



## **REGIONAL INVESTMENT AID SCHEME UNDER THE NORWEGIAN COOPERATION PROGRAMMES FOR ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT IN ROMANIA AND IN BULGARIA RESPECTIVELY.**

### **1. BACKGROUND**

In letter of 2 November 2007/28 May 2008 the Norwegian Ministry of Foreign Affairs requested assigned to Innovation Norway the management of the Bilateral Cooperation Programmes with Bulgaria and Romania (the "Cooperation Programmes") as established in Agreements of 25 July 2007 between the Kingdom of Norway and the Republic of Bulgaria and Romania respectively on a Norwegian Cooperation Programme for Economic Growth and Sustainable Development in the beneficiary states.

It is today decided to establish a regional investment aid scheme for undertakings under these Cooperation Programmes.

The background for establishing the scheme is to effectively award grants to investment projects under the Cooperation Programmes.

### **2. FRAMEWORK**

The scheme shall be used for projects under the Cooperation Programmes which relates to regional investment aid in Bulgaria and/or Romania.

The framework of the Cooperation Programmes applies to the Regional Investment Aid Scheme. The framework consists of the following documents:

- Agreement on a Norwegian cooperation programme for economic growth and sustainable development in Romania
- Agreement on a Norwegian cooperation programme for economic growth and sustainable development in Bulgaria
- Memorandum of Understanding on the implementation of the Norwegian Cooperation Programme for economic growth and sustainable development in Bulgaria with annexes
- Memorandum of Understanding on the implementation of the Norwegian Cooperation Programme for economic growth and sustainable development in Romania with annexes
- Rules and Procedures for the Cooperation Programmes
- Applicant's Guide for the Cooperation Programmes

### **3. CONDITIONS FOR GRANTING AID TO PROJECTS UNDER THE SCHEME**

The following conditions must be met in order for a project being awarded grant under the Regional Investment Aid Scheme under the Cooperation Programmes:

- All conditions as set out in the framework of the Cooperation Programmes must be met.
- The beneficiary/-ies of the aid are small, medium-sized or large undertakings.
- The investments must take place in Bulgaria and/or Romania.
- The investments must be within the priority areas of the Cooperation Programmes
- All conditions as set out in the Commission Regulation no 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) ("GBER") must be met, namely:
  - All applicable common provisions in the Chapter 1 of the GBER must be met
  - Art 12 Specific conditions applicable to investment aid of the GBER must be met, i.e. the investment shall consist of the following:
    - (a) An investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or
    - (b) the acquisition of the capital assets directly linked to an establishment, where the establishment has closed or would have closed had it not been purchased, and the assets are bought by an independent investor; in the case of business succession of a small enterprise in favour of family of the original owner(s) or in favour of former employees, the condition that the assets shall be bought by an independent investor shall be waived.  
The sole acquisition of the shares of an undertaking shall not constitute investment.
- The aid shall be granted in regions eligible for regional aid; for this scheme Romania and/or Bulgaria respectively.
- The investment must be maintained in the recipient region for at least five years, or three years in the case of SMEs, after the whole investment has been completed.
- The aid intensity in present gross grant equivalent shall not exceed the regional aid thresholds which is in force at the time the aid is granted in the assisted region, for the time being 50% for all regions in Bulgaria and all regions in Romania, except Bucharest where the thresholds p.t. is 40%. These thresholds may be increased by 20 % for aid awarded to small enterprises and by 10% for aid awarded to medium-sized enterprises.
- The thresholds shall apply to the intensity of the aid calculated either as a percentage of the investment's eligible tangible and intangible costs or as a percentage of the estimated wage costs of the person hired, calculated over a period of two years, for employment directly created by the investment project or a combination thereof, provided that the aid does not exceed the most favourable amount resulting from the application of either calculation.
- Where the aid is calculated on the basis of tangible or intangible investment costs, or of acquisition costs in case of takeovers, the beneficiary must provide a financial contribution of at least 25% of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support. However, where the maximum aid intensity approved under the national regional map for Bulgaria and/or Romania, increased in accordance with the thresholds mentioned above, the financial contribution of the beneficiary is reduced accordingly. If the aid is calculated on the basis of

tangible or intangible investment costs, the conditions set out below shall also apply.

- In the case of acquisition of an establishment, only the costs of buying assets from third parties shall be taken into consideration, provided that the transaction has taken place under market conditions. Where the acquisition is accompanied by other investment, the costs relating to the latter shall be added to the cost of the purchase.

Costs related to the acquisition of assets under lease, other than land and buildings, shall be taken into consideration only if the lease takes the form of financial leasing and contains an obligation to purchase the asset at the expiry of the term of the lease. For the lease of land and buildings, the lease must continue for at least five years after the anticipated date of the completion of the investment project or three years in the case of SMEs.

Except in the case of SMEs and takeovers, the assets acquired shall be new. In the case of takeovers, assets for the acquisition of which aid has already been granted prior to the purchase shall be deducted. For SMEs, the full costs of investments in intangible assets may also be taken into consideration. For large enterprises, such costs are eligible only up to a limit of 50% of the total eligible investment costs for the project.

- Where aid is calculated on the basis of wage costs, the employment shall be directly created by the investment project.
- The maximum aid intensities for investments in the processing and marketing of agricultural products may be set at:
  - a) 50% of eligible investments in regions eligible under Art 87(3)a (Romania and Bulgaria) if the beneficiary is an SME:
  - b) 25% of eligible investments in regions eligible under Art 87(3)a (Romania and Bulgaria) if the beneficiary has less than 750 employees and/or less than EUR 200 million turnover, calculated in accordance with Annex 1 to the GBER.
- Large investments projects do not fall under this Scheme.

This scheme under the Cooperation Programmes was decided on 5 March 2009 and enters into force immediately. The scheme shall apply until the completion of the Cooperation Programmes.

Any changes to the scheme shall be made in writing.

Oslo, 5 March 2009



Tore Lasse By, Programme Director