

***Reduction of current expenditure (chapter II) in 2009**

The General State Budgets contemplate a 1.8% reduction of current expenditure on goods and services, which will help save nearly 65 million Euros in 2009, which will be invested in alternative initiatives (production expenditure and social expenditure).

Beneficiaries

Society as a whole, as these resources will be invested in new measures to boost up economy.

Development

It is contemplated in Law 2/2008 on General State Budgets for 2009, which came into force last 1 January 2009.

Further information

http://www.sgpg.pap.meh.es/SGPG/Cln_Principal/Presupuestos/Presupuestos2009/pge2009.htm

***Fund for the Acquisition of Financial Assets**

This Fund has been created to support companies and families by providing credit entities with liquidity through the acquisition of maximum credit quality assets. Thus, this measure is intended to reduce the impact of the difficulties our credit entities are facing to get financing at reasonable prices as a consequence of the global financial crisis and of the subsequent deterioration of the wholesale financing markets. The Fund has been endowed with 30,000 million Euros which might be expanded to 50,000 million Euros; this item is contemplated in the General State Budgets and it will be covered by the Treasury.

During the last two months of 2008, the Fund for the Acquisition of Financial Assets launched two auctions in which the State has invested more than 9,300 million Euros to purchase maximum quality assets from credit entities residing in Spain. This extraordinary financing channel has made it possible for financial entities to obtain financing at highly competitive prices and with long maturity periods. The next auctions of this Fund will take place on 21 and 30 January 2009. On the whole, these two new actions will serve to allocate up to 10,000 million Euros both through simultaneous purchase and through outright purchase. Besides, in these auctions, the Fund will set aside 25% of the amount for the non-competitive sector, and this is intended to give pre-eminence to those entities that have recently contributed more intensely to credit granting.

Beneficiaries

The Fund is aimed at establishing the normal credit flows for families and companies.

Development

The Fund for the Acquisition of Financial Assets was created by virtue of Royal Decree 6/2008, dated 10 October, developed by Directive EHA 3118//2008, dated 31 October.

Further information

<http://www.fondoaaf.es>

***Reduction of public staff expenditure**

Public expenditure on Employment Bids for the incorporation of new public servants to the Crown is reduced by 70%, in order to slow down the increase of staff expenditure. This measure will not affect essential public services, namely, education, health care, safety and public peace or Justice. This will help save 300 million Euros until 2010.

Beneficiaries

Society as a whole, for these resources will be invested in measures intended to boost up economy.

Development

The Budget Law was approved of by the Parliament. The Royal Decree on Public Employment Offer will be published during the first quarter of 2009.

***State Guarantees for the new liabilities issued by credit entities**

This measure is aimed at providing Spanish financial entities with an insurance mechanism by granting State guarantees to support the liabilities issued by those entities in the medium term, which would reinforce the credit quality of such liabilities while making it possible to improve the conditions to access wholesale credit markets for our banks and savings banks. The credit entities applying for this mechanism must pay an amount that will cover the risk assumed by the State in each operation.

Before 31 December 2008, 53 eligible entities were granted these guarantees. This mechanism will make it possible for our credit entities to use state guarantees in order to issue securities until 15 December 2009 up to 100,000 million Euros maximum.

Besides, this guarantee system is going to keep going on next year and, thus, it has already been endowed with 100,000 million Euros more.

Beneficiaries

Just as the Fund for the Acquisition of Financial Assets, this measure is intended to enhance the access to financing in order to cover the needs of our economy, reducing the uncertainty credit entities are facing to obtain medium term financing at present.

Development

This measure was approved of by virtue of Royal Decree 7/2008, dated 13 October, on Urgent Economic-Financial Measures concerning the Action Plan in the countries in the Euro zone.

Further information

<http://www.tesoro.es/sp/Avales/AvalesdelEstado.asp>

***The salaries of senior State officials**

The complementary and basic revenues of senior State officials (Director General and higher), public companies and other State institutions will be frozen during 2009, as an austerity measure and as an example for the rest of the Public Organisms, many of which have also adopted similar measures, in consonance with the Government's **announcement**.

Beneficiaries

Society as a whole, for these resources will be invested in new measures aimed at boosting up economy. This measure does not affect public servants whose professional level is inferior to Director General.

Development

It is contemplated in Law 2/2008 on General State Budgets for 2009, which came into force last 1 January 2009.

Further information

http://www.sgpg.pap.meh.es/SGPG/Cln_Principal/Presupuestos/Presupuestos2009/pge2009.htm

***Expansion of the coverage of the Deposit Protection Fund**

Following the initiatives implemented in the rest of the EU countries, the Government decided to strengthen the Spanish Deposit Protection Fund by expanding its coverage up to 100,000 Euros per account holder and entity, which has served to calm small investors and to soothe their concern about their accounts and deposits.

Beneficiaries

This measure is intended to keep up and encourage depositors and investors' confidence in credit entities and in those companies offering investment services.

Development

This measure was approved of by virtue of Royal Decree 1642/2008, dated 10 October.

Further information

<http://www.bde.es/clientebanca/faqs/garantia/garantia.htm#enlace2>

http://www.cnmv.es/inversores/esp/index.htm?con_in_servicio.html~informacion2

***Authorisation to strengthen credit entities' assets**

This is an exceptional measure and, just as the State guarantee system to back up the liabilities issued by Spanish financial entities, results from the commitment assumed by the Heads of State and Government in the Euro zone during their meeting last 12 October 2008 to apply the necessary measures to preserve the stability of the financial system coordinating their actions with the European Central Bank. Thus, the Minister of Economy and Financial Affairs is authorised to order the acquisition of bonds issued by those credit entities residing in Spain which need to strengthen their own resources and have applied for it, including preferential shares and participation quotas, once the Bank of Spain has issued a report. So far, no actions have been carried out under the provisions of this norm.

Beneficiaries

This is an exceptional measure based upon a preventive principle whose application would only affect specific cases: viable entities needing perform a provisional increase of the volume of their own resources.

Development

This measure was approved of by virtue of Royal Decree 7/2008, dated 13 October, on Urgent Economic-Financial Measures concerning the Action Plan in the countries in the Euro zone.

Further information

<http://www.boe.es/boe/dias/2008/10/14/pdfs/A41169-41170.pdf>

***Current expenditure reduction (chapter II) in 2008**

The Government issued notice of non-availability of 20 million Euros for current expenditure in 2008 in order to implement the austerity criteria that prevailed during the elaboration of the Budgets for 2009. This amount will be proportionally distributed among the different Ministries.

Beneficiaries

Society as a whole, for these resources will be invested in new measures aimed at boosting up economy.

Development

Implemented in 2008.