

Approved by the Decision of the
Plenum of the Competition Council
No 4 of August 30, 2013

REGULATION

on state aid for regional development

This Regulation transposes the provisions of the art. 107 Para (3) of the Treaty on Functioning of the European Union , Section 1, art.13 and 14 of the Regulation (EC) No 800/2008 of Commission of 6 August 2008 on declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) , published in Official Journal of the European Union L214 of 9 August 2008 , as well as transposes partially the Guidelines on regional state aid for the period 2007-2013, published in Official Journal of the European Union C54/13 of 4 March 2006.

Section 1

The purpose, scope and categories of beneficiaries

- 1.** This Regulation shall apply to regional state aid for investment granted to large, small and medium-sized enterprises regional aid for newly created small enterprises as well as in certain exceptional circumstances, aid for operating, aimed, in all cases, towards the weak regions.
- 2.** State aid for regional development can be considered compatible with a normal competitive environment, in accordance with Article 5 Para (1) j) of Law No. 139 of 15.06.2012 on State aid, if the conditions laid of this Regulation are met.
- 3.** State aid granted for investment is justified by the need to support regional development by supporting investment and job creation by expanding and diversifying economic activities of enterprises located in less developed regions and by encouraging enterprises to set up new units in these regions.
- 4.** In cases when the structural difficulties of a region are so severe that regional investment aid, together with a complex system of horizontal aid is insufficient to trigger a process of regional development, this Regulation enables completion of regional investment aid to regional aid for operation.
- 5.** This Regulation shall not apply to aids granted in shipbuilding, steel and agriculture, with the exception of aid for the processing and marketing of agricultural products listed in Annex 1 of the Regulation on the notification form, the procedure for examining and taking decisions on state aid.
- 6.** Regional development aid may be granted to undertakings in difficulty as it is defined by the Regulation on State aid for rescuing beneficiaries in difficulty.
- 7.** Aids for the regional development is granted under an aid scheme, which is part of a regional development strategy with clearly defined objectives. The competent authorities may, under such a scheme, to evaluate investment projects in terms of their importance for development in the region.

8. When, in an exceptional way, it is envisaged to grant individual or grant aid confined to one area of activity, the provider has to prove that the project contributes to the achievement of a coherent regional development strategy that does not lead to unacceptable distortions of competition. If aid granted under a scheme concentrated unduly on a specific industry, the Competition Council may require modification of the scheme under Article 11 of Law No. 139 of 15.06.2012 on State aid or may propose to abolish the scheme.

9. Any aid scheme or any individual aid falling under this Regulation shall be notified to the Competition Council by completing and submitting general and special Form of notification of state aid provided by in this Regulation.

Section 2

Definitions

10. In the meaning of this Regulation, the used definitions have the following meaning:

regional development aid – aid intended to promote the economic development of undeveloped regions;

regional aid map of the Republic of Moldova - the act, which identifies the regions eligible for regional aid in Republic of Moldova, and maximum allowable aid intensity for each region;

agriculture - is the production of agricultural products listed in Annex 1 to the Regulation on the notification form, the procedure for examining and taking decisions on state aid;

processing of agricultural products - any operation on an agricultural product resulting in a product that is also an agricultural product, except farm activities necessary for preparing an animal or plant product for the first sale;

marketing of agricultural products - holding or displaying of a agricultural product for sale, offering for sale, delivery or any other form of marketing, except the first sale by a primary producer to resellers or processors and any activity preparing a product for the first sale; a sale made by a primary producer to final consumers shall be considered as marketing if it takes place in separate spaces reserved for that purpose;

steel sector - defined in Annex 2 to this Regulation;

the small and medium-sized enterprises– enterprises as it is defined in Law No. 206 of 07.07.2006 on the support of small and medium enterprises; newly created small enterprises - small enterprises as it is defined in Law No 206 of 07.07.2006 on the support of small and medium enterprises with fewer than five years of existence ;

initial investment is:

- a) investment in tangible and intangible assets related to: starting a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new, additional products, fundamental change in the overall production process of an existing establishment;
- b) the acquisition of assets directly linked to an establishment may also be regarded

as initial investment provided the unit to be closed or to be closed had if it were not purchased, and is bought by an independent investor . Consequently, the initial investment is not considered simple acquisition of shares of a company with legal personality;

labor cost –consumptions and expenditures on wages, determined in accordance with the Law on Accounting No 113-XVI of 27.04.2007 (Official Gazette of the Republic of Moldova No.90-93 of 29.06.2007);

number of employees - the number of annual working units (hereinafter - AWU), i.e. the number of persons employed full time in a year, work part time and seasonal work representing AWU fractions;

creating jobs - is a net increase in the number of employees directly employed in a particular establishment compared with the average of the last 12 months. Consequently, the jobs lost during that 12-month period must be subtracted from the apparent number of jobs created during the same period.

job directly created by an investment project - refers to jobs created as a result of the investment within three years of completion, including jobs created as a result of increasing capacity utilization created by the investment;

starting work - is either the start of construction, be the first firm order equipment, excluding preliminary feasibility studies;

date of aid grant - aid shall be deemed to be given when the beneficiary conferred the right to receive aid;

large investment project - initial investment with eligible costs exceeding 50 million lei. The amount of 50 million lei to be calculated at prices and official exchange rates of National Bank from the date of aid grant and for large investment projects requiring individual notification (Annex 3 to this Regulation) prices and official exchange rates of National Bank from the notification date;

product in question - the product under the investment project. When an investment project involves the production of several different products, each product is taken into account . When the project concerns an intermediate product and a significant part of the output is not sold on the domestic market, the product in question may be the downstream product;

apparent consumption of the product concerned - is equal to domestic production plus imports minus exports;

incentive effect - changing behavior of the beneficiary as a result of receiving state aid in the sense that it starts activities / actions that would not be started without the aid or, if it was initiated, did not have the same magnitude in the absence of aid.

11. Other terms provided in this Regulation shall be used in the meaning of Law No. 139 of 15.06.2013 on State Aid (Official Gazette of the Republic of Moldova of 16.08.2012 No. 166-169a), Competition Law no.183 of 11.07. 2012 (Official Gazette of the Republic of Moldova no.193-197 of 14.09.2012) and the Regulation on the notification form, the procedure for examining and taking decisions on state aid approved by the Competition Council decision No. 1 of 08.30.2013 (Official Gazette of the Republic of Moldova No.213-215 of 27.09.2013).

Section 3

The regional state aid granted for the investments

12. Regional aids for investment is granted for initial investment. Replacement of investments is not eligible for regional aid.

13. Regional aid for investment may be granted in any form provided by article 6 of Law No. 139 of 15 June 2012 on State aid.

14. Regional aid for investment is calculated based on the costs of investments in tangible and intangible assets related to the investment project or according to the estimated labor costs for jobs created by the investment project .

15. Are eligible for regional aid for investment expenditures on land, buildings and plant / machinery.

16. For small and medium-sized enterprises the costs of preparatory studies and related investment advisory services are also eligible, up to an aid intensity of 50 % of the actual borne cost.

17. In the transport sector, expenditures on the purchase of vehicles (movable assets) are not eligible for regional aid for investment.

18. In case of acquiring a unit, taking into account only the costs of buying assets from third parties. The transaction must take place under market conditions. When the acquisition is accompanied by another initial investment expenditures related to the latter are added to the cost of acquisition. In exceptional cases, the aid may alternatively be calculated based on the estimated labor costs for jobs retained or newly created by the acquisition. These cases must be individually notified to the Competition Council.

19. Costs related to the purchase of leased assets, other than land and constructions are considered eligible if the leasing contract takes the form of financial leasing and contains an obligation to purchase the asset at the term of the lease. Regarding the rental of land and constructions, the lease contract must continue for at least five years from the expected date of completion of the investment for large enterprises and three years for small and medium-sized enterprises.

20. Except for small and medium-sized enterprises and takeovers of existing units, related assets, the assets acquired should be new. In the case of takeovers, assets for whose acquisition costs already received aid prior to purchase should be deducted from the total eligible costs.

21. For small and medium-sized enterprises, the full costs of investments in intangible assets can be taken into account in calculating the eligible expenditure . For large enterprises, these costs are taken into account up to 50 % of total eligible project costs .

22. In all cases, eligible intangible assets should remain associated with region eligible for regional aid granting, therefore, may not be transferred for other regions. For that purpose , eligible intangible assets must meet the following conditions:

- a) to be used exclusively in the establishment, which received the regional aid;
- b) be regarded as amortizable assets ;

c) be purchased from third parties under market conditions;
d) be included among the assets of the enterprise and remain in the establishment, which receives receiving the regional aid for at least five years for large enterprises and three years in case of SMEs .

23. When aid is calculated on the basis of labor costs relating to the jobs created by an initial investment project, are eligible labor costs of persons employed for a period of two years.

24. The provider must ensure that aid generates a real incentive effect of making further investments that otherwise would not be done in those areas. In this respect, the investments should not start before the fulfillment of the conditions referred to points 25 - 26 of this Regulation. Otherwise, the whole project will not be eligible to benefit from regional aid.

25. The Aids under a scheme may be granted only if the beneficiary has submitted an application in this respect and the authority responsible for administering the scheme has subsequently confirmed in writing before beginning work on the project, that, subject to completion of detailed verification, the project fulfills the conditions of eligibility laid down by the scheme. Aid schemes should contain an explicit reference to both conditions. The only exception to this rule occurs if approved tax aid schemes which exemption or tax reduction is granted automatically to qualifying expenditure without the authorities have discretion in granting it.

26. For individual aid, it may be granted if the beneficiary has submitted an application to this effect and the competent authority must have issued a letter of intent that granted aid before work starts on the project, subject to authorization of the measure by the Competition Council by the aid entrustment.

27. When aid is calculated based on the costs of investment in tangible and intangible assets or asset acquisition costs related to an existing unit, the beneficiary must provide a financial contribution of at least 25 % of eligible costs from their own resources or from external financing in a form which is public support .

28. To ensure that the investment makes a real and lasting contribution to regional development aid should be made conditional, through conditions attached to the aid or the method of payment, to maintain investment in the region concerned for a minimum period of five years on completion, large enterprises, and a minimum of three years in case of SMEs. This does not prevent the replacement of obsolete installments or equipment during this period due to rapid technological change, on condition that economic activity continued to be conducted in the region concerned for a period equal to the required minimum

29. When aid is calculated on the basis of labor costs, jobs must be occupied within three years of work completion. All jobs created as a result of the investment must be maintained in the region concerned for a period of five years from the date of first occupation of job in large enterprises , ie a minimum of three years for SMEs

30. The amount of aid is determined by intensity expressed in terms of eligible costs. The aid intensity is calculated from the gross subsidy equivalent, without taking into consideration the impact of taxes on the amount of aid when assessing

whether it is compatible. For aids individually notified to the Competition Council, the gross subsidy equivalent is calculated at the time of notification, and in other cases the date of aid grant.

31. Aid payable in several installments shall be discounted to its value at the notification date or date of aid grant. When aid is granted in the form of tax exemptions or reductions on future taxes due, the discount of the aid installments is based on the reference rates applicable at various times on which the tax advantages become effective

32. The maximum intensity of regional aid is determined by the regional aid map of the Republic of Moldova, Annex 5 to this Regulation.

33. The maximum intensity of regional aid under point 32 of this Regulation may be increased by 20 % for aid granted to small enterprises and 10%, for aid granted to medium-sized enterprises. This increase is not applied to aid granted in the transport sector.

Section 4

The state aid granting for the large investments projects

34. In order to eliminate the possibility that a large investment is artificially divided into smaller projects in order to circumvent the provisions of this Regulation, a large investment project is considered to be a single investment project when the initial investment is made in a period of three years by one or more enterprises and consists of fixed assets combined in an economically indivisible way.

35. To determine whether an initial investment is economically indivisible, the Competition Council will take into account the technical, functional, strategic, and immediate geographical proximity. Economic indivisibility is assessed independently by the property. This means that in order to determine whether a large investment project is a unique project, the assessment should be the same irrespective of whether the project is carried out by an enterprise for several businesses sharing the investment costs or by several enterprises bearing the costs of separate investments within the same investment project.

36. To determine whether the eligible costs of large investment projects reach various thresholds provided for in this Regulation, shall be considered either investment costs or labor costs, whichever has a larger amount.

37. Providers must notify the Council about all aids to be granted for investment projects under existing aid schemes, where the proposed aid from all sources exceeds 37.5 million lei.

38. When the regional aid is granted under existing aid schemes for investment projects and is not notified according to point 37 of this Regulation, the provider within 20 working days from the date of aid grant, must submit to the Competition Council a form of a summary information on aids for large investment projects presented in Annex 4 to this Regulation. The Competition Council will make summary information available on the web page.

39. The Providers must keep detailed records on aids for all large investment projects. These records, which must contain all necessary information in order to

determine if the allowable maximum aid intensity was observed, will be kept for 6 years from the date of aid grant.

40. Regional aid for large investment projects are subject to an adjusted ceiling of regional aid, calculated based on the following scale:

Eligible costs	The ceiling of adjusted aid
The part till 50000000 lei	100% of the regional ceiling
The part between 50000000 and 100000000 lei	50% of the regional ceiling
The part over 100000000 lei	34% of the regional ceiling

Example: The allowable amount of aid for large investment project is calculated according to the formula: maximum aid amount = $R \times (50 + 0.50 + 0.34 \times B \times C)$, where R is unadjusted ceiling of regional aid, B eligible costs of between 50 million and 100 million lei, and C is eligible costs exceeding 100 million lei

41. For large investment projects, small and medium-sized enterprises do not benefit from the increases provided for in point 33 of this Regulation.

42. When the total amount of aid from all sources exceeds the threshold set under point 36 of this Regulation and when:

a) the aid beneficiary makes for more than 25 % of sales product (s) concerned in the market (s) concerned before the investment or more than 25 % after the investment, or

b) the production capacity created by the project is more than 5 % of the relevant market, measured by using data on apparent consumption of the product concerned, unless the average annual growth rate of apparent consumption over the last five years, exceeds average annual GDP growth.

Competition Council entrusts aids only after assessing the compatibility of state aid with the normal competitive environment, during the benchmarking procedure laid down in Section 11 of the Regulation on the notification form, the procedure for examining and taking decisions on state aid if the aid is necessary for stimulating the investment but the benefits aid measure are more important than the distortion of competition resulting from the aid.

43. The task of proving that the statements referred in point 41 a) and b) of this Regulation shall not be applied is given to the provider. When the provider demonstrates that the aid beneficiary creates a new product market, it is not necessary anymore to apply the criteria set out in point 41 of this Regulation, and aid will be authorized under the scale stipulated in point 39 of this Regulation.

Section 5

Rules of state aid cumulation

44. If financial support for an investment project is granted concurrently under several regional aid schemes or in combination with individual aid, aid intensity ceiling set at point 31, 32 and 39 of this Regulation shall apply to total aid. The

same is true if the aid comes from several sources (local, regional, national or foreign).

45. When the aid is calculated based on the costs of investment in tangible or intangible assets, is combined with the aid which is calculated based on labor costs, the amount of aid for initial investment, expressed as a percentage of the investment, and aid for jobs creation, expressed as a percentage of the labor costs, should not exceed the most favorable amount resulting from the application of the ceiling fixed for this region in accordance with the criteria referred to in points 31, 32 and 39 of this Regulation.

46. When expenses may be covered by regional aid are totally or partially eligible for another type of aid, the common parts will be subjected to the most favorable ceiling under the applicable rules.

47. When the provider determines that the state aid granted under a scheme can be combined with aid under other schemes, it must specify, for each scheme, the method by which it will ensure compliance with the conditions listed above .

48. Regional investment aid shall not be cumulated with de minimis aid in respect of the same eligible costs in order to circumvent the maximum regional aid intensities laid down in this Regulation.

Section 6

The granting of state aid for operating

49. Regional aid aimed at reducing an enterprise's current expenses (operating state aids) usually are prohibited.

50. Conditions for granting state aid for operating:

a) operating aids are granted in exceptional cases, on condition that the granting is justified by its contribution to regional development and its nature and its level is proportional to the disability it seeks to alleviate. Providers must demonstrate the existence and importance of any disabilities.

b) are not authorized operating aids under this Regulation in the financial services sector, or for intra – group activities, unless such aids are granted under general schemes which are open to all sectors and designed to offset additional transport or labor costs. The operating aids, which are aimed to promote exports, are also excluded.

c) operating aids must always have a temporary and digressive character

51. State operating aids are granted mainly in the form of tax exemptions or reductions in social security contributions unrelated to the eligible investment costs

52. Operating aids should be granted only to a predefined set of eligible expenditures or costs such as replacement investments, transport or labor costs and should be limited to a certain proportion of these costs.

53. In all cases, the need and level of operating aids should be reviewed regularly to ensure that they are justified in the long term for the region.

54. In order to ensure transparency and monitoring of operating state aid, the Competition Council shall include in the annual operating state aid amount granted, and identify the top 10 beneficiaries of the largest operating state aid, specifying the sector (s) of activity they work and the amount of aid received by each .

Section 7

The aid granting for the new created small enterprises

55. To encourage the establishment and development at an early stage, of the small enterprises, the Competition Council will authorize under this Regulation, aid schemes which provide up to

3 million lei per enterprise for newly created small enterprises.

56. Annual amounts of aid for newly created small enterprises must not exceed 33 % of the total amounts of aid for newly created small enterprises.

57. Intensity of aid for newly created small enterprises may not exceed 40 % of eligible costs for the first three years of the establishment of the enterprise and 30 % in the next two years.

58. Providers should implement a necessary system in order to ensure the amounts of ceilings and intensities of aid in relation to eligible costs shall not be exceeded. Aids stipulated in this section shall not be cumulated with other aid (including de minimis aid) in order to circumvent the maximum aid intensities or settled maximum amounts.

59. Eligible costs include legal, advisory, consulting and administrative costs directly related to the creation of the enterprise, as well as the following costs, as they are actually incurred within the first five years of the establishment of the enterprise, namely:

- a) the interest on external finance and a dividend on own used capital, which not exceeds the reference rate ;
- b) fees for renting production facilities / equipment;
- c) electricity, water, heating ;
- d) taxes other than VAT and enterprise income tax ;
- e) administrative charges;
- f) depreciation and amortization ;
- g) expenditure on acquisition in form of leasing of facilities / equipment ;
- h) labor costs including compulsory social security contributions, which can also be included , on condition that the basic investment and measures for job creation and staff recruitment have not benefited from other form aid.

60. Aids aimed for newly created small enterprises can have a incentive effects which are opposite to existing small enterprises, i.e. closing down and reopening of enterprises in order to receive this type of aid. Providers should design aid schemes so as to avoid this problem, for example by placing limits on requests for help from owners of recently disbanded etc.

Section 8

Transparency, monitoring and verification of state aids for regional development

61. To ensure transparency of regional aid, providers are required to publish the full text of the web page of aid schemes and communicate to the Competition Council the Internet address of the publication. Projects for which expenses were incurred before the date of publication of the scheme will not be eligible for regional aid

62. Monitoring and verification of state aid for regional development is carried out in accordance with the Regulation on the notification form, the procedure for examining and taking decisions on state aid.

**SPECIAL FORM FOR NOTIFICATION
On aid for regional development**

This particular form of notification is used to notify any scheme or any individual aid covered by Regulation on State aid for regional development.

1. Aid scheme or individual aid

1.1. Aid scheme or individual aid covers:

- the initial investment;
- aid as a percentage of eligible costs of investment in tangible and intangible assets;
- aid as a percentage of the labor costs of persons expected to be employed
- operating aids;
- aid for small newly created enterprises;
- combinations of the above categories.

1.2. Aid is granted:

- automatically, if the conditions of the scheme are met;
- discretionary, following a decision by the authorities.

Where aid is granted on a discretionary basis, please provide a brief description of the criteria and attach a copy of the regulations on the aid granting :

.....

1.2.1. If these aids comply with regional ceilings defined in regional aid map in force at the time of aid granting, including those arising from the provisions, which are applied to aid for large investment projects? (Please tick)

	YES	NO	

Scheme includes a reference to the regional aid map in force? (Please tick)

	YES	NO	

2. Aid for initial investment

2.1. Scheme / individual aid endorses investments in fixed capital or job creation linked to initial investment relating to:

- establishment of a new unit;
- extension of an existing establishment;
- unit production diversification into new products market;
- fundamental change in the overall production process of an existing establishment;
- acquisition by an independent investor assets directly linked to an establishment which has been closed or would have been closed if had it not been acquired.

2.2. Where the aid is calculated based on the costs of investment in tangible or intangible assets or acquisition costs in case of a takeover include a clause stipulating that the beneficiary of a financial contribution of at least 25% of the total eligible costs under a form that is not subject to any public aid, including de minimis aid? (please tick)

	YES		NO	
<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

2.3. Where aid is granted automatically on the basis of some objective criteria and under a legal basis by which beneficiaries can receive the aid, scheme excludes the aid granting for projects initiated before the entry into force of the legal basis? (Please tick)

	YES		NO	
<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

If the aid is not granted automatically, if the scheme as the request for aid to be submitted before starts work on the project and the competent authorities has the obligation to be confirmed in writing that, subject to detailed verification, the project fulfills the conditions of eligibility set out in the scheme? (please tick)

	YES		NO	
<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

In case of individual aid, the competent authority issued a letter of intent under which it will grant aid before work on the project is started, but subject to approval of the measure by the Competition Council? (Please tick)

	YES		NO	
<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

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If any of the conditions referred to in point 2.3 are not met, please explain why and how the authorities are required to comply with these conditions:

2.4. What are the aid intensities under the scheme or individual aid?

What are the parameters that allow the calculation of the aid intensity ?

- 2.4.1. subsidies
 nominal value

 the present value (discounted)

2.4.2. Tax Measures
 What is the present value of tax and on which aid intensity?

- 2.4.3. Public preferential loan
 The maximum period of the loan:

 Maximum proportion (loan amount as a percentage of eligible investment):

 The maximum period of grace:

 The minimum rate of interest:

Is the loan covered by the usual guarantees required by banks? (Please tick)

	YES		NO	

If yes, to what extent?

 What is the expected default rate by category of beneficiaries?

Interest rate is higher in situations involving a risk? (Please tick)

	YES		NO	

Is the interest rate fixed, variable, depending on the profit or a combination of these categories?

Are subordinated loans? (please tick)

	YES		NO	

2.4.4. Interest subsidy.

Maximum value of rebate:

.....

Maximum proportion (loan amount as a percentage of eligible investment):

.....

The maximum period of grace:

.....

Duration of credit:

.....

2.4.5. Guarantee Scheme

Please specify the types of loans for which can be granted guarantees:

.....

Please specify the method and parameters used to calculate equivalent

Subsidy of the guarantee, including the duration, extent and value of the loan:

.....

Please specify premiums paid by the State to Bank:

.....

What is the expected default rate by category of beneficiaries?

.....

What is the maximum coverage (percentage) of a loan by the guarantee?

.....

What are the conditions of mobilization of collateral?

.....

2.4.6. Public participations:

Please indicate whether the scheme involves aid in the form of public participations

.....

To what extent public participation deviate from the principle of the private investor?

.....

Please provide any useful information for calculating the aid element of public participation:

2.4.7. Other:

.....

2.5. Are investments for replacement excluded from the scheme? (Please tick)

	YES		NO	

If not, the authorities are required to complete Section 3 of this form, reserved for operating aid.

2.6. Aid to firms in difficulty and / or financial restructuring of firms in difficulty are excluded from the scheme? (Please tick)

	YES		NO	

2.7. Investment aid as a percentage of the eligible costs of investment in tangible and intangible assets.

Eligible expenditure under the scheme relate:

2.7.1. Material assets:

The investment is determined by:

- land;
- buildings;
- plant / machinery (equipment);
- fixed assets in the event of a takeover.

Please provide a brief description:

Are the assets acquired, new, except cases of SMEs and takeovers? (please tick)

	YES		NO	

Please specify:

In case of takeover, is the scheme ensures taking into consideration / deduction prior to the takeover, any aid granted in the past for the purchase of assets (see point 19 of the Regulation on State aid for regional development)? (Please tick)

	YES		NO	
<input type="checkbox"/>				

Please specify :

What measures are taken to ensure that in case of takeovers, transactions are made on market conditions ?

There are costs related to the acquisition of assets - other than land and buildings - which are subject to a lease included in the eligible costs? (Please tick)

	YES		NO	
<input type="checkbox"/>				

Leasing contract requires acquiring assets – other than land and buildings – the expiration of the leasing contract? (Please tick)

	YES		NO	
<input type="checkbox"/>				

In case of a leasing contract on land and buildings exceeds the duration of at least five years on the project completion date anticipated investment for large companies, and three years for SMEs? (Please tick)

	YES		NO	
<input type="checkbox"/>				

In case of the answer to one of the questions in point 2.7, please specify how the authorities intend to comply with the necessary conditions :

2.7.2. Intangible assets

The value of investments is determined based on costs of technology transfer through the acquisition of:

- licenses
- know -how
- unpatented technical knowledge

Please provide a brief description:

The scheme includes a provision that eligible intangible investment costs should not exceed 50 % of the total eligible investment in large companies? (Please tick)

	YES		NO	

Measure ensures that eligible intangible assets:

- are used exclusively in the establishment receiving the regional aid ?
- are considered depreciable assets?
- are purchased from third parties under market conditions?
- are included in the assets of the company and remain in the establishment receiving the regional aid for a minimum of five years for large companies and three years for SMEs?

If one of these conditions is not explicitly reflected in the scheme, please explain why and explain how the authorities intend to comply with these conditions:

.....

The scheme includes eligible expenses SME costs of preparatory studies and consultancy services relating to investment? (Please tick)

	YES		NO	

The scheme provides that, for SMEs, consultancy costs are limited to an aid intensity of up to 50 % of actual costs? (Please tick)

	YES		NO	

2.7.3. What measures are taken to ensure that aid for initial investment (both tangible assets as well as intangible) are conditional on the maintenance of investment for a minimum period of five years, large companies, and three years for SMEs?

2.8. Investment aid is calculated as a percentage of labor costs

2.8.1. It guarantees that the aid measure as a percentage of labor costs related to a project initial investment? (Please tick)

	YES		NO	

2.8.2. Measure ensures that jobs created represent a net increase in the number of employees (WUY – work unit per year) directly employed in a particular establishment compared with the average of the last twelve months, less jobs that have disappeared, possibly during this period in the same unit? (Please tick)

	YES		NO	

2.8.3. What measures are taken to ensure the eligible expenditure on labor costs of the person hired, calculated over a period of two years?

.....

2.8.4. Measure ensures that the posts will be filled within three years from the completion of the work? (Please tick)

	YES		NO	

2.8.5. Measure ensures that the jobs created will be maintained in the region concerned for a minimum period of five years (or three years for SMEs) from the date the post was occupied for the first time? (Please tick)

	YES		NO	

If the answer to one of the questions mentioned in point 2.8, we ask you to specify how the authorities intend to comply with these necessary conditions :

.....

3. Operating Aid

3.1. What is the direct link between granting of operating aid and contribution to regional development?

3.2. What are the structural weaknesses that need to offset operating aid?

3.3. What measures are taken to ensure that the nature and level of operating aid proportionate to the handicaps it seeks to alleviate?

3.4. What measures are taken to ensure that the operating aid is progressively reduced and limited in time?

3.5. Operating aid scheme is open to all sectors? (Please tick)

	YES		NO	

If no, specify

3.6. Scheme is aimed to compensate for transport costs or additional labor costs? (Please tick)

	YES		NO	

3.7. If the answer to one of the above questions (3.5 – 3.6), which are the measures taken to ensure compliance with point 49 b) of the Regulation on State aid for regional development?

3.8. Scheme excludes operating aid aimed to promote exports? (Please tick)

	YES		NO	

4. Aid for newly created small enterprises

Information on beneficiaries

4.1. Are the beneficiaries small enterprises at the time of grant? (Please tick)

	YES		NO	

4.2. The authorities responsible for granting verify that all beneficiaries are autonomous? (Please tick)

	YES		NO	

4.3. Does Scheme ensure that aid is only granted to small enterprises which were established more than five years before the date of grant? (Please tick)

	YES		NO	

4.4. Please describe the mechanisms designed to ensure that the measure will not be used inappropriately by existing businesses, which might artificially stop and restart activities to benefit from this type of aid:

The geographical coverage of the scheme

4.5. Is the scheme limited to a region? (Please tick)

	YES		NO	

4.6. Beneficiaries are carrying out their economic activity in the following areas (please specify according to the name of regions as defined in the regional aid map):

Please specify the region(s):

Eligible expenses

4.7. Legal fees, administrative, advisory and consultancy services directly related to the establishment of the company are included in the eligible costs? (Please tick)

	YES		NO	

If yes, please specify:

.....

4.8. Are strictly limited to the eligible costs that are incurred during the first five years of the establishment of the company and, during this period, until the company qualifies as a small enterprise? (Please tick)

	YES		NO	

4.9. Please specify the following list, which costs are included in the eligible costs:

- interest on external finance;
- dividend on own capital used without exceeding the reference rate;
- fees for renting production facilities and equipment;
- energy, water, heating;
- taxes (other than VAT and income tax).

Please specify the:

- administrative fees

Please:

- depreciation;
- fees for renting and sale of production facilities and equipment;
- labor costs.

Compulsory social contributions are included in labor costs? (Please tick)

	YES		NO	

Regarding depreciation, rental expenses – sale of plant and equipment or labor costs, can you confirm that the underlying investments or measures to create jobs and recruitment have not received or will not receive other forms of aid? (Please tick)

	YES		NO	

4.10. What is the intensity of the aid provided by the measure for eligible expenses incurred in the first three years of the creation of the enterprise or for expenses directly related to the creation of the enterprise?

4.11. What is the intensity of the aid provided by the measure for eligible expenses incurred in the fourth and fifth years of the establishment of the company?
.....

4.12. The annual amount of aid is limited to 33% of the maximum amount referred to in this Regulation point 56? (Please tick)

	YES		NO	

4.13. Please provide a description of the mechanisms used or the form in which the aid is granted to the beneficiary enterprises (eg grant, loan, etc.). And explain in detail how to calculate the maximum aid intensities and maximum value of aid, especially for non-transparent forms of aid:

4.14. It may be another form of aid granted on the same eligible costs in terms of external finance, dividend on own capital employed, costs of renting production facilities and equipment, energy, water, heating or taxes (other than VAT and tax income)? (Please tick)

	YES		NO	

If yes, please describe the mechanism created to ensure compliance with the ceilings on the total amount of aid per undertaking per year, and the aid intensities:

5. Scope of the scheme

5.1. The scheme applies to all sectors? (Please tick)

	YES		NO	

Scheme aimed at a specific activity sector? (Please tick)

	YES		NO	

If yes, please specify:

.....

5.2. The scheme applies to the production of agricultural products listed in Annex 1 to Regulation on the notification form, the procedure for examining and taking decisions on state aid? (Please tick)

	YES		NO	

The scheme applies to the processing and marketing of agricultural products? (Please tick)

	YES		NO	

5.3. The scheme applies to the transport sector? (Please tick)

	YES		NO	

If yes, specify the services:

- Transport services:

- Shipping;
- Air;
- Road;
- Rail;
- Urban Transport;
- Transport by inland waterway;
- Combined Transport.

- Management of transport infrastructure:

- port infrastructure;
- airport infrastructure;
- the road infrastructure;
- railway infrastructure;
- urban transport infrastructure;
- infrastructure inland waterway transport;

- Monitoring:

Annual report will follow any aid in the categories above, together with its value and its beneficiaries? (Please tick)

	YES		NO	

5.4. Is the scheme applied to shipbuilding? (Please tick)

	YES		NO	

5.5 . Is consistent with the specific plan , such as the prohibition to grant aid to the steel sector? (Please tick)

	YES		NO	
--	-----	--	----	--

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5.6. Scheme provide that guarantee the respect of individual notification obligation (aid for large investment projects)? (Please tick)

	YES		NO	

6. Cumulation

6.1. in case the regional aid under an aid scheme can be combined according to another scheme (other schemes), please specify, for each scheme, the method, which ensures that the cumulation conditions laid down in the Regulation on state aid for regional development are met

6.2. It ensures that regional investment aid shall not be cumulated with de minimis support in respect of the same eligible expenses in order to avoid the maximum aid intensities laid down in the approved regional aid map? (Please tick)

	YES		NO	

6.3. Where aid calculated based on the costs of investment in assets (tangible or intangible) is combined with aid calculated on the basis of labor costs, the scheme complies with the intensity ceiling set for the region? (Please tick)

	YES		NO	

7. Transparency

7.1. The scheme excludes projects for which the eligible expenses were incurred before final scheme publication on the Internet (see Section 8 of the Regulation on State aid for regional development)? (Please tick)

	YES		NO	

8. Other information

Please add any other information (ex, impact or benefits in terms of the environment) that you consider useful for assessing the measure(s) concerned in accordance with the guidelines on national regional aid.

Annex2
to Regulation on state aid
for the regional development

In the meaning of this Regulation, the steel sector consists of companies engaged in manufacturing steel products listed below:

Product	Combined Nomenclature code
Pig iron and mirror (Spiegel) in ingot, blocks or other primary forms	7201
Ferroalloys	7202 11 20, 7202 11 80, 7202 99 11
Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products	7203
Iron and non-alloy steel	7206
Semi-finished iron or non-alloy steel	7207 11 11, 7207 11 14, 7207 11 16, 7207 12 10, 7207 19 11, 7207 19 14, 7207 19 16, 7207 19 31, 7207 20 11, 7207 20 15, 7207 20 17, 7207 20 32, 7207 20 51, 7207 20 55, 7207 20 57, 7207 20 71
Flat-rolled products of iron or non-alloy steel	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37, 7208 38, 7208 39, 7208 40, 7208 51, 7208 52, 7208 53, 7208 54, 7208 90 10, 7209 15 00, 7209 16, 7209 17, 7209 18, 7209 25 00, 7209 26, 7209 27, 7209 28, 7209 90 10, 7210 11 10, 7210 12 11, 7210 12 19, 7210 20 10, 7210 30 10, 7210 41 10, 7210 49 10, 7210 50 10, 7210 61 10, 7210 69 10, 7210 70 31, 7210 70 39, 7210 90 31, 7210 90 33, 7210 90 38, 7211 13 00, 7211 14, 7211 19, 7211 23 10, 7211 23 51, 7211 29 20, 7211 90 11, 7212 10 10, 7212 10 91, 7212 20 11, 7212 30 11, 7212 40 10, 7212 40 91, 7212 50 31, 7212 50 51, 7212 60 11, 7212 60 91
Bars and rods, hot-rolled in irregularly wound coils, of iron or non-alloy steel	7213 10 00, 7213 20 00, 7213 91, 7213 99
Other bars and rods of iron or non-alloy steel	7214 20 00, 7214 30 00, 7214 91, 7214 99, 7215 90 10
Sections of iron or non-alloy steel	7216 10 00, 7216 21 00, 7216 22 00, 7216 31, 7216 32, 7216 33, 7216 40, 7216 50, 7216 99 10
stainless steel	7218 10 00, 7218 91 11, 7218 91 19, 7218 99 11, 7218 99 20
Flat-rolled products of stainless steel	7219 11 00, 7219 12, 7219 13, 7219 14, 7219 21, 7219 22, 7219 23 00, 7219 24 00, 7219 31 00, 7219 32, 7219 33, 7219 34, 7219 35, 7219 90 10, 7220 11 00, 7220 12 00, 7220 20 10, 7220 90 11, 7220 90 31

Bars and rods of stainless steel	7221 00, 7222 11, 7222 19, 7222 30 10, 7222 40 10, 7222 40 30
Flat-rolled products of other alloy steel	7225 11 00, 7225 19, 7225 20 20, 7225 30 00, 7225 40, 7225 50 00, 7225 91 10, 7225 92 10, 7225 99 10, 7226 11 10, 7226 19 10, 7226 19 30, 7226 20 20, 7226 91, 7226 92 10, 7226 93 20, 7226 94 20, 7226 99 20
Bars and rods of other alloy steel	7224 10 00, 7224 90 01, 7224 90 05, 7224 90 08, 7224 90 15, 7224 90 31, 7224 90 39, 7227 10 00, 7227 20 00, 7227 90, 7228 10 10, 7228 10 30, 7228 20 11, 7228 20 19, 7228 20 30, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 10, 7228 70 10, 7228 70 31, 7228 80
piling	7301 10 00
Rails and sleepers	7302 10 31, 7302 10 39, 7302 10 90, 7302 20 00, 7302 40 10, 7302 10 20
Tubes, pipes and hollow profiles, seamless, of iron, of iron or steel	7303, 7304
Tubes and pipes of an external diameter exceeding 406,4 mm, of iron or steel	7305

**SPECIAL FORM FOR NOTIFICATION
on regional state aid for large investment projects**

This particular form for notification is used for the notification of any regional aid for investment that exceeds the individual notification defined in point 36 of the Regulation on State aid for regional development.

1. Additional information on beneficiaries

1.1. Structure of the enterprise or companies investing in the project companies

1.1.1. The identity of the beneficiary(s) aid:

1.1.2. If the legal identity of the aid beneficiary is different from the undertaking (s) which finances the project or beneficiary(s) real of aid, please describe also this difference:

1.1.3. Please give an accurate description of the relationship between the beneficiary enterprise group to which it belongs and other related enterprises, including joint ventures:

1.2. Regarding the undertaking investing in the project, please provide the following data for the last three financial years (at group level).

1.2.1. Turnover on global and national levels:

1.2.2. Profit from operating activities, return on investment and cash flow available:

1.2.3. Employment in the EU and the Republic of Moldova:
.....

1.2.4. Audited financial statements and the report(s) year(s) for the last three years:
.....

1.3. *Where investment is made in an existing unit*, please provide the following data for the last three calendar years of the entity in question (data on plant / existing unity).

1.3.1. Turnover on global and national levels:

1.3.2. Profit from operating activities, return on investment and cash flow available:

1.3.3. Employment:

1.3.4. Aid evidence. Beneficiary received aid for other investments in the same unit (plant) in the last three years? (Please tick)

	YES		NO	

If yes, please specify:

1.4. *Undertakings in difficulty*

Is the aid granted to undertakings in difficulty or financial restructuring of undertakings in difficulty? (Please tick)

	YES		NO	

2. Aid

2.1. *Form of aid*

Please provide a detailed description of each form of aid:

.....

2.2. The aid

For each form of aid, please provide the following information:

2.2.1. The aid both in nominal terms, as well as update:

2.2.2. The full calendar of payments of aid in question:

Where aid is granted in the form of tax exemptions, please specify how it will be reduced present value of aid:

2.2.3. Scheme(s) existing aid, including title, number and reference to state aid approval decision of the Competition Council:

2.2.4. Aid application was submitted before work on the project, and the authority has confirmed in writing that, subject to further checking detailed project meets the eligibility requirements set out in the scheme? (Please tick)

	YES		NO	

If not, please explain:

2.3. *Features*

2.3.1. Certain support measures as part of the aid has yet to be defined? (Please tick)

	YES		NO	

If yes, please identify and explain how will be reduced the amount of total updated aid :

2.3.2. Please indicate which of the above measures do not constitute State aid and for what reason(s):

2.3.3. How to ensure that aid is conditional on the maintenance of concerned investment or jobs created for a minimum period of five years large companies and three years for SMEs?

2.4. *Funding from international sources and other sources*

2.4.1. It is necessary that some measures should be financed by international funds? Please explain:

2.4.2. Additional aid for the same project to be required from other international financial institutions? (Please tick)

	YES		NO	

If yes, please state the amount:

2.5. *Reports*

Please confirm that the following documents will be made available to the Competition Council:

- within two months of aid granting, a copy of the contract for support between the authority, engaged in aid granting and the beneficiary;

- once every three years starting with the date of aid authorization by the Council , an intermediate report (including information on the amount of aid paid on execution of the contract and assistance on any other investment project initiated in the same unit / plant);
- within six months after payment of the last tranche of aid , based on the notified payment schedule, a detailed final report.

3. Project to which aid is granted

3.1. Calendar

Please indicate expected date of initiation of the investment project, expected date of completion of the investment, and the year from which to reach full production capacity, for each product listed in the investment project.

3.2. Project description

3.2.1. Please specify the type of project and whether it is a new unit, the extension of an existing establishment, diversification of the output of an establishment into new products, a fundamental change in the overall production process of an existing establishment, or acquisition by an independent investor assets directly linked to an establishment has closed or would have closed if it were not acquired:

3.2.2. Please give a brief description of the project:

3.3. Breakdown of project costs

3.3.1. Please specify the total investment costs throughout the project:

3.3.2. Please provide a detailed breakdown by year and category (land, buildings, plant / machinery or other) of eligible costs associated with the investment project, if applicable , for each product listed in the investment project:

3.4. Funding of total project costs

Please give a full description of the project financing, and measures taken to ensure that at least 25% of eligible costs are funded in a form not subject to any public support, including de minimis aid.

4. Characteristics of product and market

In this section, if applicable, please note any marketing or other similar agreements with other companies to calculate capacity and market shares (ex selling exclusive licenses).

4.1. *Characteristics of product(s) set in the project*

4.1.1. Please specify the product(s) that will be produced in the facility aided the completion of the investment and indicate, where appropriate, code or nomenclature for projects in the service sectors:

4.1.2. Items listed in the project will replace other products manufactured by the beneficiary (at group level)? What product (s) will be replaced? If we replace not manufactured products in the project location, please indicate the current location of manufacture. Please describe the link between replaced production and current investment and present replacement schedule:

4.1.3. What other item(s) may be manufactured in the new facility (based on the flexibility of the production installations of the beneficiary) with an additional cost minim or no additional cost?

4.2. *Product and product market in question*

4.2.1. Explain whether the project concerns an intermediate product and if a significant part of the manufacturing of this product is not for commercial purposes (in accordance with the terms of their market). Based on the explanations above, the purpose of calculating market share growth and capacity in the next part of this section, please indicate whether the product in question is the product covered by the project or if it is a downstream product.

4.2.2. For the product in question, please indicate substitutes from the perspective of supply and demand. Market of those products includes product and products considered as replacement by the consumer (due to product characteristics, price and intended use) or by the producer (through flexibility of the production installations of the beneficiary and its competitors).

4.3. *Information on market share*

Please answer the following questions for all products.

4.3.1. By concerned geographic market, the Competition Council understands Republic of Moldova. Please specify and justify if another is considered relevant geographic market for the products concerned:

4.3.2. Please provide an estimate of the total amount of sales aid beneficiary in the relevant market (at group level , in terms of value and volume), beginning with the year preceding the start of the investment until the following year that capacity is

reached the maximum capacity of production of the product stipulated in the project. If applicable, please provide a breakdown of these sales by product and other product sold by aid beneficiary in the relevant market:

4.3.3. Please provide an estimate of the total amount of sales of all producers in that market (in terms of value and volume) since the year preceding the start of the investment until the following year that reached the maximum production capacity of the product provided the project. If available, please provide the statistics made public sources and / or independent.

4.3.4. Please explain the methodology underlying the implicit estimates and assumptions of price calculation:

4.4. *Market evolution*

Please answer the following questions for all products.

4.4.1. Please provide, for each of the past six years, data on apparent consumption on (in terms of value and volume) products market. Also, please communicate implicit assumptions underlying the estimate price. If available, please provide the statistics made by public sources and / or independent.

4.4.2. Please calculate, using the numbers above, the compound annual growth rate (CAGR) the apparent consumption on the relevant product market.

4.4.3. Please calculate the average annual growth rate of GDP in five years as a compound annual growth rate (CAGR), using the National Bureau of Statistics figures.

4.4.4. Is the average annual growth of apparent consumption on the relevant product market in five years less than the average annual growth rate of GDP in the same period? (Please tick)

	YES		NO	

4.5. *Capacity considerations*

Please answer the following questions for all products.

In case when in point 4.4 the market evolution is observed as average annual growth rate of apparent consumption in that market is less than the average annual growth rate of gross domestic product, please provide the following information:

4.5.1. Please provide an estimate of the production capacity created by the investment (in terms of volume and value):

4.5.2. Please provide an estimate of possible changes in the total capacity of the beneficiary (the group) during the year preceding the start of the project and its conclusion next year (in terms of volume and value). Also, please communicate implicit assumptions underlying estimate prices. If available, please provide the statistics made public sources and / or independent.

4.5.3. Please provide an estimate of total apparent consumption market(s) concerned products during the year preceding the start of the project and its conclusion next year (in terms of volume and value). Also, please communicate implicit assumptions underlying the estimate price. If available, please provide the statistics made public sources and / or independent.

5. Other information

Please add any other information (ex, impact or benefits in terms of the environment) that you consider useful for assessing these measures
.....

**FORM
for the provision of summary information for
aid for large investment projects**

- (1) Aid for (name of undertaking /undertakings receiving the aid):
.....
- (2) The number of aid scheme:
.....
- (3) The public body providing the aid (name and data on authority or authorities)
.....
- (4) The region in which the investment is made:
.....
- (5) The municipality in which the investment is made:
.....
- (6) Type of project (setting up a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new, additional products, fundamental change in the overall production process of an existing establishment):
.....
- (7) Products manufactured or services rendered under the investment project (specifying codes CEAM):
.....
- (8) Brief description of investment project
.....
- (9) Discounted eligible cost of investment project:
.....
- (10) Discounted aid amount:
.....
- (11) The aid intensity:
.....
- (12) Conditions relating to the payment of the proposed aid (if applicable):
.....
- (13) Planned start date and end date of the project:
.....
- (14) Date of aid grant:
.....

*Annex 5
to the Regulation on State aid
for regional development*

Regional state aids map for the Republic of Moldova

Developing regions	Administrative-territorial units	The maximum intensity of regional aid
North	Bălți municipality, districts Briceni, Dondușeni, Drochia, Edineț, Fălești, Florești, Glodeni, Ocnîța, Rîșcani, Sîngerei, Soroca districts.	50%
Center	Districts Anenii Noi, Călărași, Criuleni, Dubăsari, Hîncești, Ialoveni, Nisporeni, Orhei, Rezina, Strășeni, Șoldănești, Telenești and Ungheni districts.	50%
South	Districts Basarabeasca, Cahul, Cantemir, Căușeni, Cimișlia, Leova, Ștefan Vodă, Taraclia districts	50%
Autonomous Territorial Unit of Gagauzia		50%
Chisinau municipality		50%
Transnistria	Administrative-territorial units from the left bank of the river Nistr, including the Tiraspol and Bender municipalities	50%