ECONOMY, LABOUR AND SOCIETY

REPORT ON THE SOCIO-ECONOMIC AND LABOUR SITUATION

SPAIN 2024

(EXECUTIVE SUMMARY)

CONSEJO ECONÓMICO Y SOCIAL ESPAÑA

MEMORIA SOCIOECONÓMICA

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.

FULL SPANISH VERSION OF THE REPORT AVAILABLE AT **www.ces.es**

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ECONOMIC AND SOCIAL COUNCIL / CONSEJO ECONÓMICO Y SOCIAL

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REPORT ON THE SOCIO-ECONOMIC AND LABOUR SITUATION OF SPAIN IN 2024

Adopted at the ordinary session of the Plenary assembly of the Economic and Social Council on 28th May 2025

CONSEJO ECONÓMICO
Y SOCIAL **ESPAÑA**

ECONOMIC AND SOCIAL COUNCIL OF **SPAIN**

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CONTENTS

PRESENTATION

Antón Costas
President of the Economic and Social Council of Spain

Let me begin this presentation of the *Report on the Socio-Economic and Labour Situation in Spain in 2024* by pointing out what differentiates it from other reports or studies on the Spanish socio-economic and employment situation: it is the result of dialogue and consensus among the sixty members who integrate the Plenary Session of the Spanish Economic and Social Council (ESC), representing the country's main trade union, business, agricultural, fisheries, consumer and social economy organisations, in addition to six independent members, experts with recognised experience in the fields of socio-economics and employment. This consensus is the hallmark and added value of this Report.

The Annual Report of the ESC is a legal obligation established in its founding Law dated 17th June 1991. Article 7, Section 1.5 establishes that the Council shall draft 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. This 2024 Report is the fulfilment of that legal mandate.

Unlike opinion documents, which function is to incorporate the vision, preferences and interests of the groups that integrate the ESC into the process of regulations and policy-making, and other reports, whether requested by the Government or on its own initiative, with the function to contribute to improving the quality of public and political debate on a subject of interest to Spanish society, the Annual Report is a 360-degree analysis of the economic, employment and labour relations´ panorama, as well as of living conditions, protection and social inclusion.

Readers interested in this Report will find a comprehensive and complete account on the evolution of the Spanish economy, the work world and the Spanish society in all dimensions, which may be of great use to analysts, experts, researchers and public.

Continuing with the novelty introduced in the 2023 Report, this year also includes a "featured topic". In this edition, it examines the economic, labour and social impacts of technological change and especially of Artificial Intelligence.

* * *

2024: a year to remember...

Without intending to summarize the richness of content, I would like indeed to highlight two main features that, for different reasons, stand out when reading this Report on the economy performance, the labour world and the living conditions of Spanish society in 2024.

The first of them is the good macro performance of the Spanish economy and labour market in 2024. These results build upon and improve the growth in activity and employment experienced in the two previous years. In many ways, 2024 is a year to remember in the recent evolution of the Spanish economy.

Despite the weakness of the European economic environment and persistent high global uncertainty, the Spanish economy has once again performed surprisingly well, beyond all forecasts with a GDP growth of 3.2 per cent, among the highest in the European Union. In terms of employment, in 2024 the Spanish economy was responsible for 25 per cent of all jobs created in the European Union, while the share of Spanish employment in the European Union as a whole is only 10 per cent.

Moreover, it should be pointed out, in contrast to previous expansionary cycles, this is healthy growth. Unlike in the past, the increased activity was not accompanied by widening macroeconomic imbalances. In this expansionary cycle, growth is happening within a context of widening macroeconomic and fiscal imbalances, an increasing external surplus and improved productivity.

This good economic performance is reaching all economic sectors, albeit at different speeds. This growth in production activity in 2024 confirms and consolidates the signs detected in 2023 of an incipient qualitative sectoral and occupational change in the economic model: a significant percentage of this new employment is in higher quality and higher wage jobs across all economic sectors. Moreover, temporary employment, a historical scourge of the Spanish labour market, has fallen down to its lowest recorded levels since the fourth quarter of 1987.

To understand the causes behind this good performance, it may be useful to ask ourselves why the Spanish economy has once again surprised the experts and institutions dedicated to economic forecasting in 2024. In my view, as noted in Chapter Two, one of the factors behind the economy's good performance has been the capacity for social dialogue and agreement since the COVID-19 crisis. Measures such as the temporary furlough schemes (ERTE), the labour reform or the 5th Labour and Collective Bargaining Agreement (AENC), reached between the main employers' organisations (CEOE and CEPYME) and trade unions (CCOO and UGT), have boosted confidence in the future of economic activity and employment. This sentiment, widely shared by society, has favoured the noteworthy growth of the Spanish economy. However, this sense of trust produced by the capacity for dialogue and the quality of collective bargaining is not a variable included in macroeconomic forecasting models. A macroeconomy based on people's actual behaviour would have a greater forecasting power.

... but without becoming complacent

To say that 2024 is a year to remember should not, however, make us complacent. Important social problems persist, such as high structural unemployment or the reticence of female workers to take benefits, and significant economic weaknesses, such as comparatively low productivity, which hampers job upgrading and business and aggregate competitiveness.

Housing, a huge "black hole"

The second feature that stands out in this 2024 Report is the fact that the good macroeconomic performance has not transferred to the family microeconomy, i.e. it has not managed to improve the living conditions of the population. This is a reminder that growth alone no longer brings prosperity for all, a necessary reminder to not be lulled by good macroeconomic performance in this area as well.

Chapter Three provides a comprehensive and detailed overview of all dimensions of welfare, protection and social inclusion in Spanish society. Although inflation has fallen, price levels remain high, resulting in households having to spend more to buy the same goods and services.

The Report recognises progress in areas of well-being such as education and training, healthcare, unemployment coverage, pensions, poverty, gender inequalities, violence against women, dependency care, inclusion and non-discrimination, the environment, and in other related dimensions. However, the fact that, in many cases, such progress is but modest, reminds us that there is still far to go if we are to achieve shared prosperity.

A particularly dramatic dimension is child poverty. Good macroeconomic performance has failed to improve child poverty data. The Spanish child poverty rate is still well above the European average: 34 per cent compared to 24.8 per cent. This situation is a social scourge unworthy of a strong economy and a consolidated democracy such as Spain. The ESC has addressed this situation in a report entitled *Rights, quality of life and childcare* (Report 3/2024). In it, the ESC defends the need to incorporate a universal child-rearing allowance that covers the real costs of bringing up children, at least between 0 and 3 years of age.

When it comes to understanding and explaining why good economic and labour performance, as well as welfare policies, have not translated into an overall improvement in the living conditions of the population, one answer emerges prominently: housing. The supply of new housing is in no way able to meet the demand arising from the creation of new households.

Housing has become an enormous "black hole" that absorbs a very large part of improved household incomes and blocks the improvement of living and housing conditions for the population as a whole. The cost and difficulty of access to housing is also one of the factors explaining the persistence of poverty and especially child poverty.

Without addressing the causes of insufficient social and affordable housing, it is not possible to improve the living conditions of either lower income households or the aspirational middle class. Therefore, having assessed the efforts made by housing policies to alleviate this shortage and increase access, the 2024 ESC Report stresses the importance of developing urban and land planning at regional and municipal levels that is sensitive to permanent housing needs. Without a new land law there will be no solution to the housing problem.

In this regard, the Report recalls the suspension of the Land Law reform bill in 2024 due to insufficient parliamentary support. For this reason, given the seriousness of the housing crisis and its consequences for both the improvement of living conditions and social cohesion, and for the continuity of economic activity and employment, the ESC maintains that as an essential part of housing and urban planning policy, land deserves to be the subject of a State pact between all parliamentary political forces.

* * *

As I pointed out at the start of this foreword, the Annual Report of the ESC is a group work; it is the result of analysis, dialogue and consensus within the Working Committee responsible for its preparation, chaired by the Councillor José Ignacio Conde Ruiz, in constant dialogue with the ESC Research Department, which provides technical expertise and prepares the successive drafts for discussion by the Committee. Additionally, experts on the topics discussed in the different Report chapters have been invited to give their knowledge and vision on the issues addressed: Manuel Gracia Santos, Francisco Pérez García, Henar Álvarez Cuesta, Marcel Jansen, Enrique Fernández-Macías and Sara de la Rica Goiricelaya. This group analysis has also been joined by advisors from the organisations within ESC groups. For thirty working sessions, from October 2024 until May 2025, they have all worked intensively and successfully. I would like to express my appreciation and thanks for the good work carried out to all of them, as well as to the ESC staff involved in the editing of the Report.

Finally, the draft text of the Working Committee was approved (by a large majority, with only two abstentions and no votes against) by the ESC Plenary Session on 28th May 2025.

Antón Costas
President of the Economic and Social Council of Spain

CHAPTER I
ECONOMIC OUTLOOK

In a year marked by persistently high uncertainty at the global level, given constant geopolitical tensions and the growing fragmentation of international relations, the Spanish economy has demonstrated its resilience with a GDP growth of 3.2 per cent, standing out among its EU partners.

This growth was supported by strong domestic demand, mainly private consumption, and a positive contribution from external demand. The increase in population and employment, lower interest rates within an environment of decreasing inflation, the strong dynamism of the tourism sector and the continued fiscal stimulus are behind the favourable performance of the Spanish economy.

However, it still has weaknesses, many of them shared with its main EU partners, such as sluggish investment, insufficient progress in productivity, problems of access to housing and the high ratio of public debt to GDP. Thus, throughout the year, there have been numerous discussions on the need to establish measures to boost productivity and competitiveness and to ensure strategic autonomy in line with the challenges of the new European Commission.

Looking ahead at 2025, the uptick in global uncertainty in the early months of the year due to the Trump administration's erratic tariff policy and its foreign policy shift away from multilateralism has lowered the economic outlook and placed security and defence issues at the forefront of the EU's priorities for action. Although Spain does not have significant direct trade exposure to the US economy, the impact of these measures on the global economy –and especially on the European economy– has added a high degree of uncertainty to the economic projections published at the time of closing this Report.

All of this is discussed in this first chapter of the Report, which also includes the Council's reflections on the economic impact of technological change. Although the ESC has been reflecting on the economic, labour and social impacts of the fourth industrial revolution for the last ten years, the breakthrough of generative artificial intelligence (AI), whose milestone was the launch of ChatGPT in November 2022, and its use in the field of creative skills, make it worth reflecting once again on technological change as a potential instrument for generating a pattern of growth that leads to stable, sustainable and inclusive development in the medium term.

Conclusions

- The world economy grew by 3.3 per cent in 2024, two tenths of a percentage point lower than in the previous year. A path of disinflation combined with interest rate cuts was consolidated where tightening still persisted and economic activity and employment remained strong. International trade developments overcame the weaknesses of 2023, but foreign direct investment continued to slide, especially between geopolitically distant countries.
- The economic policies of the new US administration and especially the unprecedented increase in tariffs have altered this scenario, generating a profound uncertainty that is affecting the predictability with which companies must operate, delaying investments and adjusting global growth projections downwards. Pending the impact on prices and monetary policy, these measures could reconfigure global value chains and affect trade fragmentation.
- The European economy, meanwhile, began a slow recovery in its activity in 2024 after stagnating in the previous year, against a backdrop of continued disinflation and strong labour markets.
- At the start of a new EU legislature, this situation of weakness posed an additional challenge to designing an economic policy capable of facing the current challenges; both external, mainly the consequences of the Trump Administration's tariff decisions, and internal, such as the recovery of European competitiveness, the balance between fiscal consolidation and the adaptation of the new governance framework to geopolitical realities, increased defence expenditure, and progress in NGEU investments.
- Despite the weakness of the European economic environment and persistent high uncertainty at the global level, the Spanish economy has once again performed surprisingly well in 2024, with a GDP growth of 3.2%, among the highest in the European Union. Moreover, unlike previous upturns, this increased activity continued to take place within a context of growing external surplus and in parallel with improved productivity.
- The main driver of growth was household consumption expenditure, which grew by 2.8 per cent, driven by population growth, buoyant employment, falling inflation and more favourable financing conditions, supported by a savings rate at record highs and a further reduction in household indebtedness.
- In 2024, investment growth accelerated to 3 per cent, enabling it to regain pre-pandemic levels and come close to GDP growth. However, its performance remains moderate in relation to other expansionary phases and to EU investment levels, being especially weak in the business area and in machinery, transport equipment, and non-residential construction.

- The trade surplus in goods and services reached a new peak in 2024, combining a narrowing trade deficit in goods with a widening trade surplus in services thanks exclusively to the growth of the positive balance in tourism services. The international investment position continued to improve, although gross external debt remains one of Spain's main macroeconomic imbalances.
- There was a redistribution of GDP in favour of labour income due to strong employment growth, increased job creation in higher-paid fields and occupations, higher wages due to the increase in the minimum wage and wages negotiated via collective bargaining in application of the provisions of the 5th Labour and Collective Bargaining Agreement and the increased social security contributions.
- On the supply side, all major industries contributed to GDP growth in 2024 and, except for construction, at a higher rate than in 2023. Agricultural income reached a record high, although both the number of active and employed persons declined. The Spanish fishing sector continued to be well positioned within the European environment, despite falls in the number of vessels and power, and in tonnage. Aquaculture continued to be the leading producer in the EU, despite ongoing challenges.
- The manufacturing industry grew by 3.5 per cent, although with differences between branches. Thus, the automobile industry collapsed, within the context of a profound transformation, which is an illustrative example of the need for a new Industry Law that ensures strategic autonomy, reduces vulnerabilities, and ensures sustainability in a broad sense.
- Within the energy sector, renewables were consolidated as the main source within the energy mix and the revision of the National Energy and Climate Plan for the period 2023-2030 was presented.
- The construction sector expedited new construction and renovation approvals, but failed to close the gap between housing supply and demand. Factors such as labour mismatch, rising costs, land scarcity and low bank financing would explain the low housing production.
- Regarding the services sector, tourism set records and was key to the good performance of the Spanish economy, while non-tourism services also displayed a dynamic performance.
- Prices continued the disinflationary trend that had started two years earlier, with both headline and core inflation growth below 3 per cent, despite the persistence of services prices. This development does not ignore the impact of the inflationary shock, so that the price level in 2024 is 15 per cent higher than in mid-2021.
- On public finances, the fiscal consolidation process initiated in 2021 continues and is expected to be sustained in the coming years, with declining deficit

and debt ratios, thanks to robust growth in government revenues and moderate growth in public spending.

- The government's fiscal projections are also subject to a high degree of uncertainty due, in addition to the structural factors already noted by this Council, to the intensification of disaster risks linked to the acceleration of climate change and to the international economic and financial instability derived from new US economic, trade and military policies. These are circumstances that will presumably alter the macroeconomic scenario and generate additional pressures on Spanish public finances in the coming years.
- The government's recent decision to permanently increase public defence spending to 2 per cent of GDP at NATO's behest means that, in the absence of new revenue measures, Spain's fiscal room for the budgetary reinforcement of other public policies in coming years will be narrower, especially if the economic context deteriorates.
- The implementation of the Recovery, Transformation and Resilience Plan is limited to 64.4 percent of the total transfers allocated to Spain, while loans are still outstanding. With less than one year and a half to go before the deadline for investing the transferred funds and committing loan financing, there are concerns about the system's capacity to absorb the full amount of available resources.
- It would be necessary to boost the administrative capacities of territorial contracting authorities, streamline contractual procedures, develop specific support mechanisms for regions and companies with lower absorption capacities, and prioritise projects that make an important contribution to the transformation of the production model.
- EU partners with large allocations face similar difficulties to Spain in making all planned investments on schedule and with quality guarantees, therefore it would be reasonable for the EU to agree to extend the implementation period of the *Next Generation* funds.
- There are still weaknesses and challenges that must be faced by the Spanish economy to achieve sustainable economic growth, such as sluggish investment, insufficient progress in productivity, problems of access to housing, and high public debt.
- The scenario for 2025 is once again characterised by high global uncertainty related to worsening trade and geopolitical tensions. However, forecasts suggest that the Spanish economy will be of those least affected by tariffs, maintaining growth of around 2.5 per cent in 2025, the highest amongst advanced economies. In any case, the risks surrounding the macroeconomic scenario are high.

CHAPTER II
EMPLOYMENT AND LABOUR RELATIONS

Spain once again stood out in 2024 for its employment creation rate, one of the EU's highest, contributing nearly a quarter of the net employment balance, well above what its working population represent in that context. Thus, Spain continued to reduce the major imbalances in its labour market, more significantly since the labour reform of 2021 which, among other things, reduced temporary employment in the private sector to levels that are fully comparable to European levels. This has reduced one of the most visible previous differences in this group and, above all, reduced the rotation between employment and unemployment leading to this temporary nature, especially of short duration, and, with it, the greater tendency towards a strong segmentation of the labour market with negative consequences in terms of both efficiency and equality.

However, despite progress in all areas, the imbalances and mismatches in this market continue to be highly visible. Among other things, the Spanish unemployment rate stood at 11 per cent, once again the highest in the EU-27 as a whole; as a matter of fact, it was the only one to remain in double digits. The youth unemployment rate and long-term and very long-term unemployment among the over-55s, as well as higher female unemployment in almost all age groups continues to be hight, far from the values that would be desirable after seven years (notwithstanding the pandemic) of sustained job creation. Gender gaps in activity and occupation also persist, and more women are still engaged in part-time and temporary work.

At a time of dual environmental and technological change (the latest chapter of which, for now, is the emergence of generative AI) in advanced economies, which are also facing far-reaching demographic changes, these imbalances may be exacerbated by the transition required by these transformations. This once again highlights the importance of employment policies, which must be adapted to support workers and companies in these transitions, without forgetting the role of social dialogue and collective bargaining in their governance.

Indeed, the important asset that social dialogue represents at the European level has just been confirmed by the recent signing of a new pact between the European Commission and the European cross-industry social partners, which aims to strengthen their role in defining social, employment and labour policies. This initiative underlines the importance of social dialogue as a hallmark of a politically renewed European Union within a global context of populist drifts and high geopolitical tensions.

In Spain, the parliamentary composition of the 15th Legislature, which began in August 2023, created a more complex political context for social dialogue. However, the general economic and labour market situation have provided a favourable and positive national environment for further progress in the search for socially agreed measures on the issues that were part of the social dialogue agenda.

Within this context, a series of tripartite roundtables have been held throughout the year. The roundtables addressed issues in the field of social protection, occupational risk prevention, and labour relations. As a result, tripartite agreements have been reached between the Government and the most representative state-level business and trade union organisations regarding the phased retirement model and other aspects of social protection, and on the regulatory framework for LGBTI equality measures in companies.

In 2024, labour regulatory policy faced greater uncertainty over the outcome of certain policy initiatives as the minority government depended on more politically complex and heterogeneous external support. This did not, however, prevent the adoption of a series of domestic labour regulations, as well as several royal decrees. However, 2024 was the year of approval of the first harmonised European regulation for artificial intelligence (AI) systems, coinciding with a wide and accelerated deployment within a short period of time of a technology that is changing society, the economy and labour: Regulation (EU) 2024/1689, a regulation of important application also in labour relations in companies and in self-employment.

Within the labour relations system, a recovery trend in the main magnitudes of collective bargaining continued, following the difficulties caused by the health crisis in 2020-2021, with an overall improvement in agreed wage increases in real terms. Within a context of growth in activity and employment, there was also a fall in strikes, once again, confirming the maturity of a model for resolving labour disputes through bodies and procedures based on collective autonomy (SIMA and bodies of the autonomous communities). Within the same context, however, and in the field of occupational accidents, it should be noted that there has been a notable increase in fatal accidents at work amongst the salaried workforce, which leads us to insist on the need to avoid risks, assess those that cannot be avoided, among other fundamental principles of preventive action, and to reinforce prevention at all levels and in all spheres.

Conclusions

- Spain stood out once again in 2024 for the dynamic nature of its labour market. Domestic job creation contributed nearly 24 per cent to creation in the European Union as a whole, well above the share of Spanish employment within the European Union as a whole. This was a step towards meeting the European targets for 2030, especially that of an employment rate of 76 per cent among the population aged 20-64. Convergence with European figures continued, reducing the marked differences evident over the last fifteen years.

- In very broad terms, these differences consisted of greater difficulties for young people to enter employment and a higher rate of unemployment at these ages, with a higher NEET rate, lower activity rate and higher unemployment among women, as well as higher and longer-term unemployment amongst older age groups. This was combined with other specific aspects, including excessive temporary employment and rotation between employment, inactivity and unemployment, as well as a much higher rate of involuntary part-time work, especially in the aftermath of the recession.
- The differences persist in 2024, although to a lesser extent, and some of their consequences continue to rank among the major challenges facing the Spanish labour market. Despite increased employment, the benchmark unemployment rate in Spain was 11 per cent in 2024, the highest in the entire European Union; with 422,000 more people employed, unemployment fell by 174,000. It is necessary to continue promoting changes in the growth model, which are essential to overcoming these challenges and facing those of the future, derived from the dual ecological and digital transition, and the ageing of the population.
- The overall labour market performance in Spain in 2024 continued the post-pandemic path of improvement, with a trajectory that was no less intense at the end of the year, despite increased uncertainties and problems arising in the international economic landscape. Improvements were evident both in employment, with a notable contribution of the foreign population, which now accounts for 20 per cent of the total, and in unemployment. The total number of hours worked grew and a more moderate wage growth was recorded, but one sufficient to consolidate the gains in real terms recorded in 2023, consistent with the AENC's approach (progressively recovering gains in purchasing power and offsetting losses generated by the rise in prices in 2021 and 2022). As over the past decade, wage employment continued to grow more than self-employment in 2024, with the private sector generating most of this wage employment. Part-time work also increased again, and its involuntary nature fell by 1.2 percentage points to 50 per cent, continuing the turnaround after eight years of decline since 2014, when it had peaked at 65 per cent due to the momentum gained in the crisis. Involuntary employment accounts for half of all part-time jobs.
- Continuing the trend of the last two years, the dynamism of the labour market was boosted by the contributions of the immigrant population and by good results among young people under 25 and among people aged 50 and over. However, in both cases it is still far from the European data and more encouragement

and greater efforts in employment policy are still required to increase and further consolidate the improvements.

- The same is true of the persistence of gender gaps in this market despite the progress made. Although they have been reduced, these gaps are still significant and require a broad approach due to the interlinking of social and labour factors that account for them and which determine everything from reduced work activity for reasons related to caring duties, to the maintenance of low intensity employment, or still-visible occupational segregation which starts in the choice of subject matter within the educational and professional training system.
- The change in the sectoral structure of employment following the end of the crisis was already visible in 2024, as was the faster growth rate in certain branches after the pandemic. This is a major change, with a shift towards service activities, including advanced services. In parallel, the employment data for the year continued to consolidate a more positive trend, with elementary occupations accounting for a smaller share of employment, and at the other extreme, one-third of total employment in scientific, professional and technical occupations, together with supporting sectors. These are occupations that provide greater added value and are associated with quality employment, but their gender segregation, the adjustment of skills, and the problems of education and training systems to make them more adaptable in the future remain to be solved, because a wide variety of new and more sophisticated skills are emerging in the demands made by companies.
- In 2024, the rate of temporary employment for women and men at all ages fell again. This was due to a new increase in permanent employment, dominated by full-time employment, with part-time (less so for women) and discontinuous permanent employment remaining at values below 10 per cent. This improvement slowed in the private sector, possible since the volume of temporary employment is approaching the minimum, limiting the effect of growth in permanent employment. Within the public sector, on the other hand, this improvement has been limited by the long periods of time required to complete the consolidation process undertaken in 2023, and the temporary nature of employment remains higher than in the private sector (18 per cent compared to 12.1 per cent).
- In terms of labour market flows, there were hardly any notable changes compared to the previous year. The new hiring structure was thus consolidated, with over 40 per cent of total registered contracts being permanent, and there were no substantial changes in exits, both approximately calculated on the basis of registrations for unemployment benefits and by the data on collective redundancy procedures. However, the number of individual dismissals grew by 8 per cent,

although the economic situation of the year does not seem sufficient to explain this completely. This development will need to be monitored in the future.

- For yet another year, Spain ranked amongst the EU-27 nations that devote the highest percentage of their GDP to active employment policies. However, the expenditure deficit in relation to unemployment rates persists, which measures the coverage of expenditure on the unemployed, and in terms of expenditure per jobseeker, approximating the intensity of actions for each jobseeker, also considering the effectiveness and efficiency of expenditure.
- Returns on the resources dedicated to active labour market policies largely depends on the adequate staffing, qualification and organisation of the public employment services. However, in Spain there are still deficits in comparative terms, such as the high ratio of persons seeking employment to professionals, the virtual absence of specialised staff to attend to both employment seekers and companies, and scarce recourse to public-private and public-public collaboration.
- In 2024, significant changes were made to the unemployment protection assistance level to achieve a better connection between unemployment protection and active labour market policies. It was made compulsory to sign an activity agreement for access to the subsidy, and the supplementary employment benefit (CAE) was regulated as a measure of compatibility between the subsidy and employment, with the aim of eliminating any disincentive or penalty for returning to employment. However, there is still a need to strengthen the routes between unemployment and work.
- Long-term unemployment has become especially important and should therefore be a priority for active labour market policies. To this end, in 2024, the guarantee of an individualised profile for beneficiaries of the subsidy over 45 years of age was established, although its nature as a guaranteed service in Employment Act 3/202 requires that any jobseeker be able to access the profile. The development of a comprehensive strategy for employing long-term and older unemployed individuals has also been undertaken.
- In 2024, a year of change of the EU political cycle and the renewal of its institutions, the European social dialogue has been clearly supported as a pillar of democracy and a cornerstone of the social market economy of the European Union, advocating its reinforcement. In March 2025, the Commission and European cross-industry social partners signed a new Pact for European Social Dialogue that will seek to boost the role of social partners in shaping social, employment and labour market policies.
- In Spain, the tripartite social dialogue produced a new agreement in the Social Security and Pensions Dialogue Table which, among other measures, extends

and improves the scheme of incentives for the phased retirement of workers (Royal Decree-Law 11/2024), as well as an agreement for the regulatory implementation of measures and resources for real and effective equality of LGTBI people in companies, as well as two others on the rules of implementation of the new vocational training.

- Although tripartite social dialogue roundtables have been active in other areas, no further agreements of this scope were reached. Other agreements were reached between the government and the most representative state-level trade union bodies on the reform of unemployment benefits, the reduction of working hours, and the increase in the national minimum wage.
- Conversely, some of the labour and social measures approved have not been subjected to a prior social dialogue process and, on occasions, consultations that would have been mandatory have not been carried out.
- The wage increases agreed in collective bargaining in 2023 and 2024, which are still provisional (3.7 and 3.3 per cent respectively), are in line with the guidelines of the 5th Labour and Collective Bargaining Agreement for those years and broadly confirm a recovery in wages agreed on an aggregate basis for the majority of the wage-earning population covered by collective bargaining. A slight gain in purchasing power was also confirmed for collective bargaining as a whole after the losses recorded in 2021 and, above all, in 2022, although not enough for this purchasing power to advance over the last ten years, which accumulated a real agreed wage increase of -0.41 per cent.
- By December 2024, half of all Spanish companies with 50 or more employees had filed and implemented an equality plan, an increasing proportion over time. As pointed out in the previous Annual Report of the ESC, regardless the fact that some plans may have had difficulties in negotiation, and despite the significant progress in the total number of registered plans and proportion of companies covered, the data still indicate a wide margin for improvement in the rate of coverage of equality plans.
- In the field of public employment, on the other hand, there is still no information on the drafting and implementation of the equality plans that public administrations are required to have, as well as their protocols against sexual harassment and gender-based harassment.
- Within a context of growth in activity and employment, the increased strike activity that had been occurring over the last decade within a relatively low level of conflicts slowed down further in 2024. These conflicts were reduced in both private and public sectors, but there was a significant decrease in the economic impact of strikes in the public sector, with a sharp fall in the number of days not

worked. Conflicts arising from collective bargaining processes decreased by a quarter and their labour and economic impact was reduced, a significant change compared to 2023.

- In the regulatory field, the approval of Regulation (EU) 2024/1689 of 13 June, the first harmonised European regulation for artificial intelligence systems that is also expressly applicable to labour relations in companies, is especially noteworthy. Directive (EU) 2024/2831 of 23rd October on improving working conditions in platform was also adopted, being especially relevant to the goal of promoting innovative forms of work while ensuring quality working conditions. However, it should not be forgotten that several labour directives are still pending transposition, some of them past the deadline. A number of internal labour regulations were also approved, including on the shared scope of application of collective agreements, and various other amendments to the Workers' Statute Law, regulations on equality and non-discrimination, raising the minimum wage, and various measures to protect workers from the effects of the DANA.
- In 2024, the total number of cases decided by the social courts rose sharply after two consecutive years of decline, making it the highest in the last decade. On the other hand, according to the latest available data for 2023, the overall situation of the social jurisdiction in terms of resolution, congestion and cases pending rates, continued to worsen, and an increased saturation of the social courts was also observed.
- In the second year of implementation of the Action Plan (2023-2024) of the Spanish Strategy for Safety and Health at Work 2023-2027, when employment continued to rise, the relatively improved figures for total occupational accidents in 2024 were however greatly overshadowed by a concerning marked increase in fatal workplace accidents in paid employment, especially during working hours. The rate of these accidents remains stagnant at above 3 per 100,000 (with an average of 3.4 in the period 2017-2023, the latest with definitive data), which means an average of 610 people killed per year due to workplace accidents.

CHAPTER III

QUALITY OF LIFE, PROTECTION AND SOCIAL INCLUSIONS

In 2024, challenges in the area of social and welfare policies continued to be marked by the socio-demographic context of an increasing population, thanks to immigration, and, at the same time, an increase in ageing and greater longevity. This chapter of the Report, devoted to living conditions, social protection and inclusion, takes this observation as the main stepping stone in its first section, which analyses living conditions from the perspective of income and its distribution, focusing on the evolution of inequality, the risk of poverty and material deprivation.

Together with inequalities in income distribution, persistent inequalities between men and women as well as violence against women stand out among the main threats to social cohesion, which is why the second section of this chapter highlights the situation and the initiatives adopted in 2024, emphasising Spain's comparative position based on the reports of various international organisations.

Within a context of scarcity and shortage of supply, difficulties in accessing housing and meeting the associated costs are one of the main social problems reported by the population in 2024. The main indicators of effort, the measures adopted in this area and the debates surrounding the problem are analysed in the third section of this chapter, which also looks at the challenges of liveability, increased energy poverty, and the progress and challenges in terms of sustainable urban planning and urban resilience.

Spain is especially affected by the climate crisis and its consequences. Within this context, the fourth section addresses from a social perspective the situation of the main environmental parameters, such as water management and quality, the reduction of emissions, the conservation of ecosystems, the prevention of fires and the restoration of degraded areas in a year marked by the DANA catastrophe.

The evolution of household consumption expenditure as an indicator of quality of life, but above all its implications in terms of living conditions, as well as the challenges from the perspective of consumer and user rights, are dealt with in the fifth section.

Sections from 1.6 onwards deal with the main dimensions of the social protection system: the healthcare system, the dependency care system, social security and pensions, unemployment and severance protection, as well as social inclusion policies.

In 2024, this social protection system as a whole continued to display its robustness and broad scope, but also its weaknesses, whose aspects are described in each section by means of a review of the latest indicators that report in each case the spending effort, the evolution of the number of beneficiary households and individuals and their profiles, the initiatives undertaken in the year, and the monitoring of the results of those of previous years. All of this is examined from the perspective of quality and equal protection that includes the gender perspective.

This entire network of welfare policies in our country accounts for over half of all public spending and includes both the social protection system itself and public services that are decisive for quality of life and social cohesion of both the present and future such as education and environmental protection.

As with the COVID-19 crisis, and despite this important effort, the DANA tragedy laid bare the enormous social vulnerability that may suddenly arise from unforeseen but increasingly probable events, such as those associated with natural risks and extreme meteorological phenomena, the risk of new pandemics, the fragility of infrastructures [1] or technological dependence in a convulsive geopolitical context. Spanish society has shown its maturity and solidarity in responding to this type of event and numerous remedial measures have been adopted throughout the year, discussed in this chapter. However, boosting people's resilience and security in the face of these incidents requires reflecting on these new social risks, their prevention, and management based on consensus and cooperation.

Artificial intelligence (AI) opens the door to previously unimaginable improvements in living conditions and quality of life, education and access to knowledge, health and welfare management or access to products and services. This chapter's section on the featured topic deals with the social impacts of the new AI paradigm from a humanistic perspective that aims at algorithmic governance based on trustworthiness, transparency and accountability, in line with the principles of the new European regulation. It addresses issues such as the challenges and opportunities posed by AI for welfare and social protection policies, equality and non-discrimination, as well as for the ecological transition.

Conclusions

Living conditions and social cohesion

- Significant population growth, underpinned by immigration, continued to support economic and employment growth in 2024, and was key to interpreting the social trends and policy developments discussed in this chapter. By the end of the year, the number of inhabitants had reached 49 million, with a foreign population accounting for 16 per cent of the total (19 per cent if country of birth is taken into account), with significant regional differences.

1 Regarding the need for maintenance and investment in them, see Chapter 1.2.2 of the full 2024 ESC Report.

- A lower increase in the cost of living than in previous years and better access to finance led to some recovery in the real disposable income of households and in people's living conditions in aggregate terms. This resulted in a slight fall in income inequality and poverty risk, although insufficient in relation to the economic and labour improvement: over a quarter of the population was at risk of poverty and social exclusion, including 16.3 per cent of the employed population. Additionally, more than half of the households were making ends meet on a tight budget, and almost one in ten were struggling to do so. Although there was a decrease in the most severe situations of poverty, more than half a million households lacked income from work, confirming the persistence of situations of structural precariousness which require greater attention.
- The highest risk of poverty affects the unemployed, those of foreign origin, and households with dependent children, especially single-parent households. The child poverty rate remains well above the European average: 34.7 per cent compared to 24.8 per cent.
- Although significant progress has been made in social protection policies, the persistence of these social gaps does not correspond to the country's levels of development or to the social principles of the EU framework. There is still a need to promote policies aimed at achieving greater social progress, as has been recommended to Spain by the European Commission.

Tackling gender inequalities continues to be a challenge for social cohesion

- Along with distributional inequalities from a purely material perspective, the persistence of inequality between men and women, as well as violence against women, stand out among the main threats to social cohesion. Various global comparative reports, such as the Beijing Platform for Action (BPfA), value positively Spain's progress in the field of gender equality but point to the continued presence of problems such as the wage gap, the glass ceiling, the lack of co-responsibility and gender-based violence. According to the Gender Equality Index (GEI) drawn up by the European Institute for Gender Equality, in 2024 Spain will maintain its fourth position within the EU-27, with notable improvements in traditionally weak areas in our country, such as the unequal distribution in the use of time between women and men.
- In the face of the growing spread of the discourse that discredits and questions the usefulness of policies aimed at promoting equality between women and men, advances such as the endorsement of the constitutionality of the introduction of the gender perspective in anti-discrimination policies, as well as the approval of Organic Law 2/2024, of 1 August, on Equal Representation and Balanced Presence of Women and Men, are particularly relevant.

- The public portrayal of women constitutes an important field of action of egalitarian culture, with social networks posing one of the major challenges due to the appearance of an online ecosystem that promotes the most traditional gender roles, including some currents that foster an abusive and violent environment for women.

Violence against women: reduced tolerance, regulatory progress and new challenges

- Twenty years after the approval of Organic Law 1/2004, of 28th December, on Measures for Comprehensive Protection against Gender Violence, Spanish society is making progress in reducing tolerance towards macho behaviour. In 2024, their visibility and social condemnation became evident in various areas of public life, such as culture, sport and politics. Additionally, the revision of the State Pact against gender-based violence was approved by a large majority in 2025, extending planned measures from 290 to 462, and incorporating new forms of violence, such as vicarious, economic and digital violence.
- Within the context of the European Union, Directive (EU) 2024/1385 of the European Parliament and of the Council of 14 May 2024 on combating violence against women and domestic violence finally entered into force.
- Statistics on gender-based violence continue to show the magnitude and persistence of this serious social problem, although in 2024 there was a decrease in both the number of victims per 10,000 women and femicides per million women, while the use of protection mechanisms and resources is increasing.
- However, crimes against sexual freedom continued to increase, although to a lesser extent than in previous years, which may be related to both awareness-raising policies and reduced levels of under-reporting. As a significant piece of news, Royal Decree 664/2024 of 9th July was approved, regulating economic aid for victims of sexual violence (ESC Opinion 10/2023), which is still pending the implementation of instruments to make this support more effective. Progress was also made in the implementation of early detection protocols in the healthcare sector.
- The approval of the comprehensive Organic Law against trafficking in human beings (CES Opinion 3/2023) is still pending, while more than 80 percent of women in situations of sexual exploitation and prostitution may be at risk of trafficking, according to the first macro-study.

Difficulties of access to housing

- The uneven deployment of Law 12/2023, of 24th May, on the Right to Housing (the Housing Law) and other initiatives aimed in that direction marked the year 2024, against the backdrop of worsening difficulties in accessing and affording housing, problems concentrated in certain social groups and geographical locations within a context of high prices and scarcity of supply, while the necessary consensus on solutions to this serious problem was far from being reached.

- Despite the rise in housing prices, both free and subsidised, heterogeneous at the territorial level, sales and purchases increased by 16.4 per cent, driven mainly by second-hand housing, and the rehabilitation of dwellings was also reactivated.
- Ownership continues to be the predominant regime in Spain (75.1 per cent) and the fall in interest rates in response to the fall in Euribor has led to a year-on-year increase in mortgages taken out. Even so, the proportion of households (38.6 per 100) with a high financial burden relative to income remains high, especially among low-income and young households. No official information is available on the scope of the Youth Rental Subsidy (Bono de Alquiler Joven).
- The specific difficulties faced by the youngest people in accessing housing persist while 90 per cent of them consider the high cost of renting as the main barrier to independence, the average age of emancipation in Spain rose to 30 years in 2024, compared to a European average of 26.2 years.
- In the second year of implementation of the Housing Law, the reference index for the annual updating of rental contracts (IRAV) was defined at the end of 2024 to replace the HICP for rents, aimed at avoiding disproportionate increases in rental contracts. Other innovations introduced by the regulation, such as the possibility of price controls in stressed areas, have had a very restricted territorial application.
- Social, economic and gender inequalities are exacerbated among those who live in rented accommodation as opposed to those who have access to home ownership. The increased risk of energy poverty, which already affected 20.7 per cent of the population in 2023, is a clear illustration of these inequalities. Moreover, social housing barely covers 3.3 per cent of households in primary dwellings, therefore Spain would need to increase its stock by some 850,000 housing units to approach the European average.
- Residential exclusion in rural areas has its own specific issues, as the high proportion of empty dwellings does not guarantee their entry into the market due to deterioration, low energy efficiency or poor adaptation to current needs within a context of increasing depopulation and ageing.
- The importance of developing land and urban planning that is sensitive to the needs of access to permanent housing, as well as the mobilisation of land for affordable housing, must be underlined. In this regard, it is worth recalling the 2024 suspension Land Law Reform Bill due to the lack of parliamentary support, an essential piece of housing and urban planning policy which, given the seriousness of the housing crisis and its important consequences for social cohesion, deserves to be the subject of a State pact.

Environmental quality

- The 2023-2024 hydrological year was characterised by high rainfall unevenly distributed throughout the territory which, in addition to increasing the water reserve by 15% year-on-year, occasionally reached extraordinary records and caused the DANA of October, with catastrophic effects in the Valencian Community and to a lesser extent, in Albacete, Ciudad Real and Cuenca. As a result of this catastrophe, the need to effectively incorporate flooding risks into urban planning has become evident, ensuring water-sensitive urban development, but also the need to consider social vulnerability within the integrated management of this type of risk, given that there is a pattern of social inequality in terms of its impact.
- Authorised discharges of wastewater into the public water domain are increasing, especially in groundwater. In contrast to these results, bathing water quality achieved excellence in 92% of marine waters and 54.8% of fresh waters. On the other hand, water losses in the distribution network continue to be high, accounting for 25.8% of the total water supplied.
- Air pollutant emissions listed in the Spanish inventory system continue to fall. The update of the National Pollution Control Programme (PNCCA 2023) foresees significant reductions in pollutant concentrations between 2025 and 2030, possibly leading to a significant reduction or disappearance of non-attainment areas, except for non-methane volatile organic compounds (NMVOCs), for which the analysis of additional target-oriented planning measures and instruments is envisaged.
- Almost 80 per cent of environmental expenditure is devoted to waste and wastewater management. Spain is registering increased waste generation above the European average, especially waste sent to landfills (43 per cent), and this is delaying the achievement of the targets set by EU regulations. Law 7/2022 requires the setting of a fee to provide waste management services, however its lack of harmonisation and the fact that it is not yet widely applicable diminishes its effectiveness.
- The effects of climate change are becoming more acute among vulnerable populations in terms of the rate of deaths attributable to extreme temperatures or morbidity and deaths due to poor air quality. The scientific approach to measuring social vulnerability shows an unequal distribution of the costs associated with this damage, considering the dimension known as “territorial sensitivity”, which refers to the territorial weaknesses that can increase the consequences of disasters in the short, medium and long term. Local authorities are expected to boost their driving capacity to achieve climate neutrality targets.

Consumer and user rights

- In 2023, the last year with qualitative data, average consumption per household barely shoed any growth (0.5 per cent in real terms between 2022 and 2023), but expenditure in current euros increased by 3.3 per cent due to inflation, especially in food products, where real consumption fell by 5.1 per cent but expenditure rose by 5.6 per cent.
- The number of households in Spain exceeded 19 million in 2023 (increasing by 6 per cent in ten years), but their average size decreased to 2.5 persons due to increased numbers of single-person households and a decrease in traditional households with children. At the same time, households with main breadwinners over 45 years of age constitute a large majority and those headed by women (36 per cent) and foreigners (16 per cent in 2023) are growing.
- This characterisation determines the direction of consumption, which on average tends to decrease. Additionally, small and single-parent households have lower consumption, higher vulnerability and spend more of their budget on essentials, while households with children spend more on food, housing, transport and education.
- The level of education and the country of birth of the main breadwinner exert a significant influence on expenditure: households with higher education spend 40 per cent more and those of foreign origin 20 per cent less, although with similar consumption patterns.
- 2023's price protection measures were extended in 2024: reduced VAT on basic foodstuffs, extended electricity vouchers and a ban on supply cuts for vulnerable households.
- Following the 2024 DANA, extraordinary measures were adopted to protect consumers, including a mortgage moratorium, ban on cutting off energy, water and gas supplies, and facilities to terminate contracts and recover early payments in affected areas.
- However, the creation of the Independent Administrative Authority for the Protection of Financial Customers, which should strengthen the protection of financial users and speed up the resolution of complaints against financial institutions, is still pending.

Education and training

- Compared to the European average, in 2024, the Spanish education system continued to make outstanding progress in some certain areas, reaching EU targets several years ahead of the European average, such as in early childhood education. In others, however, progress was insufficient, slow and even negative.

- Despite continuing to falling numbers, 13.7 per cent of the young population continued to drop out of school early, which puts Spain 4.7 points above the European target (9 per cent).
- Another of the most important challenges facing the Spanish education system is that of key skills since, according to the latest edition of PISA (2022), Spain recorded a deterioration in the reading and mathematical skills of 15-year-old students, although it remained stable in science.
- The low performance of the education system in relation to key skills is also evident among the adult population (16 to 65 years old), whose average skills levels are below the OECD average, emphasising the importance of continued educational retraining. Although 34 per cent of the adult population has participated in education and training programmes, this is far from the European target for 2025 (47 per cent) and even more so from the target set by Spain for 2030 (60 per cent).
- In line with the socio-demographic trends of recent years, there continues to be a decrease in enrolments at the first levels of entry into the system and increased numbers of foreign students in non-university education which, in the 2023-2024 academic year, exceeded one million for the first time (12.2 per cent of all students).
- Vocational education and training continued to increase in attractiveness and exceeded one million students, although there are fewer female enrolments than in the rest of post-compulsory education. Dual VET has experienced strong growth since the approval of the Organic Law on the Organisation and Integration of Vocational Training (LOIFP), although its weight is still low.
- The university system has continued to focus on the implementation of the Organic Law on the University System (LOSU) and has faced important challenges, most notably the difficulty of financing the universities deal with aspects related to the dedication and stabilisation of teaching and research staff. There also remains the challenge of funding public universities within a context of strong competition with private universities.

Healthcare system

- The Spanish health system has shown remarkable resilience in the aftermath of the pandemic. In 2023, life expectancy returned to pre-crisis levels (83.8 years), placing Spain among the countries with the longest life expectancy in the world.
- This recovery has been favoured by high vaccination coverage which, according to official estimates, saved some 127,000 lives in Spain and reduced the expected deaths from Covid-19 by 64 per cent. However, booster dose coverage in the over-60s has declined, posing the need to boost annual vaccination campaigns.

- In primary care, the pandemic accelerated the adoption of telemedicine, consolidating a hybrid model of care. Although face-to-face consultations have regained some of their prominence, teleconsultations still represent a significant percentage, which poses opportunities and challenges in terms of accessibility and quality.
- Activity in specialised care and surgery has surpassed pre-pandemic levels, but waiting lists remain high: at the end of 2024, more than 846,000 patients were waiting for surgery and almost four million were waiting for their first consultation with a specialist. The average waiting time for surgery is 126 days.
- The mutual insurance system went through a period of crisis regarding the adequacy of the resources provided to insurers, which was resolved in 2025 with the signing of a new agreement to guarantee coverage for 1.5 million people. However, the model faces structural challenges due to the ageing of its beneficiaries, among others.
- In terms of public health expenditure, this reached 97,661 million euros in 2023, with a growth of 6.2 per cent compared to the previous year, although the real increase would not exceed 3 per cent due to inflation.

Dependency care

- The main gender gap in unpaid work is related to childcare, where 60 per cent of women in Spain spend more than five hours a day, compared to 30 per cent of men.
- Progress is being made with regard to co-parenting policies in childcare: in 2024, 53 per cent of the beneficiaries of parental leave were fathers. However, in the same year, the percentage of women taking family care leave also increased (84.5 per cent), as well as the percentage of women working part-time to care for children or disabled family members (17.3 per cent, compared to 3.5 per cent for men). All this demonstrates, on one hand, the effectiveness of paid leave in promoting greater co-responsibility on the part of men and, on the other hand, that inequalities persist in other areas of care.
- Two recent rulings of the Constitutional Court highlight the need to promote a reform of parental leave in order to adapt it to the reality of single-parent families. At the same time, the European Commission has proposed a sanction against Spain for failing to comply with the European directive on work-life balance by not regulating the form of financial compensation for the new parental leave that may be taken up to the age of 8. This non-compliance reinforces the need to recognise an economic consideration associated with these leaves as a guarantee of co-responsibility in reconciliation and care.

- In 2024, the number of people recognised as dependents reached 1.64 million, four times more than in the early years of the system, and the number of effective beneficiaries exceeded 1.5 million, an increase of 7.4 per cent over the previous year. This progress has reduced the waiting list to historic lows: from 155,241 people in 2023 to 118,333 in 2024, although part of this reduction is due to the granting of low-intensity benefits, such as telecare, and deaths on the waiting list.
- Waiting times, however, increased again in 2024 and averaged 334 days, far from the legal maximum of 180 days and with large territorial differences.
- The financial benefit for family care remains the most frequent (30 per cent), reflecting the persistence of gender bias in care, with negative consequences on women's health, well-being and labour market integration. Excluding telecare, which is a supplementary benefit, financial benefits still outweigh professional services, which affects the quality of care funded by the system.
- In terms of services linked to financial benefits, residential care and home assistance account for 75 per cent of the total, which shows the preference for professional care.
- Dependency expenditure reached 11,522 million euros in 2023, an amount that presents limitations in terms of meeting the commitments to the scope and quality of care of the System for Autonomy and Care for Dependent Persons (SAAD).
- In 2024, a new Inter-administrative Cooperation Framework was approved to improve management, reduce waiting lists, and strengthen the quality and professionalisation of services, pending the reform of Law 39/2006 to consolidate these advances.

Social security and pension system

- In 2024, the process of reforming the public pension system continued, with the approval of Royal Decree-Law 11/2024, of 23rd December, to improve the compatibility of retirement pensions with work, based on a new agreement of the Social Security and Pensions Social Dialogue Roundtable, –the Social Agreement to improve the compatibility of retirement pensions with work– for the regulation of a new procedure for access to pensions for highly dangerous activities and for the better use of the resources of mutual insurance companies for the recovery of workers.
- At the start of 2025, the Independent Authority for Fiscal Responsibility (AIReF) presented its first assessment report on the impact of the latest reforms, in which it concluded that the pension expenditure rule is complied with and, therefore, in the short term no additional measures are required to guarantee the financial sustainability of the pension system.

- In 2024, 10.2 million contributory pensions were reached. The average amount was 1,255 euros per month and a further reduction of the gender gap was noted. In case of retirement pensions, the effective age of access increased to 65.2 years and there was a significant increase in both ordinary retirement pensions, due to the incorporation of the first cohorts of *baby boomers* into the system, and in delayed retirement pensions following the improvements to the incentives incorporated in the latest reforms.
- Within the area of temporary disability, the number of cases initiated, and their average duration increased, within a context characterised by the dynamic nature of employment, the gradual ageing of the working population, and the increased response times of the public health services. In this regard, it should be noted that Royal Decree-Law 11/2024 includes several initiatives aimed at improving the management of time off work and protecting workers' health.
- In a year marked once again by strong employment and consequently, social security contributions, the Social Security system maintained a deficit level very similar to that of the previous year, at around 0.6 per cent of GDP.
- In 2024, the improvement in the results of the supplementary social provision was consolidated after the deterioration recorded due to the inflationary crisis in 2022, with significant growth in both the total assets of pension plans and the number of members, mainly in occupational plans.

Unemployment and cessation of activity protection

- The coverage and quality of unemployment protection has improved: in 2024, the unemployment coverage rate increased to 72.4 per cent, with improvement in contributions both in terms of the number of beneficiaries (an increase of 4.9 per cent) and the average amount of benefits (2.6 per cent more than in 2023). However, despite improvements in employment, the average recognised duration of contributory benefits remains far from the heights reached in 2013 (14 months on average compared to 18.5 months in 2013).
- Moderate decrease in care: although the system remains predominantly subsidy-based (53 per cent), there has been a slight decrease of 2 per cent in this dimension.
- Significant gender and age gaps persist women and persons over the age of 50 continue to be more dependent on subsidy benefits and have poorer quality coverage. The unemployment coverage rate for women is almost 12 percentage points lower than for men and they are in the majority in almost all age cohorts in the subsidy aid dimension.

- The severance benefit is increased by 20 per cent compared to 2023, with an important structural change: except for 2018, this is the first time since 2013 that the number of favourable decisions exceeds the number of rejections.
- Despite the strong growth in severance benefits, almost half of all applications are rejected and the number of benefits in force in 2024 represents 0.2 per cent of the total number of affiliates of the Special Self-Employment Regime. There is no data on the level of coverage of self-employed persons who have ceased their activity and are ready to re-enter the labour market.
- The Royal Decree-Law 2/2024 of 21st May reforms the care dimension. On the one hand, the extension and increase in the protection stands out: increased initial amounts (except for people over 52 years of age), coverage for people under 45 years of age without family responsibilities, or the elimination of the "waiting month". On the other hand, the modalities of the subsidy are simplified and reorganised, eliminating duplications and programmes such as the Active Labour Market Insertion Income. However, the regulatory dispersion of certain modalities detracts from the internal coherence of the semi-contributory benefit system, while progress is still required on the pathways to employment.

Inclusion and non-discrimination policies

- The number of Subsistence Minimum (IMV) benefits has increased by 26.7 per cent in 2024. Around 37 per cent are only recipients of Complementary Childcare Benefits (CAPI) and another 30 per cent receive the basic benefit in addition. Given the parenting nature of the CAPI, requirements such as census registration or age, among others, raise the transaction costs of a benefit that is intended to alleviate parenting and childcare costs.
- Coverage problems persist: 73 per cent of households eligible for CAPI and 56 per cent of households eligible for the basic IMV benefit do not receive it. According to the AIReF, some of the main causes include lack of access to information, unfamiliarity with administrative language, and the fear of repayment for undue payments. Some studies point to the importance of accompaniment and counselling in reducing non-coverage rates.
- High litigation and management problems: around 10% of applications generate prior claims and court litigation has increased by almost 50% in 2024, reflecting problems of administrative functioning. In the case of requests for repayment of undue payments, there is a scenario of excessive delay in the time elapsed before the demand for repayment is made (10 monthly payments on average).
- The risks of feminisation of poverty: women are the majority recipients of unemployment benefits (58.5 per cent), minimum living income (67.5 per cent) and

non-contributory retirement pensions (63.5 per cent). The data reveal the risk of consolidating a dual social protection system, with a robust sub-system for men and a more limited one for women, affecting their current rights and prospects for future rights.

- IMV regulatory developments: An automatic gateway between unemployment benefit and the IMV was implemented in 2024 to ease the transition and reduce bureaucracy. The application processes were also simplified, eliminating requirements such as proof of five years of cohabitation for unmarried couples or the requirement that all members of the cohabitation unit sign the application form.
- New tools to improve the management of social services: the State System for the Management of Social Services Information (SEGISS) and the State Information System for Social Services (SIESS) were implemented in 2025. These tools seek to handle and statistically analyse the information collected by primary care social services professionals in the course of their daily work, thus facilitating better planning and adaptation of resources to social needs.
- Sharp decline in regional minimum incomes: since the entry into force of the MVI, regional minimum incomes have fallen by 34%, with significant differences between regions and autonomous cities. Some territories have better integrated the two benefits, while others have reduced expenditure or modified the regulations, making them incompatible, which has led to a reduction or even the virtual elimination of these benefits.
- Following the legal consolidation of the Comprehensive Law 15/2022 on equal treatment and non-discrimination, the constitution of the equality body envisioned by the Law for better victim protection is still pending.
- The reform of Article 49 of the Constitution in 2024 stands out as an example of progress in the equality of persons with disabilities. Despite improvements such as those of Organic Law 5/2024 of 11th November on the Right of Defence, significant barriers to universal accessibility persist in a large part of the housing stock.
- Despite the significant inequalities in education, employment, housing and health suffered by people of migrant origin, other indicators, such as the increased number of authorisations to settle in Spain and naturalisations, point to positive results in the field of social integration. The latter may be also facilitated by some measures of the new Immigration Regulation, such as extending cases of family reunification, socio-educational integration and the second chances measure.
- Irregular arrivals by sea continued to cause serious humanitarian situations, given the limitations of the national receiving system and the difficulties of coordinating between the autonomous communities. Already in 2025, a new legal

framework for the redistribution of unaccompanied minors was adopted as a matter of urgency.

- Within international context where hate speech and disinformation are spreading, preventing and combating xenophobia requires greater efforts. According to the Council for the Elimination of Racial or Ethnic Discrimination (CEDRE), discrimination based on racial or ethnic origin is increasing, while hate crimes motivated by racism and xenophobia are the most numerous (41.8 per cent).
- Sexual orientation and gender identity are the reasons behind 23 per cent of hate crimes. It is worth highlighting the relevance of the measures for equality and non-discrimination of LGTBI people in companies, approved in 2024 as a result of social dialogue.

MAIN TOPIC: TECHNOLOGICAL CHANGE

BOX 1. **ECONOMIC IMPACTS OF TECHNOLOGICAL CHANGE**

A FOURTH INDUSTRIAL REVOLUTION ACCELERATED BY ARTIFICIAL INTELLIGENCE

The economy, work and society have been profoundly changed by major technological disruptions that have generated new paradigms, paving the way for different industrial revolutions.
We are currently immersed in the fourth industrial revolution, consisting of fully consolidated technological advances such as hyperconnectivity, a high penetration of the Internet of Things, the application of artificial intelligence systems or advanced big data analysis.

DISTINGUISHING ELEMENTS OF THE 4TH INDUSTRIAL REVOLUTION

Global, multi-sectoral and interconnected scope:

It is not limited to a specific sector, but transforms multiple areas of human life beyond the world of production.

Unprecedented speeds:

It is unfolding at a dizzying pace, much faster than previous revolutions, thanks to technologies such as artificial intelligence, automation, and quantum computing.
Widespread impact on employment. It affects manual tasks as well as intellectual and creative work, requiring constant adaptation, continuous training, and the acquisition of new skills.

Prominence of data:

It is driven by access to and analysis of big data, which creates new challenges related to privacy, ethics and information security.

More complex ethical and social challenges:

It rises the debates on the balance between technological progress and individual rights, especially with regard to consent and personal data protection.

New geopolitical context:

In contrast to previous stages which were marked by global expansion, the current revolution is taking place in an environment of revised globalisation, with a rise of protectionism and the search for strategic autonomy in the wake of events such as the pandemic.

AI AS A MAJOR DISRUPTIVE ELEMENT

Within the fourth industrial revolution, artificial intelligence represents the convergence of advances in computing, bigdata, machine learning and algorithms.
It endows machines with the ability to perform human intelligence tasks, such as reasoning, learning or creativity, by means of algorithms and models based on mathematical, statistical, logical, computer and linguistic knowledge, imitating or even improving human cognitive functions.
Currently, the generative version (GenAI) has attracted the most interest.

Potential and challenges of GenAI

Potential:

- Creates quality and diverse content
- Generates synthetic tabular data
- Complements/replaces human labour
- Improves user experience
- Democratises information
- Promotes R&D

Challenges:

- Generates false content
- Creates/amplifies biases
- Reduces/limits creativity
- Causes/exacerbates conflicts, dilemmas or ethical, legal and social problems
- Hinders/impedes control, oversight or regulation

Source: COTEC.

MACROECONOMIC IMPACT OF AI

Existing consensus:

AI has transformative potential, but unpredictable macroeconomic impacts.

Empirical evidence:

It expects the impact of AI to be limited as it is at an early stage of adoption. Macro-level estimates show clear impacts, but with a very open range. Therefore, the academic literature has opted to estimate the micro-level impact on specific tasks and occupations and, from there, to infer aggregate effects for the economy as a whole. In any case, advances in AI must be disseminated throughout the economy for productivity gains to materialise. This takes time, as they must be adopted and deployed by all firms, including SMEs, and some may be slow to adopt these new advanced technologies or lack the skills to make them profitable.

Limitations:

To what extent, how and when the resulting efficiency gains and potential effects on productivity and economic growth will materialise is difficult to judge and will depend on the speed of progress, the diversity and development of applications, and their widespread deployment, and even whether they will accelerate further or stagnate. The lack of indicators to measure the resulting cost savings makes it difficult to analyse the impact.

Other impacts:

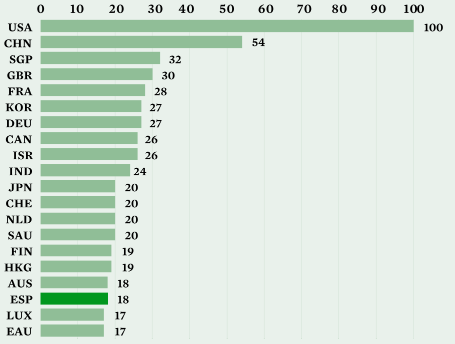
Other macroeconomic impacts of AI on employment and the labour market, as well as social and environmentalimpacts, need to be considered as a whole when assessing its contribution beyond productivity gains and growth.

Need for increased research efforts:

To overcome the imbalance between the scale and speed of the emergence and deployment of these disruptive technologies, and the limited knowledge of their consequences.

BOX 1. **ECONOMIC IMPACTS OF TECHNOLOGICAL CHANGE** (*continuation*)

POSITIONING IN AI INNOVATION AND INVESTMENT



Source: Tortoise, Global AI Index, 19 September 2024

THE IMF'S AI PREPAREDNESS INDEX, 2023

It measures preparedness based on indicators related to: digital infrastructure, innovation and economic integration, human capital and the labour market, regulation and ethics.

Singapore, Denmark and the United States top the index

The EU is at 66% of its optimal preparedness level

Denmark, the Netherlands, Estonia, Finland and Germany exceed 75%

Spain is 65% of the way to optimal readiness

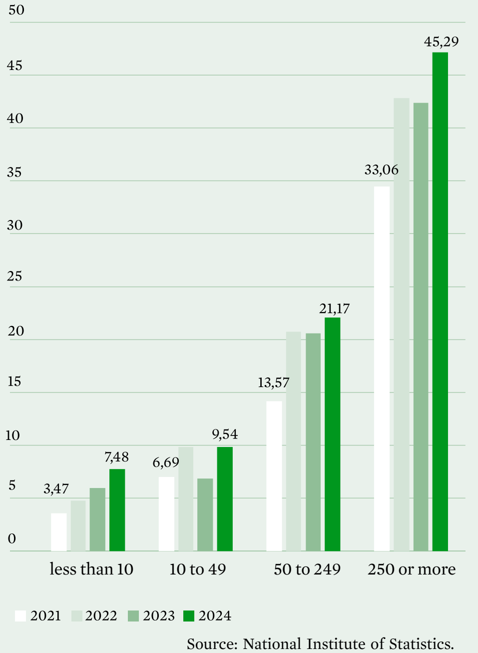
By category, Spain ranks among advanced economies in terms of digital infrastructure and innovation and economic integration, however it ranks lower in terms of human capital, labour market and regulation and ethics.

Artificial Intelligence, a key driver of productive activity

Deployment within the production fabric: situation and challenges

Situation

EVOLUTION OF AI USE IN SPAIN BY COMPANY SIZE



Source: National Institute of Statistics.

- **Significant growth** in AI adoption by Spanish enterprises.
- Significant variation in adoption **by size and sector of activity.**
- **Service companies** make the greatest use of AI in their activity, at 15.6 per cent.
- **Large industrial companies** are the most intensive users of AI, at 48 per cent.
- The AI tool most used by Spanish companies is **written language analysis.**
- The main application of AI is in **marketing and sales.**
- More than three out of four Spanish companies have given up on using AI due to a **lack of** relevant **expertise** in the company.

BOX 1. **ECONOMIC IMPACTS OF TECHNOLOGICAL CHANGE** (*continuation*)

Deployment within the production fabric: situation and challenges	**Gaps**	• Despite the progress made, **digital divides persist** in Spain, which may limit the development of AI. • Connectivity remains limited in certain rural areas or in areas of low population density. • **Small and medium-sized enterprises** generally use AI solutions less intensively. • There is a need for greater **awareness, literacy and promotion** of the digitalisation of small businesses.
	Cybersecurity	• **Increasing exposure** of citizens and businesses to such threats. • AI currently plays a **key role** in detecting and responding to cyber-attacks. • AI also poses challenges since its use by cyber criminals has led to **increasingly sophisticated** attacks. • The development of AI poses an **economic-financial and technical challenge** in terms of cybersecurity • **Human oversight** is essential to ensuring a use of AI in cybersecurity balanced and ethical.
	R&D&I	• In Spain, efforts have been concentrated on promoting **R&D** for the development of AI. • AI is a very powerful tool and it is **revolutionising R&D processes** • **Advantages**: the ability to analyse large volumes of data, automated formulation of hypotheses, modelling complex phenomena, optimisation of experimental designs, or validation of results • **Proven potential** in disciplines such as engineering, biotechnology and pharmacology.
Economic policy in favour of AI	Conceived as a **comprehensive strategy** which, on the basis of **clear and transparent principles and rules of the game**, should aim to achieve a balance between favouring and promoting an accelerated **technological development** and ensuring that its benefits reach all **society** without compromising **fundamental rights**, minimising unintended consequences on economic and social balances and ensuring that **no one is "left behind".**	
	Key elements	• Having an **AI governance framework** that, based on the principles of equity, transparency and accountability, aims to achieve reliable, inclusive, sustainable and enriching AI. • Adopting **clear regulations** that provide certainty • Fostering a **digital ecosystem** that encourages innovation and favours scientific research. • Promoting the **adoption of AI** by citizens and businesses, especially SMEs, both in terms of physical capabilities, and human resources and organisational skills.

CONCLUSION

The great challenge facing societies with regard to technological transformation is to ensure that technological transformation, mainly digitalisation, and related developments and innovations, such as AI, are geared towards human, social and environmental progress.

The recent emergence of disruptive technologies with great potential, especially AI, makes it necessary to address a comprehensive strategy that encompasses the development, deployment and use by society as a whole. This includes all relevant actors, public and private sectors, experts and citizens, in order to extract the full potential offered by these technologies and to minimise their negative effects.

This implies the involvement of economic and social stakeholders, as the challenges arising in its economic, employment, environmental and social aspects make it necessary to reach a broad social consensus on the uses of AI, its limits and how it interacts between people and developments, with the goal of making AI a beneficial instrument to generate stable, sustainable and inclusive development in the medium term.

Source: Authors' own.

BOX 2. LABOUR IMPACTS OF TECHNOLOGICAL CHANGE

Labour impacts of technological change

The impact of technological change on employment may be quantitative, qualitative or a combination of both. Employment may also be affected in terms of changing profiles within jobs and occupations, and their related skill requirements. These same factors may also affect changes in pay and in the range of aspects that typically define job quality. How technology changes labour tasks and the work environment has important implications for job quality and ultimately for the well-being of workers.

EMPLOYMENT IMPACTS

Net positive impact of technological change in the long term.

In general, the three Industrial Revolutions prior to this one are estimated to have maintained (and even increased) employment levels.

Neutral impact of automation technologies prior to generative AI.

There is little evidence of a significant drop in overall employment in labour markets as a result of automation in the period immediately preceding the onset of generative AI. Similarly, the few studies that have already addressed the impact of AI on aggregate employment have found little to no effect on employment.

Increased reach and impact with the development of generative AI.

While previous waves of innovation had a greater impact on less educated workforces, recent developments mean that AI is also impacting non-routine cognitive tasks, extending its reach to skilled profiles. The wider reach and ease access of generative AI technologies suggest a more widespread impact on the labour market than previous waves of AI.

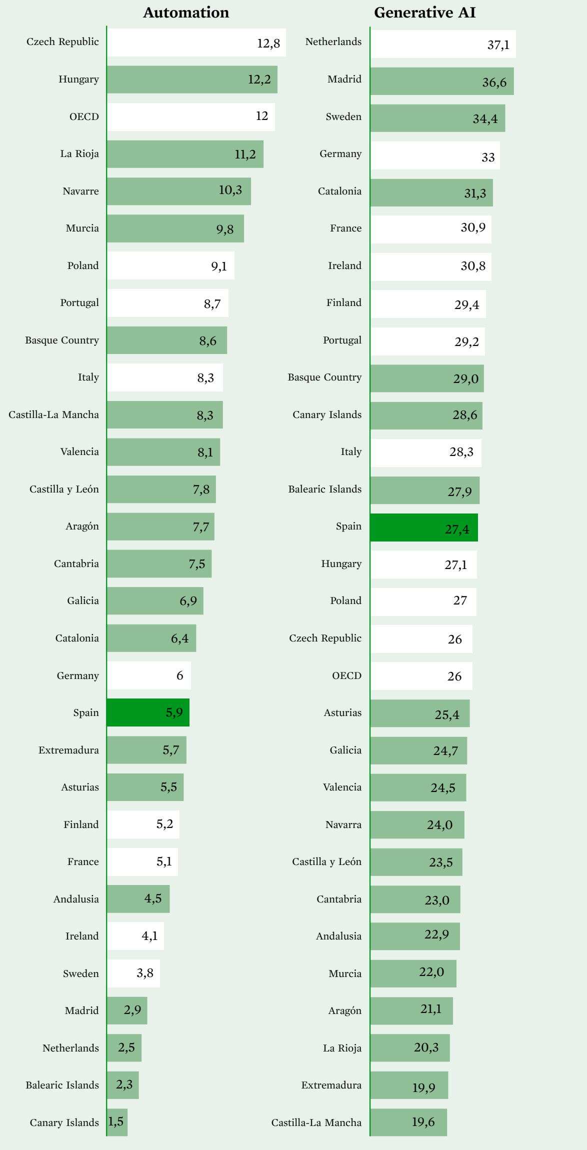
Increased exposure to AI does not imply job displacement.

It should correlate primarily with productivity, as exposure estimates measure the proportion of tasks that may be completed more quickly with the help of generative AI.

Technological change can lead to inequalities and difficult transitions.

The new jobs that are created are typically in different sectors, often in different regions, and require different skills than the jobs that were lost, which has contributed to increasing disparities between different groups of people and territories.

EMPLOYMENT EXPOSED TO TECHNOLOGICAL CHANGE, 2022



Source: OECD, 2024.

BOX 2. LABOUR IMPACTS OF TECHNOLOGICAL CHANGE (*continuation*)

Active labour market policies as a response to the challenges of technological change

Fewer professions use AI in Spain than in the rest of the neighbouring countries surveyed. Moreover, the pace of AI adoption is also somewhat slower. Despite this, around half of all workers report a need for training in this area. Therefore, active labour market policies should promote actions to enhance the employability of all workers, leaving no one behind, and to respond to production requirements, training for a responsible design and use of AI that avoids harming workers, companies or third parties. To this end, active labour market policies have the opportunity to integrate the use of AI to increase the efficiency and effectiveness of their actions:

Profiling of job seekers:

- characterisation and segmentation of jobseekers
- calculation of the probability of employment based on individual data and characteristics of the jobseeker.

Personalisation of services

- matching jobseekers to interventions, and active labour market policies programmes according to their requirements.
- Designing personalised training programmes adapted to territorial and personal diversity.
- integration of external databases (on socio-economic conditions, on performance in previous work experiences, results in previous programmes, etc.) for further fine-tuning of interventions.
- determination of conditions to be fulfilled for accessing training opportunities, hiring subsidies, etc.
- identifying employment opportunities for specific profiles or additional difficulties for labour market insertion.
- information and job counselling(chatbots)
- detection of irregularities in the provision of services and interventions

Improved* matching *between labour supply and demand:

- creation and enhancement of profiles by analysing resumes, detecting and enhancing key skills or experiences.
- optimisation of job offers (use of keywords that promote and focus the search among targeted candidates; use of terms that promote diversity, etc.).
- detection of training gaps and matching with available training offers.
- matching competences or skills of jobseekers with vacancies, including future vacancies resulting from prospective labour market analysis.

Market research and forecasting:

- greater level of information and variables, which contributes to greater equality in decision-making.
- better information and predictability of employment needs in the market, specific sectors, etc.
- support for workers' mobility on the basis of better information on vacancies. This information may be extended to source markets.
- prediction of events with impact on employment: probability of unemployment, risk of company closures.

Programme evaluation:

- analysis of the impact of programmes and services.
- identification of best practices based on impact.
- estimation of the probability of successful scaling up.

Networking:

- combining the activity of employment services with equivalent institutions and other sectors at regional or municipal levels.

Lack of robustness of AI tools

- biases in algorithm training data, which may reproduce patterns of discrimination.
- insufficient representativeness of data samples for certain groups of workers or categories of information.

Risks of discrimination and exclusion

- technological gaps (access or lack of skills) in certain territories.
- access barriers for persons with disabilities.
- discrimination is less intuitive and more difficult to detect if it originates in the system's design or behaviour.
- impossibility of detecting intangible or non-objectifiable elements of jobseekers and companies.

Transparency and explainability of decisions

- the need to inform job seekers that their profiles are being analysed by AI.
- opacity: AI tools can be a "black box", when it is not possible to explain decisions and results due to a lack of knowledge of standards and criteria.
- difficulties in attributing results to certain variables, determining the weights of each factor, etc.

Privacy

- the use of data from the internet(web scraping) raises doubts about consent in data transfers.
- the need to ensure the security of systems with regard to the use of personal and sensitive information.

Complementarity of AI with human control in Public Employment Services

- AI decisions are an additional element of decision and recommendation.
- need to train staff in data analytics to optimise the use of AI, interpret algorithms, etc.

BOX 2. LABOUR IMPACTS OF TECHNOLOGICAL CHANGE (*continuation*)

Technological change and industrial relations. The role of social dialogue and collective bargaining

The increasing integration of new technological tools in companies has significant positive, production and organisational effects for companies and workers, but at the same time, it poses new challenges and risks for companies that must be addressed. Alongside the widespread use of digital devices at work and the digital monitoring they enable, as well as processes such as automation-robotisation, more recently algorithmic management of work is making inroads, initially in digital platform work, but increasingly extending to conventional employment. Although information in this regard is still limited, available sources point to a varying degree of prevalence of these tools in companies in Spain, as well as the main effects and challenges they pose.

Prevalence of technologies, effects and challenges

1. Use of devices and digital monitoring	***Prevalence*** Widespread and increasing use of desktops, laptops, tablets, smartphones and other mobile devices in European enterprises (Fourth ESENER, 2024). 65% of workers in Spain use these devices (JRC - European Commission), which are often used to monitor and supervise work performance.
	Main effects *Positives:* improved tasks and access to information, elimination of long, tedious and repetitive processes, greater time flexibility and autonomy, improved performance. Risks: new risks to health and safety at work (musculoskeletal disorders, repetitive movements, increased intensity, information overload, data collection).
	Main challenges Make progress in improving the assessment of occupational risks arising from digitalisation; increase the number of companies that consult with the Legal Representation of Workers (RLT) on the potential impact of digital technology on occupational health and safety; implement transparency and information policies in companies for workers regarding its use.
2. Algorithmic Management in the Workplace (AMW)	***Prevalence*** In Spain, as in other advanced economies, a significant proportion of companies and workers use some form of work management system (automated management and organisation).
	Main effects *Positive:* improved work organisation, greater consistency in decision-making, predictability of instructions and neutralisation of possible human biases. Workplace data collection and analytics, combined with the use of AI models, can enable organisational innovations and productivity improvements. *Risks:* A.M. is associated with complex activities and detailed procedures, reduced flexibility and autonomy of workers, more monotonous jobs and increased stress at work; these features are accentuated when the A.M. is more intense, “strong platformisation” of work, which is observed in 6.1% of the employed population in Spain.
	Main challenges Ensuring transparency, explainability and human control in the algorithms applied in the automated management and organisation of work; avoiding potentially discriminatory biases due to different personal circumstances in the elements of the employment relationship (activity assignment, performance appraisal, salary and its components, grading and career advancement, access to further training, etc.).

BOX 2. LABOUR IMPACTS OF TECHNOLOGICAL CHANGE (*continuation*)

Governance of change	
1. Regulatory level	In addition to the regulations already in force in Spain in these matters, two recently approved Community initiatives are worth mentioning. The EU AI Law. It pursues the cross-industry objective of achieving a human-centred use of AI. In the area of employment, labour management and self-employment, it contains certain prohibitions, and systems deployed in these areas intended for certain personnel management activities are classified as high-risk systems with consequent obligations and controls. The EU Platform Work Directive. It addresses rules regarding transparency and human supervision, provides for assessments (involving workers' representatives) of the impact of automated decisions on people performing platform work, including, where appropriate, on their working conditions and equal treatment at work (anti-bias assessments) and includes human decision-making on certain elements of the contractual relationship, human review, health and safety regulations, and obligations to inform and consult workers' representatives, among other provisions.
2. Social dialogue	In addition to policy measures, it is essential to address transitions and change through the driving role of social dialogue, both at European Union (EU) and national level. There is broad institutional consensus in the EU on the importance of social dialogue as a central tool for the governance of technological change, digitalisation and AI, and its impacts on the world of work. European social partners share this fundamental consensus. An example of this is the European Framework Agreement on Digitalisation signed in 2020. The Framework Agreement was an important tool to address future structural changes such as the use of AI systems in the workplace. Another especially important area in the governance of technological change is the European sectoral social dialogue. Two fundamental instruments of social dialogue to address the effects of these changes in Spain should be highlighted: the Spanish Strategy for Safety and Health at Work (EESST 2023-2027), in the field of occupational health and risk prevention, and the Labour and Collective Bargaining Agreement (V AENC). The 5th AENC (2023-2025) contains criteria and recommendations in various areas, including, for these purposes, those related to the technological and digital transition, and AI.
3. Collective bargaining	Regulations in the collective bargaining of issues such as AI and algorithmic management still appears to be scarce, but this may change in the short term due to their penetration in work structures, the consensus of social partners on their necessity in the V AENC, and the effect of recent European regulations, which are opening spaces for collective bargaining. There are already some significant and good examples of negotiation practices in Spain and other EU Member States, particularly in different sectors, which may have a teaching or a knock-on effect on other areas of negotiation.

CONCLUSION:

Employment in Spain is unlikely to be affected extremely negatively due to AI, but it will face a process of transformation in the nature of work. The key will be to adapt the workforce to new technologies. Regional and personal differences in exposure to GenAI indicate that training and adaptation policies should take into account territorial and personal diversity, with especial focus on areas and individuals most vulnerable to technological change. With the right policies, Spain can harness AI to foster inclusive and sustainable economic development, preparing its citizens for the jobs of the future. The benefits and risks of technological transformations at work are not pre-determined. Securing opportunities and addressing challenges means adopting strategies and measures through a shared approach. It is therefore essential to focus on the governance of change to ensure that these transitions take place for the benefit of all, workers as well as companies, maximising the benefits of digitalisation and ensuring the reliable use of AI systems in employment and industrial relations.

Source: Authors' own.

BOX 3. **SOCIAL IMPACTS OF ARTIFICIAL INTELLIGENCE**

People-centred digitalisation and artificial intelligence

AI represents a historic opportunity to improve the well-being of people, the sustainability of the planet, and the achievement of the goals of the 2030 Agenda. It has enormous potential to improve the quality and personalisation of public services, to detect social problems more accurately, to make data-driven decisions, to improve the efficiency and evaluation of public policies, to streamline procedures, and to reduce costs. However, AI systems pose certain risks in the area of fundamental rights, environmental protection or the fight against climate change, amongst other social impacts, generating uncertainties around liability issues.

Public opinion reflects this tension between the transformational potential attributed to AI and caution regarding its consequences, challenging public authorities on the need to guarantee certain rights.

THE NEED FOR SAFE, RELIABLE AND HUMAN-CENTRED AI

The principles of humanity, prevention of harm, fairness and explainability of AI systems are advocated by international bodies, determining the limits of the development, deployment and use of reliable AI. Reliability requirements are summarised in the need for human action and oversight, technical soundness and security, privacy and data management, transparency, diversity, non-discrimination and equity, environmental and social well-being and accountability.

From this perspective, the new EU AI Law is a major step forward, introducing specific legal obligations graded according to the risks posed by each AI system to citizens' rights, prohibiting those that represent an unacceptable risk. The AI Law regulates especially sensitive sectors, such as health, education, justice and public administration, employment and human resources, and security and safety. However, it excludes socially relevant sectors from the obligation to make a prior assessment

Source: European Commission.

ALGORITHMIC GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Algorithmic transparency implies that the factors involved in the decisions made by algorithms should be visible, knowable, auditable and explainable to the people who use, regulate, and are affected by the systems that employ these algorithms. Lack of transparency can result in systemic errors which in turn lead to unfair decisions and erode public confidence in institutions. Therefore, public administrations should be a benchmark for algorithmic transparency.

The creation of public registers of algorithms would enable citizens to be aware of the systems that are being used, their purposes and potential impacts, building trust and facilitating the monitoring and auditing of these systems. However, there is as yet no statewide registry or homogeneous protocol for the creation of algorithm registries. Its development presents a fragmented picture, with uneven progress between administrations, although there are already some pioneering experiences.

Clear regulation of responsibility and accountability is necessary to ensure the right of citizens to appeal automated decisions that adversely affect them. An opportunity in this area may be in the form of the draft bill for the proper use of Artificial Intelligence.

TOWARDS NON-DISCRIMINATORY AI: A SPECIFIC LOOK AT GENDER BIASES

Preventive, proactive and ethical approaches are needed to develop and implement AI systems, so that algorithms do not simply replicate and magnify existing biases in society by complying with the principles of non-discrimination and establishing monitoring and control mechanisms.

Imbalances in female representation in AI or the assumption of gender stereotypes in their training can increase discrimination and prejudice. Reducing gender bias in the design, development and implementation of AI needs to be addressed through a comprehensive approach that combines enforcement, independent audits, encouraging greater participation of women, and the inclusion of a gender perspective in all phases of data engineering.

Other risks of bias, such as ageism, also require assessment and prevention.

BOX 3. **SOCIAL IMPACTS OF ARTIFICIAL INTELLIGENCE** (*continuation*)

AI as a key element of the ecological transition	
Opportunities	***Challenges***
AI is seen as an enabler rather than an inhibitor of sustainable development, acting positively on 134 SDG indicators and negatively on 59 others. Within the context of urban development, and more specifically in the shaping of so-called smart cities, AI can improve the quality of life by providing governance mechanisms for technological advances in the process of data transformation, and offer solutions in different areas of management, generating economic opportunities, increasing efficiency and boosting democratic participation and environmental sustainability. The technological combination offered by AI can be used in the design of efficient, sustainable and liveable cities, anticipating the needs of the population and adapting to changes in real time, in what is known as predictive urbanism. New smart city models would be used to optimise everything from traffic flow to resource allocation by simulating behaviour through intelligent agents.	However, the negative impact associated with generative AI activity itself is especially critical due to the exponential increase in advanced models, which are responsible for high energy, water and material consumption and GHG emissions. They also lead to an unequal distribution of the environmental impacts associated with their implementation. These challenges underline the need for a sustainable and ethical approach to the research, design and use of these technologies. To avoid the unintended consequences of environmental impacts, progress must be made in reducing the emerging socio-economic and environmental divide by promoting responsible AI that mitigates inter-regional disparity. A fair distribution of the benefits of AI would lead to an effective redistribution of regional environmental costs, driving more equitable outcomes.

Impact of AI on welfare and social protection policies

Education	**Opportunities**	Automating the basic levels of creation enables learning and teaching processes to be freed from lower-order tasks and to focus on more complex ones. It facilitates the presentation and visualisation of results. It reduces the amount of teaching time spent on more routine and management tasks in order to focus more on the development of content and teaching methods, and to provide more personalised attention to students. It could support the adaptation of education to students with special needs.
	Challenges	It may generate erroneous or biased content, as well as offensive, discriminatory or unethical content. Moreover, it does not always provide adequate answers to many real-world problems. It can amplify issues related to inequality, digital poverty or the risk of exclusion of digitally poor students or schools, as well as lack of content related to local issues or minority populations or languages. It raises important challenges related to the security and reliability of results, data privacy, copyright and others. Teachers require training and skills regarding the basic concepts of AI (teaching about AI), on the challenges and opportunities of the use of AI tools for learning (teaching for AI), and on their application in the educational context (teaching with AI). Education systems and lifelong learning programmes need to equip students with the skills to harness the benefits of AI and manage the risks associated with it on the basis of ethical and humanistic values as well as critical thinking. Since AI progress is unstoppable, it is important that measures continue to be taken in parallel with its growth and the improvement of tools. Ongoing evaluations of the impacts of AI in education are required in order to understand the real benefits and problems it generates in the field of teaching and learning. There is a need to establish mechanisms for collaboration and governance between the different stakeholders involved in the education sector.

BOX 3. **SOCIAL IMPACTS OF ARTIFICIAL INTELLIGENCE** (*continuation*)

Impact of AI on welfare and social protection policies		
The use of AI and big data in Social Security management	**Opportunities**	The huge volume of data and administrative processes generated by Social Security and the fact that it is one of the administrations closest to the citizens makes it an especially favourable environment for the adoption of technologies based on AI and Big Data. Thus, for some years now, different tools have been used, mainly aimed at automating processes, optimising resources and providing services. The goal should be to improve the efficiency of the system - by reducing costs and administrative burdens -, to streamline benefits management - by reducing waiting times and optimising planning - and to allocate resources according to the real needs of the population and future trends.
	Challenges	Despite its many benefits, implementing AI in Social Security also poses significant challenges in terms of data protection and privacy of citizens' information, fairness and transparency in automated decision-making, the adaptation of public employees to its use, or the exclusion of those who lack the knowledge and/or resources to access and use the necessary technologies. A robust regulatory framework in this area and effective human oversight are essential to ensure ethical, transparent and equitable use of AI, avoiding biases and risks and guaranteeing citizens' rights.
AI, a bridge to more inclusive social services and benefits	**Opportunities**	The massive use of data, its inter-administrative connections and the deployment of artificial intelligence tools provide social services professionals, as well as those who formulate and plan protection and support policies for vulnerable populations, with in-depth, up-to-date and accurate empirical knowledge regarding the real needs of the population. This expanded knowledge not only makes it possible to detect existing shortcomings or gaps more quickly, but also becomes a key instrument for designing more effective, equitable and better targeted social interventions and benefits that are more responsive to changing social realities.
	Challenges	The inclusion of AI tools in contexts marked by professional and structural overload, with the aim of increasing efficiency, improving effectiveness, reducing administrative burdens or automating processes for granting benefits, entails the risk of generating undesired effects contrary to the initial objectives. In the absence of adequate mechanisms for transparency, data traceability or algorithmic monitoring, these technologies can lead, as has already happened in different areas, to opaque or unfair decisions that may be perpetuated over time. This affects fundamental rights such as personal data protection, privacy, security, equality and non-discrimination, as well as equal access to social assistance and public benefits. All of this may also contribute to a progressive erosion of public confidence in institutions.

CONCLUSION:

There is still some way to go before we can reap the benefits of AI and maximise its positive social impact, especially in the management of public procedures, benefits and services with an impact on people's rights. It is necessary to promote the development of the most suitable instruments for this purpose, such as the creation of public registers of algorithms; conducting regular independent audits to prevent, identify and correct possible biases and errors; promote transparency and public participation in the assessment and improvement of these systems; and make progress in developing a clear regulatory framework for the ethical and responsible use of algorithms, guaranteeing equity and citizens' rights. It is especially necessary to promote training and education, so that the largest number of people are aware of reliable AI and receive training in this field. In this way, the development of this technology will contribute to reducing rather than deepening existing social gaps.

Source: Authors' own.