



Council of Ministers

## Regional governments given the go-ahead to borrow funds to pay suppliers

- The 14 regional governments that have signed up to the extraordinary mechanism for supplier payments have been given the go-ahead to take out long-term loans for a combined total of 17.719 billion euros.
- Suppliers with outstanding invoices with regional governments will begin to be paid in the last week of June
- The Ministry of Finance and Public Administrations has uploaded a video explaining the supplier payment plan, available at [http://streaming.seap.minhap.gob.es/proveedores\\_.mp4](http://streaming.seap.minhap.gob.es/proveedores_.mp4)

**15 June 2012.** The Council of Ministers has today given the go-ahead for the 14 regional governments that have signed up to the extraordinary mechanisms for supplier payments, to take out loans with the Fund for Financing Supplier Payments.

Specifically, the regions of Andalusia, Aragon, the Principality of Asturias, the Balearic Islands, the Canary Islands, Cantabria, Castilla-León, Castilla-la Mancha, Catalonia, Extremadura, La Rioja, Madrid, the Region of Murcia and the Region of Valencia have been authorised to take out long-term loans for a combined total of 17.719 billion euros in order to pay off outstanding obligations to suppliers included in the scope of application of the resolutions of the Financial and Fiscal Policy Council and the Government's Delegate Commission for Economic Affairs, of 6 and 22 March 2012 respectively.

Following this authorisation, all the autonomous regions, except Galicia, the Basque Country and Navarre, which decided not to take part in the operation, will sign the loan agreement with the collaborating agencies next week.

These two prior steps will enable the Fund to start making payments directly to the regions' suppliers in the last week of June to the current accounts provided by the suppliers.

In total, some 3,794,532 outstanding invoices will be paid totalling 17,718,553,729.10 euros to 29,107 regional government suppliers, of which 7,598 are individuals, 20,954 are SMEs and 555 are large companies.

The region of Valencia, Castilla-La Mancha, Andalusia and Catalonia are the regions with the highest outstanding amount. In terms of the number of suppliers that will benefit, the regions of Castilla-La Mancha, Valencia and Catalonia occupy the top positions.

| Community          | Total Amount (€) | Suppliers | Invoices |
|--------------------|------------------|-----------|----------|
| Andalusia          | 2.699.650.656,50 | 2.430     | 744.592  |
| Aragon             | 428.950.901,09   | 926       | 167.678  |
| Princ. Asturias    | 243.475.974,53   | 824       | 81.880   |
| Balearic Island    | 842.508.644,56   | 3.859     | 245.339  |
| Canary Islands     | 231.310.220,99   | 768       | 51.498   |
| Cantabria          | 326.616.014,43   | 1.480     | 91.424   |
| Castilla-León      | 1.052.738.698,39 | 2.137     | 287.482  |
| Castilla-La Mancha | 2.918.315.921,16 | 9.190     | 593.906  |
| Catalonia          | 2.020.226.251,50 | 5.693     | 263.113  |
| Extremadura        | 227.917.124,94   | 534       | 1.701    |
| C. Madrid          | 1.263.449.937,22 | 2.121     | 414.462  |

|              |                          |                |                  |
|--------------|--------------------------|----------------|------------------|
| Murcia       | 1.037.732.198,63         | 3.362          | 260.152          |
| La Rioja     | 70.864.485,50            | 470            | 19.590           |
| C. Valencia  | 4.354.796.699,66         | 6.358          | 571.715          |
| <b>TOTAL</b> | <b>17.718.553.729,10</b> | <b>*29,107</b> | <b>3.794.532</b> |

*\*There are suppliers with outstanding invoices in several autonomous regions, in other words, some suppliers are owed for invoices in several regions. Therefore, the final number of suppliers in Spain does not match the total in the table.*

The grave financial situation facing public administrations, aggravated by the restrictions faced by the regional governments in relation to obtaining external funds, has resulted in delays in paying their creditors with the

consequent deterioration in the liquidity of companies supplying goods and services.

In order to address this lack of liquidity, the Financial and Fiscal Policy Council adopted Resolution 6/2012 of 6 March, which sets out the general lines of the extraordinary funding mechanism for paying the suppliers of regional governments and on 22 March 2012, the Government's Delegate Commission for Economic Affairs adopted a resolution to launch the funding mechanism for paying suppliers.

Lastly, the Ministry of Finance and Public Administrations has uploaded a video explaining the supplier payment plan, which can be downloaded from:  
[http://streaming.seap.minhap.gob.es/proveedores\\_.mp4](http://streaming.seap.minhap.gob.es/proveedores_.mp4)