

**REPORT
ON STATE AIDS GRANTED IN THE
REPUBLIC OF MOLODVA DURING
2018**

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ABBREVIATIONS AND ACRONYMS

Association Agreement	The Association Agreement between the Republic of Moldova on the one hand and the European Union and the European Atomic Energy Community and their Member States on the other, ratified by the Law no.112 of 02.07.2014 (published in the Official Gazette No 185-199 of 18.07.2014)
AIPA	Agency for Interventions and Payments in Agriculture
Reporting year	01.01.2018-31.12.2018 time framework
CPAs	Central Public Authorities
LPAs	Local Public Authorities
WBG	World Bank Group
EBRD	European Bank for Reconstruction and Development
NBM	National Bank of Moldova
NBS	Moldova National Bureau of Statistics
SMEs	Small and medium enterprises
Law on State Aid	Law no.139 of 15.06.2012 on state aid (published in the Official Gazette No. 166-169a of 16.08.2012)
OG	Official Gazette of the Republic of Moldova
p.p.	Percentage points
IP	Industrial Park
GDP	Gross Domestic Product
The national program in the field of competition and state aid for 2017-2020	The national program in the field of competition and state aid for 2017-2020, approved by Law no. 169 of 20.07.2017 (published in the OG no. 301-315 / 533 of 18.08.2017)
SGEIs	Services of general economic interest
SIRASM	The Automated Information System "State Aid Register", elaborated in accordance with the Government Decision No.378 of 27.05.2014 for the approval of the Concept of the Automated Information System "State Aid Register" (published in the Official Gazette No. 142-146 of 03.06.2014)
EU	European Union

INTRODUCTION

State aid policy is an important component of competition policy due to the effects of state intervention on the economic environment. The permanent monitoring of state aids is aimed at eliminating unjustified distortion of competition and better targeting support measures, thus contributing to the development of the entire economy.

Concerning the support measures granted in 2018, the Competition Council was informed by 281 suppliers. The information was presented by the CPAs and their subordinate institutions and by the Level I and II LPAs.

This report, being the sixth report in the field since the entry into force of the Law on State Aid, represents a statistical tool designed to ensure transparency on state aid, thus providing relevant information to the CPAs and LPAs for policy development in various fields of the national economy and for making decisions on the efficient targeting of available public resources. At the same time, it can be an informational basis for various scientific researches.

The report contains an analysis of both existing aid, which continued to be granted in the reporting year, as well as new aid, de minimis aid and support measures offered for the provision of SGEIs.

This report includes an analysis of the value, structure and trends recorded over the last 3 years in granting state aid, de minimis aid, support measures granted for the provision of SGEIs, monitoring of authorized state aid, and reflects the implementation of SIRASM. At the same time, this report contains information regarding the fulfilment of the commitments assumed by the Republic of Moldova through the Association Agreement regarding the alignment of the existing state aid schemes.

Some support measures have been offered for several years and in order to describe the current situation regarding the state aid granted, it is necessary to dynamically reflect the structure of the state aid granted during 2016-2018.

The data reported for the period 2016-2017 was updated and corrected in accordance with the provisions of the Government Decision no.1112 of 06.10.2016 for the approval of the Regulation regarding the way of keeping the State aid register. During the reporting period, the providers informed the Competition Council about other support measures granted in 2016-2017. It is worth mentioning that the updating and correction of data on state aid granted in previous years is in line with the EU Methodology in the field of state aid. At the same time, the information regarding the value of the state and de minimis aid granted in 2017 and 2018 will be updated in the following reports on the state aid granted in the Republic of Moldova.

In the structural aspect the report is presented under the following content:

Chapter I of the report presents the socio-economic analysis of the Republic of Moldova for 2018.

Chapter II presents the analysis of the value, structure and tendencies registered in granting State aid in 2018. At the same time, the state aid schemes are reviewed in the light of the state aid legislation.

Chapter III presents an analysis of the value and trends in the provision of de minimis aid and support measures provided for the provision of SGEIs in 2018.

Chapter IV presents the main findings regarding the monitoring of state aids authorized by the Competition Council, which were in progress in 2018.

Chapter V is dedicated to the Automated Information System "State Aid Registry".

Annex I reflects information on the state aid field analysed in the report, state aid objectives and sources of data collection.

The legal acts under which the support measures were granted in 2018 are listed in *Annex II*.

The summary state aid reported in the reference year and for the 2016-2018 period by objectives and forms of granting is reflected in *Annex III*.

Annex IV provides information on state aid forms of granting and state aid providers.

Chapter I. THE SOCIO-ECONOMIC SITUATION OF THE REPUBLIC OF MOLDOVA

In 2018, the world economy grew with 3.7%, although some economies showed a lower performance, especially Europe and Asia.¹

In the Republic of Moldova, in 2018, the GDP registered a value of 190,016 million MDL (current market prices), increasing (in real terms) with 4%, compared to 2017 (semi-final).²

Almost all branches of the national economy contributed to the growth of GDP in 2018 compared to 2017, with more important positive contributions having the following economic activities: wholesale and retail, maintenance and repair of motor vehicles and motorcycles; transport and storage; accommodation and catering (+ 1.2%); construction (+1.1%); extractive industry; manufacturing industry; production and supply of electricity and heat, gas, hot water and air conditioning; water distribution; sanitation, waste management, decontamination activities (+ 0.7%); agriculture, forestry and fishing (+ 0.2%); information and communications (+ 0.2%).

GVA on the economy increased with 4.2% compared to the level of the previous year, contributing to GDP growth with 3.6%. The volume of product taxes increased with 1.4% compared to the previous year, contributing to the growth and formation of GDP with 0.2% and with 13.7%, correspondingly.

From the point of view of the GDP use, the increase was mainly due to the final consumption of households (+ 3.2%) and the gross formation of fixed capital (+ 3.1%). A negative contribution to GDP growth had the net exports (-3.4%), as a consequence of the more significant contribution of the volume of imports of goods and services to the formation of GDP compared to that of exports of goods and services and of a more pronounced increase in the volume of imports of goods and services correlated with a smaller increase in the volume of exports of goods and services.

In 2018, goods exports totalled 2.7 billion USD, a higher volume than in 2017 with 11.6%. In 2018, the imports of goods constituted 5.8 billion USD, a higher volume than the one registered in 2017 with 19.3%. The trade balance deficit was 3.1 billion USD, higher with 651.1 million USD(+ 27.1%), compared to 2017.³

In 2018, the active population constituted 1 290.7 thousand people. The employed population constituted 1 252.2 thousand persons, increasing compared to the level of 2017 (1 207.5 thousand). The number of unemployed, as defined by the International Labour Office was 38.4 thousand persons, being 13.2 thousand

¹A Weakening Global Expansion, International Monetary Fund, January 2019, <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

²Gross domestic product in 2018 and IV quarter
<http://statistica.gov.md/newsview.php?!=ro&idc=168&id=6300>

³ Foreign trade activity of the Republic of Moldova in 2018*,
<http://statistica.gov.md/newsview.php?!=ro&idc=168&id=6256>

persons lower than in 2017. The unemployment rate at the country level registered a value of 3%, being lower than the one registered in 2017 (4.1%).⁴

In 2018, the average annual inflation rate of the consumer price index was 3%, with 3.6 p.p. lower than that of 2017. During 2018, the annual rate of inflation recorded a sharp downward trajectory. This evolution was supported by the appreciation of the national currency against the currencies of the countries - main trading partners. Some inflationary pressures were determined by the adjustment of excise duties and the setting of the minimum selling price for cigarettes. At the same time, the pressures from the increase of oil prices on the international market in 2018 were partially alleviated by the dynamics of the exchange rate, but also by the freezing of ceiling prices for fuels in the second part of the year.⁵

According to the Report on the execution of the state budget for 2018, revenues were accumulated in the national public budget for a total amount of 57,995.9 million MDL, which constitutes 99.8% compared to the annual provisions. Revenues increased with 8.7% compared to 2017 with regard to 2018 accumulations.⁶

In the structure of national public revenues, the highest share held taxes and duties - 64.9% (37,660.2 million MDL), of these: taxes and duties on goods and services - 26 091.9 million MDL, income taxes - 9 338.7 million MDL, taxes on foreign trade and foreign operations - 1,665.8 million MDL and property taxes - 563.8 million MDL. As a share of GDP, taxes and duties in 2018 constituted - 19.8%, with 0.5 p.p. more than the level of 2017.⁶

In 2018, out of the total amount of the revenues of the national public budget, 64.6% corresponds to the revenues administered by the State Tax Service and 36.9% - the revenues administered by the Customs Service.⁶

In 2018, grants were disbursed in the amount of 387.4 million MDL, with 621.4 million MDL less than in 2017. In the structure of the revenues of the national public budget, the grants constituted about 0.7% compared to 1.9% in 2017. The grants aimed to support the budget represents about 13.4%, and 86.6% are destined to projects financed from external sources. The share of grants in GDP constituted about 0.2% compared to 0.6% in 2017.⁶

Public expenditures totalled 59 608.9 million MDL in 2018, which represents 31.4% of GDP and a fulfilment level of 92.3% of annual provisions. Compared to 2017, the expenditures of the national public budget increased with 9.3%, and reported to GDP, an increase of 0.9 p.p was recorded, compared to 2017.⁶

The national public budget in 2018 registered a deficit in the amount of 1,613 million MDL. As a share of GDP, it constituted 0.85%, with 2.52 p.p. less than the specified forecast and with 0.21 p.p. less than in 2017.⁶

The state policy in the field of state aid was determined, including by the evolution of the main macroeconomic indicators.

⁴Labour force in the Republic of Moldova. Employment and Unemployment 2018, National Bureau of Statistics, Chisinau, 2017, http://www.statistica.md/public/files/publicatii_electronice/Fora_de_munca/AFM_2018_rom.pdf

⁵Annual Report 2018, National Bank of Moldova, http://bnm.md/files/RA_2018_ro.pdf

⁶Report on State Budget Execution for 2018, <http://www.parlament.md/ProcesulLegislativ/Proiectedeactelelegislative>

Chapter II. ANALYSIS OF THE REPORTED STATE AID

2.1. Overall characterization

The priority actions in the field of state aid for 2018 were: undertaking efforts to align the state aid schemes established before 16.08.2013 to the EU state aid acquis; intensifying the collaboration with the Ministry of Finance in order to make the mechanism of reporting and notification of state aid granted in the form of fiscal facilities more efficient; collaboration with the providers in order to modify the legal acts of the SGEIs, by imposing the obligation to establish the performance indicators when awarding the right to administrate the public service; development and optimization of SIRASM in order to streamline the notification, reporting and monitoring of the state aid and to raise the competitive culture in the state aid part both within the public authorities and in the whole society. The results of these actions are reflected in this report.

The state aid, described in this chapter, includes all the support measures reported for 2018, namely: existing aid (state aid that started to be implemented before the entry into force of the Law on State Aid) and new state aid (any state aid that is not an existing aid, including changes to existing aid).

According to art. 342 paragraph (1) of the Association Agreement, as of 01.01.2016 the Republic of Moldova is to present a report every two years, following the methodology and the presentation of the annual analysis of the EU on state aid. With reference to the above mentioned and in line with EU experience⁷, in the area of state aid analysis, in the present report, the state aid is examined separately from support measures granted for SGEIs and de minimis aid.

In order to get the most comprehensive picture regarding the reported state aid, the amount of the state aid presented in Table no.1 includes the state aid granted to the companies for the provision of the SGEIs and the estimated value of the support measures granted under the Tax Code and the regulatory framework to implement it.

The information presented for the period 2016-2017 differs from the data for the same years presented in the previous reports. This is due to the fact that some of the data reported for the period 2016-2017 was updated and corrected by the providers. At the same time, additional information was presented by the providers regarding the new support measures granted during the period 2016-2017.

Table no.1

⁷ Scoreboard- Conceptual and methodological remarks:
http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html

Reported state aid in the period 2016-2018 including state aid granted for the provision of SGEIs

No.	Indicators	2016*	2017*	2018	
				Reported	Estimative (including the value of support measures granted in the form of tax)
1.	State aid expressed in:				
1.1.	<i>Thousand MDL</i>	2 904 415	838 220	1 108 120	1 757 948
1.2.	<i>Thousand Euro **</i>	131 720	40 241	55 853	88 606
2.	Share in GDP, %	1.81	0.47	0.58	0.93
3.	State Aid per capita*** - MDL	817	236	312	496
4.	State Aid per capita - Euro	37	11	16	25

**the data is updated according to the information submitted by the state aid providers*

*** calculated on the basis of the average annual report of MDL to Euro, the NBM source (MDL / euro year 2016 = 22.05, year 2017 = 20.83, year 2018 = 19.84)*

**** the number of inhabitants is in line with the information placed on the NBS web site*

The estimated value of the state aid for 2018 was calculated taking into account the aligned state aid schemes, the provisions of the EU legislation in the field and the information presented for the previous years. For 2018, the Ministry of Finance and the administrative authorities subordinated to it (the Customs Service and the State Tax Service) presented incomplete information regarding the support measures granted in the form of fiscal facilities. The incomplete information is due to, including the mechanism of recording the support measures granted in the form of fiscal facilities that is insufficient to provide the necessary information when examining them through the state aid law. The gap between the value of the reported and estimated state aid has decreased compared to the previous years, this has been determined, including by **continuing cooperation of the Competition Council with the Ministry of Finance** in order to ensure the complete reporting by the provider of the state aid offered in the form of fiscal facilities. The priority action in this respect continued to be the alignment of the existing state aid schemes granted in the form of fiscal facilities, in accordance with the provisions of the state aid legislation. In this respect, during 2018, joint working sessions were organized with representatives of the Ministry of Finance, the Customs Service and the State Tax Service.

At the same time, it is specified that according to the Medium Term Budgetary Framework (2018-2020), approved by the Government Decision no. 609/2017, in base of the fiscal and customs policy for the period 2019-2021 will be the Concept of rewriting the Tax Code and the Customs Code. This document aims at harmonizing the national legislative framework with the provisions of the European Union Directives and improving the existing legislative framework based on the agreed harmonization calendar.

In order to promote and raise the competitive culture in the field of state aid, during 2018, 322 representatives from 191 central and local public authorities (5 CPAs, 186 LPAs) have been trained within 78 events organized by the Competition Council (conferences, seminars, consultative sessions on different topics). In order to ensure the implementation of the provisions of the law on state aid throughout the country, the employees of the Competition Council have provided specialized technical assistance to CPAs and LPAs of level I and II, in a number of 1 571 telephone consultations.

The value of the reported state aid, for 2018, was 1,108 120 thousand MDL, or 0.58% of GDP. There is an increase in both the value of the state aid and its share of GDP in 2018 compared to 2017. The evolution of the indicators analysed in relation to 2017 was determined, including by the implementation of new support measures and the increase of some support measures reported compared to the previous year.

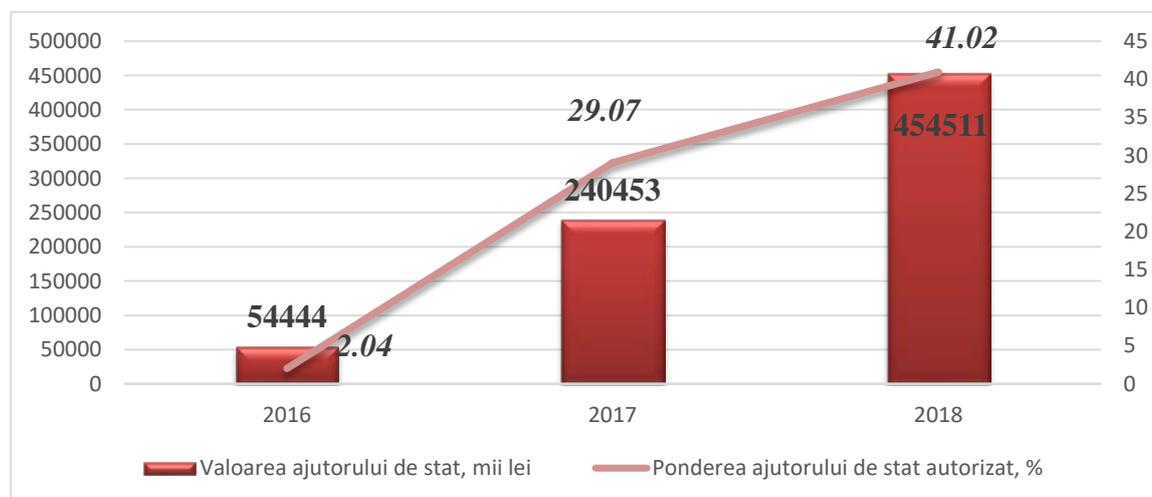
Although, the share of state aid in GDP increased in 2018 compared to 2017, it continued to be under 1% of GDP.

In 2018, the state aid was granted to 2, 290 legal and natural persons carrying out economic activity.

From the total amount of state aid reported for 2018, respectively 1 108 120 thousand MDL, the value of the state aid authorized by the Competition Council was 454 511 thousand MDL (41.02% of the total value), the difference being represented by the existing aid and support measures under examination at the Competition Council. In this regard it is to be mentioned that the state aid authorized by the Competition Council in 2018 increased compared to 2017, both as a value and as a share in the total value of the reported state aid, as a result of the compliance of the providers with the regulations in the field of state aid (Figure no. 1).

Figure no. 1

Authorized state aid



The increase in the value of the state aid authorized by the Competition Council in 2018 compared to the previous years is due to, including the promotion

of the competitive culture in the field of state aid and the alignment of the state aid schemes implemented until the Law on the state aid has entered into force.

The evolution of the level of the reported state aid, except for SGEIs, taking into account the Methodology and the presentation of the annual EU state aid analysis is presented below.

Table no. 2

State aid reported in the period 2016-2018

No.	Indicators	2016*	2017*	2018
1.	Reported state aid (excluding SGEIs, the estimated value of the state aid) expressed in:			
1.1.	<i>Thousand MDL</i>	2 693 270	671 693	929 324
1.2.	<i>Thousand Euro**</i>	122 144	32 246	46 841
2.	Share in GDP, %	1.67	0.38	0.49
3.	State aid (excluding SGEIs) per capita*** - MDL	758	189	262
4.	State aid (excluding SGEIs) per capita – Euro	34	9	13

**the data is updated according to the information submitted by the state aid providers*

*** calculated on the basis of the average annual report of MDL to Euro, the NBM source (MDL / euro year 2016 = 22.05, year 2017 = 20.83, year 2018 = 19.84)*

**** the number of inhabitants is in line with the information placed on the NBS web site*

The value of the state aid reported for 2018 continued to be lower than that recorded in 2016. Thus, the value of the state aid reported for 2018 decreased with 65.49% compared to 2016. The significant decrease in the value of the state aid reported in 2018 compared to the year 2016 was due to, including the alignment of state aid schemes implemented until the entry into force of the Law on state aid.

According to the provisions of Government Decision no. 1112 from 06.10.2016 for the approval of the Regulation on the way of maintaining the State Aid Register, the state aid providers were to present separately the information on value of the support measures granted from the state resources and from the external funds. In line with the EU State aid practice, the resources provided by the EU, the European Investment Bank, the European Investment Fund or international financial institutions are considered as State resources if the national authorities have discretionary powers concerning the use of these resources (in particular the selection of beneficiaries). In 2018, the state aid granted from external funds constituted 2.40% of the value of the reported state aid.

In 2018, the share of state aid reported in GDP in the Republic of Moldova constituted 0.49%. This indicator decreased with 1.18 p.p. in 2018 compared to 2016. This trend was determined, including by the evolution of the value of the state aid reported for the period 2016-2018 and the increase in the value of GDP.

Expressed in euro, in 2018 the value of the state aid registered a decrease with 61.65% compared to 2016. This trend was determined, including by the depreciation of the euro against the MDL.

Also, in 2018, the state aid per capita increased with 38.48% compared to 2017. At the same time, the value of the analysed indicator decreased with 65.44% compared to 2016.

In 2017, the National Competition and State Aid Program for 2017-2020 was approved (by Law No 169 of 20.07.2017, published in OG No. 301 -315/533 of 18.08.2017). One of the specific objectives of the National Competition and State Aid Program for 2017-2020 is the establishment of a performant mechanism for granting and monitoring state aid to reduce the share of state aid in GDP to 1% by 2020, so the state aids should be fewer but better targeted.

State aid must be provided in such a way as to ensure more efficient targeting of public resources, contributing to the correction of market failures and the development of the national economy. What is important is that there must always be a causal link between the granting of State aid and the market failures to which they are addressed.

State aid is only justifiable in areas / fields where different market failures occur and the amount / level of aid granted must be proportionate to the level of the failure to be offset.

Any surplus amount granted to undertakings has the potential to grant them an unjustified economic advantage, which is likely to have an adverse effect on competition in the market. In this situation, the negative effects of granting State aid tend to overcome the positive effects of granting them.

The opportunity to grant aid, their amount, as well as the concrete way or the most appropriate tool to be granted, must be determined by studies and opportunity analyses carried out before the actual support measure is put in place.

According to good international practices in the field of state aid, it is recommended to reduce the general level of state aid so that this indicator is less than 1% of GDP without compromising the purpose of the support measures, namely the correction of market failures.

2.2. Alignment of existing State aid schemes in accordance with State aid legislation

According to art. 341 of the Association Agreement, one of the commitments made by the Republic of Moldova is the alignment of the state aid schemes established before 16.08.2013 with the EU state aid acquis, within 8 years from the date of entry into force of the Association Agreement. There is an exception for the state aid schemes established under Law no. 440 of 27.07.2001 on free economic zones for which the period was extended to 10 years from the date of entry into force of the Association Agreement.

During the activity, several support measures implemented before the entry into force of the State Aid Law, have been examined. In this respect, one of the priority actions was the initiation of a review of the state aid schemes granted as fiscal facilities. At the same time, the state aid schemes granted in other forms were aligned, such as: subventions and / or subsidies and reductions in prices of goods and services provided. The considered support measures are as follows:

- ***The support measure regarding the public-private partnership for dialysis services (Decision of the Plenum of the Competition Council no. ASS-05 of 24.01.2019)***

The support measure was granted in accordance with Law no.179 / 2008 on the public-private partnership, Government Decision no. 1262/2018 regarding the approval of the amendments to some decisions of the Government, the Government Decision no. 574/2013 regarding the public-private partnership for dialysis services, Government Decision no. 1020/2011 regarding the tariffs for the medical-sanitary services and the Government Decision no. 1116/2010 regarding the public-private partnership for the provision of health services.

During the examination of the support measure it was found that this constitutes state aid within the meaning of the Law on State Aid. At the same time, following the assessment of the compatibility of the state aid according to point 9 of the Regulation on the state aid granted to the beneficiaries providing services of general economic interest, approved by the Decision of the Plenum of the Competition Council no. 11 of 30.08.2013, it was found that the state aid is necessary for the operation of the SGEI and that the state aid does not unduly distort competition, the aid produces positive effects on the population.

- ***Support measure regarding the granting of fiscal and customs facilities for the import of goods within the cooperative production (Decision of the Plenum of the Competition Council no. ASR-12 of 07.03.2019)***

The support measure was granted on the basis of art. 4 of the Tax Code, the Parliament Decision no. 477/1995 for the ratification of the Agreement on the general conditions and the mechanism to support the development of the cooperative production of the enterprises and branches in the member countries of the Community of Independent States, the Government Decision on the measures to reach the Agreement on the general conditions and the mechanism of support of the development of the cooperative production of the enterprises and branches of the Member States of the Community of Independent States and of the Protocol on the mechanism for the implementation of this Agreement no. 369/1995.

Following the examination of the support measure, it was found that the tax and customs facilities granted for the importation of goods within the cooperative production are offered on the basis of the Agreement, ratified by the Decision of the Parliament no. 477/1995, which constitutes an international treaty. By concluding this Agreement, the Republic of Moldova has assumed the responsibility of applying the provisions of the Agreement, including also Article 5 of the Agreement, without any discretionary power. The examined support measure results from an international treaty. According to the provisions of art. 1 paragraph (2) of the Law on State Aid, if the international treaties that regulate the state aid field and to which the Republic of Moldova is a party establish dispositions and provisions other than those provided by law, the dispositions and provisions of the international treaty apply. Thus, the support measure examined is not imputable to the state.

Considering that the support measure is not imputable to the state, it was found that it does not cumulatively meet the criteria provided by the provisions of

art. 3 of the Law on State Aid. Therefore, the examined support measure cannot be qualified as State aid within the meaning of the Law on State Aid.

- **The support measure according to which when calculating the income tax, the economic agents, which production of the basic activities is determined according to Annex no.7, had the right to reduce the taxable income with an amount calculated by multiplying the average annual salary per country in the previous year of the tax management year to the increase of the average scriptural number of employees in the tax management year compared to the previous year, but not higher than the taxable income** (*Decision of the Competition Council Plenum no. ASER-13 of 07.03.2019*)

The support measure is granted on the basis of the provisions of art. 24 paragraph (16) of Law no. 1164/1997 for the implementation of Titles I and II of the Tax Code.

During the examination of the fiscal facility it was found that the provisions of art. 24 paragraph (16) of Law no. 1164/1997 for the implementation of Titles I and II of the Tax Code were subsequently amended. As a result, the fiscal facility analysed no longer meets the selectivity criterion, thus being a general measure.

With regard to the fact that the support measure examined does not risk distorting the competitive environment, it was found that this fiscal facility cannot be classified as State aid within the meaning of the Law on State Aid.

- **The support measure regarding the exemption from the income tax of prison enterprises** (*Decision of the Plenum of the Competition Council no. ASO-31 of 08.05.2019*)

The support measure is granted on the basis of the provisions of art. 24 paragraph (15) point c) of Law no. 1164/1997 regarding the implementation of Title I and II of the Tax Code of the Republic of Moldova.

During the examination of the fiscal facility, it was found that the activity of the penitentiary enterprises that employ prisoners can be considered as non-economic, being exercised to contribute to the realization of the state prerogative of correction and re-education of the prisoners through training, which excludes these enterprises from the provisions of the rules on state aid. At the same time, it was found that the situation regarding the activity of the SE " Casa de comerț DIP" differs from the situation of the other penitentiary enterprises.

By the Decision of the Plenum of the Competition Council it was established that the support measure granted on the basis of the provisions of art. 24 paragraph (15) point c) of Law no. 1164/1997 regarding the implementation of Title I and II of the Tax Code, does not constitute state aid in relation to the penitentiary enterprises that employ prisoners, within the meaning of art. 3 of the Law on State Aid. At the same time, the support measure granted to the SE " Casa

de comerț DIP " is a de minimis aid within the meaning of art. 3 of the Law on State Aid.

- **The support measure regarding the fiscal and customs facilities, granted when purchasing and importing new production equipment, to the companies part of the "Program for supporting and developing small and medium-sized enterprises"** (*Decision of the Competition Council Plenum no. ASO-38 of 23.05.2019*)

The support measure was granted on the basis of the provisions of art. 7 of the Agreement between the Government of the Republic of Moldova and the Government of Japan on technical cooperation, ratified by Law no. 225/2008; art. 104 paragraph (2) letter c¹) of the Tax Code; art. 34 of the Customs Code; art. 28 letter n) and point 1 of the note in Annex no. 2 to Law no. 1380/1997 regarding the customs tariff; point 9 of Annex no. 2 regarding the project "Promoting efforts regarding economic structural adjustments" of the Government Decision no. 246/2010 regarding the application of the fiscal and customs facilities related to the implementation of the ongoing technical and investment assistance projects, which fall under the international treaties to which the Republic of Moldova is a party.

During the examination it was found that the support measures were granted on the basis of the provisions of the Agreement between the Government of the Republic of Moldova and the Government of Japan on technical cooperation, ratified by Law no. 225/2008, which constitutes an international treaty. By the conclusion of this Agreement, the Republic of Moldova has assumed the responsibility of applying the provisions of the said Agreement, without any discretionary power. The examined support measure results from an international treaty. According to the provisions of art. 1 paragraph (2) of the Law on State Aid, if the international treaties that regulate the state aid field and to which the Republic of Moldova is a party establish dispositions and provisions other than those provided by law, the dispositions and provisions of the international treaty apply. Thus, the support measure examined is not imputable to the state.

Taking into account the fact that the support measure is not imputable to the state, it was found that the analysed fiscal and customs facilities do not cumulatively meet the criteria provided by the provisions of art. 3 of the Law on State Aid. Therefore, they cannot be qualified as state aid within the meaning of the Law on State Aid.

- **The support measure regarding the exemption from VAT without the right to deduct the services related to gambling** (*Decision of the Plenum of the Competition Council no. ASO-42 of 06.06.2019*)

The support measure is granted on the basis of the provisions of art. 103 paragraph (1) point 14) of the Tax Code. According to art. 341 of the Association Agreement, the Republic of Moldova has undertaken to align the existing state aid schemes with the acquis of the European Union. At the same time, according to art. 340 of the Association Agreement, the assessment of state aids will be carried out on the basis of the criteria arising from the application of the competition rules

applicable in the EU, in particular of art. 107 of the Treaty on the Functioning of the European Union, and the interpretation instruments adopted by the EU institutions, including the relevant case law of the Court of Justice of the European Union. Taking into account the provisions of art. 135, para. (1), letter(i) of the European Union Directive 2006/112 / EC on the common system of value added tax, whereby transactions involving bets, lotteries and other forms of gambling are exempt from VAT and the case law of the Court of Justice of the European Union, the case C-58/09 LeoLibra, the Plenum of the Competition Council found that, the exemptions from the VAT payment granted on the basis of the provisions of art. 103 paragraph (1) point 14) of the Tax Code, cannot be qualified as state aid within the meaning of art. 3 of the Law on State Aid.

- ***The support measure regarding the fiscal and customs facilities for the import of domestic goods previously exported and reintroduced, within 3 years (Decision of the Plenum of the Competition Council no. ASR-41 of 06.06.2019)***

The support measure was granted on the basis of art. 103 paragraph (2) let. b) and art. 124 paragraph (8) of the Tax Code, art. 37 of the Customs Code and art. 28 let. i) of Law no. 1380/1997 regarding the customs tariff.

Following the examination of the support measure it was found that the tax and customs facilities granted under art. 103 paragraph (2) let. b) and art. 124 paragraph (8) of the Tax Code, art. 37 of the Customs Code and art. 28 let. i) of Law no. 1380/1997 regarding the customs tariff are justified by the fiscal logic, ensuring compliance with the principle of fiscal equity. Therefore, the support measure examined is not selective.

Given that the support measure does not risk distorting the competitive environment, it has been found that it cannot be qualified as State aid within the meaning of the State Aid Law.

- ***The support measure regarding the exemption from VAT without the right to deduct the services related to the care of the sick and the elderly, as well as the goods, on behalf of the charitable organizations, destined to prepare packages for the needy elderly and distributed free of charge (Decision of the Competition Council Plenum no. ASS- 51 of 12.07.2019)***

The support measure is granted on the basis of Article 103 paragraph (1) point 9 of the Tax Code. During the examination of the support measure it was found that the respective facility is justified in the sense of ensuring the principle of fiscal equity, provided in art. 6 paragraph (8) of the Tax Code, according to which the tax burden is to be determined according to the contributory power of each, ensuring the different taxation of the income, according to their size.

By the Decision of the Plenum of the Competition Council it was found that the support measure does not risk distorting the competition and therefore it cannot be qualified as State aid within the meaning of the Law on State aid.

- ***The support measure regarding the allocation of financial means from the sources of the National Ecological Fund for projects related to the organization and management of the ecological information and advertising system, the promotion of the ecological knowledge (Decision of the Competition Council Plenum no. ASO-71 of 17.10.2019)***

The support measure is granted in accordance with the provisions of art. 85 of Law 1515/1993 on the protection of the environment and point 12, par. c) of the Government Decision no. 988/1998 regarding the approval of the Regulation on the ecological funds and consists in the allocation of the financial means from the sources of the National Ecological Fund for projects related to the organization and management of the ecological information and advertising system, the promotion of the ecological knowledge.

During the examination it was found that the beneficiaries of public financing from the ecological funds can be qualified as exercising non-economic activities for the activities of organizing and managing the ecological information and advertising system, the promotion of the ecological knowledge, which exempts them from the provisions of the rules regarding the state aid.

By the Decision of the Plenum of the Competition Council it was found that the analysed support measure cannot be qualified as State aid within the meaning of the Law on State Aid.

- ***The support measure regarding the exemption from the payment of the tax on the income of the creation and functioning of the guarantee fund of the Public Services Agency, as well as on the income destined to accumulating means to cover the expenses of servicing and reimbursing the external credit granted for the implementation of the First Cadastre Project. (Decision of the Competition Council Plenum no. ASER-76 of 31.10.2019)***

The support measure granted according to art. 24 paragraph (15) letter d) of Law no. 1164/1997 for the implementation of titles I and II of the Tax Code.

During the examination of the support measure it was found that the analysed fiscal facility is granted for the purpose of carrying out activities related to the state's prerogative. Therefore, the beneficiary of the examined tax facility is not a beneficiary within the meaning of the Law on State Aid.

By the Decision of the Plenum of the Competition Council it was established that the examined support measure cannot be qualified as state aid within the meaning of art. 3 of the Law on State Aid.

- ***The support measure regarding the exemptions applied to the machine, the equipment and the attributes of gratification received as donations by the National Olympic and Sports Committee and the national sports federations of profile of the International Olympic Committee, from the European and international sports federations (Decision of the Competition Council Plenum no. ASS-77 of 31.10.2019)***

The support measure is granted on the basis of art. 103 paragraph (1) point 26) of the Tax Code no. 1163/1997, art. 28 letter o) and point 2 of the Note in Annex no.2 to Law no. 1380/1997 regarding the customs tariff.

During the examination it was found that the support measures reported by the Customs Service cumulatively meet the criteria provided by the provisions of art. 3 of the Law on State Aid. At the same time, it has been estimated that the amount of exemptions applied to the import of the machines transmitted to the companies, including the indirect beneficiaries of the support measure, does not exceed the de minimis aid threshold.

By the Decision of the Plenum of the Competition Council, it was found that the examined support measures constitute de minimis aid for the direct (the National Olympic and Sports Committee and the national sports federations) and indirect beneficiaries of the sports equipment engaged in an economic activity.

- ***The support measure regarding the exemption from income tax payment of saving and loan associations (Decision of the Competition Council Plenum no. ASO-79 of 07.11.2019)***

The support measure is granted on the basis of the provisions of art. 532 of the Tax Code. According to art. 340 of the Association Agreement, the assessment of state aids will be carried out on the basis of the criteria arising from the application of the competition rules applicable in the EU, in particular of art. 107 of the Treaty on the Functioning of the European Union, and the interpretation instruments adopted by the EU institutions, including the relevant case law of the Court of Justice of the European Union. With regard to the EU case law in the field of state aid, in examining the support measure it has been found that saving and loan associations cannot, in principle, be considered as factually and legally achievable with that of commercial companies, the derogation being justified by the nature or the general economy of the system. Thus, the selectivity criterion was not met.

By the Decision of the Plenum of the Competition Council it was found that the examined support measure does not risk to distort the competitive environment, therefore, it cannot be qualified as state aid within the meaning of the Law on State aid.

- ***The support measure regarding the exemption applied to the import of aluminium capsules with a diameter of over 21 mm tariff subheading "ex.8309 90 100" (Decision of the Competition Council Plenum no. ASR-84 of 14.11.2019)***

The support measure was granted on the basis of Annex no.1 of the Law no.1380 / 1997 regarding the customs tariff, later being repealed by Law no.172 / 2014 regarding the approval of the combined nomenclature of goods. By Law no.172 / 2014 on the approval of the Combined Nomenclature of goods, the tariff subheading "ex. 8309 90 100" (aluminium capsules over 21 mm in diameter) was modified in the subheading "8309 90 100" (lead capsules; capsules made of aluminium with a diameter of over 21 mm), for which a 0% customs duty was

established. Following the examination of the support measure, it was found that the nominated customs facility granted under the Association Agreement, Free Trade Agreements with the CIS countries, the Free Trade Agreement between the Republic of Moldova and the Republic of Turkey and the provisions of the Additional Protocol to the Amendment and Accession Agreement The European Central Free Trade Area (CEFTA) for products originating in the countries that are party to these Agreements, results from an international agreement. By concluding these Agreements, the Republic of Moldova has assumed the responsibility of applying the provisions of these Agreements, without any discretion. The examined support measure results from an international treaty. According to the provisions of art. 1 paragraph (2) of the Law on State Aid, if the international treaties that regulate the state aid field and to which the Republic of Moldova is a party establish dispositions and provisions other than those provided by law, the dispositions and provisions of the international treaty apply. Thus, the support measure examined is not imputable to the state. Considering that the support measure is not imputable to the state, it was found that it does not cumulatively meet the criteria provided by the provisions of art. 3 of the Law on State Aid. Therefore, the examined support measure cannot be qualified as State aid within the meaning of the Law on State Aid.

The examined customs facility, which is not provided under the Association Agreement, the Free Trade Agreements with CIS countries, the Free Trade Agreement between the Republic of Moldova and Turkey and the Additional Protocol to the Amendment and Accession Agreement to the Central European Free Trade Agreement (CEFTA), cumulatively meets the criteria for determining a state aid within the meaning of the Law on State Aid. At the same time, the value of this support measure examined does not exceed the threshold of 2,000,000 MDL per beneficiary. Thus, by the Decision of the Plenum of the Competition Council, it was found that this constitutes de minimis aid within the meaning of Article 3 of the Law on State Aid.

- *The support measure regarding the allocation of the financial means from the sources of the National Ecological Fund for projects related to the liquidation of the consequences of natural disasters, production damage, other situations that may cause environmental damage (Decision of the Competition Council Plenum no. ASO-88 of 14.11.2019)*

The support measure is granted in accordance with the provisions of art. 85 of Law no. 1515/1993 regarding the protection of the environment and point 12 letter f) of the Government Decision no. 988/1998 on the approval of the Regulation on ecological funds. Through the Decision of the Plenum of the Competition Council it was found that the analysed support measure constitutes state aid and is compatible with the normal competition environment within the meaning of art. 4 let. b) of the Law on State Aid.

In order to align the state aid schemes implemented until the entry into force of the Law on State Aid, **the support measures granted to the residents of the**

business incubators were examined. The support measures examined consisted in granting spaces at a lower price than on the market for business incubator residents and providing free training to residents. Following the examination, it was found that the support measures granted in the form of a reduction in the payment of the location and the provision of free training to the residents of the business incubators constitute de minimis aid schemes.

At the same time, during the examination of the state aid schemes implemented until the entry into force of the Law on state aid, it was found that some support measures are no longer in force, being excluded from the list of existing state aid schemes, namely:

- the support measure regarding the granting of fiscal facilities for the implementation of the project of reconstruction of the water supply and sewerage systems in Chisinau municipality;
- the support measure regarding the exemption from the payment of the VAT on the goods and services provided by the penitentiary enterprises;
- the support measure regarding the financial support and the facilities granted for the creation of new jobs;
- support measures regarding stimulating employers for employment of graduates of higher education institutions registered with agencies, whose studies were funded from the state budget and stimulating employers for employment of graduates with disabilities;
- the support measure regarding exemptions and / or reductions from the payment of taxes, fees and other mandatory payments for the construction of the school-kindergarten in the village of Cotul Morii, r. Hîncești, following the floods of the summer of 2010;
- the support measure regarding the Call for project proposals no. 2 in the field of energy efficiency and the use of renewable energy sources, launched by the Fund for Energy Efficiency;
- the support measure granted in accordance with the "Energy and Biomass" Project within the Program for supporting and developing the solid biomass fuel sector in the Republic of Moldova, Component 1.2. "The commercialization in instalments of the equipment for briquetting / pelletizing the biomass" and the Government Decision no. 216/2010;
- the support measure regarding the issuance of financial guarantees, through the Credit Guarantee Fund, based on the guarantee product of the National Program for Economic Empowerment of Young People.

As a result of the alignment of the state aid schemes implemented until the entry into force of the Law on State Aid, the ratification of the Association Agreement and the changes in the national legislation, the value of the existing state aid aligned constituted about 113 million MDL.

2.3. Methods of granting state aid

Undertakings in the Republic of Moldova can benefit from support measures either as individual aids or through state aid schemes.

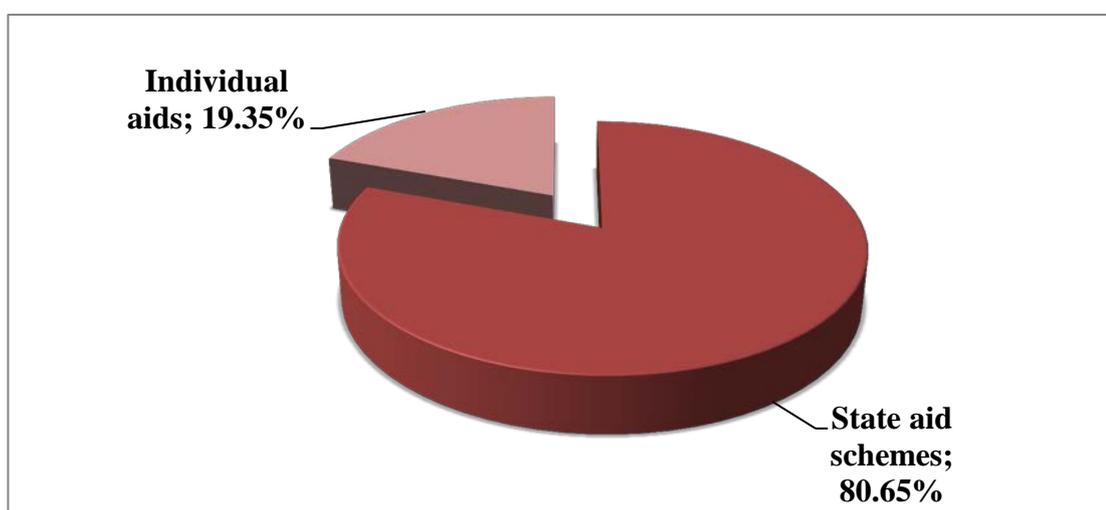
The State aid scheme within the meaning of the Law on State Aid is any act on the basis of which state aid may be granted to the beneficiaries defined in the act in a general and abstract manner without the need for additional application measures, or any act under which aid not linked to a specific project may be granted to one or more beneficiaries for an indefinite period of time and / or in an undetermined amount.

Individual aid is the state aid which is not granted under a state aid scheme or is granted on the basis of a scheme to be notified individually.

For the year 2018, state aid providers reported 62 support measures, excluding SGEIs. According to Figure no. 2 regarding the structure of the measures managed by the providers in 2018, referring to the modalities for granting state aids, it is found that the providers chose the implementation of the state aid schemes, these being 80.65% of the total number of measures reported.

Figure no.2

Structure of state aid measures implemented in 2018 as individual aids or state aid schemes



From the value point of view, also, several state aids were offered through the schemes. The most significant state aid scheme, from this point of view, was implemented by AIPA, which aimed to stimulate investments for the development of post-harvest and processing infrastructure, which is part of measure no.2 regarding investments in processing and the commercialization of agricultural products, from Annex no. 1 to the Government Decision no. 455 of 21.06.2017 regarding the distribution of the means of the National Fund for the Development of Agriculture and Rural Environment.

A comparative situation of these granting modalities, taking into account the amount of state aid granted through the schemes or as individual aid, is presented in Table no.3.

Taking into account the Methodology and the presentation of the annual EU State aid analysis, a more detailed analysis of the state aid offered will be presented below, depending on the modalities of granting, except for the support measures

offered for the provision of SGEIs. The analysis of the support measures granted for the provision of the SGEIs depending on the granting modalities will be presented in Chapter III, section no. 3.2. of the given Report.

Table no.3

***Value and structure of state aid depending on the modalities granted in
2016-2018***

No	Type of State aid	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
<i>State Aid (excluding SGEIs)</i>							
1.	State aid schemes	2 665 528	98.97	634 720	94.50	883 496	95.07
2.	Individual state aid	27 742	1.03	36 974	5.50	45 828	4.93
	TOTAL	2 693 270	100	671 693	100	929 324	100
<i>State Aid (including SGEIs)</i>							
1.	State aid schemes	2 691 377	92.67	665 654	79.41	925 681	83.54
2.	Individual state aid	213 038	7.33	172 566	20.59	182 439	16.46
	TOTAL	2 904 415	100	838 220	100	1 108 120	100

According to the data presented in Table no.3, it is observed that the share of state aid granted through the schemes (except for SGEIs) remained practically at the same level during the period 2016-2018.

The EU experience shows that State aid granted through schemes is, as a rule, less harmful to the competitive environment. The granting of support measures, mainly through state aid schemes, increases the accessibility of support measures, thus increasing the number of eligible economic operators and creating the necessary premises for sustainable social and economic development.

In order to make state aid more efficient and to apply good international practices in the field of state aid, it is necessary to continue the implementation of support measures through state aid schemes.

2.4. Forms of granting state aid

In order to grant state aid, providers may use different ways of supporting beneficiaries. Depending on public policy in a specific area and the specific nature of the businesses to be supported, the provider chooses a form of state aid that offers the best possible way to achieve the proposed objective. It should also be noted that the notion of State aid is an objective notion that does not take into account the form of granting, but its effects on the national economy.

State aid can be expressed through the transfer of public goods, including in the form of financial means, to a beneficiary, or by giving up to the provider certain or possible future revenue, he would obtain from a beneficiary.

State aid providers have offered support measures to enterprises operating on the territory of the Republic of Moldova, such as: 1) waiving of budget revenues, 2) budget expenditures.

In 2018, the amount of state aid reported in the form of waivers to budget revenues constituted 38.34% of the total amount of state aid. The share of state aid granted in the form of waivers to budget revenues increased insignificantly in 2018 compared to 2017, ie 1.78 p.p, at the same time, compared with 2016 it decreased with 49.76 p.p.

In 2018, the share of state aid reported in the form of budgetary expenditures constituted 61.66% out of the total value of the state aid, registering a significant increase of 49.76 p.p. compared to 2016. This trend was due to, including the alignment of state aid schemes implemented until the entry into force of the Law on state aid, the increase of the budget of some state aid schemes offered in the form of subventions and / or subsidies and the implementation of new support measures granted in the nominated form.

The value of the state aid from the perspective of the expenditures and the budgetary waivers registered during the period 2016-2018, is presented in Table no.4.

Table no. 4

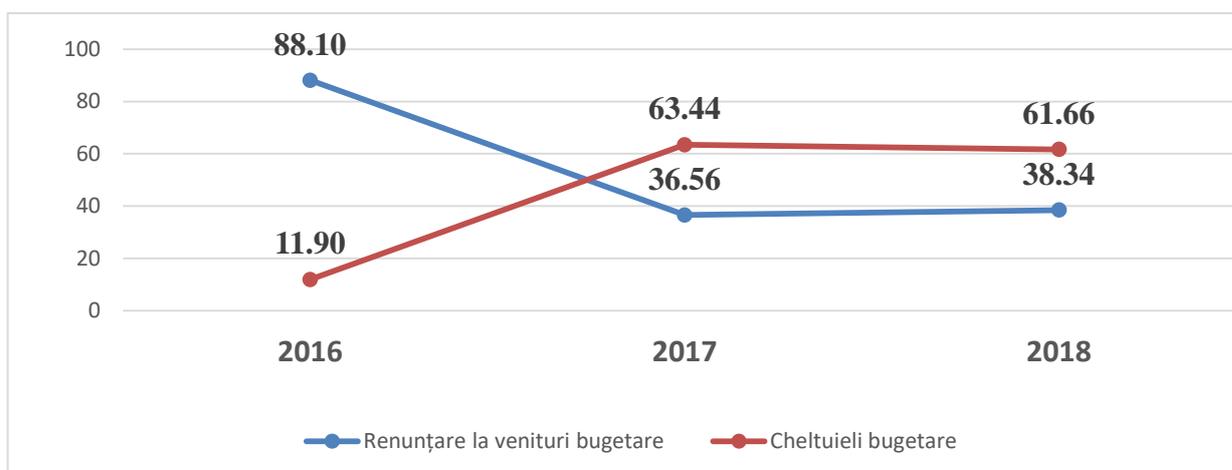
Value and structure of the reported state aid from the perspective of budget expenditure / waivers in 2016-2018

No	Category	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
<i>State Aid (excluding SGEIs)</i>							
1.	Budget revenue waivers	2 372 832	88.10	245 565	36.56	356 347	38.34
2.	Budget expenditures	320 438	11.90	426 128	63.44	572 977	61.66
	TOTAL	2 693 270	100	671 693	100	929 324	100
<i>State Aid (including SGEIs)</i>							
1.	Budget revenue waivers	2 541 665	87.51	355 005	42.35	475 973	42.95
2.	Budget expenditures	362 751	12.49	483 216	57.65	632 147	57.05
	TOTAL	2 904 415	100	838 220	100	1 108 120	100

The structure of state aid reported from the perspective of budget expenditures / waivers was determined by the form of state aid granted by providers. The structure of state aid reported from the perspective of budget expenditures / waivers in the period 2016-2018 and its dynamics is presented in Figure no. 3.

Figure no. 3

Structure and Dynamics of Reported State Aid (excluding SGEIs) in terms of budget expenditures / waivers between 2016-2018 (%)



According to Figure no. 3, starting with 2017, there is an essential change in the structure of the state aid from the perspective of budgetary expenditures / waivers, which was kept in 2018. With reference to the international practice in the field of state aid, the offer of the largest State aid share in the form of budgetary expenditures in 2018 is less detrimental to competition and at the same time, more transparent and simpler to quantify in the case of state aid schemes or individual aid. Thus, in 2018, there is a positive trend in the dynamics of support measures granted by the state.

The annual amount of state aid, according to the form by which the companies benefited from these support measures, is presented in Table no. 5.

With regard to the Methodology and the presentation of the annual EU State aid analysis, a more detailed examination of the state aid offered depending on the granting forms will be presented below, with the exception of the support measures offered for the provision of the SGEIs. It is specified that the analysis of the support measures granted for the provision of the SGEIs depending on the granting forms will be presented in Chapter III, section no. 3.2. of the given Report.

Table no. 5

Value and structure of state aid reported according to the form of granting, in the period 2016-2018

No	Form of granting	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	Subventions and/or subsidies	320 438	11.90	426 128	63.44	524 059	56.39
2.	Budgetary allocations	0	0	0	0	48 917	5.26
3.	Exemptions, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	2 360 521	87.65	231 838	34.52	318 290	34.25
4.	Granting loans with preferential interest	881	0.03	562	0.08	440	0.05
5.	State guarantees, guarantees granted by public authorities / institutions and persons assimilated to public authorities, state / municipal enterprises and by companies with full or majority public capital	6 656	0.25	6 365	0.95	1 235	0.13
6.	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	4 774	0.18	6 800	1.01	36 382	3.91
	TOTAL	2 693 270	100	671 693	100	929 324	100

In 2018, the value of the state aid reported in the form of subventions and / or subsidies registered an upward trend with 22.98% compared to 2017 and, respectively, 63.54% compared to 2016. This trend was determined, including by the implementation of the new measures of support granted in the form of subventions and / or subsidies and the increase of the budget of some state aid schemes granted in the analysed form. The highest share of state aid in the form of subventions and / or subsidies was offered, in 2018, for regional development, accounting 52.29% of the total. At the same time, the share of state aid reported in the form of subventions and / or subsidies decreased in 2018 with 7.05 p.p. compared to 2017 that was determined by both the introduction in the reporting year of a new form of state aid related to the transmission of financial means based on budgetary allocations⁸, as well as the increase of the share of the state aid granted in the form of price reductions to goods and the services provided.

In 2018, the amount of state aid reported in the form of exemptions and / or reductions in the payment of taxes, duties and other compulsory payments increased with 37.29% compared to 2017. This increase was caused by the

⁸ Article 6 paragraph (2) of the Law on State aid was amended by Law no. 141/2018 for the modification and completion of some legislative acts

implementation of the new state aid scheme regarding the collection of the single tax for the residents of the information technology park "Moldova IT Park".

The highest share of state aid in the form of exemptions and / or reductions in the payment of taxes and other compulsory payments was granted for regional development, which was 52.88%. It is noted that, a significant share of the state aids offered in the analysed form were granted on the basis of the Tax Code and Law no.1380 / 1997 regarding the customs tariff. The support measures were implemented until the entry into force of the Law on State Aid, therefore these measures were not notified to the Competition Council and were not examined in the light of the provisions of the legislation in the field of state aid, but they are to be aligned with EU standards.

The value of the state aid reported in the form of loans under preferential conditions has decreased from 881 thousand MDL in 2016 to 440 thousand MDL in 2018. The decrease of the value of the state aid reported in the form of loans under preferential conditions was determined, including by alignment State aid schemes under the provisions of the law in the field of state aid and the end of the period of implementation of support measures. In 2018, the highest share of state aid granted in the analysed form was offered to support SMEs.

The value of the state aid reported in the form of state guarantees, guarantees granted by public authorities / institutions and persons assimilated to public authorities (state / municipal enterprises and by companies with full or majority public capital) decreased in 2018 with 80.59% compared to 2017. This evolution was determined, including by updating and correcting the information presented by the providers in previous periods. The state aid reported in the analysed form was offered for regional development.

In 2018, the value and share of state aid reported in the form of price reductions on the goods and services provided increased significantly compared to previous years. This increase was determined by the implementation of the new support measures offered in the analysed form. The highest share of state aid in the form of price reductions for the goods and services provided (including free title transmission) was granted for sectoral development.

For 2018, support measures offered in the form of budgetary allocations have been reported, following the introduction of the amendments to art. 6 of the Law on State Aid. The highest share of the state aid offered in the form of budgetary allocations was aimed at promoting the culture and preserving the cultural heritage.

Data on the value of state aid reported on forms and objectives of granting can be found in Annex III.

The share of the state aid of the nature of the waivers of budgetary revenues in the total value of the state aid, registered in 2018, was determined by the amount of the state aid reported in the form of exemptions and / or reductions to the payment of taxes, fees and other mandatory payments.

The share of the value of the state aid in the form of exemptions and / or reductions to the payment of taxes, fees and other mandatory payments in the amount of the state aid of the nature of the budget waivers reported decreased from 99.48% in 2016 to 89.32% in 2018. This trend was determined including by the

increase of the share of the support measures offered in the form of price reductions to the goods and services provided. Thus, the share of support measures offered in the form of price reductions for the goods and services provided increased from 0.20% in 2016 to 10.21% in 2018.

As specified, in 2018 the share of the state aid of the nature of the budget expenditures constituted 61.66% of the value of the reported state aid. The value of this indicator was determined by the state aid offered in the form of subventions and / or subsidies and budgetary allocations. Thus, the share of state aid granted in the form of subventions and / or subsidies constituted 91.46% and budgetary allocations - 8.54% of the budgetary expenditures.

It is noted that, international experience attests that the state aid of the nature of the budget income waivers (exemptions and reductions from the payment of taxes and fees, cancellation of penalties and late payment increases to the payment of obligations to the state, etc.) are, as a rule, more harmful to the market economy than those in the form of budget expenditures (subventions, subsidies, etc.).

State aid in the categories of budget expenditures (subventions, subsidies, etc.) is considered less harmful to competition and at the same time, more transparent and simpler to quantify in the case of state aid schemes or individual aid.

Therefore, it is necessary to continue taking measures to increase the share of state aid offered in the form of budget expenditures in line with international best practices in the field of state aid.

2.5. Objectives of State Aid

According to the Law on State Aid, except for the derogations set out in Articles 4 and 5, the granting of State aid is considered incompatible with the normal competitive environment.

The categories of state aid, which according to Article 5 (1) of the Law on State Aid can be considered compatible with the competitive environment are: aid intended to remedy a serious disturbance of the economy; aid for training of employees and for creating new jobs; aid to support SMEs; aid for research, development and innovation; aid for environmental protection; aid to SGEIs beneficiaries; aid for rescuing beneficiaries in difficulty; aid for business start-up by female entrepreneurs; sectorial aid, depending on the sectors of activity of the national economy; aid for regional development.

The assessment of the compatibility of State aid with a normal competitive environment is made according to the main objective established when allocating them.

In this report, State aid is analysed in the following categories, depending on the main objective of the grant:

- 1. State aid for horizontal objectives** refers to state aid granted to legal and natural persons engaged in economic activity, irrespective of its field of activity, for the good execution of actions such as: promotion of investments, SMEs for consultancy and participation in fairs, employee

training, job creation, research and development, innovation, environmental protection and other objectives.

2. **State aid for sectorial objectives** refers to State aid to a particular economic activity, for example: the rapid development of broadband electronic communications networks, public passenger transport services by rail and road, for railway undertakings, financial sector, etc.
3. **Regional development aid** is intended to support regional development by supporting investment and job creation by expanding and diversifying the economic activities of enterprises located in underdeveloped regions and encouraging businesses to set up new ones in these regions. Regional aid includes investment aid to large, small and medium-sized enterprises, regional aid for newly created small enterprises and, in exceptional circumstances, operating aid.
4. **Aid for the promotion of culture and the preservation of cultural heritage** are aids for cultural purposes and activities such as museums, archives, libraries, artistic and cultural centres or areas, theatres, workshops, concert halls, other live entertainment organizations, filmographic heritage institutions and other similar artistic and cultural infrastructures, organizations and institutions; material, immobile and movable heritage, including archaeological sites, historical monuments, sites and buildings; natural heritage related to cultural heritage or whether it is officially recognized as a cultural or natural heritage by the competent public authorities of the state, etc.
5. **Aid to remedy damage caused by natural disasters or other exceptional situations.**
6. **State aid granted to beneficiaries for the provision of SGEIs** is State aid in the form of compensation granted to beneficiaries entrusted with the provision of SGEIs. It is specified that SGEIs are economic activities that are intended for the population and are in the company's interest, which undertakings would not provide (or would otherwise provide in terms of quality, safety, accessibility, equal treatment or universal access) without public intervention.

The value of state aid reported by objectives is summarized in Table no. 6

Table no. 6

*Value of state aid reported by objectives, in the period
2016-2018*

No.	Objective	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	Horizontal objectives	172 451	6.40	157 239	23.4 1	148 665	16.00

No.	Objective	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.1.	Research-development and innovation	72 329	2.69	74 912	11.15	97 656	10.51
1.2.	Environmental protection	20 937	0.78	28 383	4.23	29 346	3.16
1.3.	To support SMEs	9 844	0.37	29 533	4.40	2 441	0.26
1.4.	Support for staff training and job creation	69 219	2.57	16 358	2.44	19 223	2.07
1.5.	Rescue support	123	0.01	8 053	1.20	0	0
2.	Sectorial aid depending on sectors on national economy activity	260 032	9.65	133 467	19.87	173 978	18.72
3.	State aid for regional development	2 100 241	77.98	258 929	38.55	445 989	47.99
4.	Aid for the promotion of culture and the preservation of cultural heritage	122 059	4.53	122 059	18.17	160 692	17.29
5.	Aid to remedy damage caused by natural disasters or other exceptional situations	38 487	1.43	0	0	0	0
6.	State aid value (excluding SGEIs)	2 693 270	100	671 693	100	929 324	100
7.	SGEIs	211 145	7.27	166 527	19.87	178 796	16.14
8.	State aid value (including SGEIs)	2 904 415	100	838 220	100	1 108 120	100

* the share of State aid to SGEIs in total state aid, including State aid granted for the provision of SGEIs

With reference to the EU experience in the area of state aid analysis, the reported state aid will continue to be analysed, except for SGEIs. The highest share of the reported state aid, for 2018, continued to be granted for regional development. The share of state aid for regional development in the total value of the reported state aid increased from 38.55% in 2017 to 47.99% in 2018. This increase was determined, including by the increase of the budget of some state aid schemes and the implementation of new support measures.

The most significant support measure offered for regional development, recording the share of 61.44% of the total value, was the state aid notified by AIPA regarding the stimulation of investments for the development of post-harvest and processing infrastructure, which is part of measure no. 2 regarding the investments in the processing and marketing of agricultural products, from Annex no. 1 to the Government Decision no. 455/2017 regarding the distribution of the means of the National Fund for the Development of Agriculture and Rural Environment.

The value of the state aid for sectoral objectives offered in 2018 decreased with 33.09% compared to 2016. The given evolution of the value of the state aid can be appreciated as positive, being in accordance with the good international practices, according to which the state aid for sectoral objectives are viewed as more harmful to the competitive environment in relation to state aid for regional development and horizontal state aid.

A significant proportion of the state aid for sectoral objectives are existing state aids and implemented until the entry into force of the Law on State Aid. Therefore, the aforementioned support measures will be examined by the Competition Council in the light of state aid legislation and aligned with the EU acquis in the field of state aid in accordance with the commitments assumed by the Association Agreement by the Republic of Moldova.

The share and value of horizontal state aid decreased in 2018, compared to the previous year, caused also by the end of the implementation period of some measures. The highest share of horizontal state aid, 64.73%, was supported by the Ministry of Health, Labour and Social Protection, the Ministry of Education, Culture and Research, the Ministry of Agriculture, Regional Development and the Environment and the National Agency for Research and Development through state aid schemes offered in the field of science and innovation.

The value of the state aid for the promotion of the culture and the conservation of the cultural heritage registered an increase with 31.65% compared to 2016-2017. This increase was determined by the increase of the budget of the state aid scheme granted for the promotion of the culture and the conservation of the cultural heritage. The dynamics of the share of the value of the state aid offered for the promotion of culture and the preservation of the cultural heritage was determined by the value of the state aid reported for other objectives.

The support measure granted to promote the culture and the conservation of the heritage was oriented towards supporting theatrical-concert institutions. It should be noted that, this measure was implemented until the entry into force of the Law on State Aid.

According to the international experience in the field of state aid, as a rule, horizontal state aid and regional development have a less harmful impact on the competitive environment and are therefore more accepted compared to sectoral state aid. Thus, in 2018 there is a constant level of the state aid structure compared to the previous year by orienting the highest share of the state aid towards regional and horizontal objectives in accordance with the best international practices in the field.

A more detailed analysis of the state aid reported on objectives is presented below.

Horizontal objectives

The structure of the value of the state aid on horizontal objectives varied during 2016-2018 (Table no.7).

Table no. 7

*The value and structure of state aid on horizontal objectives,
in the period 2016-2018*

No.	Horizontal objective	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	To support SMEs	9 844	5.71	29 533	18.78	2 441	1.64
2.	Research, development and innovation	72 329	41.94	74 912	47.64	97 656	65.69
3.	Environment protection	20 937	12.14	28 383	18.05	29 346	19.74
4.	Support for staff training and job creation	69 219	40.14	16 358	10.40	19 223	12.93
5.	Rescue support	123	0.07	8 053	5.12	0	0
	TOTAL	172 451	100	157 239	100	148 665	100

From the data presented in Table no.7, it turns out that in 2018 the largest share of the value of the state aids granted on horizontal objectives held the state aids for research, development and innovation, representing 65.69% of the value of the horizontal state aids reported, being in up 18.05 p.p. compared to the previous year. The value of the state aid for research, development and innovation reported increased with 30.36% in 2018 compared to 2017. The increase in the value and share of the state aid stated was determined, including by the budget increase for some state aid schemes offered for research, development and innovation.

The most significant state aid scheme granted for research, development and innovation was implemented by the Ministry of Health, Labour and Social Protection, being oriented towards the financial development and assurance of science and innovation in the field of health.

The value and share of state aid offered to support SMEs has decreased significantly in 2018 compared to previous years. This fact was caused, including by the end of the implementation period of some schemes. The largest share of the state aid offered to support the SMEs had the support measure granted by the State Agency for Intellectual Property within the scheme "Reductions granted to small and medium-sized enterprises (SMEs) for the protection of inventions, plant varieties, trademarks, product designations of origin, industrial designs". It should be noted that, this support measure was implemented until the entry into force of the Law on State Aid and was therefore not notified to the Competition Council. In accordance with Art. 341 of the Association Agreement, this scheme is to be aligned with the EU acquis on State aid.

In 2018, the value and share of state aid offered for environmental protection increased compared to previous years. The share of state aid granted for the protection of the environment from the value of the state aid on horizontal objectives constituted 19.74%, registering an increase of 1.69 p.p. compared to

2017 and 7.60 p.p. compared to 2016. In turn, the value of the state aid for environmental protection increased in the reporting year with 3.39% and 40.16% compared to 2017 and 2016, respectively.

The most significant state aid scheme granted for environmental protection was implemented by the Customs Service and consisted of a 50% reduction in the excise duty for hybrid motor cars from the tariff heading "8703". The value of the state aid offered for the staff training and for new job creation increased with 17.51% in 2018 compared to 2017. At the same time, the share of the value of the state aid nominated increased with 2.53 p.p. in 2018 compared to 2017.

According to the information presented by the providers, the most significant support measure reported for the staff training and new job creation was provided by the State Tax Service, through the scheme "Exemption from payment of VAT related to the goods and services provided by the organizations and companies of the blind, deaf and persons with disabilities. " The nominated state aid scheme was implemented until the entry into force of the Law on State Aid and, therefore, was not examined by the Competition Council. In accordance with Art. 341 of the Association Agreement, this scheme is to be aligned with the EU acquis on State aid.

Sectorial objectives

In 2018, the value of the state aid for sectoral objectives decreased with 33.09% compared to 2016. The share of the state aid for sectoral objectives constituted 18.72% of the value of the state aid reported for 2018, decreasing with 1.15 p.p. compared to 2017 and increasing with 9.07 p.p. compared to 2016. This trend was determined, including by the number and value of the support measures for sectoral objectives reported for the period considered.

In 2018, the Public Property Agency notified the support measure to be granted to "Moldtelecom" SA. The support measure consisted of exempting SA „Moldtelecom” from the payment of dividends in the state budget of part of the net profit obtained in 2017 in the amount of 36 million MDL, the form of the state aid being the renunciation of obtaining some income from preferentially administered public funds. The objective of granting the state aid is sectoral aid granted for the rapid development of the broadband electronic communications networks, the financial resources to be used by the beneficiary in order to: (i) develop the broadband electronic communications networks and ensure the availability of access to these networks in all localities, and (ii) the refurbishment or modernization of the broadband electronic communications networks. Following the examination of the notification, the Plenum of the Competition Council, found that the notified support measure constitutes state aid and is compatible with the normal competition environment (*Decision of the Plenum of the Competition Council no.ASS-12 of 22.03.2018*)

The highest share of state aid for sectoral objectives was granted for the pharmaceutical sector, followed by the road passenger transport sector. At the

same time, state aid has been reported for other sectors of the national economy, such as:

rail transport, air transport, etc.

In 2018, most state aids on sectoral objectives were reported in the form of exemptions and / or reductions to the payment of taxes, fees and other mandatory payments, which constitute 67.14% of the total value. The decrease of the share of state aid for sectoral objectives offered in the form of fiscal facilities was determined by the implementation of the new support measures granted in other forms.

Part of the value of the state aid on sectoral objectives represents the state aid implemented until the entry into force of the Law on state aid. Given that some of these support measures have been implemented through state aid schemes, they will be aligned with the EU acquis in the field of state aid in line with the commitments made by the Republic of Moldova through the Association Agreement.

State aid for regional development

According to the Regional Aid Map of the Republic of Moldova, all the development regions in the country are eligible for state aid on the analysed objective, with a maximum admissible intensity of 50%. In line with EU practice, this is determined by the region's economic development, population density, unemployment level in the regions concerned and other indicators. According to EU rules, the entire territory of the Republic of Moldova corresponds to the criteria that characterize the disadvantaged region.

In 2018, the share of the value of the state aid for regional development was about 48% of the total value of the reported state aid (according to Table no. 6). The amount of state aid authorized by the Competition Council constituted 85.70%, the difference being the aid implemented until the entry into force of the Law on State Aid and the support measures under examination at the Competition Council.

The value of the state aid notified in 2018 for regional development increased from 185,234 thousand MDL in 2017 to 382 226 thousand MDL in 2018. This evolution was due, including to the increase of the institutional capacity of the providers in the application of the legislation in the field of state aid and due to competition advocacy.

In 2018, the highest share of regional development aid was granted in the form of subventions and / or subsidies (accounting 61.44% of total state aid for regional development). The majority of the state aid for regional development offered in the form of subventions and / or subsidies reveals a beneficial impact on the competitive environment compared to other forms of granting.

In the reporting year, the Ministry of Economy and Infrastructure notified the state aid scheme regarding the *application of the single tax for the residents of the information technology park "Moldova IT park"*. Following the examination of the notified support measure, the Competition Council found that the given

measure constitutes state aid, within the meaning of the Law on State Aid (*Decision of the Competition Council Plenum no. ASS-17 of 29.03.2018*).

Also, the Competition Council authorized the state aid scheme notified by the Agency for Intervention and Payments for Agriculture regarding the stimulation of investments for the development of post-harvest and processing infrastructure. The mentioned support measure provides for the granting, through the National Fund for the Development of Agriculture and Rural Environment, of subsidies for the support of investments destined to the processing and marketing of agricultural products (*Decision of the Plenum of the Competition Council no. ASS-73 of 11.10.2018*).

2.6. State aid providers

According to the state aid legislation, state aid providers are required to submit annually to the Competition Council by March 31st the information on State aid granted in the year preceding the reporting year.

State aid provider in accordance with the Law on State Aid, is any central government authority or an administrative-territorial unit or any legal person directly or indirectly managing the resources of the State or of the administrative-territorial units. The resources of the state or of the administrative-territorial units are the entire patrimony, including in the form of financial means, belonging to the state, the administrative-territorial units, including the autonomous territorial unit Gagauzia.

The Law on State Aid also provides for the term of “state aid initiator”, which is the authority empowered to initiate draft legal acts involving the granting of State aid.

Most of the reported support measures, for 2018, were granted by the CPAs, accounting about 87% of the total number of measures reported, and those granted by the LPAs - about 13%. In this regard, it is specified that the CPAs are the main providers of state aid granted, except for the SGEIs. As far as LPAs are concerned, they in particular grant aid for the provision of SGEIs and de minimis aid.

According to the state aid value reported for 2018, it is noted that 99.35% of the total value was provided by the CPAs. Table no.8 shows the value of the state aid reported by state aid providers.

Table no. 8

**Value of State aid reported
depending on providers, in the period 2016-2018**

No.	Provider	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	AIPA	97 549	3.62	179 782	26.77	274 010	29.48
2.	State Tax Service	207 389	7.70	118 062	17.58	231 617	24.92
3.	Ministry of Education, Culture and Research	144 789	5.38	146 763	21.85	186 422	20.06
4.	Customs Service	2 108 473	78.29	97 897	14.57	77 403	8.33

5.	Ministry of Health, Labour and Social Protection	44 638	1.66	49 127	7.31	47 656	5.13
6.	LPAs	6 703	0.25	16 929	2.52	6 048	0.65
7.	Other providers (CPAs and legal persons)	83 730	3.11	63 133	9.40	106 168	11.42
	TOTAL	2 693 270	100	671 693	100	929 324	100

In 2018, the largest providers of state aid were AIPA, the State Tax Service and the Ministry of Education, Culture and Research. AIPA continued to provide support measures under the state aid scheme for stimulating investments for the development of post-harvest and processing infrastructure, which is part of measure no.2 regarding investments in processing and marketing of agricultural products, from Annex no.1 to the Government Decision no. 455 of 21.06.2017 regarding the distribution of the means of the National Fund for the Development of Agriculture and Rural Environment. Within the scheme, 568 companies benefited from state aid.

The State Tax Service has provided support measures in several state aid schemes aimed at supporting the residents of the information technology park "Moldova IT Park", the Free Economic Zones, the development of the pharmaceutical sector, etc.

The Ministry of Education, Culture and Research has granted support measures within 3 state aid schemes geared towards supporting theatrical-concert institutions, supporting cultural programs and projects, funding science and innovation.

The share of state aid reported by the State Tax Service and Customs Service constituted 33.25% of the total amount of state aid. The value of this indicator decreased compared to previous years, this decrease was determined, including by the alignment of some state aid schemes granted under the tax and customs legislation.

Data on the amount and forms of state aid granted by state aid providers can be found in Annex IV.

In 2018, CPAs reported the most support measures through state aid schemes, accounting about 92.59% of the total number of CPAs support measures. LPAs offered only support measures as individual aid.

The highest share of the state aid granted in the form of subventions and / or subsidies was provided by AIPA, owning 52.29%, within the scheme on stimulating investments for the development of post-harvest and processing infrastructure, which is part of measure no. 2 regarding making investments in the processing and marketing of agricultural products, from Annex no. 1 to the Government Decision no. 455 of 21.06.2017.

The main provider of state aid that reported the support measures in the form of exemptions and / or reductions to the payment of taxes, fees and other mandatory payments, for 2018 is the State Tax Service and the Customs Service, these accounting 97.09% of the value total state aid reported in the given form.

This significant value of the analysed indicator was determined by the fact that the Customs Service and the State Tax Service have fiscal administration duties.

In conclusion, the amount of state aid reported for 2018 was up to 1% of GDP, which is in accordance with point 40 of the National Program on Competition and State Aid for 2017-2020. As in 2017, the highest share of state aid was granted for regional development, which is considered to have a less harmful impact on the competitive environment.

At the same time, most of the state aid granted in the form of fiscal and customs facilities are implemented until the entry into force of the Law on state aid, being granted on the basis of the normative acts in force at the date of adoption, without being substantiated on an ex-ante economic analysis of the impact of the respective measures on the competitive environment and to have clearly identified the objective of granting them. In this respect, the support measures granted to enterprises through tax and customs legislation are to be reviewed through the law on state aid. At the same time, in order to fulfil the commitments assumed by the Association Agreement by the Republic of Moldova and the National Program in the field of competition and state aid, these support measures will be aligned with the EU *acquis* in the field of state aid.

Chapter III. SUPPORT MEASURES WITH INSIGNIFICANT ANTICOMPETITIVE IMPACT

3.1. De minimis aid

De minimis aid is aid with a value equivalent to less than 2 million MDL, granted to the same beneficiary for a maximum period of 3 years, regardless its form and the objective pursued, provided that it is not linked to export activities. Aid to cover the costs of participation in trade fairs or the cost of studies or consultancy services required to launch a new or existing product on a new market does not normally constitute aid for export-related activities.

With the entry into force of the Law on State Aid, de minimis aid is to be granted in accordance with the Regulation on de minimis aid (approved by the Competition Council Plenum's Decision No. 2 of 30.08.2013, published in Official Gazette No 222 -227 of 11/10/2013).

De minimis aid can be granted in all sectors of the national economy, with some exceptions. Thus, de minimis aid can not be granted for export-related activities, namely linked to quantities exported, aid for the establishment and operation of a distribution network or for other current export-related expenditure. Also, de minimis aid can not be granted to enterprises in difficulty, applying the provisions of the Regulation on aid for rescuing beneficiaries in difficulty (approved by the Competition Council Plenum's Decision no.6 of 30.08.2013, published in the Official Gazette No.243-247 from 01.11.2013).

The amount of the de minimis aid is considered to be relatively small and does not affect the competition between the enterprises and the international treaties to which the Republic of Moldova is a party, thus being exempted from the notification obligation.

In 2018, **the value of de minimis aid** reported constituted 127,393 thousand MDL, which represented an increase of 32.58% compared to 2017 and 30.90%

compared to 2016. This increase was determined, including by the implementation of new support measures and by the increase of the the value of de minimis aid schemes reported.

Expressed in euros, the amount of de minimis aid increased in 2018 compared to 2016-2017. This trend was determined, including by the increase in the value of the reported aid and the fluctuation of the exchange rate.

Table no. 9

***Value of de minimis aid reported in the period
2016-2018***

No.	Indicator	2016	2017	2018
1.	Value of de minimis aid, thousand MDL	97 324	96 090	127 393
2.	Value of de minimis aid, thousand Euro *	4 854	4 209	6 421

* calculated on the basis of the average annual report of MDL to Euro, the NBM source (MDL / euro year 2016 = 22.05, year 2017 = 20.83, year 2018 = 19.84)

The data reported for the period 2016-2017 was updated and corrected according to the information presented by the providers.

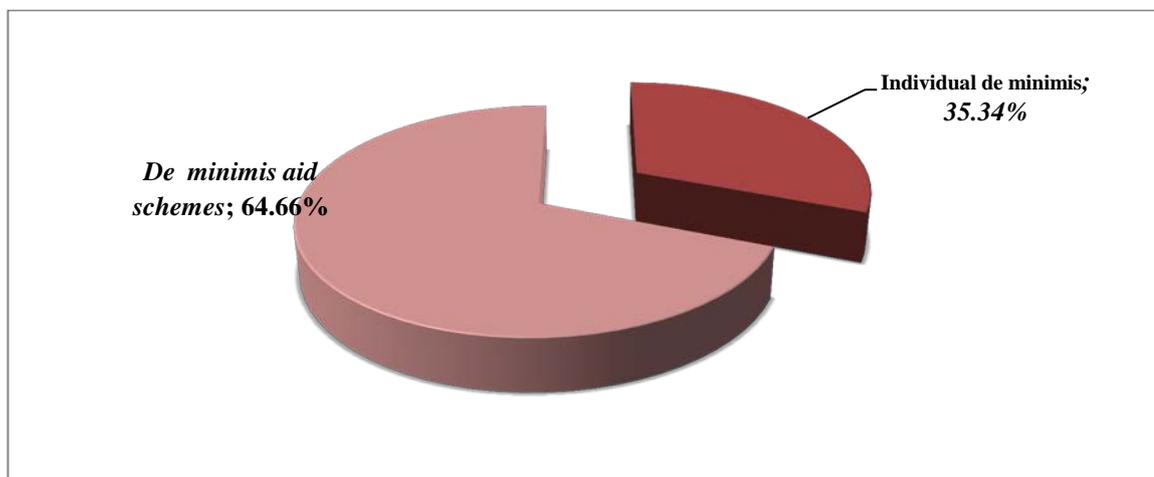
Of the total amount of de minimis aid reported for 2018, the highest share (93.39%) constituted de minimis aid granted from state sources. As regards de minimis aid granted **from external funds**, it constituted 6.61% of the total amount. The most significant de minimis aid scheme financed from external funds was the support measure granted within the Competitiveness Enhancement Project (CEP II) by the World Bank Project Implementation Unit.

For 2018, the providers reported 424 de minimis aid measures. Most of de minimis aid was reported by the LPAs, accounting 92.69% of the total number of measures reported for 2018. According to the amount of de minimis aid reported for 2018, 60.06% of the total amount was provided by the CPAs.

According to Figure no. 4, in 2018, the largest share of de minimis aid (64.66%), in terms of the reported value, was granted through de minimis aid schemes.

Figure no. 4

The structure of de minimis aid implemented in 2018 as individual de minimis aid / de minimis aid schemes



A comparative analysis of the de minimis aids reported for the period 2016-2018, according to the **granting method**, is presented in Table no. 10.

Table no. 10

The value and the structure of de minimis aid according to the modalities of granting 2016-2018

No.	Type of de minimis aid	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	Individual de minimis	34 776	35.73	31 446	32.73	45 015	35.34
2.	De minimis aid scheme	62 548	64.27	64 644	67.27	82 378	64.66
	TOTAL	97 324	100	96 090	100	127 393	100

From the data presented in Table no.10, it can be observed that in 2018 the value of de minimis aid granted through **de minimis aid schemes** has increased compared to the previous years. One of the most significant de minimis aid schemes reported for 2018 is the support measure granted through the “PARE 1 + 1” Remittance Program. The support measure was granted to enterprises throughout the territory of the Republic of Moldova for launching / developing entrepreneurial activity. Thus, in the reporting year, within the Program for attracting remittances to the economy "PARE 1 + 1" benefited from de minimis aid 209 companies.

The amount of de minimis aid, reported **according to the granting form**, is presented in Table no.11.

Table no.11

Value and structure of the reported de minimis aid in the period 2016-2018, depending on the granting form

No.	Granting form ⁹	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%

⁹ Modified by Law no. 141/2018 for the modification and completion of some legislative acts

1.	Subventions and/or subsidies	67 504	69.36	66 507	69.21	83 712	65.71
2.	Budget allocations	40	0.04	279	0.29	537	0.42
3.	Debt cancellation and takeover	-	-	-	-	1 710	1.34
4.	Exemptions, reductions, deferrals, or rescheduling of taxes, fees and other mandatory payments	3 211	3.30	2 990	3.11	4 716	3.70
5.	Loans with preferential interest	1 862	1.91	1 917	2.00	1 754	1.38
6.	State guarantees, guarantees granted by public authorities / institutions and persons assimilated to public authorities, state / municipal enterprises and by companies with full or majority public capital	120	0.12	806	0.84	324	0.25
7.	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	940	0.97	198	0.21	1 520	1.19
8.	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	23 646	24.30	23 393	24.34	33 118	26
	TOTAL	97 324	100	96 090	100	127 393	100

The largest share of de minimis aid reported for 2018 was offered in the **form of subventions and / or subsidies**, accounting 65.71% of the total reported value. The share of de minimis aid granted in the form of subventions and / or subsidies has been **practically at the same level as in previous years**.

Regarding the value of the de minimis aid offered in the form of subventions and / or subsidies, it increased with 25.87% in 2018 compared to 2017 and 24.01% compared to 2016. This trend was determined, including by the implementation of new support measures.

The largest share of the de minimis aid granted in the form of subventions and / or subsidies was provided by the Organization for the Development of the Small and Medium Enterprises Sector in the *Program of attracting remittances to the economy "PARE 1 + 1" and to the Pilot Program "Women in business"*.

In 2018, the value of de minimis aid granted in the form of **price reductions to the goods and services provided** increased compared to the previous years, namely with 41.57% compared to 2017 and with 40.06% compared to 2016. This dynamic of de minimis aid value granted in the form of price reductions to the

goods and services provided was determined, including by the application by the providers of the legislation in the field of state aid when calculating the value of the support measures, the increase of the number of support measures reported in the examined form and the alignment of State aid schemes implemented until the entry into force of the Law on State Aid.

The highest share of de minimis aid granted in the form of price reductions to the goods and services provided, including the sale of movable and immovable goods below the market prices, was offered to companies providing SGEIs, namely: water supply, sewerage services, postal services, etc. The beneficiaries of the support measures were: ME „Corjova - Service”, ME „Vulcănești Housing-Communal Housing”, ME “Bolohan Communal Services”, etc.

In 2018, the amount and share of de minimis aid granted in the form of **exemptions and / or reductions in the payment of taxes, fees and other mandatory payments** increased compared to previous years. Thus, the amount of de minimis aid offered in the form of exemptions and / or reductions in the payment of taxes, fees and other mandatory payments increased with 46.87% compared to 2016. The increase in the amount of de minimis aid reported in the nominated form was determined, including by the increase of the value of some reported support measures and the implementation of new de minimis aids.

The largest share of de minimis aid granted in the form of exemptions and / or reductions to the payment of taxes, fees and other mandatory payments were the support measures offered by the Customs Service under the scheme "Exemptions applied to the import of means of transport with free title (donation), regardless of the term of service, intended for medical purposes, classified under tariff headings "8702" and "8703"; for fire extinguishing, classified under tariff heading 870530000; for street cleaning, for spreading materials, for waste collection, classified under tariff heading "8705".

The amount of de minimis aid offered in the form of **loans under preferential conditions** decreased with 5.80% in 2018 compared to 2016, which was determined, including by the end of the period of implementation of support measures. The support measure offered in the analysed form was granted by the Material Reserves Agency within the framework established under Law no.589/1995 on state material reserves and mobilization.

The amount of de minimis aid granted in the form of **guarantees under preferential conditions** decreased by about 2.5 times in 2018 compared to 2017. This decrease was determined by the decrease of the number of support measures reported in the form of guarantees under preferential conditions in 2018 compared to the previous year.

The highest share of de minimis aid granted in the form of guarantees under preferential conditions was granted to the Apa-Canal Production Directorate of Stefan Voda by the City Hall of Stefan Voda, in order to provide SGEIs.

De minimis aid granted in the form of **investments of the provider, if the rate of return of these investments is lower than the normal one, anticipated by a prudent private investor** increased during the analysed period, namely from

940 thousand MDL to 1,520 thousand MDL. This increase was determined, including by the value of the support measures reported as analysed.

In 2018, they were reported in the form of budgetary allocations and, debt cancellation and takeover. It should be noted that, the given measures were offered to the companies in order to provide SGEIs.

In 2018, de minimis aid was reported for SMEs support, SGEIs provision, environmental protection, regional development, research, development and innovation, sectoral objectives, etc. **The value of de minimis aid reported on objectives** is summarized in Table no.12.

Table no. 12

*Value and structure of the reported de minimis aid in the period
2016-2018, depending on the granting objectives*

No.	Objective	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	Horizontal objectives	85 767	88.13	85 860	89.35	114 955	90.24
1.1.	<i>To support SMEs</i>	53 309	54.77	55 439	57.70	74 113	58.18
1.2.	<i>SGEIs</i>	30 798	31.64	26 708	27.80	39 183	30.76
1.3.	<i>Environment protection</i>	0	0	2 141	2.23	1 390	1.09
1.4.	<i>Research, development and innovation</i>	1 459	1.50	1 315	1.37	0	0
1.5.	<i>Support for staff training and job creation</i>	201	0.21	257	0.27	269	0.21
2.	Aid for regional development	2 158	2.21	1 572	1.64	2 968	2.33
3.	Sectorial objectives	6 652	6.83	4 874	5.07	9 465	7.43
4.	Aid for the promotion of culture and the preservation of cultural heritage	2 632	2.70	3 661	3.81	0	0
5.	Other objectives	115	0.12	122	0.13	5	0.004
	TOTAL	97 324	100	96 089	100	127 393	100

In 2018, about 90% of the de minimis aid amount reported was granted for **horizontal objectives**. The share of de minimis aid reported for horizontal objectives in the total amount of de minimis aid was practically kept at the level of 2017. As for the value of de minimis aid for horizontal objectives, it increased with about 34% in 2018 compared to previous years. This increase in the amount of de minimis aid was determined, including by the implementation of the new support measures and the increase in the value of the reported support measures.

From the analysis of the data presented in Table no.12, it turns out that, in 2018, the most significant share had the state aids granted for SMEs support (58.18%), followed by the provision of SGEIs (30.76%). In this regard, it is specified that the most significant support measure implemented to support the SMEs is the *Program for attracting remittances to the economy "PARE 1 + 1"*, which is intended for migrant workers and / or their first-degree relatives wishing to invest in launching and / or developing one's own business¹⁰.

The value of sectoral de minimis aid increased with 42.26% in 2018 compared to 2016. This evolution was determined, including by the increase in the number of support measures offered for **sectoral objectives**. The most significant de minimis aid scheme reported for sectoral objectives was implemented by the Audiovisual Council. This de minimis aid scheme consisted in granting financial resources to the broadcasters in the Republic of Moldova for the development and stimulation of the production of local programs of social, civic, cognitive, educational and cultural interest.

De minimis aid for **regional development** increased about 1.89 times compared to 2017. This trend was determined by the increase in the number of support measures reported by the providers.

Therefore, as a result of the actions to increase the institutional capacity of the providers in the application of the provisions of the state aid legislation and, in particular, in de minimis aid part, **the number and the value of de minimis aid reported have increased significantly**.

3.2. Support measures for the provision of services of general economic interest

SGEI is an economic activity that is of particular importance to citizens, and without state intervention could not be provided to consumers. Thus, services can be: drinking water supply, waste water disposal, household waste collection, etc.

The public service obligation is imposed on the provider by assignment of a task and on the basis of a criterion of general interest intended to ensure that the service is provided in conditions which enable him to carry out his task.

The obligations incumbent on undertakings entrusted with the provision of SGEIs generally address issues such as: quantity and quality continuity, adaptability to consumer requirements, equal and non-discriminatory access to public service, decision-making transparency and user protection, health and quality of life, etc. The imposition of these conditions by public authorities can be accompanied by measures to support the work of those businesses. The main condition for the granting of the support measure should be to compensate, in whole or in part, for the difference between the costs resulting from the provision

¹⁰ PARE 1 + 1 Program, SME Development Organization, <https://www.odimm.md/ro/component/content/article/70-programul-pare.html>

of the service and the company's relevant revenue, taking into account a reasonable profit in fulfilling those obligations.

The value of support measures reported for the provision of SGEIs is shown in Table no.13.

Table no. 13

The value of support measures for the provision of SGEIs, in the period 2016-2018

No.	Indicator	2016	2017	2018
1.	The value of support measures for the provision of SGEIs			
<i>1.1.</i>	<i>Thousand MDL</i>	241 942	193 235	217 979
<i>1.2.</i>	<i>Thousand Euro*</i>	10 972	9 277	10 985

** calculated on the basis of the average annual report of MDL to Euro, the NBM source (MDL / euro year 2016 = 22.05, year 2017 = 20.83, year 2018 = 19.84)*

The data reported for the period 2016-2017 was updated and corrected according to the information presented by the providers.

The value of the support measures presented in Table no.13 includes the amount of state aid and the amount of de minimis aid granted for SGEIs. The value of the state aid offered for the provision of SGEIs was 178,796 thousand MDL, which constituted 82.02% of the total value of the support measures reported for SGEIs. The difference was the amount of de minimis aid offered for the provision of SGEIs.

The value of the support measures reported for the provision of SGEIs, in 2018, increased with 12.81% compared to 2017, but decreased with 9.90% compared to 2016. This trend of the value of the support measures reported for the SGEIs was determined, including by completion of the period of granting support measures, updating information on the value of the support measures granted in previous years, revising the application of the provisions of the law in the field of state aid when calculating the value of the support measure granted in the form of reductions in prices of goods and services provided and aligning some schemes implemented until the entry into force of the Law on State Aid.

From the total value of the support measures granted for the provision of SGEIs, in 2018, respectively 217 979 thousand MDL, the value of the state aid authorized by the Competition Council was 53 138 MDL (or about 24% of the total value), the difference being de minimis aid, the aid implemented until the entry into force of the Law on state aid and support measures under examination at the Competition Council.

The most significant support measure authorized by the Competition Council was granted to "Termoelectrica" SA. The support measure consisted of granting a loan with preferential interest in order to improve the thermal energy supply infrastructure, to improve the energy efficiency and to reduce the operational costs.

The support measures authorized in 2018 by the Competition Council for the provision of SGEIs are briefly presented below:

- *The support measure notified by the Ministry of Economy and Infrastructure, the beneficiary of the support measure being SE "Post office of Moldova". The support measure consisted of exempting the "Post office of Moldova" from the deduction in the state budget of part of the net profit obtained in 2017. The state aid was granted to support the rehabilitation and modernization of the rural post offices of the SE " Post office of Moldova ", in order to comply with the requirements for the provision of postal services within the field of universal postal service, provided in the Law on postal communications no. 36/2016 (Decision of the Plenum of the Competition Council ASO-30 of 25.05.2018).*
- *The support measure notified by the Town Hall of the village of Dorotcaia, Dubasari district, the beneficiary of the support measure being the ME"Servcomdor". The support measure consisted in the transmission in management of the material goods, without an equivalent consideration: the water supply system, water basin, artesian wells and water towers (Competition Council Decision ASR-18 of 05.04.2018).*
- *The support measure notified by the Town Hall of the village of Chirileni Ungheni district, the beneficiary of the support measure being the ME"Serviceprim - Chirileni". The support measure consisted in the transmission in management without an equivalent consideration of the goods: aqueduct, sewage system and water tower (Decision of the Plenum of the Competition Council ASR-56 of 05.07.2018).*
- *The support measure notified by the Town Hall of the village of Șaptebani, Rîșcani district, the beneficiary of the support measure being the ME,,Șaptebani services". The support measure consisted in the transmission under free management of the artesian well and of the water supply system (Decision of the Plenum of the Competition Council ASR-36 of 07.06.2018).*
- *The support measure notified by the Comune Hall of Răzeni, Ialoveni district, the beneficiary of the support measure being the ME,,Apa - Canal Razeni". The support measure consisted in the transmission in management without an equivalent consideration of the material goods (Decision of the Plenum of the Competition Council ASR-61 of 12.07.2018).*
- *The support measure notified by the Town Hall of the village of Măgdăcești, Criuleni district, the beneficiary of the support measure being the ME,,Apa - Canal Măgdăcești". The support measure consisted in the transmission in management of the material goods: sewerage network (23 km), aqueduct network (3 km), pumping station no. 2 and the treatment plant, without an equivalent consideration (Decision of the Plenum of the Competition Council ASR-76 of 25.10.2018).*

During the reporting period, the companies that provided SGEIs benefited from support measures granted either as individual aid or through state aid schemes. Most of them (98.15% of the total number) were granted as individual aid. A significant share of the value of the support measures granted for the SGEIs was offered to the companies: SA "Termoelectrica", SE "Republican Experimental

Center for Prosthesis, Orthopedics and Rehabilitation", SA "Apa-Canal Chisinau", ME "Iurceni Services", etc.

The annual annual amount of support measures for the provision of SGEIs, *depending on the granting form*, is presented in Table no.14.

Table no. 14

***Value and structure of SGEIs support measures
depending on the granting form, in the period 2016-2018***

No	Form of granting	2016		2017		2018	
		Thousand MDL	%	Thousand MDL	%	Thousand MDL	%
1.	Subventions and/or subsidies	48 061	19.86	66 585	34.46	67 235	30.84
2.	Budget allocations*	40	0.02	280	0.14	537	0.25
3.	Cancellation or takeover of debts	0	0	0	0	1 710	0.78
4.	Exemptions, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	23 564	9.74	1 100	0.57	4 913	2.25
5.	Granting loans with preferential interest	48 137	19.90	43 951	22.74	56 511	25.92
6.	State guarantees, guarantees granted by public authorities / institutions and persons assimilated to public authorities, state / municipal enterprises and by companies with full or majority public capital	301	0.12	6 892	3.57	19 119	8.77
7.	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	3 206	1.33	198	0.10	3 762	1.73
8.	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	118 632	49.03	74 230	38.41	64 192	29.45
	TOTAL	241 942	100	193 235	100	217 979	100

* form of state aid included in the Law on state aid by Law no. 141/2018 for the modification and completion of some legislative acts

In 2018, the structure of the support measures granted for the provision of SGEIs was modified. The most significant share of the support measures examined was granted in the form of subventions and / or subsidies. As in 2017, the most

significant support measure granted in the analyzed form is the support measure offered to the Republican Experimental Center for Prosthesis, Orthopedics and Rehabilitation (CREPOR) in order to provide rehabilitation services and to provide technical assistance to persons with locomotor disabilities and war veterans by the Ministry of Health, Labor and Social Protection. The aid in question is a measure implemented before the entry into force of the Law on State Aid and, therefore, has not been examined by the Competition Council.

A significant proportion of the support measures offered for the provision of SGEIs have been reported in the form of **price discounts on the goods and services provided**. The state aid providers have transmitted goods (aqueduct, artesian wells, etc.) to the companies under management for free for the provision of SGEIs (for example: water supply, sanitation, etc.). The main beneficiaries of the support measures were the companies that provide water supply, sewerage and sanitation services.

Support measures for the provision of SGEIs were granted in a proportion of 25.92% in the form of **loans under preferential conditions**. Support measures granted in this form were granted as a result of accessing external funds. In 2018, loans under preferential interest rates continued to be granted under the State aid schemes authorized by the Competition Council, namely:

1. *The project to improve the efficiency of the centralized supply system with thermal energy, the purpose of the loan is to improve the efficiency of the centralized supply system with thermal energy - beneficiary SA "Termoelectrica" (Decision of the Competition Council Plenum no. ASS-75 of 24.12.2015).*
2. *Loan for the implementation of the project "Thermo-energetic system of Balti municipality (SA" Cet-Nord), in order to improve energy efficiency, reduce operational costs and improve thermal energy supply services in Balti-beneficiary SA "Cet-Nord" (Decision of the Plenum of the Competition Council no. ASS-31 of 23.04.2015)*

At the same time, 8.77% of the value of the state aid for the provision of SGEIs were offered as **guarantees under preferential conditions**. Under the nominated support measures, LPAs guaranteed for loans granted to companies by international organizations.

In 2018, the state aid continued to be granted in the form of guarantees under preferential conditions to SA "Apa-Canal Chisinau" by the Chisinau City Hall. The mentioned support measure consists in *guaranteeing 100% of the external loans obtained by SA "Apa-Canal Chisinau" from the European Bank for Reconstruction and Development and the European Investment Bank*. The state aid granted to SA "Apa-Canal Chisinau" was authorized by the Competition Council (*Decision of the Plenary of the Competition Council no. ASER-02 of 22.01.2015*).

About 2.25% of the total value of the support measures offered for the provision of SGEIs was granted in the form of **exemptions, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments**.

The most significant support measure granted in the form of fiscal facilities continued to be the State aid scheme granted by the Customs Service.” *Exemptions applied to the import of machinery and equipment from the following tariff positions: ex.3926 plastic containers for separate collection of waste; ex.841780700 furnaces for incineration of garbage; ex.8477 - machines and devices for processing rubber or plastics; ex.8479 machines for crushing, pressing, baling household waste; ex.8704 vehicles for the collection and transport of household waste*”. Two companies benefited from the support measure in question. It should be noted that, the support measure has been examined and authorized by the Competition Council (*Decision of the ASS-21 Competition Council Plenary of 21.04.2016*).

In 2018, the providers offered support measures for the provision of SGEIs and in other forms, their share being less than 2% of the total value reported.

In 2018, 243 authorities offered support measures for the provision of SGEIs. The main providers that provided support measures for SGEIs provision were LPAs. Of the total number of support measures reported, about 97% were granted by the LPAs. Most of the support measures granted for the provision of SGEIs have been reported by the Chisinau City Hall, Balti City Hall, Magdăcești Town Hall, Criuleni district and Vulcănești City Hall, TAU Găgăuzia. As for value, about 51% of the amount of state aid reported for SGEIs was granted by the CPAs.

One of the actions of the National Program in the field of competition and state aid for 2017-2020 is the delegation of the management of the SGEs, by award act, when granting the state aid for the beneficiaries that provide the SGEIs. Thus, in the year 2018, 9 LPAs delegated the management of the SGEIs by award act, which is also in accordance with the provisions of the Regulation on the state aid granted to the beneficiaries providing services of general economic interest, approved by the Decision of the Plenum of the Competition Council no.11 of 08/30/2013 (published in OG No. 243-247 of 01.11.2013).

Chapter IV. STATE AIDS MONITORING

4.1. Overall characterization

The monitoring of state aid in progress is one of the attributions of the Competition Council. According to art. 20 of the Law on State Aid and point 84 of the Regulation on the form of notification, the procedure for examining and adopting the decisions on state aid (adopted by the Competition Council Plenum’s Decision No. 1 of 30.08.2013), the Council Competition monitors ongoing state aids to verify compliance with the provisions of the legal acts under which they were granted and the authorizing decisions it has issued.

In this respect, 25 support measures authorized by the Plenum of the Competition Council during 2014-2018, including those in progress in 2017, were monitored. Information from providers and beneficiaries was requested for the monitoring of the authorized state aids.

4.2. State Aid for regional development

Monitoring of state aid for regional development is carried out taking into account the evaluation criteria presented in the Regulation on State aid for regional development, approved by the Competition Council Plenum's Decision no. 4 of 30.08.2013 (published in OG No. 228-232 of 18.10.2013). The main conditions for granting state aid for regional development are:

- state aid intensity - up to 50% of the actual costs incurred (for medium enterprises - 60%, for small enterprises - 70%);
- beneficiary's contribution - at least 25% of the eligible costs;
- keeping the investment in question in the region for a period of time - minimum of 5 years for large enterprises and minimum 3 years for SMEs;
- the number of new jobs created.

State aid for regional development was granted for the creation and development of industrial parks.

a) State aid scheme under the normative acts related to the Conditional assistance program financed from the credit of the Government of the Republic of Poland granted to the Government of the Republic of Moldova for projects in the field of agriculture, food processing and infrastructure related to them, in the form of loans under preferential conditions

By Decision no. ASO-4 of 23.02.2017, the Plenum of the Competition Council authorized the state aid scheme in the conditions of the normative acts related to the implementation of the Assistance Credit offered to the Government of the Republic of Moldova by the Government of the Republic of Poland for carrying out projects in the field of agriculture, processing of food products, including their related infrastructure and others.

The authorized state aid consisted of: 1) support measures in the framework of the re-crediting operations to be carried out on the basis of the re-crediting contracts (legal act signed between the Ministry of Finance and the selected participating financial institutions, through which the Ministry of Finance will grant them loans, with an interest at the rate of 0.15% per year, from the funds of the Credit for the re-crediting the eligible companies and the financing of the eligible expenses for the purchase of goods and services) with the selected participating financial institutions that will assume all the risks related to the re-crediting and will ensure the repayment of the funds to The Ministry of Finance; 2) support measures within the sub-loans (under preferential conditions, with a maximum value per company of 5 million EUR and with a maturity of up to 12 years), granted by the participating financial institutions to the eligible companies in accordance with the criteria set out in the respective Operations Manual. The interest on the sub-loan will reflect the credit risks and will be negotiated, by mutual agreement, between the participating financial institutions and the eligible companies. Maximum risk margin applied by the participating financial institutions to the eligible enterprise, at the interest rate applied by the Ministry of Finance of the Republic of Moldova to the participating financial institutions, set within the limit of up to 3.5 p.p. ; 3) support measures in the application of VAT, the fee for carrying out the customs procedures and the zero rate customs tax for

the importation by the eligible companies of the goods and services financed from the credit sources.

Following the examination of the notified support measures, the presence of state aid was found in the case of modalities I and II.

In 2018, the total value of the state aid granted was 110 thousand MDL, namely: under the first modality, state aid amounting 67 thousand MDL was granted; under modality II, the value of the state aid was 43 thousand MDL. Thus, after examining the information presented, it was found that the amount of state aid granted to the two beneficiaries did not exceed the maximum value established.

b) State aid granted for the creation / development of industrial parks (IP "Trivineta Cavi Development", IP "Edineț", P"FAIP", IP "Comrat" and IP "CAAN")

In 2014, 4 state aids for regional development were granted for the creation of industrial parks: IP "Trivineta Cavi Development", IP "Edineț", IP "FAIP" and IP "Comrat". In 2016, the Competition Council authorized the state aid for the development of IP "CAAN".

The main indicators regarding the activity of industrial parks: IP "Trivineta Cavi Development", IP "Edineț", IP "FAIP", IP "Comrat" and IP "CAAN" are as presented below.

Table no.15

***Main indicators
on the activity of industrial parks***

No.	Name of the enterprise	Name of IP	Planned investment volume, thousand MDL	The volume of investments made in 2018, thousand MDL
1.	SRL "La Trivineta Cavi Development"	IP "Trivineta Cavi Development"	465 750*	48 143
2.	SRL "Eco-Garant"	IP "Edineț"	355 200	117 279
3.	SRL "Venador-Prim"	IP „FAIP”	93 150*	4 102
4.	ME „Gospodăria Locativ –Comunală”	IP "Comrat"	1 801 800	14 574

5.	S.A. "CAAN"	IP "CAAN"	41 500	299
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* calculated on the basis of the average annual report of MDL to Euro, the NBM source (MDL / euro year 2014 = 18.63)

Source: Information presented by the Ministry of Economy and Infrastructure

In 2018, it is observed that investments were made in all IPs. At the same time, it is noted that the maximum permitted intensity was not exceeded by the beneficiaries of the state aid.

c) State Aid Scheme "Moldova IT park"

By Decision no. ASS-17 of March 29, 2018, the Plenum of the Competition Council authorized the state aid granted to the residents of the information technology park "Moldova IT park". The support measure consisted of applying the single tax to the residents of the park for the information technology "Moldova IT park".

During 2018, 346 companies obtained the status of resident of "Moldova IT Park", and 7 companies withdrew from the Park, largely due to the modification of the internal strategies of the companies and the non-compliance with the criteria for maintaining the resident status. There is an increase in the number of residents, which denotes the fact that the given mechanism of stimulation of the sector is accepted by the business community and was highly expected.

During 2018, 94 newly created companies became residents in the "Moldova IT Park", representing about 28% of the total number of companies. Of the total number of newly created companies, 20 represent companies with foreign capital, originating from 14 countries, which constitutes about 1/5 of the total number of residents with foreign capital registered in the Park.

The residents of "Moldova IT Park" registered, in 2018, a total number of 6,739 employees, of which 5,935 engineers.

In addition to the amount of the single tax paid by the resident companies of the Park, they generated during 2018, according to the data presented by the State Tax Service, other taxes in the amount of about 165 mln. MDL, in the form of income tax withheld from the source of payment, VAT and others.

In 2018, the volume of exported sales, as well as of sales directed to the local market by the residents of "Moldova IT Park" registered a steady increase. Thus, the volume of IT services and products exported by Park residents amounted to 1,574 million MDL, and of local sales - 364 million MDL.

According to the results set out in the Report of the Commission for the evaluation of the activity of the information technology park "Moldova IT Park" in 2018, it is noted that the project reached the annual objectives set, generating a positive and multiplier economic impact, the state aid measure granted in the ground of art. 15 paragraph (1) letter a) of Law no. 77/2016 regarding the parks for information technology, determined to promote the creation of new jobs, attracting investments and promoting the image of the IT sector.

d) State aid scheme for stimulating investments for the development of post-harvest and processing infrastructure

By the Decision of the Plenum of the Competition Council no.ASS-73 of 11.10.2018, the state aid scheme notified by AIPA regarding the stimulation of investments for the development of the post-harvest and processing infrastructure was authorized. The stated support measure provides for the grant through the National Fund for the Development of Agriculture and Rural Environment of the subsidies for the support of investments destined to the processing and marketing of agricultural products.

According to the information reported by AIPA, in 2018, 568 beneficiaries benefited from state aid in a total value of 274,010 thousand MDL.

e) The support measure granted by the Leova District Council to "SG Green Farm" SRL

The Competition Council, following the examination of the notification received from the Leova District Council, issued the Disposition of the Plenum of the Competition Council no. 29 of 31.10.2017 regarding the initiation of the investigation regarding the signs of the violation of the legislation in the field of state aid within the project of Public Private Partnership "Development of the thermal power energy infrastructure on biomass in the district of Leova". The object of the investigation was the existence of inconsistencies between the information presented in the feasibility study and indicated in the documents related to the procedure for selecting the private partner with the one indicated in the public-private partnership contract, concluded between the Leova District Council and "SG Green Farm" SRL.

The Plenum of the Competition Council, by Decision no. ASR-29 / 17-21 of 23.04.2018, found that the notified support measure constitutes state aid within the meaning of art. 3 of Law no. 139/2012 regarding the state aid and authorized the state aid for regional development granted to "SG Green Farm" SRL. The state aid granted to "SG Green Farm" SRL is necessary in order to operate the public service for the delivery of the thermal agent.

During the monitoring of the state aid, the provider informed the following: the monitoring of the execution of the provisions of the PPP contract "Development of the bioenergetic infrastructure on biomass in the Leova district" is kept under permanent control; each year, at the beginning of a new autumn-winter heating season, the information presented by "SG Green Farm" SRL is examined regarding the expenses incurred in the previous heating season and the tariff for the Gcal for the following season is approved; the volume of thermal energy produced is lower than estimated, so for the heating season 2018-2019, the delivered thermal energy constituted 3210.4 Gcal or 3289.6 Gcal less than the estimates of annual thermal energy production for the period in question.

Based on the information presented by "SG Green Farm" SRL, it was found that at the time of presenting the information, a financial audit was carried out at the company on the implementation of the PPP for the period 2014-2018, including the compartments of the Competition Council Decision no. 29 / 17-21 of 23.04.2018. At the same time, it is mentioned that after the completion of the audit

report, it will be presented to the Competition Council, with additional explanations from the private partner. Thus, the Leova District Council / "SG Green Farm" SRL is to present the updated information related to the execution of the Competition Council Decision, as the financial audit is completed.

f) The support measure granted by the Executive Committee of Gagauzia to ME "Vitapharm-Com" SRL

The Plenum of the Competition Council, by the Disposition no. 15 of 15.03.2018, ordered the initiation of the procedure for examining the case of violation of the legislation in the field of state aid when granting the support measure "Vitapharm-Com" SRL, by the Executive Committee of Gagauzia. The initiation of the investigation came as a result of granting the support measure to "Vitapharm-Com" SRL, without being authorized by the Competition Council. On 11.06.2018, the Executive Committee of Gagauzia presented the general notification form and the special notification form regarding the regional development aid of the support measure granted to „Vitapharm-Com” SRL.

The Plenum of the Competition Council, by Decision no. ASR-15 / 18-55 from 05.07.2018, authorized the state aid for regional development granted in the form of subsidies of the ME „Vitapharm-Com” SRL, according to the TAU Gagauzia Law no.11-VI / VI 106 of 08.09.2017 regarding the modification and completion of Law no.77-XXXVI / V of 17.12.2016 of the budget for 2017.

According to the information presented by the General Direction of Economic Development of the TAU Gagauzia, in order to realize the expected investments necessary for the implementation of the project, the filling line was purchased and installed, which is used in the production; the blister machine and the capsule filling machine were partially paid, the difference being paid as the whole equipment was received. Regarding the wage costs related to the jobs created, it is mentioned that, as of 01.07.2018, 5 new jobs were created, the others to be created within the project's realization for 2 years. The maximum allowed intensity, provided by points 32 and point 45 of the Regulation on state aid for regional development, under the cumulating conditions of the of state aid for the same beneficiary is not exceeded (including, the information in the declaration regarding the amount of de minimis aid received from 15.07 .2019).

4.3. State aid granted for the provision of services of general economic interest

The monitoring of State aid for the provision of SGEIs is carried out taking into account the evaluation criteria in the Regulation on State aid granted to beneficiaries providing services of general economic interest. According to the provisions of the above mentioned Regulation, in order for the state aid to be compatible with the competitive environment, it must comply with the following conditions:

- State aid is necessary for the operation of SGEIs;
- State aid does not unduly distort competition.

For 2018, 9 State aid measures authorized by the Competition Council for the provision of SGEIs were monitored. The state aid monitored by the Competition Council is presented on the types of SGEIs for which they were granted.

a) State aid granted to "Termoelectrica" SA for the provision of thermal energy supply services

By the Decision of the Plenum of the Competition Council no. ASS-75 from 24.12.2015, the state aid for the provision of SGEIs offered to "Termoelectrica" SA was authorized in order to improve the thermal energy supply infrastructure.

The legal basis is Law no. 148/2015 regarding the ratification of the Financing Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development in order to carry out the Project to improve the efficiency of the centralized power supply sector in 2015.

The Ministry of Economy and Infrastructure communicated the following activities in the context of the implementation of the contracts, during the year 2018: (i) decrease of thermal energy losses; (ii) reducing the failure rate and stationary - to "zero"; (iii) increasing the thermal load in the summer period (April-September 2018) with the commercialization of the thermal energy in hot water; (iv) the optimization of the hydraulic system in the unified circuit CET SOURCE 1,2 in the transition period with the increase of the load in cogeneration regime at CET Source 1.

The project of modernization of SA "Termoelectrica" is in the process of implementation, following the examination of the information regarding the investments made, the positive effect of the authorized state aid is concluded. In the long term, the state aid measure will have a positive impact on the welfare of the consumers of SA "Termoelectrica".

b) State aid granted to SA "CET Nord" for the supply of heat supply services

By the Decision of the Plenum of the Competition Council no. ASS-31 of April 23, 2015 the state aid granted to SA „ CET-Nord " was approved in order to improve the thermal energy supply, energy efficiency and operational costs reduction. The legal basis was the Law No 15 of 20.02.2015 on ratification of the Financing Agreement between the Republic of Moldova and the EBRD for implementing the project "Thermal energy system of mun.Bălți (SA" CET-Nord ").

The period in which state aid is granted on the basis of this measure: May 2016 - August 2029. The project of modernization of SA "CET Nord" is in the process of implementation, following the examination of the information, regarding the investments made, the positive effect of the authorised state aid is concluded. In the long term, the state aid measure will have a positive impact on the consumer welfare of "CET Nord" SA.

c) State aid granted for the provision of public services of communal household

In 2018, the Plenum of the Competition Council authorized 5 support measures, which were granted for the provision of the SGEIs, namely: the public water supply and sewerage service.

The state aid authorized during the reference period was individual aid. The beneficiaries of these measures, being according to the organizational-legal form of municipal enterprises, are the following: ME "Servcomdor", ME "Serviceprim-Chirileni", ME "Saptebani Services", ME "Apa Canal Răzeni" and ME "Apa - Canal Măgdăcești". (Table no.16).

Table no. 16

**State aid authorized by the Competition Council
for the provision of SGEIs**

No	Competition Council Decision	Competition Council Decision	SIEG type	The total value of authorized state aid, thousand MDL	Expected effects
1.	ASR-18 of 05.04.2018	Transmission in management of material goods, without equivalent consideration (water supply system, water basin, artesian wells and water towers).	Water supply	1 116.84	The state aid granted to the M. Servcomdor is necessary to operate under normal conditions of continuity and safety the public water supply service
2.	ASR-56 of 05.07.2018	Transmission in management without equivalent consideration of goods (aqueduct, sewerage system and water tower).	Water supply and sewerage	1 444.43	Increasing the standard of living of the inhabitants, who will have access to safe and quality water sources, improving the optimum sanitary-hygienic conditions of the activity of the institutions in the territory, improving the quality of the environment, etc.
3.	ASR-36 of 07.06.2018	Transmission under management free of charge (of the artesian well and of the water supply system).	Water supply	1 200.26	Meeting citizens' needs by improving living conditions, ensuring access to quality drinking water and in sufficient quantities 24/24 through

					the water supply pipeline, improving water quality, raising the social and hygienic level of the population.
4.	ASR-61 of 12.07.2018	Transmission in management without equivalent consideration of material goods	Water supply	2 351.21	This state aid is intended for the development of Răzeni commune and the village of Mileștii-Noi, Ialoveni district and has an important role to play: improving the supply of drinking water to the population from a quantitative and qualitative point of view 24/24, systematic cleaning and disinfection of water towers and aqueduct networks, joining of existing water supply networks by new consumers, sustainable development of services and environmental protection.
5.	ASR-76 of 25.10.2018	Transmission in management of material goods (sewerage network (23 km), aqueduct network (3 km), pumping station no. 2 and sewage treatment plant), without equivalent consideration.	Water supply and sewerage	21 080	Improving the quality of life of all citizens, improving the quality of water, meeting the requirements of the population and economic agents in water supply, eliminating the risk of pollution of the environment, soil, surface water and public wells.

As a result of the implementation of the authorized state aid, the number of consumers connected to the water supply, sewerage / sanitation service has increased in relation to the number of consumers connected until the state aid was granted, as follows:

- *The support measure granted by the Town Hall of the village of Dorotcaia, Dubasari district to ME "Servcomdor":* in the village of Dorotcaia out of a total of 133 households, 960 households have access to the central water pipeline, which constitutes 84.73%.
Granting of the state aid allowed the development of the village of Dorotcaia, in view of:
 - a) 10% improvement of the supply of drinking water of the population from the quantitative and qualitative point of view 24/24 hours;
 - b) expertise and change of water meters - 85%;
 - c) systematic cleaning and disinfection of water towers and aqueduct networks;
 - d) connection to the water networks of new consumers;
 - e) changing the outdated equipment;
 - f) installation of new water towers - 2 ongoing projects;
 - g) sustainable development of services and protection of the environment.
- *The support measure granted by the Town Hall of Chirileni village, Ungheni district - ME "Serviceprim - Chirileni":* the number of consumers connected to the water supply network as of 30.06.2019 constituted 438 consumers (which constitutes an increase of about 18.4%), and of the consumers connected to the sewage network - 90 (or an increase 50% in relation to the situation until the aid was granted).
- *The support measure granted by the Town Hall of Șaptebani village, Rîșcani district - ME "Șaptebani Services",* the implementation of the aid allowed to improve the quality of water supply services by connecting a greater number of consumers to the aqueduct, which on 30.06.2019, constituted 442 households or an increase by 13% compared to the number of consumers connected to the network until state aid was granted. The non-stop water supply provided a level of living conditions, the health of the inhabitants and a clean and healthy environment, through the sustainable development of the water supply infrastructure, through the provision of quality services to the population.
- *The support measure granted by the Commune Hall of Răzeni, Ialoveni district - ME „Apa-Canal Răzeni”,* as of 30.06.2019, was connected to the water supply network with 2,314 consumers, including 2 economic agents.
- *The support measure granted by the Măgdăcești Village City Hall, Criuleni district, the beneficiary of the support measure being the ME "Apa-Canal Măgdăcești",* at the situation of 30.06.2019, the number of connected consumers: the water supply service - 1 247, the service of sewage - 851. The impact of granting state aid: improving the lives of the inhabitants; providing 24/24 hours of drinking water to the kindergarten, high school, social canteen, medical center in Măgdăcești village; rational use of water resources; improving water quality; disappearance of improvised sewer pits; liquidation of the danger of pollution of the environment, soil, surface water and public wells.
- *The support measure granted by the Commune Hall of Bozieni, the beneficiary of the measure being SA "Apa-Canal Hîncești Regional*

Operator". During 2018, have been carried out works on the connection to the water supply service to 24 domestic consumers, and the value of the investments performed by SA "Regional Operator Apa-Canal Hîncești" constituted 167.4 thousand MDL.

- *The support measures granted by the Balti Municipal Council to ME "Balti Roads Repair and Construction Directorate"*. Balti City Hall presented the decision of Balti Municipal Council no. 3/45 of 25.06.2019 regarding the award of services of general economic interest to the "Balti Roads Repair and Construction Directorate", through which the act of awarding the SGEIs (the provision of municipal waste collection and transport services) was approved. At the same time, the provider mentioned that the ME "Balti Roads Repair and Construction Directorate" confirmed that the accounting records within the company are recorded separately on the services provided.

State aid for the provision of SGEIs was granted to ensure / improve the infrastructure (which at the time of granting the state aid was in a precarious state or none at all) for the provision of water supply and sewerage services for the inhabitants, improvement of the conditions population living, improving water quality, environmental protection, raising the social and hygienic level of the population, thus being necessary to operate under normal conditions of continuity and safety of the public service.

In all the mentioned cases, regarding the services of general economic interest, the delegation of the service was assigned by the local public authorities, directly without the organization of public auctions, within the meaning of art. 21 paragraph (2) of Law no. 1402/2002 to the public services of communal household, art. 13 paragraph (2) of Law no. 303/2013 regarding the public water supply and sewerage service. Directly attributing the management of public utility services to an enterprise is likely to have anti-competitive effects (generates competitive risks) on the markets of public utility services.

In order to establish the competitive principles in the activity of providing public utilities, there is a need to change the following:

- 1) the normative framework governing the provision of the SGEIs, such as:
 - Law no. 1402 of 24.10.2002 of the public services of communal household - *the normative act that establishes the unitary legal framework regarding the establishment and organization of the public services of communal household in the administrative-territorial units, including the monitoring and control of their functioning.*
 - Law no. 303 of 13.12.2013 regarding the public service of water supply and sewerage.

and namely to oblige the local public authorities to:

- ✓ *award the public service management for water supply, sewerage, etc. as a result of a public, open and unconditional tender procedure;*

- ✓ *limit to the maximum duration of the service assignment.* For example, with reference to EC Regulation 1370/2007, the maximum allowed duration of the service assignment is 10 years. At the same time, in the case of direct management, the authorities of the local public administration will follow, periodically, to analyze the efficiency of the service, respectively to change the way of managing the service, as the case may be;
- ✓ *separate accounting;*
- ✓ *establish performance indicators for the award of public service management;*
- ✓ *attribute the public service management based on the award act, etc,*

as well as the modification of the legal acts issued by the local public authorities regulating the provision of the SGEIs (internal regulations for the operation of the SGEIs, decisions of delegation of the SGEIs, etc.), by imposing the obligation to establish the performance indicators for the attribution of the management right of public service, etc.

In the context of the above, it is specified that by the Decision of the National Agency for Energy Regulation (No. 352 of 27.12.2016) regarding the approval of the Regulation regarding the quality indicators of the public water supply and sewerage service, quality indicators of the public water supply and sewerage service have been established.

The Competition Council informed the State Chancellery about the need to modify the normative acts that regulate the provision of the SGEIs, by including the obligation to establish performance indicators for the attribution of the public service management right under the award act. In this regard, the Competition Council communicated to the State Chancellery about the availability of collaboration.

- 2) legislation on public procurement in the utilities sector (harmonized with the provisions of the European Union directives) that oblige the companies that carry out their activity in the field of SGEIs to organize efficiently, transparently and fairly procedures for the procurement of goods, services and works necessary for carrying out their activity.

In this regard, it is specified that according to the information presented by the Ministry of Finance, by November 2019 the draft Law on the award of contracts in the utilities sector, which will transpose Directive 2014/25 / EU, will be elaborated and presented to the Government.

- 3) It is necessary to continue the organization of training activities / cooperation with the local public authorities:

- in order to bring in accordance with the *provisions* stipulated in the normative framework of the state aid field, by them, *of the legal acts related to the provision of services of general economic interest* (the decisions of delegation of the SGEIs, etc.), by imposing the obligation to establish the performance indicators while awarding the right to manage the public service, etc.

- regarding the assessment of state aid on the basis of the criteria arising from the application of the competition rules applicable in the EU, organized both at the headquarters of the Competition Council and in the territory (with the active participation of the territorial offices).

4.4. State aid for environmental protection

Monitoring of state aids for environmental protection is carried out taking into account the evaluation criteria in the Regulation on State aid for environmental protection (approved by the Competition Council Plenum's Decision No. 9 of 30.08.2013). Under the provisions of that Regulation, the granting of State aid for environmental protection may be justified if the aid measures achieve a higher level of environmental protection than that which would be achieved without the aid in question and the positive effects of the aid is greater than its negative effects, in terms of distortion of competition, taking into account the "polluter pays" principle.

State Aid Scheme "Call for proposals no. 3 in the field of Energy Efficiency and Recovery of Renewable Energy Sources addressed to the public sector applicants"

By the Decision of the Plenum of the Competition Council no. ASO - 09 of 15.03.2016 was decided the authorization of the state aid scheme "Call for proposals no. 3 in the field of Energy Efficiency and Renewable Energy Renewables for Public Sector Applicants. "

In 2018, on the basis of the approved state aid scheme, the support measure was granted to 11 beneficiaries, totalling 8,320 thousand MDL. As a result of the implementation of the projects involving the state aid, the saving of about 68,534 MWh / year was estimated, as well as the reduction of CO2 emissions with about 14 144 tonnes CO2 / year. Given that, out of the 149 projects approved, only 76 projects were completed, the impact of the state aid scheme will be known after the completion of all the mentioned projects.

4.5. State aid for research, development and innovation

Monitoring of state aid for research, development and innovation is carried out taking into account the evaluation criteria in the Regulation on state aid for research, development and innovation (approved by the Decision of the Plenum of the Competition Council no. 8 of 30.08.2013). The aid for research and development projects is considered compatible with the normal competitive environment, provided that the criteria for the categories of research, the intensity of the aid, the eligible costs, the value of the aid and the form of the grant are met.

State aid scheme for development and innovation under the normative acts related to public financing of enterprises and organizations in the field of science and innovation

By the Decision of the Plenum of the Competition Council no. ASO - 9 of 03.04.2017, it was found that the support measures notified, in the form of a

scheme, by the Agency for Innovation and Technological Transfer and granted through the public financing of the companies and organizations in the field of science and innovation practicing economic activities constitutes state aid. At the same time, the state aid scheme for development and innovation under the normative acts related to the public financing of enterprises and organizations in the field of science and innovation was authorized.

Following the examination of the information presented by the National Agency for Research and Development (Agency for Innovation and Technological Transfer), for 2018, it was found that according to the authorized scheme state aid was granted for 7 beneficiaries in a total value of 4,885 thousand MDL.

At the same time, as a result of the implementation of the projects involving the state aid, concrete results have been obtained which will be used in agriculture, industry and medicine.

4.6. State aid for rescuing beneficiaries

The monitoring of state aid for rescuing beneficiaries is made taking into account the provisions of the Regulation on aid for rescuing beneficiaries in difficulty (approved by the Competition Council Plenum's Decision No. 6 of 30.08.2013).

a) State aid granted to S.A. "Banca de Economii", B.C. "Social Bank" S.A. and B.C. "UNIBANK" S.A.

By Government Decision No. 938 of 13.11.2014 on ensuring macroeconomic stability in the context of the regional conjuncture was accepted the proposal of the National Financial Stability Committee to grant, if necessary, by NBM to licensed banks, emergency credits in the amount of up to 9,500 million MDL, in order to ensure the stability of the financial system and to issue state guarantees (guarantees) to guarantee the emergency loans granted by the NBM.

NBM notified the Competition Council of the intention to grant State aid to banks: S.A. "Banca de Economii", B.C. "Social Bank" S.A. and B.C. UNIBANK SA The Plenum of the Competition Council decided that the notified measure notified by the NBM constituted State aid within the meaning of the State Aid Law and authorized the rescue aid measure for the three banks (*Competition Council Plenum's Decision No. ASS- 01 from 27.11.2014*).

Under the State Aid Law and the Competition Council Plenum's Decision, the NBM was to submit to the Competition Council within 6 months of the granting of the state aid, a restructuring plan or the liquidation of the beneficiaries. Given that the above plan was not submitted by the deadline, the Plenum of the Competition Council ordered initiating the investigation into the signs of the violation of the state aid law by the NBM.

Following the investigation, it was found that, in the absence of a restructuring plan, the use of State aid by the beneficiary commercial banks after the expiration of 6 months after granting it is abusive, and commercial banks are due to reimburse the state aid in question. At the same time, the failure of the

Ministry of Finance to notify the state aid granted in the form of state guarantees under preferential conditions for SA "Banca de Economii", BC "Banca Sociala" SA and BC "UNIBANK" SA is a violation of the Law on State Aid.

By the Decision of the Plenum of the Competition Council no. ASER-68 from December 11, 2015, it was decided to recover the state aid granted to SA "Banca de Economii", BC "Banca Sociala" SA and BC "UNIBANK" SA. To this end, the NBM and the Ministry of Finance are to take the necessary measures to recover the aid from the three banks.

According to the information submitted by the NBM, from the date of withdrawal of the license and up to 30.12.2018 including, the three commercial banks made cumulative repayments in the total amount of 1,747 million MDL, as follows: SA "Banca de Economii" -873 million MDL, BC "Banca Sociala" SA. - 566 million MDL and BC "UNIBANK" SA – 308 million MDL.

The decision is to be further monitored by the Competition Council until the total recovery of the state aid by the NBM and the Ministry of Finance.

b) The support measure granted by the Executive Committee of Gagauzia to ME "Marigold" SRL.

The Plenum of the Competition Council, by the Disposition no. 14 of 15.03.2018, ordered the initiation of the procedure for examining the case of violation of the law in the field of state aid when granting the support measure "Marigold" SRL, by the Executive Committee of Gagauzia. The initiation of the investigation came as a result of granting the support measure to "Marigold" SRL, without being authorized by the Competition Council. On 11.06.2018, the Executive Committee of Gagauzia presented the general notification form and the special notification form of the individual state aid for restructuring the beneficiaries in difficulty of the support measure granted to ME "Marigold".

The Plenum of the Competition Council, by Decision no. ASR-14 / 18-50 of 28.06.2018, authorized the state aid for restructuring granted in the form of subsidies ME "Marigold" SRL, according to the TAU Gagauzia Law no. 11-VI / VI from 08.09.2017 on the modification and completion of Law no. 77-XXXVI / V from 17.12.2016 of the budget for 2017. The value of the state aid constituted 4 926.94 thousand MDL.

According to the information presented by the General Directorate of Economic Development of the TAU Gagauzia, according to the Comrat Court Decision, the office of Ciadîr-Lunga, no. 2i-14/2019 from 19.04.2019 the insolvency procedure of "Marigold" SRL was initiated and the administrator of the insolvency procedure was appointed.

According to the information in the declaration regarding the value of the de minimis aid received of 07/22/2019, the "Marigold" SRL has not benefited from another state aid for restructuring, thus respecting the provisions of point 9 of the Regulation on the aid for the rescue of the beneficiaries in difficulty, approved by the Decision of the Plenum of the Competition Council no. 6 of 30.08.2013.

Based on the information presented, the General Directorate of Economic Development of the TAU Gagauzia is to present to the Competition Council, the updated information regarding the economic-financial situation of the "Marigold" SRL, as well as the implementation of the Restructuring Plan.

c) State aid granted for the recovery of the financial-economic situation of the SE "Air Moldova" Airline

According to the Decision of the Plenum of the Competition Council no. ASS-43 from 14.09.2017, it was decided to authorize the state aid granted by the SE "Chisinau International Airport" in the form of a loan under preferential conditions worth 75 million MDL and by the Civil Aviation Authority for assigning the debts and staggering the debts for the SE "Air Moldova" Airline.

In the process of monitoring the state aid, it was found that the Ministry of Economy and Infrastructure, on 14.03.2018, presented the Restructuring Plan of the SE "Air Moldova" Airline. The mentioned plan was examined, including, by the Civil Aviation Authority, with a positive exposure on the forecasts regarding the increase of the passenger traffic and the profitability of the routes operated, as well as the viability of the Plan in question.

At the same time, the Loan Agreement between the SE "Chisinau International Airport" and SE "Air Moldova" was extended 2 times during the year 2018, by 6 months, respectively on 15.03.2018 and on 14.09.2018.

4.7. Sectorial State Aid

State aid granted to the State Enterprise "Moldovan Railways" for the purchase of locomotives and railway infrastructure restructuring

By the Decision of the Plenum of the Competition Council no. ASS - 44 of 02.07.2015 it was decided to authorize the State aid granted to the State Enterprise "Moldovan Railways" for the purchase of locomotives and railway infrastructure restructuring.

As a result of the monitoring of the given support measure, it was found that the project of modernization of the SE "The Railway in Moldova" is in the process of implementation. In the previous years of monitoring the level of implementation of the project, delays in the purchase of new locomotives and the information system of energy efficiency were observed, which conditioned the non-repayment of the first instalment in the total amount of 25 million EUR.

Taking into account that the approved support measures are to be implemented over a longer period, they will be further monitored by the Competition Council.

Chapter V. IMPLEMENTATION OF THE AUTOMATED INFORMATION SYSTEM "STATE AID REGISTER"

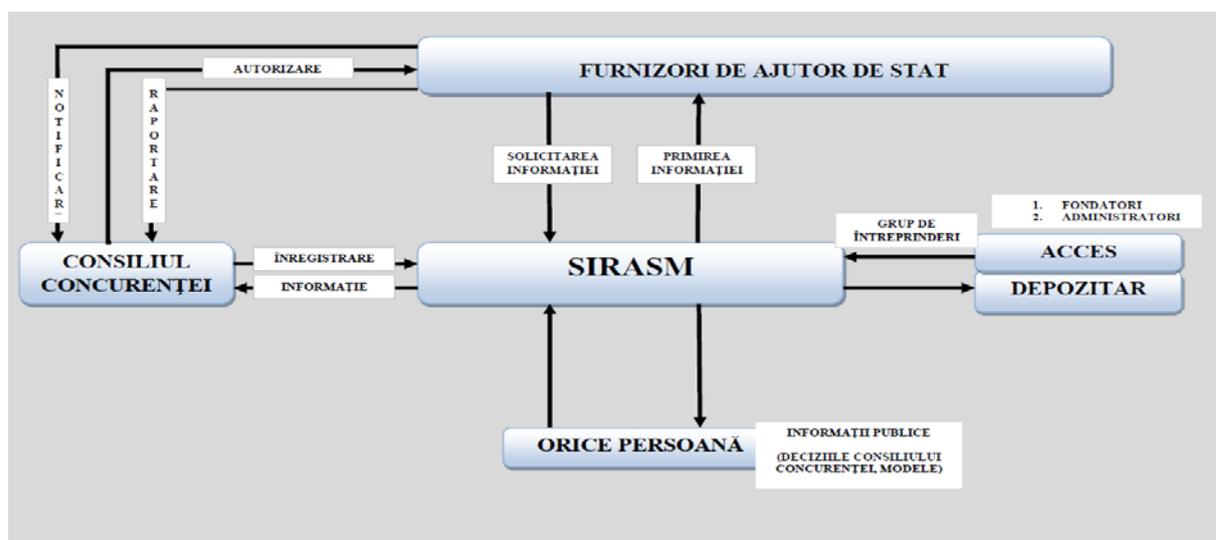
In order to achieve the commitment assumed by art. 342 of the Association Agreement and the need to increase transparency in the state aid operations, SIRASM was established.

SIRASM represents all the software, hardware, information, organizational, data transmission systems, their use technologies, legal norms and infrastructure for the informational support of the notification, recording, monitoring and reporting of state aids.

The baseline scenarios through which SIRASM functions are performed are divided into the following groups: to enter and update information and to provide information.

Figure no. 5

**Operation of the Automated Information System
"State Aid Register"**



In order to implement SIRASM, Government Decision no. 378 of 27.05.2014 for the approval of the Concept of the Automated Information System "State Aid Register" and Government Decision no.1112 of 06.10.2016 for the approval of the Regulation on the way of maintaining the State Aid Register was developed and approved.

In 2018, SIRASM continued to be implemented by state aid and de minimis providers. Thus, during the year, 143 state aid providers have been granted access, in total 875 state aid providers being connected to the system, of which:

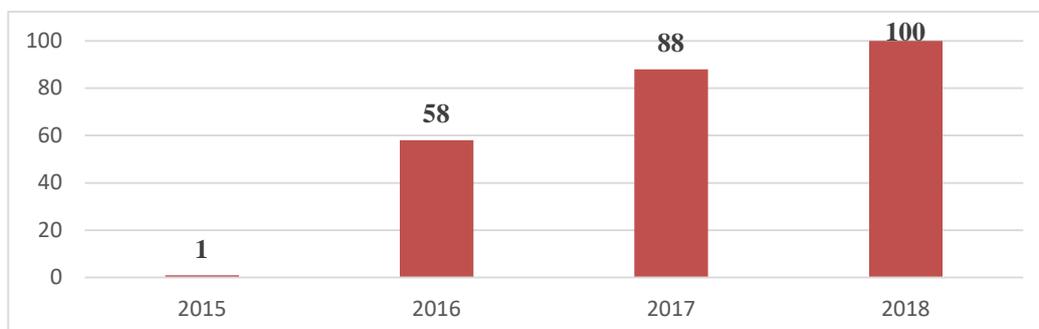
- CPAs – 45 (100% of potential providers)
- LPAs – 814 (87.2% of the number of local public authorities that includes providers that grant state aid with an impact on competition, except 12.8% of local authorities (communes, villages) that provide support measures in insignificant values, with a reduced potential to distort the competitive environment)

- Other providers (different legal entities) - 16

Figure no. 6 represents the share of the providers that have reported the state aid, through SIRASM, during 2015-2018.

Figure no. 6

Share of providers reporting state aid through SIRASM, %



* The period of 2015 includes the months of November to December

According to Figure no. 6, it is noted that in 2018 all state aid providers reported support measures through SIRASM. The trend of increasing the number of public authorities using SIRASM is maintained. This fact ensures transparency in the process of collecting and analysing data on state and de minimis aid granted.

In the process of examining the Reporting Forms, both the Competition Council and the state aid providers communicated through the system, thus the costs of correspondence through the use of the messaging option and the time of transmission of the documents being reduced.

The effective implementation of SIRASM in the process of notification and reporting of state aid by state aid providers will further contribute to:

- providing access data to state aid providers and providing permanent information support in order to use SIRASM effectively;
- promoting the use of SIRASM by state aid providers, in the process of notification and reporting of state aid, so that the process of implementing the Law on State Aid is streamlined, timely updating the information from the State Aid Register.

CONCLUSIONS AND PRIORITIES

State aid is an important component of economic policy and, in particular, of competition policy due to its impact on the competitive environment. State aid policy aims at correcting market failures and strengthening the national economy.

The main indicators for support measures reported for 2018 were:

- the value of the reported state aid (including for the SGEIs) amounted to 1,108,120 thousand MDL, which constituted 0.58% of GDP;
- the estimated value of the state aid (including the value of the support measures granted in the form of fiscal facilities) amounted to 1,757,948 thousand MDL, which constituted 0.93% of the GDP;
- the value of the state aid authorized by the Competition Council amounted to 454 111 thousand MDL (40.98% of the value of the state aid reported);
- the value of the existing state aid aligned amounted to 113 million MDL;
- most state aids (80.65% of the number of state aids reported) were offered as state aid schemes;
- the highest share of the state aid reported was of the nature of the budget expenditures, being about 62% of the total value;
- most of the state aids reported were for regional development, accounting about 48% of the total value;
- the highest share of the reported state aid was provided by the CPAs, accounting about 87% of the total number of measures reported;
- the amount of de minimis aid accounted 127,393 thousand MDL;
- most de minimis aid was reported by the LPAs, accounting 92.69% of the total de minimis aid reported;
- the highest amount of de minimis aid (about 89%) continued to be oriented towards supporting SMEs and providing SGEIs;
- the value of the support measures granted for the provision of SGEIs amounted to 217 979 thousand MDL;
- the largest share of state aid for SGEIs was granted to the companies providing water supply and sewerage services, collection and treatment of waste water and sanitation service;
- 9 LPAs delegated the management of the SGEIs (water supply, sewerage, etc.) by means of an award act;
- 78 events were organized (conferences, seminars, consultative meetings on different topics), in order to promote and raise the competitive culture in the field of state aid.

The main problems identified in the implementation of the legislation in the field of state aid continue to be:

- 1) the highest proportion of the state aid granted in the form of fiscal and customs facilities are implemented until the entry into force of the Law on state aid, being granted on the basis of the normative acts in force at the date of adoption, without being substantiated on an ex-ante economic analysis of

the impact of the respective measures on the competitive environment and to clearly identify the objective of granting them;

- 2) the mechanism of recording the fiscal facilities is insufficient to provide the necessary information when examining the support measures through the law of the state aid field;
- 3) insufficient knowledge in the field of state aid of the representatives of public administration authorities, which creates difficulties in the implementation of the legislation in the field of state aid;
- 4) granting state aid without examining other possibilities that would ensure the implementation of public policies, but would have a minimal impact on the competitive environment.

In this regard, *priority actions in the field of state aid* for the following periods are:

- undertaking efforts to align the state aid schemes established before 08/16/2013 to the EU state aid acquis;
- intensifying the collaboration with the Ministry of Finance in order to make the mechanism of reporting and notification of state aid granted in the form of fiscal facilities more efficient. Re-examination in collaboration with the Ministry of Finance of the support measures granted in the form of fiscal facilities through the law of the state aid field;
- collaboration with the providers in order to modify the legal acts of the SGEIs, by imposing the obligation to establish the performance indicators when assigning the right to manage the public service;
- optimization and development of SIRASM in order to make the notification, reporting and monitoring of state aid more efficient;
- raising the competitive culture in the state aid part both within the public authorities and in the whole society, including the elaboration of guides for the state aid providers.

Compliance with the provisions in the field of state aid will contribute to achieving the objectives, to correcting market failures, to increase the competitiveness of enterprises, as well as to create a fair competitive environment.

ANNEXES

TECHNICAL ANNEX

The technical annex provides general information on the scope of the report, the state aid classification and the de minimis aid on objectives, categories and forms, state aid assessment methods, and the sources of data that have been used.

The above mentioned information was grouped into the following chapters:

- I. The scope of State aid and de minimis aid analysed in the Report;
- II. Objectives of state aid and de minimis aid;
- III. Sources of data obtaining and assessment methods of the aid element.

I. Scope of State aid and de minimis aid analysed in the Report

The Report on state aids granted in the Republic of Moldova was prepared on the basis of the "State Aid Register" prepared according to the reports submitted by state aid providers; according to the Government Decision no. 1112 of 06.10.2016 for the approval of the Regulation on the way of keeping the State aid Register.

The state aid and de minimis aid reported, which are the subject of this report, fall within the scope of:

- Law on state aid;
- Government Decision no. 1112 from 06.10.2016 for the approval of the Regulation on the way of maintaining the State aid Register;
- The Regulation on de minimis aid, approved by the Competition Council Plenum Decision no. 2 of 30.08.2013;
- The Regulation on the State Aid Registry, approved by the Competition Council Plenum's Decision no.3 of 30.08.2013.

II. Objectives of state aid and de minimis aid

State aid objectives (both aid schemes and individual aid allocations) were in line with the primary objective of allocating them.

III. Sources of data obtaining and assessment methods of the aid element **Sources of data obtaining**

The figures are expressed in current prices for the national currency and in current prices for the euro.

The average annual MDL / euro exchange rate used was taken from the NBM website.

For State aid information and de minimis aid granted during the reference period, normative acts containing state aid schemes and / or individual aids and de minimis aid schemes and / or de minimis individual aid schemes reported by providers were used.

The reports were requested in the standard form according to Annex no. 1 and Annex no. 2 to the Regulation on the manner of keeping the State aid Register approved by the Government Decision no. 1112 of 06.10.2016 and contained the following elements:

- Title of the aid;
- Legal basis;
- Aid number (for reporting state aid);
- Category of aid (for reporting state aid);
- The period during which State aid is granted under this measure (for State aid reporting);
- The date when aid was ceased (to report de minimis aid);
- Objectives of state aid / minimis;
- The region;
- Origin of aid;
- Form of state aid / minimis;
- Description of the form of granting state aid / minimis;
- Type of State aid / minimis;
- Terms of Grant;
- Beneficiaries and the amount of state aid / minimis;
- Data on how to determine the amount of state aid / minimis;
- Remarks (for state aid reporting);
- Other information and comments (for reporting de minimis aid);
- Statement (for reporting de minimis aid).

Information on NBS and NBM web pages:

- the gross domestic product;
- Population number;
- the average annual MDL / euro exchange rate.

Methods of evaluating the help element

The amount of the state aid was determined according to the provisions of the normative acts establishing a state aid / minimis aid scheme or individual aid was granted, taking into account the secondary legislation, namely the Regulation on the notification form, examining and adopting the decisions on state aid (approved by the Competition Council Plenum's Decision no.1 of 30.08.2013).

**LIST OF LEGAL ACTS BASED ON WHICH REPORTED STATE AID
HAS BEEN GRANTED FOR 2018**

1. Tax Code no. 1163/1997, art.103, par. (1) p.10); Law no.1380/1997 on the customs tariff, art.28 let. z1); Government Decision no. 1165/2016 for the approval of lists of medicinal raw materials, materials, articles, primary and secondary packaging used in the preparation and manufacture of medicines;
2. Tax Code of the Republic of Moldova no. 1163/1997, art. 103 paragraph (1) section 32); Law no. 1380/1997 regarding the customs tariff, art. 28 lit. y1)
3. Tax Code of the Republic of Moldova no. 1163/1997, art. 124 paragraph (18)
4. Tax Code of the Republic of Moldova no. 1163/1997
5. Law no. 289/2017 of the state budget for the year 2018; Government Decision no. 819/2017 for the approval of the Regulation regarding the granting of certain categories of VAT facilities according to the provisions of art. 103 paragraph (7) of the Tax Code no. 1163/1997 and art. 4 paragraph (18) lit. b) of Law no. 1417/1997 for the implementation of Title III of the Tax Code
6. Tax Code of the Republic of Moldova no. 1163/1997; Government Decision no. 1574/2002 for establishing the annual volume of undenatured ethyl alcohol, intended for use in the perfume and cosmetics industry
7. Tax Code of the Republic of Moldova no. 1163/1997; Government Decision no. 378/2017 regarding the determination of the amount of undenatured ethyl alcohol intended for pharmaceutical production and use in medicine for 2017; Government Decision no. 454/2016 regarding the establishment of the amount of undenatured ethyl alcohol intended for pharmaceutical production and use in medicine for 2016; Government Decision no. 771/2016 regarding the modification of the Government Decision no. 454/2016; Government Decision no. 18/2015 regarding the establishment of the amount of undenatured ethyl alcohol intended for use in medicine for 2015
8. Tax Code of the Republic of Moldova no. 1163/1997; Government Decision no. 182/2013 regarding the approval of the List of organizations and companies of the blind, deaf and people with disabilities Societies, exempted from paying the VAT related to the goods and services provided
9. Tax Code of the Republic of Moldova no. 1163/1997; Law no. 440/2001 regarding the free economic zones
10. Tax Code of the Republic of Moldova no. 1163/1997; Law no. 77/2016 on parks for information technology
11. Code no. 259/2004 on science and innovation of the Republic of Moldova; Law no. 138/2007 regarding science-technology parks and innovation incubators; Government Decision no. 196/2018 on the organization and functioning of the National Agency for Research and Development; Government Decision no. 809/2015 regarding the approval of the Partnership Agreement between the Government and the Academy of Sciences of Moldova for 2015

12. Code no. 259/2004 on science and innovation of the Republic of Moldova;
Law no. 289/2017 of the state budget for the year 2018
13. Law no. 1515/1993 regarding the protection of the environment, art. 85
14. Law no. 276/2016 on the principles of subsidization of agricultural producers;
Government Decision no. 455/2017 regarding the distribution of the means of
the National Fund for the Development of Agriculture and Rural
Environment; Government Decision no. 903/2017 regarding the modification
and completion of the Government Decision no. 455/2017
15. Law no. 10/2016 regarding the promotion of the use of energy from
renewable sources; Government Decision no. 401/2012 regarding the Energy
Efficiency Fund
16. Law no. 279/2016 of the state budget for the year 2017
17. Law no. 182/2010 regarding industrial parks, art. 12; Government Decision
no. 440/2011 regarding the granting of the title of industrial park to the SA
"TRACOM"
18. Law no. 1421/2002 regarding theaters, circuses and concert organizations;
Law no. 279/2016 of the state budget for 2017; Law no. 289/2017 of the state
budget for the year 2018
19. Law no. 1380/1997 regarding the customs tariff, art. 28 let.1)
20. Law no. 172/2014 regarding the approval of the Combined Nomenclature of
goods, point 7 of the general rules for applying the customs duty
21. Law no. 1417/1997 for the implementation of Title III of the Tax Code, art. 4
paragraph (18); Government Decision no. 819/2017 for the approval of the
Regulation regarding the granting of certain categories of VAT facilities
according to the provisions of art. 103 paragraph (7) of the Tax Code no.
1163/1997 and art. 4 paragraph (18) let. b) of Law no.1417 / 1997 for the
implementation of Title III of the Tax Code
22. Law no. 289/2017 of the state budget for the year 2018; Decision of the
Supreme Council for Science and Technological Development of the
Academy of Sciences of Moldova no. 174/2017 regarding the approval of the
volume of the budgetary allocations for the year 2018 of the scientific
research projects within the state programs for the years 2017 - 2018;
Decision of the Supreme Council for Science and Technological
Development of the Academy of Sciences of Moldova no. 113/2017
regarding the approval of the results of the competition and the volume of the
budgetary allocations for 2018 of the projects for "Young researchers for the
years 2018-2019"; Decision of the Supreme Council for Science and
Technological Development of the Academy of Sciences of Moldova no.
112/2017 regarding the approval of the results of the competition and the
volume of the budgetary allocations for 2018 of the projects for "Organization
of international scientific events 2018"; Decision of the Supreme Council for
Science and Technological Development of the Academy of Sciences of
Moldova no. 111/2017 regarding the approval of the results of the

- competition and of the volume of the budgetary allocations for 2018 of the projects for “Editing scientific monographs (valuable works) 2018”
23. Law no.10 / 2016 on promoting the use of energy from renewable sources; Government Decision no. 1173/2010 regarding the Energy Efficiency Agency; Government Decision no. 401/2012 regarding the Energy Efficiency Fund
 24. Law no.289 / 2017 on the state budget for the year 2018; Law no. 72/2015 of the state budget for 2015; Law no. 60/2012 regarding the social inclusion of persons with disabilities
 25. Law no.102 / 2003 on employment and social protection of people in search of a job; Government Decision no. 594/2005 regarding the approval of the Procedure to stimulate the employers for the employment of the graduates of the higher education institutions financed from the state budget
 26. Law no. 102/2003 regarding the employment and social protection of the people in search of a job; The methodological norms regarding the granting and reimbursement of credits with advantageous interest from the budget of the unemployment fund for the creation of new jobs, approved by the relevant ministry and the commercial bank winning the 2005 competition; Decision of the Board of Directors of the National Agency for Employment on the value of the loan for a new job created from 2005, issued by the National Agency for Employment; Instruction on granting loans with advantageous interest through Eximbank S.A. from the budget of the Unemployment Fund for the creation of new jobs from 2005, approved by the National Agency for Employment and the Commercial Bank winning the competition
 27. Law no. 179/2008 regarding the public-private partnership; Government Decision no. 419/2012 regarding the approval of the list of state-owned goods and of the list of works and services of national public interest proposed to the public-private partnership; Government Decision no. 476/2012 for the approval of the Regulation regarding the standard procedures and general conditions for selecting the private partner; Government Decision no. 898/2018 for approving the objectives and conditions of the public-private partnership regarding the modernization and efficiency of the activity of the subsidiaries of the SE "Railway Stations and Bus Stations", of the general requirements regarding the selection of the private partner, as well as for the modification of a Government decision
 28. Law no. 166/2012 for the approval of the national development strategy “Moldova 2020”; The Regional Development Strategy Center 2016-2020 no. 01/02 of 11.02.2016, approved by the decision of C.R.D Center; Orhei City Council Decision no. 7/22 of 24.10.2014 regarding the approval of the Statute of the ME "Communal-Housing Services, Orhei"; Orhei City Council Decision no. 44 from 04.05.2016 on the administration of the land; Orhei City Council Decision no. 5/12 of 07.06.2016 regarding the Orhei sub-area of the Balti Free Economic Zone; Orhei City Council Decision no. 4/14 of

- 25.05.2018 regarding the negotiation and conclusion of a mortgage contract; Orhei City Council Decision no. 6/2 of 05.07.2016 regarding the negotiation and signing of contracts for the conduct of entrepreneurship activity in the Orhei sub-area of the Balti Free Economic Zone
29. Law no. 22/2015 regarding the ratification of the Loan Agreement between the Republic of Moldova and the European Bank for Reconstruction and Development in order to carry out the Project for the acquisition of the locomotives and for the restructuring of the railway infrastructure
 30. Law no. 179/2008 regarding the public-private partnership; Law no. 534/1995 regarding concessions; Government Decision no. 438/2012 regarding the initiation of the public-private partnership project for the concession of the SE „Chisinau International Airport'; Government Decision no. 321/2013 regarding the approval of the concession of the assets of the SE “Chisinau International Airport” and the conditions of their concession; Government Decision no. 715/2013 for the approval of the Report on the running and the results of the closed competition for selecting the concessionaire of the assets of the SE „ Chisinau International Airport; Government Decision no. 780/2013 regarding the reconfirmation of the approval of the concession of the assets of the SE "Chisinau International Airport" and the conditions of their concession
 31. Law no. 289/2017 of the state budget for the year 2018; Government Decision no. 834/2014 for the approval of the Regulation regarding the financing mode from the state budget of the cultural projects carried out by the public associations
 32. Law no. 1164/1997 for the implementation of titles I and II of the Tax Code
 33. Law no. 8/2005 regarding the Free International Port „Giurgiulești"
 34. Government Decision no. 1133/2016 for the approval of the Operations Manual on the implementation of the assistance credit offered by the Government of the Republic of Poland
 35. Government Decision no. 364/2008 regarding the approval of the National Program for Economic Empowerment of Young People (PNAET); Government Decision no. 2503-330 / 2010 regarding the extension of the Program for the period 2011-2013; Government Decision no. 140/2014 regarding the extension of the National Program of Economic Empowerment of the Youth for the period 2011-2016
 36. Government Decision no. 774/1997 on the nomenclature of services with legal significance in the field of protection of intellectual property objects
 37. Regulation of the Investment Agency regarding the granting of grants and subsidies within the Programs of the Investment Agency, approved on 26.11.2018
 38. Regulation of the Investment Agency regarding the granting of grants and subsidies within the Programs of the Investment Agency, approved on

- 26.11.2018; Minutes no. 01/2018 of the meeting of the Budget Management Board for the implementation of the "Export Promotion" Program; Minutes no. 02 of 12.04.2018 of the meeting of the Board of the budget administration for the implementation of the Program "Export Promotion"
39. Regulation of the Investment Agency regarding the granting of grants and subsidies within the Programs of the Investment Agency, approved on 26.11.2018; Minutes no. 01/2018 of the budget management council meeting for the implementation of the "Export Promotion" Program
40. Minutes no. 01/2018 of the budget management council meeting for the implementation of the "Export Promotion" Program
41. Land lease contract no. 166/2014 signed by UTA Găgăuzia, Comrat City Hall
42. Escrow agreement no. 1003/2013 concluded between the City Hall of Balti municipality and BC „Moldincombank " S.A
43. The decision of the District Council of Sîngerei no. 9/6 of 28.12.2016 regarding the transmission of public property assets of the district Council, object no. 1202/01, the centralized drinking water supply route from the Soroca-Bălți-Sîngerei pipeline, I tranche, in economic management of ME,, Indmetalcongaz”
44. Decision of the Chisinau Municipal Council no. 2 / 36-3 of 01.04.2011 on the operation of some modifications in the decision of the Chisinau Municipal Council no. 13 / 15-1 of 15.12.2009 regarding the lease of rooms in Bucharest street, 64 letter. A (ground floor) to IE "L-Liubici Gallery"
45. Decision of the Chisinau Municipal Council no. 1 / 50-10 of 19.05.2016 regarding the extension of the contractual relations of lease of rooms on S. Lazo str., 2 letter. A, A1, D, D1, E, G, J, V (separate buildings, basement) of the Center for scientific research in the field of automation from the Government of the Republic of Moldova ”
46. Decision of the Balti Municipal Council no. 10/2 of 27.09.2012 regarding the approval of the Loan Agreement between the ME "The Trolleybus Direction in Balti" and the European Bank for Reconstruction and Development and the Agreement guaranteeing and supporting the project between Balti Municipality, the European Bank for Reconstruction and Development and the ME,, The Trolleybus Direction in Balti
47. Decision of the Balti Municipal Council no. 10/2 of 27.09.2012 regarding the approval of the Loan Agreement between the ME "The Trolleybus Direction in Balti" and the European Bank for Reconstruction and Development and the Agreement guaranteeing and supporting the project between Balti Municipality, the European Bank for Reconstruction and Development and the ME,, The Trolleybus Direction in Balti
48. Decision of the City Council Edineț no. 19/20 of 23.08.2013 regarding the creation of the Edineț Industrial Park.

ANNEX III

THE VALUE OF THE REPORTED STATE AID DEPENDING ON OBJECTIVES AND FORMS OF GRANTING
(thousand MDL)

Objective	2016							2017							2018								
	Subventi ons and / or subsidies	Cance lling or taking over debts	Exemption, reductions, deferrals or reschedulin g of taxes, fees and other mandatory payments	Granting loans with preferent ial interest	Granting of guarante es under preferent ial terms	Investme nts by the provider if the return on such investme nts is less than the normal rate anticpat ed by a prudent private investor	Discount s on the price of the goods and services provided, including the sale of movable and immovabl e goods below the market price	Subventi ons and / or subsidies	Cance lling or taking over debts	Exemption, reductions, deferrals or reschedulin g of taxes, fees and other mandatory payments	Granting loans with preferent ial interest	Granting of guarante es under preferent ial terms	Investme nts by the provider if the return on such investme nts is less than the normal rate anticpat ed by a prudent private investor	Discou nts on the price of the goods and servic es provid ed, includ ing the sale of movabl e and immo vable goods below the marke t price	Subventi ons and / or subsidies	Budget allocatio ns	Cancelli ng or taking over debts	Exemptio n, reductio s, deferrals or reschedul ing of taxes, fees and other mandator y payments	Granti ng loans with prefer ential interes t	Granti ng of guara ntees under prefer ential terms	Investme nts by the provider if the return on such investme nts is less than the normal rate anticpat ed by a prudent private investor	Discount s on the price of the goods and services provided, including the sale of movable and immovabl e goods below the market price	
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Horizontal Objectives	100831	0	68815	876	0	0	1929	118945	0	31362	428	0	0	6504	103569	10285	0	33174	214	0	0	1424	
Research, development and innovation	72278	0	50	0	0	0	0	74912	0	0	0	0	0	0	85948	10285	0	0	0	0	0	0	1424
Environmental Protection	20937	0	0	0	0	0	0	12473	0	15910	0	0	0	0	10983	0	0	18363	0	0	0	0	0
SMEs support	3668	0	3371	876	0	0	1929	20046	0	2555	428	0	0	6504	0	0	0	2227	214	0	0	0	0
Rescue	0	0	123	0	0	0	0	4927	0	3126	0	0	0	0	0	0	0	0	0	0	0	0	0

Objective	2016							2017							2018							
	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Budget allocations	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Support for staff training and job creation	3947	0	65272	0	0	0	0	6587	0	9771	0	0	0	0	6639	0	0	12584	0	0	0	0
Sectoral Aid, depending on the sectors of activity of the national economy	97549	0	162477	6	0	0	0	0	0	133396	71	0	0	0	24421	0	0	116815	142	0	0	32600
State aid for regional development	0	0	2090741	0	6656	0	2845	185124	0	67081	63	6365	0	296	274010	0	0	168301	84	1235	0	2358
SGEIs	40046	0	22197	48137	181	2266	98318	57087	0	101	43951	6157	0	59231	56929	0	0	2994	56511	18819	2242	41301

Objective	2016							2017							2018							
	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Budget allocations	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Promoting culture and preserving cultural heritage	122059	0	0	0	0	0	0	122059	0	0	0	0	0	0	122059	38633	0	0	0	0	0	0
Aid to remedy damage caused by natural disasters or other exceptional situations	0	0	38487	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	320438	0	2360521	881	6656	0	4774	426128	0	231838	562	6365	0	6800	524059	48917	0	318290	440	1235	0	36382
TOTAL (including SGEIs)	360485	0	2382718	49018	6837	2266	103092	483216	0	231940	44513	12521	0	66031	580988	48917	0	321285	56951	20054	2242	77683

ANNEX IV

**THE VALUE OF REPORTED STATE AID
DEPENDING ON FORMS OF GRANTING AND ON PROVIDERS** (thousand MDL)

State aid providers	2016							2017							2018						
	Subventions and / or subsidies	Cancellin g or taking over debts	Exempti on, reductio ns, deferrals or reschedu ling of taxes, fees and other mandato ry payments	Granting loans with preferential interest	Granting of guarante es under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventi ons and / or subsidies	Cancellin g or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investme nts by the provider if the return on such investme nts is less than the normal rate anticipat ed by a prudent private investor	Discount s on the price of the goods and services provided, including the sale of movable and immovab le goods below the market price	Subve ntions and / or subsidi es	Budget Allocati ons	Exempti on, reductio ns, deferrals or reschedu ling of taxes, fees and other mandato ry payments	Granti ng loans with preferential interes t	Granti ng loans with preferential interes t	Investme nts by the provider if the return on such investme nts is less than the normal rate anticipat ed by a prudent private investor	Discou nts on the price of the goods and servic es provid ed, includ ing the sale of movab le and immo vable goods below the marke t price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Academy of sciences of Moldova	3037	0	0	0	0	0	0	3179	0	0	0	0	0	0	-	-	-	-	-	-	-
Agency for Interventions and Payments in Agriculture	97549	0	0	0	0	0	0	179782	0	0	0	0	0	0	274010	0	0	0	0	0	0
Agency for Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23390	0	0	0	0	0	0
State Agency for Intellectual Property	0	0	2362	0	0	0	0	0	0	2555	0	0	0	0	0	0	2227	0	0	0	0
National Agency for Employment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agency for Innovation and Technology Transfer	5820	0	0	0	0	0	0	4490	0	0	0	0	0	0	10285	0	0	0	0	0	0
Public Property Agency	0	0	7505	0	0	0	2798	0	0	8662	0	0	0	6504	0	0	5919	0	0	0	32600
Civil Aviation Authority	0	0	683	0	0	0	0	0	0	3538	0	0	0	0	0	0	0	0	0	0	0

State aid providers	2016							2017							2018						
	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Budget Allocations	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Credit Line Directorate	3668	0	0	491	0	0	0	20046	0	0	491	0	0	0	0	0	0	298	0	0	0
Energy Efficiency Fund	16762	0	0	0	0	0	0	10878	0	0	0	0	0	0	10261	0	0	0	0	0	0
Ministry of Agriculture, Regional Development and Environment *	4175	0	27255	0	0	0	0	1595	0	0	0	0	0	0	19923	0	0	0	0	0	0
Ministry of Economy and Infrastructure *	0	0	5845	0	0	0	0	0	0	1125	0	0	0	0	0	0	1125	0	0	0	0
Ministry of Education, Culture and Research *	144789	0	0	0	0	0	0	122059	0	0	0	0	0	0	147789	38633	0	0	0	0	0
The Ministry of Finance	0	0	0	0	0	0	0	0	0	0	63	0	0	0	0	0	0	142	0	0	0
Ministry of Health, Labour and Social Protection *	44638	0	0	0	0	0	0	49127	0	0	0	0	0	0	47656	0	0	0	0	0	0
State Tax Service	0	0	207389	0	0	0	0	0	0	118062	0	0	0	0	0	0	231617	0	0	0	0
Customs Service	0	0	2108473	0	0	0	0	0	0	97897	0	0	0	0	0	0	77403	0	0	0	0
Grant Implementation	0	0	1009	385	0	0	1604	-	-	-	-	-	-	-	-	-	-	-	-	-	-

State aid providers	2016							2017							2018						
	Subventions and / or subsidies	Cancellin g or taking over debts	Exempti on, reductions, deferrals or reschedu ling of taxes, fees and other mandato ry payments	Granting loans with preferential interest	Granting of guarante es under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventi ons and / or subsidies	Cancellin g or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investme nts by the provider if the return on such investme nts is less than the normal rate anticipated by a prudent private investor	Discount s on the price of the goods and services provided, including the sale of movable and immovab le goods below the market price	Subve ntions and / or subsidi es	Budget Allocati ons	Exempti on, reductions, deferrals or reschedu ling of taxes, fees and other mandato ry payments	Granti ng loans with preferential interes t	Granti ng loans with preferential interes t	Investme nts by the provider if the return on such investme nts is less than the normal rate anticipated by a prudent private investor	Discou nts on the price of the goods and servic es provid ed, includ ing the sale of movab le and immo vable goods below the marke t price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Unit of the Government of Japan [Ministry of Economy]																					
Chisinau Municipal Council	0	0	0	0	0	0	0	0	0	0	0	0	249	0	0	0	0	0	0	0	1684
Bălți Municipal Council	0	0	0	0	6656	0	0	0	0	0	0	6365	0	0	0	0	0	0	1235	0	0
Executive Committee of Gagauzia	0	0	0	0	0	0	0	10269	0	0	0	0	0	0	1031	0	0	0	0	0	0
Comrat City Hall	0	0	0	0	0	0	8	0	0	0	0	0	8	0	0	0	0	0	0	0	8
Edinet City Hall	0	0	0	0	0	0	39	0	0	0	0	0	39	0	0	0	0	0	0	0	39
Orhei City Hall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2052
CB "Moldindconbank" SA	0	0	0	6	0	0	0	0	0	0	8	0	0	0	0	0	0	0	0	0	0
IP "Dubasari Business Incubator"	0	0	0	0	0	0	91	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IP " Ștefan Vodă Business Incubator"	0	0	0	0	0	0	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-

State aid providers	2016							2017							2018						
	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting of guarantees under preferential terms	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Cancelling or taking over debts	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price	Subventions and / or subsidies	Budget Allocations	Exemption, reductions, deferrals or rescheduling of taxes, fees and other mandatory payments	Granting loans with preferential interest	Granting loans with preferential interest	Investments by the provider if the return on such investments is less than the normal rate anticipated by a prudent private investor	Discounts on the price of the goods and services provided, including the sale of movable and immovable goods below the market price
A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
TOTAL	320438	0	2360521	881	6656	0	4774	426128	0	231838	562	6365	0	6800	524059	48917	318290	440	1235	0	36382
SGEIs	40046	0	22197	48137	181	2266	98318	57087	0	101	43951	6157	0	59231	56929	0	2994	56511	18819	0	41301
TOTAL (including SGEIs)	360485	0	2382718	49018	6837	2266	103092	483216	0	231940	44513	12521	0	66031	580988	48917	321285	56951	20054	0	77683