

ECONOMY, LABOUR
AND SOCIETY

REPORT
ON THE
SOCIO-ECONOMIC
AND LABOUR
SITUATION

SPAIN 2022

(EXECUTIVE SUMMARY)

CONSEJO ECONÓMICO
Y SOCIAL ESPAÑA

Law 21/1991, on the Creation of the Economic and Social Council.

Article 7. Functions:

1.5. To prepare and submit to the Government, within the first five months of each year, a report setting out its considerations on the socio-economic and labour situation of the Nation.

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CONSEJO ECONÓMICO Y SOCIAL **ESPAÑA**

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REPORT ON THE SOCIO-ECONOMIC AND LABOUR SITUATION IN SPAIN IN 2022

Adopted at the ordinary session of the plenary
assembly of the Economic and Social Council
on 31 May 2023



CONSEJO ECONÓMICO
Y SOCIAL ESPAÑA

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PRESENTATION

Antón Costas

President of the Economic and Social Council

The Law creating the Economic and Social Council (CES) establishes that this institution must draw up and present an annual report to the government before the end of May each year, setting out its considerations on the socio-economic and employment situation in Spain. In compliance with this mandate, on 31 May the Plenary Session of the CES approved this Report for the year 2022.

In my opinion, this Report has an added value that sets it apart from other similar reports on the Spanish economy, labour and society: in addition to its acknowledged technical quality, its analyses and assessments are the result of dialogue and consensus among the sixty councillors who make up the CES Plenary. Its composition provides an X-ray of Spain's GDP; the main trade union and business organisations, agricultural, fishing, consumer and social economy organisations are represented in it, as well as independent experts in the socio-economic and employment fields. The content of the report is the result of the permanent, institutionalised social dialogue that takes place among all these agents within the CES.

The ultimate aim of this document is to offer the government, the public authorities and society an agreed diagnosis of the evolution of the socio-economic and employment situation in Spain, a shared diagnosis that will help to improve the quality of the public and political debate in our country on the main achievements and the challenges for the future.

Throughout its three chapters, the 2022 Report offers, in addition to a wealth of information, some useful lessons on the behaviour of the Spanish economy, labour and society under the effects of the concatenation of calamities we have been suffering since 2020, as well as the effects of the economic and social policies that have been implemented to alleviate their consequences.

Without wishing to be exhaustive, I would like to use this Introduction to make three reflections that this Report 2022 suggests to me.

The first is that **the Spanish economy is experiencing an unexpected economic spring**. Contrary to the forecasts that almost unanimously announced the arrival of

an economic recession, economic activity has shown strong dynamism in 2022, while the labour market has shown signs of resilience and improvement both quantitatively and qualitatively. The data for the first half of the year suggest that in 2023 the economy will take its foot off the accelerator without actually applying the brakes.

This unexpectedly good performance is related to two factors that the Report analyses in detail. On the one hand, the capacity of the economic, labour and social policies that were put in place to mitigate the impacts of the pandemic and the war in Ukraine on households and businesses. The pandemic has led governments, including the European Commission, to change the way they govern the economy during these crises, with measures aimed at keeping families and businesses afloat. These were quick, effective and, in some cases, innovative measures. These measures have been decisive in maintaining household and business confidence, and with it, economic activity and employment.

The other factor behind this economic spring is the culture of bipartite social dialogue and consensus between trade unions and employers' organisations that exists in Spain. This culture of consensus has been decisive in facing the challenges posed by the concatenation of calamities that we are experiencing. Without it, the performance of the economy and employment in Spain during these years cannot be explained. First the pandemic and the war in Ukraine, and then the resurgence of inflation, have given a new impetus to this culture of dialogue and social consensus, with more than 14 major social agreements. It is difficult to overstate the importance of this culture of social dialogue and agreement. It is a crucial intangible asset, incorporating an element of social peace that has been decisive over these two years and will be even more so in the coming years in order to meet the major challenges related to the dual digital and green transition, and to ensure that this productive transformation is accompanied by a parallel transformation of the workforce.

The lesson of palliative measures and social dialogue is that when there are rules for a fair sharing of the costs of crises, recessions are shorter and less severe and recovery is faster, more balanced and sustainable.

The second reflection I would like to make is that **this economic spring has not prevented many people and households from continuing to feel the cold**. The data provided in the Report are revealing. The data on the increase in poverty are shocking. Poverty that is all the more glaring and morally unacceptable when it affects children living in poor households who are denied the principle of equal opportunity as a result of poverty. This poverty is, first and foremost, an affront to the dignity of the people who suffer from it, preventing them from becoming in life what they have every reason to want to be. A developed, democratic and decent society cannot accept the reality of this poverty. But if this moral argument were not enough, there is another powerful economic argument for eradicating it: poverty is a waste of human resources and a loss of economic dynamism. The consequence for

the economy is a great loss of productivity and potential growth. Today we know that investing in eradicating poverty, especially early childhood poverty, has economic returns greater than, for example, any other infrastructure investment. The CES plenary has therefore approved the setting up of a specific working committee to analyse the causes and consequences of the lack of investment in early childhood.

The third reflection I would like to make is that the data in this 2022 Report seem to point to a **change in some of the traditional patterns of economic and employment growth in Spain**. The post-pandemic recession-recovery cycle has been less bipolar, less manic-depressive, than the Spanish economy was used to in previous crises. Compared to the 2008 recession, the recession has now been shorter and the recovery faster. Moreover, the growth we are seeing is more balanced in its sources, domestic versus external demand, and more inclusive in territorial terms, rural-urban, gender and age. Something similar is happening with employment behaviour patterns, both in quantitative and qualitative terms, under the new labour reform agreed, for the first time, by the social partners. It is risky to suggest that these new patterns of more balanced and inclusive growth and more resilient and higher-quality employment will be sustained in the future. But neither should it be ruled out.

These brief personal reflections do not exhaust the wealth of data and analysis contained in this 2022 Report related to the most relevant aspects of the Spanish economy, employment and society. As I pointed out at the beginning, the added value of the CES Report is that its content is the result of permanent institutionalised dialogue and consensus within the institution.

* * *

Work on this report began on 28 September 2022 and was completed on 23 May 2023. The working committee responsible for its preparation was chaired by Councillor Raymond Torres, and the rapporteur for Chapter I was Councillor Edita Pereira, for Chapter II Councillor Eva Urbano, and for Chapter III Councillor José Ignacio Conde-Ruiz.

This document was prepared with the participation of Natalia Fabra, Professor of Economics at the Carlos III University of Madrid; Jorge Sanz Oliva, Associate Director of the Energy and Environment Practice, NERA Economic Consulting; Ángel Gavilán González, Director General of Economics and Statistics at the Bank of Spain; Juan Menéndez-Valdés, Professor at IE University and expert in socio-labour, education, training and employment policies; Miguel Ángel Malo Ocaña, Senior Lecturer at the Department of Economics and Economic History at the University of Salamanca; and Romina Boarini, Director of the OECD Centre for Well-being, Inclusion, Sustainability and Equal Opportunities (WISE).

I would like to thank all of them, the members of the working committee and the Directorate of the Studies and Analysis Department of the CES for their collaboration, effort and good work over eight months, the final result of which is the report now offered to the public authorities and Spanish society.

ANTÓN COSTAS

President of the Economic and Social Council

CHAPTER I
ECONOMIC OUTLOOK

With the pandemic practically over, 2022 should have been the year of consolidation of the economic recovery, but the impact of the war in Ukraine turned the economic outlook for the year around, to be framed in an environment of high uncertainty, with major tensions in the energy markets, in global supply chains and in international trade. The main consequence has been a sharp rise in prices, with the result that, after several decades, inflation has once again been the focus of economic interest and concern.

Indeed, the economic outlook was determined by a global context of strong geopolitical uncertainty, weak demand from advanced economies, continued lockdowns in China and inflationary pressures that were responded to, almost across the board, with a tightening of monetary policy and industrial and trade resilience strategies. All this led to a moderation of global economic activity and trade 2022, but above all fuelled debates about the future of globalisation and multilateralism.

The war had a particular impact on the EU's economic activity, with those European partners with the strongest commercial ties or dependence on the economies in conflict suffering the most. The difficult geopolitical, economic and social scenario made it necessary to take urgent decisions in the following areas: energy –to limit external dependence and strengthen strategic autonomy–, monetary –with the acceleration of the change in the European Central Bank's monetary policy stance to combat the upturn in inflation– and budgetary and competition –to leave room for Member States to use instruments to mitigate the economic and social consequences of the crisis.

In this context, Spain managed to maintain the previous year's growth rate of 5.5 per cent, placing it among the most dynamic economies of the European Union, with an increase in employment, measured in terms of full-time equivalent employment, of 3.8 per cent.

Growth was more balanced between domestic and external demand, although very different between the first and second half of 2022. In the first six months, the collected savings, the reduction in the temporary employment rate and favourable investment expectations contributed to

expanding activity, to which was added the strong recovery in international tourism, which reactivated trade, transport and hotel and catering activities, taking them to pre-pandemic levels, as well as the increase in the external balance of non-tourist services. However, from the third quarter onwards, the Spanish economy began to feel the impact of high inflation and interest rate hikes, despite the successive emergency plans that throughout 2022 tried to mitigate the impact of the price rises.

The evolution of consumer prices in Spain, which had been experiencing an intense upturn since 2021, began to register increasingly higher growth rates throughout 2022, not only in the general index, but also in the underlying index. The year closed with the Consumer Price Index growing by an annual average of 8.4%.

Many sectoral measures were implemented to alleviate the impact of inflationary pressures, including the so-called Iberian exception, which cushioned the impact of higher global gas prices on Spanish wholesale prices, with savings for consumers, especially during the summer months.

On the supply side, sectoral developments over the course of 2022 were quite heterogeneous, with activity also ranging from high to low over the course of the year. Some sectors suffered more intensely from the escalation in energy prices following the invasion of Ukraine, the persistence of supply disruptions or the tensions in the prices of raw materials and intermediate goods, but by the end of the year all of them would end up suffering the impact on production costs of the pass-through of inflationary tensions. Moreover, under these supply restrictions, productive activity had to cope during 2022 with the reactivation of domestic demand as a consolidation of the return to normality pre-Covid -which in some sectors such as tourism and leisure would exceed expectations- and the boost in spending and investment of the Recovery, Transformation and Resilience Plan (PRTR in Spanish).

With the exception of the primary sector, which experienced a year of high volatility and uncertainty, all the major branches of activity advanced with respect to 2022, and were led by the services sector. Despite this, neither industrial production nor construction output managed to reach pre-pandemic levels at the end of the year, although employment did.

On the public finances side, the deficit and public debt were reduced more than expected in 2022, despite the significant fiscal cost of the measures taken to reduce inflation and mitigate its impact on households and firms, mainly energy and food tax cuts and subsidies to the most affected sectors. This outcome was possible, above all, thanks to the high dynamism of tax revenues, which were boosted by the improvement in activity and employment, as well as by price increases. Nevertheless, fiscal imbalances remain high and above the EU average. On the other

hand, the deployment of the Recovery Plan continued at a good pace, although for the projected positive effects on activity, employment and the transformation of the productive fabric to materialise, the significant weaknesses that still persist in relation to the management and execution of investments by the different administrations need to be overcome quickly

In any case, the Spanish economy had still not recovered in 2022 from the severe impact of the Covid-19 crisis, making it practically the only EU economy with a lower level of GDP than at the end of 2019. However, other variables such as employment and tax receipts were much higher than before the pandemic, once again sparking debate about the possibility that the national accounts may not be fully reflecting the situation of the Spanish economy, in the context of the major revisions that the data have been undergoing in recent years. Should changes in GDP levels be confirmed, such policy-relevant variables as deficit and public debt ratios, public expenditure and tax contribution, as well as the benchmark against which European funds, in particular Next Generation EU funds, have been allocated, could be affected.

Looking ahead to 2023, the context remains highly uncertain, with downside risks to GDP growth and upside risks to inflation. The greatest uncertainty comes from the geopolitical sphere, with the development of the war in Ukraine and a potential new tension in the energy markets, to which should be added the possibility of new episodes of financial instability and economic fragmentation at the global level.

Economic perspectives

With regard to the latter, the debate on the transformation of globalisation has increased as a result of the confluence of trends such as: the growing interest in strategic autonomy, the interrelation between global technological deployments and national security, the urgency of the energy transition and global commitments to fight climate change, the need to ensure international food security, migratory pressures or the commitment to reduce levels of extreme poverty and inequality at the global level.

For Spain, the main risk relates to inflation deadlock -and possible stronger second-round effects-, as well as to a further tightening of financial conditions, which could further deteriorate the situation of households and firms. However, the dynamism that employment has continued to show, a possible greater than expected impact of the PRTR, or the development of the 5th Agreement for Employment and Collective Bargaining are factors that may contribute to the upside in the growth of the Spanish economy in the short term.

In any case, with a view to the Spanish Presidency of the Council of the EU in the second half of 2023, it is worth remembering that over the last five years Spain has shown a positive evolution with respect to its Eurozone partners in areas such as employment, inflation and external surplus; and also in some more structural indica-

tors such as the deployment of advanced digital networks or the share of renewables in energy generation. However, it still maintains important differences in terms of productivity, fiscal contribution, digital readiness of human capital or environmental protection, which results in a lag in terms of per capita income compared to the EU. All this demands greater efforts to promote convergence in economic, social and environmental terms, and thus achieve the sustainable and resilient development of the Spanish economy.

BOX 1. SPECIAL TOPIC: INFLATION**A global inflationary shock**

From mid-2021 onwards, inflation is expected to pick up globally, initially due to higher commodity prices, mainly for energy.

- The post-pandemic recovery had led to global demand-supply mismatches due to tensions in commodity markets as demand picked up and bottlenecks in global supply chains emerged.
- In addition, geopolitical tensions prior to the war in Ukraine, and even some actions by Russia in reducing European reserves, led to increases in gas prices and generated additional tensions in the markets for food commodities, mainly cereals.
- While in the European Union, supply-side factors have been dominant in the inflationary upswing, in the case of the United States, the rapid recovery of demand was also at the origin of this inflation dynamic.

High and persistent inflation also in Spain

Consumer prices in Spain, in terms of the CPI, had already grown strongly and rapidly in 2021, especially from summer onwards and in particular throughout 2022. The average annual growth rate was 8.4 per cent.

The impact of the supply factors noted above was initially reflected in CPI developments in the electricity, fuels and food components, but the increasing leakage of cost increases (energy prices, raw materials and intermediate inputs) to the production process spread inflation to the basket of goods and services as a whole. By early 2023, a dampening of inflationary effects (due to the base effect and lower energy costs) was beginning to be observed. However, there is uncertainty as to whether these effects will be passed on in full and with what delay to the rest of the consumption basket.

In terms of the Harmonised Index of Consumer Prices (HICP), prices grew more strongly in Spain than in the euro area until the summer of 2022 and since then they have started a downward trend, which has allowed the price differential with the euro area, favourable to Spain since then, to narrow.

Core inflation also experienced rapid and high growth, more pronounced especially since the end of 2022 with rates above 6 per cent, being the key factor in the analysis of 2023.

Second-round effects driven by Gross Operating Surplus

Over the year 2022 as a whole, the increase in the gross unit surplus of enterprises accounts for 90.7 per cent of the increase in the deflator, compared with a 10.9 per cent contribution from unit labour income and a negative contribution of 1.6 per cent from net unit taxes on production. This indicates that since the inflationary upturn there has been an increase in profits above the pre-pandemic level, as can be seen from all available data sources.

Real labour incomes, below 2019 levels

Using the GDP deflator, labour income is 2.9 per cent below its 2019 level despite rising employment, compared to a 3.1 per cent increase in gross surplus, resulting in a decline in the weight of labour income in GDP.

Deflated by the CPI, the purchasing power of labour incomes has been reduced by 4.1 percent since 2019.

BOX 1. SPECIAL TOPIC: INFLATION (continuation)

Economic policy response	
Monetary policy	<p>Along the same lines as other central banks, the ECB made a shift in its monetary policy, with continued interest rate hikes, bringing the reference rate to 3.75 per cent, and other monetary tightening measures. The aim was to maintain price stability and avoid a de-anchoring of inflation expectations in order to help ensure sustainable economic growth in the medium term. However, this generalised tightening of financing conditions could constrain the pace of economic growth.</p>
Tax policy	<p>Numerous measures have been adopted to reduce inflation and mitigate its impact on citizens and companies, the most important of which, due to their higher fiscal cost, are energy and food tax cuts and subsidies to productive sectors.</p> <p>Due to their greater effectiveness and lower cost, the recommendation is to focus aid on the most vulnerable groups and sectors, in line with measures already adopted such as the increase in non-contributory pensions and the MVI, the 200 euro subsidy for low-income groups, the discounts for the electrical social rebate or the subsidy for public transport.</p>
Regulatory policy	<p>Measures concentrated in the field of energy. The procedures for renewable energy projects were speeded up, renewable self-consumption was facilitated, gas storage was encouraged, a maximum price was set for butane and propane, and temperatures in public areas and outdoor lighting were limited. Of these, the “Iberian exception” (RDL 10/2022) stood out: a mechanism to reduce the cost of gas for electricity companies that use it as fuel and thus reduce the price of electricity on the retail market. The mechanism allowed the Iberian electricity market to be insulated from the gas price shock at the end of August 2022, and reduced the range of price fluctuations in the wholesale market.</p> <p>In the area of housing, measures such as the establishment of limits on the updating of rents and the extraordinary extension of rental contracts for permanent housing stood out.</p>

CHAPTER II
EMPLOYMENT AND LABOUR RELATIONS

The initial balance of 2022 as regards the basic situations of people in the labour market (activity or labour participation, employment, unemployment) is positive, with better data than in 2021. These results are also better in all cases than those of 2019, i.e., at the time before the pandemic, which allows us to speak of a full recovery in global terms, albeit uneven by territory and sector of activity, and a return to a period of growth. Moreover, even with the progressive worsening of the international context, the volume of employment grew throughout the year and unemployment fell, which would point, almost unprecedentedly, to a rapid recovery after the crisis, along with the greater resilience of the market.

*Core labour market
outcomes: 2019 data
outperformed*

As already noted in 2021, how inclusive and balanced the recovery has been, and whether new trends point to greater efficiency and better working conditions. Well, the recovery would have broadly extended to both genders, all ages and both native people and those of immigrant origin.

In terms of working conditions, the improvement would be associated with the decrease in temporary employment, as a result of the labour reform. But it is also a consequence of the progressive change in occupations, where technical, scientific and professional, higher and support occupations are more important, and where efforts to balance the position of women need to be increased. On the other hand, the strong inflationary outbreak led to a decline in the purchasing power of wages, which had been maintaining a path of moderate real increases until 2019; in any case, the effect of the accumulated increases in the minimum wage since 2016 would have contained the losses in low wages, reducing the impact on the most vulnerable groups of inflation highly focused on basic goods and supplies, although on the other hand, and in the context of structural problems, it could have led to greater tension in labour costs in some sectors and branches of activity.

With job creation, the share of employment in the total working population increased again in 2022, as measured by the employment rate, which stood at 70 per cent on average for the year. The unemployment rate, in turn, fell to 12.6 per cent, although, despite the general improvement, a certain gap between men and women is still detected and, above all, a concentration of difficulties among young people with basic educa-

tion levels, i.e., up to compulsory secondary education. On the other hand, the indicators on the distance between autonomous communities and between more rural and more urban regions show a rapprochement in employment and unemployment, which points to a more inclusive recovery from the territorial point of view.

In the analysis of labour market flows, which allows for a more precise analysis of the first effects of the labour reform in terms of employment stability, of note in the private sector is the extraordinary growth in permanent salaried employment (new registrations in social security and new registered contracts) and the correlative fall in temporary employment, with an effect that is practically as strong in young age groups as in the total, and also balanced between women and men. Most of the net transfer in net terms has taken place from temporary to permanent indefinite-term employment relationships, and within these, mostly to full-time indefinite-term contracts. The process of stabilisation of employment in the public sector is also expected to lead to a reduction in temporary employment.

Finally, in terms of employment outflows, although dismissals -both collective and individual- are as substantial as before the reform in the adjustment of employment by companies, it seems that in 2022 permanent discontinuous contracts and ERTE (furlough) suspensions could be favouring both a substitution of the adjustment in employment caused by temporary hiring and a certain containment of job losses in the face of adverse circumstances.

In comparative perspective, the improvement of the Spanish labour market in recent years is still insufficient to bring us closer to the European average and, in

The Spanish labour market in comparative perspective with the EU-27

particular, to the commitments made by Spain to meet the quantitative targets set in the action plan of the European Pillar of Social Rights for the year 2030.

Among its differential features in comparison with the EU-27 and which, to a greater or lesser extent, have been recurrent over the last few decades, the following stand out: higher levels of unemployment, especially youth unemployment (which is double the average for the region), as well as long-term unemployment, temporary employment and labour segmentation. Involuntariness in part-time and temporary employment is also higher in Spain. Although the working poor population at risk of poverty and exclusion has decreased in recent years, it is still higher than the European average, as are the gender gaps in employment and wages.

The European labour market in 2022, for its part, had not only recovered pre-pandemic levels, but unemployment rates were at their lowest levels and activity rates at their highest levels in decades. Even so, the new employment guidelines focused on the need for policies, based on the Social Pillar Action Plan, to cope with the new scenarios brought about by the pandemic, the war in Ukraine and just transitions. Within the framework of the European Semester, the Joint Employment Report for its part set out

employment recommendations to Member States that emphasised, among others, the need to strengthen the efficiency and effectiveness of active labour market policies, as well as the capacity of public employment services.

The reform of active labour market policies (ALMPs) initiated the previous year and framed within the Recovery, Transformation and Resilience Plan (PRTR in Spanish) continued to be addressed throughout the year, with the aim of overcoming their weaknesses and increasing their effectiveness and efficiency, combining the efforts of all the actors involved in the labour market. To this end, the reforms of the Employment Law and the revision of the hiring bonus system were approved at the beginning of 2023. Furthermore, the Next Generation EU investments in the area of ALMPs continued to be implemented in addition to those developed under the Annual Employment Policy Plan 2022.

Progress in the reform of active employment policies

Beyond the reinforcement that the PRTR has meant for the budget for active employment policies, the last two years have seen a gradual recovery of spending levels prior to the financial crisis which are in any event still insufficient to adequately address the difficulties of integration of the unemployed population as a whole.

In total, more than 7.1 billion euros were available for active policies, of which 930 million were Plan resources aimed at financing the actions included in the Plan. In addition to this, the autonomous communities and local entities also earmarked their own resources for promoting employment in their territories.

With regard to the actions linked to the PRTR, although the start has been slower than expected due to various problems in the published calls for proposals, progress has been made in the implementation data, mainly in the management part corresponding to the SEPE, and there is room for improvement in order to achieve the objectives by the planned deadlines.

An environment of growing uncertainty prevailed in 2022, which has posed a new challenge for negotiation and the search for agreements as a basis for the rules and policies needed in the current scenario, as well as for structural reforms.

The value of social dialogue in an environment of uncertainty

A series of tripartite social dialogue roundtables followed, in which the Government and the social partners jointly addressed a wide range of policies. In February 2023, after a year and a half of negotiations, the business organisations CEOE and CEPYME, the trade union organisations CCOO and UGT, and the Government agreed on the new Spanish Occupational Health and Safety Strategy 2023-2027.

The Government and the CCOO and UGT trade union confederations reached two agreements to increase the amount of the SMI for 2022 and 2023, which were incorporated into two royal decrees. Likewise, in March 2023, the Government and the

most representative trade union organisations signed the Agreement on the second part of the pension reform (embodied in Royal Decree-Law 2/2023 of 16 March). It was not possible to reach tripartite agreements on these two issues, the minimum wage and the second part of the pension reform.

In terms of bipartite social dialogue, after intensifying the negotiation process, the business organisations CEOE and CEPYME, and the trade union centres CCOO and UGT signed, on 10 May 2023, the 5th Agreement for Employment and Collective Bargaining (V AENC) for the years 2023, 2024 and 2025, resuming the series of agreements of these characteristics that have offered a response from the most representative business and trade union organisations to provide confidence in the face of situations of crisis and economic uncertainty. Mention should also be made of the bipartite agreement on training for employment in the field of work (currently on-the-job training), reached in June 2022 between the aforementioned trade unions and employers' organisations.

It is also worth highlighting the process of dialogue in the area of self-employment which, among others, resulted in the Agreement for the implementation of a contribution system in the RETA based on real income (July 2022). Nor should we forget the dialogue carried out in the area of public administrations for the modernisation of administrations and to reduce the temporary nature of public employment.

Collective bargaining in 2022, like other labour parameters, took place against a backdrop of economic uncertainty, where the high inflation that began in 2021 and

A more complex environment for collective bargaining, an upturn in strikes and collective disputes brought before SIMA

will continue throughout 2022, and doubts about the duration of this scenario, added difficulty to already complex negotiating processes.

Up to March 2023, with cumulative data, there were 3,641 collective agreements with economic effects in 2022, affecting 10,780,135 workers and 1,112,076 companies. Taking 2019 as a benchmark, 65.7 per cent of the agreements had been completed for 94.6 per cent of the employees potentially covered, which is better than the corresponding

figures for 2021.

The revised agreed change in the 2022 agreements, taking into account the cumulative registration data to March 2023, which are therefore provisional, was 3.02%. Company-level bargaining recorded, for the first time in the last ten years, a higher change (3.54%) than that of the higher-level agreements (2.99%). The wage increase agreed by the bargaining group as a whole with economic effects in 2022 was the second highest in the last fifteen years. However, the situation of high inflation during 2022 as a whole meant that real collective bargaining wages suffered a sharp loss of purchasing power for a single year (-5.37%).

The 679 strikes marked a new upturn after a decline in 2020, although they were still 15% below the 2010-2019 average of 802. According to the Statistics on Striking Members, 249,853 workers took part in all the strikes, 22% more than in the previous year. The conflicts resulted in 637,563 days not worked (JNT in Spanish), an increase of 32% compared to 2021.

Disputes over strikes reflected the more complex scenario in which collective bargaining took place, as they were more marked by causes arising from the bargaining process. These disputes accounted for 65 per cent of the total, and around two thirds (67.7 per cent and 65.3 per cent) of the participants and JNTs, respectively.

In 2022, the second year of full implementation of the Sixth Agreement on Autonomous Dispute Settlement (VI ASAC), this system handled 473 collective disputes affecting almost 4.9 million workers at 128,788 companies, marking a small upturn in the number of disputes handled by SIMA. Within the total, pre-strike disputes also rose to 72 (15.2% of all disputes). Of the reconciliations-mediations actually processed, 28.9% ended in an agreement, 15.3% in the case of pre-strike files.

Labour regulatory policy has responded to a combination of emergency measures, necessitated by an unprecedented scenario of uncertainty, and of rules intended as permanent in the regulation of labour rights and relations, as well as of the labour market, in a manner similar to that of the previous two years. The emergency measures have sought to respond to a scenario marked by the outbreak of inflation, and have involved temporary bridging measures until the implementation of the new employment defence mechanisms envisaged in the agreed labour reform, together with others aimed at containing the possible effects of this economic situation on the business productive fabric and employment.

Labour regulatory policy was projected, among other areas, in the areas of equality and non-discrimination

In the area of standards of international origin, the ratification of ILO Conventions continued. Convention No. 177 on Home Work (1996), Convention No. 188 on Work in the Fishing Sector (2007), Convention No. 189 on Decent Work for Domestic Workers (2011), and Convention No. 190 on the Elimination of Violence and Harassment in the World of Work (2019) were ratified in 2022. At the EU level, several labour or employment relations directives were adopted, including Directive 2022/2041 of 19 October 2022 on adequate minimum wages in the European Union.

At the domestic level, one regulatory policy focus has been the definition and guarantees of equal treatment and non-discrimination, in a general and cross-cutting manner across a range of areas, but also in relation to employed and self-employed work (Law 15/2022 of 12 July on equal treatment and non-discrimination). Linked to this is the improvement of working conditions and social protection for certain groups of workers, such as domestic workers (Royal Decree-Law 16/2022, of 6 September, for the improvement of working conditions and social security for domestic workers).

Likewise, the approval of important development and application instruments with the aim of making effective progress in equal pay for women and men. The regulation of rights and duties aimed at guaranteeing the sexual freedom and moral integrity of women (Organic Law 10/2022, of 6 September, on the comprehensive guarantee of sexual freedom), which has certain effects in the field of labour relations, has been included in more cross-cutting legislative policy objectives.

The labour regulation policy of 2022 and the initial months of 2023 has also covered other areas. In addition to the two royal decrees setting the amount of the minimum wage for 2022 and 2023, with the approval of two increases, the policy has had an impact on the legal system for the employment of foreigners in Spain, on the conditions of research personnel in the Spanish science, technology and innovation system, and on the protection of persons who report certain regulatory infringements in a labour context.

In March 2023, the new Spanish Strategy for Safety and Health at Work 2023-2027 was approved, agreed within the framework of social dialogue, as the instrument that

 will mark preventive policies on occupational health over the next five years, in which many of the transformations that are defining the new ways of working and organising work will take shape.

*Occupational health
and safety*

Accidents at work (AAWs) rose by 5.2% to 1,196,425 (according to advance data), due entirely to those involving the absence of a worker (631,724), in the context of a year in which, on the whole, there were further increases in activity and employment. In this context of increased activity, the increase in serious and, above all, fatal AAWs among salaried workers, and of the latter also in self-employment, point to the urgent need to improve the effectiveness of public policies on health and safety at work, and of preventive measures in the framework of labour relations, by increasing efforts in this direction.

In 2022, the incidence rate for employed persons rose again to 3,228 AAWs per 100,000, a level that was nonetheless still lower than before the pandemic.

Also with provisional data, occupational illnesses rose again in that year, mainly due to those that did not result in sick leave for the worker, with a total of 22,589 reports (43% with sick leave).

CHAPTER III

QUALITY OF LIFE, PROTECTION AND SOCIAL INCLUSION

Quality of life and welfare policies

The **living conditions of the population** in 2022 were marked by a new economic shock, this time caused by the repercussions of the invasion of Ukraine. Barely two years into the severe pandemic crisis, and despite improved employment and declining levels of poverty and social exclusion, households' ability to meet their expenses was once again strained by the widespread rise in prices, which led to a fall in real gross income of 4%. In addition, households had to cope with the subsequent interest rate hikes approved by the ECB to try to dampen inflation (the first in the last ten years).

This situation is affecting the ability of a large proportion of households to meet their expenses, with almost half (46.5%) reporting some kind of difficulty in making ends meet. However, the impact of the rise in prices is greater in households with lower income levels, given that they allocate proportionally more resources to the purchase of basic necessities, which are precisely those that have become more expensive, and that they have fewer economic resources to cope with the crises that have arisen. The most severe situations of monetary poverty would be found in households where none of their members receive income and which, according to the EPA, would have experienced an upturn in the last quarter of 2022, affecting 577,000 households. The most severe material deprivation affects 8% of households, although especially single-parent households (15.3%), headed mainly by women.

One of the most extreme situations is that of homelessness, which, according to the latest INE survey, affects some 28,500 people, more than 40% of whom have been homeless for more than three years. The vast majority are young or middle-aged men who are unemployed and do not receive any kind of income, although the percentage of young people affected by this situation is higher among the immigrant population (32.5% between the ages of 18 and 29).

The humanitarian crisis resulting from Russia's invasion of Ukraine was reflected in Spain in the increase in the number of people displaced by the war, leading to a 74% increase in the registered population of that nationality, to almost 200,000 in December 2022. Meanwhile it should not be forgotten that, in addition to the exceptional nature of the situation in Ukraine and the special protection procedure deployed at the European level, there are still numerous problems in providing an adequate

response to the growing volume of people of different nationalities applying for international protection. Applications doubled in 2022, to almost 120,000.

After the health crisis, which forced a reorganisation of all dimensions of daily life and patterns of coexistence, the difficulties faced by households in 2022 were not yet over, and others were added to those resulting from the rise in inflation. Households faced a considerable loss of purchasing power as a result of an inflationary crisis that forced them to use a substantial part of their savings to maintain **consumption** levels that were lower, if anything, than in the years before the coronavirus appeared. As a result, they devoted more resources to basic goods and services, particularly spending on housing and food, the sum of which accounted for almost half of average household spending in 2021. In this context of sharp price rises, especially in energy, various initiatives were adopted in 2022 to try to alleviate the effects on the economic situation of households, through tax rebates and measures for the population as a whole, and specific aid for families in vulnerable situations. The measures focused on mobility, with subsidies of 0.20 euros per litre or kilo of fuel, or the creation of the multi-journey ticket for Cercanías and Rodalies local rail services, free for all users, among others. With regard to energy for use inside the home, the measures were aimed at extending the aid recognised through the thermal and electricity social rebates, and avoiding the suspension of supplies to vulnerable households. In the same vein, measures were approved to cushion the effect of rising food prices, which in some products increased in price by 40%, specifically protecting vulnerable households.

Digitalisation is bringing great benefits to consumers and users, but it is also generating some disadvantages in terms of access to services, especially those provided by public administrations which, in particular in the wake of the pandemic, have increased the number of procedures involving digital access. The system of organising citizen services by means of an appointment service accessible only by remote digital means and the lack of intuitiveness/accessibility of the platforms provided for access to services requiring administrative procedures, added to the complexity of the latter in some cases, have led to inaccessibility and growing dissatisfaction in the area of public services for citizens.

The cost of living is also severely affected by the increase in prices associated with **housing** (15.5%), a basic good that is difficult to do without and one of the main items of household expenditure (33.8% in 2021). This situation is particularly worrying for families with fewer resources, as almost all of their spending capacity is directed towards covering the most basic needs: housing and food. Households are resorting to different strategies to cope with housing-related expenses, such as reducing energy bills or doing without home repairs and improvements.

The increase in supply prices is, in relative terms, the factor that weighs most heavily within the housing expenditure group, but it is the prices of renting and sell-

ing, and the financial deterioration of mortgaged households due to the rise in interest rates, which structurally explain the pressure that housing costs exert on households, and which are weighing down their household economies. For this reason, the housing tenure regime and the characteristics of households residing in one or other regime are key to appreciating the impact of inflation on households. In this respect, in 2022, 75.9% were residing in a dwelling they owned, of which approximately 26.4% still had payments outstanding. 15.1 per cent already live in rented accommodation, a proportion that has been increasing in recent years, with certain groups of the population, especially in the cities, including young people, those of foreign origin and those with lower incomes, making use of this option more frequently.

There are reasonable indications that the extraordinary measures to guarantee access to and maintenance of housing in the context of the crisis resulting from Covid-19 in 2020 have had some impact, as in 2021 the pressure of housing costs on households' disposable income decreased slightly, especially among those residing in a rented dwelling. In 2021, the housing cost overburden decreased, as did the proportion of households with rent or mortgage arrears related to their main dwelling. However, the proportion of households with heavy financial burdens related to the repayment of rent or loan debts increased. In view of the insufficiency of adequate social housing stock and subsidised housing development to meet the housing needs of households, and while the parliamentary passage of the Draft Law on the Right to Housing continued, the government approved in 2022 a series of extraordinary measures to improve the affordability and maintenance of housing, as central elements of the right to adequate housing.

The aforementioned difficulties in meeting the costs of utilities especially energy bills, together with the characteristics of the dwelling and the **quality of the environment**, undoubtedly have an impact on the quality of life of households. In this respect, energy poverty continues to be a growing problem in Spain, with 14.4 per cent of the population unable to keep their homes at an adequate temperature in winter.

The rise in temperature, in a country like Spain that is particularly affected by climate change, is another factor that has an impact on health, quality of life and difficulties in maintaining thermal comfort in homes, especially among the most vulnerable population. In 2021, greenhouse gas emissions increased by 6.1% compared to 2020, with the average temperature in that year rising by almost 0.5 °C year-on-year, making 2022 the warmest and third driest year since 1961. This warming is being felt most acutely in urban areas, which recorded 32,658 deaths in excess of expectations, almost 18% of which were attributed to high temperatures. These problems are also related to the energy efficiency of dwellings, which is why the calls for aid for energy refurbishment linked to the implementation of the PRTR are so important, and are proving difficult to access, especially for the most vulnerable households, which are the most affected by the problem. In addition, the drought has caused a situation of

cyclical shortage in Spain in hydrological terms, which translates into an increase in arid climates and the intensification of forest fires, which affected an area of 267,400ha in 2022.

And although some progress was also made in Spain in 2022, such as the achievement of the commitments to reduce atmospheric pollutants regulated by Directive 2016/2284/EU, or the generation of food waste per inhabitant, which is less than half the European average, measures are still needed to tackle and mitigate the negative effects of a situation of energy crisis at the same time as the climate crisis. Among the initiatives adopted in 2022, it is worth highlighting the increase in the minimum aid for the thermal social rebate (measure 47 of the +Energy Security Plan), the second National Climate Change Adaptation Plan (2021-2030), the approval of Law 7/2022, of 8 April, on waste and contaminated soils for a circular economy, the Action Programme of the Strategic Energy Plan (+Energy Security Plan), the second National Plan for Adaptation to Climate Change (2021-2030), the approval of Law 7/2022, of 8 April, on waste and contaminated soils for a circular economy, the Action Programme of the Strategic Plan for Health and Environment (PESMA 2022-2026), the Collaboration Platform for the Climate Neutrality of Spanish Cities, or initiatives aimed at promoting more efficient water management in Spain, such as the PERTE Digitalisation of the Water Cycle.

The rising cost of living and the persistence of education gaps reinforce the importance of ensuring equality of opportunity in this area, especially as previous recessions have had an impact on child poverty levels with lasting consequences on health, well-being and educational attainment. According to FOESSA, 6.7% of households reduced **education**-related expenditure in 2022, with a worrying proportion of 23.2 per cent of households in exclusion and 32.8 per cent of those in severe exclusion.

One of the main challenges for our country continues to be the polarisation of the educational level of the young population and the high frequency of early school leavers (13.3 per 100 in 2021, the second highest rate in the EU), which shows significant regional differences, as do the levels of resitting academic years. Despite the improvement in recent years, the proportion of young people with a low level of education is still very high (27.7 per cent) and there is still room for progress in intermediate levels of education. The new Vocational Training Act aims to continue promoting this type of training, together with other initiatives such as the Vocational Training Plan for Economic and Social Growth and Employability. In 2020, 36.6 per cent of students in upper secondary education were enrolled in VET programmes compared to 48.7 per cent in the EU. However, in the 2022-23 academic year, the supply of public places remained constant, and was not sufficient to meet the growing demand for these studies, especially in some Autonomous Regions, and in certain professional specialities.

Furthermore, from an education quality perspective, it is imperative to improve the performance and basic skills of the population, which are at lower levels than the EU and OECD average in a number of areas, such as basic skills levels at the end of compulsory education (OECD PISA study, 2018).

The participation of children over the age of three in early childhood care and education in Spain is the third highest in the EU (97.2 per cent), although there is still some way to go as attendance in the first cycle of early childhood is still highly conditioned by household income, and territorial inequalities persist, especially with regard to the free provision of this stage, the promotion of which is the best endowed investment in component 21 of the PRTR. In the 2022-23 school year, the new regulation of the minimum teaching standards for pre-school education began to be implemented, although the minimum requirements for care and education from 0 to 3 years of age have not yet been regulated, with the need to guarantee the quality of care at this stage.

Digitalisation in education meant that 83 per cent of Spanish households with children aged 5 to 15 could follow classes remotely during 2021 when necessary because of the pandemic, a proportion that drops to 73.2 per cent in the case of lower-income households. In addition, 84.8 per cent of Spanish 16–24-year-olds had basic digital skills, 14 points above the European average. The reduction of digital divides in the educational environment is addressed by the Educa en Digital programme launched in 2020, the investments for digitalisation in non-university education included in the PRTR, as well as university investment to accelerate digitalisation, by the Ministry of Universities.

Meanwhile the delay in the effective deployment of the changes implied by the LOMLOE has led the Government to postpone the implementation of the new university entrance exam for one year beyond the planned timetable, which does not help to favour the change in teachers' educational practices that this Law aims to bring about. Among the new regulations is Organic Law 2/2023, of 22 March, on the University System (LOSU in Spanish) which addresses various changes to modernise and adapt the university system in the field of equality between women and men, inclusion and attention to diversity, compliance with the objectives of sustainable development, internationalisation in all its aspects, the commitment to lifelong learning, the employability of graduates, and the inclusion of Open Science and Citizen Science programmes, among others. Collaboration between universities and business is still a pending issue, so it will be necessary to pay attention to the effects of the LOSU in this area.

In recent years there has been an increase in public spending on education (4 per cent by 2020). Despite progress in public spending on grants and study aids, further progress is needed in both coverage and sufficiency, especially at non-compulsory levels of education. The changes made to the scholarship system since the 2020-21

academic year would point in this direction. Bearing in mind the fall in the birth rate, it would be necessary to strategically orient educational funding in the coming years towards efficient and non-linear investments, with criteria of equity, since according to the estimate of the National Foresight Office, thanks to the decrease in the number of students, Spain could double its spending per student by 2050 in infant, primary and secondary education, without increasing public spending.

Social protection and social inclusion

After a brief period of positive developments in social indicators in 2021, reflecting the recovery from the pandemic, **social protection and social inclusion systems in the EU** faced a new disruption in 2022, with the humanitarian crisis generated by the war in Ukraine and the rising cost of living. This highlights the need to strengthen safety nets once again, focusing efforts on supporting the most vulnerable people. In addition, long-standing common challenges continue to be faced, such as the ageing of the population; the fight against poverty and the promotion of social inclusion; the adequacy, sustainability and modernisation of pension systems; the need to strengthen health systems and improve the response to future health crises, the care crisis, and the problem of the lack of access to rights for vulnerable groups (non take-up).

It is worth highlighting the EU's progress towards greater fiscal flexibility to facilitate social investment, and the challenge of taking advantage of the resources linked to the Next Generation funds, in the case of Spain through the PNRR, to continue modernising the Spanish social protection and inclusion system, improving its sustainability, sufficiency, scope and effectiveness.

Social Security continued to support social and economic policy in 2022 by prolonging some of the measures aimed at cushioning the impact of the Covid-19 crisis. In any case, the favourable evolution of the epidemiological situation meant that the expenditure associated with these measures was significantly reduced, which, together with the employment dynamic, led to an improvement in the Social Security system deficit, which in terms of budget execution fell by 35% to 0.5% of GDP, and by 18% in the contributory deficit, to 1.8% of GDP.

The contributory system covered 9 million pensioners in 2022, with an average pension of 1,089.8 euros per month. The bulk of pensions are retirement pensions (more than 60%), with an average pension of 1,254 euros, and with an actual age of access (64.8 years) that continued to approach the legal age (between 66 years and two months and 65 with at least 37 years and six months of contributions), while at the same time guaranteeing access to flexible retirement formulas. The number of registrations grew by nearly 4%, with a fall in non-voluntary early retirements, partly due to the amendments introduced by Law 21/2021.

From the point of view of the management of Social Security benefits, throughout 2022 significant difficulties continued to be detected in their processing, due to delays

in the granting of appointments, lack of availability of face-to-face appointments at Social Security offices, and delays in accessing benefits. Although measures have been taken, there is still a need to reinforce the staffing of the Social Security Administration, as well as specific measures to improve face-to-face service and to extend the telephone service.

In the regulatory sphere, in 2022 and early 2023 the second part of the reform of the pension system was addressed, with the approval of Royal Decree-Law 13/2022 of 26 July, which establishes a new contribution system for self-employed workers and improves protection in the event of cessation of activity, the result of a tripartite agreement, and Royal Decree-Law 2/2023 of 16 March on urgent measures to extend pensioners' rights, reduce the gender gap and establish a new framework for the sustainability of the public pension system, agreed by the government and the UGT and CCOO trade unions. The new contribution system for the self-employed links social security contributions to the net income derived from their occupational activity which is expected to improve their future protection, as well as reinforcing the contributory nature and sustainability of the system. For its part, Royal Decree-Law 2/2023 includes measures with an upward impact on both the revenue and expenditure of the system, including an increase in the contribution of companies and workers, especially those with higher incomes, and an improvement in the lowest pensions (minimum and non-contributory pensions), which now have a guarantee of sufficiency linked to the poverty risk threshold.

Supplementary social provision showed a negative evolution in 2022 due to global uncertainty following the Russian invasion of Ukraine, the loss of household purchasing power and, above all, the generalised monetary tightening, which negatively affected the profitability of the plans, given that rate rises corrected downwards the valuation of fixed-income bonds. In addition, individual pension plans have been affected in recent years by the change in their taxation, with a reduction in the maximum annual deductible contribution limit from 8,000 euros to 1,500 euros.

The cost-of-living crisis in 2022 gave even greater prominence to the importance of the effectiveness of benefits and assistance aimed at preventing and combating the risk of poverty, as well as the efficiency of their management. The vast majority of the beneficiaries of the minimum income scheme are women, which underlines its importance from a gender perspective. The **minimum living income** (MLI) was destined to be the main economic instrument in the fight against poverty and, not surprisingly, it has taken a prominent place among the economic benefits and aid that guarantee a minimum level of income in situations of vulnerability. In terms of expenditure, it is higher than that devoted to non-contributory pensions, and represents more than double the amount allocated to minimum insertion income (RMI) by the Autonomous Regions. The MLI would have reached 560,809 households and 1.6 million people by January 2023, while non-contributory pensions (PNC in Spanish) reached some

445,000 beneficiaries. In 66.9 per cent of households receiving MLI, the benefit holder is a woman, as are 54.3 per cent of all beneficiaries. 65.6 per cent of beneficiary households include children, which points to the seriousness of the problem of child poverty.

Despite the significant budgetary effort, the implementation of the MVI has not proceeded with the agility that the situation of the risk of poverty in Spain would demand, exacerbated by the substantial loss of purchasing power of families in 2022. Processing difficulties have given rise to initiatives to bring this benefit closer to the target population, as well as to improve both the amount and aspects of its management and activation. The Register of Social Mediators was thus set up, extraordinary increases in the amount were approved (15%) and the social inclusion seal was created.

Particularly noteworthy is the implementation of the employment incentive, to avoid the poverty trap. Its regulatory rule (Royal Decree 789/2022) establishes the non-reduction of the amount for an increase in earned income of up to 60% of the MVI, within a varied and complex rationale depending on various factors. The relevance of the compatibility of the HMI with work requires greater efforts in the field of transparency and simplification of the regulatory rules, the complexity of which should not be a disincentive to employment, alongside the need to continue to improve communication. To this end, a number of initiatives were developed in 2022, such as a travelling information bus.

In 2022, the Plan for the reorganisation and simplification of the system of non-contributory economic benefits of the General State Administration (2023-2030) was approved, an important step forward that envisages its potential integration into the general concept and scheme of the MLI, developing and simplifying the current aid around this, as well as establishing more efficient governance between the different managing bodies. It is particularly important to successfully structure this benefit in combination with the pre-existing system of minimum incomes, so that together they achieve net improvements in the economic situation of the beneficiary households and in their opportunities for social and labour market inclusion.

The recovery in employment during the year has had an impact on the **unemployment protection system**, with a notable fall in the number of people receiving benefits (13.5% compared with the previous year), to an average of 1.7 million, reaching levels not seen since the years prior to the financial crisis. Despite this decline, the system has continued to be a central element of social protection for those most affected by the crisis. The maintenance of some of the extraordinary measures approved during the pandemic to protect the unemployed population until March (in the case of the employed population) and the extraordinary unemployment benefit (for the self-employed population) until June, thus provided income support for the working population that continued to face difficulties in returning to their jobs.

The progressive decline of these extraordinary protection measures, together with the improvement in employment, led to a notable drop in contributory benefits, as well as in resumptions in general. Likewise, the measures adopted to reduce temporary employment led to a fall in the number of registrations in the system due to job rotation. All this led to an increase in the system's coverage rate (62.9%), albeit lower in the case of women, and still well below the levels reached at the start of the financial crisis (close to 80%).

It is also worth highlighting the approval of important measures in 2022 to extend coverage to groups that have hitherto been outside the unemployment protection system, such as domestic workers, or who have had difficulties in accessing it, such as the self-employed population.

Nonetheless, the growing welfare-based nature of the system highlights the persistence of employability problems, especially among the older population, as reflected in the preponderance of the welfare level, in which six out of every ten recipients receive the over-52 benefit, the average volume of beneficiaries of which increased by 30% from the end of 2019 to the end of 2022. These system data show that the improvement in employment is not widespread, and that consequently, alongside the protective aspect, activation measures aimed at improving access to employment for the working population with greater problems of employability and job stability should be gaining greater weight.

The pressure exerted by the pandemic on the structures of a **health system** that verged on collapse has led to the emergence of deficiencies that may have repercussions on the quality of care and, consequently, on the perception and social assessment of the NHS. The evolution of SARS-CoV-2 towards less aggressive variants in a context of mass infection and progress in natural immunisation, as well as vaccination campaigns throughout 2022, allowed the acute phase of the Covid-19 pandemic to be concluded and the end of the health emergency declared by the WHO in 2020, to be declared well into 2023. By January of that year, 86% had received the full vaccination schedule against a disease that killed at least 120,000 people in Spain and has left its mark on all levels of public health care. In Primary Care, the arrival of the pandemic aggravated the situation derived from the pre-existing insufficiency of resources, with the sharp increase in demand for care and the multiplication of tasks, adding complexity to a situation that had been demanding a thorough review. The development of the Strategic Framework for PC with the application of the Primary and Community Care Action Plan 2022/2023 responds to the need for reinforcement recognised for this level in the PRTR through budgets earmarked in the different Regional Ministries to reinforce allocations for this level of care. As for specialised care, in 2022 this increased compared to the previous two years, and even saw a greater number of admissions than in 2019, which shows the greater dynamism of this aspect of health care after the critical period of the pandemic.

The unusual prominence of mental health, which has become a public health issue as a result of the pandemic, was also important, with a worrying mismatch between the proportion of disorders in this dimension of health and the volume of resources devoted by the system, especially in the context of the increase in public health spending (5.2 in 2021 and 11.7 in 2020).

Two years on from the launch of the Emergency Plan for **dependence** the system's indicators reveal some improvements, but reveal the inadequacy of the measures adopted to achieve the proposed objectives in their entirety. Data from SISAAD show positive developments in terms of some indicators, but also reflect insufficient progress in core areas such as waiting lists. In December 2022, 1.3 million people were receiving SAAD benefits, 5% more than at the end of the previous year, which, while a step forward, falls far short of the Plan's specific targets. Despite being considered preferential, care services continue to compete in volume with cash benefits. In this sense, taking into account the total number of benefits, in-kind services accounted for 59% of those enjoyed by beneficiaries in 2022, 1% more than in the previous year, and the remaining 41% would be made up of cash benefits. However, it should be remembered that some services involve a very low intensity of protection and are precisely the most frequent and those that have increased the most since 2021. All in all, the effort made by the administrations to give more weight to services has been seen in the increase of several modalities such as the home help service.

Since 2015, the number of people with a favourable decision waiting to receive the benefit has been decreasing, from more than 380,000 in that year to around 178,000 at the end of 2022, a year in which the reduction in the list was 8% compared to the previous year. However, it should not be forgotten that there is a previous list of people waiting to be assessed. In 2022, they numbered almost 131,800, 7,000 more than the previous year, which in practice represents a considerable increase in the volume of the population awaiting care.

The agreements reached within the Territorial Council of Social Services and the SAAD in 2022 should result in an improvement in the quality of care with the new common criteria for accreditation and quality of the system's centres and services and the recovery of the amounts of financial benefits or the increase in the time intensities of services.

Equality and non-discrimination

As highlighted by the CES in its Report 1/2022, the promotion of **equality policies between women and men** remains a necessity despite the progress made in recent years, due to the persistence of significant unjustifiable differences based on gender, both in the area of paid and unpaid work, in the distribution of time and domestic and care responsibilities and, in general, in all areas of social reality. One of the main initiatives of the year in the field of policies for effective equality between women and

men was the approval of the III Strategic Plan for the Effective Equality of Women and Men 2022-2025 (III PEIEMH). Among the most recent advances, it is worth highlighting the approval of the Draft Organic Law on equal representation of women and men on decision-making bodies, which transposes Directive 2022/2381 of 23 November, on a better gender balance among directors of listed companies and related measures, and was positively assessed by the CES in its Opinion 7/2023.

Violence against women and girls did not abate in 2022, with 49 women having been murdered, in addition to the 34 victims registered by the new statistics on femicides outside the sphere of intimate partner and ex-partner, from the Ministry of Equality. The implementation of the Plan for Improvement and Modernisation against Gender Violence, approved on 27 July 2021, which proposed a series of measures to tackle this type of violence in key areas, is therefore of particular importance. As already mentioned in Chapter II, Spain has also ratified several ILO Conventions of relevance from the point of view of prevention, aimed at eliminating such conduct in the workplace: Convention 190 against violence and harassment in the world of work, Convention 177 on the rights of home workers and Convention 189 on decent work in the domestic sphere.

On the other hand, progress was made in the prevention and eradication of trafficking and sexual exploitation, a scourge whose victims are mostly women and girls, by means of the Preliminary Draft of a comprehensive law which the CES assessed favourably in its Opinion 3/2023. Likewise, the Agreement to renew the State Pact against Gender Violence was reached, the public consultation on the reform of Organic Law 1/2004, on Comprehensive Protection Measures against Gender Violence was initiated, and the State Strategy to combat Gender Violence 2022-2025 was approved.

Particularly noteworthy is the approval of Organic Law 10/2022, of 6 September, on the Comprehensive Guarantee of Sexual Freedom, on which the CES issued its Opinion 4/2020, which also provides for the promotion and development of this state strategy for the prevention of and response to male violence.

Meanwhile, the persistence of **various types of discrimination** justifies the adoption of new initiatives to combat this. Such is the aim pursued with the approval of Law 15/2022, of 12 July, on comprehensive measures for equal treatment and non-discrimination, aimed at preventing and eradicating any form of discrimination and effectively protecting victims in all areas of society: education, health, culture, real estate, among others, in addition to the labour aspects considered in chapter 2 of this Report. Of particular relevance was the approval of Law 4/2023, of 28 February, for the real and effective equality of trans persons and for the guarantee of the rights of LGTBI persons, which for the first time in this country deals comprehensively with this reality, and on which the CES issued its pronouncement in its Opinion 9/2022.

BOX 1. SPECIAL TOPIC. INEQUALITIES AND SOCIAL CONVERGENCE: SPAIN IN THE EU

Measuring social welfare

At a historic moment of uncertainty and worsening in crucial areas of welfare, there is a renewed interest in the EU in monitoring all facets that offer information about the convergence process from the multidimensional perspective promoted by the SSF report (2009), “*Beyond GDP*”.

Spain, together with Belgium, presented an initiative at the European Union’s Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) in October 2021, aimed at creating a Social Imbalance Procedure (SIP), connected to the Social Pillar and the European Semester, based on a series of indicators to help detect social imbalances.

The present and future welfare indicators derived from the European Green New Deal call for a stronger presence and connection with traditional social indicators, in line with the proposals of the European Parliament and the EESC calling for an inclusive socio-ecological transformation. The EU has more than 23 strategies with social and environmental objectives (450 indicators for monitoring).

Among the recent essays on integration from an ecosocial perspective, European institutions such as the EESC highlight the one developed by the ZOE Insitute based on the “doughnut economy” (composed of 30 indicators: 7 biophysical, 13 socio-economic and 10 policy levers and enablers) which allows the monitoring of progress towards EU priorities, including the commitment to “leave no one behind”, as well as changes through economic supply systems (mobility, agriculture, energy or circular use of materials).

Social situation in Spain and convergence with the European Union

Poverty and social inequality

Strengths

Spain managed to contain the social impact of the pandemic and reduce the risk of poverty and social exclusion to 26.3 in 2021 (27.6 in 2020) and inequality (Gini) to 32 per cent (33 per cent in 2020). The impact of housing costs on poverty status in Spain has declined in recent years, in line with the EU-27, although the impact among the most economically vulnerable households remains a concern.

Weaknesses

Spain remains above the European average for indicators of inequality and risk of social exclusion. It leads in levels of child poverty (behind only Romania).

The protective scope of social policies in Spain to reduce social vulnerability, although it has improved in recent years, with a notable increase in spending that has narrowed the gap with the European average, remains low, especially in relation to the protection of families with dependent children.

Housing

Strengths

The most decisive element of the impact of housing costs on the risk of poverty is the type of tenure, with **market renting** and **ownership with a mortgage** having the greatest impact on poverty, and **ownership without mortgage debt having the least**. In Spain, the proportion of homeowners without mortgage debt is higher (45 per cent) and the proportion of people with mortgage debt (30.7 per cent) and renting (15.7 per cent) is lower than the European average (26.1, 43.8 and 20.2 per cent respectively).

Weaknesses

The *rate of overburdening* (households where total expenditure represents more than 40 per cent of available expenditure) **increased** in Spain to above that of the EU in 2021 (9.9 per cent and 8.3 per cent respectively), reaching 11.4 per 100 in Spanish cities (compared to 10.4 per cent in European cities), almost double the overburdening recorded in rural areas (6.2 per cent in Spain and 5.3 per cent in the EU27).

BOX 1. SPECIAL TOPIC. INEQUALITIES AND SOCIAL CONVERGENCE: SPAIN IN THE EU*(continuation)***Education****Strengths**

In Spain, adult participation in learning (14.4 per cent) was higher in 2021 than in the EU-27, and higher for women than for men by 3.3 pp. (16 per cent and 12.7 per cent, respectively). In fact, between 2011-2021, the Spanish population aged 25 to 64 years old who took some training grew (3.2 pp.) more than the EU-27 (2.3 pp). Furthermore, 64.2 per cent of people in Spain have basic digital skills, with a higher percentage among men (65.7 per cent) than among women (62.6 per cent). In total, the Spanish figure is more than 10 points above the European average (54 per cent).

Weaknesses

Despite the fall in recent years, Spain was in 2021 the second EU country, after Romania, with the highest rate of early school leavers (15.3 per cent), above the EU average (9.7 per cent) and the target set in the European Training Framework for 2030 (9 per cent). This process is more pronounced in intermediate cities and suburbs and rural areas (15.4 and 15.5 per cent, respectively) compared to cities (11.5 per cent). The differences in Spain in this indicator according to socio-economic and demographic variables are also relevant for the population with digital skills. The percentage of the population with digital skills thus increases with the size of the municipality, from 57.5 per cent in municipalities with less than 10,000 inhabitants, to 69.3 per cent in those with more than 100,000 inhabitants.

Convergence in environmental quality and healthy environment**Strengths**

In 2021 Spain had the highest average life expectancy in the EU (83.3 years compared to 80.1 in the EU27) as well as the lowest loss of years due to exposure to PM2.5, (365 in Spain compared to 545/100,000 inhabitants EU27 in 2020). Spain also has a lower final energy consumption per household than the EU27 average (311 kg oil equivalent in Spain compared to 586 kg in the EU27 in 2021). Spanish citizens already consider climate change and environmental problems among the main global challenges for the future of Europe (51 per cent compared to 49 per cent EU27 average).

Weaknesses

In Spain there is a higher proportion of the population that cannot keep their homes at the right temperature in winter (energy poverty) (in 2021, 14.2 per cent compared to 6.9 per cent in the EU27), especially among the low-income population. It also lags behind in municipal waste recycling (36.7 per cent in Spain compared to 49.6 per cent in the EU27 average).

Equality from the gender perspective**Strengths**

Spain is one of the countries of the EU that has made most progress in the Gender Equality Index (GEI) in the last decade, with a score in 2020 (74.6) above the European average (68.6) and in 16th place in the EU27.

Areas above the EU27 average: **health** (status, access and healthy habits) and **access to power** (especially political).

Weaknesses

Areas below the EU27 average: **time spent on care** and **social activities**, as well as **economic and financial situation**.

During the **pandemic** there were **setbacks in: women's labour force participation, power and health**.

The diversity of situations prevailing in the EU countries calls for new tools to understand and drive upward social convergence. This requires a new European monitoring framework, reflecting the multidimensional conception of welfare, beyond GDP, integrating social and environmental indicators, building on the potential of the European Green New Deal as well as the digital and green transformation under the Next Generation Funds.