



Financial support for regional governments

Montoro announces that the Regional Liquidity Fund (FLA) will be extended throughout 2013

- The Government Economic Affairs Committee will decide on the funds to be allocated in the next few weeks
- The Government has taken measures to bolster the liquidity of the autonomous region of Catalonia with 11.687 billion euros

5 November 2012. The Minister of Finance and Public Administrations, Cristóbal Montoro, announced today the extension through 2013 of the Regional Liquidity Fund (FLA), the funding mechanism to rollover maturing debts and current funding needs of the regional governments incurred by payments to suppliers, giving priority to essential public services such as education, healthcare and social services.

Montoro, who made this announcement to the press before chairing the governing board of the Catalan employers' association, Foment del Treball, emphasised that the Government will continue to support all the regional governments that need liquidity, as it has done to date, using the funding mechanisms it has made available to them.

Royal Decree-Law 21/2012 of 13 July on liquidity measures for public administrations and in the financial sphere, already established that the mechanism could be maintained, "as long as autonomous regions continue to face difficulties in accessing financial markets, as perceived by an annual review by the Government Economic Affairs Committee."



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The Government Economic Affairs Committee will decide in the next few weeks on the funds to be allocated in 2013.

The 18 billion euros available to the FLA in 2012 will be used to meet debt maturities - the constitutionally mandated priority - and to pay suppliers and service providers. A request to the FLA must be accompanied by an Adjustment Plan, approved by the Ministry of Finance and Public Administrations, which provides a credible guarantee of commitment to compliance with the budgetary stability target.

Supporting the liquidity of Catalonia

Catalonia was the first regional government to receive funding from the FLA, when the loan contract was signed on 5 October 2012. The total amount of the transaction was €5.434 billion, with €3.366 billion for debt maturities and €2.068 to pay suppliers. Catalonia has already received 1.539 billion of the 5.434 billion euros of liquidity that the Government has approved for it.

In total, the Government has adopted measures to support the liquidity of the region government of Catalonia worth 11.687 billion euros, distributed as follows: 330 million euros to extend the repayment period of the funding system from 60 to 120 months; 945 million for issuing advances on the estimated payment of the funding system for 2010; 1.01 billion for issuing additional advances to be repaid in 2012; 1.034 billion for the debt maturities facility of the Official Credit Institute (ICO) for 2012; 2.665 billion to the Supplier Payment Plan (both to local authorities and regional governments), the aforementioned 5.434 billion from the Regional Liquidity Fund (FLA).

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