

Next Generation EU (NGEU) Funds

An exceptional response
to an unprecedented crisis



SPAIN'S PLAN (Spain Can Plan)

The Commission and the Council give the green light to the Spanish Plan

The Spanish Recovery, Transformation and Resilience Plan submitted in April **was approved by the European Commission on 16 June and endorsed by the Council on 13 July**. Together with Portugal, Spain was one of the first two countries to get its Plan signed off.

In its assessment, the **European Commission noted that the Plan is consistent with the Recovery and Resilience Mechanism's targets**. The Spanish Plan has earned the highest score in all the sections evaluated by the Commission except in the method for costing actions in which it has achieved the second highest possible mark.



Now the Council has endorsed the Plan, the first funds will be released as an advance to be followed by regular payments as milestones and targets are met.

Following the start of payments by Europe, **the European Commission will regularly assess the progress of the plans throughout their implementation (2021-2026)**. Compliance with the targets set by each country will shape the subsequent disbursement of funds on a six-monthly basis.



How does the European Union raise NGEU funds?

To fund the activities proposed by the Member States under the Recovery and Resilience Mechanism, **the European Commission is borrowing on the financial markets**. This borrowing by the European Commission is supported by the ratification of the Own Resources Decision by all Member States in recent months.

On 15 June, the European Commission raised **€20 billion in its first bond issue**. In total, up to 2026, Brussels will borrow up to **€800 billion** from the markets to disburse funds to member countries that meet the targets set out in their National Action Plans.

Subsequently, and once countries have completed their investments and reforms, the European Union will start repaying its debt incurred in the financial markets.

Remaining key milestones of the Recovery Plan



Progress on investments and reforms



When and how will the funds be distributed?

If the estimated deadlines for the Council's final approval of the Spanish Plan are met, **like the rest of the Member States Spain could receive up to 13% of the funds** as an advance payment (€9 billion) this July. Plus it might get the first half-yearly payment in December.

Although NGEU funds have not yet been received in Spain, the **Government is implementing part of the spending in advance**: it included a €26.63 billion aid allocation in the 2021 General State Budget (€24.2 billion of this amount comes from the RRM). This expenditure is initially financed with government borrowing and will later on be offset by the NGEU funds when they are disbursed by Europe. As a result, calls for proposals for grants from European funds are now being announced in Spain.

Are there any limits on aid to private undertakings?

The intensity of aid allowed to each undertaking is limited by the **European State aid system**. This European regulation **restricts the amounts a government can give to an undertaking** to ensure a level playing field across all Member States under similar competition conditions irrespective of a country's tax resources.

This framework provides for three options:

- ✓ **Direct aid from the Government** (also called de minimis aid): up to €200,000 in aid over three years with very quick approval from Brussels under the new procedure set up in the wake of the pandemic.
- ✓ **Sector exemptions**: in the case of projects in areas such as the environment and energy, R&D and regional development, the regulation provides for a special aid scheme. These projects have to be properly substantiated. For more information, see the [General Block Exemption Regulation](#).

✓ **Extraordinary applications to the European Commission:** they require the approval of the Competition department and can be used for strategic projects (SPERTs). The European Commission has committed to streamlining the procedure for projects coming under the Recovery and Resilience Mechanism.

Each call announced by the Spanish government or local authorities has to comply with the aid framework.

Initiatives underway



Strategic projects (SPERT) already announced

In Spain, special interest projects, which involve the entire production chain in particularly strategic areas (SPERT), will be the automotive, agri-food, healthcare and aerospace industries along with using Spanish in artificial intelligence.



Automotive: announced in early 2021, the Government seeks to transform this industry and spearhead sustainable, digital, connected and safe mobility with public and private investment across the automotive industry value chain.



Healthcare: announced on 19 May, the aim of this SPERT will be to promote a cutting-edge health system which brings advances in biotechnology, prevention and other areas to healthcare actions in Spain. This SPERT will involve government, businesses and the scientific ecosystem.

Before they can be started up, the rules for the calls to take part in SPERTs have to be approved by a Council of Ministers Decision as stipulated in Royal Decree 36/2020. The register of undertakings in the SPERTs has yet to be published by the Ministry of Finance.

Green Spain



GREEN SPAIN
40% of the funds
€28 billion

Sustainable mobility: MOVES III call

The Recovery Plan attaches great importance to transforming mobility. The MOVES III facility was approved in April although the call for proposals has yet to be announced.

Specifications:

Yet to be called - 31/12/23

Non-competitive grants (by order of registration) 400,000,000€

Incentive programme for buying electric vehicles and setting up charging stations



Maximum aid per undertaking 50 vehicles per year

Action 1: Buying alternative energy vehicles

Direct and indirect purchase

Eligible vehicle types:

- ✔ Passenger cars M1
- ✔ Vans or lorries N1
- ✔ Quadricycles L6e and L7e
- ✔ Motorcycles L3e
- ✔ Motorcycles L4e
- ✔ Motorcycles L5e

€700-5,000
Maximum aid

Of eligible investment by Region



Maximum aid per undertaking €800,000 per case

Action 2: Rolling out charging infrastructure

Direct purchase

Eligible charging systems:

- ✔ Fast 40kw < P < 100kW
- ✔ Ultra-fast P > 100kW
- ✔ Conventional 7 kW < P < 15kW
- ✔ Semi-fast 15kW < P < 40kW

35-60%
Maximum aid

Of eligible investment by Region

At most €2.5 million per call

Sustainable mobility: MOVES for business fleets

In addition, the Ministry of Ecological Transition envisages in the Recovery Plan the publication of a special projects MOVES, which provides aid for purchasing electric or plug-in hybrid vehicles for fleets.

Specifications:

- ✔ **Vehicles leased or rented** will be eligible and it will include aid **for charging stations**.
- ✔ Similar to MOVES III, if **scrapping** is included, the aid intensity may be higher.
- ✔ It will have the advantage of **simpler** management than MOVES III and the removal of some of the limits on the number of vehicles per undertaking which are eligible.
- ✔ The special MOVES calls will be made by the **Ministry** itself, while MOVES III will be implemented by the Regions.

Aid for lorries, buses and trains:

It includes aid for:



Buying renewable energy vehicles (hydrogen, natural gas and electric vehicles) and scrapping old ones.



Setting up charging stations, hydrogen fuelling stations and filling stations for electric, hydrogen and gas vehicles, respectively. These charging stations may be privately owned yet also provide services to other companies (e.g. in a business park).

The grants will be handled by the MITMA (Ministry of Transport, Mobility and Urban Agenda), which will distribute the funds to the **Regions** which in turn will then publish the **calls**. This is expected to begin **in July**.

Energy efficiency: housing refurbishment

Mass housing refurbishment is **one of the main programmes** under the Green Transition strand of the Spain Can Plan. This programme is currently being drawn up. On 21 June, the Government published the [draft Royal Decree Act](#).

Most significant points:

- ✓ It spells out the actions to be undertaken in this area at **neighbourhood, building and individual property** level.
- ✓ The actions will have to **cut energy use**. In fact, the grant percentage will go up in line with the energy savings achieved.
- ✓ To make management easier for homeowners' associations, the role of **refurbishment agent** is introduced. Homeowners' associations will be able to empower this agent (company, professional, organisation or manager) to accept and manage the grants on their behalf.

Innovation: NEOTEC grants

They are designed for fledgling undertakings (less than 6 years old) that are firmly committed to technology. The undertakings should have a high founder's equity stake. The grants are managed by the CDTI which comes under the Ministry of Science.

36,460,000 €

NEOTEC grant conditions

	Term	From 17 May to 8 July 2021
	Beneficiaries	Small research undertakings
	Eligible actions	<ul style="list-style-type: none">- Investment in equipment- Staff costs- Materials- External partnerships/consultancy- Other costs: rent, utilities
	Project types:	Minimum budget €175,000 Length: <ul style="list-style-type: none">- 1 year (01/01/2022 – 31/12/2022)- 2 years (01/01/2022 – 31/12/2023)

70–85% of the action budget up to at most **250,000 – 350,000 €**

You can find more information [here](#).

Useful links



- ✓ [NGEU funds in detail / BBVA](#)
- ✓ [‘Spain Can’ Plan \(full text\) / Moncloa](#)
- ✓ [European Recovery Plan / European Commission](#)
- ✓ [Analysis of the Spanish recovery and resilience plan / European Commission](#)



If you have any questions about NGEU Funds, **please contact your BBVA Adviser.**

Glossary

- ✓ **RRM:** the Recovery and Resilience Mechanism (RRM) is at the core of the NGEU Funds. Its purpose is to support investment and reforms in Member States to achieve a sustainable and resilient recovery and also to promote the European Union’s sustainability and digital priorities.
- ✓ **NATIONAL REGISTER OF ENTITIES INTERESTED IN SPERTS:** all entities involved in a strategic project for economic recovery and transformation (SPERT) have to be registered in this national register which comes under the Ministry of Finance. It has yet to be set up.
- ✓ **MOVES:** Efficient and Sustainable Mobility Incentives Programme. Three rounds have been held.
- ✓ **NEOTEC:** Funding programme for starting up new business ventures that involve the use of technologies or knowledge generated by research activities and in which the business strategy is technology-based.
- ✓ **CDTI:** Centre for the Development of Industrial Technology.

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