



ESPN Thematic Report on Social Investment Spain 2015

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ESPN Thematic Report on Social Investment

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Summary

- The use of the basic concepts of the social investment model in the design and implementation of social policies in Spain is still quite weak. Socio-political actors have not included those concepts in their programs and agendas, and policy debates do not explicitly refer to this paradigm. Nevertheless, certain policies developed in recent years internalised (in a more or less implicit manner) a logic of social investment.
- Fiscal consolidation measures applied since 2010 have had a significantly negative impact on welfare programs. Among the most directly affected policies were those more closely associated with a philosophy of social investment (i.e. family policies, or labour market activation schemes), sacrificed in order to respond to more immediate needs linked to large scale unemployment and rising poverty levels.
- The Spanish welfare system has traditionally had a very weak performance in addressing poverty and social exclusion. The increase in child poverty rates experienced in recent years appears particularly worrying due to the potential emergence of “scarification” processes that may hinder the educational and professional future of those children.
- The “Educa3” program aimed at promoting educational success among children, and facilitating parent’s conciliation of professional and family life by facilitating the early schooling of children 0-3, was clearly framed in a social investment logic. Cash transfers to families, included within an effort to catch up in expenditure on “family and children”, also coincided with this approach. Both programs constitute examples of initiatives cancelled due to fiscal consolidation policies.
- The 2006 LTC Act aimed at facilitating the conciliation of work and family life for workers (women) having to provide care for dependent relatives. The implementation of this legislation has been confronted with significant difficulties and delays largely due to budget cuts and institutional tensions associated to them.
- Parental leave policies played a key role in reducing barriers for women’s labour participation and work/family balance. Fiscal consolidation policies applied over the last years also slowed down progress in the process of equality in parental leaves.
- There is a significant disconnection between active and passive employment policies. Coordination between social and employment services is limited, and compatibility between social assistance and employment is problematic.
- Developments of unemployment benefits and minimum-income protection have been driven by high unemployment and increasing poverty levels in a general context of fiscal consolidation. Resources have been allocated to the most urgent needs, reducing the focus on prevention, activation and investment related programs.
- Social services performed very poorly in addressing the social impact of the crisis. Despite focusing its meagre resources in the most urgent situations, they did not prevent the deterioration of the living conditions of large segments of the population. They *de facto* delegated part of the response to social demand in Third Sector organisations while local governments’ expenditure significantly dropped.
- In general terms, and although several policy initiatives developed in recent years were partly inspired by the social investment ethos, it’s not possible to say that social policy developments in Spain have responded to a social investment philosophy.

1 Assessment of overall approach to social investment

This report aims at reviewing the extent to which the logic of social investment has influenced social policy reforms in Spain since 2010. In so doing, we focus on how social policies have been inspired by the goal of preventing poverty and new social risks, improving human capital, supporting people's participation in economic and social life, and/or taking into consideration the returns of those policies over the life-cycle, regardless of whether they were explicitly framed within a social investment approach or not.

Certain social policies developed by the Spanish central Government in recent years can be considered to have internalised, in a more or less implicit manner, a logic of social investment. Thus, the programs aimed at facilitating the incorporation of women into the labour market passed in the late 1990s, the 2006 Long-Term Care (LTC) Act, and the 2007 Equality Act, could be included in this group since they intended to mobilize the human capital of Spanish society by helping workers (particularly women) reconcile their professional and family lives. Other programs designed to link cash transfers to the unemployed (benefits and/or subsidies) to training and activation schemes could also be considered as being influenced by this approach, but as was stated in relation to the active inclusion approach, they are unevenly developed and badly integrated.¹ These initiatives did not constitute a whole, and were never thought to work together in the direction of reaching the goals of a social investment agenda. Due to this lack of framing, there has been no evaluation of the way in which these measures interact with each other, or of their impact with regards to social investment objectives.

The process of fiscal consolidation implemented since 2010 has had a significantly negative impact on the Spanish Welfare State. The 2008-2014 economic and financial crises translated into a significant reduction of social expenditures, which very negatively affected the coverage and quality of welfare programs. Between 2011 and 2013, the central Government reduced spending on education by 34.6%, on healthcare by 9.6%, on job stimulation by 48.5%, and on unemployment protection by 11.4%.² Additional cuts were made by the Autonomous Regions (8.2% on education, 6.4% on healthcare, 18.5% on social protection, 7.9% on social services and social promotion, and 34% on job stimulation).³ Among the most directly affected policies were precisely those that could be more closely associated to a philosophy of social investment, such as family policies or labour market activation schemes. Those programs were sacrificed in order to respond to the increasing financial demands of the programs operating as automatic stabilisers: the contributory cash transfer benefits (notably unemployment and pensions), the demand for which exploded due to the massive loss of jobs which occurred since 2007.⁴

The Spanish social protection system is clearly ineffective in reducing relative poverty levels, and it is currently overwhelmed by the increasing social needs generated by the crisis. The number of households in severe poverty⁵ rose from 3.8% in 2004, to 7% in 2012; material deprivation increased by 35% between 2008 and 2013;⁶ and the total number of households without any income peaked to 750,000 (approximately

¹ Rodríguez Cabrero, G. (2013) Assessment of the implementation of the European Commission Recommendation on Active Inclusion. EU Network of Experts on Social Exclusion. <http://goo.gl/PjUOi0>.

² Ministerio de Hacienda y Administraciones Públicas. (2014) Presupuestos del Estado Consolidados. <http://goo.gl/vx8IAo>.

³ Ministerio de Hacienda y Administraciones Públicas. (2014) Datos presupuestarios de las Comunidades Autónomas. <http://goo.gl/RAhVqB>.

⁴ More than 3.3 million jobs have been lost since 2007 (approximately 16% of the total employment existing at the beginning of the crisis). Spanish Labour Force Survey (2014), Instituto Nacional de Estadística.

⁵ Considering severe poverty as the population living in households with income less than 30% of the national median income.

⁶ Ayala, L. (coord.) (2014) "Distribución de la renta, condiciones de vida y políticas redistributivas". FOESSA, VII Informe FOESSA sobre exclusión y desarrollo social en España. Madrid: FOESSA. <http://goo.gl/AsiOJ5>.

4% of the total) in 2014,⁷ highlighting the weak capacity of social protection policies to prevent these kinds of situations. Poverty rates lowered only in households with pensioners over the age of 65, due to the drop in average income, and to pensioners' relative maintenance of purchasing power through pension benefits. The support provided by this group has operated as one of the most important family solidarity mechanisms since the beginning of the economic and financial crisis.⁸

Social investment policies try to respond to the clearly established link between poverty (particularly at the early stages of life), and the emergence of "scarification" processes that show profound effects on the development of a person, and on his/her life opportunities⁹, behaviours and beliefs.¹⁰ In this respect, the situation of vulnerable families with children appears particularly worrying.¹¹ Within the whole of the EU, only Romania and Bulgaria had a higher prevalence of child poverty than Spain in 2012 (nearly 30% of children were living below the poverty line).¹² When considering the AROPE indicator of risk of poverty or social exclusion, Spain occupied the 8th position (with nearly 34% of children living below that threshold).¹³ Spain's more recent and slower exit from the crisis has not so far equated to an improvement in living conditions for the most vulnerable groups (often households with children suffering in-work poverty).¹⁴

The logic of social investment in the design and implementation of social policies is still quite weak in Spain. Socio-political actors have not included the ideas of the social investment model in their agendas, and policy debates do not explicitly reflect these concepts. Documents drafted by the Spanish Government do not generally include references to the social investment model (i.e. the proposals of the Spanish Government for the Investment Plan for Europe –IPE- focused almost exclusively on investment in energy, and did not even refer to investment in human capital, a necessary precondition for economic growth, social cohesion and political legitimacy). Nevertheless, and without constituting the main structuring principle of welfare policy reforms, in recent years the logic of social investment guided (in an implicit manner) a series of social policy measures that will be reviewed in more detail in the next section.

2 Assessment of specific policy areas and measurement/ instruments

2.1 Support for early childhood development

2.1.1 Early childhood education and care (ECEC)

Investment in education, particularly in early childhood, appears decisive for the success of a social investment strategy aimed at preventing the emergence of the

⁷ Instituto Nacional de Estadística, Spanish Labour Force Survey (2014).

⁸ FOESSA, (2014) *VII Informe FOESSA sobre exclusión y desarrollo social en España*. Madrid: FOESSA. <http://goo.gl/4slQph>.

⁹ Duncan, G., Magnuson, K., Boyce, T., and Shonkoff, J. (2010). The Long reach of early childhood poverty: pathways and impacts. Center on the Developing Child. https://web.stanford.edu/group/scspi/media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf.

¹⁰ Giuliano, P., and Spilimbergo, A. (2009) Growing Up in a Recession: Beliefs and the Macroeconomy, NBER Working Paper No. 15321. <http://www.nber.org/papers/w15321.pdf>.

¹¹ Cáritas Española (2014). *VII Informe sobre exclusión y desarrollo social en España*. Madrid: Caritas Española.

¹² Cantó Sánchez, O., and Ayala Cañón, L. (2014) *Políticas públicas para reducir la pobreza infantil en España: análisis de impacto*, UNICEF, Madrid.

¹³ Save the Children (2014) *La Protección de la infancia frente a la pobreza: Un derecho, una obligación y una inversión*, Madrid.

¹⁴ There seems to be no political consensus on the best way to address the fight against child poverty in Spain. For example, on September 23th. 2014, the majority of Parliament rejected the non-legislative motion of various political parties aimed at introducing measures to fight against child poverty (Diario de Sesiones no. 221, 23.09.2014).

previously mentioned “scars”, which otherwise may later surface in the form of school drop-out, and/or a failed transition from education to the labour market.

The Spanish education system made significant progress in various indicators in recent years, in particular in early inclusion in school. Thus, nearly 100% of children between 3 and 5 are in school,¹⁵ and the enrolment rates for children under 3 dramatically increased during the 2000's.¹⁶

Part of the expansion of early childhood education and care was related to the “Educa3” program, set up by the central Government in 2008, and initially aimed at investing €1,087 million till 2012 to co-finance (50-50 with the Autonomous Regions) the creation of new childcare centres for children 0-3 years of age, and to set up social programs for childcare that may help parents reconcile work and family life.¹⁷ This program recognized the need for early schooling in order to promote educational success among children, and to facilitate the conciliation of professional and family life for workers, thus framing itself quite clearly within a social investment logic.

The actual execution of this program was strongly affected by the fiscal consolidation measures linked to the response to the economic crisis. Cancelled by the incoming conservative Government in early 2012, only €400 million were finally spent in it by the central Government. This program financed the creation of over 73,000 early schooling places¹⁸, contributing to the increase in the rate of children younger than 1 in early schooling from 6.7% in 2008 to 9.3% in 2013, that of children 1 year old from 24.5% to 32.6%, and that of 2 year-olds from 41.5% to 51.8% in that same period (in the case of 3 years olds there was a very small reduction in early school attendance from 96.3% in 2008, to 95.8% in 2013).¹⁹ The period of execution of the budget already compromised for this program, initially supposed to be the end of 2012, was postponed till December 2014 to facilitate finishing the buildings, and the beginning of operation (under the responsibility of regional and/or local authorities) of the facilities promoted by this program.

The report Investing in Children, Spain (2013)²⁰ stressed the need to guarantee the social inclusion of at-risk school children via the combination of academic support, adequate nutrition and meal subsidy schemes, book subsidies, and compensation programmes for the most vulnerable children, although the general context of fiscal consolidation has prevented the actual implementation of those recommendations.

2.1.2 Family benefits (cash and in-kind)

The social protection expenditure devoted to “family and children” in Spain has traditionally been very low.²¹ The most important programs have been structured around a scheme of non-contributory cash transfers for low-income families with underage children (benefiting around 738,000 children, receiving around €291 a year

¹⁵ Ministerio de Educación, Cultura y Deportes, MECD (2014) Datos y cifras Curso escolar 2014/2015. Madrid: MECD. Only 92% in 2012, according to the Eurostat SILC survey referred to in Table A3.2 in: Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), Social Investment in Europe: A study of national policies, Annex 3 – Selection of indicators, European Social Policy Network (ESPN). Brussels: European Commission.

¹⁶ Moreno, L. and Mari-Klose, P. (2013) Youth, family change and welfare arrangements, European Societies, 15:4, pp.: 493-513. 36% in 2012, according to the Eurostat SILC survey referred to in Bouget et al. (2015) Annex 3, Table A3.1.

¹⁷ Press release: Ministerio de Educación, Política Social y Deporte, 29 -08-2008. http://www.seap.minhap.gob.es/es/ministerio/delegaciones_gobierno/delegaciones/catalunya/actualidad/notas_de_prensa/notas/2008/8/2008_08_29a.html.

¹⁸ Ministerio de Educación, Política Social y Deporte: <http://www.mecd.gob.es/educacion-mecd/areas-educacion/comunidades-autonomas/programas-cooperacion/plan-educa3.html>.

¹⁹ Ministerio de Educación, Cultura y Deportes, MECD (2014) Datos y cifras Curso escolar 2014/2015. Madrid: MECD.

²⁰ Rodríguez Cabrero, G. 2013. Investing in children-breaking the cycle of disadvantage. Spain. A Study of National Policies. EU Network of Independent Experts on Social Inclusion. Brussels: EU-CEPS-Instead.

²¹ Most of the information in this section is based on Cantó Sánchez, O., and Ayala Cañón, L. (2014) *Políticas públicas para reducir la pobreza infantil en España: análisis de impacto*, UNICEF, Madrid.

in 2013) as well as for families with disabled children older than 18 (around 167,000 beneficiaries in that same year, receiving around €4,378 a year if the disability was between 65 and 75%, and €6,568 if the disability was over 75%). A contributory scheme linked to pregnancy and parenthood (covering the salaries of workers on leave following the birth of a child, which we will review in more detail in the section on parental leaves) completed the traditional picture of family policies in Spain.²²

A period of expansion of this policy area started in 2001, with the objective of reducing the gap with the rest of Europe in this domain. While spending on family policies in Spain represented roughly 18% of the Eurozone average in 2001, it increased to around 44.3% in 2009. This substantial expansion was the result of an increase of the programs of cash transfers to families, as well as of the provision of in-kind services to families with children (early childhood education and care – see previous section). The main initiatives adopted in this domain included the reinforcement of the (traditionally small) cash transfers to low-income families with children (between 2008 and 2011 this amount was increased to €558 a year), the introduction of a universal cash benefit/tax relief for working mothers of children aged 0-3, and the creation of a one-time universal allowance of €2,500 at the birth of a child.

These programs established at the central Government level were sometimes complemented by additional initiatives introduced by the Autonomous Governments of certain regions. Although they were not framed within an explicit social investment approach, these schemes were justified as favouring female participation in the labour market, as well as helping families deal with the costs of having children, so to a certain extent coincided with some of the basic objectives of a social investment model.

The crisis, and the fiscal consolidation policies subsequently implemented, resulted in a significant reduction in the resources devoted to "family and children" policies. The amounts received under the cash transfer schemes that had been significantly increased in 2008 were cut by nearly half in June 2010 (transfers for low-income families with children were reduced again to €291 a year). The universal childbirth benefit of €2,500 was also cancelled (it was only effective from July 2007, to January 2011, benefitting a total of around 450,000 families in that period). The one-time payments for multiple births, adoptions or large families, single-parents and disabled mothers decreased from 865,089 beneficiaries in 2012, to 699,679 in 2013. While the national programs were cut or eliminated, most of the regional schemes were also dismantled. The total public spending on family policies, which had peaked at €313 per capita in 2009, experienced a significant decline in the following years, to €258 per capita in 2012.²³

The measures approved in the II National Strategic Plan on Children and Adolescence 2013-2016, geared towards promoting support policies for families in care, education, comprehensive development of children and work-family balance. In the face of the very serious situation concerning child poverty, some funds were allocated in the 2014 and 2015 Spanish National Budgets (€17 and €32 million respectively). These meagre resources have been distributed among the Autonomous Communities to deal with situations of families with children in severe material deprivation through the intervention of the Social Services.

The new tax reform, which entered into operation in January 2015, also includes tax incentives to help families, and most notably those in more vulnerable situations (disabled and elderly people, as well as large families). Thus, vulnerable households with children should have more available income, reducing their risk of falling below the poverty line. Moreover, the new tax reform includes a more favourable treatment for disabled people, the elderly and large families regarding the personal income tax.

²² Ministerio de Empleo y Seguridad Social.
<http://www.empleo.gob.es/estadisticas/ANUARIO2013/index.htm>.

²³ Bouget et al. (2015) Annex 3, Table A.2.

Once again, these initiatives use certain policy instruments that largely coincide with those of a social investment approach, but the central concepts of this policy model are not explicitly mentioned in the discussion or the justification of those welfare reforms.

2.1.3 Parenting services

Programs aimed at providing parenting support do not have much of a tradition in Spain. Certain positive parenting initiatives have been developed by local Social Services in an uneven and unbalanced way, but they do not represent a coherent social program. They are usually aimed to mediate in conflict families (child abuse, troubled teenagers, family breakdown, etc.) or to support families with disabled children.²⁴ The general objectives of the Educa3 initiative included a vague objective of promoting positive parenting measures by facilitating the involvement of parents in the activities of their children's early schooling centre,²⁵ but this goal never materialized in very specific schemes. Finally, it has to be considered that parenting support is included as a strategic pillar in the new Integral Family Support Plan announced for the coming months, following the Recommendations of the European Council (CM/REC(2006)19 and CM/REC(2011)12).

2.2 Supporting parents' labour market participation

2.2.1 Long-term care

The main development in the domain of Long-Term Care (LTC) in Spain has been the passing of the 2006 LTC Act recognising the individual right to receive care for dependent people of all ages. This law aimed at promoting the provision of care services by public administrations (either directly, or in cooperation with third sector organisations), alongside complementary and exceptional cash transfers (service vouchers, allowances for hiring personal assistance, and compensating informal caregivers). The underlying policy objectives were to facilitate the conciliation of work and family life for many workers (often women) having to provide care for dependent relatives, as well as to promote the emergence of jobs in the caring sector.²⁶

The implementation of this legislation (initially planned to be fully operational by 2015) has been confronted with significant difficulties and delays largely related to the implementation of fiscal consolidation policies. Since 2009, the central Government has been reducing its contribution to the funding of the system, from around 40% of the total costs (regions were initially covering 50%, and the remaining 10% came from users), to around 18% (regions had to expand their contribution to approximately 63% of the costs of the system, and increasing co-payment by beneficiaries of these programs accounted for around 19%).²⁷

While the LTC Act explicitly stated that priority must be given to the provision of services, over 50% of the beneficiaries received cash allowances, and more than 40% were receiving in-kind services. The preference of regional authorities for cash allowances reflects the priority attributed to cost-containment over the development of professionalised quality care services. This situation contributed to prevent the

²⁴ Some of these programmes are compiled by the Ministry of Health, Social Services and Consumption <http://goo.gl/570suh>

²⁵ Press release: Ministerio de Educación, Política Social y Deporte, 29 -08-2008. http://www.seap.minhap.gob.es/es/ministerio/delegaciones_gobierno/delegaciones/catalunya/actualidad/notas_de_prensa/notas/2008/8/2008_08_29a.html.

²⁶ Sarasa, S. (2011) 'Long-term care: The persistence of familialism', in A. M. Guillén and M. León (eds), *The Spanish Welfare State in European Context*, London: Ashgate, pp. 237-58.

²⁷ Barriga Martín, L., Brezmes Nieto, M. J., García Herrero, G. and Ramírez Navarro, J. M. (2015) 'XIV Dictamen del Observatorio de la Ley 39/2006 de Promoción de la Autonomía Personal y Atención a las Personas en Situación de Dependencia', Asociación Estatal de Directores y Gerentes en Servicios Sociales, http://cdn27.hiberus.com/uploads/documentos/2015/02/13/documentos_xivdictamendelobservatorio1_c85cc971.pdf.

development of professional caring jobs, thus facilitating the emergence of an informal and precarious care market (often occupied by immigrant women), and therefore not progressing in the direction of a social investment approach.²⁸

After peaking at around 780,000 beneficiaries in July 2012, the total number of people attended to by this system has been slowly decreasing (to around 730,000 at the end of 2014) due to the fact that the mortality rate of users is higher than the new take-up rate.

2.2.2 Childcare

As mentioned in section 2.1., school enrolment for 3-5 year olds is nearly universal in Spain according to the OECD Family Database.²⁹ However, more significant changes have taken place in 0-2 year olds enrolment rates which increased from 7.7% in 2000, to 39.3% in 2010. Around 19.5% of children under 3 years of age are looked after by an unpaid informal care provider, slightly under the OECD average, and not as high a percentage as it could be expected from a traditional familistic welfare state.

In 2012, childcare costs (fees for a 2 year old attending early childcare and education services)³⁰ represented 23.7% of the average wage (below the OECD average). However, net childcare costs (taking into account reductions, benefits, refunds and tax reductions related to family circumstances as counted by the OECD) are lower, although unequally distributed (according to the OECD family database, net childcare fees represented 5.6% of their income for a dual-earner family, but 12.4% for a single-parent family).

In addition to the developments in early childhood education discussed under 2.1, a series of legislative measures have been recently approved in the domain of childcare. Thus, the new Integral Family Support Plan, aimed at addressing the needs of families in a situation of vulnerability, and including measures deemed to facilitate conciliation of working, family and personal life. The main goal of this regulation is supporting families in special or difficult situations (large families, single-parent households, families at risk of social exclusion or who are suffering from domestic violence, as well as those with dependent members: elderly, chronically ill or persons with disabilities).

The Early Childhood Protection Act, approved by the Council of Ministers in April 2014, is also supposed to address situations of risk and helplessness for children, voluntary guardianship, as well as foster care and adoption.³¹

These measures, generally of a regulatory nature, contribute to improving the civil and social rights of children and families, but do not reverse the trend of deterioration in the socio-economic position of the most disenfranchised families.³² They are not framed on a social investment logic either, although they sometimes refer to the need to facilitate the reconciliation of working, family and personal life, or to promote the incorporation of women into the labour market.

2.2.3 Maternal/Paternal/Parental Leave schemes

Spanish women joined the labour market in large numbers over the last decade, even if their activity rate remains lower than that of males.³³ This development increases

²⁸ Da Roit, B., González Ferrer, A., and Moreno-Fuentes, F.J. (2013) The Southern European migrant-based care model, *European Societies*, 15:4, 577-596.

²⁹ OECD Family Database. Formal care and education for very young children. Indicators PF3.1 to PF3.4. (Public policies for families and children).

³⁰ Bouget et al. (2015) Annex 3, Table B.7 and OECD Family Database, Indicator PF3.4

³¹ Ministerio de Sanidad, Servicios Sociales e Igualdad, <https://www.msssi.gob.es/normativa/docs/LQinfancia.pdf>.

³² León, M., and Pavolini, E. (2014) 'Social Investment' or Back to 'Familism': The Impact of the Economic Crisis on Family and Care Policies in Italy and Spain, *South European Society and Politics*, 19:3, 353-369.

³³ Female activity rates in Spain have increased since the 1970s, but this increase accelerated during the 2000s, and continued growing even during the recession (48.5% in 2006, reaching 53.9% in 2013), while

the challenge of trying to reconcile work and domestic tasks, and this is considered to (at least) partly account for one of the lowest fertility rates in Europe (1.27 in 2013). In this context, parental leave policies are crucial in decreasing barriers for women's labour participation and work/family balance.

Since the late 1990s, Spain has been moving from a traditional scheme of welfare birth-related parental leave for women, towards a more generic parental leave, transferable also to the father,³⁴ and more coherent with a social investment approach. Thus, in 1999, regulation allowing a transfer to the father of a fraction of the maternity leave was introduced.³⁵ In 2007, as part of an ambitious package of gender equality policies, the right to 13 days of paternity leave was introduced (with the objective of increasing it to four weeks by 2013), while the unpaid leave to care for children (3 years), or dependent relatives (2 years), was regulated (the return to the same job position is protected during the first year, period after which only the job is guaranteed).³⁶

Both Maternity (ML) and Paternity Leaves (PL) are contributory social insurance schemes financed for a short period with a high level of protection (100% of the salary).³⁷ Employed mothers are entitled to 16 weeks of ML (of which up to 10 can be transferred to their partner).³⁸ Non-eligible employed mothers are entitled to a flat-rate non-contributory maternity allowance for 42 days. Some regional governments also introduced flat-rate benefits in order to promote parental leave.³⁹

Available data shows that it is mainly women assuming childcare tasks and interrupting their professional careers to do so. This is the case, even when part of the leave can be transferred to the fathers.⁴⁰ These schemes do not seem to contribute to improving the conditions of the most vulnerable workers: data shows that it is generally those workers with more stable contracts (permanent positions, public sector employees) that take advantage of them, and much less so those on temporary contracts, or populations of immigrant origin.⁴¹

Fiscal consolidation policies applied over the last years also truncated the limited progress achieved in the process of equality in parental leaves. Non-contributory benefits linked to ML remain at the 2010 level, the expected expansion of the 4 weeks PL as a right has been postponed, and regional schemes to promote parental leave have been practically eliminated. The only progress in this domain has been the introduction of an extension of working time reductions for parents (8 to 12 year old children) in December 2013.

2.3 Policy measures to address social and labour market exclusion

2.3.1 Unemployment benefits

Unemployment protection in Spain was built as a social insurance scheme compensating individuals for salary losses. Nowadays, it constitutes a mix of different

male activity rates decreased with the crisis (from 69.2% in 2006, to 66.3% in 2013). Spanish Labour Force Survey <http://goo.gl/fu3JxY>.

³⁴ Moss, P. (2014) International Review of Leave Policies and Research 2014. Available at: <http://goo.gl/ijac8h>

³⁵ 39/1999 Act on promotion of workers work/family balance, <http://goo.gl/dVBR6P>.

³⁶ 3/2007 Act on effective equal opportunity between women and men, <http://goo.gl/pK3uXI>; and Royal Decree 259/2009 on measures regulating Social Security benefits, <http://goo.gl/INYTxd>.

³⁷ Bouget et al. (2015) Annex 3, Table B6.

³⁸ Requirements are more flexible in the case of women younger than 21 years or working part-time.

³⁹ Escobedo, A., Meil, G., and Lapuerta, I. (2014) 'Spain country note', in: P. Moss (ed.) International Review of Leave Policies and Research 2014. <http://goo.gl/Y6tU2L>.

⁴⁰ Ministerio de Empleo (2014) Anuario de Estadísticas del Ministerio de Empleo y de la Seguridad Social 2013, <http://goo.gl/a6VtyF>.

⁴¹ Lapuerta, I., Baizán, P., and González, M.J. (2011) Individual and Institutional Constraints: An Analysis of Parental Leave Use and Duration in Spain, Population Research and Policy Review, Vol. 30 (2): 185–210.

schemes (both contributory and social assistance based), which offer different levels of protection depending on contributory history, unemployment duration, age, and/or family structure. Since the 1990s, activation has progressively become a key element in the new social assistance schemes, as well as in the reforms introduced to unemployment programs since the early 2000s (enforcing active job search, training, or labour reinsertion activities, or introducing work availability conditions). Nevertheless, the link between the partial activation logic introduced in the system, and the social investment approach, has not been made explicit with regard to the functioning of unemployment benefit schemes.

Recent developments in unemployment benefit regulation have been driven by the economic crisis, the extremely high unemployment levels,⁴² and the fiscal consolidation policies implemented in Spain. These policies have affected the ability to respond to the rising needs due to a shrinking coverage, and the difficulty to allocate resources to activation policies. Reforms introduced in 2012 were mainly aimed at cutting spending⁴³: reducing benefits, more strict eligibility conditions, obligations and sanctions, as well as elimination of certain benefits. In February 2014, new measures were introduced to even further restrict the conditions for receiving benefits, and to strengthen obligations for job-seekers (suspensions of benefits due to travel abroad).⁴⁴

In 2009 the Spanish central Government implemented a new temporary programme aimed at providing social assistance for a six month period supporting employment insertion processes. This program has been extended and renewed till today (first called PRODI -Temporary Programme for Protection and Insertion-, since 2011 called PREPARA -Professional Requalification Programme). In January 2015, a new programme has been introduced to offer a new employment social assistance benefit (Employment Activation Programme). These social assistance schemes contributed to reducing the number of unemployed workers not receiving any cash transfers after finishing their right to a contributory unemployment benefit, but openly failed to effectively address the huge problem of unemployment, or to create a coherent system protecting the long-term unemployed.

The volume of those covered by unemployment benefits has been decreasing since 2012 (protecting only 58.9% of all unemployed workers in 2014). The only exception to this trend is the RAI (*Renta Activa de Inserción*, a program intended for long-term unemployed workers over the age of 45), which increased from 95,543 average monthly recipients in 2009, to 261,487 in 2014.⁴⁵ At the same time, the weight of contributory schemes is decreasing in favour of social assistance programs. These trends are, to a large extent, explained by the increase in long-term unemployment (nearly 50% in 2013). Despite this, it has not been possible to reduce spending on unemployment benefits to below 3% of the GDP since 2009.⁴⁶

2.3.2 Minimum income schemes

Minimum income protection schemes do not constitute an integrated system in Spain, but rather a series of schemes in different sectors of social policy (unemployment, retirement, disability or the fight against poverty) regulated and managed from different state levels. In recent years, programs aimed at the inactive population (non-contributory benefits for old and disabled people) have remained practically the same, while the main reforms effected those schemes oriented to the active population.

⁴² Bouget et al. (2015) Annex 3, Table C.12.

⁴³ Royal Decree 20/2012, on measures to guarantee budget stability and foster competitiveness, <http://goo.gl/VQDLZ>.

⁴⁴ 1/2014 Act on the protection of part time workers and other urgent economic and social measures (BOE 1.3.2014) <http://goo.gl/SaiQ1h>, consolidating the provisions for unemployment protection of Royal Decree 11/2013.

⁴⁵ Ministerio de Empleo (2014), <http://goo.gl/z9sdWF>.

⁴⁶ Bouget et al. (2015) Annex 3, Table C.1.

As discussed above in the case of national social assistance unemployment benefits (around 60% of minimum income benefits in 2012), recent reforms have sought to cut spending by controlling access and limiting entitlements, while at the same time trying to strengthen job insertion by toughening eligibility requirements.

Minimum income programmes run by the Autonomous Regions, the last resort for potentially active people excluded from the labour market, only represented 10% of the total number of schemes included in this category.⁴⁷ Since 2011, fiscal consolidation measures and increased demand have led to a series of wide-ranging reforms in this domain. The measures adopted by Autonomous Regions were basically oriented to limiting access to benefits by increasing personal, family and/or job-related requirements (residence, income levels, or unemployment registration), cutting off benefits amounts, and tightening sanctions and fraud control. In spite of these reforms, the number of beneficiaries continued to increase, although at a decreasing rate since 2011 (258,358 recipients in 2013, more than double those in 2008 - 111,077).⁴⁸

At the moment, these schemes do not constitute an adequate safety net for vulnerable populations (theoretically a key target of the NAP inclusion 2013-2016).⁴⁹ Data showing the number of households without any income, and people at risk of poverty,⁵⁰ show the ineffectiveness of the minimum guarantee policies in protecting the growing number of severely vulnerable households. Minimum income schemes are being fairly ineffective against poverty due to their strict eligibility conditions, the limited magnitude of the cash transfers associated to them (very poorly adjusted to family size, or to the number of children in the household), and their failure to adapt to the situation of the long-term unemployed. The weakness of employment and social services constitute the other dimension that prevents an adequate intervention against poverty and to promote active socio-economic inclusion.⁵¹

2.3.3 Active labour market policies

Job search assistance, training, lifelong learning

Active Labour Market policies in Spain have gained institutional strength thanks to the European Employment Strategy. Thus, some measures have been introduced through the Spanish Employment Strategy 2012-2014, the Annual Employment Plan in 2014, and the launch of a new "Spanish Employment Activation Strategy 2014-2016".⁵² The goals of these programmes include youth employability (facilitating job-placement in salaried employment, and promoting entrepreneurship activities), through the implementation of the National Youth Guarantee System approved in December 2013 (with the support of EU funds), as well as labour inclusion of other vulnerable groups (people over 55 years old, long-term unemployed, and beneficiaries of the PREPARA Program).

Despite these initiatives, there continues to be a significant disconnection between active and passive employment policies in Spain.⁵³ While expenditure on passive policies constitutes around 3.6% of the Spanish GDP, active measures receive around 0.7% of the GDP, and their development during the period of recession and fiscal consolidation has been very weak.⁵⁴ Moreover, active and passive policies are not

⁴⁷ Ministerio de Sanidad, Servicios Sociales e Igualdad, MSSSI (2013a) National Action Plan on Social Inclusion 2013-2016. Madrid: MSSSI, <http://goo.gl/zBoEte>.

⁴⁸ Arriba (2014) El papel de la garantía de mínimos frente a la crisis. Documento de trabajo 5.7. FOESSA, VII Informe FOESSA sobre exclusión y desarrollo social en España. Madrid: FOESSA, <http://goo.gl/rIvtOI>.

⁴⁹ Ministerio de Sanidad, Servicios Sociales e Igualdad, MSSSI (2013) National Action Plan on Social Inclusion 2013-2016. Madrid: MSSSI, <http://goo.gl/zBoEte>.

⁵⁰ Bouget et al. (2015) Annex 3, Tables C.9, C.14 and C.15a-C.15e.

⁵¹ See Graph 4 of Arriba (2014), <http://goo.gl/rIvtOI>.

⁵² Royal Decree 751/2014, <http://www.boe.es/boe/dias/2013/09/10/pdfs/BOE-A-2013-9464.pdf>.

⁵³ OECD (2013) The 2012 Labour Market Reform in Spain: A Preliminary Assessment. <http://goo.gl/xJt0b4>.

⁵⁴ Bouget et al. (2015) Annex 3, Tables C.1 and C.2.

adequately integrated: coordination among social and employment services is quite limited, and compatibility between minimum-income schemes and employment is problematic.

In addition to that, there is a large imbalance in the use of financial resources for activation programs. Thus, more than 45% of those resources were devoted to schemes to incentivise employment, or to create companies, in 2011, while funds allocated to investing in human capital formation received only around 23% of the expenditure.⁵⁵

In any event, evaluation of the effectiveness of active policies is still very limited, and there is no recent available assessment of their functioning.⁵⁶ In 2013 it was acknowledged that three main factors were limiting their effectiveness: a) weak employment services mediation in the labour market (only 8% of contracts achieved over 2 million offers), b) stagnation of subsidies for employment creation (75% of subsidized employment was fixed-term out of a total of 200,000), and c) low participation in training activities (the number of participants of labour supply training decreased by 26.8% with respect to 2012, on labour demand training more than 3.2 million workers were reached, an increase of 1.5% relative to 2012). The measures adopted in the 2014 Employment Plan entailed some progress in terms of output indicators, but less so in terms of outcomes.

2.3.4 Social services

The application of the social investment approach requires high levels of spending on social services. These schemes occupy a central role in the coordination of the different strategies of social investment in Spain, notably in the development of human capital (from early childhood to over the life-cycle), supporting access to the labour market, providing transfers and services, and fighting against social exclusion. The NAP inclusion 2013-2016 highlights the importance of consolidating an effective social services system in the fight against social exclusion, advocates for a more efficient allocation of resources, and for a strengthening of the coordination with the education and healthcare systems.⁵⁷

However the public social services system in Spain has performed very poorly in addressing the social impact of the crisis. In the face of a very significant increase in the demand for support since 2008, local social services have had to focus on the most urgent cases, reducing the general coverage of their programs, and abandoning promotion and prevention activities. The share of social benefits aimed at responding to basic needs (food and monetary help) increased from 33% in 2007, to 50% of the total available resources in 2011, while the amount devoted to urgent help more than doubled (from 4%, to 11% in the same period). The general coverage of social needs has clearly decreased by not expanding the number of beneficiaries (roughly 1.2 million people since 2010) despite the significant deterioration of the living conditions of large segments of the population, and notably of the most vulnerable groups.⁵⁸ The social services system has had to resort to a *de facto* delegation of part of the response to social demand to NGOs.⁵⁹ Consolidated expenditure of local governments on social services (without considering that of the State and the Autonomous Regions)

⁵⁵ Ministerio de Empleo (2014) Anuario de Estadísticas del Ministerio de Empleo y de la Seguridad Social 2012, <http://goo.gl/u03V2L>.

⁵⁶ CES, (2014) Economía, trabajo y sociedad. Memoria sobre la situación socioeconómica y Laboral. España 2013. Madrid: CES.

⁵⁷ Ministerio de Sanidad, Servicios Sociales e Igualdad, MSSSI (2013) National Action Plan on Social Inclusion 2013-2016. Madrid: MSSSI, <http://goo.gl/zBoEte>.

⁵⁸ Consejo Económico y Social (2014) *Memoria sobre la situación socioeconómica y Laboral de España en 2013*, Madrid, <http://www.ces.es/memorias>.

⁵⁹ Caritas Española (2013) *VIII Informe del Observatorio de la Realidad Social: empobrecimiento y desigualdad social. El aumento de la fractura social en una sociedad vulnerable que se empobrece*. Madrid: Cáritas; Cruz Roja España (2014) *Informe Anual sobre vulnerabilidad social 2013*. Madrid, <http://www.sobrevulnerables.es/sobrevulnerables/informes.do>.

dropped by more than 19% between 2010 and 2013 (from €6.4 to €5.2 billion). This resulted in a relatively small allocation of funds to programs aimed at social promotion and inclusion (only around 10% of the total social services budget), therefore reflecting a very poor performance for this system in relation to a social investment strategy.⁶⁰

The reform of local administration initiated in December 2013⁶¹ has brought uncertainty to the future of social services in Spain due to the transfer of responsibility for these services from municipalities to the Autonomous Regions. This may quite strongly affect the provision of inclusion and social promotion services and activities.⁶²

⁶⁰ Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014) Los servicios sociales en España. 2014. Madrid: Asociación Estatal de Directores y Gerentes en Servicios Sociales, <http://goo.gl/rcBsU>.

⁶¹ Act 27/2013 of December 27th on the rationalization and sustainability of the Local Administration, <http://goo.gl/Bq40rJ>

⁶² Jiménez Asensio, R. (2013) *¿Reforma o "deconstrucción" del gobierno local en España?*. Madrid: Círculo Cívico de Opinión.

Appendix

Policy areas	Progress in SI	Regression in SI	
<p>Support for early childhood development</p>	<p>Early childhood education and care</p>	<p>Practical universality of education 3-6. Significant expansion of childcare and education coverage for 0-3 group.</p>	<p>Cancellation of Educa3 program prevents further expansion of 0-3 childcare and education coverage.</p>
	<p>Family benefits (cash and in-kind)</p>	<p>Introduction of cash transfers and tax credits introduced issue of supporting parenthood in the political agenda (demographic crisis ahead). Increase in resources devoted to family policy allowed for some catching up with the rest of the EU.</p>	<p>Increase in child poverty not sufficiently addressed by public policies. Elimination of financial support for families linked to fiscal consolidation initiated in 2010 will contribute to deteriorating fertility rates and ageing of the population.</p>
<p>Supporting parents' labour market participation</p>	<p>Long-term care</p>	<p>LTC Act introduced right to receive attention and established institutional framework to address care needs supporting families. Emergence of a regular and professionalised care sector.</p>	<p>Delays and problems in implementation limit the effects of this policy. Reliance on cash transfers contributes to consolidation of informal care sector.</p>
	<p>Childcare</p>	<p>Significant expansion of childcare and education coverage for 0-3 group before 2010. Expansion of child rights.</p>	<p>See Educa3 above. Potential future "scarring" effects of child poverty.</p>
	<p>Maternal/Paternal/Parental Leave Schemes</p>	<p>Consolidation of ML, and introduction of PL. Expansion of period of unpaid leaves.</p>	<p>Delays in introduction of PL. Insufficient attention to situation of most vulnerable workers in access to leaves.</p>
<p>Addressing social and labour market exclusion</p>	<p>Unemployment benefits</p>	<p>Positive role in maintaining incomes (and aggregated demand) in a context of large scale unemployment.</p>	<p>Insufficient capacity to respond to a situation of long-term unemployment and loss of entitlements. Large "holes" in the net of protection imply significant number of households without income.</p>
	<p>Minimum income schemes</p>	<p>Provision of a very basic protection in some of the most extreme situations of vulnerability.</p>	<p>Incapacity to respond to a massive increase in demand. Strictly residual nature of the programs without a homogeneous response across the territory.</p>
	<p>Active labour market policies</p>	<p>First steps in the introduction of a logic of activation in unemployment benefits.</p>	<p>Very low priority attached to activation initiatives and human capital formation in face of huge demand for assistance.</p>
	<p>Social services</p>	<p>Role in emergency relief of the most urgent social needs associated with the crisis.</p>	<p>Lack of capacity to respond to increasing demand. Uncertainties about future due to institutional reconfiguration of responsibilities.</p>

