINISTRATIONS TO PROVIDE GREATER TRANSPARENCY	MEH	Approved	-		Act 15/2006 and Organic Act 3/2006	
11	Guidelines 5 and 6	PILLAR 1		STRENGTHENING AND CONTINUING WITH THE AGREEMENT TO IMPROVE TRANSPARENCY IN ECONOMIC AND STATISTICAL INFORMATION	MEH	Approved	-		CDAE resolution dated 11 May 2006 to further enhance transparency in economic and statistical information.	Transparency commitments fulfilled (number)
12	Guidelines 3, 5 and 14	PILLAR 1		CREATION OF THE STATE AGENCY FOR THE ASSESSMENT OF PUBLIC POLICY AND SERVICE QUALITY	MAP	Approved	-		Royal Decree 1418/2006, of 1 December, creating the State Agency for the Evaluation of the Quality of Public Services and Policies.	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
13	Guidelines 2 and 5	PILLAR 1	Reform of the Regional Government Financing System	REFORM OF THE REGIONAL GOVERNMENT FINANCING SYSTEM	MEH	Under study	-	NO		Tax revenues over which there is legislative control as % of total revenues in the finance system
14	Guidelines 2, 5 and 21	PILLAR 1	Social welfare reform. Immigration	EXTRAORDINARY PROCESS OF REGULARISING FOREIGN WORKERS	MTAS	Approved	-	NO		Workers regularised who are still registered for Social Security (number)
15	Guideline 2	PILLAR 1	Rationalisation of healthcare expenditure	STRATEGIC PLAN FOR PHARMACEUTICAL POLICY	MSC	Approved	-	NO	Act of Assurances and Rational Use of Medicines	Growth rate in pharmaceutical expenditure per prescription; Year-on-year growth rate in number of prescriptions; Year-on-year growth rate in expenditure per prescription; Growth rate in use of generic pharmaceuticals; Consumption of generic pharmaceuticals (year-on-year growth); Generic pharmaceuticals/Total medicines (%).
16	Guideline 2	PILLAR 1		QUALITY PLAN TO IMPROVE THE QUALITY AND COHESION OF THE NATIONAL HEALTH SYSTEM	MSC	Approved	-			% implementation of the Plan at 31 December 2006, to be reported in the first quarter of 2007

**PILLAR 2: STRATEGIC INFRASTRUCTURE AND TRANSPORT PLAN (PEIT) AND A.G.U.A. WATER PROGRAMME**

Pillar 2 specific objective	Increase the density of railways to 35 km/1,000 km2 of land area
	Reduce the road accident rate by 40%, to 9.5 fatalities per billion passenger-kilometres

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
17	Guideline 16	PILLAR 2	Roads	COMPLETE INTERNATIONAL ROAD CORRIDORS TO PORTUGAL AND FRANCE (PRIORITY PROJECTS IN THE TRANSEUROPEAN TRANSPORT NETWORKS)	MFOM	In process	Varies depending on project (within the PEIT's time-scale)	5,168 M Euro	Upkeep and Operation Plan (2007-2012); Plan	Stock of public capital/capita (thousand euro); Density of high capacity roads (km/1000 km2); Population living less than 30 km from a high-capacity road (%); Provincial capitals with direct access to the high-capacity road network (Number); Degree of implementation of the road transport section of the PEIT (%); Speed traps (Number); Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
18	Guideline 16	PILLAR 2		DEVELOPMENT OF A NETWORK OF HIGH-CAPACITY ROADS CONSISTING OF TOLL ROADS AND DUAL CARRIAGEWAYS TO CORRECT THE CURRENT RADIAL STRUCTURE	MFOM	In process	Varies depending on project (within the PEIT's time-scale)			
19	Guideline 16	PILLAR 2		IMPROVE AND STANDARDISE SERVICE CONDITIONS THROUGHOUT THE ROAD NETWORK	MFOM	Approved	-			
20	Guideline 11	PILLAR 2		INCREASE THE NUMBER OF SPEED TRAPS	MI	Approved	-			
21	Guideline 11	PILLAR 2		IMPLEMENTATION OF LICENCE POINTS	MI	Approved	-			
22	Guideline 16	PILLAR 2	Railways	DEVELOPMENT OF THE PRIORITY RAIL PROJECTS IN THE TRANSEUROPEAN NETWORK, INCLUDING INTEROPERABILITY BETWEEN THE SPANISH AND FRENCH NETWORKS	MFOM	In process	Varies depending on project (within the PEIT's time-scale)	7,624 M Euro		Degree of implementation of railway measures under PEIT (%); Population resident within 50 km of a high-speed railway station (%); Provincial capitals with direct access to high-speed railway (Number); Stock of public capital/capita (thousand euro); Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
23	Guideline 16	PILLAR 2		DEVELOPMENT OF A HIGH-PERFORMANCE RAILWAY NETWORK COMPRISING HIGH-SPEED LINES, UIC GAUGE, WITH MOST OF THE NETWORK SUITABLE FOR MIXED TRAFFIC	MFOM	In process	Varies depending on project (within the PEIT's time-scale)			
24	Guideline 16	PILLAR 2		IMPROVE CONVENTIONAL RAILWAY NETWORK AND GRADUALLY CONVERT IT TO INTERNATIONAL GAUGE	MFOM	In process	Varies depending on project (within the PEIT's time-scale)			
25	Guideline 16	PILLAR 2	Ports and maritime transportation	PROMOTE THE TWO FAST-SEA SHIPPING ROUTES IN THE PRIORITY PROJECTS IN THE TRANSEUROPEAN TRANSPORT NETWORKS	MFOM	In process	2008	1,621 M Euro	Bilateral agreements with France and Italy	Share of maritime transportation (% of total freight transportation); Capacity of the port system (mn tonnes/year); Degree of implementation of port-related measures under PEIT (%); Stock of public capital/capita (thousand euro); Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
26	Guideline 16	PILLAR 2		INCREASE CAPACITY OF THE PORT SYSTEM, PARTICULARLY OUTSIDE THE MAINLAND	MFOM	In process	-			
27	Guideline 16	PILLAR 2		IMPROVE INTERMODALITY BETWEEN MARITIME AND TERRESTRIAL TRANSPORTATION, FOCUSING PARTICULARLY ON RAIL ACCESS TO PORTS	MFOM	In process	Final time-scale of the PEIT to be specified in sector plans			
28	Guideline 14	PILLAR 2		REFORM OF THE REGULATIONS GOVERNING MARITIME TRANSPORTATION	MFOM/MJ	In process	2007		Draft Maritime Navigation Act, before Parliament	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
29	Guideline 16	PILLAR 2	Airports	CONSOLIDATION OF A MULTIPOLAR SYSTEM OF AIRPORTS WITH SUFFICIENT CAPACITY TO HANDLE PROJECTED DEMAND, FOCUSING PARTICULARLY WITH ENSURING APPROPRIATE CONNECTIONS WITH THE ISLANDS AND OFF-SHORE TERRITORIES	MFOM	In process	-	1,900 M€		Capacity of the airport system (million passengers/year); Airport operations per year (million); Degree of implementation of airport-related measures under the PEIT (%); Stock of public capital/capita (thousand euro); Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
30	Guideline 16	PILLAR 2		ACTIVE PARTICIPATION BY SPAIN IN THE SINGLE EUROPEAN SKY PROJECT	MFOM	Approved	-			
31	Guideline 16	PILLAR 2	Intermodal transportation	ACTIONS ON INTERMODAL FREIGHT INFRASTRUCTURE: NODES AND CORRIDORS	MFOM	In process	Final time-scale of the PEIT to be specified in sector plans	Included in other Pillar 2 items		Stock of public capital/capita (thousand euro); Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
32	Guideline 16	PILLAR 2		DEFINITION OF THE FRAMEWORK FOR INTERMODAL FREIGHT TRANSPORT SERVICES	MFOM	In process	Final time-scale of the PEIT to be specified in sector plans			
33	Guideline 16	PILLAR 2		IMPROVEMENT IN INTERMODALITY OF PASSENGER TRANSPORT	MFOM	In process	Final time-scale of the PEIT to be specified in sector plans			
34	Guideline 16	PILLAR 2		IMPROVE INTEGRATION OF INFRASTRUCTURE PROJECTS (MAINLY ROAD AND RAIL) WITH CITIES	MFOM	In process	First phase of noise map on major routes: 2007			
35	Guideline 16	PILLAR 2		PROGRESS IN COORDINATION AND INTEGRATION OF URBAN AND METROPOLITAN TRANSPORT SYSTEMS (HIGH-OCCUPANCY VEHICLE LANES)	MFOM	In process	Varies with project in the projects that are under way			
36	Guideline 7	PILLAR 2		SPECIFIC RDI IN TRANSPORTATION	MFOM	In process	-			
37	Guideline 11	PILLAR 2	A.G.U.A. Water Programme	OPTIMISATION OF IRRIGATION INFRASTRUCTURE	MMA	In process	2008	675 M€		Degree of budgetary implementation of the AGUA programme (%): (i) optimisation of irrigation infrastructure; (ii) desalination for irrigation; (iii) optimisation of water supply infrastructure; (iv) wastewater treatment; (v) treatment and re-use; (vi) Re-use; (vii) Other measures
38	Guideline 11	PILLAR 2		DESALINATION FOR IRRIGATION	MMA	In process	2008			
39	Guideline 11	PILLAR 2		OPTIMISATION OF WATER SUPPLY INFRASTRUCTURE	MMA	In process	2008			
40	Guideline 11	PILLAR 2		DESALINATION FOR WATER SUPPLY	MMA	In process	2008			
41	Guideline 11	PILLAR 2		WASTEWATER TREATMENT	MMA	In process	2008			
42	Guideline 11	PILLAR 2		TREATMENT AND RE-USE	MMA	In process	2008			
43	Guideline 11	PILLAR 2		RE-USE	MMA	In process	2008			
44	Guideline 11	PILLAR 2		OTHER MEASURES IN THE AGUA PROGRAMME	MMA	In process	2008			

**PILLAR 3: INCREASING AND ENHANCING HUMAN CAPITAL**

Pillar 3 specific objective	Halve the premature school abandonment rate (to 15%)
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Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
45	Guideline 23	PILLARS 3 & 6	Measures to improve early-age schooling and work-life reconciliation	INCREASE SCHOOL PLACES FOR CHILDREN AGED 0-3	MEC/MTAS	Approved	-	Total LOE*: 1094 M€	Education Organic Act and National Strategic Plan for Childhood and Adolescence	Schooling at age 2 (%)
46	Guideline 23	PILLARS 3 & 6		100% OF CHILDREN AGED 3-6 IN SCHOOL, AND ALL PLACES FREE OF CHARGE BY 2010	MEC	Approved	-		LOE	Schooling at age 3 (%)
47	Guideline 23	PILLAR 3	Measures to improve early-age schooling	TEACHING OF A FOREIGN LANGUAGE AND INTRODUCTION TO INFORMATION AND COMMISSION TECHNOLOGIES IN THE SECOND STAGE OF NURSERY SCHOOL	MEC	Approved	-		LOE	Students aged 3 to 6 learning a foreign language (%)
48	Guideline 23	PILLAR 3		NEW CURRICULUM FOR NURSERY SCHOOLING	MEC	Approved	-		Royal Decree 1630/2006, establishing minimum curriculum for the second cycle of infant schooling	
49	Guideline 23	PILLAR 3	Measures to improve primary education	NEW CURRICULUM FOR PRIMARY EDUCATION	MEC	Approved	-		LOE  Royal Decree 1513/2006, of 7 December, establishing minimum curriculum for primary schooling  Implementing regulations issued by the Autonomous Communities	Suitability rate in primary schooling (% of students in the grade corresponding to their age)
50	Guideline 23	PILLAR 3		CATER FOR STUDENT DIVERSITY BY ADAPTING TEACHING TO THEIR CHARACTERISTICS AND NEEDS	MEC	Approved	-			
51	Guideline 23	PILLAR 3		FOSTER ACQUISITION OF BASIC SKILLS TO ENSURE LEARNING IN THE FUTURE	MEC	Approved	-			
52	Guideline 23	PILLAR 3		DETECT LEARNING DIFFICULTIES AND PROVIDE NECESSARY REINFORCEMENT AND SUPPORT MECHANISMS	MEC	Approved	-			
53	Guideline 23	PILLAR 3		OPTIONAL SECOND FOREIGN LANGUAGE IN THIRD STAGE OF PRIMARY SCHOOL	MEC	Approved	-			
54	Guideline 23	PILLAR 3	Measures to improve compulsory secondary education	ENSURE COMMON LEARNING IN THE FIRST YEARS OF COMPULSORY SECONDARY EDUCATION	MEC	Approved	-		LOE	Graduates from compulsory secondary education (%); (% of students in year corresponding to their age); Students who are behind before reaching 4th year of compulsory secondary education (%); PISA Report results: Reading comprehension (%); PISA Report results: Mathematics (%); PISA Report results: Science; Foreign language learning: percentage of students in competency levels 1 and 2 (the lowest) according to national assessments
55	Guideline 23	PILLAR 3		FAVOUR ORIENTATION AND TRAINING OPTIONS THAT ARE MOST APPROPRIATE TO STUDENTS' NEEDS AND INTERESTS IN THE FINAL YEAR OF COMPULSORY SECONDARY EDUCATION	MEC	Approved	-		Royal Decree 1631/2006, of 29 December, establishing minimum curriculum for compulsory secondary education (ESO)	
56	Guideline 23	PILLAR 3		AUTONOMY ON THE PART OF SCHOOLS TO ORGANISE GROUPS AND SUBJECTS FLEXIBLY	MEC	Approved	-		LOE	
57	Guideline 23	PILLAR 3	Measures to integrate immigrant students	MORE RESOURCES FOR ACTIONS TO FACILITATE THE INTEGRATION OF IMMIGRANT STUDENTS	MTAS/MEC	In process	2007		Agreements between the Education Ministry and the Autonomous Communities, and implementing regulations issued by the Autonomous Communities	Number of foreign students per 1,000 students registered for compulsory secondary education
58	Guideline 23	PILLAR 3		REGIONAL GOVERNMENTS MUST ADOPT MEASURES TO ENSURE THAT STUDENTS WITH SPECIAL EDUCATIONAL NEEDS, SUCH AS IMMIGRANTS, ARE DISTRIBUTED AMONG PUBLIC SCHOOLS AND SUBSIDISED PRIVATE SCHOOLS	MEC	Approved	-			



Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
59	Guideline 23	PILLAR 3	Measures to increase efficiency in the use of educational resources	REINFORCEMENT, ORIENTATION AND SUPPORT PROGRAMMES AGREED WITH THE EDUCATION ADMINISTRATIONS TO SOLVE PROBLEMS IN COMPULSORY EDUCATION	MEC	Approved	-	Total LOE*: 664 M€	Agreements between the Ministry of Education and the Regional Governments	Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)
60	Guideline 23	PILLAR 3		PROGRAMMES TO REINFORCE FOREIGN LANGUAGES AND ATTEND TO DIVERSITY AGREED WITH THE EDUCATION ADMINISTRATIONS	MEC	Approved	-		Agreements with the Autonomous Communities within the Plan to Support the implementation of the Education Organic Act (Plan in Support of Foreign Languages, PALE)	
61	Guideline 23	PILLAR 3		MORE STUDY GRANTS AND AID	MEC	Approved	-		Ministerial Order ECI 2128/2007, of 18 June, published in the Official Gazette on 14 July 2007	
62	Guideline 23	PILLAR 3	Measures to improve the final stage of secondary education ("Bachillerato")	THE EDUCATION ORGANIC ACT ORGANISES BACHILLERATO MORE FLEXIBLY TO ENABLE STUDENTS TO TAKE THE SUBJECTS MOST IN LINE WITH THEIR INTERESTS AND GOALS	MEC	Approved	-		Education Organic Act and Royal Decree on Minimum Curriculum for non-compulsory secondary education (Bachillerato) currently being drafted	Graduation rate in Bachillerato and Mid-level Vocational Training (%); Premature school abandonment (% of population aged 18 to 24 who have completed compulsory education but are not pursuing further studies)
63	Guideline 23	PILLAR 3	Measures to improve vocational education	CREATION OF A NATIONAL SYSTEM OF QUALIFICATIONS AND PROFESSIONAL TRAINING	MEC	Approved	-		Act 5/2002, of 19 June, on Qualifications and Professional Training	Graduation rate in Bachillerato and Mid-level Vocational Training (%); Premature school abandonment (% of population aged 18 to 24 who have completed compulsory education but are not pursuing further studies)
64	Guideline 23	PILLAR 3		ENSURE QUALITY IN PROFESSIONAL TRAINING AND THE TRANSFER OF CREDITS WITHIN EUROPE	MEC	In process	2008		Royal Decree 1538/2006, of 15 December, establishing the general regulations for Vocational Training within the education system Education Organic Act, Autonomous Community plans and institutional agreements Royal Decree to Regulate Professional Education	
65	Guideline 23	PILLAR 3		PROMOTE MOBILITY BY STUDENTS AND TEACHERS	MEC	In process	2007			
66	Guideline 23	PILLAR 3		MAKE ACCESS AND THE TRANSITION BETWEEN PROFESSIONAL TRAINING, BACHILLERATO AND UNIVERSITY MORE FLEXIBLE	MEC	Approved	-			
67	Guideline 23	PILLAR 3		ATTEND TO SPECIFIC TRAINING NEEDS OF TEACHERS IN PROFESSIONAL EDUCATION	MEC	Approved	-			
68	Guideline 23	PILLAR 3		UPDATE QUALIFICATIONS IN LINE WITH THE NATIONAL CATALOGUE	MEC	In process	2007			
69	Guideline 23	PILLAR 3	Measures to improve higher education	REGULATIONS TO ENABLE SPAIN TO CONVERGE WITH EUROPEAN IN HIGHER EDUCATION BY 2010	MEC	Approved	-	Royal Decree 55/2005 and Royal Decree 56/2005 both amended by Royal Decree 1509/2005	Graduates from the higher stage of secondary education (20-24 years, %); Percentage of higher-level graduates in science, mathematics and technology; Admissions to university and third-level (number).	
70	Guideline 23	PILLAR 3		IMPLEMENTATION OF NEW CURRICULA FOR OFFICIAL GRADUATE AND POST-GRADUATE QUALIFICATIONS BY 2010	MEC	In process	2006-2010			
71	Guideline 23	PILLAR 3		REFORM OF THE UNIVERSITIES ORGANIC ACT	MEC	Approved	-	Organic Act 4/2007, amending the Universities Organic Act 6/2001		
72	Guideline 23	PILLAR 3		CREATION OF A STATE-WIDE COUNCIL OF STUDENTS	MEC	In process	2007	Organic Act 4/2007, amending the Universities Organic Act 6/2001		
73	Guideline 23	PILLAR 3	Measures to favour universal permanent access to education	MAKE ACCESS MORE FLEXIBLE AND INCREASE MOBILITY IN POST-COMPULSORY EDUCATION	MEC	Approved	-	Education Organic Act, Universities Organic Act and Royal Decree on non-compulsory secondary education (Bachillerato) (currently being drafted)	Admission to university/third-level (number)	
74	Guideline 23	PILLAR 3		FLEXIBLE LEARNING OFFERS THAT ENABLE PEOPLE WHO LEFT THE EDUCATION SYSTEM WITHOUT A QUALIFICATION TO OBTAIN BASIC SKILLS AND, POTENTIALLY, A QUALIFICATION	MEC	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
75	Guideline 24	PILLAR 3	Reform of the system of ongoing training for employed and unemployed to favour life-long learning	CREATION OF THE SUBSYSTEM OF PROFESSIONAL TRAINING FOR EMPLOYMENT THAT DOES NOT DISTINGUISH BETWEEN OCCUPATIONAL PROFESSIONAL TRAINING AND ONGOING PROFESSIONAL TRAINING	MTAS	Approved	-	2,236 M euro	Royal Decree 395/2007, of 23 March, regulating the subsystem of Vocational Training for Employment	Population aged 30-64 receiving ongoing training (%); Persons in employment receiving training for employment (Number); Expenditure per worker receiving training for employment (euro); Training and on-the-job practice contracts (Number); Companies with training for employment programmes (Number); Civil servants receiving training for employment; individual training leaves of absence (number)
76	Guideline 24	PILLAR 3		NEW TRAINING PLANS FOR COMPANIES	MTAS,MITYC	Approved	-		IV Public Administrations Continuous Training Agreement (BOE 19/11/05); Regulations for developing training plans under the IV Agreement (BOE 26/10/06); INAP resolutions on aid grants under the IV Agreement (BOE 30/03/06).	
77	Guideline 24	PILLAR 3		IMPROVE CONTINUOUS TRAINING FOR CIVIL SERVANTS IN ALL ADMINISTRATIONS	MAP	Approved	-		Royal Decree 395/2007, of 23 March, regulating the subsystem of Vocational Training for Employment	
78	Guideline 24	PILLAR 3		REFORM OF THE MODEL OF CONTINUOUS TRAINING FOR EMPLOYED AND UNEMPLOYED TO FAVOUR LIFE-LONG LEARNING	MTAS	Approved	-			
79	Guideline 24	PILLAR 3		GUARANTEE ACCREDITATION OF PROFESSIONAL SKILLS ACQUIRED VIA TRAINING OR ON-THE-JOB EXPERIENCE	MTAS	Approved	-			
80	Guideline 24	PILLAR 3		SYSTEM OF SOCIAL SECURITY REBATES FOR EMPLOYERS WHICH PROVIDE TRAINING TO EMPLOYEES	MTAS	Approved	-	Available credit: 617 M euro		
81	Guideline 24	PILLAR 3		INDIVIDUAL LEAVES OF ABSENCE FOR TRAINING	MTAS	Approved	-			
82	Guideline 24	PILLAR 3		TRAINING CONTRACT	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	
83	Guideline 24	PILLAR 3		NEW TRAINING PLANS	MTAS	Approved	-			
84	Guideline 24	PILLAR 3		PUBLIC PROGRAMMES OF EMPLOYMENT-TRAINING	MTAS	Approved	-		Royal Decree 1558/2005 regulating the requirements for Integrated Professional Training Centres	
85	Guideline 24	PILLAR 3		CREATION OF A NETWORK OF INTEGRATED PROFESSIONAL TRAINING CENTRES	MTAS/MEC	Approved	-		Royal Decree 1558/2005 regulating the requirements for Integrated Professional Training Centres	
86	Guideline 24	PILLAR 3		CREATION OF NATIONAL CENTRES OF REFERENCE SPECIALISED BY PRODUCTION SECTOR	MTAS/MEC	Approved	-		Royal Decree regulating National Reference Centres	
87	Guidelines 8, 9 and 24	PILLARS 3 & 4	Information Society	AVANZ@ PLAN: HOMES	MITYC	Approved	-	Included in "Information Society" in Pillar 4	Approved by the Cabinet on 4 November 2005	Homes with broadband access (%); Homes with Internet access (%); Population that regularly uses the internet (%); Persons shopping via the internet (%); Percentage of the population that took a computer course in the last year (%)
88	Guidelines 8, 9 and 24	PILLARS 3 & 4		AVANZ@ PLAN: EDUCATION	MITYC, MEC	Approved	-		Approved by the Cabinet on 4 November 2005	Schools with broadband access (%); Individuals who have used the internet for learning and teaching purposes (%)

\* includes budget for all Public Administrations

PILLAR 4: RESEARCH AND INNOVATION STRATEGY (INGENIO 2010)

Pillar 4 specific objective				Double investment in R&D to 2% of GDP Converge with Europe in the Information Society (ICT/GDP)							
Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator	
87	Guidelines 8, 9 and 24	PILLARS 3 & 4	Information Society	AVANZ@ PLAN: HOMES	MITYC	Approved	-	1539 M€	Approved by the Cabinet on 4 November 2005	Homes with broadband access (%); Homes with Internet access (%); Population that regularly uses the internet (%); Persons shopping via the internet (%); Percentage of the population that took a computer course in the last year (%). Synthetic indicator of the status of the Information Society in Spain	
88	Guidelines 8, 9 and 24	PILLARS 3 & 4		AVANZ@ PLAN: EDUCATION	MITYC, MEC	Approved	-		Approved by the Cabinet on 4 November 2005	Number of students per computer; Schools with broadband access (%); Individuals who have used the internet for learning and teaching purposes (%). Synthetic indicator of the status of the Information Society in Spain	
89	Guidelines 8 and 9	PILLARS 4 & 5		AVANZ@ PLAN: COMPANIES	MITYC	Approved	-		Approved by the Cabinet on 4 November 2005	Companies with over 10 employees that have their own web site (%); Companies with internet access (%); Companies with broadband internet access (%); Companies that sell via the internet (%). Synthetic indicator of the status of the Information Society in Spain	
90	Guidelines 8 and 9	PILLARS 4 & 5		AVANZ@ PLAN: E-ADMINISTRATION	MITYC, MAP, MJ	Approved	-		Approved by the Cabinet on 4 November 2005	Persons using the internet for relations with the Administration, to download official forms (%); Companies interacting with the Administration via the internet (%); Availability of the 20 basic services of eEurope (%); Availability and use of e-Administration	
91	Guidelines 7, 8 and 10	PILLAR 4	CENIT Programme	CENIT PROJECTS	MITYC	Approved	-	367 M€		High technology exports (%); Seed capital investment as % of GDP; Spain's scientific output as % of world total; Returns on Framework Programme (%); Patents registered at European Patent Office (per million people)	
92	Guidelines 7, 8 and 10	PILLARS 4 & 7		NEOTEC VENTURE CAPITAL FUND OF FUNDS FOR TECH COMPANIES (CENIT PROGRAMME)	MITYC	Approved	-				
93	Guidelines 7, 8 and 10	PILLAR 4		TORRES-QUEVEDO PROGRAMME FOR PH.D. SECONDMENT TO COMPANIES (CENIT PROGRAMME)	MEC	Approved	-				
94	Guideline 7	PILLAR 4	CONSOLIDER Programme	CONSOLIDER PROJECTS TO CREATE EXCELLENT RESEARCH GROUPS	MEC	Approved	-	388 M€	Official Gazette no. 83 of 7 April 2006, p. 13770-13777	High technology exports (%); Seed capital investment as % of GDP; Spain's scientific output as % of world total; Returns on Framework Programme (%); Patents registered at European Patent Office (per million people)	
95	Guideline 7	PILLAR 4		CIBER PROJECTS TO CREATE STABLE RESEARCH STRUCTURES IN THE FIELD OF HEALTHCARE (CONSOLIDER PROGRAMME)	MSC	Approved	-				
96	Guideline 7	PILLAR 4		I3 TO INCENTIVATE, INTEGRATE AND INTENSIFY RESEARCH ACTIVITY (CONSOLIDER PROGRAMME)	MEC	Approved	-		Agreement at the Third Conference of Presidents		
97	Guideline 7	PILLAR 4		CONSOLIDER PROGRAMME (RESEARCH CRITICAL MASS AND EXCELLENCE): FUND FOR LARGE SCIENTIFIC AND TECHNOLOGICAL FACILITIES	MEC	Approved	-				
98	Guideline 7	PILLAR 4	Management of Research & Innovation	IMPROVE MANAGEMENT AND ASSESSMENT OF RESEARCH AND INNOVATION: INTEGRATED MONITORING AND ASSESSMENT SYSTEM (SISE)	MEC	Approved	-	NO	SISE report approved by CICYT on 26 April 2006		
99	Guideline 7	PILLAR 4		AGENCIES ACT	MAP	Approved	-		Official Gazette no. 171 of 19 July 2007, pag. 27124-27132		
100	Guideline 7	PILLAR 4		REFORM OF THE UNIVERSITIES ORGANIC ACT (LOU)	MEC	Approved	-		Official Gazette no. 89 of 13 April 2007, pag. 16241-16260		
101	Guideline 7	PILLAR 4		REGULATION UNDER THE GENERAL SUBSIDIES ACT	MEH	Approved	-		Royal Decree 887/2006, of 21 July, approving the Regulation under the General Subsidies Act (BOE 25 July)		
102	Guideline 7	PILLAR 4		PUBLIC SECTOR PROCUREMENT ACT, R&D	MEH	In process	2007		Draft Public Sector Procurement Act and Draft Act on procurement procedures in the water, energy and transport sectors and in postal services		
312	Guideline 7	PILLAR 4	Management of Research & Innovation	BIOMEDICAL RESEARCH ACT	MSC	Approved	-	NO	Official Gazette. no. 154 of 4 July 2007, pag 28826-28848	Number of RDI Information Points in Spain	
313	Guideline 7	PILLAR 4		INFORMATION SOCIETY EXTENSION ACT	MITYC	In process	-	NO	Official Gazette no. 150 of 23 June 2007, pag. 27150-27166		
314	Guideline 7	PILLAR 4		CITIZENS' ELECTRONIC ACCESS TO THE ADMINISTRATION ACT	MITYC	Approved	-	NO			
315	Guideline 7	PILLAR 4		RDI INFORMATION POINTS	MITYC	Approved	-	1 M€			
316	Guideline 7	PILLAR 4	EuroIngenio	EUROCIENCIA	MEC	Approved	-	2.2 M€	Agreement at the Third Conference of Presidents	Spain's % share in the 7th Framework Programme, % of projects headed by Spain in the 7th FP	
317	Guideline 7	PILLAR 4		EUROSALUD	MSC	Approved	-	1.6M€			
318	Guideline 7	PILLAR 4		TECNOEUROPA	MITYC	Approved	-	8.8M€			
319	Guideline 7	PILLARS 4 & 7		INNOEUROPA	MITYC	Approved	-	2.5M€			
320	Guideline 7	PILLAR 4		EUROINGENIO FUND	MITYC	Approved	-				

PILLAR 5: MORE COMPETITION, BETTER REGULATION, EFFICIENCY OF THE PUBLIC ADMINISTRATIONS, AND COMPETITIVENESS

Pillar 5 specific objective	Improve Spain's position in competitiveness indicators, converging on the European average in cases where we are below
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Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator				
89	Guidelines 8 and 9	PILLARS 4 & 5	Information Society	AVANZ@ PLAN: DIGITAL ECONOMY	MITYC	Approved	-	Included in "Information Society" in Pillar 4	Approved by the Cabinet on 4 November 2005	Companies with over 10 employees that have their own web site (%); Companies with internet access (%); Companies with broadband internet access (%); Companies that sell via the internet (%)				
90	Guidelines 8 and 9	PILLARS 4 & 5		AVANZ@ PLAN: E-ADMINISTRATION	MITYC, MAP, MJ	Approved	-		Approved by the Cabinet on 4 November 2005	Persons using the internet for relations with the Administration, to download official forms (%); Companies interacting with the Administration via the internet (%); Availability of the 20 basic services of eEurope (%); Availability and use of e-Administration				
103	Guideline 9	PILLAR 5	Electronic and audiovisual communications	INCENTIVATE ENTRY OF FOURTH MOBILE TELEPHONY OPERATOR WITH UMTS LICENCE	MITYC	Approved	-	On 7 July 2005, the Ministry of Industry, Transport and Trade granted 3 concessions, by competitive tender, to provide 900 MHz GSM mobile telephony services, to Telefónica Móviles and France Télécom	no legislation required	Market share of top 3 mobile telephony companies - C3 (%); Mobile communications prices (baseline 2000); Fixed communications prices (2000 baseline)				
104	Guideline 9	PILLAR 5		THE GOVERNMENT WILL UNDERTAKE A PLAN TO EXTEND BROADBAND TO COVER PRACTICALLY THE ENTIRE POPULATION BY 2010	MITYC	Approved	-		Part of the Avanza Plan	ADSL coverage ratio (%); Broadband lines per capita (%)				
105	Guideline 14	PILLAR 5		DRAFT A REGULATION ON THE RADIOELECTRIC SPECTRUM TO INCLUDE RULES ON AUTHORISING THE TRANSFER OF SPECTRUM	MITYC	In process	2008		The first drafts are being drawn up, including the criteria being established in the process of defining the new regulatory framework for electronic communications, currently being negotiated within the EU.	Mobile communications prices (baseline 2000); Fixed communications prices (2000 baseline)				
106	Guideline 14	PILLAR 5		DRAFT A CODE OF GOOD PRACTICES BY AGREEMENT BETWEEN MOBILE OPERATORS AND CITY GOVERNMENTS REGARDING DEPLOYMENT OF MOBILE TELEPHONY ANTENNAS	MITYC	Approved	-		The Code was signed on 13 December 2005. 1070 city governments signed					
321	Guideline 14	PILLAR 5		MOBILE TELEPHONY EXTENSION PLAN	MITYC	Approved	-		Decision by the Government's Standing Commission for Economic Affairs establishing the conditions that must ensure that the universal service is affordable					
322	Guideline 14	PILLAR 5		ENSURE THE AFFORDABILITY OF OFFERS APPLICABLE TO THE SERVICES INCLUDED IN THE UNIVERSAL SERVICE	MITYC	Approved	-		Regulatory measures. Pending the new framework for electronic communications being analysed by the EU					
323	Guideline 14	PILLAR 5		STIMULUS FOR THE DEPLOYMENT OF HIGH-CAPACITY ELECTRONIC COMMUNICATIONS NETWORKS	MITYC	In process	First half of 2008		Regulatory measures.					
324	Guideline 14	PILLAR 5		NEW LEGAL FRAMEWORK FOR RADIO SPECTRUM	MITYC	In process	Approval by Council of Ministers and European Parliament in 2008-2009							
325	Guideline 14	PILLAR 5		STRENGTHEN TELECOMMUNICATIONS USERS' RIGHTS	MITYC	In process								
326	Guideline 14	PILLAR 5		NEW REGULATORY FRAMEWORK FOR ELECTRONIC COMMUNICATIONS	MITYC	In process								
107	Guideline 14	PILLAR 5	Electronic and audiovisual communications	DRAFT GENERAL AUDIOVISUAL ACT TO HARMONISE EXISTING AUDIOVISUAL LEGISLATION AND ADAPT IT TO THE NEW TECHNOLOGICAL AND SOCIAL CONTEXT	MITYC	Under study	end 2007		There will be a review of the draft General Audiovisual Act in order to transpose the new TV Without Frontiers Directive, which will be approved shortly.	RTVE deficit (million)				
108	Guideline 14	PILLAR 5		AN INDEPENDENT STATE-WIDE REGULATOR WILL BE ESTABLISHED FOR THE AUDIOVISUAL SECTOR	MITYC	Under study			There will be a review of the draft Act for the National Audiovisual Media Council in order to transpose the new TV Without Frontiers Directive, which will be approved shortly.					
327	Guideline 14	PILLAR 5		REGULATION OF MOBILE DIGITAL TERRESTRIAL TELEVISION (MOBILE DTT) AND MOBILE DIGITAL SATELLITE TELEVISION	MITYC	In process			Draft act regulating mobile TV and digital satellite radio					
328	Guideline 14	PILLAR 5		DIGITAL SATELLITE RADIO	MITYC	In process			Draft act regulating mobile TV and digital satellite radio					
329	Guideline 14	PILLAR 5		DTT TRANSITION PLAN	MITYC	In process			Approval of the DTT Transition Plan					
109	Guideline 14	PILLAR 5		ENSURE QUALITY AND INDEPENDENCE OF THE STATE-OWNED RADIO & TELEVISION ACT, BY PROVIDING THE PUBLIC RADIO-TELEVISION WITH BALANCED BUDGETS AND CONTROLS TO ENSURE EFFICIENCY AND RESPONSIBLE MANAGEMENT.	MEH	Approved			-		State-owned Radio and Television Act			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
110	Guideline 15	PILLAR 5	Retail trade	DEVELOP TRAINING PLANS FOR ENTREPRENEURS, DISSEMINATE AND PROMOTE BEST PRACTICES, AND INCLUDE NEW TECHNOLOGIES TO IMPROVE MANAGEMENT	MITYC	Approved	-	75.2 M€	Internal Trade Action Plan	Retail companies (CNAE-52) with less than 2 employees (number); Retail companies (CNAE-52) with 2-49 employees (number); Retail companies (CNAE-52) with over 49 employees (number)
111	Guideline 13	PILLAR 5		INCREASE NUMBER OF OPERATORS IN THE NETWORK OF WHOLESALE MARKETS (MERCAS) BY FACILITATING THE ENTRANCE OF NEW OPERATORS SUCH AS AGRICULTURAL COOPERATIVES AND OTHER ASSOCIATIONS	MITYC	Approved	-		Internal Trade Action Plan	Wholesale operators in the MERCAS network (number)
112	Guideline 13	PILLAR 5		IMPROVE THE SYSTEM OF ADMINISTRATIVE AUTHORISATION FOR OPENING COMMERCIAL ESTABLISHMENTS	MITYC	Under study	-		Internal Trade Action Plan	
113	Guideline 14	PILLAR 5		PUBLISH HALF-YEARLY REPORT ON FOOD AND CONSUMER GOODS PRICES, BY RETAIL FORMAT	MITYC	Approved	-		Internal Trade Action Plan	
114	Guideline 14	PILLAR 5		DRAFT AND PUBLISH AN INDEX OF RETAIL MARGINS FOR FRESH FOODS AND CREATE A FOOD PRICE OBSERVATORY	MITYC/MAPA	Approved	-		Internal Trade Action Plan	
115	Guideline 15	PILLAR 5		PROMOTE TRADE ASSOCIATIONS THROUGH THE ESTABLISHMENT OF PURCHASING COOPERATIVES, FRANCHISE NETWORKS, AND COOPERATIVES OF RETAILERS AND WHOLESALERS TO PROVIDE COMBINED OFFERINGS	MITYC	Approved	-	10.9 M€	Internal Trade Action Plan	
116	Guideline 11	PILLAR 5	Energy sectors	DEVELOP A NEW SYSTEM OF CAPACITY GUARANTEE PAYMENTS TO ENSURE SUPPLY IN THE MEDIUM TERM	MITYC	Approved	-		Royal Decree 1634/2006, of 29 December, establishing the electricity tariff; Act 17/2007, amending the Electricity Sector Act 54/1997; Ministerial Order ITC 2370/2007, of 26 July, regulating interruptibility for customers buying power in the wholesale market. Order ITC/2794/2007, of 27 September, revising the electricity tariffs from 1 October 2007, including the regulation of capacity payments.	
117	Guideline 11	PILLAR 5		MAKE CONSTRUCTION OF ELECTRICITY TRANSMISSION NETWORKS MORE AGILE	MITYC	In process	dic-07		Planning of the Electricity and Gas Sectors 2002-2011 Revision 2005-2011; Act 17/2007 amending the Electricity Sector Act 54/1997; Planning 2007-2016 of the gas and electricity infrastructure. Order ITC/3126/2005 approving the regulations for technical management of the gas system; Resolution dated 25 July 2006, by the Directorate-General of Energy Policy and Mines, regulating the conditions for assignment and the procedure for application of interruptibility in the gas system. (Official State Gazette); Act 17/2007 amending the Electricity Sector Act 54/1997; Act 12/2007 amending the Hydrocarbons Act 34/1998	
118	Guideline 11	PILLAR 5		IMPROVE MECHANISMS FOR COORDINATING TECHNICAL MANAGEMENT OF THE GAS SYSTEM WITH OPERATION OF THE ELECTRICITY SYSTEM	MITYC	Approved	-		NO	
119	Guideline 11	PILLAR 5		DEVELOP RULES FOR TECHNICAL MANAGEMENT OF THE GAS SYSTEM SO AS TO IMPROVE MANAGEMENT PROCEDURES, AND THE BALANCE AND SUPPLY OF GAS, BY INTRODUCING THE NECESSARY MECHANISMS TO IMPROVE SUPPLY SECURITY AND MANAGE THE SYSTEM MORE EFFICIENTLY	MITYC	Approved	-		Order ITC/3126/2005 approving the technical rules for management of the gas system; Resolution dated 13 March 2006 establishing the detailed protocols for the rules for technical management of the gas system; General Secretariat of Energy Resolution dated 28 July 2006 amending section 3.6.3 "Viability of scheduling ship unloadings" of the Rules for Technical Management of the Gas System «NGTS-3 ; Directorate-General of Energy Policy and Mines Resolution dated 25 October 2006 approving the Winter Action Plan 2006-2007 for operation of the Gas System; Order ITC/3993/2006, of 29 December, establishing the remuneration for certain regulated activities in the gas industry; Directorate-General of Energy Policy and Mines Resolution dated 20 April 2007 amending certain Rules for the Technical Management of the Gas System and establishing a number of Detailed Protocols	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
120	Guideline 11	PILLAR 5	Energy sectors	INCREASE EFFICIENCY IN THE MECHANISMS FOR PLANNING, CONSTRUCTION AND OPERATION OF TRANSMISSION/TRANSPORTATION NETWORKS	MITYC	In process	dic-07		Planning of the Electricity and Gas Sectors 2002-2011; Revision 2005-2011; Act 12/2007 amending the Hydrocarbons Act 34/1998; Planning 2007-2016 of the gas and electricity infrastructure	Contribution by biofuels (% of total primary energy consumption); Renewable energy share of total primary energy
121	Guideline 11	PILLAR 5		PROMOTE THE PENETRATION OF BIOFUELS BY FACILITATING THEIR COMMERCIALISATION	MITYC	Approved	-		Act 12/2007 amending the Hydrocarbons Act 34/1998; biofuel consumption targets were set. <b>Pending</b> ; The mechanism for fulfilling those objectives has yet to be established by Ministerial Order.	
122	Guideline 12	PILLAR 5		REVIEW METHODOLOGY AND STRUCTURE OF TOLLS TO RESOLVE SITUATIONS OF CONGESTION AND IMPROVE EFFICIENCY IN THE USE OF THE NETWORKS, BY CREATING AN INTERRUPTIBLE TOLL	MITYC	Approved	-		Order ITC/4100/2005, establishing fees and tolls for third-party access to gas installations; Resolution dated 25 July 2006, by the Directorate-General of Energy Policy and Mines, regulating the conditions for assignment and the procedure for application of interruptibility in the gas system. (Official State Gazette 05/08/2006); Order ITC/3996/2006, of 29 December, establishing fees and tolls for third-party access to gas installations	
123	Guideline 13	PILLAR 5		DEFINITIVE SOLUTION FOR THE CTCs SO THAT THEY DO NOT INTERFERE WITH, OR DISTORT, PRICE DISCOVERY IN THE MARKET	MITYC	Approved	-		Royal Decree-Act 7/2006, of 23 June, adopting urgent measures in the energy sector.	
124	Guideline 13	PILLAR 5		REVISE REMUNERATION FOR NATURAL GAS DISTRIBUTION TO ENSURE QUALITY IN SUPPLY AND EFFICIENT DEPLOYMENT OF NEW INFRASTRUCTURE	MITYC	Approved	-		Order ITC/3993/2006, of 29 December, establishing the remuneration for certain regulated activities in the gas industry.	
125	Guideline 13	PILLAR 5		DEVELOP SECONDARY MARKETS IN GAS AND SPARE CAPACITY IN GAS INSTALLATIONS	MITYC	Approved	-		Order ITC/4100/2005 establishing the fees and tolls for third-party access to the gas installations; DGPEM Resolution dated 18 April 2007 establishing the operating rules for the auction for acquisition of gas for operation and primer gas for the period between 1 July 2007 and 30 June 2008; SGE Resolution dated 12 April 2007 establishing the auction procedure for the acquisition of natural gas for operating and priming gas transportation, regasification, and underground storage facilities; Royal Decree-Act 7/2006, adopting urgent measures in the energy sector.SGE resolution amending the percentages of assignment of underground storage capacity	Exchanges in the secondary markets (MWh)
126	Guideline 13	PILLAR 5		DESIGN INTERNATIONAL TRANSIT TOLLS	MITYC	Approved	-	NO	Order ITC/4100/2005, establishing fees and tolls for third-party access to gas installations.	Trend in energy exchanges with neighbouring countries (MWh) exchanges/total consumption
127	Guideline 13	PILLAR 5		REVISE REGULATORY FRAMEWORK SO AS TO STRENGTHEN THE INDEPENDENCE OF MANAGEMENT IN TRANSMISSION/TRANSPORTATION GRIDS AND THEIR OWNERSHIP STRUCTURES	MITYC	Approved	-		Act 17/2007 amending the Electricity Sector Act 54/1997; Act 12/2007 amending the Hydrocarbons Act 34/1998	Customer loyalty in retail natural gas and electricity markets. Gas/electricity supplied by supply companies that do not belong to the same business group as the distribution company (%)
128	Guideline 13	PILLAR 5		CREATE A DATA BASE SHARED BY THE REGIONAL GOVERNMENTS ON POINTS OF SUPPLY OF PETROLEUM PRODUCTS	MITYC	Approved	-		Order ITC/2308/2007, of 25 July, determining the method of reporting to the Industry Ministry about activities involving the supply of petroleum products.	Differential with respect to EU-15 in pre-tax price of diesel. Differential with respect to EU-15 in pre-tax price of petrol
129	Guideline 13	PILLAR 5		IMPROVE REMITTAL OF PRICE DATA FROM SERVICE STATIONS TO THE MINISTRY OF INDUSTRY, TOURISM AND COMMERCE	MITYC	Approved	-		Order ITC/2308/2007, of 25 July, determining the method of reporting to the Industry Ministry about activities involving the supply of petroleum products.	Differential with respect to EU-15 in pre-tax price of diesel; Differential with respect to EU-15 in pre-tax price of petrol
130	Guideline 13	PILLAR 5		IMPROVE TRANSPARENCY IN THIRD-PARTY ACCESS TO TRANSMISSION/TRANSPORTATION INSTALLATIONS	MITYC	Approved	-		Royal Decree-Act 7/2006, of 23 June, adopting urgent measures in the energy sector; General Secretariat of Energy Resolution dated 28 July 2006 amending section 3.6.3 "Viability of scheduling ship unloading operations" of the Rules for Technical Management of the Gas System «NGTS-3»; General Secretariat of Energy resolution amending the percentages of assignment of underground storage capacity, and the procedure for assignment (2007); Act 12/2007 amending the Hydrocarbons Act 34/1998	Customer loyalty in retail natural gas and electricity markets. Gas/electricity supplied by supply companies that do not belong to the same business group as the distribution company (%)
131	Guideline 13	PILLAR 5		ESTABLISH STANDARDISED FORMS OF CONTRACTS FOR ACCESS TO CLH'S LOGISTICS INSTALLATIONS, WHICH WILL BE SUBMITTED TO THE DIRECTORATE-GENERAL OF ENERGY POLICY AND MINES FOR APPROVAL OR MODIFICATION	MITYC	Approved	-		CLH has contracts for access to the facilities	
132	Guideline 13	PILLAR 5		REQUIRE ALL DENIALS OF ACCESS TO BE REPORTED TO THE CNE, EVEN IF THEY WERE NON-CONTENTIOUS	MITYC	Approved	-		Royal Decree 949/2001 (article 5) requires denials of access to be reported to the DGPEM and the CNE.	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
134	Guideline 16	PILLAR 5	Energy sectors	EXPAND ELECTRICITY CONNECTIONS WITH FRANCE AND PORTUGAL	MITYC	In process	-		International convention between the Kingdom of Spain and the Republic of Portugal to establish an Iberian market in electricity; Lisbon Agreement (8/3/07); Order ITC/843/2007 updating the system applicable for intracommunity and international interchanges of energy; Planning of the electricity and gas sectors 2002-2011; Revision 2005-2011; Planning 2007-2016 of the gas and electricity infrastructure  Order ITC/1865/2007, of 22 June, regulating forward trades in electricity by distributors in the second half of 2007 and first half of 2008; Order ITC/843/2007 updating the system applicable for intracommunity and international interchanges of energy; Lisbon Agreement (8/3/2007); Planning of the electricity and gas sectors 2002-2011; Revision 2005-2011; General Secretariat of Energy resolution dated 26 June 2007 amending the results of operation of the electricity production market.	Interchanges of electricity with neighbouring countries (MWh); outgoing electricity connection capacity with France (MW); incoming electricity connection capacity with France (MW); outgoing electricity connection capacity with Portugal (MW); incoming electricity connection capacity with Portugal (MW)
135	Guideline 16	PILLAR 5		CREATE THE IBERIAN ELECTRICITY MARKET	MITYC	Approved				Interchanges of electricity with neighbouring countries (MWh); outgoing electricity connection capacity with Portugal (MW); incoming electricity connection capacity with Portugal (MW)
136	Guideline 16	PILLAR 5		DEEPEN REFORMS TO REMOVE OBSTACLES TO SWITCHING SUPPLIER AND CONTINUE TO PROMOTE LIBERALISATION IN THE RETAIL GAS MARKET	MITYC	In process	dic-07		RD 1634/2006, of 29 December, establishing the electricity tariff; Act 12/2007 amending the Hydrocarbon Sector Act 34/1998 and Act 17/2007 amending the Electricity Sector Act 54/2007 so as to establish the Supplier Switching Office. Creation of last-resort supplier for gas: Royal Decree 1067/2007, of 27 July, regulating the implementation of the last-resort supply in the natural gas industry, Order ITC 2309/2007, of 30 July, establishing the mechanism for bundled tariff customers to transfer to the last-resort tariff for natural gas. Pending: creation of the Supplier Switching Office.	Customer loyalty in retail electricity markets (Electricity consumption supplied by supply companies that do not belong to the same business group as the distribution company) (%); customer loyalty in the retail natural gas markets; Gas supplied by supply companies that do not belong to the same business group as the distribution company (%)
137	Guidelines 11 and 13	PILLAR 5		NEW TRANSPARENT AND OBJECTIVE METHODOLOGY FOR SETTING THE ELECTRICITY TARIFF TO FAVOUR EFFICIENCY IN CONSUMPTION, PRODUCTION AND SUPPLY OF ELECTRICITY, WHILE BEING COMPATIBLE WITH THE FREE MARKET	MITYC	Approved	-	NO	Electricity tariff decree in January 2007; Order PRE/2017/2007, of 6 July, regulating the collection right corresponding to ex-ante financing of the deficit out of revenues from the settlement of the regulated activities, and procedure for auction; SGE and DGPEYM resolutions establishing the virtual power plant (VPP) auctions; Order ITC/400/2007, of 26 February, and subsequent implementing regulations for implementing auctions for bilateral contracts for electricity with physical delivery to distributors.	Electricity supplied in the liberalised market;
138	Guidelines 11 and 14	PILLAR 5		APPLY THE NEW METHODOLOGY FOR REMUNERATING ELECTRICITY DISTRIBUTION SO AS TO ACHIEVE EFFICIENCY IN NETWORK DEVELOPMENT	MITYC	Under study	ene-08		New methodology for remunerating distribution. Royal Decree pending approval. ORDER ITC/2670/2005, of 3 August, determining the information that electricity distributors must file with the National Energy Commission for the purposes of drawing up a proposal for a new methodology for remunerating distribution.	Electricity supply quality index (TIEPI)
330	Guidelines 11 and 14	PILLAR 5		MITIGATE CLIMATE CHANGE AND PROMOTE CLEAN ENERGY	MMA	Approved			Plan for Urgent Measures under the Spanish Strategy for Climate Change and Clean Energy, approved by the Cabinet on 20 July 2007. New regulation for the special	
364	Guidelines 11 and 14	PILLAR 5		NATIONAL ALLOCATION PLAN 2008-2012	MMA	Approved			Royal Decree 1370/2006 of 24 November	
331	Guidelines 11 and 14	PILLAR 5		STRENGTHEN STATE SUPERVISION OF THE FUNCTIONS OF THE TECHNICAL MANAGER OF THE GAS SYSTEM	MEH	Approved			Purchase by SEPI of 5% of ENAGAS	
139	Guidelines 11, 12 and 13	PILLAR 5		INCREASE INDEPENDENCE AND TRANSPARENCY IN THE MANAGEMENT OF THE GAS AND ELECTRICITY DISTRIBUTION NETWORKS	MITYC	Approved	-		Directorate-General of Energy Policy and Mines Resolution dated 1 February 2007 establishing the forms for presenting the accounting information established in Order ITC/2348/2006, of 14 July, which established the accounting rules for companies in the natural gas business; Act 17/2007 amending the Electricity Sector Act 54/1997; Act 12/2007 amending the Hydrocarbons Act 34/1998; ORDER ITC/4101/2005, of 27 December, establishing the tariffs for piped natural gas and city gas, meter rental and connection fees for consumers connected to supply networks at pressures of 4 bar or less.	Customer loyalty in retail electricity markets (Electricity consumption supplied by supply companies that do not belong to the same business group as the distribution company) (%); customer loyalty in the retail natural gas markets; Gas supplied by supply companies that do not belong to the same business group as the distribution company (%)
140	Guidelines 13 and 14	PILLAR 5		ELIMINATE TARIFFS FOR LARGE USERS OF NATURAL GAS IN THE MEDIUM TERM	MITYC	Approved	-		Act 12/2007 amending the Hydrocarbons Act 34/1998	Natural gas supplied in the liberalised market

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
365	Guideline 11	PILLAR 5	Sustainable Development	SPANISH STRATEGY ON CLIMATE CHANGE AND CLEAN ENERGY	MMA, MITYC	Approved	-		Cabinet on 20 July 2007	Water consumption per capita
366	Guideline 11	PILLAR 5		SPANISH STRATEGY FOR SUSTAINABLE DEVELOPMENT	MMA, MITYC, MFOM, MEH	In process				
141	Guideline 11	PILLAR 5		PROMOTE EFFICIENT USE OF WATER	MAA	Approved	-		Electric and electronic appliance waste (Royal Decree 208/2005); Management of used tyres (Royal Decree/1619/2005); Targets for recycling and re-use of packaging (Royal Decree 252/2006)	
142	Guideline 11	PILLAR 5		PROMOTE EFFICIENT USE OF NATURAL RESOURCES AND THE APPLICATION OF CLEAN TECHNOLOGIES	MMA	Approved	-		Royal Decree-Act 15/2005 on Urgent Measures to regulate transactions in water rights.	
332	Guideline 11	PILLAR 5		RENEWABLE ENERGY PLAN 2005-2010	MITYC	Approved	-		Renewable Energy Plan 2005-2010	
333	Guideline 11	PILLAR 5		ENERGY SAVING AND EFFICIENCY ACTION PLAN 2005-2007	MITYC	Approved	-		Energy saving and efficiency action plan 2005-2007	
334	Guideline 11	PILLAR 5		ENERGY SAVING AND EFFICIENCY ACTION PLAN 2008-2012	MITYC	Approved	-			
335	Guideline 11	PILLAR 5		PROMOTION OF COGENERATION	MITYC	Approved	-		Royal Decree 616/2007, of 11 May, on promoting high-performance cogeneration.	
336	Guideline 11	PILLAR 5		REGULATION OF THE PRODUCTION OF SUSTAINABLE ELECTRICITY	MITYC	Approved	-		Royal Decree 661/2007, of 25 May, regulating special regime electricity production: Order regulating the guarantee of origin of electricity from renewable sources and high-performance cogeneration	
337	Guideline 11	PILLAR 5		PROMOTE ENERGY SAVING IN PUBLIC BUILDINGS	MITYC	Approved	-		Cabinet decision approving the Plan for Saving and Efficiency in Central Government Buildings	Energy intensity (primary energy consumption: kg/1,000 euro) CO2 emissions. Contribution of biofuels (% of total primary energy consumption)
338	Guideline 11	PILLAR 5	Water and natural resources	MAINTAIN THE ESSENTIAL ECOLOGICAL PROCESSES, PRESERVE GENETIC DIVERSITY AND ORDERLY USE OF RESOURCES TO ENSURE SUSTAINABLE USE OF SPECIES	MMA	In process			Draft Natural Heritage and Biodiversity Act	CO2 emissions. Share of renewable energies as % of total primary energies
339	Guideline 11	PILLAR 5		ESTABLISH NEW LEGISLATION GOVERNING THE NETWORK OF NATIONAL PARKS	MMA	Approved			Act 5/2007, on the Network of National Parks	
340	Guideline 11	PILLAR 5		MOBILITY ACT	MITYC	Under study				
143	Guideline 11	PILLAR 5		DRAW UP DEMARCATION PLANS FOR IMPLEMENTATION LATE IN 2009	MMA	Approved	-			Water banks approved (Number); Hm3 handled by approved water banks
144	Guideline 11	PILLAR 5		PROMOTE BETTER ASSIGNMENT OF WATER BETWEEN INDUSTRIES BY GENERALLY APPLYING WATER RIGHTS EXCHANGES	MMA	Approved	-		Royal Decree-Act 15/2005 on Urgent Measures to regulate transactions in water rights.	
145	Guidelines 11 and 14	PILLAR 5		REFORM THE RIVER BASIN AUTHORITIES TO ALLOW MORE IMPLICATION OF ALL ADMINISTRATIONS INVOLVED IN DECISION MAKING AND PUBLIC CONTROL OF WATER USE AND QUALITY	MMA	In process	2006		Draft Royal Decrees for River Basin Demarcations and Competent Authorities	
146	Guideline 11	PILLAR 5		NATIONAL IRRIGATION PLAN	MAPA	Approved	-		National Irrigation Plan for Horizon 2008	



Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
147	Guideline 11	PILLAR 5	Housing	REFORM OF LAND ACT TO MAKE LAND USE MORE AGILE AND CONTRIBUTE MORE SUSTAINABLY TO URBAN DEVELOPMENT IN ITS SOCIAL, ECONOMIC AND ENVIRONMENTAL DIMENSIONS	MVIV	Approved	2007	1,079.4 ME	Act 8/2007, of 28 May	Pool of government-sponsored homes for rental (Number)  Home leases arranged via the SPA (Number)
148	Guideline 11	PILLAR 5		BUILDING CODE	MVIV	Approved	-		Royal Decree 314/2006, of 17 March	
149	Guideline 11	PILLAR 5		DEVELOPMENT OF GOVERNMENT-SPONSORED HOUSING FOR RENTAL	MVIV	Approved	-		Housing Plan 2005-2008 (Royal Decree 801/2005)	
150	Guideline 11	PILLAR 5		AID FOR YOUNG PEOPLE AND OTHER COLLECTIVES TO GAIN ACCESS TO HOUSING	MVIV	Approved	-		Housing Plan 2005-2008 (Royal Decree 801/2005)	
151	Guideline 11	PILLAR 5		IMPLEMENTATION OF THE PUBLIC RENTAL COMPANY (SPA) TO DYNAMISE THE PRIVATE RENTAL MARKET	MVIV	Approved	-		Cabinet 8 April 2005	
152	Guideline 13	PILLAR 5		AMENDMENT OF THE TAX REGIME AND REMOVAL OF REGULATORY OBSTACLES TO COMPANIES ENGAGING PROFESSIONALLY IN HOUSING RENTAL	MEH	Approved	-		Act 23/2005, of 18 November, on tax reform to enhance productivity (BOE 19.11.05).	
153	Guideline 14	PILLAR 5		PROMOTE REHABILITATION OF HISTORIC BUILDINGS AND DISTRICTS	MVIV	Approved	-		Housing Plan 2005-2008 (Royal Decree 801/2005)	
367	Guideline 14	PILLAR 5		Plan to Support Young People's Independence and to Promote Rented Accommodation	MVIV	Approved	-		Cabinet 28 September 2007	
154	Guideline 12	PILLAR 5	Regulatory framework and modernisation of the Public Administrations	PUBLIC SECTOR PROCUREMENT ACT	MEH	In process	Autumn 2007	NO	Draft Public Sector Procurement Act and Draft Act on procurement procedures in the water, energy and transport sectors and in postal services	
155	Guideline 14	PILLAR 5		IMPROVE MANAGEMENT OF REGULATION	MAP/MEH	In process			Royal Decree pending Cabinet approval	
156	Guideline 14	PILLAR 5		APPROVE THE REGULATORY FRAMEWORK FOR THE STATE AGENCIES	MAP	Approved	-		Act 28/2006, of 18 July, on State Agencies for the Improvement of Public Services (19/07/06)	
157	Guideline 14	PILLAR 5		BASIC STATUTE FOR CIVIL SERVANTS	MAP	Approved	-		Act 7/2007, of 12 April, of the Basic Statute for Civil Servants (published in the Official Gazette 13 April 2007)	
158	Guideline 14	PILLAR 5		PLAN FOR ACTION TO REMOVE ADMINISTRATIVE OBSTACLES	MAP	Approved	-		Royal Decree 522/2006, of 28 April, eliminates the requirement to supply a photocopy of the national ID in various procedures; Royal Decree 523/2006, of 28 April, eliminates the need to supply a municipal census certificate in various procedures	
341	Guideline 14	PILLAR 5		TRANSPOSITION OF THE SERVICES DIRECTIVE	MEH	In process	dic-09			
159	Guideline 12	PILLAR 5	Financial services	TRANSPOSE THIRD DIRECTIVE ON MONEY LAUNDERING AND TERRORIST FINANCING, WHICH WILL REQUIRE SWEEPING CHANGES IN THE CURRENT PREVENTION FRAMEWORK	MEH	Under study		NO	Draft Act on measures to combat money laundering and terrorist financing	New venture capital funding raised (million euro); Start-up capital deals (%); Seed capital deals (%); Volume of venture capital (million euro)  Funds raised by collective investment schemes (million euro)
160	Guideline 12	PILLAR 5		STRENGTHEN THE OBLIGATION ON SPANISH NOTARIES TO ASSIST IN PREVENTING MONEY LAUNDERING	MEH	Approved	-		Order EHA 2962/2005, of 20 September	
161	Guideline 12	PILLAR 5		DRAFT A REFORM OF THE MORTGAGE MARKET TO FACILITATE THE CONFIGURATION OF MORE FLEXIBLE MORTGAGES, MAKE SECURITISATION MORE AGILE, AND MAKE THE MARKET MORE TRANSPARENT	MEH/MJ	In process	2007		Draft Act to amend Act 2/1981, of 25 March, regulating the mortgage market and other rules of the mortgage and financial system, regulating reverse mortgages and long-term care insurance and establishing certain tax rules.	
162	Guideline 13	PILLAR 5		DRAFT A SINGLE CODE OF CORPORATE GOVERNANCE	MEH	Approved	-		Board of the CNMV (22/05/06)	
163	Guideline 13	PILLAR 5		A NEW VENTURE CAPITAL ACT WHICH SEEKS TO PROMOTE THIS IMPORTANT SOURCE OF FINANCE FOR INNOVATIVE PROJECTS	MEH	Approved	-		Act 25/2005 regulating venture capital entities and their management companies	
164	Guideline 13	PILLAR 5		NEW REGULATION FOR COLLECTIVE INVESTMENT SCHEMES WHICH EXPANDS THE RANGE OF PRODUCTS AND THE TYPE OF ASSETS IN WHICH THEY CAN INVEST, FACILITATES INTERNATIONAL COMMERCIALISATION OF SPANISH SCHEMES, AND STRENGTHENS TRANSPARENCY AND INVESTOR PROTECTION	MEH	Approved	-		Royal Decree 1309/2005 approving the Regulation under Act 35/2003 on collective investment scheme and adapting the tax system for collective investment schemes.	
165	Guideline 13	PILLAR 5		REFORM OF THE MORTGAGE MARKET TO IMPROVE INFORMATION ON THESE PRODUCTS, ENABLE A LARGER RANGE OF PRODUCTS TO BE OFFERED, AND INCREASE THE TRANSPARENCY OF REVERSE MORTGAGES	MEH	In process			Draft Act to amend Act 2/1981, of 25 March, regulating the mortgage market and other rules of the mortgage and financial system, regulating reverse mortgages and long-term care insurance and establishing certain tax rules.	
166	Guideline 13	PILLAR 5		UPDATE THE REGULATIONS ON MARKET ABUSE THROUGH FULL TRANSPOSITION OF EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE 2003/6/EC ON INSIDER DEALING AND MARKET AND MANIPULATION AND ITS IMPLEMENTING REGULATIONS	MEH	Approved	-		Royal Decree 1333/2005 implementing Act 24/1988 on the Securities Markets; Act amending the consolidated text of the Legal Statute of the Insurance Consortium	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date		Legislation	Indicator
167	Guideline 13	PILLAR 5	Financial services	TRANSPPOSITION OF THE DIRECTIVE ON TAKEOVERS TO STRENGTHEN PROTECTIONS FOR MINORITY SHAREHOLDERS WITHOUT HAMPERING THE MARKET IN CONTROL	MEH	Approved	-	Autumn 2007- Spring 2008	Act 6/2007, amending the Securities Market Act 24/1988, to amend the system for takeovers and transparency in issues. The Royal Decree on takeovers is in the process of approval. It is expected to be approved in September.	
168	Guideline 13	PILLAR 5		DRAFT A NEW SECURITIES MARKET ACT TO INCLUDE TRANSPPOSITION OF THE DIRECTIVE ON MARKETS FINANCIAL INSTRUMENTS AND REORGANISE AND UPDATE THE CONTENT OF THE CURRENT LAW	MEH	In process			The draft Securities Market Act was presented at the Cabinet meeting on 22 June in order to obtain the necessary reports. Cabinet approval expected in September 2007.	
169	Guideline 13	PILLAR 5		TRANSPPOSITION OF THE TRANSPARENCY DIRECTIVE	MEH	Approved			Act 6/2007, amending the Securities Market Act 24/1988, to amend the system for takeovers and transparency in issues. The Royal Decree on transparency is in the process of approval. It is expected to be approved in September.	
170	Guideline 14	PILLAR 5		ENCOURAGE COMPANIES TO FULFIL THEIR CORPORATE SOCIAL RESPONSIBILITY (CSR)	MTAS	In process			Forum of Experts on CSR whose conclusions will assist the Government in approving a policy to promote CSR	
342	Guideline 14	PILLAR 5		CREATION OF A REGISTER OF LIFE INSURANCE CONTRACTS	MEH	Approved				
343	Guideline 14	PILLAR 5		Unified Code of Corporate Governance	MEH	Approved				
171	Guideline 13	PILLAR 5	Competition	MODERNISE THE SYSTEM FOR DEFENDING COMPETITION	MEH	Approved	-	NO	Competition Act 15/2007	Average time taken to decide on competition issues (days)
344	Guideline 13	PILLAR 5		INCREASE EFFICIENCY AND TRANSPARENCY OF SERVICES PROVIDED BY NOTARIES AND REGISTRARS	MEH	Approved	-		New Notaries Regulation in January 2007; Act 2/2007, on Professional Companies	
172	Guideline 13	PILLAR 5	Tourism	PLAN OF OBJECTIVES FOR PROMOTION ABROAD	MITYC	Approved	-	304 M€	Plan of Objectives 2006	Foreign tourist arrivals (rate of change); expenditure per tourist per day (euro); expenditure per tourist (euro)
173	Guideline 14	PILLAR 5		FUND FOR MODERNISING MATURE TOURIST DESTINATIONS	MITYC	Approved	-		RD 721/2005, DA 63 Act 30/2005	Expenditure per tourist (euro). Expenditure per tourist per day (euro)
174	Guideline 14	PILLAR 5		COMPREHENSIVE PLAN FOR QUALITY IN SPANISH TOURISM	MITYC	Approved	-		Plan 2000-2006	Expenditure per tourist (euro). Expenditure per tourist per day (euro)
175	Guidelines 13 & 15	PILLAR 5	Internationalisation of Spanish business	CREATE THE STATE COMPANY TO PROMOTE AND ATTRACT FOREIGN INVESTMENT	MITYC	Approved	-	Included in the Measures for Internationalization of Spanish Business under Pillar 7	Plan of Objectives 2007	Foreign investment in Spain
176	Guidelines 2 and 13	PILLAR 5		COMPREHENSIVE PLANS TO DEVELOP MARKETS IN LARGE COUNTRIES AND COUNTRIES WITH HIGH GROWTH POTENTIAL	MITYC	Approved			Additional Provision 43 of Act 42/2006 and draft Royal Decree. Comprehensive market development plans approved for the USA, Mexico, Brazil, Morocco, Algeria, Turkey, Russia, India, China, Japan and Korea.	Exports to countries targeted by comprehensive market development plans (rate of growth)
177	Guidelines 2 and 13	PILLAR 5		PLAN FOR INTERNATIONALISATION OF SECTORS WITH A HIGH TECHNOLOGY COMPONENT	MITYC	Approved	-		Plan 2000-2006 (extended to 2007)	Exports of capital goods
178	Guidelines 2, 13 and 15	PILLARS 5 & 7		"LEARN TO EXPORT" PROGRAMME Raise awareness among SMEs of the need to diversify into foreign markets, by means of seminars, help desks and personalised follow-up in the first year of the process of internationalization	MITYC	Approved	-			Companies that benefited from the "Learn to Export" programme; Exports (growth rate); Exports to countries targeted by comprehensive market development plans (growth rate); Spain's market share abroad (%); Market share in the USA; Market share in China
179	Guidelines 2, 13 and 15	PILLARS 5 & 7		"LEARN TO EXPORT" PROGRAMME Hedging of payments for exports for one year (cooperation between ICEX, CESCE and Banesto)	MITYC	Approved	-			
180	Guideline 15	PILLARS 5 & 7		LAUNCH A LINE OF FINANCE FOR "LEARN TO EXPORT" FROM ICO-ICEX, AIMED AT SMALL COMPANIES	MEH, MITYC	Approved	-			Total amount of finance granted under the ICO-ICEX line (million euro); Small companies that benefited from the ICO-ICEX line (number)
181	Guidelines 2, 13 and 15	PILLARS 5 & 7		STRENGTHEN THE PLAN FOR INITIATION IN PROMOTION ABROAD (PIPE) 2000	MITYC	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
182	Guideline 14	PILLAR 5	Transport	STRENGTHEN INSPECTIONS OF ROAD TRANSPORT VEHICLES AND COMPANIES	MFOM	In process				Road freight companies with heavy vehicles (number); Average fleet size of road freight companies (number of trucks)  Rail freight operating licences (number)
183	Guideline 14	PILLAR 5		APPLY PARTICULAR RIGOUR IN PENALTIES FOR SERIOUS BREACHES OF THE RULES ON MAXIMUM WEIGHTS, DRIVING TIMES AND IRREGULAR HIRING OF DRIVERS	MFOM	In process				
184	Guideline 14	PILLAR 5		PROMOTE THE CREATION OF MEDIUM-SIZED AND LARGE ROAD FREIGHT COMPANIES	MFOM	In process				
185	Guideline 13	PILLAR 5		GREATER INDEPENDENCE FOR THE RAILWAY REGULATOR	MFOM	In process	2008			
186	Guideline 13	PILLAR 5		RENFE TO DIVEST ITS HOLDINGS IN RAIL TRANSPORT COMPANIES	MFOM	Approved	-			
187	Guideline 13	PILLAR 5		MAKE LICENSING OF PRIVATE RAIL FREIGHT TRANSPORT OPERATORS MORE AGILE	MFOM	Approved	-			
188	Guideline 13	PILLAR 5		REFORM THE STEVEDORE COMPANIES BY SETTING MEDIUM-TERM OBJECTIVES FOR WORKFORCE RATIONALISATION	MFOM	Under study				
189	Guideline 14	PILLAR 5		AUTHORISE SHIPPING COMPANIES THAT MEET CERTAIN CONDITIONS TO PROVIDE THEIR OWN SERVICES	MFOM	In process			Draft Ports Act	
190	Guideline 14	PILLAR 5		SIMPLIFY THE CURRENT SYSTEM OF PORT FEES	MFOM/MEH	In process			Draft Ports Act	
191	Guideline 14	PILLAR 5		CONSIDER THE POSSIBILITY OF GIVING EACH PORT AUTHORITY AN OVERALL FEE REDUCTION TARGET	MFOM/MEH	Under study		NO		
192	Guideline 13	PILLAR 5		REDUCE MAXIMUM TERMS OF BUS LINE CONCESSIONS	MFOM	Under study			Bidding specifications	
193	Guideline 13	PILLAR 5		EFFECTIVELY LIMIT THE POSSIBILITY OF AUTOMATIC RENEWAL IN BUS LINE CONCESSIONS	MFOM	In process			Bidding specifications	
194	Guideline 13	PILLAR 5		BASE CRITERIA FOR GRANTING BUS LINE CONCESSIONS ON ECONOMIC VARIABLES	MFOM	In process	-		Bidding specifications	
195	Guideline 13	PILLAR 5		MAKE AIRPORT FEES MORE FLEXIBLE SO AS TO INTRODUCE TIME AND ENVIRONMENTAL IMPACT FACTORS	MFOM	Under study			Fees Act	
196	Guideline 13	PILLAR 5		ALLOW AIRLINES TO PROVIDE SELF-HANDLING SUBJECT TO CERTAIN REQUIREMENTS	MFOM	Approved	-			
197	Guideline 13	PILLAR 5		REVISE THE CURRENT MODEL OF MANAGING THE AIRPORT NETWORK SO AS TO ALLOW THE REGIONAL GOVERNMENTS AND OTHER AGENTS TO PARTICIPATE	MFOM	Under study				
198	Guideline 13	PILLAR 5		BALANCE REVENUES AND EXPENSES IN THE AIR TRAFFIC CONTROL SYSTEM	MFOM	Under study				
133	Guideline 13	PILLAR 5		GUARANTEE ANY COMPANY FREE ACCESS TO PUBLIC FREIGHT INSTALLATIONS (PORTS, LOGISTICS PLATFORMS, ETC.)	MFOM	In process				
199	Guideline 13	PILLAR 5	Postal services	CREATE AN INDEPENDENT POSTAL REGULATOR	MFOM	In process	2007		Draft Act to establish the National Postal Sector Commission	
200	Guideline 13	PILLAR 5		ENSURE TRANSPARENCY IN FINANCING THE UNIVERSAL POSTAL SERVICE	MFOM	Approved	-	NO	Order FOM/2447/2004, of 12 July, on analytical accounting and separation of accounts by postal operators	
201	Guideline 13	PILLAR 5	Consumer and User Protection	ACT TO IMPROVE CONSUMER AND USER PROTECTION	MSC	Approved	-	NO	Act 44/2006 for the Protection of Consumers' and Users' Rights	
345	Guideline 13	PILLAR 5		TRANSPPOSITION OF EU CONSUMER PROTECTION REGULATIONS	MSC	In process	dic-07	NO	Consolidated text of Act 26/1984, the General Act for the Defence of Consumers and Users, and rules for transposition of the EU directives issued for consumer and user protection	
346	Guideline 13	PILLAR 5		REFORM OF THE CONSUMER ARBITRATION SYSTEM	MSC	In process	dic-07	NO	Royal Decree regulating the Consumer Arbitration System	
347	Guideline 13	PILLAR 5		IMPROVE PROTECTION OF INVESTMENT IN TANGIBLE GOODS	MSC	In process	dic-07	NO	Draft Act to regulate certain aspects of consumer and user protection in the acquisition of goods and services with an offer of subsequent partial or total refund of the price and/or offer of revaluation	
348	Guideline 13	PILLAR 5		IMPROVE PROTECTION OF USERS OF CREDIT BROKERAGE AND ARRANGEMENT SERVICES	MSC	In process	dic-07	NO	Draft Act regulating credit brokerage and arrangement services	

**PILLAR 6: LABOUR MARKET AND SOCIAL DIALOGUE**

Pillar 6 specific objective	Increase the rate of female employment to attain the EU-15 average (57%)
	Reduce the youth unemployment rate into line with the EU-25 average of 2006 (18.6%)
	Reduce the workplace accident rate by 15%

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
202	Guidelines 14 & 15	PILLARS 6 & 7	Measures to promote entrepreneurship in society	REBATES ON EMPLOYER SOCIAL SECURITY PAYMENTS FOR JOBS CREATED IN COMPANIES FOUNDED BY YOUNG PEOPLE AND WOMEN	MTAS	Under study		The Budget for the State Employment Service (SPEE) does not have a specific item to finance these actions. Nevertheless, there is a general allocation of 3.039 billion euro to finance Social Security. The allocation in the SPEE Budget for 2007 is 19.3 million euro, of which the Autonomous Communities that have devolved powers over active policies manage 17.8 million euro.	RD 1413/2005, of 25 November (BOE 15/12/2005)	Beneficiaries of lump sum unemployment benefit
203	Guidelines 14 & 19	PILLARS 6 & 7		STRENGTHEN THE SYSTEM FOR COLLECTING UNEMPLOYMENT BENEFIT AS A LUMP SUM	MTAS	Approved	-			
204	Guidelines 17 & 18	PILLAR 6	Measures to increase employment of young people in response to the demands of the European Youth Pact	SOCIAL SECURITY REDUCTION FOR INDEFINITE HIRING OF MEN AGED UP TO 30	MTAS	Approved	-	The Budget for the State Employment Service (SPEE) does not have a specific item to finance these actions. Nevertheless, there is a general allocation of 3.039 billion euro to finance Social Security rebates.	Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	Rate of youth fixed-term employment
205	Guidelines 17 & 18	PILLAR 6		OFFER OF TRAINING, EMPLOYMENT OR PRACTICAL EXPERIENCE TO UNEMPLOYED YOUTHS WITHIN 6 MONTHS	MTAS	Approved	-			
206	Guidelines 17 & 18	PILLAR 6		OCCUPATIONAL PROFESSIONAL TRAINING	MTAS	Approved	-		Royal Decree 395/2007, of 23 March, regulating the subsystem of Vocational Training for Employment	Unemployed youths who receive an offer of training, employment or work experience within 6 months (%). Rate of youth fixed-term employment. Unemployed youths who receive an offer of training, employment or work experience within 6 months (%). Young people aged under 30 registered for occupational professional training (%) Rate of youth fixed-term employment. Unemployed youths who receive an offer of training, employment or work experience within 6 months (%). Young people aged under 30 registered for occupational professional training (%)
207	Guidelines 17 & 18	PILLAR 6		INCREASE EXPERIENCE AND TRAINING FOR YOUNG PEOPLE IN EU MEMBER STATES	MTAS					
349		PILLAR 6		"YOUNG PEOPLE'S INDEPENDENCE" PROGRAMME ORIENTATION ON SALARIED AND FREELANCE EMPLOYMENT AND PROMOTION OF LABOUR RIGHTS, AND INFORMATION AND INTERMEDIATION IN ACCESS TO HOUSING THROUGH A NETWORK OF BRANCHES AND A VIRTUAL OFFICE	MTAS	Approved	2007	2.43 M€		
208	Guidelines 17 & 18	PILLAR 6	Measures to increase the female employment rate and eliminate job discrimination against women	DRAFTING OF EQUALITY PLANS WITHIN COMPANIES AS PART OF THE OPTIMA PROGRAMME	MTAS	Approved		Organic Act 3/2007, of 22 March, on Effective equality between women and men	Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	Rate of female employment; companies with equality plans
209	Guidelines 17 & 18	PILLAR 6		SUBSIDY FOR INDEFINITE HIRING OF WOMEN	MTAS	Approved	-			
210	Guidelines 17 & 18	PILLAR 6		TRAINING PROGRAMMES TO IMPROVE WOMEN'S EMPLOYABILITY (INNOVA PROGRAMME, OCCUPATIONAL TRAINING COURSES, C-TEST PROJECT)	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	Rate of female fixed-term employment
211	Guidelines 18 & 19	PILLAR 6		INCENTIVES TO EMPLOYMENT OF VICTIMS OF GENDER VIOLENCE	MTAS	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
212	Guideline 18	PILLAR 6	Measures to favour work-life reconciliation	IMPROVE FLEXIBILITY AND SECURITY OF THE LEAVE OF ABSENCE TO CARE FOR CHILDREN, AND EXPAND IT IN CERTAIN CASES	MTAS	Approved	Entry into force 24 March 2007	29.8 M euros	Organic Act 3/2007, of 22 March, on Effective equality between women and men	Men taking paternity leave (number)
213	Guideline 18	PILLAR 6		INCREASE PUBLIC SCHOOL PLACES FOR CHILDREN AGED 0 TO 3	MTAS	Approved			National Strategic Plan for Childhood and Adolescence	Rate of female employment; Rate of female unemployment; Schooling at age 2 (%); Schooling at age 3 (%)
45	Guideline 23	PILLARS 3 & 6	Measures to improve nursery schooling and work-life reconciliation	INCREASE SCHOOL PLACES FOR CHILDREN AGED UNDER 2	MEC	Approved	-	Included in the LOE budget under Pillar 1	Education Organic Act and National Strategic Plan for Childhood and Adolescence LOE	Schooling at age 2 (%)
46	Guideline 23	PILLARS 3 & 6		100% OF CHILDREN AGED 3-6 IN SCHOOL, AND ALL PLACES FREE OF CHARGE BY 2010	MEC	Approved	-			Schooling at age 3 (%)
214	Guidelines 17 & 18	PILLAR 6	Implementation of the Personal Autonomy and Care for Dependent Persons Act	IMPLEMENTATION OF THE PERSONAL AUTONOMY AND CARE FOR DEPENDENT PERSONS ACT	MTAS	Approved	2007	400 M€	Act 39/2006, of 14 December, on Personal Autonomy and Care for Dependent Persons	Rate of female employment
350	Guidelines 17 & 18	PILLAR 6		INCLUSION OF NON-PROFESSIONAL CARE-GIVERS IN THE SOCIAL SECURITY SYSTEM	MTAS	Approved			Royal Decree 615/2007, of 11 May	
215	Guidelines 2 & 18	PILLAR 6	Measures to support the prolongation of the working life and to modernise social welfare systems	INCENTIVES TO VOLUNTARY PROLONGATION OF THE WORKING LIFE	MTAS	In process	End of 2007	The policy to improve the minimum Social Security pensions is included in the 2007 Budget and, although this item's allocation is not broken out specifically, it is estimated to cost around 450 million euro in 2007	Draft Social Security Measure Act	Average retirement age (years); Rate of employment in ages 55-64 (%); Workers who voluntarily postpone retirement (Number of retirements at age 65 or higher); Long-term unemployment rate (%)
216	Guidelines 2 & 18	PILLAR 6		EXTEND SOCIAL SECURITY REDUCTIONS TO PERSONS OVER 60 WITH 5 YEARS' SERVICE AND ALL CONTRIBUTORS AGED OVER 59 WITH INDEFINITE CONTRACTS	MTAS	Approved	end 2006		Additional Provision Twenty-Five of the Central Government Budget 2007 (Act 42/2006)	Average retirement age (years), Rate of employment in ages 55-64 (%)
217	Guideline 18	PILLAR 6		EXTEND UNEMPLOYMENT BENEFITS TO PERMANENT EMPLOYEES ON DISCONTINUOUS CONTRACTS	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	
218	Guideline 18	PILLAR 6		UNEMPLOYMENT SUBSIDY TO WORKERS OVER 45 WITHOUT DEPENDANTS WHO HAVE EXHAUSTED A CONTRIBUTORY BENEFIT OF LESS THAN 12 MONTHS' DURATION	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	
219	Guideline 18	PILLAR 6		BENEFIT FOR LONG-TERM UNEMPLOYED AGED 45 AND OVER AS A SUBJECTIVE RIGHT	MTAS	Approved			Royal Decree 1369/2006, of 17 November, regulating the programme of the Special Subsidy for unemployment persons with special economic needs and who are having difficulty finding employment	Beneficiaries of the benefit for long-term unemployed aged 45 and over
220	Guideline 18	PILLAR 6		EXTENSION OF UNEMPLOYMENT COVERAGE TO COOPERATIVE MEMBERS WHO WORK ON A TEMPORARY BASIS	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs. Royal Decree 1369/2006, of 17 November, regulating the programme of the Special Subsidy for unemployment persons with special economic needs and who are having difficulty finding employment	
221	Guidelines 2 & 18	PILLAR 6		INCREASE PROTECTION FOR SELF-EMPLOYED WORKERS UNDER THE PRINCIPLE OF CONTRIBUTORINESS	MTAS	Approved	-		Act 20/2007, of 11 July, on the Statute of the Self-Employed Worker.	
222	Guidelines 2 & 18	PILLAR 6		INCREASE MINIMUM PENSION AND MINIMUM CONTRIBUTION BASE FASTER THAN INFLATION	MTAS	In process	-		Central Government Budget 2007 Act 42/2006, of 28 December (Official State Gazette on 29)	Minimum pension/Minimum contribution base
351	Guideline 18	PILLAR 6		TAX CREDIT FOR BIRTH OR ADOPTION (2,500 €)	MTAS/MEH	In process			Draft Act establishing Personal Income Tax Rebates or a One-Time Social Security Benefit Payment for Birth or Adoption.	

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
223	Guideline 2	PILLAR 6	Social welfare reform. Pension reform	FRAMEWORK OF NEW LIMITATIONS ON GRANTING MINIMUM PENSIONS	MTAS	Approved	-		Draft Social Security Measures Act; Central Government Budget 2005 (Act 2/2004) Act for the integration of self-employed farmers who are currently under the Special Agricultural Social Security System into the Special Social Security System for Self-Employed Workers. Integration of the Social Security System for Agricultural Employees into the General Social Security System.  Draft Social Security Measures Act; Act for the integration of self-employed farmers who are currently under the Special Agricultural Social Security System into the Special Social Security System for Self-Employed Workers	Minimum pension (%) (persons aged over 65 with spouse/average contribution base); Average retirement age (years); New permanent disability pensions/total new pensions (%)
224	Guideline 2	PILLAR 6		REFORM OF THE SPECIAL SOCIAL SECURITY SYSTEM FOR AGRICULTURE	MTAS	In process	End of 2007			
358	Guideline 2	PILLAR 6		REFORM OF THE SPECIAL SOCIAL SECURITY SYSTEM FOR DOMESTIC HELPERS	MTAS	In process				
225	Guideline 2	PILLAR 6		EXTEND MINIMUM CONTRIBUTION PERIOD REQUIRED TO QUALIFY FOR A RETIREMENT PENSION	MTAS	In process	End of 2007			
226	Guideline 2	PILLAR 6		RATIONALISE FORMS OF RETIREMENT PRIOR TO THE ORDINARY RETIREMENT AGE	MTAS	In process	End of 2007			
227	Guideline 2	PILLAR 6		RATIONALISE THE USE OF PARTIAL RETIREMENT	MTAS	In process	End of 2007			
228	Guideline 2	PILLAR 6		INCENTIVES (VIA PENSIONS) FOR VOLUNTARY EXTENSION OF THE WORKING LIFE	MTAS	In process	End of 2007			
229	Guideline 2	PILLAR 6		INTRODUCE CONTRIBUTORY FACTORS IN THE PERMANENT DISABILITY PENSION BASED ON YEARS OF CONTRIBUTION	MTAS	In process	End of 2007			
311	Guideline 2	PILLARS 1 & 6		DRAFT ACT TO REGULATE THE COMPOSITION OF THE SOCIAL SECURITY RESERVE FUND	MTAS	In process	2008		Draft Act regulating the Social Security Reserve Fund, currently before Parliament.	Provision to Social Security Reserve Fund (% of GDP)
230	Guideline 2	PILLAR 6	Social welfare reform. Redesign of survivor's pensions	ACT TO MAKE THE COMPULSORY ELDERLY AND DISABILITY SYSTEM (SOVI) PENSIONS COMPATIBLE WITH SURVIVOR'S PENSIONS UNDER THE SOCIAL SECURITY SYSTEM	MTAS	Approved	-		Central Government Budget 2006 (Act 30/2005, of 29 December) Agreement on social security measures Draft Act on Social Security Measures, currently before Parliament.	Expenditure on survivor's pensions (vested) (Million euro)
359	Guideline 2	PILLAR 6		CONTROL OF EXPENDITURE ON SICK LEAVE BENEFIT	MTAS	Approved	-			
360	Guideline 2	PILLAR 6		REDUCTION IN NONPAYMENT OF DEBTS AND IN FRAUD	MTAS	Approved	-			
231	Guideline 2	PILLAR 6		REDESIGN OF SURVIVOR'S PENSIONS	MTAS	In process	End of 2007			
232	Guideline 19	PILLAR 6	Measures to promote labour integration of persons with disabilities and other persons or collectives in situations or at risk of social exclusion	CLARA PROGRAMME FOR SOCIAL AND EMPLOYMENT INTEGRATION OF THE MOST DISADVANTAGED GROUPS OF WOMEN	MTAS	Approved	-		SOCIAL DIALOGUE: Agreement for Improved Growth and Employment (Royal Decree-Act 5/2006, of 9 June, for improved growth and employment (BOE 14/6). Draft Royal Decree regulating the programme of supported employment  Act 30/2005, of 29 December (BOE 30/12/2005)  Draft Act to regulate the system for integration companies	Rate of female employment  Rate of employment of people with disabilities  Rate of employment of people with disabilities
233	Guideline 19	PILLAR 6		MEASURES TO SUPPORT THE GYPSY COMMUNITY: COOPERATION AGREEMENT WITH THE GENERAL GYPSY SECRETARIAT	MTAS	Approved	-			
234	Guideline 19	PILLAR 6		FOUNDATION COOPERATION AGREEMENT WITH THE RED CROSS AND CEPAIM	MTAS	Approved	-			
235	Guideline 19	PILLAR 6		PROMOTION OF EMPLOYMENT FOR PERSONS WITH DISABILITIES (50% REDUCTION ON SELF-EMPLOYED SOCIAL SECURITY CONTRIBUTIONS)	MTAS	Approved	-			
236	Guideline 19	PILLAR 6		CREATION OF MULTI-PROFESSIONAL TEAMS FOR THE LABOUR INTEGRATION OF PERSONS WITH DISABILITIES (DEVELOPMENT OF THE ESTRELLA-MTAS LABOUR INTEGRATION METHODOLOGY)	MTAS	Approved	-			
237	Guideline 19	PILLAR 6		REGULATION OF COMPANIES FOR INTEGRATION	MTAS	In process				
238	Guideline 20	PILLAR 6	Measures to improve the functioning of labour market institutions.	RATIONALISE THE AMOUNT OF THE MINIMUM WAGE	MTAS	Approved	-		Royal Decree 1632/2006, of 29 December, establishing the minimum wage for 2007  Act 14/2005, of 1 July (BOE 2/7/2005)  RD 200/2006, of 17 February (BOE 3/3/2006) SOCIAL DIALOGUE: Agreement for Improved Growth and Employment (Royal Decree-Act 5/2006 for improved growth and employment.) SOCIAL DIALOGUE: Agreement for Improved Growth and Employment (Royal Decree-Act 5/2006 for improved growth and employment.) SOCIAL DIALOGUE: Agreement for Improved Growth and Employment (Royal Decree-Act 5/2006 for improved growth and employment.)	Minimum wage/Average wage   Unemployed persons who receive an offer of training, employment or experience within 6 months (%)  Hires arranged through the Public Employment Service (%)
239	Guideline 20	PILLAR 6		AUTHORISE COLLECTIVE WAGE AGREEMENTS TO ESTABLISH CLAUSES ALLOWING WORK CONTRACTS TO BE TERMINATED UPON REACHING THE ORDINARY RETIREMENT AGE	MTAS	Approved	-			
240	Guidelines 2 & 18	PILLAR 6		SIMPLIFY PAPERWORK FOR OBTAINING UNEMPLOYMENT BENEFIT	MTAS	Approved	-			
241	Guidelines 17, 18, 19, 20 and 21	PILLAR 6		IMPROVE BENEFITS PROVIDED BY WAGE GUARANTEE FUND	MTAS	Approved	-			
242	Guidelines 19 and 20	PILLAR 6		PERSONS REGISTERED AS UNEMPLOYED WILL RECEIVE AN OFFER OF ORIENTATION, TRAINING OR WORK WITHIN AT MOST 6 MONTHS	MTAS	Approved	-			
243	Guidelines 19 and 20	PILLAR 6		OVERALL PLAN TO MODERNISE THE PUBLIC EMPLOYMENT SERVICES	MTAS	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
244	Guideline 20	PILLAR 6	Appropriate management of migratory flows	IMPROVE MANAGEMENT OF ECONOMIC IMMIGRATION	MTAS	Approved	-	203 million euro	Approval of the contingent of foreign non-EU workers for Spain in 2007. Approval of the instructions governing the procedure for authorising the entrance, residence and work in Spain of foreigners who are in demand for economic, social or labour reasons or for The Plan was approved by the Cabinet on 16 February 2007. It runs for three years (2007-2010). Its budget for the entire period is 2.005 million euro. Order TAS 195/2007, of 2 February, establishing the concession for subsidies to finance programmes for training and employment of immigrants (published in the Official Gazette 6/02/07)	Immigrantes hired at source; Foreigners in employment (number); Expenditure on programmes to attend to immigrants
245	Guideline 20	PILLAR 6		STRATEGIC PLAN FOR CITIZENSHIP AND INTEGRATION	MTAS	Approved	-			Immigrantes hired at source; Foreigners in employment (number); Expenditure on programmes to attend to immigrants
245	Guideline 20	PILLAR 6		OCCUPATIONAL PROFESSIONAL TRAINING AT SOURCE FOR IMMIGRANTS	MTAS	Approved	-			Immigrantes hired at source; Foreigners in employment (number); Expenditure on programmes to attend to immigrants
246	Guidelines 17 and 21	PILLAR 6	Measures to reduce the extent of temporary employment: promote and support indefinite hiring and the conversion of fixed-term contracts to indefinite	FIXED-TERM CONTRACTS SIGNED UP TO 31 DECEMBER 2007 MAY BE CONVERTED INTO CONTRACTS FOR TRANSITION TO PERMANENT EMPLOYMENT	MTAS	Approved	-	3.039 M€ (including only the cost of the rebate for indefinite hiring)	Act 43/2006, of 29 December, and Royal Decree 5/2006 for the Improvement of Growth and Jobs.	Contracts converted to indefinite (Number); Rate of fixed-term employment (%)
247	Guidelines 17 & 21	PILLAR 6		NEW PROGRAMME TO PROMOTE EMPLOYMENT (EMPLOYER SUBSIDIES FOR INDEFINITE HIRES)	MTAS	Approved	-			Indefinite contracts subsidised under the employment promotion programme (number); Rate of fixed-term employment (%)
248	Guidelines 17 and 21	PILLAR 6		EMPLOYER SOCIAL SECURITY CONTRIBUTION FOR UNEMPLOYMENT BENEFIT AND THE WAGE GUARANTEE FUND IS REDUCED FOR INDEFINITE HIRES	MTAS	Approved	-			Rate of fixed-term employment (%)
249	Guidelines 17 and 21	PILLAR 6		SPECIAL PLAN TO CONVERT FIXED-TERM EMPLOYMENT IN INDEFINITE (TO END 2006)	MTAS	Approved	-			No. of fixed-term contracts converted to indefinite. Rate of fixed-term employment (%)
250	Guidelines 17 and 21	PILLAR 6	Measures to reduce the extent of temporary employment: Improvement in the use of fixed-term temporary hiring.	FIXED-TERM CONTRACTS CONCATENATED FOR 24 MONTHS IN A PERIOD OF 30 MONTHS IN THE SAME JOB FOR THE SAME EMPLOYER WILL BECOME INDEFINITE	MTAS	Approved	-		Act 43/2006, of 29 December, for the Improvement of Growth and Jobs	Labour inspectors (number) Rate of fixed-term employment (%)
251	Guidelines 17 and 21	PILLAR 6		CHECKS ARE ESTABLISHED TO OVERSEE OUTSOURCING OF WORKS AND SERVICES AND DETECT THE ILLEGAL ASSIGNMENT OF WORKERS	MTAS	Approved	-			
252	Guidelines 17 and 21	PILLAR 6		ABOLISH THE FIXED-TERM "INSERTION" CONTRACT AND MODIFY THE AGE LIMIT FOR TRAINING CONTRACTS	MTAS	Approved	-			
253	Guidelines 17 and 21	PILLAR 6		STRENGTHEN THE LABOUR AND SOCIAL SECURITY INSPECTORATE	MTAS	Approved	-			
254	Guidelines 15 and 19	PILLAR 6	Measures to promote self-employment and the social economy	TRAINING AND ADVICE FOR FEMALE ENTREPRENEURS (PAEM, TRAINING, MANAGEMENT, VIRTUAL COMPLEX, CONSOLIDATION AND COACHING)	MTAS	Approved	-		Act 20/2007, of 11 July, on the Statute of the Self-Employed Worker (published in the Official Gazette 12 July 2007). Order TAS 1622/2007, of 5 June, regulating subsidies for the Programme to promote self-employment (published in the Official Gazette 7-6-2007)	Women entrepreneurs (number)
255	Guidelines 15 and 19	PILLAR 6		PROMOTE FEMALE ENTREPRENEURSHIP (SUBSIDIES FOR SELF-EMPLOYMENT, TUTORING AND COACHING)	MTAS	Approved	-			Days required to start a business activity (number); Costs required to start a business activity (% of per capita income); Female entrepreneurs (number)
256	Guidelines 15 and 19	PILLAR 6		SELF-EMPLOYED WORKER'S STATUTE ACT	MTAS	Approved	-			Self-employed workers (self-employment/total employment)
361	Guidelines 15 and 19	PILLAR 6		PROGRAMME TO PROMOTE SELF-EMPLOYMENT	MTAS	Approved	-			
257	Guidelines 15 and 19	PILLAR 6		PROGRAMME TO PROMOTE EMPLOYMENT AND IMPROVE COMPETITIVENESS OF COOPERATIVES AND WORKER-OWNED COMPANIES	MTAS	Approved	-			Cooperatives (number); Worker-owned companies (Number)

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
258	Guideline 21	PILLAR 6	Measures to improve the system of workplace health and safety	REFORM AND PROMOTION OF THE NATIONAL INSTITUTE FOR JOB SAFETY AND HEALTH	MTAS	Approved	-	3M€	Draft Royal Decree regulating the organic structure and functions of the INSHT. The Royal Decree of the INSHT Statute containing this reform has yet to be approved. Objective 7 of the Spanish Strategy for Workplace Health and Safety: strengthen the institutions devoted to preventing workplace accidents, envisages the execution of this reform as	Incidence index (Workplace safety)
259	Guideline 21	PILLAR 6		CERTIFICATION OF REGIONAL GOVERNMENT OFFICIALS TO WORK WITH THE LABOUR AND SOCIAL SECURITY INSPECTORATE	MTAS	In process			The Royal Decree <sup>its first measure</sup> was approved for execution by the Regional Governments. In the process of execution by the Regional Governments. The 2006 Budget eliminated the cap on the amount set in Additional Provision 5 of the Safety Act. Article 8 of ORDEN TAS/3623/2006 regulating safety activities in the scope of the Social Security and financing of the Workplace Safety Foundation establishes that employer contributions will be set each year by the State Secretary for Social Security,	
260	Guideline 21	PILLAR 6		INCREASE FUNDING FOR THE FOUNDATION FOR THE PREVENTION OF WORKPLACE ACCIDENTS	MTAS	Approved	-		0	
261	Guideline 21	PILLAR 6		INCREASE INDEMNITIES FOR NON-DISABLING INJURIES	MTAS	In process			Priority action plan to reduce workplace accidents in 2006, agreed by an extraordinary plenary session of the National Institute for Job Safety and Health on 29/11/2005.	
262	Guideline 21	PILLAR 6		PERFORM SURVEYS OF WORKPLACE ACCIDENTS AND PROFESSIONAL DISEASES	MTAS	In process			ORDER TAS/3623/2006 regulating safety activities in the scope of the Social Security and financing for the Foundation to Prevent Workplace Accidents. Priority action plan to reduce workplace accidents in 2006, agreed by an extraordinary plenary session of the National Institute for Job Safety and Health on 29/11/2005.	
352	Guideline 21	PILLAR 6		STATE-WIDE AWARENESS-RAISING CAMPAIGN	MTAS	In process	4th quarter 2007		Priority action plan to reduce workplace accidents in 2006, agreed by an extraordinary plenary session of the National Institute for Job Safety and Health on 29/11/2005.	
353	Guideline 21	PILLAR 6		IMPLEMENTATION OF SPECIFIC PROGRAMMES TO OVERSEE AND MONITOR COMPLIANCE WITH THE WORKPLACE SAFETY REGULATIONS	MTAS	In process			ORDER TAS/3623/2006 regulating safety activities in the scope of the Social Security and financing for the Foundation to Prevent Workplace Accidents. Spanish Strategy for Workplace Health and Safety (2007-2012). June 2007	
354	Guideline 21	PILLAR 6		STUDY ON WORKING CONDITIONS OF IMMIGRANTS IN SPAIN AND PROPOSALS FOR MEASURES TO CONTROL THEIR WORKPLACE	MTAS	In process	2007			
355	Guideline 21	PILLAR 6		SPANISH STRATEGY FOR WORKPLACE HEALTH AND SAFETY	MTAS	In process	2007			
263	Guidelines 4 & 22	PILLAR 6	Collective bargaining	SUPPORT MAINTENANCE AND CONSOLIDATION OF THE INTERCONFEDERAL AGREEMENT FOR COLLECTIVE BARGAINING (ANC)	MTAS	Approved	-		Directorate-General of Labour Resolution dated 9 February 2007 to register and publish the Interfederal Agreement on Collective Bargaining.	Agreements (number); Workers covered by an agreement (number); wage increase agreed



**PILLAR 7: ENTREPRENEURSHIP PROGRAMME**

Pillar 7 specific objective	Increase the rate of creation of companies with over 1 employee by 25%
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Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
92	Guidelines 7, 8 and 10	PILLARS 4 & 7	CENIT Programme	NEOTEC VENTURE CAPITAL FUND OF FUNDS FOR TECH COMPANIES (CENIT PROGRAMME)	MITYC	Approved	-	Included in the CENIT programme under Pillar 4		High technology exports (%); Seed capital investment as % of GDP; Spain's scientific output as % of world total; Returns on Framework Programme (%); Patents registered at European Patent Office (per million inhabitants); Patents registered at US Patent Office (per million inhabitants)
203	Guidelines 14 & 15	PILLARS 6 & 7	Measures to promote entrepreneurship in society	REBATES ON EMPLOYER SOCIAL SECURITY PAYMENTS FOR JOBS CREATED IN COMPANIES FOUNDED BY YOUNG PEOPLE AND WOMEN	MTAS	Under study				
204	Guidelines 14 & 19	PILLARS 6 & 7		STRENGTHEN THE SYSTEM FOR COLLECTING UNEMPLOYMENT BENEFIT AS A LUMP SUM	MTAS	Approved	-		RD 1413/2005, of 25 November (BOE 15/12/2005)	Beneficiaries of lump sum unemployment benefit
264	Guideline 15	PILLAR 7	Measures to promote entrepreneurship in society	PROMOTE THE IMPLEMENTATION OF "MINI-COMPANY CREATION PROGRAMMES" IN COMPULSORY SECONDARY EDUCATION, AWARENESS RAISING AND TRAINING OF TEACHERS AND TEACHING MATERIALS WITHIN CAREER GUIDANCE IN PROFESSIONAL TRAINING, STRENGTHEN THE TRAINING REQUIRED TO CREATE COMPANIES	MITYC, MEC	In process	2007	Maximum amount of credit line: 50M euro (budgetary cost of measures 270, 273 and 295 in 2007 - interest subsidies: 49.5 million euro)	Universities Organic Act approved and pending regulatory implementation	Total amount of Microloans for Women granted to create companies (1.7 million euro). Companies which benefited from the Microloans for Women for creating companies (142)
265	Guideline 15	PILLAR 7		DRAW UP A MAP OF THE PROGRAMMES	MITYC, MEC	In process	2007			
266	Guideline 15	PILLAR 7		PROMOTING ENTREPRENEURSHIP IN SPANISH UNIVERSITIES	MITYC, MEC	Approved	-			
267	Guideline 15	PILLAR 7		PROMOTE MEASURES TO FACILITATE THE COMBINATION OF TEACHING AND RESEARCH WITH ENTREPRENEURSHIP	MITYC, MEC	Approved	-			
268	Guideline 15	PILLAR 7		EXTENSION OF THE MICRO-LOAN PROGRAMME FOR WOMEN TO COVER CREATING COMPANIES	MITYC, MTAS, MEH	Approved	-		Approval by the ICO Transactions Committee	Total amount of ICO-Microloans granted (million euro); companies which benefited from ICO-Microloans (number)
269	Guideline 15	PILLAR 7		IMPROVE ICO MICRO-LOAN LINE (LOANS OF UP TO 25,000 €)	MEH	Approved	-			
270	Guideline 15	PILLAR 7		CREATION OF A NEW ICO LINE FOR ENTREPRENEURS	MEH	Approved	-		Decision by the CDGAE (19/01/06)	Total amount of ICO-Entrepreneur loans granted (million euro); companies which benefited from ICO-Entrepreneur loans (number)
271	Guideline 15	PILLAR 7		"CREATING BUSINESSES TOGETHER". CELEBRATION OF "ENTREPRENEUR DAY" WITH THE REGIONAL GOVERNMENTS	MITYC	Approved	-		2006 Entrepreneur Day held in May, final encounter on 22 June 2006. 2007 Entrepreneur Day held in March, final encounter on 26 April 2007.	21. 959 attendees in 2006; 35,888 attendees in 2007.

PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator		
272	Guideline 15	PILLAR 7	Measures to promote the creation of new companies and business growth	SYSTEMATISE AND PUBLICISE THE SYSTEMS OF AID AT EUROPEAN, NATIONAL AND REGIONAL LEVEL FOR CREATING COMPANIES	MITYC	Approved	-	Maximum amount of credit line: 7000 M€ (budgetary cost of measures 270, 273 and 295 in 2007 - interest subsidies: 50.19 million euro)	Decision by the CDGAE (29/12/05)	Improve forms for querying the SIE database and develop user guide.
273	Guideline 15	PILLAR 7		EXPAND THE ICO-SME CREDIT LINE	MEH	Approved	-			Total amount of ICO-SME loans granted (million euro); companies which benefited from ICO-SME loans (number)
274	Guideline 15	PILLAR 7		DEVELOP A NATIONAL NETWORK OF BUSINESS ANGELS AS A MEANS OF FINANCING TAILORED TO SMEs	MITYC	Approved	-			DGPYME support for surveys and the creation, structure and operating expenses of the ESBAN network Agreement renewed with EOI on 25 April 2007
275	Guideline 15	PILLAR 7		IMPLEMENT A SYSTEM OF TUTORING FOR COMPANIES CREATED VIA THE ADVICE AND PAPERWORK POINTS (PAIT)	MITYC	Approved	-			
276	Guideline 15	PILLAR 7		ESTABLISH A NEW ICO-BUSINESS GROWTH CREDIT LINE	MEH	Approved	-		Maximum amount of credit line: 100 Meuros	Total amount of ICO-Business Growth loans granted (million euro); companies which benefited from ICO-Business Growth loans (number)
277	Guidelines 8 & 15	PILLAR 7		EXPAND AND EXTEND THE SYSTEM OF PARTICIPATION LOANS CREATED BY ENISA	MITYC	Approved	-			Amount of loans granted by ENISA
278	Guideline 15	PILLAR 7		STRENGTHEN CERSA'S EQUITY SO AS TO STRENGTHEN THE RECIPROCAL GUARANTEE COMPANIES	MITYC	Approved	-			Guarantees provided by SGRs; accumulated amount
279	Guideline 15	PILLAR 7		EXPAND THE OPERATING CAPACITY OF SEPIDES, THE STATE INDUSTRIAL DEVELOPMENT COMPANY	MEH	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
280	Guideline 8	PILLAR 7	Measures to increase the capacity for innovation and knowledge transfer	RENEWAL OF THE ICO-CDTI CREDIT LINE FOR TECHNOLOGICAL INNOVATION	MEH, MITYC	Approved	-		ICO Board (26/04/05)	Total amount of ICO-CDTI loans granted (million euro); companies which benefited from ICO-CDTI loans (number)
281	Guideline 8	PILLAR 7		INNOVATION IN ORGANISATION, TECHNOLOGY AND QUALITY AND INCORPORATION OF INFORMATION AND COMMUNICATION TECHNOLOGIES	MITYC	Approved	-		Sectorial Conference of SMEs (28/02/06)	
282	Guideline 8	PILLAR 7		INNOEMPRESA PLAN	MITYC	Approved	-		Royal Decree 1579/2006 on the system of aid and system of managing the programme to support innovation in SMEs; Order ITC/633/2007 on the regulations for supra-regional aid under the Innoempresa programme; Order ITC/969/2007 offering supra-regional aid for the Innoempresa programme. Order ITC/2691/2006 on the rules for aid to innovative business clusters; Order ITC/692/2007 on aid for drafting strategic plans for innovative business clusters; the Ministerial Order creating the special register of innovative clusters is pending approval.	
283	Guideline 8	PILLAR 7		PROGRAMME TO SUPPORT INNOVATIVE BUSINESS CLUSTERS (AEI)	MITYC	Approved	-		170 applications were received for aid in drafting strategic plans in response to Order ITC/692/2007 to identify innovative business clusters; 60 applications were approved. Ministerial Order governing the bases of ITC/2040/2007 of 4 July, and Invitation for applications ITC/2242/2007 of 16 July	Technology centres supported by the PROFIT programme
284	Guideline 8	PILLAR 7		STUDIES AND ANALYSES COMMITTED AND COMPLETED REGARDING BUSINESS CLUSTERS	MITYC	Approved	-		Invitation for applications: OM ITC/70/2007 (19/01/07)	
285	Guideline 8	PILLAR 7		SUPPORT FOR BUSINESS GROUPS TO EXPLORE THEIR TECHNOLOGY NEEDS: CREA PROGRAMME	MITYC	Approved	-		Invitation for applications OM ITC/1012/2007 (10/04/07)	
286	Guideline 8	PILLAR 7		STRENGTHEN THE PROFIT PROGRAMME TO SUPPORT TECHNOLOGY CENTRES	MITYC	Approved	-		Agreement pending signature in September	Returns obtained by Technology Centres
287	Guideline 8	PILLAR 7		SUPPORT FOR THE CREATION OF CONSORTIA OF TECHNOLOGY CENTRES: CONSORCIA PROGRAMME	MITYC	Approved	-		Invitation for applications OM ITC/547/2007 (16/02/07)	
288	Guideline 8	PILLAR 7		AGREEMENT WITH FEDIT TO PROMOTE COOPERATION AND SYNERGY BETWEEN TECHNOLOGY CENTRES	MITYC	Approved	-		OEPM	
356	Guideline 8	PILLARS 4 & 7		INNEUROPA PROGRAMME TO FOSTER PARTICIPATION BY TECHNOLOGY CENTRES IN THE EU'S 7TH FRAMEWORK PROGRAMME	MITYC	Approved	2007		Ministerial Order on rules ITC/369/2007 of 16 February	
289	Guideline 8	PILLAR 7		INITIATIVES TO IMPROVE MANAGEMENT OF INDUSTRIAL PROPERTY	MITYC	Under study			Ministerial Order on rules ITC/632/2007 of 16 March	
362	Guideline 8	PILLAR 7		PROGRAMME TO SUPPORT THE CREATION OF INNOVATIVE COMPANIES IN SCIENCE AND PROMOTION AND IMPLEMENTATION OF RDI	MITYC	Approved			Personal Income Tax Act (Act 35/2006 of 28 November), partly amending the Company Tax, Non-residents' Income and Wealth Tax Acts.	
363	Guideline 8	PILLAR 7		MANAGEMENT SYSTEMS	MITYC	Approved				
290	Guideline 8	PILLAR 7		REBATES ON EMPLOYER SOCIAL SECURITY PAYMENTS FOR RESEARCH STAFF	MEH/MTAS	Approved	-			

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
291	Guidelines 2, 13 and 15	PILLARS 5 & 7	Measures for Internationalisation of Spanish Business	"LEARN TO EXPORT" PROGRAMME Raise awareness among SMEs of the need to diversify into foreign markets, by means of seminars, help desks and personalised follow-up in the first year of the process of internationalization	MITYC	Approved	-	Maximum amount of credit line: 21.33 Meuros  Maximum amount of credit line: 150 M€ (budgetary cost of measures 270, 273 and 295 in 2007 - interest subsidies: 49.5 million euro) 25 M euro (Allocation of ACM of 8 July 2005. 20 million committed but not yet approved).	Decision by the CDGAE (29/12/05)  ACM 8 July 2007	Companies that benefited from the "Learn to Export" programme; Exports (growth rate); Exports to countries targeted by comprehensive market development plans (growth rate); Spain's market share abroad (%);
292	Guidelines 2, 13 and 15	PILLARS 5 & 7		"LEARN TO EXPORT" PROGRAMME Hedging of payments for exports for one year (cooperation between ICEX, CESCE and Banesto)	MITYC	Approved	-			
293	Guideline 15	PILLARS 5 & 7		LAUNCH A LINE OF FINANCE FOR "LEARN TO EXPORT" FROM ICO-ICEX, AIMED AT SMALL COMPANIES	MEH, MITYC	Approved	-			Total amount of finance granted under the ICO-ICEX line (million euro); Small companies that benefited from the ICO-ICEX line (number)
294	Guidelines 2, 13 and 15	PILLARS 5 & 7		STRENGTHEN THE PLAN FOR INITIATION IN PROMOTION ABROAD (PIPE) 2000	MITYC	Approved	-			
295	Guidelines 13 & 15	PILLAR 7		SUBSTANTIAL IMPROVEMENT IN THE ICO-INTERNATIONALISATION CREDIT LINE	MEH	Approved	-			Total amount of ICO-Internationalisation loans granted (million euro); companies which benefited from ICO-Internationalisation loans (number)
296	Guideline 15	PILLAR 7		FAD LOANS. FAD SERVICES CREDIT LINE	MITYC	Approved	-			
297	Guideline 15	PILLAR 7		ADAPT THE ACTIVITIES OF COFIDES AND THE FIEX AND FONPYME FUNDS TO THE NEEDS OF SMEs	MITYC	Approved	-			
298	Guideline 15	PILLAR 7		REFORM CESCE'S INVESTMENT POLICY	MITYC	Approved	-			
299	Guideline 15	PILLAR 7		TRAIN OVER 500 YOUNG GRADUATES THROUGH A THREE-PHASE GRANT PROGRAMME	MITYC	Approved	-			Budget allocation for grants in three phases (Million euro); Young graduates benefiting from the programme of grants in three phases (number)
300	Guideline 15	PILLAR 7		IMPLEMENT THE PROGRAMME OF INCOMING INTERNSHIPS FROM COUNTRIES WITH POTENTIAL: FOREIGN HUMAN CAPITAL TO SUPPORT SPANISH COMPANIES IN ESTABLISHING IN OTHER COUNTRIES	MITYC	Approved	-			Budget for incoming internships from countries with high growth potential for Spanish exports (million euro); incoming internships from countries with high growth potential for Spanish exports (number)

Measure no.	Integrated Guideline	PILLAR	Header	Measures	Responsibility	Status	Projected date	Funding 2007	Legislation	Indicator
301	Guidelines 14 & 15	PILLAR 7	Measures to simplify administrative processes	EXPAND THE NETWORK OF ADVICE AND PAPERWORK POINTS (PAIT) AND THE CIRCE NETWORK	MITYC	Approved	-	3.2 M€	Cabinet decision (15/07/05) Framework agreement with Andalusia, Cantabria, Asturias, Castilla & León, Valencia, Extremadura, Galicia and Catalonia.  Royal Decree 1332/2006 of 21 November  "Act 24/2005, of 18 November, providing reforms to enhance productivity"	Advice and Paperwork Points (PAIT) ; companies established online through the PAIT ; companies established by visit to the PAIT
302	Guidelines 14 & 15	PILLAR 7		CREATE INTEGRATED CITIZEN ATTENTION OFFICES	MAP	In process	-			
303	Guideline 14	PILLAR 7		EXTEND THE ON-LINE SYSTEM FOR CREATING THE NEW FORM OF LIMITED LIABILITY COMPANY (SLNE) SO AS TO ENABLE ALL TYPES OF LIMITED LIABILITY COMPANY (S.L.) TO BE CREATED ON-LINE	MJ,MITYC	Approved	-			
304	Guideline 14	PILLAR 7		GREATER EFFICIENCY, SECURITY AND COST SAVINGS IN BUSINESS	MJ,MITYC	Approved	-			
305	Guideline 14	PILLAR 7		ON-LINE ADMINISTRATIVE PROCESSES	MJ,MEH	In process	-			
306	Guideline 14	PILLAR 7		CREATE THE CENTRAL ADMINISTRATION'S COMMON ON-LINE REGISTER	MAP	Approved	-			
307	Guideline 14	PILLAR 7		ALLOW ALL CENTRAL GOVERNMENT FEES TO BE PAID ON-LINE	MAP	Approved	-			
308	Guideline 14	PILLAR 7		DISSEMINATION OF AN ELECTRONIC DATA INTERCHANGE SYSTEM BETWEEN ADMINISTRATIONS	MAP	Approved	-			
309	Guideline 14	PILLAR 7		ELECTRONIC PUBLIC SERVICE (E-ADMINISTRATION) ACT	MAP	Approved	-			
310	Guideline 14	PILLAR 7		ADD NEW PROCESSES TO THE SINGLE ELECTRONIC DOCUMENT (DUE)	MITYC, MAP	Approved	-			
347	Guideline 15	PILLAR 7		PROGRAMME TO IMPROVE REGULATION AND REDUCE RED TAPE	MAP	In process	dic-07		Cabinet decision: May 2007	Processes in the Single Business Document ; processes required to start a business activity (number)

<sup>(4)</sup> The current review of the NRP includes additional measures indicated by the number in purple.



## **ANNEX II. INDICATORS OF THE NATIONAL REFORM PROGRAMME**

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
1	Current account deficit (% of GDP)	1	8.7 (2006)	7.4 (2005)	5.3 (2004)	BdE, INE
2	Public sector lending/borrowing (% of GDP)	1	1.8 (2006)	1.0 (2005)	-0.18 (2004)	IGAE/MEH
3	Central Government lending/borrowing (% of GDP)	1	0.6 (2006)	0.2 (2005)	-1.14 (2004)	IGAE/MEH
4	Social Security lending/borrowing (% of GDP)	1	1.3 (2006)	1.1 (2005)	1.01 (2004)	IGAE/MEH
5	Provision to Social Security Reserve Fund (million euro/% of GDP)	1	(45,047 / 4.5) (July 2007)	(27,085 / 3.0) (31 December 2005)	(19,330 / 2.4) (31 December 2004)	MTAS
6	Company tax rate (%)	1	32.5 (2007)	35 (2006)	35 (2005)	Act of Parliament
7	Personal income tax brackets (Number)	1	4 (2007)	5 (2006)	5 (2005)	Act of Parliament
8	Personal income tax: maximum marginal rate	1	43 (2007)	45 (2006)	45 (2005)	Act of Parliament
9	Minimum earned income deduction (euro)	1	2,600 (2007)	2,400 (2006)	2,400 (2005)	Act of Parliament
10	Environmental taxes as % of GDP	1	2.0 (2005)	2.0 (2004)		
11	Household saving rate (%)	1	10.1 (2006)	10.6 (2005)	11 (2004)	INE
12	Productive capital stock/employment (thousand euro/person)	1	86.9 (2006)	85.8 (2005)	71.2 (2004)	BdE
13	Increase (%) in Central Government expenditure on production policies (Infrastructure, Research & Innovation, Education and Continuous Training)	1 & 3	16.9 (2007)	17.1 (2006)	13,1 (2005)	MEH
14	Transparency commitments fulfilled	1	92 (2006)	n.a.	n.a.	MEH
15	Tax revenues over which there is legislative control as % of total revenues in the financing system	1	44.68 (2005)	43.25 (2004)	41.4 (2003)	MEH
16	Average retirement age (years)	6	63.6 (Jan.-Apr. 2007)	63.4 (2006)	63.4 (2004)	INE
17	Minimum pension/Minimum contribution base (%) (age 65 with dependant spouse)	6	106.2 (2007)	105.2 (2006)		MTAS
18	Retirees under 65 as % of total retirees in year	6	45.41% (Jan.- May 2007)	46,47% (2006)	42% (2005)	MTAS
19	New disability pensions as % of total new pensions	6	19.87% (Jan.- May 2007)	20.36% (2006)	19.6% (2004)	MTAS
237	Average initial disability pension (euro/month)	6	794.42 (May 2007)	772.28 (2006)		

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
20	Expenditure on survivor's pensions (vested) (Million euro)	6	15,640.94 (2007)	14,814.3 (2006)	13,946 (2005)	MTAS
21	Average amount of survivor's pension (euro)	6	498.12 (June 2007)	476.70 (2006)	455.26 (2005)	MTAS
22	Workers regularised who are still registered for Social Security (number)	1 & 6	433,095 (July 2007)	463,142 (August 2006)	n.a.	MTAS
238	Percentage of pensioners receiving the minimum pension	1	27.12% (June 2007)	26.91% (2006)		
239	New partial retirement pensions as percentage of total new pensions	1	13.29% (Jan.-May 2007)	12.55% (Jan.-May 2006)		
240	New retirement pensions	1	96,683 (Jan. May 2007)	101,315 (Jan. May 2006)		
241	Sick leave expenditure (budget, million euro)	1	7,312.77 (2007)	6,655.68 (2006)		
23	Growth in pharmaceutical expenditure per prescription (% year-on-year)	1	5.95 (July 2007)	5.8 (2006)	5.6 (2005)	MSC
24	Growth in public expenditure per prescription (% year-on-year)	1	0.53 (July 2007)	1.6 (2006)	0.67 (2005)	MSC
25	Growth in the number of medical prescriptions (% year-on-year)	1	5.39 (July 2007)	4.1 (2006)	4.9 (2005)	MSC
26	Consumption of generic pharmaceuticals (year-on-year growth rate)	1	22.8 in terms of packs and 13.1 in terms of amount March 2007	18.6 in terms of packs, 16.2 in terms of amount (2006)	40.0 in terms of packs, 15.5 in terms of amount (2005)	MSC
27	Generic pharmaceuticals/Total pharmaceuticals (%)	1	20.5 in terms of packs, 10.5 in terms of amount (March 2007)	16.7 in terms of packs and 8.5 in terms of amount (2006)	12.0 in terms of packs and 6.6 in terms of amount (2005)	MSC
28	Stock of public capital/capita (thousand constant 2005 euro)	2	11.1 (2006)	10.7 (2005)	10.4 (2004)	BdE
29	High-capacity road density (km/1,000 km <sup>2</sup> )	2	26.0 (2005)	24.7 (2004)	23.8 (2003)	MFOM
30	Population resident within 30 km of a high-capacity road (%)	2	90 (2005)	89 (2004)	n.a.	MFOM
31	Provincial capitals with direct access to the high-capacity road network (Number)	2	44 (2006)	41 (2004)	n.a.	MFOM
32	Progress with PEIT investments in road transport (%)	2	19.1 (2007)	12.89 (2006)	5.18 (2005)	MFOM
33	Speed traps (number)	2	617 (2007)	425 (2005)	300 (2004)	DGT



No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
34	Progress with PEIT investments in rail transport (%)	2	22.2 (2007)	12.63 (2006)	6.22 (2005)	MFOM
35	Population resident within 50 km of a high-speed rail (UIC) station (%)	2	28 (2006)	25 (2004)	n.a.	MFOM
36	Provincial capitals with direct access to the high-speed rail network (Number)	2	10 (2006)	9 (2005)	8 (2004)	MFOM
37	Maritime freight (as % of total freight)	2	9.6 (2005)	10.1 (2004)	n.a.	MFOM
38	Port system capacity (million tonnes/year)	2	474.9 (2006)	456.8 (2005)	426.2 (2004)	MFOM
39	Progress with PEIT investments in ports (%)	2	19.4 (2007)	12.73 (2006)	6.30 (2005)	MFOM
40	Airport system capacity (million passengers/year)	2	191.1 (2006)	178,2 (2005)	163.9 (2004)	MFOM
41	Number of passenger flights (million operations)	2	2.32 (2006)	2.21 (2005)	1.72 (2004)	MFOM
42	Progress with PEIT investments in airports (%)	2	33.1 (2007)	19.92 (2006)	8.45 (2005)	MFOM
43	Road share of inland freight transport (% in tonne-km)	2	95.2 (2005)	94.9 (2004)	94.3 (2003)	Eurostat
44	Car share of inland passenger transport (% in passenger-km)	2	82.8 (2004)	83.5 (2003)	82.8 (2002)	Eurostat
45	Irrigation infrastructure optimisation under the A.G.U.A. Programme (degree of budgetary execution, %)	2	32.4 (2007)	20.3 (2006)	n.a.	MMA
46	Desalination for irrigation under the A.G.U.A. Programme (degree of budgetary execution, %)	2	75.7 (2007)	63.1 (2006)	n.a.	MMA
47	Water supply infrastructure optimisation under the A.G.U.A. Programme (degree of budgetary execution, %)	2	41.4 (2007)	21.4 (2006)	n.a.	MMA
48	Desalination for water supply under the A.G.U.A. Programme (degree of budgetary execution, %)	2	91.7 (2007)	47.2 (2006)	n.a.	MMA
49	Wastewater treatment under the A.G.U.A. Programme (degree of budgetary execution, %)	2	0 (2007)	0 (2006)	n.a.	MMA
50	Water treatment and re-use under the A.G.U.A. Programme (degree of budgetary execution, %)	2	28.4 (2007)	0 (2006)	n.a.	MMA
51	Water re-use under the A.G.U.A. Programme (degree of budgetary execution, %)	2	13.3 (2007)	3.6 (2006)	n.a.	MMA
52	Other measures under the A.G.U.A. Programme (degree of budgetary execution, %)	2	13.3 (2007)	7.1 (2006)	n.a.	MMA

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
	Schooling at age 2 (%)	3 & 6	29.9 (MEC), 46.7 (MTAS) (2006)	28.0 (2005)	24.8 (2004)	MEC, MTAS
244	Schooling aged 0-2 (%)	3 & 6	16.6 (MEC) (2006)	15 (2005)	13,2 (2004)	MEC, MTAS
54	Schooling at age 3 (%)	3 & 6	96 (2006)	95.9 (2004)	94.7(2003)	MEC
55	Students aged 3 to 6 learning a foreign language (%)	3	54.4 (2006)	52.1 (2005)	48.2 (2004)	MEC
56	Suitability rate in primary schooling (% of students in the grade corresponding to their age)	3	age 8: 94.3; age 10: 90.2; age 12: 84.2 (2006)	age 8: 93.9; age 10: 90.1; age 12: 84,3 (2005)	age 8: 94.4; age 10: 90.8; age 12: 85 (2004)	MEC
57	Graduation from compulsory secondary education (%)	3	70.4 (2005)	71.5 (2004)	71.3 (2003)	MEC
58	Number of foreign students per 1,000 students registered for compulsory secondary education (E.S.O.)	3	77.7 (2006)	67.3 (2005)	57.5 (2004)	MEC
59	Suitability rate in compulsory secondary schooling (age 15) (% of students in the grade corresponding to their age)	3	57.7 (2006)	58.4 (2005)	59.4 (2004)	MEC
60	Students falling behind before the 4th year of compulsory secondary education (%)	3	42.3 (ESO), 14.7 (Primary), 27.6 (Secondary) (2006)	41.6 (ESO), 13.6 (Primary), 28 (Secondary) (2005)	40.6 (ESO), 12.8 (Primary), 27.8 (Secondary) (2004)	MEC
61	PISA Report: Reading literacy (%)	3	n.a.	21.1% <sup>(1)</sup> & 23.2 <sup>(2)</sup> (2003)	n.a.	OECD
62	PISA Report: Mathematical literacy (%)	3	n.a.	23% <sup>(1)</sup> & 25.6 <sup>(2)</sup> (2003)	n.a.	OECD
63	PISA Report: Scientific literacy	3	n.a.	487 <sup>(3)</sup> (2003)	n.a.	OECD
64	Foreign language learning: percentage of students in proficiency levels 1 and 2 (the lowest) according to national assessments. (Objective: reduce that percentage by 25%)	3	n.a.	15 (2004)	n.a.	OECD
65	Graduation rate in Higher Secondary (Bachillerato) and Mid-level Professional (CFGM) Education (%)	3	Bach/COU: 44.4; CFGM: 16.4 (2005)	Bach/COU: 44.9; CFGM: 16.2 (2004)	Bach/COU: 43.4; CFGM: 13.2 (2003)	MEC
66	Premature school abandonment (% of population aged 18 to 24 who have completed compulsory education but are not pursuing further studies)	3	29.9 (2006)	30.8 (2005)	31.7 (2004)	MEC

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
67	Higher secondary school graduates (age 20-24, %)	3	61.6 (2006)	61.8 (2005)	61.2 (2004)	MEC
68	Admission to third-level (university and higher-level professional education-CFGS, %	3	CFGs: 25; University: 47.7 (2005)	CFGs: 24.2; University: 48.3 (2004)	n.a.	MEC
69	Percentage of university graduates in science, mathematics and technology	3	11.8 (2005)	12.5 (2004)	11.9 (2003)	MEC
70	Admission to university/third-level (number)	3	1,405,489 (2006/2007) <sup>(5)</sup>	1,433,016 (2005/2006)	1,446,879 (2004/2005)	INE, MEC
71	Population aged 30-64 receiving training for employment (%)	3	10,4 (2006)	10,5% (2005)	4,7% (2004)	INE, MEC
72	Persons in employment receiving training for employment (%)	3	1,885,585 (2006)	1,610,420 (2005)	1,474,635 (2004)	Tripartite Foundation for Training in Employment
73	Working population receiving training for employment (%)	3	11.2% (2006)	10% (2005)	9.8% (2004)	Tripartite Foundation for Training in Employment
74	Expenditure per worker receiving training for employment (euro)	3	312 euro (2006)	307 euro (2005)	319 euro (2004)	Tripartite Foundation for Training in Employment
75	Training + on-the-job practice contracts (number)	3	117,654/90,461 (2006)	120,584/85,557 (2005)	126,534/85,845 (2004)	SPEE
76	Companies with training for employment programmes (Number)	3	88,946 (2006)	61,786 (2005)	32,119 (2004)	Tripartite Foundation for Training in Employment
77	Civil servants receiving training for employment	3	621,000 (2006)	600,000 (2005)	501,421 (2004)	INAP
78	Individual training leaves of absence (number)	3	972 (2005/2006)	979 (2004/2005)	510 (2003/2004)	Tripartite Foundation for Training in Employment, INE
79	Homes with broadband access (%)	3 and 4	29 (2006)	21 (2005)	15 (2004)	Eurostat
80	Home with Internet access (%)	3 and 4	41.1 (2006)	37 (2005)	33.6 (2004)	INE
81	Population that regularly uses the internet (%)	3 and 4	39 (2006)	35 (2005)	31 (2004)	Eurostat
82	Number of students per computer	3 and 4	8.8 (2005)	8.8 (2005)	11.2 (2005)	Red.es
83	Schools with broadband access (%)	3 and 4	87 (2006)	73,3 (2005)	69 (2004)	Red.es
84	Individuals who have used the internet for learning and teaching purposes (%)	3 and 4	7 (2006)	8 (2005)	8 (2004)	Eurostat
85	Percentage of the population that took a computer course in the last year (%)	3 and 4	7 (2006)	8 (2005)	n.a.	Eurostat

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
86	Graduates in science and technology (per 1,000 inhabitants aged 20-29)	4	11.8 (2005)	12.5 (2004)	12.6 (2003)	Eurostat
87	Patents registered at US Patent Office - USPTO (per million inhabitants)	4 & 7	19 (2006)	16 (2005)	16 (2004)	USPTO
88	Patents registered at European Patent Office- EPO (per million inhabitants)	4 & 7	25 (2006)	22 (2005)	20 (2004)	EPO
89	Returns on Framework Programme (%)	4 & 7	6.2 (2006)	5.8 (2005)	6.2 (2004)	CDTI
90	Spain's scientific output as % of world total	4	3 (2006)	2.8 (2005)	2.6 (2004)	FECYT/SCIMago
91	Early-stage venture capital investment as % of GDP	4	0.027 (2006)	0.013 (2005)	0.008 (2004)	Eurostat
92	High technology exports (%)	4 and 5	6 (2005)	6 (2004)	6 (2003)	Eurostat
93	Companies with 10 or more employees that have their own web site (%)	4 and 5	50.2 (2006)	43.4 (2005)	39.7 (2003)	INE
94	Companies with 10 or more employees that have Internet access (%)	4 and 5	92.7 (2006)	90 (2005)	87 (2004)	Eurostat
95	Companies with 10 or more employees that have broadband Internet access (%)	4 and 5	87 (2006)	76 (2005)	72 (2004)	Eurostat
96	Persons using the internet for relations with the Administration, to download official forms (%)	4 and 5	13.6 (2006)	12.5 (2005)	11.6 (2004)	Eurostat
97	Companies interacting with the Administration via the internet (%)	4 and 5	53 (2006)	52 (2005)	48 (2004)	Eurostat
98	Availability of the 20 basic services of eEurope (%)	4 and 5	55 (2006)	55 (2005)	50 (2004)	Red.es
99	Availability and use of e-Administration. Citizens: obtain information (%)	4 and 5	23.7 (2006)	22.5 (2005)	22 (2004)	Eurostat
100	Availability and use of e-Administration. Citizens: download forms (%)	4 and 5	13.6 (2006)	12.5 (2005)	11.6 (2004)	Eurostat
101	Availability and use of e-Administration. Companies: obtain information (%)	4 and 5	53 (2006)	52 (2005)	48 (2004)	Eurostat
102	Availability and use of e-Administration. Companies: download forms (%)	4 and 5	54 (2006)	51 (2005)	45 (2004)	Eurostat
103	Landline communications prices (2000 baseline)	5		62.6 (2005)	72.1 (2004)	CMT
104	Mobile communications prices (baseline 2000)	5		77.1 (2005)	86.5 (2004)	CMT
105	Market share of top 3 mobile telephony companies - C3 (%)	5	99% (2006)	100 (2005)	100 (2004)	CMT
106	ADSL coverage ratio (%)	5	97% (2005)	95% (2004)	n.a.	Telefonica
107	Broadband lines per capita (%)	5	15.9 (March 2007)	14.9 (December 2006)	8 (2004)	CMT
108	Persons shopping via the internet (%)	5	11.7 (2006)	9.3 (2005)	5 (2004)	INE
109	Companies that sell via the internet (%)	5	8.02 (2006)	3 (2005)	2 (2004)	Eurostat

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
110	RTVE deficit (million)	5	0 (2006)	618.59 (2005)	723 (2004)	RTVE
111	Wholesale operators in the MERCAS network (number)	5		2,200 (2005)	n.a.	MITYC
112	Retail companies (CNAE-52) with under 2 employees (number)	5		292,961 (2004)	293,123 (2003)	INE
113	Retail companies (CNAE-52) with 2-49 employees (number)	5		237,122 (2004)	228,030 (2003)	INE
114	Retail companies (CNAE-52) with over 49 employees (number)	5		1,029 (2004)	877 (2003)	INE
115	Differential with respect to EU-15 in pre-tax price of diesel	5	2.7%(2006)	2.0% (2005)	2.7% (2004)	CORES
116	Differential with respect to EU-15 in pre-tax price of petrol	5	3% (2006)	2.9 % (2005)	3.8 % (2004)	CORES
117	Energy intensity (primary energy consumption: toe/million euro (2000)	5	188 (2006)	197 (2004)	199 (2004)	SGE
118	Share of renewable energies as % of total primary energies	5	6.8% (2006)	5.7% (2005)	6.3% (2004)	
119	Contribution of biofuels (% of total primary energy consumption)	5	1.4% (2006)	0.16% (2004)	n.a.	IDAE
120	Electricity supply quality index (TIEPI)	5	2.04 (2006)	2.18 (2005)	2.42 (2004)	MITYC
121	Exchanges in the secondary markets (MWh)	5	-	0	0	CNE
122	Trend in energy exchanges with neighbouring countries (MWh) exchanges/total consumption	5	1.3% (2006)	7.1% (2005)	8.1% (2004)	REE
123	Outgoing electricity connection capacity with France (MW)	5	500 (2006)	300-600 (2005)	200-600 (2004)	REE
124	Incoming electricity connection capacity with France (MW)	5	1400 (2006)	800-1400 (2005)	700-1400 (2004)	REE
125	Outgoing electricity connection capacity with Portugal (MW)	5	1000-1200 (2006)	1600-2100 (2005)	300-1000 (2004)	REE
126	Incoming electricity connection capacity with Portugal (MW)	5	1400-1500 (2006)	800-1200 (2005)	300-800 (2004)	REE
127	Electricity supplied in the liberalised market	5	24.6% (2006)	40% (2005)	34.06 % (2004)	CNE
128	Natural gas supplied in the liberalised market	5	84.9%(2006)	83.23% (2005)	80.2% (2004)	CNE
129	Customer loyalty in retail electricity markets (Electricity supplied by supply companies that do not belong to the same business group as the distribution company) (%)	5	36% (2006)	29.3% (2nd quarter 2005)	23% (2004)	CNE

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
130	Customer loyalty in retail natural gas markets Gas supplied by supply companies that do not belong to the same business group as the distribution company (%)	5	57% (2006)	57% (2005)	54% (2004)	CNE
131	Water banks approved (Number)	5		0 (2005)	0 (2004)	MMA
132	Hm3 handled by approved water banks	5		0 (2005)	0 (2004)	MMA
133	Pool of government-sponsored housing	5	2,689,666 (2006)	2,653,457 (2005)	2,615,941 (2004)	MVIV
134	Pool of government-sponsored housing (as % of total housing pool)	5	11.27 (2006)	11.43 (2005)	11.56 (2004)	MVIV
135	Annual rate of change in government-sponsored housing	5	19.4 (1Q 2007)	18.9 (4Q 2006)	24.1 (3Q 2006)	MVIV
246	Number of households living in rented accommodation	5	1,830,370 (2006)	1,787,140 (2005)	1,743,910 (2004)	MVIV
247	Percentage of households renting as percentage of total households	5	11.2 (2006)	11.3 (2005)	11.3 (2004)	MVIV
248	No. of government-sponsored housing built to let	5	18,648 (2006)	18,226 (2005)	-	MVIV
249	Annual change in price of deregulated housing	5	5.8 (2Q 2007)	7.2 (1Q 2007)	9.1 (4Q 2006)	MVIV
250	Annual change in price of new deregulated housing	5	6.0 (2Q 2007)	7.4 (1Q 2007)	9.6 (4Q 2006)	MVIV
251	Annual change in price of used deregulated housing	5	5.6 (2Q 2007)	7.1 (1Q 2007)	8.6 (4Q 2006)	MVIV
252	Annual change in price of government-sponsored housing	5	4.0 (2Q 2007)	4.4 (1Q 2007)	7.5 (4Q 2006)	MVIV
136	New venture capital funding raised (million euro)	5		4,042 (2005)	2,111 (2004)	ASCRI
137	Start-up capital deals (%)	5		43.1 (2005)	n.a.	ASCRI
138	Seed capital deals (%)	5		22.9 (2005)	n.a.	ASCRI
139	Volume of venture capital (million euro)	5		12,814 (2005)	9,438 (2004)	ASCRI
140	Funds raised by collective investment schemes (million euro)	5		2,050 (2005)	3,030 (2004)	CNMV
141	Average time taken to decide on competition issues (days)	5	310 (2006)	215 (2005)	n.a.	SDC
142	Inflation differential	5		1.3 (2005)	1.2 (2004)	IMF
143	Unit labour cost growth differential	5		1 (2005)	0.9 (2004)	
144	Foreign tourist arrivals (rate of change)	5	2.0 % (Jan.-July 2007)	4.5% (2006)	6% (2005)	IET
145	Expenditure per tourist per day (euro)	5	90 (Jan.-July 2007)	91 (2006)	85 (2005)	IET

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
146	Expenditure per tourist (euro)	5	837 (Jan.-July 2007)	857 (2006)	855 (2005)	IET
147	Foreign investment in Spain (rate of change)	5	-23.5% (Jan.-June 2007)	-23.8% (2006)	-10.6% (2005)	Reg. Inv. Ext
148	Exports to countries targeted by comprehensive market development plans (rate of growth)	5	15.0% (Jan.-June 2007)	30.9% (2006)	39.3 (2005)	MITYC
149	Exports of capital goods	5	5.6% (Jan.-June 2007)	11.3% (2006)	8.6% (2005)	MITYC
150	Exports (growth rate, %)	5	6.6% (Jan.-June 2007)	12.85% (Jan.-Jun. 2006)	4.5% (2005)	MITYC
151	Spain's market share abroad (%)	5		1.79% (2005)	1.98% (2004)	Customs & IMF
152	Market share in the USA	5	0.53 (2006)	0.53 (2005)	0.52 (2004)	MITYC
153	Market share in China	5	0.38 (2006)	0.32 (2005)	0.31 (2004)	MITYC
154	Companies that benefited from the "Learn to Export" programme (number)	5		4500 (June 2005-June 2006)	n.a.	
155	Total amount of finance granted under the ICO-ICEX line to small companies (million euro)	5	6.52 (Jan.-July 2007)	28.67 (2006)	0 (2005)	ICO
156	Small companies that benefited from the ICO-ICEX line (number)	5	85 (Jan.-July 2007)	399 (2006)	0 (2005)	ICO
157	Road freight companies with heavy vehicles (number)	5	74,415 (2006)	73,833 (2005)	71,941 (2004)	MFOM
158	Average fleet size of road freight companies (number of trucks)	5	3.26 (2006)	3.18 (2005)	3.03 (2004)	MFOM
159	Rail freight operating licences (number)	5	4 (2006)	0 (2005)	n.a.	MFOM

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
160	Employment rate (15-64/16-64)	6	65.8%/66.8% (2Q 2007)	64.7%/65.7% (2Q 06)	63.2%/64.2% (2Q 2005)	INE
161	Male employment rate (15-64/16-64)	6	76.6%/77.7% (2Q 2007)	76%/77.2% (2Q 06)	75.0%/76.13% (2Q 2005)	INE
162	Female employment rate (15-64/16-64)	6	54.8%/55.6% (2Q 2007)	53.2%/54% (2Q 06)	51.2%/52% (2Q 2005)	INE
163	Employment rate in ages 55-64	6	44.8% (2Q 2007)	44.1% (2Q 06)	43.1% (2Q 2005)	INE
164	Male employment rate 55-64	6	60.0% (2Q 2007)	60.5% (2Q 06)	59.5% (2Q 2005)	INE
165	Female employment rate 55-64	6	30.4% (2Q 2007)	28.6% (2Q 06)	27.6% (2Q 2005)	INE
166	Risk of poverty after social transfers	6	20 (2005)	20 (2004)	19 (2003)	Eurostat
167	Male risk of poverty after social transfers	6	19 (2005)	19 (2004)	18 (2003)	Eurostat
168	Female risk of poverty after social transfers	6	21 (2005)	21 (2004)	20 (2003)	Eurostat
169	Long-term unemployment rate (% labour force)	6	2.0% (2Q 2007)	2.2% (2Q 06)	2.7% (2Q 2005)	INE
170	Male long-term unemployment rate (% labour force)	6	1.3% (2Q 2007)	1.4% (2Q 06)	1.7% (2Q 2005)	INE
171	Female long-term unemployment rate (% labour force)	6	2.9% (2Q 2007)	3.3% (2Q 06)	4.0% (2Q 2005)	INE
172	Dispersion of regional employment rates -Total	6	10.50% (2Q 2007)	10.27% (2Q 06)	10.13 (2Q 2005)	Eurostat
173	Dispersion of regional employment rates - Male	6	7.61% (2Q 2007)	6.88% (2Q 06)	6.83 (2Q 2005)	Eurostat
174	Dispersion of regional employment rates - Female	6	15.31% (2Q 2007)	16.57% (2Q 06)	16.01 (2Q 2005)	Eurostat
175	Economic activity rate (15-64/16-64)	6	71.5%/72.6% (2Q 2007)	70.8%/71.8% (2Q 06)	69.7%/70.8% (2Q 2005)	INE
176	Female economic activity rate (15-64/16-64)	6	60.5%/62.1% (2Q 2007)	59.4%/61.0% (2Q 06)	58.4%/59.26% (2Q 2005)	INE



No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
177	Part-time employment rate	6	12.3% (2Q 2007)	12.4% (2Q 06)	12.8% (2Q 2005)	INE
178	Rate of female part-time employment	6	23.4% (2Q 2007)	23.5% (2Q 06)	24.9% (2Q 2005)	INE
179	Rate of fixed-term employment (%)	6	31.8% (2Q 2007)	34.4% (2Q 06)	33.3% (2Q 2005)	INE
180	Rate of female fixed-term employment	6	33.3% (2Q 2007)	37.3% (2Q 06)	35.5% (2Q 2005)	INE
181	Rate of youth fixed-term employment (%)	6	62.5% (2Q 2007)	66.6% (2Q 06)	65.3% (2Q 2005)	INE
182	Minimum wage/Average wage (%)	6	49.72% (2006) - MTAS estimate	48.77% (2005) - MTAS estimate	0.34% (2004)	INE
183	Beneficiaries of lump sum unemployment benefit (number)	6	125,944 (2006)	90,468 (2005)	61,560 (2004)	SPEE
185	Unemployed young people (under 30) participating in occupational professional training (%)	6	36.74% (2006)	35.81% (2005)	34.36% (2004)	SPEE
186	Companies with equality plans (number)	6	45 (Aug. 2006)	n.a.	n.a.	MTAS
187	Women registered for training programmes aimed at women (number)	6	1,413 (2Q 2007)	n.a.	n.a.	MTAS
188	Men taking paternity leave (number)	6	7,687 (Apr. 2007) 45,360 benefits accumulated through 30 June 2007	2,547 (Jan.-Jun. 2006)	2,538 (Jan.-Jun. 2005)	MTAS
189	Workers who voluntarily postpone retirement (Number of retirements at age 66 or over)	6	15,975 (2006)	14,950 (2005)	80,710 (2004)	MTAS
190	Coverage rate of unemployment subsidy (non-contributory)	6	72.51% (2006)	67.87% (2005)	63.74% (2004)	SPEE
191	Beneficiaries of the benefit for long-term unemployed aged 45 and over (number)	6	51,346 (2006)	49,666 (2005)	39,207 (2004)	SPEE
192	Rate of employment of people with disabilities (%)	6	28.5% (2002)	n.a.	n.a.	INE

195	Immigrants hired at source (number)	6	108,217 (30 June 2007)	116,000 (30 June 06)	37,198 (2005)	MTAS
196	Foreigners in employment (number)	6	2,753,800 (2Q 2007)	2,425,200 (2Q 06)	2,043,800 (2Q 2005)	INE
197	Expenditure on programmes to attend to immigrants (million euro)	6	535,72 M euro	120 (2005)	120 (2005)	MTAS
242	Hiring with social security rebate	6	622.402 (Jan.- June 2007)	596.267 (Jan.- June 2006)	--	MTAS
198	No. of fixed-term contracts converted to indefinite	6	1,264,504 (2006)	701,792 (2005)	604,120 (2004)	SPEE
199	Indefinite contracts subsidised under the employment promotion programme (number)	6	1,366,310 (2006)	738,470 (2005)	761,485 (2004)	SPEE
200	Labour inspectors (number)	6	1,712 (2006)	n.a.	n.a.	MTAS
201	Women entrepreneurs (number)	6	721 (2Q 2007)	n.a.	n.a.	MTAS
202	Self-employed workers (self-employment/total employment)	6	17.2% (2Q 2007)	17.7% (2Q 06)	17.7% (2Q 2005)	INE
203	Cooperatives and Worker-owned Companies (Number)	6	45,817 (1Q 2007)	45,840 (1Q 2006)	46,425 (4Q 2005)	MTAS
204	Employment at Cooperatives and Worker-owned Companies	6	445,727 (1Q 2007)	436,899 (1Q 2006)	439,618 (4Q 2005)	MTAS
205	Incidence index (% accumulated reduction in workplace accident rate 2003-2006)	6	7.9 ( 2006)	5.9 (2005)	3.9 (2004)	MTAS
206	Collective labour agreements (number)	6	3,288 (July 2007)	3,321 (July 2006)	5,299 (July 2005)	MTAS
207	Workers covered by a collective agreement (number)	6	5,953,000 (July 2007)	7,312,000 (July 2006)	10,755,700 (2005)	MTAS
208	Wage increase in agreements (%)	6	2.88 (July 2007)	3.18 (July 2006)	4.05 (2005)	MTAS
209	Beneficiaries of subsidy for first employee hired by a young entrepreneur (number)	6 & 7	9,485 (September 2006)	10,011 (December 2005)	10,011 (December 2005)	Social Security

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
210	Beneficiaries of subsidy for first employee hired by a female entrepreneur (number)	6 & 7	50,720 (Sept. 2006)	38,934 (Dec. 2005)	38,934 (Dec. 2005)	Social Security
243	Female managers and executives in the Administration and in companies with over 10 employees	6	23.28% (1Q 2007)			
253	Proportion of unemployed under 25 who have not been offered any training, work experience or other employability measure after 6 months	6	7.46% (2006)			SPEE
254	Proportion of unemployed aged over 25 who have not been offered any training, work experience or other employability measure after 12 months	6	7.52% (2006)			SPEE
211	Processes required to start a business activity (number)	7	10 (2006)	10 (2005)	10 (2004)	World Bank
212	Days required to start a business activity (days)	7	47 (2006)	47 (2005)	47 (2004)	World Bank
213	Cost of starting a business activity (% of per capita income)	7	16.2 (2006)	16.2 (2005)	16.5 (2004)	World Bank
214	Total amount of Microloans for Women granted to create companies (million euro)	7	1.7 (2006)	2 (2005)	0 (2004)	MITYC
215	Companies which benefited from the Microloans for Women for creating companies (number)	7	142 (2006)	134 (2005)	0 (2004)	MITYC
216	Total amount of ICO-Microloans granted (million euro)	7	0.6 (Jan.-July 2007)	4.12 (2006)	2.0 (2005)	ICO
217	Companies which benefited from ICO-Microloans (number)	7	Not available	212 (2006)	105 (2005)	ICO
218	Total amount of ICO-Entrepreneur loans granted (million euro)	7	23.75 (Jan.-July 2007)	44.34 (2006)	0 (2005)	ICO
219	Companies which benefited from ICO-Entrepreneur loans (number)	7	706 (Jan.-July 2007)	1,229 (2006)	0 (2005)	ICO
220	Total amount of ICO-SME loans granted (million euro)	7	5,090.73 (Jan.-July 2007)	7,000 (2006)	4,000 (2005)	ICO
221	Companies which benefited from ICO-SME loans (number)	7	81,255 (Jan.-July 2007)	114,596 (2006)	61,263 (2005)	ICO

No.	Other indicators	Pillar	Latest figure (date)	Previous figure (date)	Penultimate figure (date)	Publication
222	Total amount of ICO-Business Growth loans granted (million euro)	7	55.16 (Jan.-July 2007)	76.96 (2006)	0 (2005)	ICO
223	Companies which benefited from ICO-Business Growth loans (number)	7	69 (Jan.-July 2007)	120 (2006)	0 (2005)	ICO
224	Advice and Paperwork Points (PAIT) (number)	7	69 (2006); accumulated 157	54 (2005)	0 (2004)	MITYC
225	Companies established on-line through the PAIT (number)	7	1089 (2006)	618 (2005)	0 (2004)	MITYC
226	Volume of loans granted by ENISA (million euro)	7	71 (2006); amount 22.6 million euro	73 (2005)	0 (2004)	ENISA
227	Accumulated guarantees provided by Reciprocal Guarantee Companies (Number)	7	490,947 at 31-12-06	501,376 at 31-03-07	n.a.	CERSA
228	Accumulated guarantees provided by Reciprocal Guarantee Companies (million euro)	7	14,907 (31-12-06)	15,524 (31-03-07)	n.a.	CERSA
229	Total amount of transactions since the ICO-CDTI line of credit was renewed (million euro)	7	142.93 (2006)	282 (2005)	n.a.	ICO
245	Technology centres supported by the PROFIT programme	7	68 (2007)			MITYC
230	Companies which benefited from ICO-CDTI loans (number)	7	447 (2006)	1,012 (2005)	n.a.	ICO
231	Spanish direct investment abroad (million euro)	7	39,573 (Jan.-June 2007)	58,838 (2006)	26,345 (2005)	Reg. Inv. Ext
232	Young graduates benefiting from the programme of three-phase grants (number)	7		619 (2006)	529 (2005)	ICEX
233	Three-phase grants (million euro)	7		13.3 (2006)	13 (2005)	ICEX
234	Incoming internships from countries with high growth potential for Spanish exports (number)	7		23 (2006)	14 (2005)	ICEX
235	Incoming internships from countries with high growth potential for Spanish exports (million euro)	7		0.76 (2006)	0.51 (2005)	ICEX
236	Processes in the Single Business Document (number)	7		15 (2005)	0 (2004)	MITYC

<sup>(1)</sup> Percentage of students in proficiency levels 0 and 1 according to the PISA survey The goal is to reduce the percentage of students in the

<sup>(2)</sup> Percentage of students in proficiency levels 4, 5 and 6 according to the PISA survey. The goal is to increase the percentage of students

<sup>(3)</sup> Spain's score in the PISA report. The goal is to attain a score above the OECD average, which is 500 points.

<sup>(4)</sup> The current review of the NRP includes additional measures indicated by the number in purple.

<sup>(5)</sup> Provisional data from the General Secretariat of the Council for University Coordination (MEC).



### **ANNEX III. REGIONAL BREAKDOWN OF THE MAIN CHALLENGES IN THE NATIONAL REFORM PROGRAMME**

# ANNEX III.1

## OBJECTIVES OF THE NATIONAL REFORM PROGRAMME IN THE AREA OF EDUCATION AND EMPLOYMENT Year 2010.

Autonomous Community	Employment rate age 16-64. <sup>(I)</sup>			Dropout rate. <sup>(II)</sup>			Ongoing learning or training. <sup>(III)</sup>			Net rate of schooling at age 2. <sup>(IV)</sup>		
	Δ 2004/06 (%)	2006	2010 objective	Δ 2004/06 (%)	2006	2010 objective	Δ 2004/06 (%)	2006	2010 objective	Δ 2004/06 (%)	2006	2010 objective
<b>SPAIN</b>	3,7	65,7	-	-1,8	29,9	15,0	6,5	11,6	12,5	5,1	29,9	>30
Andalusia	4,5	58,2	66,0	-1,9	36,8	25,0	5,4	10,5	11,0	2,7	8,5	15,0
Aragon	2,2	69,0	73,0	6,4	28,7	22,0	8,1	13,0	15,0	4,7	51,8	55,0
Asturias (Principality)	4,7	59,1	64,0	-6,8	22,3	18,0	5,1	9,2	12,5	7,3	12,2	30,0
Balearic Islands	2,8	71,0	72,72	-11,1	34,9	30,0	5,7	11,5	12,2	5,0	15,7	23,7
Canary Islands	2,6	62,6	64,3	0,4	34,8	22,0	3,6	11,1	15,0	-	-	20,0
Cantabria	4,9	65,0	66,0	-4,4	23,7	15,0	7,2	10,0	15,0	16,2	26,9	60,0
Castilla & León	4,7	64,6	70,0	2,5	24,2	15,0	5,2	12,5	14,0	1,6	20,8	33,0
Castilla - La Mancha	3,2	63,7	64,3	1,2	37,9	17,1	4,7	9,7	10,2	0,9	4,8	-
Catalonia	3,4	71,4	74,0	-7,2	27,0	-	7,3	10,5	15,0	1,7	52,9	-
Valencia	2,7	66,8	70,5	-4,0	30,3	15,6	4,5	11,8	14,3	3,9	19,5	46,3
Extremadura	3,0	57,0	65,7	-6,2	35,5	29,8	5,9	9,4	11,6	0,6	4,3	29,9
Galicia	4,0	63,8	65,0	1,0	25,6	12,5	6,5	13,0	13,5	4,7	27,2	27,3
Madrid (Region)	4,0	71,2	-	2,1	25,3	-	10,0	13,6	-	9,6	46,9	-
Murcia (Region)	2,4	65,0	67,0	-4,8	39,1	25,0	5,4	11,3	12,5	5,3	25,0	>30
Navarra	4,0	71,4	75,0	-10,6	12,0	10,0	10,1	13,9	15,0	10,0	43,2	60,0
Basque Country	4,0	67,9	70,0	1,6	14,3	<10,0	6,2	13,3	17,5	14,3	89,5	100,0
Rioja (La)	4,2	70,1	73,0	-9,8	26,4	18,0	8,0	10,2	15,0	1,3	6,3	15,0
Ceuta	-	48,8	-	-	-	-	-	-	-	1,3	5,6	-
Melilla	-	53,5	-	-	-	-	-	-	-	-3,7	18,1	-
Ceuta & Melilla	-	-	-	4,0	45,7	-	7,1	12,9	-	-	-	-

(II) For comparison with other European countries, the national objective is based on the population aged 15-64. In 2006, the employment rate of the population aged 15-64 was 64.8%. (Source: Labour Force Survey)

(III) Percentage of the population aged 18-24 that did not complete the second stage of secondary education and is not receiving any form of training or education. (Source: Labour Force Survey)

(IV) Percentage of the population aged 25-64 that is pursuing studies. (Source: Labour Force Survey)

(V) Includes only students registered at schools authorised by the education authorities. If all students at school were counted, the percentages would be higher (46.7% for Spain). (Source: MEC)

## ANNEX III.2

### OBJECTIVES OF THE NATIONAL REFORM PROGRAMME IN THE AREA OF RDI.\* Year 2010.

Autonomous Community	R&D expenditure as % of GDP (%)			R&D expenditure by business (%)			Homes with broadband access (%)		
	Δ 2004/05 (%)	2005	2010 objective	Δ 2004/05 (%)	2005	2010 objective	Δ 2004/06 (%)	2006	2010 objective
<b>SPAIN</b>	<b>0,1</b>	<b>1,1</b>	<b>2,0</b>	<b>-1,5</b>	<b>47,2</b>	<b>55,0</b>	<b>18,8</b>	<b>32,6</b>	<b>45,0</b>
Andalusia	0,1	0,8	1,8	-2,9	29,2	45,5	17,8	28,7	45,0
Aragon	0,1	0,8	1,4	-0,8	51,1	52,0	19,2	33,0	60,0
Asturias (Principality)	0,1	0,7	1,2	3,7	43,4	55,0	19,7	34,5	65,5
Balearic Islands	0,0	0,3	1,0	2,0	21,2	40,0	19,0	39,6	58,0
Canary Islands	0,0	0,6	1,5	1,7	21,2	41,0	19,7	35,1	56,0
Cantabria	0,0	0,5	2,0	-0,3	35,0	45,5	19,4	33,6	78,0
Castilla & León	0,0	0,9	2,0	1,3	50,3	54,6	16,1	25,1	60,0
Castilla - La Mancha	0,0	0,4	2,0	-0,7	39,7	55,0	17,0	24,7	55,0
Catalonia	0,0	1,4	2,6	-2,9	57,4	66,0	21,4	39,4	78,0
Valencia	0,1	1,0	2,0	2,7	34,1	45,5	15,0	28,7	50,0
Extremadura	0,3	0,7	1,2	-8,1	21,1	35,7	11,2	17,7	22,7
Galicia	0,0	0,9	1,5	5,3	39,4	46,4	13,2	21,9	45,0
Madrid (Region)	0,2	1,8	2,2	0,8	52,2	56,4	25,4	44,3	50,0
Murcia (Region)	0,1	0,7	1,2	6,3	40,6	47,3	14,7	26,8	55,0
Navarra	-0,1	1,7	3,0	0,9	59,8	66,0	19,2	29,5	45,0
Basque Country	0,0	1,5	2,3	-8,1	63,8	66,0	19,4	33,1	50,0
Rioja (La)	0,0	0,7	1,0	0,8	60,1	61,9	19,6	28,7	60,0
Ceuta	-	-	-	-	-	-	23,5	45,1	-
Melilla	-	-	-	-	-	-	29,6	43,0	-
Ceuta & Melilla	0,0	0,1	-	-3,3	1,8	-	-	-	-