



COMPETITION COUNCIL

REPORT ON STATE AID GRANTED IN THE REPUBLIC OF MOLDOVA FOR 2021

**CHISINAU
2022**

CONTENTS

Abbreviations and Acronyms	3
Introduction	4
Summary	7
Chapter I. Social and Economic Situation of the Republic of Moldova	10
Chapter II. Reported State Aid Analysis	13
2.1. Overall Description	13
2.2. Alignment of Existing State Aid Schemes	20
2.3. Methodes for Granting State Aid	26
2.4. Forms of State Aid Granting	29
2.5. Objective of State Aid Granting	36
2.6. State Aid Providers	49
Chapter III. Suport Measures with Insignificant Anti-competitive Impact	52
3.1. De Minimis Aid	52
3.2. Support Measures for the Provision of Services of General Economic Interest	62
3.3. Support measures granted in the context of the COVID-19 pandemic	75
Chapter IV. Monitoring of Authorised State Aid	79
Chapter V. Implementation of Automated Information System "State Aid Register"	90
Directions for improving Competition Policy in the State Aid Field	92
Annexe No. 1. Technical Annexe	93
Annexe No. 2. List of Legal Documents based on which reported State Aid was granted under the General Framework for 2021	96
Annexe No. 3. Amount of State Aid Reported by Objectives and Forms of Granting	101
Annexe No. 4. Amount of State Aid Reported by Forms of Granting and Providers	103

ABBREVIATIONS AND ACRONYMS

Association Agreement	Association Agreement between the Republic of Moldova, of the one part, and the European Union and the European Atomic Energy Community and their Member States, of the other part, ratified by Law No. 112/2014 (published in the Official Gazette No. 185-199 of 18.07.2014)
AIPA	Agency for Interventions and Payment for Agriculture
Reporting year	Period 01.01.2021-31.12.2021
CPAs	Central Public Authorities
LPAs	Local Public Authorities
World Bank	World Bank Group
EBRD	European Bank for Reconstruction and Development
NBM	National Bank of Moldova
NBS	National Bureau of Statistics of the Republic of Moldova
SMEs	Small and medium-sized enterprises
Law on State Aid	Law No. 139/2012 on State Aid (published in the Official Gazette No. 166-169a of 16.08.2012)
OG	Official Gazette of the Republic of Moldova
ODIMM	Organization for Small and Medium Enterprises Sector Development
p.p.	Percentage points
IP	Industrial Park
GDP	Gross Domestic Product
SGEI	Services of General Economic Interest
SIRASM	Automated Information System "State Aid Register", developed in accordance with Government Decision No. 378/2014 approving 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
GVA	Gross Value Added

INTRODUCTION

State aid monitoring is one of the key pillars in ensuring a fair competitive environment and a level playing field between enterprises.

State aid is an advantage granted in any form whatsoever, conferred selectively on enterprises by public authorities. An enterprise that receives State support obtains a competitive economic advantage over other market players. State intervention in the economy is justified where it contributes to increasing market efficiency and/or reducing social or regional inequality.

Regarding State aid granted in 2021, the Competition Council was informed by 325 providers. The information was submitted by the CPAs, their subordinate institutions and the LPAs level I and II.

The present report, the ninth in this field since the entry into force of the Law on State Aid, is a statistical tool to ensure transparency in the field of State aid, thus providing relevant information to the CPAs and LPAs for policy-making in various areas of the national economy and for decision-making on the efficient targeting of available public resources. It can also provide an information base for various scientific researches.

The report contains analysis of both existing aid that continued to be granted in the reporting year and new aid, de minimis aid, support measures offered for the provision of SGEI and aid offered in the context of the COVID-19 pandemic.

It includes an analysis of the amount, structure and trends over the last 3 years in the granting of State aid, de minimis aid, support measures granted for the provision of SGEI, aid provided in the context of the COVID-19 pandemic, the main findings of the monitoring of authorised State aid and reflects the implementation of SIRASM. Therewith, this report contains information on the fulfilment of the commitments undertaken by the Republic of Moldova in the Association Agreement with regard to the alignment of existing State aid schemes.

The data reported for the period 2019-2020 have been updated and corrected in accordance with the provisions of Government Decision No. 1112/2016

approving the Regulation on the method of keeping the State Aid Register. During the reporting period, providers also informed the Competition Council about other support measures granted in 2019-2020, including taking into account Competition Council decisions. It should be noted that updating and correcting data on State aid granted in previous years is in line with the EU State Aid Methodology. Therewith, information on the amount of State aid and de minimis aid provided in 2020-2021 will be updated in subsequent reports on State aid granted in the Republic of Moldova.

Structurally, the report is presented as follows:

Chapter I - social and economic analysis of the Republic of Moldova for 2021.

Chapter II - analysis of the amount, structure and trends in State aid in 2021. Therewith, the Chapter presents the State aid schemes aligned with the provisions of the State aid legislation.

Chapter III – analysis of the value and trends in the provision of support measures with insignificant anti-competitive impact, i.e. de minimis aid, support measures provided for the provision of SGEI and support measures provided in the context of the COVID-19 pandemic in 2021.

Chapter IV – main findings of the monitoring of authorised State aid.

Chapter V – implementation of the automated information system "State Aid Register".

Annexe 1 - information on the scope of State aid analysed in the report, State aid objectives and sources of data collection.

Annexe 2 - legal acts under which the support measures were granted in 2021

Annexe 3 - summary of State aid reported for the period 2019-2021 by objective and form of aid.

Annexe 4 - information on State aid provided by form of aid and State aid provider.

SUMMARY

The State aid *priority directions* for 2021 were:

- alignment of existing State aid schemes
- review by the Ministry of Finance of support measures granted in the form of tax relief in the light of State aid legislation
- drafting and amending existing legislation in line with the EU State aid acquis
- promotion of competition culture in the field of State aid

The amount of State aid reported, for 2021, was 2 564 664 thousand MDL or 1.06% of GDP. The increase in the amount of State aid reported and its share in GDP was mainly due to the implementation of new support measures offered for the provision of SGEI, significant increase in the amount of some State aid schemes implemented compared to previous years.

The amount of State aid to which the Competition Council was exposed amounted to 1 886 822 thousand MDL (or 73.56% of the reported State aid amount). Therewith, according to the State aid legislation, there are categories of support measures that are considered authorised by law and therefore exempted from the obligation to notify the Competition Council. This category of aid includes support measures to repair damage caused by natural disasters or other exceptional circumstances. Thereby, the amount of State aid to repair damage caused by natural disasters or other exceptional circumstances (including aid in the context of the COVID-19 pandemic) was 20 620 thousand MDL (or 0.80% of the reported aid amount).

In 2021, providers still chose to grant State aid through *schemes* (82% of the total number), which is in line with EU best practice in this area and is considered less harmful to the competitive environment.

By *form of granting* of State aid, the largest share of aid was reported in the form of *budgetary revenue foregone* being around 74% of the total amount of State aid, an increase compared to previous years. This development was

generated by an increase in the amount of aid granted in the form of tax and customs relief and as loans at preferential terms.

In terms of State aid *granting objectives*, the largest share of State aid was directed towards regional development, being around 42% of the total. State aid for regional development increased in absolute terms compared to 2020. This upward trend was mainly driven by the increase in the value of the State aid scheme "Moldova IT Park" implemented by the State Tax Service, due to the increase in the number of beneficiaries of the given support measure.

In 2021, as in previous years, the main *providers of State aid* were CPAs. Thereby, around 86% of the total number of support measures were reported by CPAs. As for LPAs, they were the main providers of de minimis aid and support measures offered to SGEI.

The amount of de minimis aid (including SGEI) amounted to 147 273 thousand MDL, which is an increase compared to 2020. The upward trend in the amount of de minimis aid reported for 2021 was mainly due to the increase in the number of beneficiaries who received aid under schemes, which also led to an increase in the amount of these support measures.

According to the granting *objective*, about 92% of the reported de *minimis aid* amount was for horizontal objectives, a substantial increase compared to previous years. This trend was driven by the increase in the amount of State aid granted to support SMEs and environmental protection.

The largest share of de minimis aid was reported in the *form* of grants and/or subsidies, being around 85% of the total amount reported, which was effectively at the same level as in 2020.

The value of the support measures granted for the provision of SGEI was 1 183 932 thousand MDL, an increase compared to previous years. Of the total amount of support measures reported, the amount of State aid authorised was 981 251 thousand MDL (or about 84% of the total). More than 70% of the amount of aid for the provision of SGEI was provided in the form of grants and/or subsidies and budgetary allocations.

The value of the support measures provided in the context of the COVID-19 pandemic amounted to 11 924 thousand MDL or 0.43% of the State aid amount. According to the form of delivery, providers chose to offer aid in the form of grants and/or subsidies, being about 74% of the total amount. The main beneficiaries of these support measures were SMEs.

In 2021 the *SIRASM* implementation procedure continued with the support of the World Bank.

CHAPTER I. Social and Economic Situation of the Republic of Moldova

- 1.1. In 2021, the world economy grew by 6.1%¹. The economic upturn was driven by the moderate recovery of aggregate demand and investment flows internationally as a factor of recovery from the pandemic crisis.
- 1.2. In the Republic of Moldova, in 2021, the GDP recorded a value of 241 871 million MDL (current prices), increasing (in real terms) by 13.9% compared to 2020.²
- 1.3. By resource category, the following economic activities contributed most to the increase in GDP in 2021: agriculture (+4.2%); domestic trade (+2.2%); transport and storage (+1.6%); information and communication (+1.2%); production and supply of electricity and heat, gas, hot water and air conditioning (+0.9%); arts, recreation and MDLsure (+0.5%).
- 1.4. The volume of net taxes on products increased by 17.1% in 2021 compared to the previous year, which contributed to a 2.3% increase in GDP.
- 1.5. The volume of gross fixed capital formation increased by 1.7% compared to the previous reporting year, leading to a positive GDP growth of 0.4%.
- 1.6. Exports recorded US\$ 3 144.4 million, up 27.5% from 2020. Imports totalled US\$ 7 176.6 million or 32.5% more than the previous year. The trade balance deficit increased by 36.7% compared to the deficit recorded in 2020.³
- 1.7. In 2021, the average consumer price index rate was 5.1%, up 1.3 p.p. compared to 2020. During the reporting year, the inflation rate recorded a pronounced upward trajectory, from 0.4% in December 2020 to 13.9% in December 2021. This index dynamics was driven by the increase in prices of food, petroleum products, as well as other commodities on the international market. A significant contribution to the dynamics of the

¹ World Economic Outlook, International Monetary Fund, April 2022, Available at: <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

² Gross Domestic Product in the fourth quarter of 2021 and in 2021. National Bureau of Statistics. Available at: <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=7324>

³ International trade in goods of the Republic of Moldova in December and 2021. National Bureau of Statistics. Available at: <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=7302>

consumer price index was also made by the adjustment of gas and heat tariffs in November 2021, in the context of the increase in natural gas prices on the regional market.⁴

- 1.8. In 2021, the active population (employed population plus unemployed) was 871.6 thousand people. The employed population reached 843.4 thousand people, a slight increase compared to the previous year (834.2 thousand).⁵
- 1.9. According to the definition of the International Labour Office, the number of unemployed persons was 28.2 thousand, a decrease of 14.8% compared to 2020, while the unemployment rate was 3.2%, 0.6 percentage points lower than in 2020.
- 1.10. The result of economic activities in 2021 had a positive impact on the revenue collected in the national public budget. According to the Report on the Execution of the State Budget in 2021⁶, the national public budget received revenues in the total amount of MDL 77 373 million, which is 5.6% more than planned. Compared to 2020, the volume of collected revenues increased by 23.5%.
- 1.11. In the structure of national public revenues, the largest share was held by taxes and duties - 63.8% (49 388.8 million MDL), up by 24.3% or 9 641.7 million MDL, of which: taxes and duties on goods and services - 35 242.5 million MDL (71.4%), income taxes - 11 143.1 million MDL (22.6%), taxes on foreign trade and foreign operations - 2 253 mil. MDL (4.6%) and property taxes - 750.2 mil. MDL (1.5%). In 2021, the share of taxes and duties in GDP was - 20.4%, which was 0.5 p.p. more than in 2020.
- 1.12. Of the total amount of the national public budget revenues in 2021, 61.1% is the revenue administered by the State Tax Service and 36.9% is the revenue administered by the Customs Service. The revenues collected by the State Tax Service increased by 6 767.9 million MDL (+16.7%)

⁴ Annual Report 2021, National Bank of Moldova, Available at: <https://bnm.md/ro/content/raportul-anual-2021>

⁵ Labour force in the Republic of Moldova: employment and unemployment in 2021, National Bureau of Statistics. Available at: <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=7347>

⁶ Report on the execution of the State budget in 2021 (approved by the Government). Available at: <https://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-anuale>

compared to 2020, while those administered by the Customs Service reached an increase of 6 026.9 million MDL (+26.8%). It should be noted that the State Tax Service and the Customs Service are some of the largest providers of State aid in the Republic of Moldova, thus being the main authorities administering state budget revenues.

- 1.13. In 2021, disbursed grants reached 2 447.4 million MDL, which was 1 797.8 million MDL more than the previous year. The value of grants amounted to about 3.2% of the national public budget revenue, an increase of 2.2 p.p. compared to 2020. The share of grants in GDP was about 1%. Of the volume of grants allocated, 82.3% were for budget support and 17.7% for projects financed from external sources.
- 1.14. In 2021, public expenditure was executed in the amount of 82 013.5 million MDL or at the level of 93% of the annual provisions. Compared to 2020, the national public budget expenditure increased by 11.9%.
- 1.15. As a share of GDP, the national public budget expenditures realized in 2021 accounted for 33.9%, a decrease of 2.8 p.p. compared to the previous year.
- 1.16. The balance of the national public budget in 2021 was 4 640.5 million MDL. The share of the budget balance in GDP was 1.9%, 3.4 p.p. less than in 2020 and 4.5 p.p. less than forecast.
- 1.17. The trend in the macroeconomic indicators nominated also had an impact on the volume and structure of aid granted for 2021, which will be described in the following Chapters of this report.***

CHAPTER II. Reported State Aid Analysis

2.1. Overall Description

- 2.1. The State aid described in this Chapter covers all support measures reported for 2021, 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 existing aid, including modifications of existing aid).
- 2.2. According to Art.342, para. (1) of the Association Agreement, as of 01.01.2016, the Republic of Moldova shall submit a report every two years, following the Methodology and format of the EU annual survey on State aid. With reference to the above and in line with EU experience, in the part of this report dealing with the analysis of State aid, it will be examined separately from the support measures granted in the context of the exceptional situation (COVID-19 pandemic), for SGEI and de minimis aid.
- 2.3. To get as comprehensive a picture as possible of the State aid reported by providers, the amount of State aid shown in Table 1 includes aid granted to enterprises for the provision of SGEI, aid provided in the context of the COVID-19 pandemic and the estimated amount of support measures provided under the Tax Code and its implementing regulatory framework.

Table 1. State aid reported during the period 2019-2021, including State aid granted for the provision of SGEI and provided in the context of the COVID-19 pandemic

No.	Indicators	2019*	2020*	2021	
				Reported	Estimated (including value of support measures in the form of tax relief)
1.	State aid expressed in:				
1.1.	<i>thousand MDL</i>	1 725 099	1 906 513	2 564 664	2 750 214
1.2.	<i>thousand euro**</i>	87 702	96 581	122 535	131 401
2.	Share in GDP, %	0.84	0.95	1.06	1.14
3.	State aid per capita*** - MDL	643	721	976	1 047
4.	State aid per capita - euro	33	37	47	50

* data are updated according to the information submitted by the State aid providers

** calculated based on the average annual exchange rate of the leu against the euro, source BNM (MDL/euro, year 2019= 19.67; year 2020=19.74, year 2021= 20.93)

*** number of inhabitants is according to the information posted on the NBS website. Data for 2019-2021 are updated in accordance with the new methodology for calculating the population of usual residence
<https://statistica.gov.md/newsview.php?l=ro&idc=30&id=6409&parent=0>

2.4. The information for 2019-2020 is different from the data for the same years presented in previous reports. This is due to the fact that some of the data reported for this period have been updated and corrected by providers, including as a result of decisions issued by the Competition Council. It should be noted that the information presented in Table 1 does not include the State aid provided to Î.M. Regia "EXDRUPO", in the form of ***budgetary allocations***, by the Chisinau City Hall, for the maintenance and rehabilitation of the communication infrastructure. The nominated support measure was reported by the provider, but its amount was not determined by the authority according to pt. 7 of the Decision of the Plenary Council No. ASO-34/21-28 of 31.05.2022. In this respect, the Competition Council works together with the provider to support the correct identification of the amount of State aid granted in the form of budgetary allocations. Therewith, to present the correct information on the amount of State aid granted in the Republic of Moldova in the period 2019-2021, it will be updated in the following reports, including the amount of State aid granted in the form of budgetary allocations Î.M. Regia "EXDRUPO" by the Chisinau City Hall.

2.5. ***The estimated amount of State aid*** for 2021 was 2 750 214 thousand MDL or 1.14% of GDP. The estimated amount of State aid has been calculated taking into account the aligned State aid schemes, the provisions of the relevant EU legislation and the information submitted for previous years. The difference between the estimated and reported amount of State aid results from incomplete information submitted by the Ministry of Finance and its subordinate administrative authorities (State Tax Service and Customs Service) on support measures granted in the form of tax relief as well as support measures to be aligned with State aid provisions by the

providers. The incomplete information is due to the insufficient mechanism for recording the support measures granted in the form of tax relief to provide the information necessary to examine them in the light of State aid legislation. It should be noted that the gap between the reported and estimated amount of State aid has narrowed compared to previous years, including due to the continued cooperation of the Competition Council with the Ministry of Finance to ensure full reporting by the provider of State aid provided in the form of tax relief. The priority action in this respect continued to be the alignment of existing State aid schemes granted in the form of tax relief in line with the provisions of State aid legislation.

2.6. It should be noted that, according to the Medium Term Budgetary Framework (2019-2021), approved by Government Decision No. 851/2018⁷, the concept of rewriting the Tax Code and the Customs Code (updated) is introduced as a priority of tax and customs policy for the period 2019-2021. Accordingly, in August 2021, the new Customs Code, which transposes the relevant EU documents, was approved.

2.7. ***The amount of State aid reported***, for 2021 was 2 564 664 thousand MDL or 1.06% of GDP. It should be noted that in the EU the average amount of State aid in GDP was 2.39% in 2020⁸. In line with the EU's experience in this area, the level of State aid is to be reduced by Member States but without deviating from their purpose, which is mainly to correct market failures or reduce social and/or regional inequalities. It is important that there should always be a causal link between the provision of State aid and the market failures it addresses. The increase in the reported amount of State aid and its share in GDP was mainly driven by the implementation of new support measures offered for the provision of State aid to the SGEL, the significant increase in the amount of some State aid schemes

⁷ One of the principles of the new Medium-Term Budgetary Framework (2021-2023), approved by Government Decision no. 776/2020, is the harmonisation of national tax legislation with EU standards related to the implementation of the Association Agreement.

⁸ Latest update on state aid in the EU, according to the Directorate-General for Competition's State aid Scoreboard 2021. Available at: https://competition-policy.ec.europa.eu/system/files/2022-09/state_aid_scoreboard_note_2021.pdf

implemented compared to previous years (the given support measures are analysed in more detail in the following sections).

- 2.8. In 2021, State aid was granted to 3 091 legal and natural persons carrying out economic activity. Approximately 32% of the total amount of State aid reported for 2021 was granted to the Î.M. "Parcul Urban de Autobuze" and Î.M. "Regia Transport Electric". The significant amount of State aid granted to the 2 municipal enterprises was provided to ensure the provision of public passenger transport services in Chisinau Municipality, in particular, for the purchase/assembly of means of transport, compensation of public passenger transport services, etc.
- 2.9. Out of the total amount of State aid reported for 2021, i.e. 2 564 664 thousand MDL, *the amount of State aid on which the Competition Council has been exposed* amounted to 1 886 822 thousand MDL (or 73.56% of the reported State aid amount). Therewith, according to the State aid legislation, there are categories of support measures which are considered authorised by law and therefore exempted from the obligation to notify the Competition Council. This category of aid includes support measures to make good damage caused by natural disasters or other exceptional circumstances. Thereby, the amount of State aid intended to remedy damage caused by natural disasters or other exceptional occurrences (including aid provided in the context of the COVID-19 pandemic) was 20 620 thousand MDL (or 0.80% of the reported aid amount).
- 2.10. Figure 1 shows a significant increase in the amount of State aid to which the Competition Council has taken a decision compared to previous years.. The difference represents the support measures implemented before the Law on State Aid entered into force (State aid schemes and individual aid) and the support measures under examination by the Competition Council.

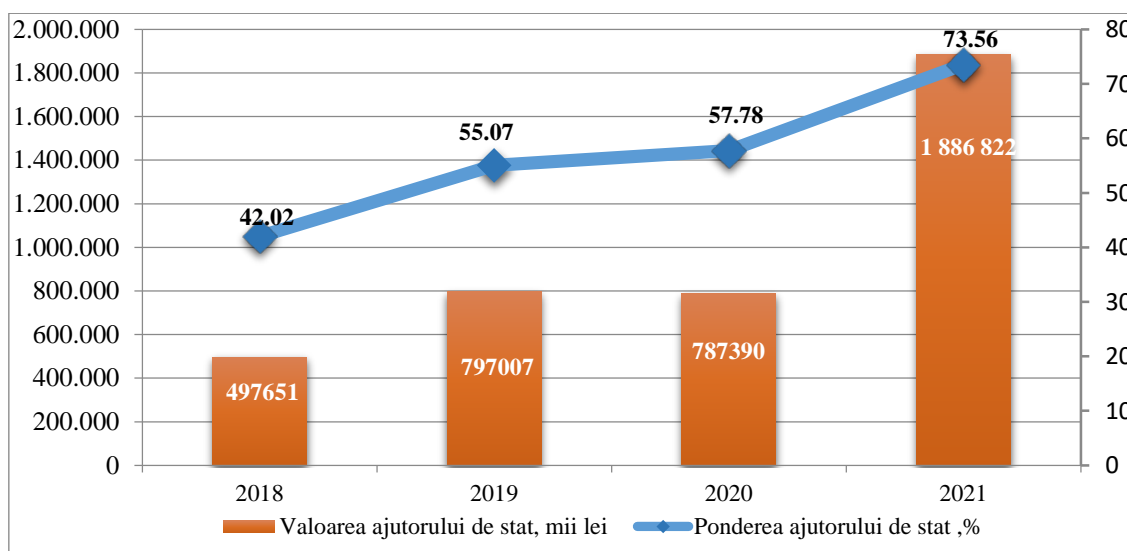


Figure 1. State aid dynamics examined by the Competition Council

2.11. The following shows the evolution of the reported level of State aid, excluding SGEI and aid provided in the context of the COVID-19 pandemic, taking into account the Methodology and presentation of the EU annual survey on State aid, as shown in Table 2.

Table 2. State aid reported in the period 2019-2021

No.	Indicatorii	2019*	2020*	2021
1.	State aid reported (excluding aid for SGEI and aid provided in the context of the COVID-19 pandemic) expressed in:			
1.1.	<i>thousand MDL</i>	977 972	1 034 720	1 383 382
1.2.	<i>thousand euro**</i>	49 719	52 417	66 096
2.	Share in GDP, %	0.47	0.52	0.57
3.	State aid (excluding aid for SGEI and aid provided in the context of the COVID-19 pandemic) per capita*** - MDL	364	391	527
4.	State aid (excluding aid for SGEI and aid in the context of the COVID-19 pandemic) per capita - euro	19	20	25

*data are updated according to the information submitted by the State aid providers

** calculated based on the average annual exchange rate of the leu against the euro, source BNM (MDL/euro, year 2019= 19.67; year 2020=19.74, year 2021= 20.93)

*** number of inhabitants is according to the information posted on the NBS website

2.12. *The amount of State aid reported* (excluding aid for SGEI and aid provided in the context of the COVID-19 pandemic), for 2021 has shown an upward trend compared to 2019-2020. Thereby, the amount of State aid

reported for 2021 has increased by 41.45% and 33.70% compared to 2019-2020 respectively. This dynamics of the State aid value is explainable by the increase in the amount of some State aid schemes implemented during the reporting period, including as a result of the increase in the number of beneficiaries accessing these support measures.

- 2.13. According to the provisions of the Government Decision No. 1112/2016 approving the Regulation on the way of keeping the State Aid Register, State aid providers had to present, separately, the amount of support measures granted from State resources and from external funds. In line with EU practice in the field of State aid, resources granted 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 power in the use of those resources (in particular the selection of beneficiaries). In 2021, State aid granted from *external funds* accounted for 1.16% of the reported State aid amount. The amount of State aid provided from external funds increased significantly in 2021 compared to 2020, by about 3 times. The positive development of the value of support measures granted from external funds was mainly driven by the increase in the amount of State aid granted to the Î.S. "Calea Ferată din Moldova" within the framework of the project for the purchase of locomotives and restructuring of railway infrastructure. The given support measure is managed by the Ministry of Finance and its purpose is to renew the locomotive fleet and rehabilitate the railway infrastructure to provide a better quality of service. The State aid was authorised by the Competition Council by Decision No. ASS-44 of 02.07.2015.
- 2.14. In 2021, *the share of State aid* reported in GDP in the Republic of Moldova was 0.57%, an increase of 0.05 p.p. compared to 2020. This trend was driven also by the increase in the amount of State aid reported for 2021 compared to the previous year.

- 2.15. ***Expressed in Euros***, in 2021 the amount of State aid increased compared to 2019-2020. This trend was largely due to the change in the exchange rate and the amount of State aid reported. ***State aid per capita*** also increased in 2021 compared to previous years.
- 2.16. ***The amount of State aid reported (excluding aid for SGEI and aid provided in the context of the COVID-19 pandemic) for 2021 amounted to 0.57% of GDP. The evolution of the nominated indicator was mainly driven by the increase in the amount of some support measures granted in 2021.***

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

- 2.17. According to Article 341 of the Association Agreement, one of the commitments undertaken by the Republic of Moldova is to align State aid schemes put in place before 16.08.2013 with the EU acquis on State aid within 8 years from the date of entry into force of the Association Agreement. An exception is the State aid schemes established under Law No. 440/2001 on Free Economic Zones, for which the period has been extended to 10 years from the date of entry into force of the Association Agreement.
- 2.18. The existing State aid schemes represent support measures implemented before the Law on State Aid entered into force, therefore they have not been notified to the Competition Council and have not been examined under State aid legislation.
- 2.19. Alignment of existing State aid schemes means bringing support measures implemented before the Law on State Aid came into force into line with the provisions of the relevant legislation. Thereby, within the framework of the alignment of existing State aid schemes, the Competition Council in cooperation with the providers was to identify whether the reported support

measures are ongoing and whether they are in line with the provisions of the Law on State Aid. If a reported support measure is found to be incompatible with the provisions of State aid law, it must be made compatible with the State aid rules or its implementation must be stopped.

2.20. The alignment of existing State aid schemes has an impact on the amount and structure of State aid and de minimis aid reported. To present correct and complete information on the value of the reported support measures, the analysis of these measures also takes into account the decisions of the Plenary of the Competition Council adopted in the year following the reporting year. In this context, the support measures examined by the Competition Council in 2022 (until the approval of this report) will be presented below.

2.21. During the examination of the reported support measures, it was found that some support measures **do not constitute State aid** within the meaning of the Law on State Aid, namely:

1) Support measure on income tax exemption for residents from the activity conducted on the territory of the Free International Port "Giurgiulesti" (Decision of the Plenum of the Competition Council No. ASR-06 of 21.01.2022)

2.22. The support measure is granted in accordance with Article 8(2)(a) and (b) of Law No. 8/2005 on Giurgiulesti International Free Port.

2.23. During the examination it was found that the support measure was granted based on the provisions of the Investment Agreement "On the International Port "Giurgiulesti" between the Government of the Republic of Moldova and "Azpetrol" - S.R.L., "Azertrans" - S.R.L., "Azpetrol Refinery" - S.R.L. (ratified by Law No. 7/2005), which constitutes an international treaty. By concluding this Agreement, the Republic of Moldova has assumed responsibility for the implementation of the provisions of this Agreement, without any discretionary power. The support measure under review results from an international treaty. According to Article 1(1)(b) of the (2) of the

Law on State Aid, where international treaties governing State aid to which the Republic of Moldova is a party lay down provisions and stipulations other than those laid down in the law, the provisions and stipulations of the international treaty shall apply. Similarly, according to Article 19 of the Law No. 595/1999 on International Treaties of the Republic of Moldova, international treaties are executed in good faith, in accordance with the principle *pacta sunt servanda*. The Republic of Moldova cannot invoke the provisions of its domestic law as justification for non-execution of a treaty to which it is a party. Thereby, the support measure under examination is not imputable to the State.

2.24. Given that at least one of the conditions laid down in Article 3 of the Law on State Aid was not met, the decision of the Plenary of the Competition Council found that the support measure did not constitute State aid within the meaning of the above-mentioned law.

2) *Support measure for exemption from VAT without the right to deduct for goods of tariff headings 040229110, 190110000 and for baby food of tariff headings 160210001, 200510001, 200710101, 200710911, 200710991 (Decision of the Plenary Meeting of the Competition Council No. ASER-17 of 31.03.2022)*

2.25. The support measure is granted based on the provisions of Article 103(1)(2) of the Tax Code. Following the examination of the support measure, it has been established that it does not meet the selectivity criterion as it does not constitute a derogation from the reference system.

2.26. The decision of the Plenary of the Competition Council found that the support measure does not constitute State aid within the meaning of the Law on State Aid.

3) *Support measure on income tax exemption for enterprises that have conducted, within the framework of the Investment Agreement "On the Free International Port "Giurgiulesti"", capital investments in an amount exceeding the equivalent of USD 5 million for a period of 5*

consecutive years following the tax period in which the indicated volume of capital investments was reached (Decision of the Plenary of the Competition Council No. ASO-43 of 24.06.2022).

- 2.27. The support measure is granted based on the Article 24(17) and (18) of Law No. 1164/1997 implementing Titles I and II of the Tax Code.
- 2.28. During the examination, it was found that the support measure was granted based on the provisions of the Investment Agreement "On the International Port "Giurgiulesti" between the Government of the Republic of Moldova and "Azpetrol" - S.R.L., "Azertrans" - S.R.L., "Azpetrol Refinery" - S.R.L. (ratified by Law No. 7/2005), which constitutes an international treaty. By concluding this Agreement, the Republic of Moldova has assumed responsibility for the implementation of the provisions of this Agreement, without any discretionary power. The support measure under review results from an international treaty. According to Article 1(1)(b) of the (2) of the Law on State Aid, where international treaties governing State aid to which the Republic of Moldova is a party lay down provisions and stipulations other than those laid down in the law, the provisions and stipulations of the international treaty shall apply. Similarly, according to Article 19 of the Law No. 595/1999 on International Treaties of the Republic of Moldova, international treaties are executed in good faith, in accordance with the principle *pacta sunt servanda*. The Republic of Moldova cannot invoke the provisions of its domestic law as justification for non-execution of a treaty to which it is a party. Thereby, the support measure under examination is not imputable to the State.
- 2.29. Given that at least one of the conditions laid down in Article 3 of the Law on State Aid was not met, the decision of the Plenary of the Competition Council found that the support measure did not constitute State aid within the meaning of the above-mentioned law.

4) Support measures granted under Article 4(6)(3) and (4) of Law 1417/1997 implementing Title III of the Tax Code (Decision of the

Plenary Meeting of the Competition Council No. ASER-54 of 04.08.2022)

- 2.30. During the examination of the support measures, it was found that the support measures in question do not result in the renunciation of state revenue, which was to be collected from legal and natural persons, subjects of entrepreneurial activity, who are on the territory of the Republic of Moldova and who do not have fiscal relations with its budgetary system, given the fact that the beneficiaries of the support measures examined cannot be considered taxpayers within the meaning of Article 5 of the Tax Code.
- 2.31. Therefore, the decision of the Plenary of the Competition Council found that the support measures do not constitute State aid within the meaning of the Law on State Aid.
- 2.32. The support measure constitutes a State aid and **is to be brought in line with the EU acquis, according to Article 341 of the Association Agreement:**
- 1) Support measure relating to partial compensation of state social insurance contributions and partial subsidisation of the purchase of machinery and raw materials, job creation by specialised enterprises of the Society of the Disabled of the Republic of Moldova, the Society of the Blind of the Republic of Moldova and the Association of the Deaf of the Republic of Moldova, as well as by social integration enterprises whose share capital is 100% owned by companies and public associations of disabled people (Decision of the Plenary of the Competition Council No. ASO - 21 of 18.04.2022)*
- 2.33. Following the examination of the support measure granted based on Article 36(2) of Law 60/2012 on the social inclusion of persons with disabilities, the Plenary of the Competition Council found that the support measure in question constitutes existing State aid, to be aligned with the acquis of the

European Union, in accordance with Article 341 of the Association Agreement.

2) Support measure relating to the exemption from income tax of enterprises set up for the fulfilment of the statutory purposes of blind, deaf and disabled societies (Decision of the Plenary of the Competition Council No. ASO-20 of 18.04.2022)

2.34. The support measure granted based on the provisions of Article 53¹ of the Tax Code constitutes State aid in the case of enterprises created for the fulfilment of the statutory purposes of societies for the blind, deaf and disabled and is to be aligned with the acquis of the European Union, in accordance with Article 341 of the Association Agreement.

2.35. The support measures **are no longer applicable**, following the expiry of the legal documents on which they were based.

1) Support measures concerning the exemption from payment of VAT without the right to deduct and customs duty on petroleum products intended to be conducted through marketing units, established within the framework and under the conditions of the Investment Agreement "On the Giurgiulesti Free International Port" for a period of 8 years, starting from the date of the first transshipment of petroleum products through the oil terminal located in the "Giurgiulesti" Free International Port, granted under Article 28, letter t) of Law No. 1380/1997 on Customs Tariff and Article 4(15) of Law No. 1417/1997 implementing Title III of the Tax Code.

2) The support measure concerning the exemption from the payment of VAT without the right to deduct the raw materials, materials, accessories and accessories necessary for their own production process, imported by the organisations and enterprises of blind societies, deaf societies and disabled societies, as well as the exemption of these organisations and enterprises from the payment to the budget of the amount of VAT for the goods produced and services rendered,

according to the list of these organisations and enterprises, approved by the Government, granted under Article 103 para. (2), para. (7) of the Tax Code and Art. 4 para. (18) of Law No. 1417 of 17.12.1997 implementing Title III of the Tax Code.

3) Support measure concerning the exemption from VAT and customs duty on imports of long-term tangible assets intended for inclusion in the company's capital, granted in accordance with Article 103(1) pt. 23) of the Tax Code and Article 28 letter q) of Law 1380/1997 on Customs Tariff.

4) Support measure for grants to finance projects for the implementation of national environmental protection strategies, programmes and plans, standards and norms, construction and participation through co-financing in the construction of environmental protection objects (including the financing of design works and their implementation in the field of water supply and sewerage; the financing of waste collection and sorting works and support for enterprises processing or neutralising waste, improving the quality of the airshed), granted under Article 85 of Law No. 1515/1993 on Environmental Protection and point 12 a) of Government Decision No. 988/1998 approving the Regulation on Ecological Funds.

5) Support measure concerning the granting of subsidies for scientific research in the field of environmental protection, through participation in research and development work commissioned by the Ministry of the Environment, the preparation of projects for protected areas of natural heritage and constructions of national and international importance, granted under Article 85 of Law No. 1515/1993 on Environmental Protection and point 12(b) of Government Decision No. 988/1998 approving the Regulation on Ecological Funds.

2.36. As a result of the alignment of the above mentioned existing State aid schemes, the ratification of the Association Agreement and the

amendments in the national legislation, the amount of the aligned existing State aid amounted to about 299 million MDL.

2.3. Methodes for Granting State Aid

2.37. Enterprises in the Republic of Moldova may benefit from support measures either as individual aid or through State aid schemes.

2.38. *State aid scheme*, within the meaning of the Law on State Aid, is any document under which State aid may be granted to beneficiaries defined in the document in a general and abstract manner without further implementing measures being required or any document under which aid that is not linked to a specific project may be granted to one or more beneficiaries for an indefinite period of time and/or in an indefinite amount.

2.39. *Individual aid* is State aid which is not granted under a State aid scheme or is granted under a scheme which must be notified individually.

2.40. For 2021, State aid providers reported **44 support measures** (excluding aid for SGEI and aid granted in the context of the COVID-19 pandemic). According to Figure 2 on the *structure of measures* administered by providers in 2021, in relation to the ways in which State aid is granted, it can be seen that providers still chose to implement predominantly State aid schemes, with more than 80% of the total number of measures reported.

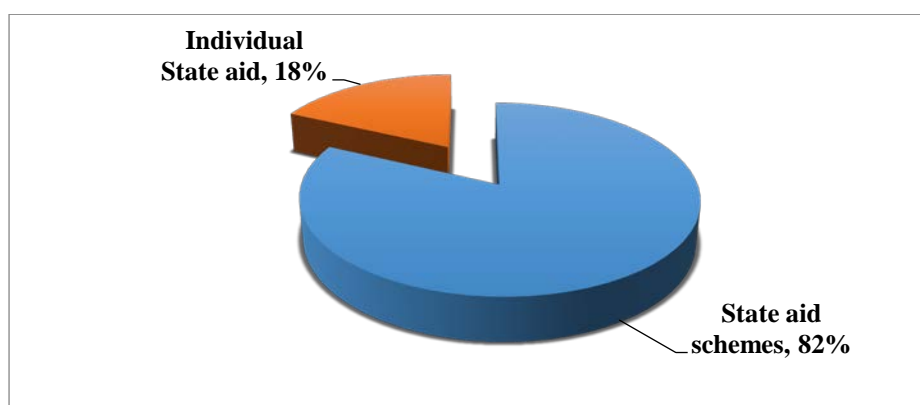


Figure 2. State aid structure reported for 2021 as individual aid or State aid schemes

2.41. Taking into account the methodology and presentation of the EU annual survey on State aid, a more detailed analysis of the State aid provided depending on the modalities of delivery will be presented below, excluding

the support measures provided for the delivery of SGEI and in the context of the COVID-19 pandemic. The analysis of the nominated support measures depending on the modalities of delivery will be presented in Chapter 3 of this report.

- 2.42. In terms of value, several State aid schemes have been reported to provide State aid. A comparative situation of these modes of delivery, taking into account the amount of State aid reported through schemes or as individual aid, is shown in Table 3.

Table 3. Amount and structure of state aid reported by type of aid during 2019-2021

No	Type of State aid	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
<i>State aid (except aid for SGEI, COVID-19 pandemic aid)</i>							
1.	State aid schemes	963 539	98.52	1 012 682	97.87	1 347 648	97.42
2.	Individual aid	14 433	1.48	22 038	2.13	35 735	2.58
	TOTAL	977 972	100	1 034 720	100	1 383 382	100
<i>State aid (including aid for SGEI, COVID-19 pandemic aid)</i>							
1.	State aid schemes	983 079	56.99	1 105 555	57.99	1 385 863	54.04
2.	Individual aid	742 020	43.01	800 958	42.01	1 178 801	45.96
	TOTAL	1 725 099	100	1 906 513	100	2 564 664	100

- 2.43. According to the data presented in Table 3, it can be seen that the largest share of State aid continued to be implemented through schemes (excluding aid for SGEI, COVID-19 pandemic aid), increasing compared to 2020. This increase was mainly due to the increase in the amount of the State aid scheme "Moldova IT Park" administered by the State Tax Service and the State aid scheme "Excise duty exemptions for hybrid cars" implemented by the Customs Service.
- 2.44. As regards the amount of State aid reported (including aid for SGEI, aid in the framework of the COVID-19 pandemic), it is noted that the share of individual aid was more than 40% of the reported amount, which is due to the amount of support measures granted for the provision of SGEI.
- 2.45. In terms of value, the most significant State aid scheme is "Moldova IT Park" administered by the State Tax Service. In 2021, 799 enterprises

benefited from support measures granted under the above-mentioned State aid scheme, an increase of 47% compared to the previous year.

- 2.46. *In the Republic of Moldova, the trend of providing support measures through state schemes is maintained, which is in line with international good practice in the field and contributes to the efficiency of the aid delivery mechanism. It should be noted that, according to EU experience, State aid granted through schemes is less harmful to the competitive environment. The provision of support measures, predominantly through State aid schemes, increases the accessibility of support measures, thus increasing the number of eligible economic operators and creating the necessary conditions for sustainable social and economic development.*

2.4. Forms of State Aid Granting

- 2.47. The providers can provide State aid in various forms: subsidies, tax exemptions, guarantees on preferential terms and others. In relation to public policy in a given area and taking into account the specificities of the enterprises to be supported, the provider chooses a form of State aid that offers the best possibility to overcome a market failure or reduce a social or regional inequality. Therewith, it should be noted that the concept of State aid is an objective concept which does not take account of the form of aid granted but of its effects on the competitive environment.
- 2.48. State aid may be expressed by the transfer of public goods, including in the form of financial means, to a beneficiary or by the provider foregoing certain certain future, certain or possible revenues that it would obtain from a beneficiary. With reference to the fact that the aid is provided from State resources or from the resources of administrative-territorial units, it may be granted by the provider in the form of budgetary revenue foregone and budgetary expenditure.
- 2.49. In 2021, the share of State aid reported in the form of *budgetary revenue foregone* amounted to 73.94% of the total amount of State aid, an increase

of about 13 percentage points compared to the previous year and about 28 percentage points compared to 2019.

2.50. As for the amount of aid provided in the form of *budgetary expenditure*, this amounted to 26.06% in 2021. The amount of State aid provided in the form of *budgetary expenditure* has shown a negative evolution compared to previous years. Thereby, its amount decreased by about 31% in 2021 compared to 2019.

2.51. The nominal dynamics of the reported State aid structure was due by the significant increase in the amount of aid provided in the form of *budgetary revenue foregone* in 2021 compared to previous years. the factors that determined these aid dynamic will be analysed below.

2.52. The amount of State aid in terms of expenditure and revenue foregone in the period 2019-2021 is shown in Table 4.

Table 4. Amount and structure of State aid reported, in terms of expenditure/budget waiver over the period 2019-2021

No	Category	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
<i>State aid (except aid for SGEI, COVID-19 pandemic aid)</i>							
1.	Waiver of budgetary revenues	453 518	46.37	628 535	60.74	1 022 912	73.94
2.	Budgetary expenditure	524 454	53.63	406 185	39.26	360 471	26.06
	TOTAL	977 972	100	1 034 720	100	1 383 382	100
<i>State aid (including aid for SGEI, COVID-19 pandemic aid)</i>							
1.	Waiver of budgetary revenues	661 774	38.36	843 080	44.22	1 249 691	48.73
2.	Budgetary expenditure	1 063 325	61.64	1 063 432	55.78	1 314 973	51.27
	TOTAL	1 725 099	100	1 906 513	100	2 564 664	100

2.53. The structure and dynamics of State aid reported in terms of expenditure/budgetary expenditure over the period 2019-2021 is shown in Figure 3.

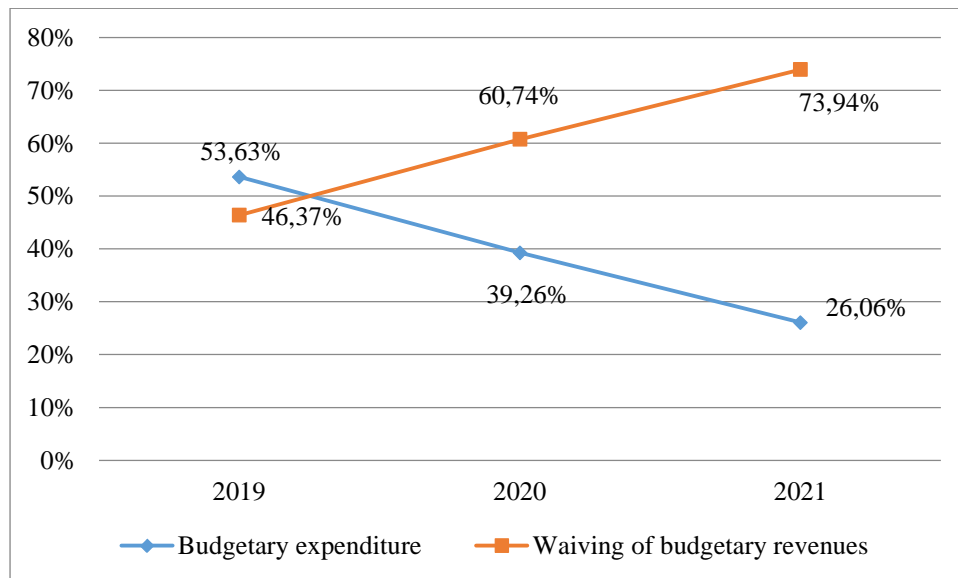


Figure 3. Structure and dynamics of reported State aid (excluding SGEI, COVID-19 pandemic aid) from the perspective of budgetary expenditure/renunciations over the period 2019-2021, %

- 2.54. With reference to international practice in providing State aid in various forms, the most popular instrument for providing State aid in recent years is in the form of budgetary expenditure. Thereby, in 2020⁹ the average share of State aid provided in the EU in the form of grants (one of the components of State aid provided as budgetary expenditure) was around 46% of the total.
- 2.55. The structure of State aid reported in terms of expenditure/budgetary expenditure was determined by the form of State aid granted by the providers.
- 2.56. With reference to the Methodology and presentation of the EU annual survey on State aid, a more detailed examination of State aid provided by form of delivery will be set out below, with the exception of support measures provided for the provision of SGEI and in the context of the COVID-19 pandemic, the analysis of which will be set out in Chapter III.
- 2.57. The annual amount of State aid, by form of support measure, is shown in Table 5.

⁹ Latest update on State aid granted in the EU, according to the Directorate-General for Competition's State aid Scoreboard 2021. Available at: https://competition-policy.ec.europa.eu/system/files/2022-09/state_aid_scoreboard_note_2021.pdf

Table 5. Amount and structure of State aid reported by form for the period 2019-2021

No	Form of granting	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Grants and/or subsidies	448 106	45.82	387 729	37.47	336 654	24.34
2.	Budgetary allocations	76 348	7.81	10 627	1.03	10 247	0.74
3.	Exemptions and/or reductions in taxes, duties and other compulsory payments	435 394	44.52	604 539	58.43	990 038	71.57
4.	Granting of loans at preferential terms	2 692	0.28	3 777	0.37	21 946	1.59
5.	State guarantees, guarantees granted by public authorities/institutions and persons assimilated to public authorities, state/municipal enterprises and by wholly or majority publicly owned companies	16	0	0	0	0	0
6.	Provider investments, if the rate of return on these investments is less than the normal rate of return expected by a prudent private investor	0	0	7828	0.76	13 570	0.98
7.	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	15 416	1.58	20 219	1.95	10 928	0.79
	TOTAL	977 972	100	1 034 720	100	1 383 382	100

2.58. As for the dynamics of State aid according to the forms of granting in 2021, compared to the previous years analysed, it is shown in Figure 4.

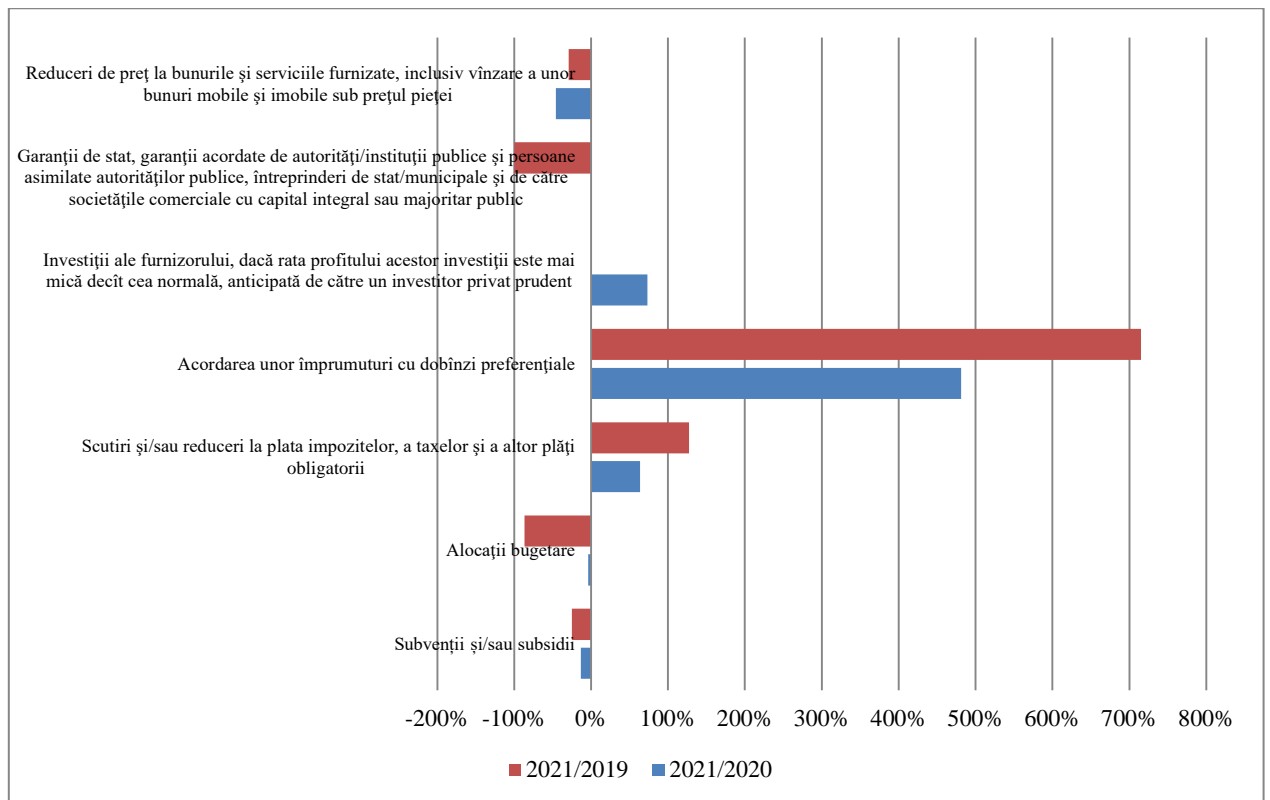


Figure 4. State aid dynamics by form of granting

- 2.59. The significant increase in the amount of State aid provided as revenue foregone from the budget was mainly due to an increase in the amount of aid granted in the form of tax and customs relief and preferential interest rate loans.
- 2.60. Around 72% of the reported State aid amount was provided in the form of *tax and customs relief*. The amount of State aid reported in the nominated form increased by about 64% in 2021 compared to 2020. This increase was due to the increase in the volume of public resources allocated under the State aid scheme "Moldova IT Park", managed by the State Tax Service (authorised by the Plenary Decision of the Competition Council ASS-17 of 29.03.2018) and the State aid scheme "Excise duty exemptions for hybrid motor cars", implemented by the Customs Service (authorized by the Plenary Decision of the Competition Council No. ASO-52 of 28.10.2021).
- 2.61. The largest share of support measures offered in the form of tax incentives in 2021 were targeted at regional development, accounting for around 50% of the total value of support measures granted in this form.

- 2.62. Similarly, in 2021 there was a significant increase in the amount of aid granted in the form of *loans with preferential interest rates*. Thereby, its amount increased by about 6 times compared to 2020, but did not exceed 2% of the total reported aid amount. This evolution of aid was due by the increase in public resources allocated to the Î.S. "Calea Ferată din Moldova" under the Project for the purchase of locomotives and restructuring of railway infrastructure implemented under the Loan Agreement between the Republic of Moldova and the European Bank for Reconstruction and Development (authorized by the Decision of the Plenary of the Competition Council No. ASS-44 of 02.07.2015). Approximately 99% of the amount of aid granted in the form of loans at preferential interest rates was directed towards sectoral objectives.
- 2.63. The increase in the amount of aid granted in the form of foregone budget revenue was mitigated by the reduction in the amount of aid granted in the form of *price reductions on goods and services provided* (including sale of some movable and immovable property below market price). The amount of aid decreased by 46% in 2021 compared to 2020. This evolution of aid was due to the end of the implementation period of some support measures and the decrease in the amount of some State aid schemes granted in the form of nominal aid.
- 2.64. The most significant support measure granted in the form of discounts on goods and services is the State aid scheme "Sale-purchase of state-owned land related to privately owned buildings at normative price" implemented by the Public Property Agency. It is noted, this support measure constitutes State aid implemented until the Law on State Aid came into force. By Decision of the Plenary of the Competition Council No. ASS-26 of 03.07.2020, it was found that this support measure constitutes existing State aid to be aligned with the acquis of the European Union, according to Article 341 of the Association Agreement.

- 2.65. As regards the dynamics of the amount of State aid granted in the form of budgetary expenditure, State aid granted in the form of investments by the provider, if the rate of return on these investments is lower than the normal rate of return expected by a prudent private investor has a positive impact on the amount of State aid. Thereby, in 2021 the amount of State aid offered in the form of *investments of the provider, if the rate of return on these investments is lower than the normal rate expected by a prudent private investor* has increased significantly compared to 2020, which was determined by an increase of about 2 times in the volume of the support measure granted to the Î.M. Regia "EXDRUPO" by the Chisinau City Hall¹⁰.
- 2.66. The dynamics of State aid granted in the form of budgetary expenditure was negatively influenced by the evolution of support measures granted in the form of subsidies and/or grants. Thereby, State aid provided in the form of *grants and/or subsidies* decreased by 13.20% in 2021 compared to 2020. This negative trend was mainly due to the reduction in the amount of public resources allocated under the State aid scheme targeted at agricultural producers to stimulate investments for the development of post-harvest and processing infrastructure, granted under Government Decision No. 455/2017 on the manner of distribution of the National Fund for the Development of Agriculture and Rural Environment, implemented by AIPA.
- 2.67. The most significant support measure granted in the form of grants and/or subsidies was the State aid scheme "Granting of subsidies to theatrical and performing arts institutions" administered by the Ministry of Education, Culture and Research and subsequently by the Ministry of Culture¹¹ (authorised by Decision of the Plenary of the Competition Council No. ASS-100 of 19.12.2019).

¹⁰ The amount of State aid was estimated by the provider

¹¹ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

- 2.68. Aid in the form of *budgetary allocations* also had a negative impact on the dynamics of the amount of State aid provided in the form of budgetary expenditure. It decreased by about 4% in 2021 compared to 2020. The decrease in State aid provided in the form of budgetary allocations was mainly generated by the decrease in the value of the State aid scheme "Development and financial insurance of science and innovation in health" implemented by the Ministry of Health, Labour and Social Protection¹² (later the Ministry of Health).
- 2.69. Data on the amount of State aid reported by form and purpose of aid are given in Annexe 3.
- 2.70. *In 2021, there is a significant increase in the share of State aid provided in the form of budget revenue foregone compared to previous years and mostly in the form of tax and customs relief. According to international experience, such aid is generally considered to be more harmful to the market economy than aid in the form of budgetary expenditure (subsidies, grants, budgetary allocations, etc.). Aid in budget expenditure categories is considered less harmful to competition and more transparent. Thereby, the State is to examine whether it is appropriate to offer more support measures in the form of budgetary expenditure and to reduce those granted in the form of budgetary revenue foregone.*

2.5. Objective of State Aid Granting

- 2.71. 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.
- 2.72. Article 5 of the Law on State Aid specifies the objectives according to which State aid may be considered compatible with the normal competitive environment, namely: aid to remedy a serious disturbance in the economy; aid for the training of employees and for the creation of new jobs; aid to

¹² Government Decision No. 117/2021 on the restructuring of the specialized central public administration

support SMEs; aid for research, development and innovation; aid for environmental protection; aid to beneficiaries providing services of general economic interest; aid for rescuing beneficiaries in difficulty; aid for business start-ups by female entrepreneurs; sectoral aid, depending on the sectors of activity of the national economy and aid for regional development.

2.73. The assessment of the compatibility of State aid with a normal competitive environment is made in relation to the primary objective established when the aid was granted.

2.74. This report analyses State aid according to the primary objective for which it was granted, as follows.

a) **State aid for horizontal objectives** refers to State aid granted to legal and natural persons engaged in economic activity, irrespective of their field of activity, to perform actions in good conditions, such as: promotion of investments, SMEs for consultancy and their participation in fairs, training of employees, creation of new jobs, research, development and innovation, environmental protection, etc.

b) **State aid for sectoral objectives** refers to State aid for a specific area of economic activity, for example: rapid development of broadband electronic communications networks, public passenger rail and road transport services, for railway enterprises, the financial sector, etc. Therewith, this category of aid will also include support measures offered for the *promotion of culture and the preservation of cultural heritage*, which are intended for cultural objectives and activities, such as: museums, archives, libraries, artistic and cultural centres or spaces, theatres, operas, concert halls, other organisations dealing with live performances, institutions dealing with film heritage and other similar artistic and cultural infrastructures, organisations and institutions; tangible, immovable and movable heritage, including archaeological sites, monuments, historical sites and buildings; natural heritage linked to cultural heritage or if

officially recognised as cultural or natural heritage by the competent public authorities of the State, etc.

- c) **State aid for regional development** is intended to promote the economic development of certain disadvantaged regions by supporting investment and the creation of new jobs, by expanding and diversifying the economic activities of enterprises located in less developed regions and by encouraging enterprises to set up new establishments in these regions. Regional State aid comprises investment aid to large, small and medium-sized enterprises, regional aid to newly created small enterprises and, in certain exceptional circumstances, operating aid.
- d) **Aid to make good damage caused by natural disasters or exceptional occurrences** - this category will also include State aid granted to enterprises in the context of the COVID-19 pandemic.
- e) **State aid granted to beneficiaries for the provision of SGEI** - State aid in the form of compensation granted to beneficiaries entrusted with the provision of SGEI. It is specified that, SGEI are economic activities which are intended for the population and are in the interest of society, but which enterprises would not provide (or would provide under different conditions in terms of quality, safety, accessibility, equal treatment or universal access) without public intervention.

2.75. The amount of State aid reported by objectives is summarised in Table 6.

Table 6. Amount and structure of State aid reported by objectives, during the period 2019-2021

No.	Objective	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Horizontal objectives	182 904	18.70	125 255	12.11	259 734	18.78
1.1.	Research, development and innovation	76 687	7.84	10 627	1.03	10 247	0.74
1.2.	Environmental protection	48 703	4.98	51 071	4.94	220 700	15.95

No.	Objective	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.3.	For supporting SMEs	5 840	0.60	10 635	1.03	5 402	0.39
1.4.	Aid for employee training and job creation	51 674	5.28	52 921	5.11	23 385	1.69
2.	Sectoral aid by sector of the national economy *	291 217	29.78	447 531	43.25	535 666	38.72
2.1.	<i>including:</i> aid for the promotion of culture and the preservation of cultural heritage	154 960	15.85	177 142	17.12	200 335	14.48
3.	State aid for regional development	503 674	51.50	460 704	44.52	579 287	41.87
4.	Aid to make good damage caused by natural disasters or other exceptional circumstances	178	0.02	1 230	0.12	8 696	0.63
	Amount of State aid (excluding aid for SGEI Objective aid in the context of the COVID-19 pandemic)	977 972	100	1 034 720	100	1 383 382	100

* the amount of sectoral aid has been recalculated to include aid granted for the promotion of culture and conservation of cultural heritage, taking into account the provisions of the Plenary Decision of the Competition Council No. 3/2016 on the approval of certain regulations on the assessment of sectoral State aid

2.76. Based on the EU experience, in the part concerning the State aid analysis, the following will analyse reported State aid, with the exception of SGEI and aid provided in the context of the COVID-19 pandemic.

2.77. The largest share of state aid reported for 2021 was directed towards **regional development**, being about 42% of the total. During the period under review there was an increase of around 26% in the amount of aid nominated compared to the previous year. This increase was mainly due to the increase in the value of the State aid scheme "Moldova IT Park" implemented by the State Tax Service, as a result of the increase in the number of beneficiaries of the given support measure.

2.78. The share of State aid **for sectoral objectives** in total value was 39% in 2021. The amount of State aid for sectoral objectives increased by around 20% compared to 2020. The upward trend in the amount of State aid

granted for sectoral objectives was due by the increase in the amount of support measures offered both individually and under State aid schemes administered by the Ministry of Education, Culture and Research (later the Ministry of Culture¹³), the State Tax Service and the Ministry of Finance.

2.79. The amount of State aid for *horizontal objectives* increased by about 2 times in 2021 compared to 2020. The positive dynamics of the amount of State aid was mainly due by the increase in the amount of aid provided for environmental protection.

2.80. *Aid to repair damage caused by natural disasters or other exceptional situations* includes support measures provided under State aid schemes aimed at liquidating the consequences of natural disasters, production damage and other situations which may cause environmental damage, implemented by the Ministry of Agriculture, Regional Development and Environment¹⁴ (later the Ministry of Environment) and Mayoralty of Straseni.

A more detailed analysis of State aid reported by objective is presented below.

Horizontal objectives

2.81. The dynamics and structure of the amount of State aid by horizontal objectives varied over the period 2019-2021, as shown in the table below.

Table 7. Amount and structure of State aid reported by horizontal objectives in the period 2019-2021

Nr.	Obiectivul orizontal	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	For supporting SMEs	5 840	3.19	10 635	8.49	5 402	2.08
2.	Research, development and innovation	76 687	41.93	10 627	8.48	10 247	3.95
3.	Environmental protection	48 703	26.63	51 071	40.77	220 700	84.97

¹³ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

¹⁴ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

Nr.	Obiectivul orizontal	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
4.	Aid for employee training and job creation	51 674	28.25	52 921	42.25	23 385	9.00
	TOTAL	182 904	100	125 255	100	259 734	100

- 2.82. In 2021, the largest share of the amount of State aid granted for horizontal objectives was directed towards *environmental protection* (around 85%). The significant share of State aid for environmental protection in the total amount was due by the upward trend in its amount. Thereby, in 2021 the amount of State aid for environmental protection has increased by about 4 times compared to previous years. This upward dynamic was mainly due by the increase in the amount of the State aid scheme "Excise duty exemptions for hybrid cars" implemented by the Customs Service (authorised by the Plenary Decision of the Competition Council No. ASO-52 of 28.10.2021), including the increase in the number of import transactions of hybrid cars during the reporting period.
- 2.83. The State aid scheme "Excise duty exemptions for cars with hybrid engines" involves a 50% reduction in the rate of excise duty for vehicles of tariff headings 870360, 870370000 and 25% for cars of tariff headings 870340, 870350000. The objective of the support measure is to stimulate imports of low carbon dioxide (CO₂) emitting means of transport. State aid totalling 189 885 thousand MDL was granted under this scheme, which accounted for 86% of the amount of aid targeted at environmental protection.
- 2.84. Similarly, in 2021, the support measures provided by the Energy Efficiency Agency continued to be implemented:
- a) Project Call for Proposals No. 3. Financing, free of charge and/or for a fee, of investment projects for increasing energy efficiency and the use of renewable energy sources in the Republic of Moldova, authorised by Decision of the Plenary of the Competition Council No. ASO-09 of 15.03.2016.

- b) Pilot projects. Financing, free of charge and/or onerous, of investment projects to increase energy efficiency and the use of renewable energy sources in the Republic of Moldova, authorised by the Decision of the Plenary of the Competition Council No. ASO-19 of 22.05.2017.
 - c) Project Call for Proposals No. 1. Financing, free of charge and/or onerous, of investment projects to increase energy efficiency and the use of renewable energy sources in the Republic of Moldova, authorized by Decision of the Plenum of the Competition Council No. ASO-43 of 09.09.2020.
- 2.85. About 20% of the number of enterprises receiving environmental aid received about 88% of the value of the support measures targeted at the nominated objective. The most significant recipients of State aid for environmental protection are the Î.M. Regia "EXDRUPO", S.R.L. "Continent" and S.R.L. "Daac-Autosport". The last two companies benefited from State aid under the scheme "Excise duty exemptions for hybrid cars" implemented by the Customs Service. And, the Î.M. Regia "EXDRUPO" benefited from State aid from the Chisinau City Hall for the provision of street sanitation services, including during the cold period of the year (washing and sweeping of the roads, spraying with anti-skid material and cleaning of snow from the roads and the city squares on which urban passenger transport routes are established), as well as cleaning of storm drains.
- 2.86. The share of State aid granted for *employee training and job creation* was 9%, down 33.25 p.p. compared to 2020 and 19.25 p.p. compared to 2019. The downward trend in the share of State aid granted for training of employees and for the creation of new jobs was caused by the decrease of about 2 times in the amount of targeted aid in 2021 compared to 2019-2020. The decrease in the amount of the nominated State aid was generated by the end of the implementation period of the State aid scheme "Exemptions granted for the import by enterprises of companies of the

blind, deaf and disabled of raw materials, materials, accessories and accessories for their own production process" administered by the Customs Service and the scheme "Subsidisation of job creation" administered by the Ministry of Finance, following the repeal of the provisions and/or regulations under which the support measures were implemented.

2.87. In 2021, the State aid scheme "Aid for employee training and job creation" managed by the National Agency for Employment continued to be implemented (authorized by the Plenary Decision of the Competition Council No. ASR-14 of 29.04.2020). It should be noted that the number of enterprises that have accessed the given State aid scheme has increased by about 3 times compared to 2020, which denotes the attractiveness of the support measure for Moldovan enterprises. This State aid scheme was also the most significant support measure offered for employee training and job creation in 2021.

2.88. Around 20% of the number of enterprises receiving State aid for training of employees and creation of new jobs received around 85% of the amount of aid granted for the above objective. It should be noted that around 54% of the aid amount was directed to 5 entities benefiting from support measures for organisations, enterprises and companies of the blind, deaf and disabled. These support measures were in place until the Law on State Aid came into force. In the framework of the alignment of existing State aid schemes, the Competition Council found that the support measures offered to organisations and enterprises of blind societies, deaf societies and disabled societies constitute State aid and are to be aligned with the EU State aid acquis by the responsible public administration authorities.

2.89. In 2021, around 4% of the reported amount of State aid for horizontal objectives was directed towards *research, development and innovation*. Compared to 2020, the amount of aid for research, development and innovation did not change significantly in 2021.

- 2.90. The most significant support measure granted for research, development and innovation was implemented by the National Agency for Research and Development, being about 66% of the total amount (authorized by the Plenary Decision of the Competition Council No. ASO - 15 of 13.05.2021). The State aid scheme in question consists of financing from the State budget innovation and technology transfer projects that correspond to the strategic priorities set out in the National Programme for Research and Innovation for 2020-2023, approved by the Government. In 2021, the total amount of aid granted under the given State aid scheme was 6 743 thousand MDL.
- 2.91. Around 66% of the amount of aid granted for research, development and innovation benefited: Nicolae Testemițanu State University of Medicine and Pharmacy, Moldova State University, Public Medical Sanitary Institution "Chiril Draganiuc", S.R.L. "Piliccik-Grup" and S.R.L. "Gora Technology Group". Predominantly the nominated beneficiaries have accessed public resources under the State aid scheme implemented by the National Agency for Research and Development.
- 2.92. In 2021, the amount of aid granted to support SMEs amounted to 5 402 thousand MDL, decreasing by about 2 times compared to 2020. This decrease was due to the decrease in the value of the State aid scheme "Sale-purchase of state-owned land related to privately owned buildings at normative price" implemented by the Public Property Agency. The support measure constitutes existing State aid, on which the Competition Council has expressed its opinion by Decision of the Plenary of the Competition Council No. ASS-26 of 03.07.2020.
- 2.93. Around 80% of the amount of aid granted to support SMEs was targeted at: S.R.L. "Rico-Print Imobil", S.R.L. "Nicodrag" and S.R.L. Autobaza "Basconlux". All 3 companies are beneficiaries of the State aid scheme "Sale-purchase of state-owned land related to privately owned buildings at normative price", implemented by the Public Property Agency.

Sectoral objectives

- 2.94. In 2021, the amount of sectoral State aid amounted to 535 666 thousand MDL, which is about 20% more than in 2020. This dynamic was generated, including the increase in the volume of the State aid scheme "Exemption from excise duty of undenatured ethyl alcohol of tariff heading 220710000, intended for use in the perfume and cosmetics industry", implemented by the State Tax Service. As in 2020, the given increase of the support measure was determined by the increase of the excise tax exemption applied to undenatured ethyl alcohol used in the perfumery and cosmetics industry by S.A. "Viorica-Cosmetic". The above-mentioned State aid scheme accounted for 41% of the reported sectoral State aid amount.
- 2.95. Sectoral State aid has also been directed to other sectors, as shown in Figure 5.

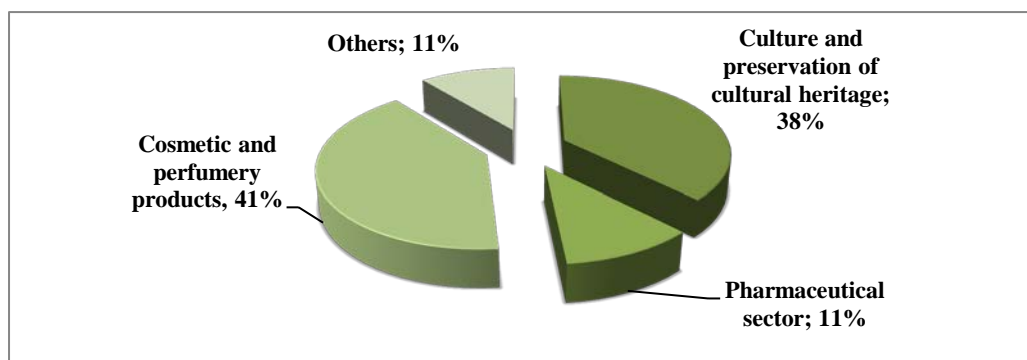


Figure 5. Structure of sectoral State aid

- 2.96. According to Figure 5, it can be seen that a significant share of State aid was also directed towards the culture and heritage conservation sector, this being around 38% of the total. About 99% of the support measures provided for the promotion of culture and cultural heritage conservation were implemented by the Ministry of Education, Culture and Research, subsequently by the Ministry of Culture¹⁵.

¹⁵ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

- 2.97. During the reporting period, the following support measures continued to be implemented by the Ministry of Education, Culture and Research (later the Ministry of Culture¹⁶):
- a) State aid scheme "Granting of subsidies to theatrical and performing arts institutions", authorized by the Plenary Decision of the Competition Council No. ASS-100 of 19.12.2019.
 - b) State aid scheme "Support for cinema projects", authorised by the Plenary Decision of the Competition Council No. ASS-01 of 18.01.2019
 - c) State aid scheme "Financing of periodical publications for children and adolescents", aligned and authorised by Decision No. ASR-31 of 25.06.2021.
- 2.98. In 2021, continued to grant State aid to the State Enterprise - Periodical Publication - newspaper "Вести Гагаузии" by the General Directorate of Finance of the ATU Gagauzia of the Executive Committee of Gagauzia by Comrat Municipality (authorized by the Decision of the Plenum of the Competition Council No. ASO-96 of 19.12.2019).
- 2.99. As regards the support measures offered to the pharmaceutical sector, these represent existing State aid measures, which are to be aligned in the context of the commitments undertaken in the Association Agreement or are under examination by the Competition Council.
- 2.100. It should be noted that around 20% of the number of enterprises received around 82% of the amount of sectoral State aid. The most significant beneficiaries of these support measures are: S.A. "Viorica-Cosmetic", Public Institution "Maria Bieșu National Opera and Ballet Theatre", I.S. OCI "Moldova-Concert" and S.R.L. "Eladum Pharma".
- 2.101. More than 50% of the amount of sectoral State aid was reported in the form of tax and customs relief.

State aid for regional development

¹⁶ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

- 2.102. According to the Regional Aid Map of the Republic of Moldova, all development regions in the country are eligible for State aid under the objective under review, with a maximum allowable intensity of 50%. In line with EU practice in this area, this is determined by the economic development of the region, population density, the level of unemployment in the regions concerned and other indicators. According to EU rules, the whole territory of the Republic of Moldova meets the criteria characterising a disadvantaged region.
- 2.103. In 2021, the share of State aid for regional development amounted to 42% of the total volume, a decrease compared to previous years. The most significant support measure oriented to regional development was the State aid scheme "Moldova IT Park", managed by the State Tax Service (authorized by the Decision of the Plenum of the Competition Council No. ASS-17 of 29.03.2018). Thereby, in 2021 the amount of State aid granted under the scheme "Moldova IT Park" was 359 463 thousand MDL or about 62% of the reported amount of State aid for regional development. And, the volume of investments made by residents of the park amounted to about 404 million MDL.
- 2.104. Another support measure granted for regional development is the State aid scheme targeted at agricultural producers, aimed at stimulating investments for the development of post-harvest and processing infrastructure, which is part of measure no. 2 concerning investments in the processing and marketing of agricultural products, as set out in Annexe 1. to the Government Decision No. 455/2017 on the distribution of the National Fund for Agricultural and Rural Development, implemented by AIPA (authorized by the Decision of the Plenum of the Competition Council No. ASS-73 of 01.10.2018). This support measure accounted for about 16% of the amount of regional development aid reported for 2021, being 90 515 thousand MDL.

2.105. The share of State aid authorised by the Competition Council was 78%, the difference being aid implemented before the Law on State Aid came into force and support measures under examination by the Competition Council. The implementation of other support measures authorised by the Competition Council continued in 2021:

- a) State aid scheme offered under the terms of the legal documents related to the Conditional Assistance Programme financed from the credit account of the Government of the Republic of Poland granted to the Government of the Republic of Moldova for the implementation of projects in the field of agriculture, food processing and related infrastructure, in the form of loans at preferential terms (authorized by the Decision of the Plenum of the Competition Council No. ASO-4 of 02.02.2017)
- b) State aid granted for the creation/development of industrial parks IP "Edinet" and IP "Comrat" (authorised by the Plenary Decisions of the Competition Council No. ASO-20 of 16.06.2014 and No. ASER-36 of 16.10.2014)

2.106. State aid for regional development was granted to 1 124 natural and legal persons engaged in economic activity. And, about 80% of the amount of State aid for regional development was targeted at 17% of beneficiaries. The most significant beneficiaries of regional development support measures were: S.A. "Floarea Soarelui", I.C.S. "Endava" S.R.L. and "Molinart Grup" S.R.L. The enterprises S.A. "Floarea Soarelui" and S.R.L. "Molinart Grup" benefited from the support measure for the extension of the term of payment of VAT and customs duty, for the period of the production cycle, on raw materials, materials, accessories, primary packaging and supplementary items imported for the exclusive manufacture of goods intended for export. The nominated support measure was reported by the Customs Service and is thus included in this report. Therewith, the Competition Council is to formulate a position about the nominated support measure in the light of Article 3 of the Law on State

Aid. As regards I.C.S. "Endava" S.R.L., it benefited from the support measure under the State aid scheme "Moldova IT Park".

2.107. During the reporting period, the largest share of regional development aid was reported in the form of tax exemptions (being more than 50% of total State aid for regional development).

2.108. *In 2021, the most significant share of State aid was directed towards regional development. According to international State aid experience, horizontal and regional development State aid generally has a less harmful impact on the competitive environment and is therefore more acceptable than sectoral State aid. Based on international practice and the structure of State aid for 2021, it is appropriate for the State to direct future support measures mainly towards horizontal and regional development objectives.*

2.6. State Aid Providers

2.109. *State aid provider*, according to the Law on State Aid, is any authority of the central government or of an administrative-territorial unit or any legal person which directly or indirectly administers the resources of the State or of administrative-territorial units. Resources of the State or of administrative-territorial units are all assets, including financial assets, belonging to the State, administrative-territorial units, the autonomous territorial unit of Gagauzia.

2.110. For 2021, **44 support measures** offered under the general framework were reported, including CPAs submitted information on 38 support measures and LPAs-6 support measures. According to the amount of State aid reported for 2021, about 91% of the total amount was provided by CPAs, which was due to the higher number of support measures provided and the amount per support measure reported.

2.111. Table 8 shows the amount of State aid reported per State aid provider.

Table 8. State aid reported per provider in 2019-2021

No.	Provider	2019	2020	2021
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		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	State Tax Service	317 739	32.49	498 309	48.16	639 507	46.23
2.	Customs Service	117 655	12.03	106 230	10.27	350 531	25.34
3.	AIPA	233 386	23.86	157 189	15.19	90 515	6.54
4.	Ministry of Education, Culture and Research (until 31.08.2021)*	187 601	19.18	182 168	17.61	105 080	7.60
5.	Ministry of Culture (01.09.2021-31.12.2021)*	-	-	-	-	102 781	7.43
6.	LPAs	10 715	1.10	17 281	1.67	19 345	1.40
7.	Other providers	110 876	11.34	73 543	7.11	75 624	5.47
TOTAL		977 972	100	1 034 720	100	1 383 382	100

* Government Decision No. 117/2021 on the restructuring of the specialized central public administration

2.112. As shown in Table 8, it can be seen that in 2021 the largest providers of State aid continued to be the State Tax Service, the Customs Service and the Ministry of Education, Culture and Research (later the Ministry of Culture¹⁷), which cumulatively implemented around 85% of the total reported aid amount.

2.113. The amount of State aid granted by the State Tax Service increased by about 28% compared to the previous reporting year. All support measures were provided by the provider through State aid schemes. The State aid schemes which had the significant share of the amount of State aid granted by the nominated provider (about 90%) are "Moldova IT Park" and "Excise duty exemption for undenatured ethyl alcohol of tariff heading 220710000, intended for use in the perfume and cosmetics industry".

2.114. The amount of State aid reported by the Customs Service in 2021 increased significantly compared to 2020. This dynamic in the amount of support measures was largely due to the significant increase in the amount of State aid granted through the State aid scheme "Excise duty exemptions for hybrid cars".

2.115. The Ministry of Education, Culture and Research (subsequently, 2 State aid schemes were taken over by the Ministry of Culture¹⁸) continued the implementation of 3 State aid schemes aimed at supporting theatrical and

¹⁷ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

¹⁸ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

performing arts institutions; supporting film projects and financing periodical publications.

2.116. Data on the amount and forms of State aid reported by State aid providers can be found in Annexe 4.

2.117. In 2021, out of the total number of measures reported by CPAs - 34 measures represented State aid schemes, being 94% of the total number of support measures reported by CPAs. In turn, LPAs offered all support measures as individual aid.

2.118. *In conclusion, the most important providers of State aid are still the CPAs, which is also due to the amount of state resources administered by them in relation to LPAs.*

CHAPTER III. Aid Measures with Insignificant Anti-competitive Impact

3.1. De Minimis Aid

- 3.1. De minimis aid is aid with a value equivalent below the threshold of 2 million MDL granted to the same beneficiary over a maximum period of 3 years, regardless of its form and the objective pursued, provided that it is not linked to export activities. Aid towards the costs of participation in trade fairs or of studies or consultancy services needed for the launch of a new or existing product on a new market does not normally constitute aid to export-related activities.
- 3.2. The de minimis aid is to be granted in compliance with the Law on State Aid No. 139/2012 and the Regulation on de minimis aid (Decision of the Plenum of the Competition Council No. 01/2020). The Regulation sets out the method for calculating the 3-year period laid down in the Law on State Aid, the procedure for granting de minimis aid, the method for qualifying de minimis aid, cumulation and the record keeping of de minimis aid granted.
- 3.3. To provide as comprehensive a picture of the de minimis aid reported, Table 9 shows separately the total amount of de minimis aid reported and the amount of de minimis aid, excluding support measures provided for the provision of SGEI.

Table 9. Reported amount of de minimis aid in the period 2019-2021

No.	Indicator	2019	2020	2021
1.	Amount of de minimis aid (excluding aid for SGEI) expressed in:			
1.1	<i>thousand MDL</i>	183 623	124 576	132 698
1.2	<i>thousand euro</i>	9 335	6 311	6 340
2.	Amount of de minimis aid (including aid for SGEI) expressed in:			
2.1	<i>thousand MDL</i>	209 712	145 390	147 273
2.2	<i>thousand euro</i>	10 662	7 365	7 036

* calculated based on the average annual exchange rate of the leu against the euro. source NBM (year 2019= 19.67; year 2020=19.74, year 2021= 20.93)

- 3.4. The data reported for the period 2019-2020 has been updated and corrected according to the information submitted by providers. Further the amount of

de minimis aid provided for SGEI will be examined in Section 3.2. of the given Chapter.

- 3.5. From the data presented in Table 9, in 2021 there is an insignificant increase in the *total amount of de minimis aid* compared to 2020, being 1.29%. Similarly, in 2021 the amount of de minimis aid reported has also increased, except for the aid directed towards the provision of SGEI. The amount of de minimis aid (except for SGEI), increased by 6.52% in 2021 compared to 2020.
- 3.6. The upward trend in the amount of de minimis aid reported for 2021 was mainly determined by an increase in the number of beneficiaries receiving aid under schemes, including an increase in the amount of these support measures.
- 3.7. *Expressed in Euro*, the amount of de minimis aid (except for SGEI) increased in 2021 compared to 2020, but at a slower pace than in national currency. This trend was determined by the fluctuation of the exchange rate.
- 3.8. During the reporting period, a total of **3 030 natural persons and legal entities** benefited from de minimis aid (including for the provision of SGEI).
- 3.9. Of the total amount of de minimis aid reported for 2021, the largest share (around 74%) was de minimis aid granted from *State sources*. As for the reported de minimis aid from *external funds*, it constituted around 36% of the total amount. The most significant de minimis aid scheme financed from external funds was the "Support instrument on digitisation of small and medium-sized enterprises" implemented by ODIMM.
- 3.10. For 2021, providers reported **71 de minimis aid measures**, excluding aid offered for the provision of SGEI. Most de minimis aid was reported by LPAs and *business incubators*, constituting 63% of the total number of measures reported, the remaining support measures were offered by CPAs.

3.11. In 2021, providers continued to offer de minimis aid predominantly through *de minimis aid schemes* (55%).

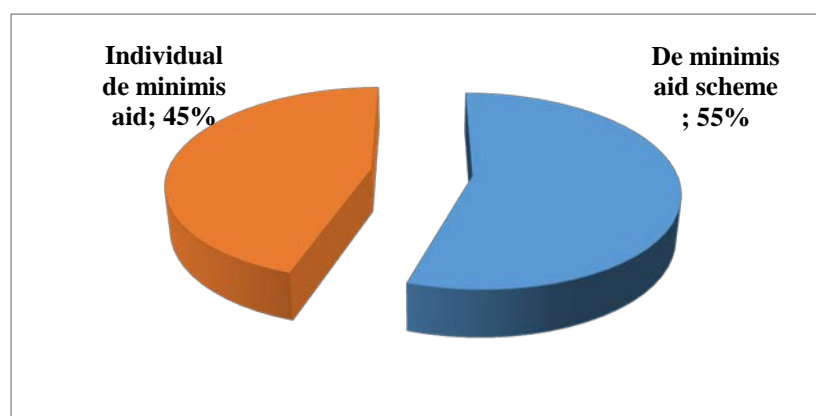


Figure 6. Structure of de minimis aid (except for SGEI) reported for 2021 as individual de minimis aid/de minimis aid schemes

3.12. A comparative analysis of de minimis aid (excluding SGEI) reported for the period 2019-2021 according to the *modalities of granting* is presented in the table below. Information on aid provided for the provision of SGEI will be analysed in Section 3.2. of this Chapter.

Table 10. Amount and structure of de minimis aid (excluding aid for SGEI) reported according to the modalities of granting in the period 2019-2021

No.	Type of de minimis aid	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Individual de minimis aid	5 219	2.84	3 567	2.86	3 728	2.81
2.	De minimis aid scheme	178 403	97.16	121 009	97.14	128 970	97.19
	TOTAL	183 623	100	124 576	100	132 698	100

3.13. From the data presented in Table 10, it can be seen that in 2021 the amount of de minimis aid implemented through de minimis aid schemes increased by 6.58% compared to 2020. The positive effect on the value of de minimis aid schemes reported for 2021 was mainly due to the increase in the amount of the de minimis aid scheme "Support instrument on digitization of small and medium-sized enterprises" (implemented by ODIMM), which led to an increase in the analyzed indicator by 16 534 thousand MDL or 13.66%.

- 3.14. The positive trend in the value of the de minimis aid scheme "Support instrument on digitisation of small and medium-sized enterprises" in 2021 was determined by the predominant increase in the number of enterprises that received financial support in the form of a grant. It should be noted that the de minimis aid scheme mentioned above was set up to support the digital transformation and development of SMEs to exploit their innovative potential and facilitate their access to internal and external markets. Financial support was offered in the form of a voucher (maximum amount 20 000 MDL) and a grant (maximum amount 200 000 MDL)¹⁹.
- 3.15. The de minimis aid scheme, which accounted for the largest amount of total de minimis aid reported in 2021, about 22%, continued to be the Programme for Attracting Remittances into the Economy" PARE 1+1", implemented by ODIMM. The support measure was granted to stimulate the establishment and development of small and medium-sized enterprises by migrant workers and remittance recipients. In the reporting year, 122 enterprises benefited from de minimis aid under the nominated Programme. Compared to previous years, the number of beneficiaries of the de minimis aid scheme has decreased, which has also contributed to a reduction in the volume of public resources allocated to the scheme.
- 3.16. The amount of *de minimis aid* reported by *form of granting* is shown in Table 11.

Table 11. Amount and structure of de minimis aid (excluding aid for SGEI) reported over the period 2019-2021 by form of grant

No.	Form of granting	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Grants and/or subsidies	160 867	87.61	106 079	85.15	112 737	84.96
2.	Budgetary allocations	0	0	0	0	927	0.70
3.	Cancellation and assumption of debts	858	0.47	0	0	0	0
4.	Exemptions and/or reductions in the payment of taxes and other compulsory payments	11 176	6.09	5 209	4.18	7 337	5.53

¹⁹ <https://www.odimm.md/ro/digitalizarea-despre-program/descrierea-componentelor>

No.	Form of granting	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
5.	Granting loans at preferential terms	5 671	3.09	4 247	3.41	7 715	5.81
6.	State guarantees, guarantees granted by public authorities/institutions and persons assimilated to public authorities, state/municipal enterprises and by companies with wholly or majority public capital	0	0	432	0.35	1 001	0.75
7.	Provider investments, if the rate of return on these investments is lower than the normal rate of return expected by a prudent private investor	0	0.00%	186	0.15	0	0
8.	Price reductions on goods and services provided, including sale of movable and immovable property below market price	5 050	2.75	8 424	6.76	2 981	2.25
	TOTAL	183 623	100	124 576	100	132 698	100

3.17. The largest share of de minimis aid reported for 2021 continued to be provided in the form of *grants and/or subsidies*, accounting for around 85% of the total amount reported. The amount of de minimis aid provided in the form of grants and/or subsidies increased by 6.28% compared to the previous year.

3.18. Around 81% of the reported de minimis aid in the form of grants and/or subsidies was provided by ODIMM through the de minimis aid schemes: the Programme for Attracting Remittances into the Economy PARE 1+1, the Women in Business Pilot Programme, the START for YOUNG PEOPLE: A Sustainable Business at Home Programme and the Support Instrument for the Digitisation of Small and Medium-sized Enterprises. It should be noted that all these de minimis aid schemes have been implemented to support SMEs.

3.19. In 2021, new de minimis aid in the form of budgetary allocations was provided, totalling 927 thousand MDL.

- 3.20. Also, the amount of de minimis aid reported in the form of *exemptions and/or reductions in the payment of taxes, duties and other compulsory payments* increased by around 41% compared to 2020. This dynamic was mainly driven by the upward trend in the value of the support measure provided by the Customs Service through the de minimis aid scheme for exemptions for the import of motor vehicles of tariff headings 8702 and 8704 with an operational period of up to and including 7 years, due to the increase in the number of beneficiaries of this measure. This de minimis aid scheme also held the largest share of the reported de minimis aid amount in the form of tax and customs relief, accounting for 52.07%. It should be noted that the above-mentioned support measure constitutes the existing State aid scheme, which was aligned by the Decision of the Plenum of the Competition Council No. ASR-63 of 27.11.2020. According to the above-mentioned Decision of the Plenum of the Competition Council, the support measures granted in the form of customs duty exemptions applied under pt. 7 of the Annex to Law No. 172 /2014 on the approval of the Combined Nomenclature of Goods, which lays down general rules for the application of customs duty on imports of motor vehicles specified under tariff headings 8702 and 8704, with an operational life of up to and including 7 years, from countries with which the Republic of Moldova has not concluded an international treaty, constitutes a de minimis aid scheme within the meaning of the Law on State Aid.
- 3.21. The decrease in the amount of de minimis aid reported in the form of exemptions and/or reductions in taxes, duties and other compulsory payments (by 34.35%) in 2021 compared to 2019 was due to the alignment of the existing State aid scheme granted in the form of VAT exemptions applied to the import of electric motor vehicles and scooters under Art. 103 para. (1) pt. 24 of the Tax Code (*by Decision of the Plenary of the Competition Council No. ASR-61 of 11.11.2021*).

- 3.22. The amount of de minimis aid offered in the form of loans at preferential terms increased by 81.68% in 2021 compared to 2020 and by 36.04% compared to 2019. This development was mainly due to the increase in the amount of the de minimis aid scheme "Preferential interest applied under the Youth Credit Facility for the purpose of promoting and encouraging young entrepreneurs and creating new jobs" implemented by the External Assistance Program Management Office and the amount of the de minimis aid scheme "Program for supporting and developing the small and medium-sized enterprise sector - price reductions on goods and services provided" administered by the Grant Implementation Unit of the Government of Japan.
- 3.23. The de minimis aid scheme "Preferential interest rates applied under the Youth Credit Facility for the promotion and encouragement of young entrepreneurs and the creation of new jobs" implemented by the Office for the Management of External Assistance Programmes was the most significant support measure offered in the form of loans at preferential terms, accounting for about 84% of the total amount.
- 3.24. In 2021, the amount of de minimis aid granted in the form of *State guarantees* increased significantly compared to the previous year, i.e. by around 2.3 times. This trend was driven by the increase in the number of enterprises applying for financial guarantees issued through the Credit Guarantee Fund implemented by ODIMM, as well as the increase in the average amount of aid provided per beneficiary under the above-mentioned scheme.
- 3.25. As for the amount of de minimis aid granted in the form of *discounts on goods and services* (including the sale of goods and services below market price), it decreased by 2.8 times in 2021 compared to 2020. This decrease in the amount of de minimis aid was largely generated by the fact that the de minimis aid scheme "Small and Medium-sized Enterprise Sector Support and Development Program - Price Discounts on Provided Goods

and Services" administered by the Government of Japan Grant Implementation Unit was not implemented in 2021.

- 3.26. Around 67% of the value of de minimis aid in the form of discounts on goods and services (including the sale of goods and services below market price) was granted by business incubators in Moldova.
- 3.27. During the reference period, de minimis aid was reported for support to SMEs, environmental protection, training of employees and job creation, regional development, sectoral objectives and for the promotion of culture and the preservation of cultural heritage. The amount of de minimis aid reported per objective is summarised in Table 12.

Table 12. Amount and structure of de minimis aid reported by objectives in the period 2019-2021

No.	Objective	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Horizontal objectives	103 765	56.51	112 560	90.35	121 675	91.69
1.1.	<i>Supporting SMEs</i>	94 620	51.53	109 936	88.25	113 535	85.56
1.2.	<i>For environmental protection</i>	8 676	4.72	2 178	1.75	7 713	5.81
1.3.	<i>For research, development and innovation</i>	0	0	0	0	0	0
1.4.	<i>For employee training and job creation</i>	468	0.25	447	0.36	426	0.32
2.	Aid for regional development	1 783	0.97	936	0.75	932	0.70
3.	Sectoral objectives	78 075	42.52	11 080	8.89	10 092	7.61
3.1.	<i>Promotion of culture and preservation of cultural heritage</i>	68 850	37.50	2 582	2.07	5 661	4.27
	TOTAL (excluding aid for SGEE)	183 623	100	124 576	100	132 698	100

- 3.28. In 2021, the core share of de minimis aid was directed to **horizontal objectives**. Thereby, in the period 2019-2021 the amount of de minimis aid for horizontal objectives has been increasing. This dynamic was driven, including the increase in the amount of de minimis aid granted for environmental protection, by 5 535 thousand MDL in 2021 compared to 2020.

- 3.29. The de minimis aid provided *for environmental protection* accounted for around 6% of the de minimis aid amount reported for 2021, up 4 p.p. compared to 2020 and 1 p.p. compared to 2019. The dynamics of de minimis aid granted for environmental protection was mainly driven by the implementation of the de minimis aid scheme "Greening Small and Medium Enterprises Programme" administered by ODIMM. The given scheme of de minimis aid provides for financial support in the form of small grants of 200 thousand MDL and large grants in the amount of 500 thousand MDL, for the implementation of greening actions regarding the efficient use of resources, application of sustainable production and consumption patterns, introduction of eco-innovations in technological processes, waste reduction and management, pollution prevention and water resources management, etc. In 2021, 17 enterprises benefited from the given measure of support, the average amount of de minimis aid granted under the given scheme was 159 thousand MDL.
- 3.30. As in previous years, in 2021 the largest share of de minimis aid granted for horizontal objectives was directed *to support SMEs*. The amount of de minimis aid granted to support SMEs increased by 3.27% in 2021 compared to 2020 and by 20% compared to 2019. This dynamics of de minimis aid oriented to support SMEs was mainly caused by the increase in the value of the de minimis aid scheme "Support instrument on digitisation of small and medium-sized enterprises" implemented by ODIMM.
- 3.31. About 81% of the support measures granted to support SMEs were implemented by ODIMM. Also, the most significant support measure implemented in the reporting year to support SMEs is the "Programme for Attracting Remittances into the Economy" PARE 1+1", aimed at migrant workers and/or their first-degree relatives who want to invest in starting and/or developing their own business.
- 3.32. As regards the de minimis aid provided for the *training of employees and for the creation of new jobs*, in 2021 the Ministry of Health, Labour and

Social Protection (after reorganisation - Ministry of Labour and Social Protection²⁰) continued to provide de minimis aid to the Association of the Deaf of the Republic of Moldova for the provision of sign language translation services for deaf, mute and deaf-mute persons, provided by interpreters at the request of these persons.

3.33. In 2021, the amount of de minimis *regional development* aid decreased by 0.43% compared to 2020. About 70% of the amount of de minimis regional development aid was granted to residents of business incubators.

3.34. As regards the amount of de minimis aid for *sectoral objectives*, it continued to decrease in the reporting period compared to previous years. Thereby, in 2021 the value of the nominated indicator decreased by about 9% compared to 2020. This development was due to the reduction in the number of beneficiaries of some de minimis aid schemes implemented by the Investment Agency, as well as the end of the implementation period of some support measures.

3.35. The most significant share of de minimis aid targeted at sectoral objectives was for the promotion of culture and the preservation of cultural heritage. In this respect, the de minimis aid scheme "Financing of aid from the state budget for cultural programmes, projects and actions" continued to be implemented. Cultural projects carried out by public associations through competition" by the Ministry of Education, Culture and Research (later the Ministry of Culture²¹). This support measure is granted with a view to encouraging cultural projects, creative potential and the formation of appropriate conditions for cultural activities promoted by civil society and its integration into the process of achieving national objectives in the field of culture.

3.36. *The amount of de minimis aid showed an upward trend in 2021 compared to 2020. This was due to several factors, including an increase*

²⁰ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

²¹ Government Decision No. 117/2021 on the restructuring of the specialized central public administration

in the number of beneficiaries receiving aid under schemes. As regards the structure of de minimis aid, according to the form of granting and the objective, it has not essentially changed, being in line with international recommendations in the field of State aid.

3.2. Support Measures for the Provision of Services of General Economic Interest

3.37. **SGEI** - economic activity that is of particular importance to citizens and if it were not for state intervention services could not be provided to consumers. These could be: drinking water supply, sewage disposal, household waste collection, etc.

3.38. The public service obligation is imposed on the provider by assigning a task and on the basis of a general interest criterion designed to ensure that the service is provided under conditions which enable it to fulfil its mission. The obligations incumbent on enterprises entrusted with the provision of an SGEI generally cover aspects such as: continuity in terms of quantity and quality, adaptability to consumer requirements, equal and non-discriminatory accessibility to the public service, transparency of decision-making and protection of users, ensuring health and quality of life, etc. The imposition of these conditions by public authorities may be accompanied by measures to support the activity of the enterprises concerned. The main condition for the granting of the support measure must take into account the full or partial compensation of the difference between the costs of providing this service and the relevant revenue of the enterprise, taking into account a reasonable profit in achieving these obligations.

3.39. The amount of support measures reported for the provision of SGEI is shown in Table 13.

Table 13. The amount of support measures reported for the provision of SGEI during the period 2019-2021

Ord.no.	Indicator	2019	2020	2021
1.	thousand MDL	773 217	803 615	1 183 932
2.	thousand euro*	39 309	40 710	56 566

* calculated based on the average annual exchange rate of the leu against the euro. source NBM (year 2019= 19.67; year 2020=19.74, year 2021= 20.93)

3.40. Data reported for the period 2019-2020 have been updated and corrected according to the information submitted by the providers.

3.41. The amount of support measures shown in Table 13 includes the amount of State aid and the amount of de minimis aid reported for the provision of SGEI. In 2021, the value of support measures provided for the provision of SGEI increased by 47.33% compared to 2020 and by 53.12% compared to 2019. This significant increase in the amount of support measures offered for the provision of SGEI was driven by an increase in the amount of State aid granted for SGEI (Figure 7).

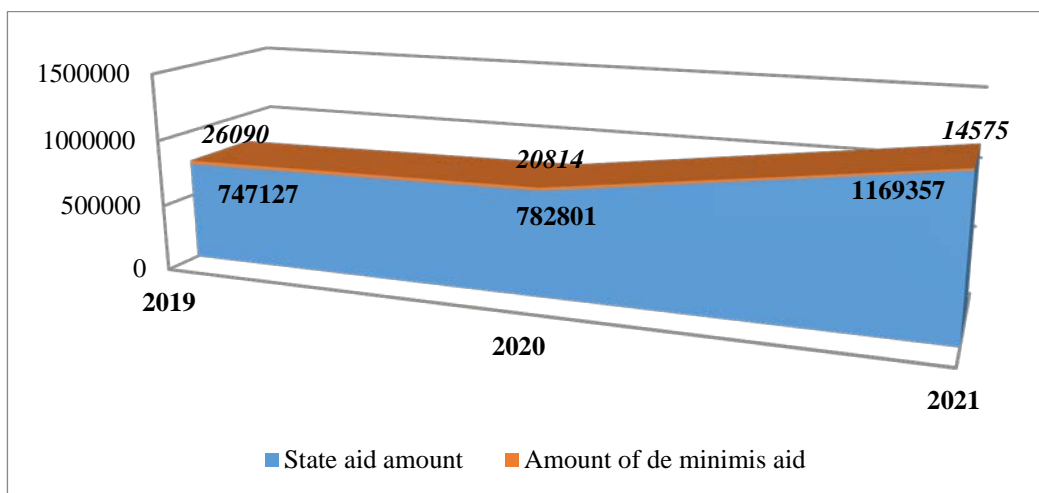


Figure 7. Structure of support measures offered to beneficiaries for the provision of SGEI, thousand MDL

3.42. The amount of State aid offered for the provision of SGEI in 2021 increased by 49.38% compared to 2020 and by 56.51% compared to 2019. This increase was mainly due to the State aid granted to the Î.M. "Parcul Urban de Autobuze" by the Chisinau City Council, contributing about 34% and about 40% to the increase in the value of State aid reported in 2021 compared to 2019-2020 respectively. It should be noted that the above-mentioned support measure was authorized by the Competition Council by Plenary Decision No. ASR-51 of 15.10.2021. The authorised State aid

consisted of support measures in the form of subsidies and budgetary allocations, exemptions from the payment of taxes and duties, waivers of income from profits, as well as annual exemptions from the payment for the lease of fixed assets owned by Chisinau Municipality. The State aid granted to Î.M. "Parcul Urban de Autobuze" was necessary in order to operate under normal conditions of continuity and safety of the public passenger transport service in Chisinau Municipality and its suburbs.

3.43. The amount of State aid authorised by the Competition Council was 981 251 thousand MDL (or 84% of the amount of State aid granted for the provision of SGEI reported). The difference constitutes existing individual aid and support measures under examination by the Competition Council.

3.44. The following is a summary of the *support measures authorised* in 2021 by the Competition Council for the provision of SGEI:

- a) *Notification received from the Cahul District Council* on the transfer of material goods for management free of charge. The State aid granted to S.A. "Apă-Canal" Cahul is necessary for the operation of the public water supply service. The discounted value of the State aid for the period 2020 - 2050 was 26 875.08 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-07 of 15.03.2021*).
- b) *Notification received from the Administration of the Ceadir-Lunga District* consisting in the transmission to the balance of "APĂ-TERMO" S.A. of the sewerage networks necessary for the operation under normal conditions of continuity of the public water supply and sewerage service. The total amount of State aid granted in 2021 was 7 244.9 thousand MDL (*Decision of the Plenary of the Competition Council No. OTG-10 of 09.04.2021*).
- c) *Notification received from the Mayoralty of Căietu Village, Cantemir District* on the transfer of fixed assets to economic management free of charge. The State aid granted to the Î.M. „Căietu-Service” is necessary in order to operate the public water supply service under normal conditions of

continuity. The discounted value of the State aid for the period 2021 - 2030 was 1998.27 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-27 of 25.06.2021*).

- d) ***Notification received from the Mayoralty of Câșlița Prut Village, Cahul District*** on the transfer of fixed assets to economic management free of charge State aid granted to the Î.M. „Apă-Canal Câșlița-Prut” is necessary for the operation of the public water supply service under normal conditions of continuity. The discounted value of the State aid, for 2021 - 2030, was 3 197.31 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-28 of 25.06.2021*).
- e) ***Notification received from the Mayoralty of Antonești Commune, Cantemir District*** on the transfer of the water supply networks and infrastructure involved in water supply to economic management free of charge. The State aid granted to Î.M. „Apă-Canal Cantemir” is necessary for the normal operation of the public water supply service. The discounted value of the State aid, for 2021 - 2025, was 2 170.84 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-54 of 05.11.2021*).
- f) ***Notification received from the Mayoralty of Albota de Sus Village, Taraclia District*** on the transfer of water supply networks and infrastructure involved in water supply to economic management free of charge. The State aid granted to the Î.M. „Izvorul Albotei” is necessary in order to operate the public water supply service under normal conditions of continuity. The discounted value of the State aid, for 2021 - 2025, was 1 266.09 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-55 of 05.11.2021*).
- g) ***Notification received from the Mayoralty of Slobozia Mare Village, Cahul District*** on the transfer of water supply networks and infrastructure involved in water supply to economic management free of charge. The State aid granted to the Î.M. „Acva Slobozia Mare” is necessary for the

normal operation of the public water supply service. The discounted value of the State aid, for the period 2021 - 2030, amounted to 3 101.56 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-56 of 05.11.2021*).

- h) ***Notification received from the Mayoralty of Badicul Moldovenesc Village, Cahul District*** on the transfer of water supply networks and infrastructure involved in water supply to economic management free of charge. The State aid granted to the Î.M. „Badicul-Prim” is necessary in order to operate the public water supply service under normal conditions of continuity. The discounted value of the State aid for the period 2021 - 2030 was 2 822.38 thousand MDL (*Decision of the Plenary of the Competition Council No. OTS-57 of 05.11.2021*)
- i) ***Notification received from the City Hall of Comrat Municipality*** on the transfer of material goods and the granting of subsidies/subsidies to the Î.M. „Gospodăria Locativ-Comunală”. The State aid granted to the Î.M. „Gospodăria Locativ-Comunală” is necessary for the normal and continuous operation of the public service of collecting, transporting and maintaining the land for the disposal of household waste. The total amount of State aid authorised for the period 2014 - 2020 was 7 035.31 thousand MDL (*Decision of the Plenary of the Competition Council No. OTG-62 of 18.11.2021*).
- j) ***Notification received from the Mayoralty of Ocolina Commune, Soroca District*** on the transfer of fixed assets to economic management free of charge. The State aid granted to the Î.M. „OCOLINA SERV” is necessary for the operation under normal conditions of continuity of the public water supply and sewerage service. The discounted value of the State aid for 2021-2030 was 1 311.01 thousand MDL (*Decision of the Plenary of the Competition Council No. OTN-74 of 21.12.2021*).
- k) ***Notification received from the Chisinau City Hall*** on granting support measures in various forms to Î.M. „Regia Transport Electric” for the

provision of public road passenger transport services. The total amount of State aid authorised for the period 2012 - 2021 was 2 684 390 thousand MDL (*Decision of the Plenary of the Competition Council No. ASO-08 of 15.03.2021*).

- l) ***Notification received from the Mayoralty of Sănătăuca Village, Florești District*** on the transfer of property to economic management free of charge. The State aid granted to Î.M. „Acua-Sen” is necessary in order to operate the public drinking water supply service under normal conditions of continuity and safety. The discounted value of the State aid granted for the period 2021-2030 was 4 473.2 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-16 of 13.05.2021*).
- m) ***Notification received from the Chisinau Municipal Council*** on the granting of support measures in the form of guarantees, waivers of income from profits, subsidies and exemptions from the payment of rent for fixed assets owned by the Chisinau municipality. The State aid granted to the Î.M. Regia „Autosalubritate” is necessary to ensure the normal continuity and safety of the transport and storage of solid household waste in Chisinau Municipality and its suburbs. The discounted value of State aid granted for the period 2018-2033 was 375 627.0 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-23 of 09.06.2021*).
- n) ***Notification received from the Mayoralty of Cârnațeni village, Causeni District*** on the transfer of property to economic management free of charge. The State aid granted to the Î.M. „Service Com Cârnațeni” is necessary for the normal operation of the public water supply service. The discounted value of the State aid granted, for the period 2020-2026, was 6 312.6 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-30 of 25.06.2020*).
- o) ***Notification received from the Mayoralty of Floreni Village, Anenii-Noi District*** on the transfer of some assets of the Î.M. „Verdinoflor Prim”, for the provision of public water supply and sanitation services. The estimated

discounted value of the State aid for 2021-2025 was 915.96 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-46 of 23.09.2021*).

- p) ***Notification received from the Floresti District Council*** on the transfer to economic management free of charge of the drinking water supply system S.A. "Servicii Comunale Florești". The updated amount of State aid granted for the period 2019-2030 was 7 652.78 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-50 of 15.10.2021*).
- q) ***Notification received from the Mayoralty of Dobrușa Commune, Soldanesti District*** on the transfer of assets (aqueduct, sewage networks, wastewater treatment plant, etc.) to S.A. "Servicii Comunale Florești" for the provision of public water supply and sewage services. The discounted value of the State aid for the period 2021-2030 was 6 128.4 thousand MDL (*Decision of the Plenary of the Competition Council No. ASR-69 of 09.12.2021*).
- r) ***Notification received from the Mayoralty of Serpeni Village, Anenii Noi District*** on the transfer of the water pipeline ACA "Apă Șerpeni" to economic management free of charge. The updated amount of authorised State aid for the period 2019-2029 was 11 148 thousand MDL. (*Decision of the Plenary of the Competition Council No. ASR-70 of 09.12.2021*).
- s) ***Notification received from the Mayoralty of Leova Town*** on the transfer of property to economic management free of charge. The State aid granted to S.A. „Apă-Canal Leova”, is necessary for the normal operation of the public water supply and sewerage service. The discounted value of the State aid for 2020-2023 was 12 053 thousand MDL (*Decision of the Plenary of the Competition Council No. ASS-44 of 19.08.2021*).
- t) ***Notification received from the Mayoralty of Mascăuți Village, Criuleni District*** on the transfer of some fixed assets to Î.M. "Gospodăria Comunală Mășcăuți". The State aid is necessary to ensure the collection and management of household waste, including sanitation and maintenance of

land for its storage, as well as the management of public water supply and sewerage services. The discounted value of the State aid, for 2021-2025, was 1 176.6 thousand MDL (*Decision of the Plenary of the Competition Council No. ASS-66 of 25.11.2021*).

- 3.45. As for the amount of de minimis aid offered for the provision of SGEI, it decreased compared to 2020-2019, i.e. by 30% and 44% respectively. This trend in the amount of de minimis aid was mainly generated by the end of the period for granting some support measures and the decrease in the number of beneficiaries compared to previous years.
- 3.46. In 2021, State aid for the provision of SGEI was granted to 184 natural and legal persons carrying out economic activity. Of the total amount of support measures granted for the provision of SGEI about 70% was granted to Î.M. "Parcul Urban de Autobuze" and Î.M."Regia Transport Electric" in various forms. This also determined the structure of the aid according to economic areas, the largest share of the reported support measures was directed towards public passenger transport (Figure 8).

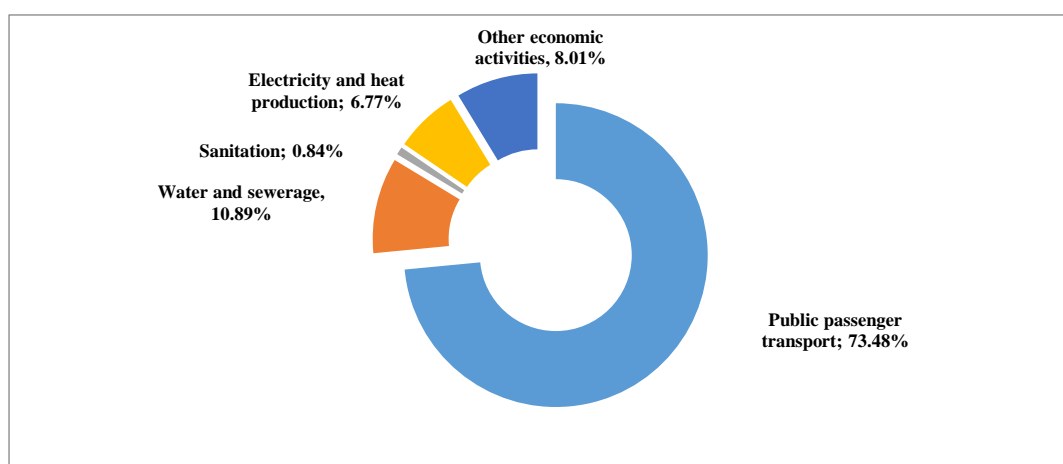


Figure 8. Support measures according to economic areas

- 3.47. During the reporting period, the SGEI provider undertakings benefited from support measures granted as individual aid through State aid schemes/de minimis aid. In 2021, the largest share of these (99% of the total number) were implemented as *individual aid*.
- 3.48. The annual amount of *support measures* for the provision of SGEI, *by form in which they were granted*, is shown in the table below.

Table 14. Amount and structure of support measures for SGEI reported, by form of delivery, during 2019-2021

No.	Form of granting	2019		2020		2021	
		thousand MDL	%	thousand MDL	%	thousand MDL	%
1.	Grants and/or subsidies	543 904	70.34	568 114	70.69	846 962	71.54
2.	Budgetary allocations	171	0.02	160	0.02	42 479	3.59
3.	Cancellation or assumption of debt	0	0	0	0	0	0
4.	Exemptions and/or reductions in the payment of taxes and other compulsory payments	18 449	2.39	4 300	0.54	14 203	1.20
5.	Loans at preferential terms	79 772	10.32	98 375	12.24	98 785	8.34
6.	State guarantees. guarantees granted by public authorities/institutions and persons assimilated to public authorities. state/municipal enterprises and by companies with wholly or majority public capital	18 539	2.40	32 600	4.06	31 490	2.66
7.	Provider investments. if the rate of return on these investments is lower than normal. anticipated by a prudent private investor	3 621	0.47	12 653	1.57	61 935	5.23
8.	Waiver of revenue from state resources or resources of administrative-territorial units granted preferentially	0	0	4 554	0.57	7 505	0.63
9.	Price reductions on goods and services provided. including sale of movable and immovable property below market price	108 761	14.07	82 860	10.31	80 572	6.81
	TOTAL	773 217	100	803 615	100	1 183 932	100

3.49. In 2021, the share of support measures for the provision of SGEI, in the form of *subsidies and/or grants and budgetary allocations*, amounted to about 75% of the total amount reported by providers.

3.50. The amount of aid provided for the provision of SGEI, in the form of grants and/or subsidies, increased by around 49% compared to 2020, which contributed to an increase in the value of support measures provided for the provision of SGEI by around 35%. This increase was mainly due to the support measure offered to the Î.M. „Parcul Urban de Autobuze” by the Chisinau City Hall for the purchase of buses, in the total amount of 264 032 thousand MDL (authorised by Decision of the Plenary Meeting of the Competition Council No. ASR-51 of 15.10.2021).

- 3.51. The most significant support measure in the form of subsidies and/or grants was granted to the Î.M. "Regia Transport Electric" by the Chisinau City Hall, for a total amount of 310,090 thousand MDL. The support measure is offered for the provision of electric passenger transport service in Chisinau Municipality, and its value is determined by the number of kilometres covered, the number of passengers transported, their category, etc. (authorised by Decision of the Plenary Meeting of the Competition Council No. ASO-08 of 15.03.2021).
- 3.52. Support measures for the provision of SGEI, reported for 2021, in the form of *budgetary allocations* have increased by more than 42 000 thousand MDL compared to 2019-2020. This increase in the amount of aid was due to new support measures implemented by the Chisinau City Hall during the reporting period, especially the amount of budgetary allocations provided to S.A. "Apă-Canal Chişinău" for the rehabilitation of technical and civil infrastructure related to the public water supply and sewerage service, in the amount of 33.7 million MDL.
- 3.53. In the context of the above, it should be noted that about 87% of the value of the support measures granted in the form of subsidies and/or grants and budget allocations were administered by the Chisinau City Hall. These were granted to enterprises to provide the following services on the territory of Chisinau Municipality: urban public transport, electric passenger transport, water supply and other services.
- 3.54. In 2021, the amount of aid offered in the form of *exemptions, reductions, deferrals or deferrals of taxes, duties and other compulsory payments* has increased by about 3.3 times compared to 2020, while decreasing by 23% compared to 2019. The trend of increase in the amount of aid recorded in 2021 compared to 2020 was due, in particular, to the exemption from payment of VAT applied to the import of buses for the Î.M. "Parcul Urban de Autobuze" in Chisinau Municipality (authorised by Decision of the Plenary Meeting of the Competition Council No. ASR-51 of 15.10.2021).

This support measure accounted for the largest share of the amount of aid provided in the form of exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments.

- 3.55. The amount of aid granted in the form of *loans at preferential terms* in 2021 has changed insignificantly compared to the previous year. It should be noted that all support measures were provided as a result of access to external funds provided by the International Bank for Reconstruction and Development, the International Development Association, the European Bank for Reconstruction and Development and the European Investment Bank. During the reporting period, loans at preferential interest rates continued to be granted under State aid schemes authorised by the Competition Council, namely for: 1) improvement of the efficiency of the centralised heat supply system, the purpose of the loan being to improve the efficiency of the centralised heat supply system - beneficiary S.A. "Termoelectrica"; 2) implementation of the Project "Sistemul termoelectric al mun. Bălți (S.A. "Cet-Nord"), aiming to improve energy efficiency, reduce operational costs and improve the provision of heat supply services in Balti Municipality - beneficiary S.A. "Cet-Nord".
- 3.56. The amount of State aid and de minimis aid provided in 2021 in the form of *guarantees at preferential terms* accounted for around 3% of the total volume of aid granted for the provision of SGEI. The amount of aid decreased by 3.40% compared to 2019, which was caused by the end of the implementation period of some measures and the decrease in the amount of aid granted to some enterprises during the reporting period. In 2021, the support measure continued to be granted to S.A. "Apă-Canal Chișinău" within the implementation of the priority investment programme provided for in the Feasibility Study for the Water Supply and Wastewater Treatment Programme in Chisinau Municipality (authorised by Decision of the Plenary Meeting of the Competition Council ASER-02 of 22.01.2015) and to Î.M. "Direcția de Troleibuze din Bălți" for the modernization of electric

public transport (authorised by Decision of the Plenary of the Competition Council No. ASR-45 of 17.09.2020).

- 3.57. In 2021, there was a significant increase in the amount of aid provided in the form of *provider investments* (if the rate of return on these investments is lower than the normal rate of return expected by a prudent private investor) compared to previous years. This evolution of the aid was determined by the implementation of new support measures by the Chisinau City Hall, by increasing the statutory capital of the Î.M. "Parcul Urban de Autobuze" to purchase buses, in the amount of 50 million MDL (authorized by the Decision of the Plenum of the Competition Council No. ASR-51 of 15.10.2021).
- 3.58. About 1% of the amount of aid granted for the provision of SGEI was provided in the form of *foregone revenue from state resources or resources of administrative-territorial units granted preferentially*. This support measure consisted in the distribution of the net profit in the amount of 38.37 thousand MDL, obtained by Î.M. "Parcul Urban de Autobuze" in 2017 to cover the balance sheet losses for 2014-2016 and, respectively, the amount of 184.2 thousand MDL, which constitutes 30% of the net profit obtained in 2019, out of the total amount of 613.9 thousand MDL, to cover the losses for the period of the previous years (authorised by Decision of the Plenary Meeting of the Competition Council No. ASR-51 of 15.10.2021).
- 3.59. The amount of aid offered in the form of *price reductions on goods and services provided* decreased by around 3% in 2021 compared to 2020. This decrease was due, inter alia, to the completion of some support measures. The support measures consisted of the transfer of water supply, sewerage, artesian wells and other fixed assets and property to economic management, as well as the transfer of the use of premises and areas developed, etc. The basic beneficiaries of these support measures are

enterprises providing water supply and sewerage services, sanitation, postal services, public transport, etc.

- 3.60. In 2021, **284 central and local public authorities** granted support measures for the provision of SGEI. It is noted that, both by the number of support measures reported and by the amount of aid, the largest share was provided by LPAs. Thus, out of the total number of reported support measures about 98% were offered by LPAs. By value weight about 85% of the reported aid amount for SGEI was granted by LPAs.
- 3.61. ***Aid for the provision of SGEI continues to be one of the priority areas for the State to target support measures to correct market failures.***

3.3. Support measures granted in the context of the COVID-19 pandemic

- 3.62. The COVID-19 pandemic crisis has affected all economies in the world. Thus, various restrictions adopted by countries had an immediate impact on both demand and supply and affected businesses and their employees. Thus, an immediate economic response by the state was crucial to mitigate these negative repercussions on the economy.
- 3.63. In 2021, the effects of the COVID-19 pandemic continued to have an impact on Moldova's economy. In order to support the country's business environment, the state provided State aid to enterprises.
- 3.64. It is noted that, according to Article 4 of the Law on State Aid, aid intended to make good damage caused by natural disasters or exceptional occurrences are considered to be compatible with the normal competitive environment and are exempted from the obligation to notify the Competition Council. Therefore, support measures offered to enterprises in the context of the COVID-19 pandemic were only reported to the Competition Authority.
- 3.65. ***The value of support measures*** provided in the context of the COVID-19 pandemic amounted to 11 924 thousand MDL or 0.43% of the total volume of State aid reported in 2021. The amount of State aid offered in the context of the COVID-19 pandemic decreased by about 7 times compared

to 2020, which was caused, in particular, by the end of the implementation period of the State aid scheme "Subsidization of technical unemployment and/or stagnation during the state of emergency" implemented by the State Tax Service, based on the Law No. 56/2020 on the establishment of measures to support citizens and entrepreneurial activity during the state of emergency and amendment of some regulatory documents.

- 3.66. State aid providers reported **8 support measures** offered to support businesses in the context of the COVID-19 pandemic. Of the total number of support measures reported, 3 aid schemes were implemented by CPAs. Therefore, predominantly support measures were offered by LPAs. In terms of value, LPAs provided only 1.5% of the total value reported.
- 3.67. A total of **771 enterprises benefited from the support measures**. The main beneficiaries of State aid provided in the context of the COVID-19 pandemic were SMEs, accounting for around 62% of the total number. Such a structure of aid recipients *by type* of aid can be explained by the fact that SMEs are at higher risk in relation to the effects of the pandemic on the economy. In this regard, support measures directly targeted at SMEs were also offered: "Financial guarantee offered from the Credit Guarantee Fund for SMEs affected by the COVID-19 pandemic crisis" implemented by ODIMM; "COVID-19 - emergency response and support for Micro, Small and Medium Enterprises" implemented by the Office for Management of External Assistance Programmes. Similarly, some LPAs have also implemented aid schemes to support SMEs within the limits of their administrative-territorial unit.
- 3.68. According to the *sectors of the national economy*, the largest share of the value of the support measures provided in the context of the COVID-19 pandemic went to enterprises operating in the retail and wholesale trade sector (around 39% of the total value), which was a change compared to 2020 (with the majority of support measures targeted at manufacturing industry).

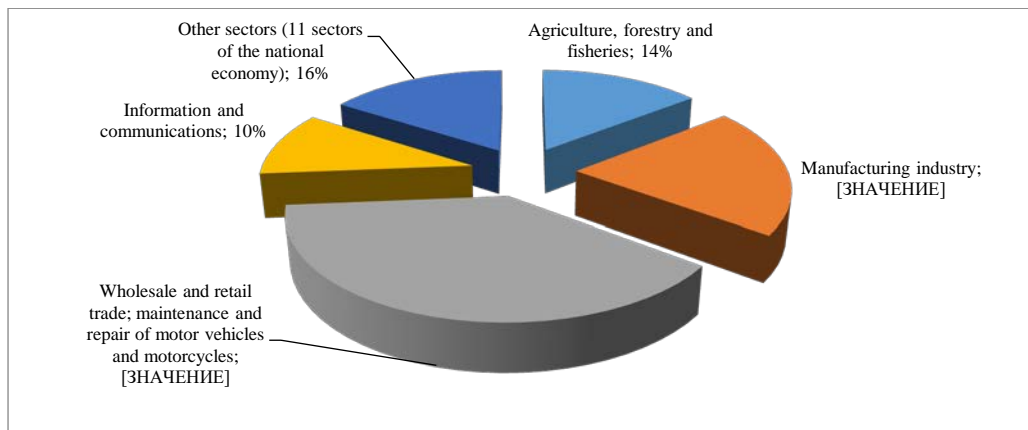


Figure 9. State aid structure in the context of the COVID-19 pandemic

- 3.69. According to the State aid *implementation modality*, 50% of the support measures reported to support enterprises in the context of COVID-19 were provided through State aid schemes and 50% of the total number of measures reported were implemented as individual aid. In terms of value, the largest share of aid was also granted through State aid schemes (about 99%). The most significant State aid scheme, in terms of value, was the "Subsidization of interest on bank loans" implemented by the State Tax Service under the Law No. 60/2020 on the establishment of measures to support entrepreneurial activity and amendment of some regulatory documents. 282 beneficiaries from different sectors of the economy have applied for this State aid scheme.
- 3.70. According to the State aid *granting form* for COVID-19, about 74% of the total amount was reported as grants and/or subsidies (Figure 10). This was determined by the amount of public resources provided through the scheme "Interest Subsidies on Bank Loans" implemented by the State Tax Service.

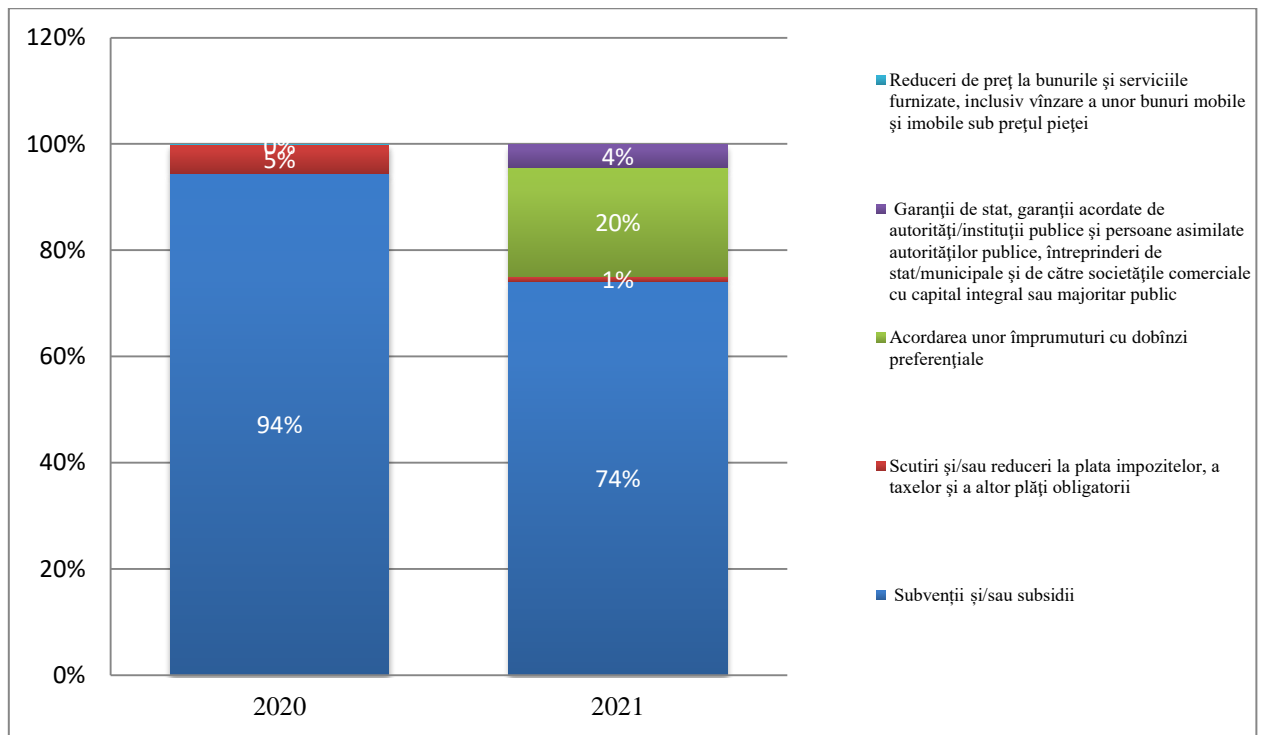


Figure 10. Forms of granting State aid

- 3.71. In 2021, the share of State aid granted in the form of loans at preferential terms has increased to 20% of the total amount. This dynamic was due to an increase in the value of the support measure "COVID-19 - Emergency Response and Support for Micro, Small and Medium Enterprises" implemented by the Office for the Management of External Assistance Programmes, as a result of an increase in the number of beneficiaries of the given State aid scheme.
- 3.72. *State aid provided in the context of the COVID-19 pandemic was one of the instruments used by the State to support enterprises. They were mainly provided in the form of budgetary expenditure, which is in line with international good practice in this area. The main beneficiaries of these support measures have been SMEs, which are subject to the highest risks in such conditions.*

CHAPTER IV. Monitoring of Authorised State Aid

- 4.1. Monitoring ongoing State aid is one of the tasks of the Competition Council. According to Article 20 of the Law on State Aid and point 84 of the Regulation on the form of notification, the procedure for examining and adopting decisions on State aid (approved by Decision of the Plenary of the Competition Council No. 1/2013), the Competition Council monitors both ongoing State aid to verify compliance with the provisions of the legal documents under which it was granted and the authorisation decisions it has issued.
- 4.2. In this regard, support measures authorised by the Plenum of the Competition Council were monitored during the period 2014-2021, and are ongoing in 2021. To perform the monitoring of authorised State aid, information was requested from providers.
- 4.3. The following are the main findings on State aid authorised and subject to monitoring in 2021, also taking into account its risk of distorting the competitive environment.

a) State aid for regional development

- 4.4. The monitoring of State aid for regional development was carried out in accordance with the assessment criteria set out in the Regulation on State aid for regional development (approved by the Plenary Decision of the Competition Council No. 4/2013)²² and the conditions laid down in the decisions approving the aid.
- 4.5. For 2021, 10 authorised State aids for regional development were monitored.

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

²² Regulation on the assessment of State aid for regional development, approved by Decision of the Plenary of the Competition Council No. 2/2020

4.6. The result indicators achieved by the IP administrators (State aid beneficiaries), taking into account the provisions of the Regulation on the assessment of State aid for regional development, are presented in Table 15.

Table 15. Result indicators achieved from the date of granting of State aid until 31.12.2021

Or. No.	Name of the enterprise	IP name	Volume of investments made under the IP, thousand MDL	Beneficiary contribution, %	Aid intensity, %
1.	S.R.L. "La Triveneta Cavi Development"	PI "Triveneta Cavi Development"	535 398	91.91	8.09
2	S.R.L. "Eco-Garant"	PI "Edineț"	608 993	3.85	7.90
3.	S.R.L. "Venador-Prim"	PI „FAIP"	18 141	36.46	35.6
4.	ÎM „Gospodăria Locativ – Comunală"	PI "Comrat"	93 220	0.001	32.83
5.	S.A. "CAAN"	PI "CAAN"	30 385	8.7	15.5

4.7. Based on the information presented in Table 15, the contribution of 3 State aid beneficiaries is below the 25% limit set in the Regulation on State aid for regional development. Similarly, other shortcomings in the implementation of the State aid approval decisions have been identified and will be analysed in cooperation with the Ministry of Economy.

Assistance credit offered to the Government of the Republic of Moldova by the Government of the Republic of Poland for the implementation of projects in the field of agriculture, food processing, including related infrastructure and others (Decision of the Plenary of the Competition Council No. ASO-4 of 23.02.2017)

4.8. The Office for the Management of External Assistance Programmes informed about the continuation in 2021 of funding for the selected project beneficiaries BC "Victoriabank" SA and S.R.L. "Euroforța". The loans

granted to them were used in accordance with the Operational Manual of the Programme, which was confirmed by the documents submitted by the provider.

Support measure granted by the Executive Committee of Gagauzia - Î.M., „Vitapharm-Com” S.R.L. (Decisions of the Plenary of the Competition Council No. ASR-15/18-55 of 05.07.2018 and No. ASR-35 of 23.05.2019)

4.9. With reference to the support measures granted to the Î.M. „Vitapharm-Com” S.R.L., it was found that the maximum allowable intensity for State aid for regional development, under the conditions of cumulation of State aid to the same beneficiary, was not exceeded.

4.10. Therewith, the works on the reconstruction of the production base, purchase of technical equipment for pharmaceutical production of Î.M. „Vitapharm-Com” S.R.L, according to the standards of the Guidelines on Good Manufacturing Practice (GMP) of medicines, have been completed about 90%.

State aid scheme "Moldova IT Park" (Decision of the Plenum of the Competition Council No. ASS-17 of 29.03.2018)

4.11. In 2021, 799 residents of the park benefited from the support measures offered through the given State aid scheme, compared to 342 residents in 2020. The volume of investments in the activity of residents reached the level of 404 million MDL, increasing by about 3.5 times compared to 2020. It should be noted that of the total volume of investments about 99.6% were made in fixed assets (investments in tangible fixed assets and investments in intangible fixed assets directly related to services stipulated in Article 8 of Law 77/2016 on Information Technology Parks, other investments in fixed assets).

4.12. By the end of 2021, the total number of employees of resident companies reached 15,176, an increase of about 26% compared to 2020 or about 56% compared to 2019. The share of employees directly involved in IT

activities reached a level of about 89% of the total number of employees in resident companies.

State aid scheme to stimulate investments for the development of post-harvesting and processing infrastructure (Decision of the Plenum of the Competition Council No. ASS-73 of 11.10.2018)

- 4.13. In 2021, 225 enterprises benefited from support measures through this State aid scheme, the total amount of subsidies being 90 515 thousand MDL. The value of investments made in the development of post-harvesting and processing infrastructure amounted to about 2 046 million MDL. As a result of investments made by enterprises, the following machinery was purchased: refrigerators created and modernized, packing houses created and modernized, fruit processing, fruit drying, grain processing and drying, primary/finished milk processing, primary/finished meat processing and primary/finished honey processing.

b) State aid for the provision of SGEI

- 4.14. The monitoring of State aid for the provision of services of general economic interest is carried out taking into account the assessment criteria of the Regulation on State aid granted to beneficiaries providing services of general economic interest, approved by the Decision of the Plenum of the Competition Council No. 11/2013 (published in the OG No. 243-247 of 01.11.2013).
- 4.15. The State aid for the provision of SGEI was granted in order to provide/improve the infrastructure for the provision of public passenger transport services, water supply, sewerage, sanitation, improvement of water quality, provision of public service broadcasting, being necessary to operate under normal conditions of continuity and safety of the services provided. State aid offered for the provision of SGEI, in particular aid directed towards the provision/improvement of infrastructure, involves lower risks of distorting the competitive environment compared to aid granted for other objectives.

4.16. For 2021, 32 decisions on the granting of support measures for the provision of SGEI were subject to monitoring. Predominantly State aid subject to monitoring was provided for the provision of water supply and sewerage services. State aid was also provided for waste disposal, public transport, provision of public service broadcasting and other public services.

4.17. It should be noted that all support measures have been reported to the Competition Council in accordance with Article 19 of the Law on State Aid.

c) State aid for employee training and job creation

4.18. The monitoring of State aid for training of employees and for the creation of new jobs shall be carried out taking into account the assessment criteria of the Regulation on State aid for training of employees and for the creation of new jobs, approved by the Decision of the Plenum of the Competition Council No. 5/2013 (published OG No. 228-232 art. 1531 of 18.10.2013).

State aid scheme for granting subsidies for employee training and for the creation of new jobs, based on the provisions of Law no.105/2018 on the promotion of employment and unemployment insurance (Decision of the Plenum of the Competition Council No. ASR-14 of 29.04.2020)

4.19. As a result of the implementation of the State aid scheme on the granting of subsidies for training of employees and for the creation of new jobs, based on the provisions of Articles 33, 34, 36, 38 and 40 of Law No.105/2018 on the promotion of employment and unemployment insurance, the following result indicators were obtained, as shown in the table below.

Table 16. Result indicators of the implementation of the State aid scheme

Ord. no.	Purpose of the support measure	Amount allocated, thousand MDL	Indicators
1.	On-the-job training in the establishment (Art. 33)	1 287	On-the-job training agreements have been concluded with 46 enterprises and 128 unemployed people have been registered. It should be noted that the number of companies with which agreements for on-the-job training have been signed has increased by about 3 times compared to 2020. In 2021, 26 graduates of the programme were placed in employment.
2.	Professional traineeship (Art. 34)	970	Agreements were concluded with 114 enterprises to train 261 unemployed people in vocational training through apprenticeships, an increase of about 3 times compared to 2020.
3.	Subsidising jobs (Art.36)	4 672	A total of 189 enterprises benefited from subsidies and 385 unemployed people were employed.
4.	Grants for the creation or adaptation of jobs for people with disabilities (Art. 38)	237	3 enterprises were helped to create or adapt jobs and employ 4 people with disabilities.
5.	Supporting local initiative projects (Art. 40)	536	12 enterprises were supported under eligible business plans, creating a total of 17 new jobs in rural areas.

4.20. In 2021, the total amount of State aid granted under Articles 33, 34, 36, 38 and 40 of Law No. 105/2018 on the promotion of employment and unemployment insurance was 7 701 thousand MDL.

d) State aid for environmental protection

4.21. The monitoring of State aid for environmental protection was conducted taking into account the assessment criteria²³ of the Regulation on State aid for environmental protection (approved by the Decision of the Plenum of the Competition Council No. 9/2013) or the Regulation on the assessment of State aid for environmental protection, approved by the Decision of the Plenum of the Competition Council No. 03/2020 (published in OG 42-50 of 12.02.2021).

²³ Having regard to the Regulation in force at the time of adoption of the authorisation decision

- 4.22. According to 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 would be the case in the absence of the aid in question and the positive effects of the aid outweigh its negative effects in terms of distortion of competition, taking into account the "polluter pays" principle.
- 4.23. For 2021, 4 State aid schemes were monitored, including 3 State aid schemes were implemented by the Energy Efficiency Agency and 1 State aid scheme was managed by the Customs Service.
- 4.24. The support measures implemented by the Energy Efficiency Agency have been targeted at energy efficiency and renewable resource use.
- 4.25. Following the implementation of the State aid scheme "Project Call for Proposals No. 1 in the field of energy efficiency and renewable energy sources" (Decision of the Plenary of the Competition Council No. ASO-43 of 09.09.2020) and "Project Call for Proposals No. 3 in the field of energy efficiency and the use of renewable energy sources addressed to applicants from the public sector" (Plenary Decision of the Competition Council No. ASO - 09 of 15.03.2016), 951 206.73 kWh/year of energy was saved and 418.23 t/year of CO₂ emissions were reduced.
- 4.26. As regards the State aid scheme "Pilot projects in the field of energy efficiency and renewable energy sources" (Decision of the Plenum of the Competition Council No. ASO-19 of 22.05.2017), administered by the Energy Efficiency Agency and the State aid scheme "Excise duty exemptions for hybrid cars" administered by the Customs Service, no deviations from the decisions authorising them have been identified in their implementation.
- 4.27. In total, during the reporting period, grants amounting to 197 751 thousand MDL were granted through the above-mentioned State aid schemes.

e) State aid for research, development and innovation

- 4.28. The monitoring of State aid for research, development and innovation is carried out taking into account the assessment criteria of the Regulation on State aid for research, development and innovation, approved by the Plenary Decision of the Competition Council No. 8/2013 (published in OG 276-280 of 29.11.2013).
- 4.29. Aid for research, development and innovation projects is considered compatible with the normal competitive environment provided that the criteria relating to the categories of research, aid intensity, eligible costs, amount of aid and form of aid are fulfilled.

Grants for innovation and technology transfer projects of economically active research and innovation organisations (Decision of the Plenary of the Competition Council No. ASO-15 of 13.05.2021). During the monitoring of this State aid scheme, it was found that 9 entities benefited from this support measure, for a total amount of 6 743 thousand MDL. The intensity of the State aid did not exceed 50% of the project value, thus complying with the conditions laid down in the authorisation decision.

f) State aid for rescuing beneficiaries in difficulty

- 4.30. The monitoring of State aid for rescuing beneficiaries is carried out in accordance with the provisions of the Regulation on aid for rescuing beneficiaries in difficulty, approved by the Decision of the Plenum of the Competition Council No. 6/2013 (published in OG No. 243-247 of 01.11.2013).

State aid granted to S.A. "Banca de Economii", B.C. "Banca Socială" S.A. and B.C. "Unibank" S.A. (Decision of the Plenum of the Competition Council No. ASER-68 of 11.12.2015)

- 4.31. In 2021, the monitoring of the implementation of the Decision of the Plenum of the Competition Council No. ASER-68 of 11.12.2015 on the recovery of State aid by the NBM and the Ministry of Finance continued.
- 4.32. According to the information submitted by the NBM, from the date of withdrawal of the license until 31.12.2021, the 3 commercial banks have

made cumulative repayments in the total amount of 2 745 697 thousand MDL, as follows. "Banca Socială" S.A. - 835 139 thousand MDL and B.C. "Unibank" S.A. - 192 621 thousand MDL. The decision is to be further monitored by the Competition Council until full recovery of the State aid by the NBM and the Ministry of Finance.

Support measure granted by the Executive Committee of Gagauzia – Î.M. "Marigold" S.R.L. (Decision of the Plenary of the Competition Council No. ASR-14/18-50 of 28.06.2018)

- 4.33. In 2021, the court confirmed the plan for the restructuring procedure of the Î.M. "Marigold" S.R.L. and ordered its implementation. Thereby, as a result of the implementation of the restructuring plan, the company started the production of new types of disinfectant products/solution.
- 4.34. The main economic and financial indicators were presented in the monitoring. According to the information provided in the declaration on the amount of de minimis aid, the Î.M. "Marigold" S.R.L. did not benefit from any other State aid for restructuring, thus complying with the provisions of point 9 of the Regulation on aid for rescuing beneficiaries in difficulty, approved by the Decision of the Plenum of the Competition Council No. 6/2013.

g) State aid for sectoral objectives

State aid granted to Î.S. "Calea Ferată din Moldova" for the purchase of locomotives and restructuring of railway infrastructure (Decision of the Plenum of the Competition Council No. ASS-44 of 02.07.2015)

- 4.35. In 2021, the amount of State aid granted to the Î.S. "Calea Ferată din Moldova" was 15 264 thousand MDL. The authorised support measure is to be implemented over a longer period.

State aid granted to the State Enterprise Periodical Publication - Newspaper "БЕСИИ ГАГАУЗИИ" (Decision of the Plenum of the Competition Council No. ASO-96 of 19.12.2019)

- 4.36. In 2021, the State Enterprise Periodical Publication - Newspaper "БЕСИИ ГАГАУЗИИ" received State aid in the amount of 1 052 thousand MDL. The support measure was directed to publishing the official newsletter "Ekspres-Kanon", 150 issues of magazines were published.

State aid scheme for financing the production of films of all genres, the development of film projects, the distribution of films, the participation of local films and filmmakers from the Republic of Moldova in international festivals, the organization of film festivals and events in the Republic of Moldova (Decision of the Plenum of the Competition Council No. ASS-01 of 18.01.2019)

- 4.37. The support measure under review contributes to the implementation of the Action Plan on the implementation of the Culture 2020 Strategy for the development of culture. The State's share in the financing of the film production is up to 50% of the film's production budget.

- 4.38. Seventeen enterprises benefited from this support measure, for a total amount of 7 526 thousand MDL.

State aid scheme for granting subsidies to state theatres, circuses and concert organisations (Decision of the Plenary of the Competition Council No. ASS-100 of 19.12.2019)

- 4.39. The subsidies provided for in the monitored State aid scheme are intended for theatres, concert organisations and circuses to cover wage costs, social security contributions and medical expenses. In 2021, 16 entities benefited from the support measure, for a total amount of 104 167 thousand MDL. Approximately 60% of the reported amount of State aid was directed to theatres.

State aid scheme for the financing of state periodicals for pre-school and school-age children (Decision of the Plenary of the Competition Council No. ASR-31 of 25.06.2021)

- 4.40. In 2021, the beneficiary periodicals received disbursements from the state budget amounting to 1 615 thousand MDL. As a result, the following results were obtained: increase in the number of editions (issues) by 3.2% compared to 2020; decrease in the amount of subsidies granted to beneficiaries of State aid by 16.1% (compared to 2020); reduction in costs incurred by periodical publications in 2021 compared to 2020 by 14.9% and in publishing costs by 46.9%.
- 4.41. ***The support measures are to be monitored by the Competition Council for compliance with the provisions of the State aid regulations and the authorisation decisions. To this end, the instruments provided for by the legislation in force must be applied.***

CHAPTER V. Implementation of Automated Information System "State Aid Register"

- 5.1. To fulfil the commitment undertaken in Article 342 of the Association Agreement and the need to increase transparency in State aid operations, SIRASM was set up.
- 5.2. SIRASM is the totality of the software, hardware, IT and organisational means of data transmission systems, data use technologies, legal rules and infrastructure for the IT support of State aid notification, accounting, monitoring and reporting. The main functions of SIRASM can be divided into the following groups: entering and updating information, including providing information to third parties.
- 5.3. In 2021, the implementation of the new version of SIRASM, updated with the support of the World Bank, continued with the aim of streamlining the notification and reporting process of state and de minimis aid as: Online submission of State aid notifications, reporting of state and de minimis aid; submission of de minimis aid schemes by providers; record keeping of de minimis aid granted; online communication between the Competition Council and providers; systematization of information on state and de minimis aid granted according to different criteria; presentation of information/generation of statistical reports based on criteria in different modalities on aid granted (table, graphs) etc. Another advantage is the interoperability with other databases (e.g. LPAs Register, Business Register, etc.).



Figure 11. SIRASM interface

5.4. During the reporting year 160 State aid users were granted access, so that in 2021- 1 330 State aid users were connected to the Automated Information System "State Aid Register" system (Figure 12).

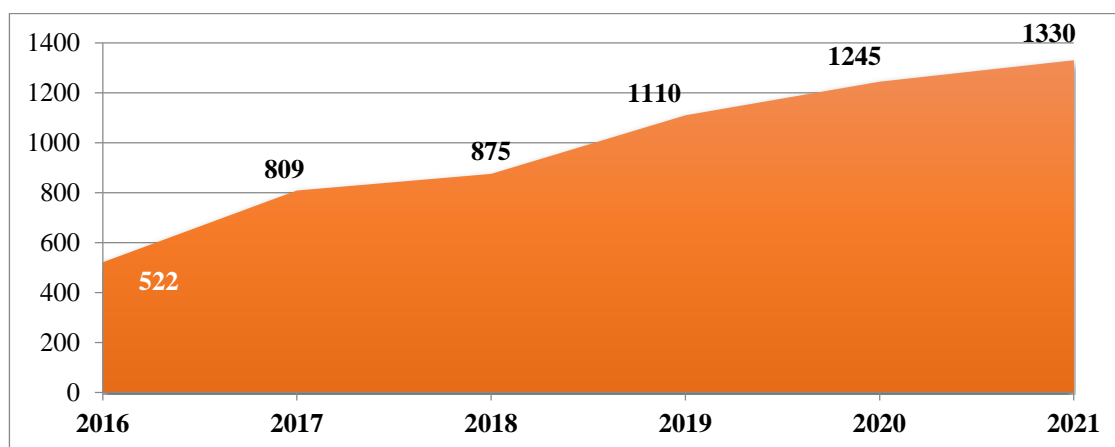


Figure 12. Providers using SIRASM

5.5. As in previous years, in 2021, all State aid and de minimis providers reported support measures via the online system.

5.6. The increasing trend in the number of public authorities using SIRASM has been driven, inter alia, by actions to promote a competition culture in the field of State aid through the organisation of online consultations and meetings with providers. This contributes to transparency in the process of collecting and analysing data on State aid and de minimis aid granted.

5.7. The effective implementation of SIRASM in the State aid notification and reporting process by State aid providers will continue to contribute to: a) providing State aid providers with access data and ongoing information support to use SIRASM effectively; b) promoting the use of SIRASM by State aid providers in the State aid notification and reporting process to streamline the State aid implementation process; c) updating the information in the State aid Register in a timely manner.

GUIDELINES FOR IMPROVING COMPETITION POLICY IN THE STATE AID FIELD

With reference to the evolution of State aid reported for 2021 and taking into account the commitments undertaken by the Republic of Moldova through the Association Agreement, the priority directions for the next period will be:

- alignment of existing State aid schemes established under the Law of the Republic of Moldova on Free Economic Zones No. 440/2001
- drafting and amending existing legislation in line with the EU State aid acquis. In this respect, it is noted that EU State aid legislation is amended every few years. Thereby, to fulfil the commitments undertaken in the Association Agreement, the Competition Council will harmonise the legislation with the new provisions of the EU legislation in this field
- promoting a competition culture in the State aid area, both within public authorities and society as a whole

Granting State aid in accordance with the provisions of State aid law will contribute to correcting market failures, increasing the competitiveness of enterprises and creating a normal competitive environment.

TECHNICAL ANNEXE

The technical annexe provides general information on the scope of the report, how State aid and de minimis aid are classified by objectives, categories and forms, methods of assessing State aid, and the sources of the data that were used.

This information has been grouped by Chapter:

- I. 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 collection and methods of assessing the aid element

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

The report on State aid granted in the Republic of Moldova was prepared based on the "State Aid Register", drawn up according to the reports submitted by State aid providers, in accordance with Government Decision No. 1112/2016 approving the Regulation on the method of keeping the State Aid Register.

The reported State aid and de minimis aid covered by this report falls under:

- Law on State Aid
- Government Decision No. 1112/2016 approving the Regulation on the procedure for keeping the State Aid Register
- Regulation on de minimis aid, approved by the Decision of the Plenum of the Competition Council No. 01 of 06.08.2020
- Regulation on the State Aid Register, approved by the Decision of the Plenary of the Competition Council No. 3 of 30.08.2013

II. Objectives of State aid and de minimis aid

The targeting of State aid (both allocations under aid schemes and individual aid) was carried out in line with the primary objective of granting the aid.

III. Sources of data collection and methods of assessing the aid element

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

The average annual exchange rate used for leu/euro was taken from the official website of the NBM.

For the presentation of information on State aid and de minimis aid granted during the reference period, the regulatory documents containing State aid schemes and/or individual aid and de minimis aid schemes and/or individual de minimis aid reported by providers were used.

The reports were requested in standard form, in accordance with Annexe 1 and Annexe 2 to the Regulation on the procedure for keeping the State Aid Register, approved by Government Decision No. 1112/2016, and included the following elements:

- Title of aid
- Legal basis
- Aid number (*for State aid reporting*)
- Category of aid (*for State aid reporting*)
- Period during which State aid is granted under this measure (*for State aid reporting*)
- Date on which the aid ceased to be granted (*for the minimis aid reporting*)
- Objectives for which State aid/de minimis aid is granted
- Region
- Origin of aid
- Form of granting State aid/de minimis aid
- Description of the form of State aid/de minimis aid granted
- Type of State aid/de minimis aid
- Conditions for granting
- Beneficiaries and amount of State aid/de minimis aid
- Data relating to the determination of the amount of State aid/de minimis aid

- Remarks (*for State aid reporting*)
- Other information and comments (*for the minimis aid reporting*)
- Statement (*for the minimis aid reporting*)

Information from the official NBS and NBM websites:

- gross domestic product
- population size
- average annual leu/euro exchange rate

Methods of assessing the aid element

The amount of State aid was determined in accordance with the provisions of the legal documents establishing a State aid scheme/minimum aid scheme or granting individual aid, while taking into account the secondary legislation, i.e. the Regulation on the form of notification, procedure for examination and adoption of decisions on State aid (approved by the Decision of the Plenum of the Competition Council No. 1 of 30.08.2013).

**LIST OF LEGAL DOCUMENTS BASED ON WHICH REPORTED
STATE AID WAS GRANTED UNDER THE GENERAL FRAMEWORK
FOR 2021**

1. Tax Code No. 1163/1997, Art. (4), para. (18); Government Decision No. 182/2013 on the approval of the list of organizations and enterprises of the blind, deaf and disabled societies, exempt from paying to the budget the VAT on goods produced and services rendered.
2. Tax Code No. 1163/1997, Art. 49, letter a); Law No. 440/2001 on Free Economic Zones.
3. Tax Code No. 1163/1997, Art. 49, letter b); Law No. 440/2001 on Free Economic Zones.
4. Tax Code No. 1163/1997, Art. 49, letter c); Law No. 440/2001 on Free Economic Zones.
5. Tax Code No. 1163/1997, Art. 49, letter d); Law No. 440/2001 on Free Economic Zones.
6. Tax Code No. 1163/1997, Art.53¹.
7. Tax Code No. 1163/1997, Art.53³.
8. Tax Code No. 1163/1997, Art.103, para.(1), pt.10); Law No. 1380/1997 on Customs Tariff, Art. 28 letter z¹); Government Decision No. 1165/2016 approving the lists of medicinal raw materials, materials, articles, primary and secondary packaging used in the preparation and production of medicinal products.
9. Tax Code No. 1163/1997, Art.103, para.(1), pt.26); Law No.1380/1997 on Customs Tariff, Art.28, letter o) and point 2 of the Note to Annexe No.2; Law No.11/2013 on Import of Sports Equipment; Law No.100/2012 on Import of Sports Machinery, Inventory and Equipment; Law No.210/2012 on Import of Sports Equipment; Law No.119/2011 on Import of Certain Goods.

10. Tax Code No. 1163/1997, Art.103, para.(1), pt.32); Law No. 1380/1997 on Customs Tariff, Art. 28 letter y¹).
11. Tax Code No. 1163/1997; Law No. 258/2020 on the State Budget for 2021.
12. Tax Code No. 1163/1997, Art.124, para. (15); Government Decision No. 18/2021 on setting the amount of undenatured ethyl alcohol for pharmaceutical production and use in medicine for 2021.
13. Tax Code No. 1163/1997, Art. 124, para. (16); Government Decision No. 1574/2002 for determining the annual volume of undenatured ethyl alcohol for use in the perfume and cosmetics industry.
14. Tax Code No. 1163/1997, Art.124, para.(18).
15. Tax Code No. 1163/1997; Law No. 77/2016 on Information Technology Parks.
16. Customs Code No. 1149/2000, Art.126, alin.(3²); Law No. 1417/1997 on the implementation of Title III of the Tax Code, Art.(20³); Law No. 1380/1997 on Customs Tariff, Art.28¹, para.(1); Government Decision No. 146/2014 approving the Regulation on the procedure for extending the period for payment of value added tax and customs duty, for the period of the production cycle, but not more than 180 days, on imported raw materials, materials, accessories, primary packaging and supplementary items.
17. Code on Science and Innovation No. 259/2004; Government Decision No. 382/2019 on the approval of the Methodology for funding projects in the fields of research and innovation; Government Decision No. 381/2019 on the approval of the National Programme in the fields of research and innovation for 2020-2023 and the Action Plan for its implementation; Government Decision No. 196/2018 on the organization and functioning of the National Agency for Research and Development; Government Decision No.809/2015 on the approval of the Partnership Agreement between the Government and the Academy of Sciences of Moldova for 2015.
18. Law No. 1380/1997 on Customs Tariff, Article 28, letter l).

19. Press Law No. 243/1994; Law No. 258/2020 on State Budget for 2021.
20. Law No. 1421/2002 on Theatres, Circuses and Concert Organisations.
21. Law No. 116/2014 on Cinema.
22. Law No. 276/2017 on the principles of subsidy in the development of agriculture and the rural environment, Art. 24-26; Government Decision No. 455/2017 on the method of distribution of the National Fund for the Development of Agriculture and the Rural Environment, pts.57-67.
23. Law No. 104/2020 on State and Mobilization Reserves; Government Decision No.48/2021 on the release of food wheat from State reserves for replenishment with time lag or on loan.
24. Law No. 258/2020 on the state budget for 2021; Law No. 188/2021 on the amendment of Law No. 258/2020 on the state budget for 2021; Law No. 60/2020 on the establishment of some measures to support entrepreneurial activity and amendment of some regulatory documents; Government Decision No. 49/2021 on the approval of the Regulation on the subsidization of jobs; Order of the Ministry of Finance No.66/2020 on the approval of the Regulation on the method of subsidizing interest on bank and/or non-bank loans contracted in the period from 1 May 2020 to 31 December 2020.
25. Law No. 1308/1997 on the normative price and the way of sale-purchase of land; Government Decision No.1428/2008 approving the Regulation on the sale-purchase and lease/rental of related land.
26. Law No. 1515/1993 on environmental protection, Art. 85.
27. Law No. 182/2010 on industrial parks, art. 12; Government Decision No.440/2011 on granting the title of industrial park to the Joint Stock Company "Tracom".
28. Law No. 105/2018 on the promotion of employment and unemployment insurance; Government Decision No. 1276/2018 approving the procedures for access to employment measures; Implementation Agreement No.

- 40323207 of 02.01.2021 between the International Labour Organization and the National Employment Agency.
29. Law No. 22/2015 on the ratification of the Loan Agreement between the Republic of Moldova and the European Bank for Reconstruction and Development for the implementation of the Locomotive Procurement and Railway Infrastructure Restructuring Project.
30. Law No. 10/2016 on the promotion of the use of energy from renewable sources; Government Decision No. 45/2019 on the organization and functioning of the Energy Efficiency Agency.
31. Government Decision No. 439/2020 on the approval of the Programme for the support of businesses with high growth potential and their internationalisation.
32. Government Decision No. 1133/2016 on the approval of the Operations Manual on the implementation of the assistance credit provided by the Government of the Republic of Poland.
33. Government Decision No. 382/2019 on the approval of the Methodology for financing projects in the fields of research and innovation; Government Decision No. 381/2019 on the approval of the National Programme in the fields of research and innovation for 2020-2023 and the Action Plan for its implementation; Government Decision No. 53/2020 on the approval of the Methodology for institutional financing of public law organizations in the fields of research and innovation; Provision 105-d of 25.02.2021 on the distribution of financial means for institutional strengthening projects in the field of research and innovation for 2021
34. Law no. 61/2020 on the budget of ATU Gagauzia for 2021; Law no. 48/2019 on the budget of ATU Gagauzia for 2020; Law no. 32/2018 on the budget of ATU Gagauzia for 2019; Decision of the Presidium of the People's Assembly of Gagauzia no. 23-XX/II of 26.09.2000 on the publication of the supplement to the newspaper "ВЕСТИ ГАГАУЗИИ" - "Bulletin of Official Documents of Gagauzia".

35. Decision of the Chisinau Municipal Council no. 65/13 of 01.02.2007 on the approval of inventory deeds of real estate public property of Chisinau Municipality and of the State.
36. Decision of the Chisinau Municipal Council no.8/3 of 07.10.2021 on the acceptance of the donation from the City of Vienna, Austria; Decision of the Chisinau Municipal Council no. 25/4 of 29.12.2020 on the approval of the Chisinau Municipal Budget for 2021, in the second reading.
37. Decision of the Edinet City Council no.19/20 of 23.08.2013 on the creation of the Edinet Industrial Park.
38. Land lease agreement no. 166 of 15.12.2014 of City Hall of Comrat Municipality

AMOUNT OF STATE AID REPORTED BY OBJECTIVES AND FORMS OF GRANTING

(thousand MDL)

Objective	2019						2020							2021								
	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees on preferential terms	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Grants and/or subsidies	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Waiver of revenues from state resources or resources of administrative-territorial units granted preferentially	Granting of loans at preferential interest rates	Granting of guarantees on preferential terms	Provider investments, if the rate of return on these investments is lower than the normal rate expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Grants and/or subsidies	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Waiver of revenues from state resources or resources of administrative-territorial units granted preferentially	Granting of loans at preferential interest rates	Providing guarantees on preferential terms	Provider investments, if the rate of return on these investments is lower than the normal rate expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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	36916	76347	59037	5	0	10599	46699	10627	45340	0	0	0	7807	15311	28588	10247	197631	0	0	0	13570	9698
Research and development and innovation	0	76348	0	0	0	340	0	10627	0	0	0	0	0	0	0	10247	0	0	0	0	0	0
Environmental protection	8777	0	35502	0	0	4424	15353	0	23235	0	0	0	7807	4676	12568	0	189885	0	0	0	13570	4676
Supporting SMEs	0	0	0	5	0	5835	0	0	0	0	0	0	0	10635	380	0	0	0	0	0	0	5022
Training of employees and job creation	28139	0	23535	0	0	0	30817	0	22104	0	0	0	0	0	15640	0	7746	0	0	0	0	0
Sectoral aid by sector of the national economy	21418	0	110705	2541	0	1593	6020	0	259053	0	3632	0	0	1684	8520	0	304919	0	21834	0	0	58
State aid for regional development	234635	0	265652	146	16	3224	157189	0	300147	0	146	0	0	3224	90515	0	487488	0	113	0	0	1172
Promotion of culture and preservation of cultural heritage	154960	0	0	0	0	0	177142	0	0	0	0	0	0	0	200335	0	0	0	0	0	0	0
Aid intended to make good damage caused by natural disasters or exceptional occurrences	178	0	0	0	0	0	1209	0	0	0	0	0	22	0	8696	0	0	0	0	0	0	0

Objective	2019						2020						2021									
	Subsidies and/or grants	Budgetary allocations	Exemptions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees on preferential terms	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Grants and/or subsidies	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Waiver of revenues from state resources or administrative-territorial units granted preferentially	Granting of loans at preferential interest rates	Granting of guarantees on preferential terms	Provider investments, if the rate of return on these investments is lower than the normal rate expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Grants and/or subsidies	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Waiver of revenues from state resources or administrative-territorial units granted preferentially	Granting of loans at preferential interest rates	Providing guarantees on preferential terms	Provider investments, if the rate of return on these investments is lower than the normal rate expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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
TOTAL	448106	76348	435394	2692	16	15416	387729	10627	604539	0	3777	0	7828	20219	336654	10247	990038	0	21946	0	13570	10928

AMOUNT OF STATE AID REPORTED BY FORMS OF GRANTING AND PROVIDERS

(thousand MDL)

State aid providers	2019						2020								2021							
	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is lower than would normally be expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of preferential interest rate loans	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is less than that normally expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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
AIPA	233386	0	0	0	0	0	157189	0	0	0	0	0	0	0	90515	0	0	0	0	0	0	0
Investment Agency	13727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National Employment Agency	284	0	0	0	0	0	2525	0	0	0	0	0	0	0	8137	0	0	0	0	0	0	0
National Agency for Research and Development*	0	7670	0	0	0	0	0	5512	0	0	0	0	0	0	0	6743	0	0	0	0	0	0
Public Property Agency	0	0	0	0	0	5835	0	0	0	0	0	0	0	10635	0	0	0	0	0	0	0	5022
Civil Aviation Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Efficiency Agency*	10475	0	0	0	0	0	8599	0	0	0	0	0	0	0	8621	0	0	0	0	0	0	0
Material Reserves Agency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6569	0	0	0
Ministry of Agriculture, Regional Development	355	0	0	0	0	0	7940	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

State aid providers	2019						2020							2021								
	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is lower than would normally be expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of preferential interest rate loans	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is less than that normally expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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
Environment and * (until 31.08.2021)																						
Ministry of Environment * (01.09.2021-31.12.2021)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13399	0	0	0	0	0	0	0
Ministry of Economy and Infrastructure *	0	0	0	0	0	1125	0	0	0	0	0	0	0	1125	0	0	0	0	0	0	0	1125
Ministry of Education, Culture and Research* (until 31.08.2021)	161657	25944	0	0	0	0	182168	0	0	0	0	0	0	0	105080	0	0	0	0	0	0	0
Ministry of Culture (01.09.2021-31.12.2021)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	102781	0	0	0	0	0	0	0
Ministry of Finance	21240	0	0	2541	0	0	21240	0	0	0	3632	0	0	0	0	0	0	0	15264	0	0	0
Ministry of Health, Labour and Social Protection* (until 31.08.2021)	6615	42734	0	0	0	0	7052	5115	0	0	0	0	0	0	6601	3504	0	0	0	0	0	0
Ministry of Labour and Social Protection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	901	0	0	0	0	0	0	0

State aid providers	2019						2020								2021							
	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is lower than would normally be expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of preferential interest rate loans	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is less than that normally expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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
(01.09.2021-31.12.2021)																						
External Assistance Programme Management Office*	0	0	0	151	0	0	0	0	0	0	146	0	0	0	0	0	0	0	113	0	0	0
ODIMM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	380	0	0	0	0	0	0	0
State Tax Service	0	0	317739	0	0	0	0	0	498309	0	0	0	0	0	0	0	639507	0	0	0	0	0
Customs Service	0	0	117655	0	0	0	0	0	106230	0	0	0	0	0	0	0	350531	0	0	0	0	0
Chisinau Municipal Council	0	0	0	0	0	6323	0	0	0	0	0	0	7807	6324	0	0	0	0	0	0	13570	4676
City Hall of Balti Municipality	0	0	0	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gagauzia Executive Committee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gagauzia General Directorate of Finance	994	0	0	0	0	0	994	0	0	0	0	0	0	0	994	0	0	0	0	0	0	0
Gagauzia Economic Development Directorate	1249	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Hall of Comrat Municipality	0	0	0	0	0	42	0	0	0	0	0	0	0	44	0	0	0	0	0	0	0	65
City Hall of Edinet Municipality	0	0	0	0	0	39	0	0	0	0	0	0	0	39	0	0	0	0	0	0	0	39
City Hall of Straseni	0	0	0	0	0	0	0	0	0	0	0	0	22	0	0	0	0	0	0	0	0	0

State aid providers	2019						2020							2021								
	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of loans at preferential interest rates	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is lower than would normally be expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below market price	Subsidies and/or grants	Budgetary allocations	Exemptions, reductions, deferrals or instalments of taxes, duties and other compulsory payments	Forgoing income from state resources or resources of administrative or territorial units	Granting of preferential interest rate loans	Granting of guarantees under preferential terms and conditions	Provider investments if the rate of return on these investments is less than that normally expected by a prudent private investor	Price reductions on goods and services provided, including the sale of movable and immovable property below 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
Municipality																						
City Hall of Orhei Municipality	0	0	0	0	0	2052	0	0	0	0	0	0	0	2052	0	0	0	0	0	0	0	0
TOTAL	448106	76348	435394	2692	16	15416	387729	10627	604539	0	3777	0	7828	20219	336654	10247	990038	0	21946	0	13570	10928