



NEW STATE AID SCHEME 2014  
INVESTMENT PROJECTS CREATING A  
MINIMUM OF 20 NEW JOBS  
INFORMATION SHEET

**GANES**  
PERSPECTIVE MATTERS

[www.ganes.ro](http://www.ganes.ro)

## Key Facts

**The new state aid program finances up to 50% of labor costs for employers that create a minimum of 20 new jobs by means of an initial investment.**

On April the 8<sup>th</sup>, 2014, the Romanian Government published a draft of the Government Decision that will create a new state aid scheme for companies investing in Romania.

We expect the Decision to be approved in May 2014. Even though minor changes may be operated, we expect the key points to remain the same.

Interested companies will be able to submit applications for these grants starting July 1<sup>st</sup>, 2014.

<b>Scheme Duration</b>	<b>Payments Timeframe</b>	<b>Total Budget</b>	<b>Projected Recipients</b>
1 Jul 2014 – 31 Dec 2020	2015 – 2025	EUR 600 million	1,500

## What Costs Are Eligible?

Wage costs incurred by employers, as a result of new job creation, during 24 consecutive months. Note that the applicant should prove that the jobs are a direct result of the investment project.

To be eligible, wage costs need to have been incurred no earlier than the approval of the project and no later than three years after the completion of the new investment.

All applicants are required to show that the new employees have had no work relations with applicant or related companies for the 12 months prior to submitting the application for financing.

## What Is the Maximum Grant Amount?

Region	Maximum amount of grant / investment project (in M EUR)
Bucharest	11.25
West and Ilfov	26.25
North-West, Center, North-East, South-East, South-Muntenia, South-West-Oltenia	37.5

**NB: A single investment project may not be divided into several sub-projects.**

## How Much of New Wage Costs Does It Cover?

The state aid scheme will cover a portion of wage expenses resulting from new job creation, as follows:

Region	Maximum state aid intensity
Bucharest	15%
West and Ilfov	35%
North-West, Center, North-East, South-East, South-Muntenia, South- West-Oltenia	50%

**Note that the state aid scheme will only co-finance labor costs during a period of 24 consecutive months after new personnel is hired.**



## What Companies Are Eligible?

All companies that intend to complete a new investment project in Romania in any sector of activity<sup>1</sup> may be eligible for this state aid scheme, provided they comply with the following criteria:

1. Have no tax arrears, are not considered *companies in difficulty* as defined by EU law, and are not subject to compulsory execution, insolvency, bankruptcy, judiciary restructuring, dissolution, operational closure, liquidation or temporary suspension of activity.
2. Are not subject to unexecuted decisions concerning the recovery of previously received state aid.
3. Did not previously benefit from regional state aid schemes for the acquisition of physical or intangible assets within the investment project that makes the object of the financing application.
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.

---

<sup>1</sup> **The following fields of activity are exempt from this Scheme, as per relevant EU laws:**

- a) fishing and aquaculture
- b) primary production of agricultural products;
- 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**

7. Have a subscribed social capital of minimum 20,000 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.
9. Have shareholders/managers with proven experience in the field that makes the object of the grant application.

## What Investment Projects Are Eligible?

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

1. Be considered initial investments<sup>2</sup> (large companies in Bucharest region are required to pursue initial investments in a new field of business).
2. Lead to the creation, for each location of the investment project, of a minimum of 20 new jobs, out of which minimum 3 jobs for disadvantaged workers.
3. Be economically viable and have a positive impact on the efficiency of the company, as proven by the business plan submitted with the application form.

---

<sup>2</sup> 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.

## What Are the 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.

## What Are the Evaluation Criteria?

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

As a rule of thumb, successful applicants will show they create a significant amount of jobs (higher than 20) within a period of time shorter than one year from the beginning of activity, are pursuing projects located in high unemployment areas and have high profitability or have allocated significant social capital.

Evaluation Criterion	Formula for Calculating	Score
<b>Number of new jobs</b>	No. of new jobs / 20	<p>Result is added up to the applicant's score.</p> <p><i>I.e.: If the project creates 60 new jobs, the score is determined by dividing 60 over 20. In this case, the applicant will receive 3 points.</i></p>

### Ganes Strategy

**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 =  $(\text{Net profit} / \text{Turnover}) \times 100$

Turnover profitability > 2% - 10 points.

**Value of subscribed social capital (for new companies)**

Social capital > 25,000 RON - 10 pts.

## How Do You Proceed?

You will be able to submit your application for this state aid scheme starting July 1st 2014. Since preparing the application dossier takes up to 6 weeks, you should take action now.

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.

### Ganes Strategy



## Faces of Ganes



### ***Alexandru Coita, Managing Partner***

- ✓ Former Deputy Minister in charge of EU-funded projects within the Ministry of Transports and Infrastructure
- ✓ Former Permanent Representative of the Romanian Parliament to the European Union.



### ***Dan Costan, Partner***

- ✓ 12 years of experience in advisory services for strategic investors.
- ✓ EUR 350 Million of successful investment projects funded by state aid schemes and EU Grants