

STATE AID SCHEME 332/2014

FOR INVESTMENTS THAT GENERATE AT LEAST 10 NEW JOBS

Key Facts

GD 332/2014 Romanian Government Decision of September 30th 2014 enacting the new State Aid Scheme

02 – 27 Feb 2015 next session for submitting investment projects

2014 – 2020 general timeframe for submitting State Aid applications

2015 – 2025 timeframe for public payments under the State Aid scheme

600,000,000 EUR total budget allocated by the Government for this State Aid Scheme

50% maximum intensity of the grant out of total eligible costs

10 minimum number of new jobs the proposed investment project must create to be eligible for funding

400,000,000 EUR overall value of investment projects that obtained State Aid funding with the support of our consultants

IN COOPERATION WITH



Eligible Costs

Wage costs for projects that involve hiring at least 10 new personnel, out of which 3 disadvantaged persons¹, **during 24 consecutive months.**

IMPORTANT

The new jobs created by an investment project must be correlated with the objective of the new investment project.

Subsidized personnel must be hired no earlier than the grant approval and no later than 3 years after the investment is completed.

Maximum Grant Amount

Region	Maximum amount of grant / investment project (M euro)
Bucharest	11,25 (2014-2017) - 7,5 (2018-2020)
West and Ilfov	26,25
All other Regions ²	37,5

¹ **Disadvantaged worker** means a person who is in any of the following positions:

- has been unemployed for at least 6 months;
- is aged between 15 - 24 or over 50;
- has not completed their secondary education, does not hold a professional qualification or are in the first two years after completion of a course of full time and has not yet had any paid employment;
- come from single-parent family, having one or more dependent persons
- a member of an ethnic minority and need to develop their language skills, training or work experience to enhance their chances of getting a steady job;
- is recognized as disabled under national law

² North-West, Center, North-East, South-East, South-Muntenia, South-West-Oltenia

IMPORTANT

A major investment project may not be divided into sub-projects.

The wage costs for the new jobs will be co-financed for a period of 24 consecutive months after the new staff is employed.

State Aid Intensity

Region	Maximum state aid intensity
Bucharest	15% (2014-2017) / 10% (2018-2020)
West and Ilfov	35%
All other Regions	50%

Eligible Companies

All companies that intend to complete a new investment project in Romania in any sector of activity³ may be eligible for this state aid scheme, provided they comply with the following **criteria**:

1. Are registered under Companies Act no. 31/1990, republished, with subsequent amendments, owe no debts to general government budgets, do not fall into the category

³ **The following fields of activity are exempt from this Scheme, as per relevant EU laws:**

- a) fishing and aquaculture
- b) primary agricultural production;
- c) processing and commerce of agricultural products, if
 - (i) aid amount is determined based on price or quantity of such products that are purchased from primary producers or sold by said companies
 - (ii) aid disbursement is conditioned by its transfer, partial or whole, toward primary producers;
- d) activities related to the closure of uncompetitive coal mines
- e) steel processing, coal sector, shipbuilding, synthetic fibers, transport and energy sectors.

Ganes Strategy

of "firms in difficulty" and are not subject to enforcement proceedings, insolvency, bankruptcy, reorganization, dissolution, operational closure, liquidation or temporary suspension of work.

2. Are not subject to unexecuted decisions concerning the recovery of previously received state aid.
3. Have not benefited from other regional state aid eligible costs of the nature of labor costs within the same single investment project.
4. Did not close, within the 24 months prior to submitting the application, an identical or similar investment project located within the borders of the EU, and have no concrete plans of closing such activity within 24 months after the completion of the proposed investment.
5. Turnover profitability during the last completed financial exercise is greater or equal to 1%.
6. Have positive own capital during the last completed financial exercise.
7. Have a subscribed social capital of minimum 30,000 RON and maintain this level until the end of the monitoring period (new companies only).
8. Do not belong to shareholders that own, or have owned during the 24 months prior to submitting the grant application, another company engaged in the same activity that makes the object of the grant application.

Companies may not use this State Aid Scheme for the following activities:

- a. aid to export-related activities towards third countries or to other Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- b. aid contingent upon the use of domestic over imported goods;
- c. support for extracting activities;

Eligible Projects

To be considered for financing, investment project are required to fulfill the following conditions:

1. Falls under the category of **initial investment**⁴ (large companies in Bucharest region are required to pursue initial investments in a new field of business).
2. Must **hire, for each project location, at least 10 new personnel** (out of which at least 3 persons at a disadvantage) in positions correlated with the project objective and maintain the positions until the end of the monitoring period.
3. Demonstrate economic feasibility and positive impact on company performance, as shown in the business plan enclosed to the application form.

Sustainability Requirements

- ✓ Recipients are required to maintain all newly created jobs during a minimum of 60 months from the time the positions were first filled.
- ✓ Recipients are required to maintain the facility during a minimum of 60 months from the completion of the investment (at least 36 months for SME's).

Evaluation Criteria

Eligible applicants will be scored according to a number of evaluation criteria explained below.

Evaluation Criterion	Formula	Score
Number of new jobs	No. of new jobs / 10	Result is added up to the applicant's score

⁴ Defined as investments in tangible and intangible assets resulting from the creating of a new unit, expanding the capacity of an existing unit, diversification of production within an existing unit or a fundamental change in the general production process within an existing unit.

Time until new job creation	Time from the receipt of the financing approval.	If shorter or equal to 1 yr + 10 points.
Investment location	Unemployment rate of county where investment is located, compared to unemployment rate at national level	If county unemployment rate is higher than national unemployment rate + 10 points
Turnover profitability during the last completed financial exercise (for existing companies)	Turnover profitability = (Net profit / Turnover) x 100	Turnover profitability > 2% + 10 points
Value of subscribed social capital (for new companies)		Social capital > 35,000 RON + 10 pts.

Next Steps

You will be able to submit your application for this state aid scheme starting **February 2nd, 2015**.

Get in touch with our team of consultants to get started. We will determine your eligibility and guide you throughout the application process and implementation stage.

ANNEX

The list of sectors that are **not eligible** under this state aid scheme

No.	CAEN Code	CAEN Code name
SECTION A - AGRICULTURE, FORESTRY AND FISHING		
1	01	Agriculture, hunting and related services
2	02	Forestry and logging
3	03	Fisheries and aquaculture
SECTION B - MINING INDUSTRY		
4	05	Mining of coal and lignite
5	06	Extraction of crude petroleum and natural gas
6	071	Mining of iron ores
7	0892	Extraction and agglomeration of peat
8	091	Service activities related to extraction of crude petroleum and natural gas
9	099	Service activities incidental to mineral extraction
SECTION C - MANUFACTURING		
10	102	Processing and preserving of fish, crustaceans and molluscs
11	1101	Distilling, rectifying and blending of spirits
12	1102	Manufacture of wine from grape
13	1103	Manufacture of cider and other fruit wines
14	1104	Manufacture of other non-distilled fermented
15	1105	Brewing
16	1106	Manufacture of malt
17	12	Manufacture of tobacco products
18	131	Preparation and spinning of textile fibers
19	19	Manufacture of coke and refined petroleum products

20	2014	Manufacture of other organic basic chemicals
21	2051	Manufacture of explosives
22	206	Manufacture of man-made fibers
23	24	Metallurgical Industry
24	254	Manufacture of weapons and ammunition
25	2591	Manufacture of tanks, containers and similar products of steel
26	301	Building of ships and boats
27	304	Manufacture of military fighting vehicles
28	33	Repair and installation of machinery and equipment
SECTION D - PRODUCTION AND SUPPLY ELECTRICITY, GAS, STEAM AND AIR CONDITIONING		
29	35	Production and supply of electricity, gas, steam and air conditioning
SECTION F - CONSTRUCTION		
30	41	Construction of buildings
31	42	Civil engineering
32	4399	Other special trade construction works n.c.a.
SECTION G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES		
33	45	Wholesale and retail trade and repair of motor vehicles and motorcycles
34	46	Wholesale except of motor vehicles and motorcycles
35	47	Retail trade, except of motor vehicles and motorcycles
SECTION H - TRANSPORTATION AND STORAGE		
36	49	Land transport and transport via pipelines
37	50	Water transport
38	51	Air transport
39	522	Activities related to transport
SECTION I – HOTELS AND RESTAURANTS		
40	55	Hotels and all other related facilities
41	56	Restaurants and all other alimtantion services

SECȚIUNEA J – INFORMATIONS AND COMMUNICATIONS

42	60	Activities and broadcasting of programs
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43	61	telecommunications
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SECTION K – FINANCIAL AND INSURANCE

44	64	Intermediation financial services, except insurance and pension funding
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45	65	Insurance, reinsurance and pension funding (except compulsory social security system)
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46	66	Activities auxiliary to financial intermediation, insurance and pension funds
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SECTION L - REAL ESTATE

47	68	Real estate
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SECTION N - ACTIVITIES OF ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES

48	77	Renting and leasing
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49	78	Service activities on labor
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SECTION O - PUBLIC ADMINISTRATION AND DEFENSE; SOCIAL SECURITY INSURANCE

50	84	Public administration and defense; public social insurance
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SECTION R - ARTS, ENTERTAINMENT AND RECREATION

51	92	Activities Gambling and betting
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52	93	Sports activities and amusement and recreation
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SECTION S - OTHER SERVICE ACTIVITIES

53	94	Activities of membership organizations
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SECTION T - ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS OF DOMESTIC PERSONNEL; ACTIVITIES OF HOUSEHOLDS PRODUCTION OF GOODS AND SERVICES FOR OWN USE

54	97	Activities of households as employers of domestic personnel
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55	98	Activities of households producing goods and services for own use
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SECTION U - ACTIVITIES OF EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES

56	99	Activities of extraterritorial organizations and bodies
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