



Council of Ministers

The Government has already paid out €9,263 million to 106,283 suppliers who had invoices pending payment by Local Authorities

- Since Wednesday the contractors of 3,774 Local Authorities have received payment for 1,715,121 invoices
- The biggest financing operation in Spanish history is a measure to promote economic growth that will allow for more than 100,000 jobs to be created or maintained.
- Of every 100 suppliers who have received payment for their invoices, 65 were SMEs, 35 were natural persons and 1 was a large company

1 June 2012. The Government has already made payments for invoices pending payment by Local Authorities to 106,283 suppliers, in the first phase of the extraordinary supplier payment mechanism, launched on 24 February, to pay off the outstanding payment obligations that the regional administrations have with their contractors.

The total value of the debts paid stands at €9,263,151,895, corresponding to 1,715,121 invoices from 3,774 Local Authorities (town and city councils and provincial councils).

Of the 106,283 suppliers whose outstanding invoices have been paid, 36,904 are private individuals, 68,768 are small and medium-sized enterprises and 611 are large companies. This means that of every 100

suppliers who have received payment for their invoices, 65 were SMEs, 35 were individuals and 1 was a large company

Of the total paid out to suppliers, €7,967,046,541 will be paid back by the local councils through ten-year loans with a two year grace period, at an interest rate of 5.939%, while €1,296,105,354 will be raised through the withholding of the share of funds paid by the State to the Local Authorities that failed to approve an Adjustment Plan or whose plans were rejected by the Ministry of Economy and Finance.

Of the total of 4,623 Local Authorities that initially notified outstanding payment obligations, those of 3,774 have been paid out (2,296 with an Adjustment Plan and 1,478 without an Adjustment Plan). The rest are excluded from the procedure either because they have paid contractors or because said contractors chose not to sign up to the mechanism, even though the respective Local Authorities hold debts with them.

For these Local Authorities, the Government has opened up a second opportunity. They will have until a date in the first fortnight of June to resolve the issues that have prevented them from formalising the loan operations within the framework of the supplier payment mechanism and they will be able to agree the loans in July.

This applies to local authorities in any of the following four situations:

- Those that raised an adjustment plan at a full council meeting before 31 March
- Those that raised an adjustment plan which was approved by the full council but was not favourably assessed by the Ministry of Finance and Public Administrations.
- The full council approved the adjustment plan and it was favourably assessed by the Ministry of Finance and Public Administrations but the loan agreement was not approved by the competent body from the local authority (usually because there is not a large enough majority, in accordance with applicable regulations).
- The competent body from the local authority approved the loans for an amount or repayment term that were different from those that needed to be approved.

The Ministry of Finance and Public Administrations has published a note on the web page explaining the deadlines and requirements to be met by the councils that wish to be take part in this extraordinary extension.

The supplier payment mechanism, a measure for promoting economic growth, aims to provide, mainly small and medium-sized enterprises, with liquidity, by paying off the debts that local councils and autonomous communities hold with their suppliers, up to 1 January 2012.

Furthermore, it aims to provide financial support for the regional administrations in a delicate financial context. The Government estimates that this operation will allow for more than 100,000 jobs to be created and maintained.

With regard to the suppliers of Autonomous Communities, the Ministry of Finance and Public Administrations have until 5 June to assess the autonomous communities' adjustment plans. Between 1 and 15 June the loan contracts will be signed between the credit entities and the Autonomous Communities. From 30 June, transfers will begin to be made to the current accounts chosen by the suppliers for the payment of their invoices.