



Spain

Trends, Recent Developments, “Feeding in” and “Feeding out”

An Assessment of National Policies

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1. Summary

This report is divided into two distinct chapters. The first chapter assesses to which extent the 2007 Annual Progress Report of the National Reform Programme (IRNRP) has taken into account the feeding into and feeding out of social inclusion, with particular focus on the recommendations and points to watch made by the European Commission to Spain. The second part of the report provides an overview on recent reforms and changes in key relevant trends since the first semester report¹.

Overall, the advances reported can be viewed as positive in that progress has been achieved in terms of the objectives set out in the 2005 NRP. Economic growth continues to be above the Euro zone average, although there are signs of a slowdown. Employment creation also continues being strong, despite the increase in unemployment figures for men in labour intensive sectors such as construction, for the first time in many years. As stated in 2005, the specific challenges identified in the area of employment were to improve labour market functioning and to strengthen human capital through improvements in the quality of education. Indeed, in the recommendations and points to watch by the European Commission (EC) these challenges were also highlighted and more specifically defined. The implementation of the Education Bill (LOGSE) and the new law and system on vocational education are the two main instruments being used. However, these measures require more time to have a real impact and also a more implicit link to the effects of the labour market (in particular full employment in some regions) that is, in our view, not being made. In this edition of the IRNRP there is also mention of an improved feedback and/or coordination with the Spanish NRP by the Federation of Provinces and Municipalities (FEMP) and various Autonomous Communities (CC.AA. regional governments) and other social stakeholders who are involved in the implementation of a series of strategic local or regional development, employment or improvement of competitiveness plans.

However, several aspects stand out for being some distance away from reaching the NRP targets. The recent figures on female activity rates, for example, confirm that they continue to be low in Spain standing at 48.9%² under EU average (the NRP report states that the rate is 54%, but no reference to where this figure is obtained from), and still distant from the 57% target set in the NRP. It is worth noting that activity rates of some groups of immigrant women are on average higher than those of national women³. In our view the main weaknesses in this area are the fact that affordable child care continues to be a large obstacle, reconciliation of work and family life is viewed as a "woman's problem" and that salaries are very low, which might be having a strong effect on the decision to remain at home for women with small children.

¹ Report can be downloaded at:

http://ec.europa.eu/employment_social/social_inclusion/docs/experts_reports/spain_1_2007_en.pdf.

² Encuesta de Población Activa (EPA) 2Q 2007. Available online at

<http://www.ine.es/daco/daco42/daco4211/epa0307.xls>

³ An excellent academic report comparing immigrant and national women: *Mujer, Inmigración Y Mercado De Trabajo. ¿Son Diferentes Las Mujeres Inmigrantes Y Las Nacionales?* Plan Nacional De I+D+I. Convocatoria De Estudios Sobre Las Mujeres. Número De Expediente 6/05. Instituto Universitario De Análisis Económico Y Social – Servilab – Universidad De Alcalá De Henares, Gloria Moreno, Project director.

Another pressing issue is the high rate of early school dropouts which has experienced a very slight improvement in the past years and is currently standing at 29.9%⁴, but is still very far away from the 15% target established in the NRP. The implementation on the new Education bill (LOGSE) is currently under way and it is expected the result of such policies will lead to a reduction of school leavers in the following years.

In addition, and not related directly to specific policies in the area of social protection and social inclusion, investment in research and development continues to be one of the lowest in Europe, standing at 1.12% of the GDP⁵, while the EU average is 1.84% and under the 3% target of the NRP although there have been enormous efforts in the past two years to increase this indicator.

The impact of the US sub-prime crisis is affecting the economy albeit with a lower profile than in other EU countries. Banks and other new credit institutions (see our previous reports for more information on this aspect) continue to offer consumer credits and credit re-financing with interest rates of up to 26% (!). The private housing industry is experiencing a slowdown rather than crash of prices, which had begun before the sub-prime crisis (that does not seem to be affecting this market at the moment), but the IMF outgoing chief predicted that the effects will be felt in Spain in 2008. The analysis by the largest Spanish banks insist that the crisis will have minimal effects due to the efficiency, profitability and low exposure of the Spanish banking system. Other experts highlight the fact that the effects are yet unforeseeable. More disturbing is the rise of inflation mainly due to rises in the price of basic food products (for example milk), a rise in the interest rates that has increased the monthly mortgage payments substantially in many cases, and oil derived products. According to the Bank of Spain inflation will continue to rise until April 2008. On a more positive note experts agree that employment growth will be maintained, salaries will rise and that this is thought to be the best protection for households against the possible economic slowdown and increasing inflation.

2. Assessment of the Implementation Report

2.1. Summary

The first part of this report includes highlights of the 2007 Spanish Implementation Report of the 2005–2010 National Reform Programmes. In order to pursue the Lisbon strategy for growth and jobs in a coherent and integrated manner, the European Commission proposed specific policy recommendations and points to watch for each Member State, including Spain⁶. This section focuses on how the Spanish implementation report addresses these recommendations and details on other recent major developments.

Overall, Spain is making progress in the implementation of the National Reform Programme and addressing the Lisbon recommendations, but still far from some of the targets set. The Spanish

⁴ Ministry of Education, Datos Básicos de la Educación en España para el curso 2007/2008. Available online at http://www.mec.es/mecd/estadisticas/educativas/dcce/DATOS_Y_CIFRAS_WEB.pdf

⁵ See Informe Cotec 2007 sobre Tecnología e Innovación en España. Online press release available on <http://www.cotec.es/docs/ficheros/repositorio/Actualidad/NotaPrensa/NotadePrensaPresentacionInformeCotec2007.doc>

⁶ http://ec.europa.eu/growthandjobs/annual-report-1206_en.htm

economy registered a growth of 4.1% during the first two quarters of 2007⁷. However, the reduction in consumer spending and real estate investment, in addition to the rise of oil prices and the possible impact of the US sub-prime crisis point towards a moderation of economic growth. Official forecasts of economic growth stand at 3.3% for 2008⁸, acknowledging the deceleration of the economy. Employment rates continue to grow, with a reduction in the proportion of fixed-term contracts, which none-the-less continue to be the highest in the EU. However, strong economic growth remains coupled with persistent segmentation of the labour market affecting the most vulnerable groups of workers: women, young people and immigrants. Productivity increased slightly during 2007 (0.7%), but is still growing below EU average and is a key issue for sustained future economic growth. The most recent estimations indicate a rise of inflation to 3.6% for October 2007⁹, almost one percentage point higher than last year.

2.1.1. Lisbon recommendations and points to watch

As part of the implementation of the renewed Lisbon Growth and Jobs Strategy, the European Commission formulated a series of country specific recommendations to be addressed and tackled in the National Reform Programmes. The policy areas in the Spanish National Reform Programme where weaknesses need to be tackled with the highest priority are: competition in the energy sector; reducing labour market segmentation; and further improvements to education and training. The implementation report pays increased attention to each of these challenges and provides details on the measures taken and advances made in each area.

The first recommendation made for Spain is *to take further measures to increase competition in the energy sector, notably by improving cross-border interconnection capacity to ensure security of supply*. Spain has actively addressed the issue of climate change and taken policy measures adjusted to three fundamental objectives: competitiveness, security of supply and environmental sustainability. New legislation has been approved to increase competitiveness in the energy sector, but it has not yet had real effect on the ground. It is recommended that further steps be taken to implement planned measures and guarantee a liberalized energy market with tariffs that correspond to production prices. Security of supply remains a weak point, evidenced by the power shortages suffered in Barcelona in July 2007¹⁰. This has been attributed to the difficulties to plan supply at national level, and also due to management decisions on sub-contracted services. The integration of the energetic networks of Spain and Portugal in the MIBEL is a positive step, but the priority should be the accomplishment of the connection between Spain and France. Environmental sustainability has been high in the government's agenda and this has been reflected by the approval of a new Action Plan in July 2007, for the period 2008-2012, as part of the Spanish Strategy of Energy Saving and Efficiency 2004-2012¹¹, as well as by measures to promote the use of renewable energies and bio fuels. It is worth noting that only recently has a campaign been launched that target consumers in the area of specific energy

⁷ Ministerio de Economía y Hacienda, <http://serviciosweb.meh.es/apps/dgpe/estadisticas/ficherosLog.aspx?nombreFichero=siepub.pdf&url=../TEXTO/S/SIE/siepub.pdf>

⁸ Ministerio de Economía y Hacienda, Escenario Macroeconomico 2006-2008. <http://serviciosweb.meh.es/apps/dgpe/estadisticas/ficherosLog.aspx?nombrefichero=prevesp.pdf&url=../textos/P/revisiones/prevesp.pdf>

⁹ Instituto Nacional de Estadística, <http://www.ine.es/daco/daco42/daco4218/ipce1007.pdf>

¹⁰ See, for example, La Vanguardia, 23 July 2007. Un apagón provoca el caos en Barcelona, <http://www.lavanguardia.es/lv24h/20070723/53379338434.html>

¹¹ Ministerio de Industria, Turismo y Comercio, Plan de Acción 2008-2012 de la Estrategia de Ahorro y Eficiencia Energética en España (E4)

saving measures which include radio and television spots as well as subsidies to renew inefficient household appliances and heating systems. In the IRNRP there is a specific mention of the changes in tariffs and pricing of electricity under which “the most vulnerable consumers” can benefit.

The second recommendation made to Spain is *to modernise employment protection, including legislation in order to foster flexibility and security in the labour market, to counter segmentation and to increase attractiveness of part-time work*. Although the rate of unemployment has continued to drop (to 8% for the second semester in 2007 so far) and the number of employed persons has reached an historical all-time high (20.367 million) differences remain in both employment (especially quality of) and unemployment by sex and age biased against women, youth and older workers, although these differences also seem to be diminishing. Furthermore, since last year (in the third quarter of 2006) the proportion of households with all its members' unemployed has dropped by 3.56% according to EPA figures¹². However, as pointed out in our previous reports, the Spanish labour market remains strongly segmented and large segments of the population work in fixed term and low paid jobs¹³. The social pact signed in 2004¹⁴ and its reforms of concrete areas of the labour market and social protection is having a positive effect in promoting flexibility and security in the labour market and has contributed to a small but steady reduction of fixed-term employment. Also, during 2007, further legislation aimed at promoting labour market integration has been approved. The new statute for autonomous workers entitles them, among other things, to improved disability benefits and benefits in case of business default as well as allowing them to hire direct family members¹⁵. Despite progress towards a more flexible and secure labour market, more efforts are required to promote the integration of immigrants, reconciliation of family and work life and the incorporation of women to the workforce as these three issues are strongly linked and require more targeted approaches and decided efforts. The government has continued to increase the minimum wage (SMI) and has promised to raise it to 800 and to 1000 within the Public Administration system should it win the March 2008 elections again.

No measures or actions have been taken to promote and increase the attractiveness of part time work. The proportion of part time work in Spain is very small (8.7% in 2006)¹⁶ compared to other EU member states and women have the largest proportion of that work (17.9% part time rate for women vs. 2.8% of men in 2006). Moreover, the EPA figures in the third quarter of 2007 show an increase of women in part time work over the past year of 3.67% while men show a decrease of 8.31% quarter of 2007. Further details on the labour market are given in the feeding out section.

¹² Available at <http://www.ine.es/daco/daco42/daco4211/epa0307.xls>

¹³ The most recent available Eurostat figures available show that Spain was in 2001 among the EU15 countries with the highest proportion of persons affected by in-work poverty at 10% compared with the EU average of 7% but lower than Greece with 13%. With respect to fixed term employment, in 2006 32.5% of the workforce had this type of contracts compared to 13.7% in EU25. Spain also has the largest proportion of involuntary fixed-term work of the EU (See for example Statistics in Focus report http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-SF-07-098).

¹⁴ Declaración para el Diálogo Social: competitividad, empleo estable y cohesión social of 8 July, 2004

¹⁵ Full text of the new law available at:

<http://www.mtas.es/destacados/es/EMPLEO/AUTONOMOS/120707boetrabajoautonomo.pdf>

¹⁶ Employment in Europe 2006 statistical annex.

The third and final recommendation made for Spain *is to ensure the effective implementation of education reforms, also at regional level, to reduce early school leaving, and to integrate training systems to provide better response to labour market needs*, which is dealt with under the third objective of the NRP. The new law on education (LOGSE) has provided an additional budget aimed at improving the quality of education and is being gradually implemented over a period of three years. It contains measures to reduce early school dropouts and improve the integration of immigrant children at school. However, the implementation of the new law is proceeding slowly and unevenly at regional level and the target of reducing early school dropouts is not being achieved as quick as to realistically reach the targets set in the NRP. Moreover, the government has decided that in the secondary level young people will be able to transit to the next course even when failing four subjects, a measure that has caused controversy in the educational environment. Furthermore, under the full employment situation in some CC.AA. a sizeable proportion of young people, in particular boys, leave school for fixed term jobs and even for open ended contracts, that are not fully covering the skills demands or the commitment needed by employers¹⁷. The reality is that only a few schools have adapted their services to cover this population offering night or evening class possibilities point to other areas that are not addressed by the LOGSE nor by the employment services. These students would end up eventually, if at all, in adult education, which is at the moment, catering more to adult immigrants would be covered by the so-called social guarantee programmes depending on their age and socio-economic status.

In general terms there is much to be done to implement the reforms to the vocational system, although steps have been taken recently in the framework of the EU to harmonize vocational training and strengthen specific skills¹⁸, to make information more transparent and to give adequate orientation on the courses and the employment and professional possibilities available. The IRNRP there is explicitly mentions of those in situation of social exclusion (difficult to place groups) as specific beneficiaries of the training activities.

In addition to the specific recommendations, the European Commission also defined “**points to watch**” for Spain. The Spanish government was recommended to focus on the following points: the need to contain inflation in the medium term; raising competition in professional services and retail markets, improving the regulatory framework; implementing environmental measures, in particular to reduce CO2 emissions (see our comments on this above); raising skills levels and productivity and integrating immigrants into the labour market; and increasing access to childcare. Finally, it was pointed out that significant developments in the housing market might have an effect on medium-term growth prospects.

Regards inflation, the latest figure has been pessimistic compared the rate from last year as in October it has increased a full point. The information available on the reasons behind this rise points to an increase in fuels and food, as well as interest rate increases on very large mortgages.

In reference to increasing competition in services, the services directive is, to our knowledge, not being debated yet in Congress, although the NPR report states that, indeed, the transposition will entail a very large overhaul of legislation and we may add that will take a important collaborative effort with the CC.AA. (the 17 regional governments of the Autonomous Communities, of Spain plus the Autonomous Cities of Ceuta and Melilla in Northern Africa).

¹⁷ Interviews with employment policy officials in various CC.AA.

¹⁸ Full information at <http://www.mec.es/educa/jsp/plantillaAncho.jsp?id=10&area=formacion-profesional>.

Regarding improving the regulatory framework, one-stop or “ventanilla única” type efforts in different areas and at different levels of government have been implemented. More recently (24 September) an Action plan to Reduce Administrative Burdens¹⁹ has been signed with the Chambers of Commerce and the target is to reduce the administrative burdens (number of administrative steps to open and run businesses) by 25% for the year 2012.

The reduction of CO² emissions is fundamental part of the new Action Plan of the Spanish Strategy of Energy Saving and Efficiency, yet the most recent figures indicate that CO² emissions have not yet been reduced²⁰.

The lack of adequate housing continues to be of major concern in Spain. The preliminary note on the UN independent rapporteur on adequate housing published in the UN General Assembly in July 2007 concluded that Spain is facing “a serious housing crisis”²¹. In the past decade, Spain has experienced one of the highest increases in housing prices in the developed world and affordability of adequate housing has become a major problem faced by a vast number of people. Those most affected have been the most vulnerable groups such as the elderly, women, immigrants, children, ethnic minorities and disabled people. Youth have been particularly affected by the housing crisis, salaries being insufficient for youth to access to adequate housing and the average age of leaving parents homes has risen to over 30 years of age. The government has recently approved a monthly 200 Euro per month emancipation aid for young people that will begin from 1st January 2007. The housing crisis has been aggravated by wide spread property and land speculation by developers and corruption by land use officials at local level (Malaga, Mallorca, Madrid, etc.) (see our previous reports for specific information and how this affects the most vulnerable citizens). Furthermore, there is a serious lack of public housing. The slowdown of the housing market has been confirmed by statistical data in recent months, and due to its important contribution to economic growth in recent years could have a negative effect on medium term growth prospects.

Regarding the integration of immigrants in the Spanish labour market, Spain ranked tenth out of 28 in the latest Migration Policy Index (MIPEX)²² used to measure policies to integrate migrants in EU Member states. Spain ranked second in the labour market access indicator, (tied with Portugal) while its weakest policy area was in anti-discrimination issues. The PECEI (Strategic Plan for Citizenship and Integration) is at the moment the main strategy being implemented to advance in the area of integration of immigrants and is only beginning to be implemented (approved by the council of Ministers in February 2007) and therefore no specific advances are yet reported in the IRNRP.

Finally, the access to childcare both as a right of children and as a measure to improve reconciliation of work and family life has been included in both the SI/SP strategy and the NRP. The figures in the IRNRP of the increased proportion of children under 3 in school only include up to 2006. Although the proportion of children in official schools has increased since 2004 is laudable (13.2% to 16.6%) but is still far from universal coverage. According to the IRNRP up to

¹⁹ Press communiqué available at http://www8.map.es/prensa/notas_de_prensa/notas/2007/09/20070924.html

²⁰ See Ministerio de Medio Ambiente, Quality and Pollution at http://www.mma.es/portal/secciones/calidad_contaminacion/atmosfera/emisiones/inventario.htm

²¹ See <http://www.ohchr.org/english/issues/housing/index.htm> or download report from <http://daccess-ods.un.org/access.nsf/Get?Open&DS=A/HRC/4/18/Add.3&Lang=E>

²² For further information visit <http://www.integrationindex.eu/> or download full report at <http://www.integrationindex.eu/multiversions/2712/FileName/MIPEX-2006-2007-final.pdf>

27% of the population of children under 3 are covered if the private schools are included. Given that Spain is one of the EU countries with the longest working hours, opening hours of the schools are increasingly important, above all with regard to the well-being of children.

2.2.2 Other Major Developments

The creation of an Evaluation Agency²³ is a major development in the modernization process of the state. The new Evaluation Agency will be in charge of evaluating the results of public policies and the quality of services. This organism will contribute to a better knowledge of the effects of public policies and promote a culture of evaluation within the Spanish state. From the author's point of view, this represents an important step forward in the States commitment to improve on the efficiency and effectiveness of policies in the medium term increasing transparency and equity of the impact of policies and government expenditures. This agency represents a good entry point for mainstreaming social inclusion and social protection as well as other transversal issues such as gender across the policy processes in Spain.

2.2. Assessment from a perspective of social inclusion

2.2.1. Feeding Out

Feeding out is understood as *creating an economic environment that supports social policy and its objectives*. The challenge is that pro-growth and higher employment policies cannot be assumed to lead automatically to improved social cohesion. Implementing the *feeding out* of growth and employment means that as many people as possible benefit from the positive effects of growth and increased opportunities.

In the Spanish 2007 NPR progress report there are no explicit examples of policies that promote feeding out. A review of the NPR indicates that the feeding out process has not filtered through into more general economic and social Spanish policymaking.

Are there examples of policies that promote feeding out in the implementation reports?

There are no specific examples mentioned or linked to the issues in the SI/SP process. There is mention of social (and territorial) cohesion in the context of the improvement of infrastructures and of the implementation of the agreements with social partners on employment. In this latter case social exclusion is explicitly mentioned in the introduction of a national legislation (there are already a series of regional ones) regulating the so-called insertion firms run by NGOs to offer direct employment opportunities to its beneficiaries and which have now an experience of over 10 years in Spain²⁴. There is also an explicit mention of access to telephone coverage of the most vulnerable groups through the implementation of presidential order PRE/531/2007 reflecting the Agreement with the Presidential Commission on Economic Affairs approving the basic conditions to ensure affordable and universal access to telephone services of pensioners with pensions under the minimum salary indicator (IPREM, see previous reports for information on this

²³ Ministerio de Administracione Públicas, <http://www.map.es/ministerio/organismos/Agencia-de-Evaluacion.html>

²⁴ This has been partially addressed as a good practice for the EU in the context of a Peer Review on Social Protection and Social Inclusion <http://www.peer-review-social-inclusion.net/peer-reviews/2007/multi-regional-operative-programme-to-combat-discrimination>.

indicator) and households with blind or deaf persons²⁵. Finally, within the framework of the ICT plan AVANZA, it is also explicitly mentioned that 28 million Euros have been earmarked for activities to promote gender equality and social inclusion in the area of access and use of ICTs, and another 38 million for including rural areas without access to wide-band Internet access, but no information on implementation is included in the present IRNRP.

Another important area of measures promoting feeding out is in the area of health, which is included under Objective 1 (macroeconomic and budgetary stability). The implementation of the Quality Plan in the national health system (SNS) is allowing better quality of health services through the improvement of human resources and the introduction of ICTs as well as addressing social and gender equality and promoting healthy living habits amongst the whole of the Spanish population. However, there are no explicit advances reported for the related measures.

Is social cohesion among the stated goals of such policies?

The whole of Objective 6 (labour market and social dialogue) is explicitly linked to social cohesion and shares some objectives with the SI/SP strategy as well some of the measures in Objective 3 (increase and improvement of human capital). However, there is only one explicit mention to social exclusion in the context of the introduction of the Law on insertion Firms that is presently being debated in the Parliament and another to those with difficulties in the labour market with regard to training measures.

Are there any references to the strategies for social protection and social inclusion?

There is no explicit mention in this particular report. All of the measures that are present and have links to the SI/SP strategy are mentioned throughout the following points

- Promoting both social cohesion and economic growth

The focus in Spain has clearly been on promoting economic growth. In recent years there has been an increased attention towards promoting social cohesion, however there are specific challenges that place clear obstacles to the central government. The first of these is population ageing, which results in pensions taking up a large proportion of social expenditure in Spain. As we pointed out in our first semester report with regard to child poverty, the tax-benefit system in Spain clearly benefits adults and has negative impact on children (child poverty is hardly reduced and differences between children and adults widen once social transfers are taken into account). The second most important challenge, as mentioned many times, is coordinating and strengthening cooperation with the regional governments in competencies of social services, housing, health and education. The first of these challenges is tackled in the NPR in the context of the implementation of the Law on Dependency and is linked to the SP strategy on long-term care (although this is not explicitly mentioned). Regarding the second challenge mentioned, under point 2.3 Governance we detail the actions that have taken place and have been reported in the IRNRP.

²⁵ More details at http://www.boe.es/g/es/bases_datos/doc.php?coleccion=iberlex&id=2007/05043

- Ensuring an adequate income from work

Ensuring an adequate income from work has been a frequently debated issue in Spain in recent years. Large segments of the population work in low-income jobs, particularly within the construction and service industries²⁶. Strong economic growth in recent years has not been matched by a correspondent rise in salaries and productivity. Yet, the economy is set to slow down, or at least to moderate itself, which accompanied by increasing inflation rates and the high indebtedness of Spanish families presents a worrisome panorama. The constant rise of interest rates during the past year and the end of cheap credit has very likely increased the percentage of families (already very high using 2005 data) that cannot cover monthly expenses (see our previous reports for specific figures). There have been talks to raise the minimum salary to 800 euros in 2008, significantly above the 600 euros agreed for 2008 and which is included as a measure in the NRP. This issue will have to be negotiated with the social partners should the government continue into the next legislature. In the IRNRP the rise to 570 Euros in 2007 is mentioned.

However, the IRNRP includes examples of employment policies that enable people to improve their living conditions through employment. The Agreement for Improved Growth and Employment has resulted in a reduction in fixed-term employment, particularly of youth. Social policies such as the PECE, the Equality Act and the Dependency Act promote better living and employment conditions for immigrants, women carers and disabled people. Not included in the IRNRP is the government's recent announcement to gradually include domestic house workers (mostly women) in the general regime of Social Security, a measure that will improve the situation of a traditionally vulnerable group²⁷. Overall, all the measures included in Pillar 6 promote on social cohesion as well as increased growth, and are going in the right direction. However, they are only partially aimed at ensuring an adequate income from work, and they do not explicitly target poor people to lift them out of poverty.

- Targeting job creation at vulnerable groups

The IRNRP includes several measures that target job creation for vulnerable groups. A positive step has been the approval of the legislative project that will regulate the framework for so-called insertion firms (more information below). There has also been a follow-up on measures implemented in 2006 that target youth, own account workers and fixed term workers. The PECE includes objectives to promote employment of immigrants, a group of workers that has increased drastically in recent years and contributed to economic development.

The most vulnerable groups identified in Spain are immigrants, women, youth and people over 45 years old. Job creation for vulnerable groups is an issue that had not been addressed by the government as this is a devolved competency, but the strengthening of some centrally managed benefits (especially RAI, active insertion income) and this new legislation will give some role that can perhaps reduce regional differences in approaches and coverage.

²⁶ See footnote 13 above for specific figures.

²⁷ The number of these registered workers is 335.6 thousand and 92% are women. Immigrant associations and human rights associations give much higher numbers as there are many working illegally in the country in this occupation. Figures available at: <http://www.mtas.es/estadisticas/anuario2006/AFI/index.htm> table AFI-01.

- Addressing territorial differences and regional gaps

The increase in territorial differences at different levels such as health, education and access to social services is a worrying trend in Spain. A positive step forward in this NRNP has been the mention to three Autonomic Reform Programmes being carried out in Spain which are in line with the NRP. As we have mentioned in our previous reports the coordination and cooperation among the different government levels needs to be strengthened. There remain very large gaps in labour market indicators (see Annex 1) that partly reflect other differences in economic and social development across Spain. While no mention of these differences is made, there is mention of promoting territorial cohesion through infrastructures and the use of natural resources (water in particular, which is a growing problem in Spain).

- Assessing the impact on social protection systems

The impact of social protection systems is not being systematically assessed. This is perhaps clearest in the case of children (see our first semester report) where the impact of benefits does not have a large impact on reducing the percentage at risk of poverty. As we have already mentioned, the new Evaluation Agency will be an opportunity to make decided steps in the whole cycle of policy formulation, implementation and impact in the area of social inclusion and social protection.

There is, for example, a lack of specific benefits targeted at children as most benefits provide income support for adults, such as the new 2500 Euro baby-cheque. The existing policy framework does not consider child poverty a priority and there is no mention the EU social inclusion and protection process to such issue within the implementation report. The underlying causes of the high child poverty rates in Spain are related to low wages and a large proportion of fixed contracts.

2.2. Feeding in

Feeding in is about how social protection and social inclusion policies contribute to greater economic growth and more jobs. The Spanish NPR implementation report makes no explicit mention of the Social Protection and Social Inclusion process. Educational measures included in the implementation report clearly strive to improve the general conditions of the population and share the objective of reducing early school leavers, which is in line, but not explicitly linked in the NPR progress report, with the Social Inclusion and Social Protection process. Furthermore, active inclusion policies for vulnerable groups such as immigrants, some groups of women and young people are recommendations within the Social Inclusion Report that are partly being addressed within the implementation of the NRP. The report also mentions the positive effect the National Strategic Childhood and Adolescence Plan in having in coordination of childhood polices and the increased visibility gained by the Childhood Observatory as mentioned in the IRNRP.

Despite the steady economic growth in recent years, child poverty rate in Spain remains one of the highest in the EU (24.3%)²⁸ and significantly higher than adult poverty rates. Children living in

²⁸ INE, Estudio descriptivo de la pobreza en España. Resultados basados en la encuesta de Condiciones de Vida 2004. Available online at <http://www.ine.es/daco/daco42/sociales/estudiodesc.pdf>

monoparental households and households with 3 or more children are the most vulnerable to poverty, although large numbers of poor children also live in nuclear households of only one or 2 children. Immigrant children and children belonging to ethnic minorities are also at high risk of poverty.

Spain has experienced an important influx of immigrants in the past ten years that has contributed to sustained economic growth. Most of the immigrant population is much younger than the Spanish population and activity rates are higher than for nationals. There has been increase awareness on the challenges and opportunities the arrival of immigrant's poses for the state and this has been reflects in a more holistic approach to immigration. One of the most important policies in places to promote the integration of migrants is the Strategic Plan for Citizenship and Integration (PECI)²⁹. The PECI aims to become a key element in driving integration forward and takes on a holistic approach as recommended by the European Commission. The PECI drives towards social cohesion and acts *as a key element in governing the process of mutual adaptation of immigrants and the autochthonous population because, through balanced interventions on the part of both public powers and civil society, it aims is to contribute to a two-way process by fostering social, economic, cultural and institutional development that is advanced, plural and lasting for all residents in Spain*. However, the PECI has been devised as an independent strategic plan and it does not include any references to the National Action Plan for Social Inclusion (NAPIncl). Overall, the development and implementation of the PECI is a valid example on how social inclusion policies can contribute to better living conditions, however, it is important to stress that this plan is in the initial steps of implementation and no specific results have been made available yet.

The development and impact of the Multi-regional Operational Programme to Combat Discrimination ³⁰ 2000-2006 has been recognised an example of good practice on how the European Structural funds can have a positive impact on social inclusion strategies. Due to the dimensions and scope of the programme, it has made an important contribution in the fight against social exclusion. However, the impact on growth and employment is not so clear as a full evaluation of the programme has not been made. The groups dealt with under the programme (those furthest from the labour market) are not usually attended to by normalised Public Employment Services (in spite of the individualised attention that has been introduced in recent years). All of the initiatives carried out by the NGOs receiving the funds have involved using a holistic approach and individualised itineraries to which beneficiaries had to be formally committed to.

Overall, however, the feeding in process within the Spanish NPR progress report is still very limited.

²⁹ English version available online at:

<http://www.mtas.es/migraciones/Integracion/PlanEstrategico/Docs/PECIRESUMENEJECUTIVOINGLES.pdf>

³⁰ <http://www.peer-review-social-inclusion.net/peer-reviews/2007/multi-regional-operative-programme-to-combat-discrimination>

2.3. Governance

How is it ensured that greater growth and more jobs contribute to the objectives of the OMC and vice versa?

There is no formal mention of the commissions and working committees on growth and employment and vice versa. However, it is our understanding that there is a great effort to bring together all of the information presented in the IRNRP.

How is the desired/expected outcome assessed for each policy measures?

In general, the figures are given (in some cases, we believe not very exact, as the case of women's employment rate shows) and also explicit mention to passing or implementation of legislation. The final annexes in the report give some idea of the level of implementation of the NPR measures. In this case if not fully implemented, an indication that it is being at present implemented is given ("en proceso"). In our view the reporting is improving as far as giving figures on the number of individuals or households that are expected to be affected by the measures, but could still be further improved to achieve a clearer picture of the outcomes of each policy measure.

- Monitoring and assessment of policies

As already mentioned above, the new Evaluation Agency will be an important institutional support for evaluation of all policies and offers an entry point to introduce mainstreaming concepts. An in-depth evaluation of the Multi Regional Operational Programme to Combat Discrimination (funded by ESF) can also be an opportunity to spread the learning and consolidate employment programmes for those furthest from the labour market. It would also be to the benefit of transparency and good governance if the money from the income tax (IRPF) given each year to NGOs would be evaluated and monitored and the results be made public in terms of beneficiaries, and efficiency in the use of the funds.

- Involvement of stakeholders

Although the social partners are very much involved in negotiating and implementing many of the reforms mentioned in the NPR, other social agents are not mentioned in the report. An important aspect that has been highlighted is the involvement in the implementation and reporting but regional, provincial and local governments or their representatives.

- Coordination and joining up of economic, employment and social policies

This point, in our view, is still weak at the moment but continues to evolve in the right direction. As we have mentioned in our previous reports a better coordination needs to be introduced with the PES (national and regional) and the social services (decentralised) and with beneficiaries of social protection benefits, which are still managed at central level. As far as we know there continue to be efforts on the statistical and administrative side to use the

employment and social service data (Sipe and Siuss) which can advance in the knowledge of the profiles of beneficiaries of diverse benefits (unemployment and minimum incomes) and also have a better idea of regional differences. On the other side, the recent changes within the General Directorate for Social Inclusion point to a strengthening of the employment aspect with an appointment of a high-level employment service officer as sub-director, and the previous sub-director as new general Director.

3. Overview of new reforms and trends

This section presents relevant material on trends in poverty and social exclusion.

Gender equality

The implementation of the Equality Act has progressed slowly. Despite the important budgetary allocation by the government to the AACC, not enough actions have been carried out at regional level. An example of this trend it that almost 15% of the budget allocations to implement the Act against Gender Violence have been returned to the central government.

On 19 October 2007, the Council of Ministers received a report from the Ministry of Labour and Social Affairs (MTAS) on the implementation of the Equality Act. In this case the measures in the NPR are mentioned explicitly and special measures will be introduced to focus on women between 40 and 60 years of age who have, the ministerial report states, the lowest activity and employment rates. There is also an inter-ministerial commission which is being activated and that will be responsible for "coordinating the equality principle" at central government level. The Act also obligates large firms to introduce an Equality Plan and the government will make inspections to make sure that this is observed. However, in our view, the more numerous small and medium sized firms also need support and convincing arguments (such as affects on productivity and profits) to introduce these types of plans in their firms.

Immigration

Spain has experienced a steady rise of immigrant population in the last 10 years (at the rate of 1% per year increase on average). Despite the increase in control of territorial waters, the flow of illegal immigrants arriving to the Spanish coastline is continues to be significant, particularly in the Canary Islands and the Southern Mediterranean coast. There is also an important flow of immigrants from Latin America (especially Ecuador) and from the new EU member states (most notably Romania and Bulgaria).

Not enough measures are being taken to guarantee access to work for immigrants, particularly in the agricultural sector where we have already mentioned in previous report that competition between different groups of immigrants is taking place, most notably between women coming from new member states and North African and Sub-Saharan African men. This has been evidenced by recent challenges by agriculture in publicly employing immigrants with no working permits, which also places these immigrants in a vulnerable position as their wages, and social protection rights are waived. The already difficult housing situation in Spain also puts this group of the population in disadvantage as the statistics show that immigrants are more likely to live in households with more than 5 adults. In the Madrid region recently there have been dismantling of

irregular housing where mostly Moroccan and Romanian citizens were living and which caused great media impact³¹.

Children

Regarding child policies, the government recently announced a 2500 Euro aid for every child born or adopted after June 1, 2007. The amount will be raised to 3.500 in case of monoparental, large families and disabled children. This has been an isolated measure with universal reach that targets only partially specific groups at risk. Here have been also a number of other improvements to existing benefits to families with children. Due to the important budgetary effort this measure represents, there has been criticism as to inefficiency of such spending by several opposition groups in Parliament.

The Minister has also announced that the number of public places for children aged 0-3 will be increased by 50.000, which covers only 12% of the number of children under 1, for example, recorded in January 1, 2007.

Dependency

The approval of the Dependency Act lays out the foundation for a new social protection system for dependant persons and will have a positive impact on unpaid carers, the majority of whom are women. However, the implementation of the new law is being delayed because of discrepancies with CC.AA. in terms of financing and trained personnel. There have been a series of newspaper articles, both in those close and in opposition to government of cases where carers and dependent persons are not being included in the measures. This points to the need to make efforts on the statistical and research side in order to have a better picture of the family links and profiles (specially age and type of dependency) of beneficiaries and carers.

Housing

In the past months the slowdown of the housing market in Spain has been confirmed. The government is continuing to implement its Housing Plan measures, including building of a large number of protected housing units. Although the price of housing is slowly being reduced, the tighter credit conditions may not allow many families access to this basic good.

³¹ See for example

http://www.elpais.com/articulo/espana/Desalojo/pedradas/Canada/Real/elpepuesp/20071018elpepunac_4/Tes and http://www.informativos.telecinco.es/desalojo/chabolas/canada_real/calma/dn_55868.htm

4. Conclusions and Recommendations

Although the NPR implementation report includes some mention of specific measures within the realm of the SI/SP strategy, in our view the links are still rather weak and piecemeal. On the other hand the macroeconomic environment (inflation, interest rates and credit market evolution) is an important element that can affect some households making them more vulnerable to situations of poverty and social exclusion or making their exit from these situations more difficult. More data needs to be made available (more Recent Income and Expenditure survey data, for example) that can shed light on the most recent events and their impact on households. Although employment continues to grow, the most recent figure made public by the Public Employment Service shows that unemployment might be reappearing (around 31 thousand more unemployed in October), although the government and trade unions have declared that this is due to the end of the summer season (especially in the hotels and catering sector). One worrying fact is that over 60% of those registered unemployed in October over the past year were immigrants. The construction sector, which is slowing down, is where most of the unemployed immigrants originate. Also these latest figures mark a change in the trend and men represent 72% of the unemployed, whereas more than half the registered unemployed had been women over the same period.

Our recommendations are, in the line of our previous reports, are the following:

- Continue to strengthen coordination and cooperation between social inclusion/ protection and employment departments and policies
- Make better use of available statistics on public employment and social service users (Sispe and Siuss)
- Increase knowledge on the impacts of the measures and policies in the NPR on social protection and social inclusion and vice versa (both at national and EU level)
- Make further use (especially in the context of the new Evaluation Agency) of monitoring and evaluation to design and impact of social protection and social inclusion policies. As elsewhere in Europe there is a lot of deadweight in programmes and projects if they are not properly monitored and evaluated. The introduction of the gender perspective from the beginning is of utmost importance to enhance efficiency and efficacy of these policies.

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Annex 1

Regional activity and unemployment rates in Spain, 3rd Quarter, 2007		
	Activity Rate	Unemployment Rate
Total	59,1	8,03
Andalucía	56,16	12,57
Aragón	59,45	4,86
Asturias	50,82	7,19
Baleares	65,75	4,45
Canarias	60,78	10,74
Cantabria	56,57	5,57
Castilla y León	54,32	7,03
Castilla-La Mancha	56,50	6,98
Cataluña	62,77	6,76
Comunitat Valenciana	60,21	8,73
Extremadura	53,06	12,37
Galicia	54,69	6,72
Madrid	63,97	6,00
Murcia	60,64	8,24
Navarra	60,48	4,38
País Vasco	57,48	6,05
La Rioja	58,03	5,30
Ceuta	51,50	20,87
Melilla	55,59	18,29

Source: EOPA, INE