



Supplier Payments Mechanism

Evaluations of the adjustment plans from local authorities in the second round of the supplier payments mechanism

- In the first round 1,478 local authorities did not send adjustment plans or had them rejected.
- In the second round 240 authorities have submitted documentation, of which 178 have been approved and 62 rejected
- Approved local authorities will be able to settle debts paid to suppliers with a 10 year bank loan with a two year grace period

3 July 2012.- The Ministry of Finance and Public Administrations has already evaluated the adjustment plans submitted by a total of 240 local authorities in the additional period so that the 1,478 Authorities that did not send an adjustment plan or whose plan was rejected in the first round of the supplier payments plan can avoid the withholding of State funds worth 1,296.1 billion euros.

Of the 240 local authorities which submitted their adjustment plans in the second round, 178 were approved (with 463.9 million euros paid to suppliers in May), and 62 were rejected (with 111.1 million euros paid to suppliers in May).

In addition to these local authorities, nine local authorities (4.7 million euros paid to suppliers in May) had their plans approved in April but did not themselves approve the loan operation.

In order to take part in the second round, local authorities must meet one of the following four requirements:

1. Local authorities that voted on an adjustment plan at a full council meeting, which was approved by the full council, but was not favourably assessed by the Ministry.

2. Local authorities that voted on an adjustment plan at a full council meeting before 31 March, which was not approved by the full council.
3. Local authorities with an adjustment plan that was approved and favourably assessed by the Ministry, but the loan agreement was not approved by the competent body of the local authority (usually because there was not a large enough majority, in accordance with applicable regulations).
4. Local authorities for which the body responsible for adopting agreements on credit operations approved the loans for a sum or repayment term that were different from those that had to be approved and these agreements were not amended.

Payment to suppliers

At the end of May the Government paid 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 outstanding payment obligations that the territorial administrations have with their contractors.

The total amount of the debts paid is €9,263,151,895, corresponding to 1,715,121 invoices with 3,774 local authorities (town 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 one was a large company.