



21.4.2023

## DRAFT MISSION REPORT

following the mission to Spain of 20 to 22 February 2023 concerning the implementation of Spain's National Recovery and Resilience Plan, including milestones and targets, and particularly the management, audit and control systems in place

Committee on Budgetary Control

Members of the mission:

Monika Hohlmeier	(PPE) (Leader of the mission)
Isabel García Muñoz	(S&D)
Caterina Chinnici	(S&D)
José Manuel Fernandes	(PPE)
Jorge Buxadé Villalba	(ECR)

Ex officio members:

Isabel Benjumea Benjumea	(PPE)
Eider Gardiazabal Rubial	(S&D)
Eva Maria Poptcheva	(Renew)
Susana Solís Pérez	(Renew)
Ernest Urtasun	(Verts/ALE)

**CONT delegation to Spain  
Madrid, Spain, 21 to 23 February 2023  
Mission Report**

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## A. Mission Programme

### FINAL PROGRAMME

<b>Monday, 20 February 2023</b>	
a.m.	Individual flights to Madrid, individual transfer from the airport to the hotel and check-in
<b>13.00-13.30</b>	<b>Beginning of the official programme - Start meeting</b>
<b>13.30-15.30</b>	<b>Involvement of Regional Authorities</b> in the implementation of the RRF
<b>13.30-13.50</b>	<ul style="list-style-type: none"> <li>• <b>Jose Luis Martinez Guijarro</b>, Regional Vice-President of the Comunidad Castilla La Mancha</li> </ul>
<b>13.55-14.15</b>	<ul style="list-style-type: none"> <li>• <b>Javier Fernández-Lasquetty</b>, Regional Minister of economy and finance of Comunidad de Madrid</li> </ul>
<b>14.20-14.40</b>	<ul style="list-style-type: none"> <li>• <b>María Teresa Pérez Esteban</b>, Regional Minister for Presidency and Institutional Relations of Gobierno de Aragon</li> </ul>
<b>14.45-15.05</b>	<ul style="list-style-type: none"> <li>• <b>Carolina España</b>, Regional Minister of economy and finance of Junta de Andalusia</li> </ul>
<b>15.10-15.30</b>	<ul style="list-style-type: none"> <li>• <b>Pilar Blanco-Morales Limones</b>, Regional Vice-President of Junta de Extremadura</li> </ul>
<b>15.30-16.30</b>	<b>Employers' views on implementation of the RRF</b> <b>CEOE</b> – Spanish Confederation of Business organisations José Alberto González-Ruiz, Secretary-General <b>ANFAC</b> - Spanish Association of Automobile and Truck Manufactures José López-Tafall, General Manager <b>Cámara</b> - Spanish Chamber of Commerce Inmaculada Riera, Director-General
<b>16.45-17.15</b>	Interpretation break
<b>17.15-18.20</b>	<b>Journalists</b> Antonio Maqueda (El Pais) (TBC) Carlos Segovia (El Mundo) Daniel Caballero (ABC) Carmen Obregon (The Objective (formerly El Economista)) Marcos Garcia Rey (freelance investigative reporter, 'Recovery Files')
<b>18.20-</b>	Transfer

<b>18.45</b>	
<b>18.45-20.45</b>	Involvement of the Ministry of Economic Affairs and Digital Transformation in the implementation of the RRF <b>Nadia Calviño</b> - Minister for Economic Affairs and Digital Transformation (with a particular interest for Secretary of State for Digitalisation and Artificial Intelligence (Secretaría de Estado de Digitalización e Inteligencia Artificial)
<b>20.45-21.15</b>	Transfer
<b>21.15</b>	End of official programme

<b>Tuesday, 21 February 2023</b>	
<b>08.00-08.30</b>	Transfer
<b>08.30-09.00</b>	<b>Maria Jesús Montero</b> - Minister of Finance and Public Administration
<b>09.00-10.30</b>	The role of the <b>Ministry of Finance</b> in the implementation of the RRF in Spain. Particular focus on the protection of the financial interests of the EU, and more in particular the monitoring and control of the implementation, through the CoFFEE system.
<b>10.30-12.00</b>	<b>Protection of the EU financial</b> interests in the RRF in Spain, with a particular focus on audit, fraud prevention, detection and cooperation with EU Institutions (ECA, EPPO, OLAF)
<b>12.30-13.00</b>	Transfer
<b>13.00-14.00</b>	Lunch
<b>14.00-16.00</b>	<b>The RRF, employers, employees, self-employed and the digital sector</b> <b>AMETIC</b> (representative of the digital industry); Pedro Mier, President <b>ADIGITAL</b> (association with 550 key enterprises working on digital economy) César Tello, Director General <b>Digitales</b> (employers' association bringing together the main companies in the technology and digital innovation sector) Victor Calvo-Sotelo, Director General <b>ATA</b> - Association of Self-Employed Workers (SMEs) Celia Ferrero, Vice President <b>UGT-FICA</b> : Union in the sector of industry, construction and agriculture

	Juan Antonio Vazquez, Secretary of Industrial Policy
<b>16.15-16.45</b>	Interpretation break
<b>16.45-18.15</b>	<p><b>Businesses and Consultants</b> - General state of play implementation RRF from their perspective</p> <p><b>Asociacion Espanola de Banca (AEB)</b> - Spanish Banking Association María Abascal, General Manager</p> <p><b>Ernst &amp; Young</b> Maria Jesús Escobar, Public Sector and FAAS Partner</p> <p><b>PWC (PriceWaterhouseCoopers)</b> - Office for European Funds Silvia Lacarra Caminero, Partner responsible for Strategy</p>
<b>18.15-18.40</b>	Transfer
<b>18.40-20.15</b>	<b>José Luis Escrivá Belmonte</b> - Minister of Inclusion, Social Security and Migration
<b>20.30-21.00</b>	Transfer
<b>21.00</b>	End of official programme

<b>Wednesday, 22 February 2023</b>	
<b>08.30-09.15</b>	Transfer
<b>09.15-10.45</b>	<p>Project visit</p> <p>National Neurotechnology Centre, Spain Neurotech</p>
<b>10.45-11.30</b>	Transfer
<b>11.30-12.00</b>	Preparation of Press Conference
<b>12.30-13.30</b>	Press Conference
<b>13.30</b>	End of official programme

## B. Overview of the Mission

The three-day mission to Madrid of the Budgetary Control Committee focused on the implementation of the Spanish Recovery and Resilience plan as Spain was the first and, for 2021, the only recipient of a payment of EUR 11,49 billion from the Recovery and Resilience Facility. Since this payment was made on 27 December 2021, it also formed part of the Commission's expenditure for that year and was therefore included in Chapter II of the Commission's discharge procedure for 2021.

Five CONT members participated in the mission as full Member:

- Monika Hohlmeier (Leader of the mission)
- Isabel García Muñoz
- Caterina Chinnici
- José Manuel Fernandes
- Jorge Buxadé Villalba

Five Members elected in Spain participated as accompanying Members:

- Isabel Benjumea Benjumea
- Eider Gardiazabal Rubial
- Eva Maria Poptcheva
- Susana Solís Pérez
- Ernest Urtasun



The political balance of the mission was guaranteed by having Members of five political groups present in the delegation. Despite the full agenda and the planned relatively short speaking time available, all participating Members were allowed to participate in the discussions with the Spanish interlocutors.

As observers, representatives of the European Commission and the European Court of Auditors were invited to join the delegation with Mr Declan Costello (ECFIN), and the Commission's Semester Officers in Spain representing the Commission, and the Court represented by Ms Ivana Maletić.

Advisers of political groups accompanied the mission, as well as a team of eight interpreters, providing interpretation to and from English, Spanish, German and Italian, one technician and

two staff members of the CONT Secretariat. The delegation comprised 31 members, additionally supported by the Head and the press officer of the European Parliament's Liaison Office.

The mission was organised in February 2023 to allow a meaningful reflection of the results in the Commission discharge 2021, also reflecting a written request from the Spanish Permanent Representation that allowed the delegation to meet with as many Spanish political authorities involved in the implementation of the RRF as possible.

In preparation for the mission, the Coordinators of the CONT Committee agreed a detailed list of meetings to be requested. The Secretariat used this list to contact the Spanish authorities, and representatives of businesses, banks, unions, self-employed and journalists to establish a programme for the mission. Only two of the meetings requested, namely with the Spanish minister for Industry, trade and tourism, and with the former director-general responsible for the implementation of the NRP, could not be arranged due to their unavailability, despite several requests to facilitate such meetings. All other meetings were either organised or in close consultation with the Chair replaced by other meetings.

In the run-up to, and during the mission there was intense coverage by Spanish media of the mission. The EPLO recorded in its definitive press clipping of the mission on 8 March 2023 a total of at least 541 news pieces published during the visit and its immediate aftermath. Of which 96 impacts on television, 136 on radio, 186 on online media and 123 on print media. These figures represent a record of the news items published in any previous visit of an EP delegation to Spain.



All meetings took place at the premises of the EPLO, except for the meetings with representatives of the Spanish national government which took place at their premises.

### **Conclusions and recommendations.**

- Recalls that the mission's objective was to assess the implementation of the Recovery and Resilience Plan of Spain, the first country to receive a performance based payment from the performance based Recovery and Resilience Facility, in particular the management,

audit and control systems in place;

- Recalls that the delegation wanted to be informed about how the milestones and targets of RRP are fulfilled, how the funds are being implemented and how it is made sure that the funds are well spent and the EU financial interests are protected;
- Notes that Spain is a front-runner in the implementation of the funds, as the Commission has so far approved the first, second and third payment request, for a total amount of EUR 28 billion in payments and EUR 9 billion pre-financing, being the first Member State to implement reforms and to plan investments;
- Notes that the delegation met a variety of representatives of Spanish government, regional ministers, representatives of businesses, unions, and self-employed, and journalists that were involved or observed the implementation of the Spanish RRP;
- Notes that the RRF is a new and complex instrument that is very demanding, for the Spanish authorities, the Commission and the potential recipients of the funds, and also for the European Parliament;
- Emphasises that one of the priorities of the Budgetary Control Committee is to ensure transparency; notes that the Spanish authorities stated that almost all information as regards tenders, from calls to awards, is published online; notes that the delegation found that a lot of data is indeed available, but difficult to be found for the public and journalists;
- Notes from the interactions with central and regional governments, civil society, businesses and other partners that the current implementation of the funds should be more flexible; notes more specifically that administrative burden was a common complaint by the stakeholders and that legal uncertainty in ex-ante procedures concerning complex tenders and conflicts of interests, with a too broad interpretation of the definition, have potentially slowed down the implementation of funds; calls on the European Commission to take a position on the lack of clarity in the interpretation of conflict of interest in order to be strictly aligned with the real and economic financial interest;
- Notes that the need to improve the co-governance approach and the involvement of the regions and relevant stakeholders in the design and implementation of the recovery and resilience facility was one of the most important concerns raised during the mission; notes that the Spanish authorities stated their efforts in this area, and the contrasting information in the delegation's hearings that several of the autonomous communities complained about their proposals not being taken into account or even rejected without receiving a reasoning why it was not taken into account; calls on both the central and regional governments to deepen their dialogues and cooperation, in order to ensure the success of the Recovery and Resilience Facility by enhancing the role of co-governance with all regions and stakeholders;
- Notes remarks by representatives of business, regional governments and journalists about very complex tender and other administrative procedures that were deemed inflexible and bureaucratic; notes that additional resources, technical support and increased administrative capacity are needed to ensure the swift implementation of the plan, especially given the intention to request additional funding;



- Calls on the Spanish authorities to ensure that information on projects, payments and reforms is published in a more timely, structured and accessible manner, including information on the final recipients of funds;
- Concludes that the Spanish electronic control system for the implementation of the NRP, CoFFEE, and the Minerva system, aimed at avoiding conflict of interest, are operational, functional and mostly implemented by now, though they initially suffered from delays; notes that both CoFFEE and Minerva have the potential to be strong technical internal tools for auditing and control of the expenditure by the central government; welcomes the Commission's publication of an interactive map of RRF funded projects across all Member States<sup>1</sup> and calls on the Spanish authorities to make data on projects available through this platform; notes that the interactive map, inspired by the Kohesio platform, allows for excellent traceability and allows for easy access to the information;
- Calls on the Spanish authorities to facilitate its interoperability with other systems, such as Fenix or Regional IT tools to the maximum extent, and to ensure that they can contribute to the publication of useful data at a larger level, resulting in decreased bureaucratic burden for (regional) administrations and companies, and better available data for journalists;
- Calls on the Spanish authorities, due to the nature of RRF funding, to grant permanent access to CoFFEE and Minerva to the European Court of Auditors and the Spanish Anti-Fraud Coordination Service, the Spanish primary interlocutor of the European Anti-Fraud Office, OLAF, in order to allow these Institutions to fulfil their mandate;
- Notes the remarks made concerning the European Public Prosecutor's Office (EPPO) and the European Anti-Fraud Office (OLAF), where ongoing issues with the Spanish authorities were identified related to their access to data, the procedures to ensure that suspicions of offences specifically relating to Recovery and Resilience funds are reported to the EPPO and OLAF, and the establishment of contact points; regrets that the Spanish authorities had, at the time of the mission, not yet replied to the questionnaire of the EPPO on potential fraud related to the RRF, and that concerns exist about the delay in reporting of potential cases to the EPPO; recalls that the protection of the EU financial interests is a shared responsibility that relies on a strong cooperation between the EU-level and the Spanish authorities; recalls to the Spanish authorities to ensure that EPPO receives timely reports about suspicions of fraud affecting RRF funds;
- Calls on the European Commission and the Spanish authorities to address the call for more flexibility and reduction of administrative burden and bureaucracy, to ensure that the funds reach the citizens and the economy in a quick, safe and performing way; calls on the Commission and the Spanish authorities to protect the EU financial interests through proportionate controls and avoiding excessive ex-ante controls related to conflict of interest, including the reduction of legal uncertainty;
- Calls on the Spanish government and the European Commission to increase administrative capacity and to remove impediments to give more support to self-employed and SME's, which play a key role in the Spanish economy, and to guarantee a fair, fast and comprehensive access to the Recovery and Resilience Facility funds without endangering

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<sup>1</sup> [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility\\_en#rrf-supported-projects-in-the-member-states](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en#rrf-supported-projects-in-the-member-states)

the financial interest of the EU; supports the call to reinforce the public-private cooperation as a way to accelerate the implementation of the funds;

- Recalls that the Budgetary Control Committee has a zero tolerance against corruption and has enquired the government about the recent changes to the penal code; calls on the Spanish government to guarantee that its legislation is aligned with this principle of zero tolerance and to ensure that there is no exception;
- Recalls the comprehensive discussion with the competent authorities and the Autonomous University of Madrid about the Spain Neurotech Center; considers it a lighthouse project, as a great example of collaboration and success, with Union funding of EUR 70 million, national funding of EUR 50 million and regional funding of EUR 78 million, and possibly future funding from public and private sources worth approximately EUR 200 million; considers this lighthouse project internationally relevant for the Union;
- Concludes that it will follow up on all the information received during the mission, in particular in the ongoing discharge of the European Commission, as well as the ongoing work of the Budgetary Control Committee in the assessment of the implementation of the Recovery and Resilience Facility;

## **Mission debriefing**

The debriefing for this mission in Committee is scheduled to take place on 25 April 2023.

*[The text under this heading will be updated as necessary after the debriefing]*

## C. Summaries of meetings

Monday afternoon, 20 February, EPLO



**Timing:** 13.30 to 15.30

**Subject:** Involvement of Regional Authorities in the implementation of the RRF

**Speakers:**

- Jose Luis Martinez Guijarro, Regional Vice-President of the Comunidad Castilla La Mancha
- Javier Fernández-Lasquetty, Regional Minister of economy and finance of Comunidad de Madrid
- María Teresa Pérez Esteban, Regional Minister for Presidency and Institutional Relations of Gobierno de Aragon
- Carolina España, Regional Minister of economy and finance of Junta de Andalusia
- Pilar Blanco-Morales Limones, Regional Vice-President of Junta de Extremadura

The meeting was structured to have one representative of each region present its experience followed by a Q&A session with the CONT delegation for a total duration of 20 minutes. While all speakers' views converged on the importance of the regions in the implementation of the Spanish National Recovery Plan (NRP), the views on the involvement of the Spanish regions in the design of the NRP diverged. As regards the implementation, the speakers noted that the Spanish central government organised so-called sectoral conferences, which according to some allowed the regions to ensure that their concerns were reflected in the design of the NRP, while other regions pointed out that these conferences were just informative of the decisions taken on the implementation the RRF by the central government, affecting regions. It was also noted that no such conferences were organised anymore between June 2022 and January 2023.

Some speakers also complained about the rigidity of the NRP and the lack of flexibility to tailor the NRP, agreed by central government, in cases without taking into consideration the specific needs of the regions.

The CONT delegation noted that some representatives reported not to issues with the centralised approach of the design of the NRP, while others expected a more consultative approach, and complained about the lack of their active participation in the design phase, with their comments and proposals not taken-up by the central government without explanations.

Also as regards the use of the centrally provided electronic monitoring and reporting system, CoFFEE, the views from the regions were diverse. Some representatives reported not having issues with it, while others indicated that the interface between the regional monitoring and reporting systems was labour intensive and error prone.

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**Timing:** 15.30 to 16.30

**Subject:** Employers' views on implementation of the RRF

**Speakers:**

- José Alberto González-Ruiz, Secretary-General of CEOE, the Spanish Confederation of Business organisations
- José López-Tafall, General Manager of ANFAC, the Spanish Association of Automobile and Truck Manufactures
- Inmaculada Riera, Director-General of Cámara, the Spanish Chamber of Commerce

The speakers represented a broad part of the Spanish business community. The objective of the meeting was to obtain information directly from business and business associations about their role in the implementation of the RRF in Spain, focusing on areas of improvement but also on success stories.

Ms Hohlmeier opened the meeting welcoming the participants and thanking them for their availability. A lively debate followed, with questions and answers related to the role of the participating associations in the set-up of the RRF, the access of business to financial support, potential cases of excessive administrative burden or other bottlenecks, and lessons learned.

This presented the delegation with a nuanced picture of the implementation of the NRP so far. As regards transparency, the majority of the representatives of business organisations pointed out that it could be further improved, although it did not represent a major issue. In terms of delays in the implementation, the complexity of procurement rules was the most important cause. Representatives noted that this was partially caused by their limited involvement in the planning and design of the NRP. The Kit Digital programme was mentioned as an example of a successful tool in terms of absorption of the available funds, with the Spanish government considering extending its availability beyond SMEs.

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**Timing:** 17.15 to 18.20

**Subject:** Journalists' views on the implementation of the RRF

**Speakers:**

- Antonio Maqueda (El Pais)
- Carlos Segovia (El Mundo)
- Daniel Caballero (ABC)
- Carmen Obregon (The Objective (formerly El Economista))
- Marcos Garcia Rey (freelance investigative reporter, 'Recovery Files')

The CONT delegation met with the selected investigative journalists following the agreement of most of the political groups, with the objective of receiving information from the press concerning the implementation of RRF in Spain, with feedback from their point of view. The discussion focused on the journalists' perspectives about the audit, control and fraud related to EU funds in general and RRF in particular, including the existing difficulties in accessing

information made available by the Spanish government. The journalists remarked that although a lot of information on (individual) tenders for projects was available, it was not possible to reconcile and download all available information across calls for tender, as they were not presented in a uniform machine-readable format which in many cases made their work difficult.

The journalists also indicated to struggle with the level of transparency of the Spanish government. One journalist remarked that nine request for information to different ministries were denied by the Spanish government, on topics ranging from names of final recipients to documents on negotiations with regions, trade unions and businesses, and on the role international consultancies have played in the development of the Spanish NRP. The journalists appealed to the Transparency Council in Spain, which urged the government to provide the information, but still nothing was provided. Following that, the journalist appealed in a civil court, but such appeals are lengthy and costly and the case has not gone ahead. The journalist remarked that this lack of transparency is not only limited to Spain, and is also prevalent in other Member States and also concerns the European Commission. As regards the European Commission, after intervention of the European Ombudsman, information was provided, but only after nine months.

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## **Monday evening, 20 February, Ministry of Economy and Digital Transformation**

**Timing:** 18.45 to 20.45

**Subject:** Involvement of the Ministry of Economic Affairs and Digital Transformation in the implementation of the RRF

**Speaker:**

- Nadia Calviño, First deputy prime minister of Spain and Minister for Economic Affairs and Digital Transformation

The meeting with Ms Calviño highlighted her central responsibility in the implementation of the Spanish NRP. She stated that the RRF was indeed a novel instrument, one of its kind and essential for Spain. The country experienced a very big drop in GDP in 2020, and had a very strong recovery in 2021 and 2022, with growth rates of 5,5% that cannot be understood without the recovery plan.

She defended the point of view of the government about the involvement of the regions in the design and the implementation of the NRP that she described as very intense, receiving proposals from the regional administrations and having parliamentary debates which were integrated into the design of the plan. The delegation presented the main complaint of the Regions in relation to the sectoral conferences, stating that they might not be a useful channel of co-governance to discuss the real needs of the regions, which allow to better tailor the RRF. It was brought to Ms Calviño's attention by the delegation that the last sectoral conference was organised in June 2022. In addition, the members posed the question how many projects that were presented by the regions included in the final plan. Ms Calvino replied that a vast majority was included, though that national coherence prevailed, as the NRP is a national plan.

Ms Calviño showed graphs with information from the Spanish Treasury, addressing the delegation's main concern on where the Recovery and Resilience Funds were spent by indicating the money flows. Ms Calviño stated that, as of 20 February 2023, the Spanish

government has matched the inflows of pre-financing and payments from the Commission, with outflows of NextGenerationEU funds in Spain, as investments have been implemented in parallel. The government of Spain has been ‘withholding’ investments funded from national funds, in order to make sure that Spain could meet any payment requirement. In total, the Spanish government registered ‘outflows’ with a value of approximately EUR 30 billion in payments, made by the Spanish central government (the treasury account) to recipients. Mr Calviño explained that this concerned final recipients such as companies, but also intermediary recipients such as regional governments, cities or other implementing bodies that need to further disburse the funds to final recipients for projects falling within the scope of the NRP. See the information provided by the Spanish authorities in Annex 1.

Ms Calviño stated that by the end of 2022, EUR 23,3 billion was committed through awarded tenders, to be disbursed to final recipients. These commitments have been created by the central government and by the regional governments. It was not made clear how much of these funds had reached the final recipients, taking into account that there is a time gap between entering into a commitment and payments.

Questions and answers of the Members focused on a wide range of topics, from the lack of Spanish cooperation with the EPPO to the recent proposed changes in the Spanish Penal Code in relation to corruption and embezzlement and from follow-up questions on the absorption rate to the Kit Digital for SMEs.

Concerning the issue with the EPPO, the CONT Members received a briefing note from the EPPO (see annex 2). In the briefing note, the EPPO shared concerns on potential delays in reporting of suspicions of RRF fraud to the EPPO, by filtering fraud reports via the Spanish Prosecutor Office, and the absence of a reply on a questionnaire sent to the Spanish authorities on 22 October 2022. Ms Calviño stated that she was not aware of these issues.

The presentation by Ms Calviño provided answers to questions, although important questions remained unanswered, in particular as regards the amounts of funding that had reached the Spanish final recipients and the cooperation with the EPPO.



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**Tuesday Morning , 21 February 2023, Ministry of Finance and Public Administration**

**Timing:** 08.30 to 12.00

**Subject:** Involvement of the Ministry of Finance and Public Administration in the



implementation of the RRF

**Speakers:**

- Maria Jesús Montero, Minister of Finance and Public Administration
- María José Gualda Romero, Secretary of State for Budgets and Expenditures
- Mercedes Caballero Fernández – Secretariat-General of the European Funds, ministry of Finance and Public Administration
- Jorge Castejón González, National Audit Authority (Intervención General de la Administración del Estado (IGEA))
- Several experts from the Ministry that demonstrated the IT-tool CoFFEE

The delegation was received by the Minister of Finance and Public Administration who left the meeting after her presentation in order to participate in the Spanish Council of ministers. A detailed and comprehensive presentation was given about the involvement of the Ministry of Finance and the National Audit Authority in the implementation of the NRP, and most notably their role in monitoring, audit and anti-fraud responsibilities.

Most time was dedicated to a demonstration of the CoFFEE system, used for monitoring and control of the implementation of the NRP in Spain. The demonstration showed that the data on final recipients is stored and can be accessed. It was also provided an insight in the reports that could be generated from the system, including amounts committed and disbursed to final recipients. The representatives of the Ministry of Finance could not confirm the complaints about laborious interface with regional systems. They however noted that changes in rules, such as the adoption of RePowerEU and its associated reporting requirements, needed to be reflected in the system and could potentially disrupt the interface. The government representatives explained that these were issues the ministry was working on to solve. The delegation was also presented with newly introduced system, the MINERVA system, which showed the great potential for detecting ex-ante conflicts of interest of recipients . The system makes use of information from the tax administration, which was presented to be the best information available for this purpose in Spain.

The provision of access to CoFFEE of the European Court of Auditors as well as access for the Spanish Anti-Fraud Coordination Service was discussed.

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**Tuesday Afternoon , 21 February 2023, EPLO**

**Timing:** 14.00 to 16.00

**Subject:** The RRF, employers, employees, self-employed and the digital sector

**Speakers:**

- Pedro Mier, President of AMETIC (representing of the digital industry)
- César Tello, Director General of ADIGITAL (association with 550 key enterprises working on digital economy)
- Victor Calvo-Sotelo, Director General of Digitales (employers' association bringing together the main companies in the technology and digital innovation sector)
- Celia Ferrero, Vice President of ATA (Association of Self-Employed Workers (SMEs))
- Juan Antonio Vazquez, Secretary of Industrial Policy of UGT-FICA, the Spanish Union in the sector of industry, construction and agriculture

Due to the limited time available, it was decided to split the meeting in two: in the first half,



representatives of the digital industry (AMETIC, ADIGITAL and Digitales) discussed about the specific challenges that the sector was facing, as well as the support offered by RRF and the implementation of the facility in what referred to innovative projects. A debate followed on the different instruments supporting the digital transformation, including the funds made available in this regard to small and medium companies.

In the second half, the CONT delegation discussed with the association of self-employed and a representation of workers about their specific concerns and perspectives, including on the reforms carried out. The debate also focused on the potential for simplification, as well as on the impact of RRF on industrial sectors.



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**Timing:** 16.45 to 18.15

**Subject:** Businesses and Consultants - General state of play implementation RRF from their perspective

**Speakers:**

- María Abascal, General Manager of the Spanish Banking Association AEB (Asociación Española de Banca)
- María Jesús Escobar, Public Sector and FAAS Partner of consultancy firm Ernst & Young
- Silvia Lacarra Caminero, Partner responsible for Strategy of the Office for European funds of PWC (PriceWaterhouseCoopers)

The CONT delegation met with a representative of the banking association, as well as with partners in the main consultancies supporting business and public authorities in the implementation of the RRF in Spain. The discussion focused on the role of these companies in their areas of expertise concerning the implementation of RRF, including the discussion on transparency, simplification, and access to the funds.

Although they appreciated the government's action in relation to the RRF, they mentioned the lack of involvement in the design of the national plan. All of them expected to be involved in a more concrete way, especially in the addendum, as their expertise could help both companies and private citizens to apply in a successful way for the different calls for tenders.

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## **Tuesday Evening , 21 February 2023, Ministry of Inclusion, Social Security and Migration**

**Timing:** 18.40 to 20.15

**Subject:** Involvement of the ministry of Inclusion, Social Security and Migration, focusing in particular on social security related reforms.

**Speakers:**

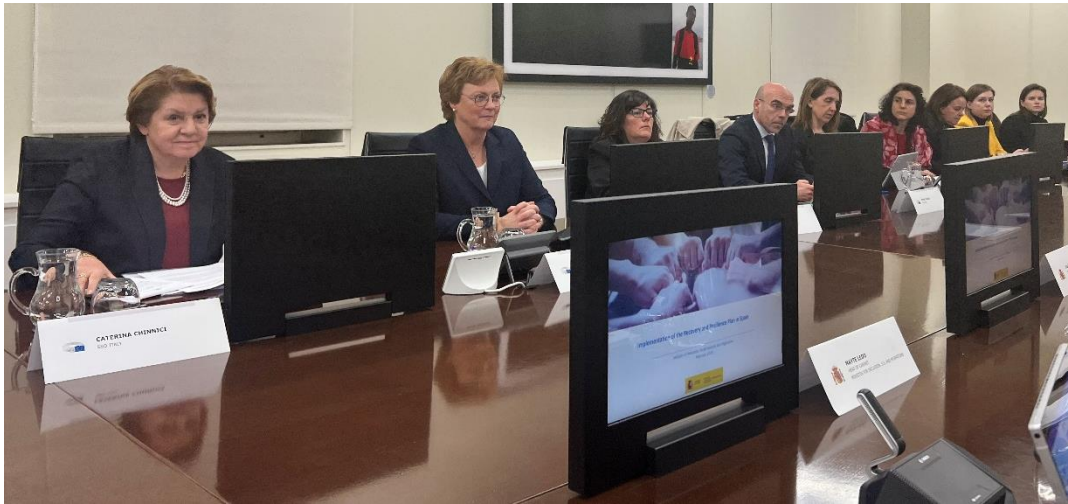
- José Luis Escrivá Belmonte, Minister of Inclusion, Social Security and Migration

The Minister highlighted the progress in the implementation of the targets and milestones under the remit of his ministry, including the progress on the implementation of the reforms. The debate focused on the impact of RRF in the Spanish economy, and in particular on the reforms agreed by Spain, including the reform of the labour market and of the pension system. The minister highlighted the progress made so far, the ongoing difficulties, and offered an overview of the progress of the implementation, including the next steps.

In the exchange of views with MEPs, the pension reform was the most discussed as it is a prerequisite for the next payment request. The Minister explained in-depth the new design of the Spanish pension system, but inspired some criticisms.

In the exchange of views with MEPs, the reform of the pension reform system, including the system's sustainability, was one of the issues discussed: this reform is one of the milestones agreed between Spain and the European Commission, and is a prerequisite condition for the issuance of the next payment of RRF funds. The Minister explained in depth the new design of the Spanish pension system, which includes increases in the social contributions of workers and employers. Minister Escrivá also explained that the contribution time taken into account for the calculation of the pension has been increased, with workers being able to chose a longer calculation time of 29 years of which 2 can be discarded, compared to a period of 25 years currently in place.

The pension reform also sparked some criticisms: the Spanish pension system provides for close to an 80% rate on pre-retirement income, compared to an average of 62% in OECD countries. Similarly, it is possible that even including the discussed reforms, the pension system continues to increase the Spanish budget deficit, notably the discussed increase of non-contributive pensions that might put a strain on the sustainability of the system. The delegation concluded remarking that the pension reform, as a key reform milestone, was an integral part of the RRF in Spain, and will be closely followed.



### **Wednesday morning 22 February 2023**

**Timing:** 09.15 to 10.45

**Subject:** Project presentation of the National Neurotechnology Centre, Spain Neurotech, a project (partially) funded through the RRF

**Speakers:**

- Carme Artigas, Secretary of State for Digitalisation and AI
- Fidel Rodriguez Batalla, Vice Minister of Universities, Science and Innovation of the Community of Madrid
- Amaya Mendikoetxea Pelayo, rector of the Universidad Autonoma de Madrid (UAM)
- Rafael Yuste, profesor of Biological Sciences and Neuroscience of Columbia University

The initially planned project visit was replaced by a meeting in the offices of the European Parliament's Liaison Office between the CONT delegation and the responsible authorities, which included representatives from the University and the Central and Regional governments. The speakers highlighted the project as a pole of attraction for private investment and as a reference centre. The debate focused on the cooperation of the different levels of the government and the University, and highlighted the role of this and other similar projects as good examples of success of the use of the RRF in Spain.

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### **Wednesday morning 22 February 2023**

**Timing:** 12.30 to 13.30

**Subject:** Press conference with joint press statement

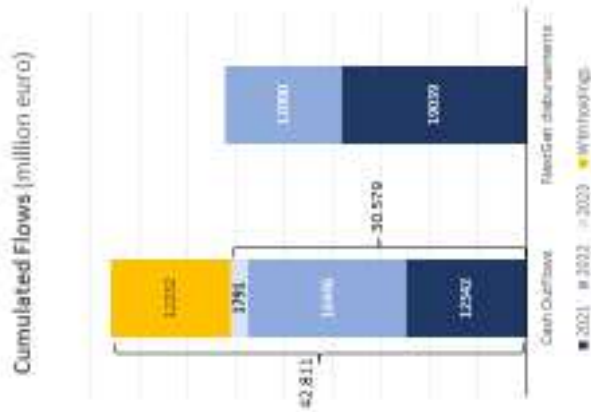
The mission of the delegation of the Budgetary Control Committee was concluded by a press conference where the Chair of the delegation presented a press statement agreed among all participants in the mission for a large audience of journalists, representing over 40 media outlets, and a streaming service provided for external viewers.

The joint press statement can be consulted through the link below:

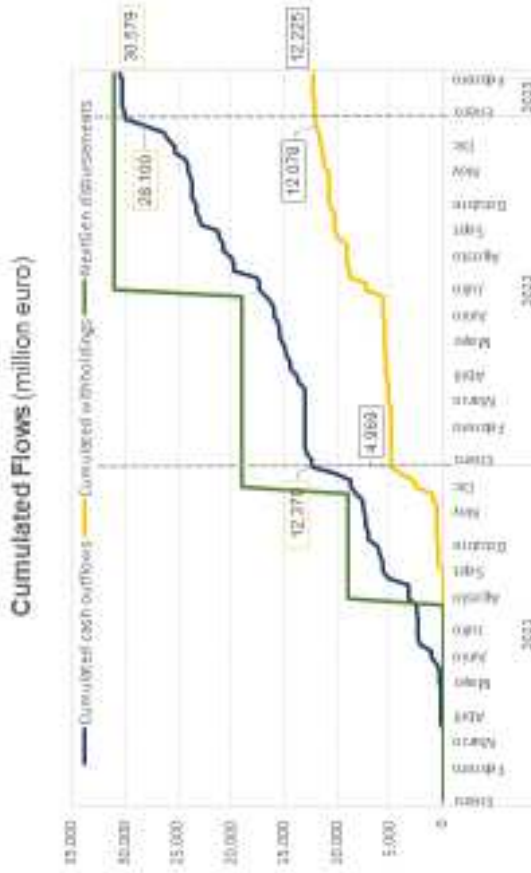
<https://www.europarl.europa.eu/news/en/press-room/20230217IPR75806/implementation-of-recovery-funds-in-spain-meps-conclude-a-fact-finding-visit>

## Recovery Funds Financial Flows from the Treasury standpoint

As of the 20th of February, the outflows fully net out with the incoming disbursements since 2021



The payments related to the Recovery Plan investment projects are closely following the rapid evolution of disbursements since the beginning



**Additional degree of prudence:** treasury cash buffers in 2022 and 2023 amount to **20 billion euro above the pre-pandemic levels**, to cover for the committed and withheld funds



## Annex 2 - Briefing note of the EPPO

### Spain

#### 1. Transmission of suspicions of fraud to EPPO

Art 24 (1) of the EPPO regulation foresees that : “the authorities of the Member States competent under applicable national law shall without undue delay report to the EPPO any criminal conduct in respect of which it could exercise its competence”.

The current Spanish legal framework may create delays in reporting of suspicions of RRF fraud to the EPPO, by filtering fraud reports via the Spanish Prosecutor Office. Article 6 (6) e) of the Spanish *Order* related to RRF<sup>1</sup> is establishes that “in the event of the detection of a possible fraud, or of a well-founded suspicion of fraud, the relevant entity shall [...] report the facts to the *Ministerio Fiscal*” (i.e. The Spanish Prosecutor’s Office).

The explanation received was that the Spanish Law applying the EPPO Regulation<sup>2</sup> foresees that the references in the Criminal Procedure Law and in the rest of the legislation to the judicial authority or the *Ministerio Fiscal* shall be deemed to refer to the European Public Prosecutor’s Office in respect of the tasks assigned to it by the EPPO Regulation. However, the aim of that Spanish law was to avoid having to change all the laws in force *before* the EPPO existed. In addition, there are examples of new (draft) laws, which expressly refer to EPPO in matters under its competence. This is, for instance, the case of the draft law implementing the Whistleblowers Directive, which foresees that a suspected criminal offence should be reported to the EPPO when it affects the EU financial interests.

Until end 2022, out of the 15 EPPO investigations on RRF, one is from Spain, originating from a private party.

#### 2. Cooperation with the EPPO in potential fraud investigations

The EPPO is waiting for an answer from the Spanish government to an October 2022 letter of the European Chief Prosecutor (sent to all 22 participating Member States), asking for specific details in relation to the application of art 22 of the RRF Regulation:

- Information about the dedicated IT systems/database to allow tracing RRF funds, and whether European Delegated Prosecutors (EDPs) have access to these databases or systems;
- The methods to ensure that suspicions of offences specifically relating to RRF funds are reported to the EPPO (in particular taking into account the above-mentioned *Order*);
- If there can be specific contact points / communication channels for EPPO (and its EDPs) and whether there is an interest to establish working arrangements.

**In the light of the above, the main question is how do Spanish authorities ensure that the EPPO receives timely reports about suspicion of fraud affecting RRF funds?**

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<sup>1</sup> *Orden 1030/2021, de 29 de septiembre, por la que se configura el sistema de gestión del Plan de Recuperación, Transformación y Resiliencia* (Order 1030/2021, of 29 September, which establishes the management system of the Recovery, Transformation and Resilience Plan), issued by the Ministry of Finance and Public Service.

<sup>2</sup> First Additional Provision of the Organic Law 9/2021, of 1 July 2021