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**PUBLIC VERSION**

**WORKING LANGUAGE**

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**Subject: State aid No N 542/2007 – Romania  
Financing R&D&I projects in line with the National Plan for Research  
Development and Innovation II**

Dear Sir/Madam,

## **1. PROCEDURE**

- (1) By letter of 21 September 2007, registered at the Commission on the same day, the Romanian authorities notified, according to Article 88(3) of the EC Treaty, the above mentioned aid scheme. The measure was notified on the basis of the Community Framework for State aid for research and development and innovation<sup>1</sup> (hereinafter: Framework).
- (2) As the information received was not sufficient to assess the aid scheme's compatibility with the common market, the Commission considered the notification to be incomplete; therefore by letter of 19 October 2007 the Commission asked Romania for supplementary information. The Romanian authorities responded by letter of 26 October 2007, registered at the Commission on the same day.

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<sup>1</sup> OJ C 323, 30.12.2006, page 1

Domnul Adrian Mihai CIOROIANU  
Ministru al Afacerilor Externe  
Aleea Alexandru 31  
RO - 011822-BUCUREȘTI

## 2. DESCRIPTION OF THE AID SCHEME

### 2.1. Objectives of the Aid Scheme

- (3) The general objectives of the scheme are i) to create knowledge, to achieve high scientific and technological results, competitive at global level, in order to increase the international visibility of the Romanian research and to apply the results into socio-economic practice; ii) to increase the Romanian economic competitiveness through innovation, with impact upon undertakings and to apply the knowledge in the economy; iii) to increase social quality, to find technical and scientific solutions for supporting social development and increasing human conditions.
- (4) The measure consists of two sub-measures, namely Partnerships and Innovation, which are programmes of the National Plan for Research Development and Innovation II. The Partnerships programme is implemented through the so-called Complex projects, whereas the Innovation programme is implemented through the so-called Oriented R&D&I projects.
- (5) The objective of the Partnerships programme (Complex projects) is to increase the R&D competitiveness by stimulating partnerships in the main science and technology domains resulting in innovative technologies, products and services in order to solve complex problems and to create implementation mechanisms.
- (6) The objective of the Innovation programme (Oriented R&D&I projects) is to increase the innovation capacity and the capacity for technological development and assimilation of research results in production in order to increase the competitiveness of the economy and to improve the quality of life.

### 2.2. Legal basis

- (7) The legal basis of the measure is:
- *Government Decision for approving the state-aid scheme "Financing R&D&I projects in line with the National Plan for Research Development and Innovation II"*

### 2.3. Budget and duration

- (8) The overall aid amount is app. EUR 1 444 million (RON 4 825 million) for 2007-2013 and the planned annual distribution of the aid (in million EUR) is app. the following:

	2007	2008	2009	2010	2011	2012	2013	Total
<b>Partnerships</b> (Complex projects)	29	125	201	210	84	97	93	838
<b>Innovation</b> (Oriented R&D&I projects)	21	91	147	154	61	66	66	606
<b>Total</b>	50	216	348	364	145	163	159	<b>1444</b>

- (9) The maximum grant value of a project is EUR 2 million.
- (10) The duration of the scheme is 7 years from the date of approval by the Commission to 31 December 2013.

#### **2.4. Beneficiaries**

- (11) The measure is not sector specific and it covers all regions of Romania. The beneficiaries are legal entities with research and/or development in their fields of activity. Firms in difficulty according to the Community Guidelines on State aid for rescuing and restructuring firms in difficulty<sup>2</sup> are excluded.

##### *2.4.1. Enterprises*

- (12) The beneficiaries of the measure are all kind of enterprises. Large enterprises, as well as SMEs falling within the Community SME-definition<sup>3</sup> may apply for aid under the scheme, and their foreseen number is between 500 and 1000. The beneficiaries may be R&D units organized as enterprises, enterprises and their components, certified private higher-education establishments and their components, NGOs; furthermore public institutes, R&D centres and international R&D centres.

##### *2.4.2. Research organisations*

- (13) Beneficiaries may also be research organizations, however if the economic and non-economic activities are not separated in their accounting systems, the research organization will qualify as an undertaking. The separation of economic and non-economic activities in the accounting system will become compulsory for research organisations by the end of 2008. Thereafter the two kinds of activities and their costs and funding must be separated in order to avoid cross-subsidisation of the economic activities.
- (14) In case of the Complex projects the participation of beneficiaries may be individual or in effective collaboration between undertakings and at least one research organisation. Whereas for the Oriented R&D&I projects the participation may be individual or in collaboration with other undertakings.

#### **2.5. Conditions of collaborative projects between undertakings and public research organisations**

- (15) For collaboration in case of the Complex projects at least one partner has to be a research organization, and it has to bear at least 10% of the eligible project costs. The intellectual property rights on the project results are distributed to the partners according to the Partnership Agreement, and it shall respect in principle the contribution of each partner in order to obtain the results.
- (16) Research organisations are not involved in collaboration projects as partner in case of Oriented R&D&I projects. The results of R&D&I belong to the aided undertakings, which bear the project costs. This means that in case activities are carried out by any research organization, they shall be financed entirely by the undertakings.

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<sup>2</sup> OJ C 244, 1.10.2004, p. 2.

<sup>3</sup> OJ L 124, 20.05.2003, p. 36.

## **2.6. Aid instrument**

- (17) The aid is awarded in the form of non-repayable grants in several instalments.

## **2.7. Granting authority**

- (18) Aid is granted by the Ministry of Education Research and Youth – National Authority for Scientific Research; 21-25 Mendeleev Street, Bucharest 010362, Romania.

## **2.8. Activities to receive public financing**

- (19) The Complex projects foresee the support of the following: fundamental research, industrial research, and experimental development, activities for obtaining and protecting industrial property rights, and technical feasibility studies.
- (20) The Oriented R&D&I projects foresee the support of the following: fundamental research, industrial research, experimental development, activities for obtaining and protecting industrial property rights, technical feasibility studies, process and organisational innovation in services, and procurement of support and advisory services for innovation.

### *2.8.1. Aid intensities of the supported activities*

#### 2.8.1.1. R&D projects

- (21) The definitions of the R&D categories are as follows:
- fundamental research means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct practical application or use in view;
  - industrial research means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components of complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes as covered by experimental development;
  - experimental development means the acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services. These may also include, for example, other activities aiming at the conceptual definition, planning and documentation of new products, processes and services. The activities may comprise producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use. The development of commercially usable prototypes and pilot projects is also included where the prototype is necessarily the final commercial product and where it is too expensive to produce for it to be used only for demonstration and validation purposes. In case of a subsequent commercial use of demonstration or pilot projects, any revenue generated from such use must be deducted from the eligible costs. The experimental production and testing of products, processes

and services are also eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially. Experimental development does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

- (22) The basic aid intensities of the R&D activities, as percentage of eligible costs, are the following: 100% for fundamental research, 50% for industrial research and 25% for experimental development.
- (23) For industrial research and experimental development, the basic aid intensities are increased by 10% for medium enterprises, and by 20% for small enterprises.
- (24) For industrial research and experimental development, a bonus of 15% may be added to the basic aid intensities, up to a maximum intensity of 80% for industrial research, and of 60% for experimental development, if:
- a) the project involves effective collaboration between at least two undertakings which are independent of each other and the following conditions are fulfilled:
    - no single undertaking bears more than 70% of the eligible costs of the collaboration project;
    - the project involves collaboration with at least one SME or is cross-border, that is to say, the R&D activities are carried out in at least 2 different Member States.
  - b) the project involves effective collaboration between an undertaking and a research organisation, particularly in the context of co-ordination of national R&D policies, and the following conditions are fulfilled:
    - the research organization bears at least 10% of the eligible project costs;
    - the research organizations have the right to publish the results of the research project insofar as they stem from research implemented by the organization.
  - c) only in case of industrial research, if the results of the project are widely disseminated through technical and scientific conferences or published in scientific or technical journals or in open access repositories (databases where raw research data can be accessed by anyone), or through free or open source software.
- (25) In line with the above said in point 2.5, for the Complex projects the conditions under b) or c) must be verified, whereas for the Oriented R&D&I projects the conditions under a) or c) must be verified before awarding the 15% bonus.
- (26) In case of collaboration between an undertaking and a research organisation, the maximum aid intensities and bonuses do not apply to the research organisation. However the combined aid that derives from direct state aid for a specific research project and, in case they constitute state aid, contributions from research organisations to that project may not exceed the applicable aid intensities for each benefiting undertaking.

#### 2.8.1.2. Technical feasibility studies

- (27) The aid intensities may not exceed for large undertakings 65% for studies preparatory to industrial research activities and 40% for studies preparatory to experimental development activities.
- (28) The aid intensities may not exceed for SMEs 75% for studies preparatory to industrial research activities and 50% for studies preparatory to experimental development activities.

#### 2.8.1.3. Industrial property rights costs for SMEs

- (29) The aid intensities may not exceed the same level of aid as would have qualified as R&D aid in respect of the research activities which first led to the industrial property rights concerned, i.e. 100% for fundamental research, 50% for industrial research and 25% for experimental development.

#### 2.8.1.4. Process and organisational innovation in services

- (30) The maximum aid intensity is 15% for large enterprises, 25% for medium enterprises and 35% for small enterprises.
- (31) Large enterprises are only eligible for process and organizational innovation in services if they collaborate with SMEs in the aided activity, whereby the collaborating SMEs must incur at least 30% of the total eligible costs.

#### 2.8.1.5. Support and advisory services for innovation

- (32) The aid may not exceed a maximum of EUR 200 000 per beneficiary within any three year period.
- (33) If the service provider does not benefit from a Romanian<sup>4</sup> or European certification the aid may not cover more than 75% of the eligible costs.

### 2.8.2. *Eligible costs of the supported activities*

#### 2.8.2.1. R&D projects

- (34) Within activities of fundamental research, industrial research, and experimental development the following costs shall be eligible:
- personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
  - costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, are considered as eligible;
  - costs for building and land, to the extent and for the duration used for the research project. With regard to buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of

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<sup>4</sup> The Romanian authorities will make use of the different organizations available in Romania that offer institutional quality certifications for any company or institution.

good accounting practice are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;

- cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
- additional overheads incurred directly as a result of the research project;
- other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity fulfilled.

#### 2.8.2.2. Technical feasibility studies

(35) The study costs preparatory to industrial research or experimental development activities are eligible.

#### 2.8.2.3. Industrial property rights costs for SMEs

(36) For industrial property rights of SMEs the eligible costs are:

- all costs preceding the grant of the right in the first legal jurisdiction, including costs relating to the preparation, filing and prosecution of the application as well as costs incurred in renewing the application before the right has been granted;
- translation and other costs incurred in order to obtain the granting or validation of the right in other legal jurisdictions;
- costs incurred in defending the validity of the right during the official prosecution of the application and possible opposition proceedings, even if such costs occur after the right is granted.

#### 2.8.2.4. Process and organisational innovation in services

(37) Eligible costs for process and organizational innovation in services are the same as for R&D projects; in case of organizational innovation, however, costs of instruments and equipments cover costs of ICT instruments and equipment only.

#### 2.8.2.5. Support and advisory services for innovation

(38) For innovation advisory services and for innovation support services the following costs shall be eligible:

- as regards innovation advisory services: management consulting; technological assistance; technology transfer services; training; consultancy for acquisition, protection and trade in Intellectual Property Rights and for licensing agreements; consultancy on the use of standards;
- as regards innovation support services: office space; data banks; technical libraries; market research; use of laboratory; quality labeling, testing and certification.

### 2.8.3. *Additional eligibility criteria*

#### 2.8.3.1. R&D projects

- (39) In case of Complex projects the results of a collaboration project must be widely disseminated through conferences, publication, etc., or according to the Partnership Agreement the partners use them, and respect in principle the contribution of each partner.
- (40) In case of Oriented R&D&I projects the results of the projects belong entirely to the aided undertakings.

#### 2.8.3.2. Industrial property rights costs for SMEs

- (41) In case of protection of industrial property rights for SMEs it must be checked whether the potential beneficiary is a small or medium enterprise.

#### 2.8.3.3. Process and organisational innovation in services

- (42) In case of process and organizational innovation in services the following must be checked:
- the organisational innovation must be exclusively related to the use and exploitation of Information and Communication Technologies to change the organization;
  - the innovation is formulated as a project with an identified and qualified project manager, as well as identified project costs;
  - the result of the aided project is the development of a standard, of a business model, methodology or concept, which can be systematically reproduced, possibly certified, and possibly patented;
  - the process or organisational innovation is new or substantially improved compared to the state of the art in its industry in the Community (the novelty could be demonstrated by the beneficiary for instance on the basis of a precise description of the innovation, comparing it with state of the art process or organisational techniques used by other undertakings in the same industry);
  - the process or organisational innovation project entails a clear degree of risk (this risk is evaluated in terms of: project costs in relation to company turnover, time required to develop the new process, expected gains from the process innovation by comparison with the project costs, probability of failure);
  - the state aid is not requested for routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress.

#### 2.8.3.4. Support and advisory services for innovation

- (43) In case of procurement of innovation support services and innovation advisory services the following must be verified:
- the potential beneficiary is a small or medium enterprise;

- the aid does not exceed a maximum of EUR 200,000 per beneficiary within any three year period and it is not cumulated with de minimis aid for the same type of costs.
- (44) The contract between the programme manager and the beneficiary for awarding the aid will mention whether the service provider benefits from a Romanian or European certification. As said under point 2.8.1.5, if the service provider does not benefit from such a certification, the aid may not cover more than 75% of the eligible costs.
- (45) The beneficiary must buy the services at market price.

## **2.9. Incentive effect**

- (46) According to the aid scheme, for measures, including R&D project aid and feasibility studies for large undertakings and SMEs where the aid amount is above EUR 7.5 million for a project per SME, and aid for process or organizational innovation in services, the incentive effect must be examined by the financing authorities before awarding the grant. The evaluation of the incentive effect will be based on quantitative indicators like: increase of private expenditure on RDI, number of jobs maintained/created in RDI, increase of number of patents, increase of number of scientific publications, increase of participation to international projects, increase of number of new/improved products, processes, and services, etc.
- (47) Romania has committed itself to grant individual aid under the approved aid scheme only after it has verified that an incentive effect is present and to submit annual reports on the implementation of the aid scheme. In the annual reports, Romania will demonstrate how it has assessed the incentive effect of the aid before granting the aid through the use of the quantitative and qualitative indicators.

## **2.10. Cumulation of aid**

- (48) According to the aid scheme, the maximum aid intensities allowed by the scheme apply in all cases no matter the source of the public funds involved, except in the specific and limited context of the conditions established for Community funding under the RTD Framework Programmes, adopted in accordance with Title XVIII of the EC Treaty or Title II of the Euratom Treaty.
- (49) Aid is awarded through the scheme only for projects that are not and have not been financed before from other public funds, including de minimis aid, for the same eligible costs.

## **2.11. Further commitments**

- (50) The Romanian authorities have confirmed to submit the annual reports in compliance with the requirements of the Framework.
- (51) The Romanian authorities will publish the full text of the aid scheme on this website: [www.mct.ro](http://www.mct.ro).

- (52) The Romanian authorities undertook to maintain detailed records regarding the granting of aid under the scheme for 10 years.

### **3. ASSESSMENT**

#### **3.1. Legality**

- (53) By notifying this measure before implementing it, the Romanian authorities have fulfilled their obligations under Article 88 (3) of the EC Treaty. Given the scope of the notified measure, the Commission has analysed the presence of aid and its compatibility in accordance with the rules established in the Framework.

#### **3.2. Existence of aid within the meaning of Article 87 (1) of the EC Treaty**

##### *3.2.1. Direct State aid to undertakings*

- (54) The notified scheme allows a limited number of enterprises to be relieved, by means of State resources, of a part of the R&D&I costs which they would normally have to bear themselves. Consequently, the financial aid from the State strengthens the position of the enterprises in relation to their competitors in the Community and therefore has potentially distorting effects on competition. Products of benefiting enterprises are or might be subject to intra-Community trade and therefore the aid is likely to affect trade between Member States.
- (55) The Commission comes therefore to the conclusion that the notified scheme constitutes State aid within the meaning of Article 87 (1) of the EC Treaty.

##### *3.2.2. Indirect State aid to undertakings through research in collaboration with publicly funded research organisations*

- (56) According to point 3.2.2 of the Framework, in case of collaboration projects carried out jointly by enterprises and publicly funded research organisations, the Commission considers that no indirect State aid is granted to the enterprises through the research organisation due to the favourable conditions of the collaboration if the participating undertaking bears the full cost of the project, or the results of the project which do not give rise to intellectual property rights may be widely disseminated and any intellectual property rights to the RDI results deriving from the activity of the research organization are fully allocated to the research organization, or the research organization receives from the participating undertaking compensation equivalent to the market price for the intellectual property rights that derives from the activity of the research organization carried out in the project and which are transferred to the participating undertaking, or the RDI results as well as access rights to the results are allocated to the different partners of the collaboration and adequately reflect their respective interests, work packages, and financial and other contributions to the project.
- (57) In case of Oriented R&D&I projects, as stated under point 2.5 above, the undertakings must bear the full cost of the projects; hence the scheme is in line with the provisions of the Framework.

- (58) In case of Complex projects, according to the aid scheme one of the above options must be fulfilled in order to avoid the granting of indirect State aid to undertakings; hence the scheme is in line with the provisions of the Framework.
- (59) The Commission can therefore conclude that the enterprises directly benefiting from the scheme do not receive any additional indirect State aid through the participation in collaboration projects with publicly funded research organisations.

### **3.3. Compatibility criteria**

#### *3.3.1. R&D projects*

- (60) The R&D stages defined in the scheme substantially comply with the definitions provided by point 2.2 (e), (f) and (g) of the Framework, and are hence in line with the provisions of the Framework.
- (61) Under points 5.1.2 and 5.1.3 of the Framework, the aid intensities for the different R&D stages foreseen are 100% for fundamental research, 50% for industrial research and 25% for experimental development; the bonuses are: 10 percentage points for medium-sized enterprises and 20 percentage points for small enterprises. Furthermore up to a maximum aid intensity of 80%, a bonus of 15 percentage points may be added for collaboration projects or for projects where the research organisation has the right to publish the results of the research.
- (62) According to point 5.1.4 of the Framework, the eligible costs of R&D projects, are: personnel costs, costs of instruments and equipment, costs for building and land, cost of contractual research, additional overheads and other operating expenses.
- (63) The Commission finds that the provisions defined by the scheme for R&D projects, as stated under points 2.8.1.1, 2.8.2.1 and 2.8.3.1 above, meet the conditions laid down in the Framework; the Commission can therefore conclude they are in line with the provisions of the Framework.

#### *3.3.2. Technical feasibility studies*

- (64) The aid intensities for technical feasibility studies under point 5.2 of the Framework are for SMEs, 75% for studies preparatory to industrial research activities and 50% for studies preparatory to experimental development activities, furthermore for large undertakings, 65% for studies preparatory to industrial research activities and 40% for studies preparatory to experimental development activities.
- (65) The Commission finds that the provisions defined by the scheme for technical feasibility studies, as stated under points 2.8.1.2 and 2.8.2.2 above, meet the conditions laid down in the Framework; the Commission can therefore conclude they are in line with the provisions of the Framework.

#### *3.3.3. Industrial property rights costs for SMEs*

- (66) According to point 5.3 of the Framework, aid to SMEs for the costs associated with obtaining and validating patents and other industrial property rights shall be compatible with the common market up to the same level of aid as would have qualified as R&D aid in respect of the research activities which first led to the industrial property rights concerned.

- (67) According to point 5.3 (a), (b) and (c) of the Framework, the following costs are eligible: all costs preceding the grant of the right in the first legal jurisdiction, translation and other costs and costs incurred in defending the validity of the right.
- (68) The Commission finds that the provisions defined by the scheme for industrial property rights costs for SMEs, as stated under points 2.8.1.3, 2.8.2.3 above and 2.8.3.2 above, meet the conditions laid down in the Framework; the Commission can therefore conclude they are in line with the provisions of the Framework.

#### *3.3.4. Process and organisational innovation in services*

- (69) According to point 5.5 of the Framework the maximum aid intensity is 15% for large enterprises, 25% for medium enterprises and 35% for small enterprises. Large enterprises are only eligible for such aid if they collaborate with SMEs in the aided activity, whereby the collaborating SMEs must incur at least 30% of the total eligible costs. Routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements, do not qualify for State aid.
- (70) The Framework also stipulates that the following conditions must be fulfilled: (a) organisational innovation must always be related to the use and exploitation of Information and Communication Technologies (ICT) to change the organisation; (b) the innovation must be formulated as a project with an identified and qualified project manager, as well as identified project costs; (c) the result of the aided project must be the development of a standard, of a business model, methodology or concept, which can be systematically reproduced, possibly certified, and possibly patented; (d) the process or organisational innovation must be new or substantially improved compared to the state of the art in its industry in the Community. The novelty could be demonstrated by the Member States for instance on the basis of a precise description of the innovation, comparing it with state of the art process or organisational techniques used by other undertakings in the same industry; (e) the process or organisational innovation project must entail a clear degree of risk. This risk could be demonstrated by the Member State for instance in terms of: project costs in relation to company turnover, time required to develop the new process, expected gains from the process innovation by comparison with the project costs, probability of failure.
- (71) Furthermore the Framework stipulates that eligible costs are the same as for aid to R&D projects. In case of organisational innovation, however, costs of instruments and equipment cover costs of ICT instruments and equipment only.
- (72) The Commission finds that the provisions defined by the scheme for process and organisational innovation in services, as stated under points 2.8.1.4, 2.8.2.4 and 2.8.3.3 above, meet the conditions laid down in the Framework; the Commission can therefore conclude they are in line with the provisions of the Framework.

#### *3.3.5. Innovation advisory services and for innovation support services*

- (73) According to point 5.6 of the Framework the beneficiary must be an SME, and the aid may not exceed a maximum of EUR 200 000 per beneficiary within any three year period, and the service provider must benefit from a national or European certification (if the service provider does not benefit from a national or European certification, the

aid may not cover more than 75% of the eligible costs), and the beneficiary must use the State aid to buy the services at market price (or if the service provider is a non-for-profit entity, at a price which reflects its full costs plus a reasonable margin).

- (74) The Framework also stipulates that the following costs are eligible: i) as regards innovation advisory services the following costs: management consulting; technological assistance; technology transfer services; training; consultancy for acquisition, protection and trade in Intellectual Property Rights and for licensing agreements; consultancy on the use of standards, and ii) as regards innovation support services the following costs: office space; data banks; technical libraries; market research; use of laboratory; quality labelling, testing and certification.
- (75) Furthermore the Framework stipulates that if the service provider is a not-for-profit entity, the aid may be given in the form of a reduced price, as the difference between the price paid and the market price (or a price which reflects full costs plus a reasonable margin). In such a case, the Member States shall set up a system ensuring transparency about the full costs of the innovation advisory and innovation support services provided, as well as about the price paid by the beneficiary, so that the aid received can be measured and monitored.
- (76) The Commission finds that the provisions defined by the scheme for innovation advisory services and for innovation support services, as stated under points 2.8.1.5, 2.8.2.5 and 2.8.3.4 above, meet the conditions laid down in the Framework; the Commission can therefore conclude they are in line with the provisions of the Framework.

### **3.4. Incentive effect**

- (77) Concerning the incentive effect, in accordance with point 6 of the Framework, the Commission considers that the incentive effect is automatically met for project aid and feasibility studies where the aid beneficiary is an SME<sup>5</sup>, for aid for industrial property rights costs for SMEs, for aid for innovation advisory services and innovation support services.
- (78) The Commission finds that the provisions defined by the scheme for incentive effect, as stated under point 2.9 above, meet the conditions laid down in the Framework; therefore the conditions related to the incentive effect are satisfied and the measure complies with point 6 of the Framework.

### **3.5. Cumulation**

- (79) The Commission finds that the provisions defined by the scheme for the cumulation rules, as stated under point 2.10 above, meet the conditions laid down in the Framework, and the Romanian authorities have committed to apply the cumulation rules; therefore the conditions related to cumulation are satisfied and the measure complies with point 8 of the Framework.

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<sup>5</sup> As said in point 2.3 above, the maximum grant value of a project is EUR 2 million, hence it may not exceed € 7.5 million for a project per SME.

### **3.6. Annual reports, access to the full text of the scheme, information sheets**

- (80) Pursuant to Point 10.1.1 of the Framework, Member States must submit annual reports to the Commission. Beyond the requirements set out in Regulation (EC) No 659/1999<sup>6</sup> and Commission Regulation (EC) No 794/2004<sup>7</sup>, such reports must contain, for each measure, information as to: the name of the beneficiary; the aid amount per beneficiary; the aid intensity; the sectors of activity where the aided projects are undertaken.
- (81) According to Point 10.1.2 of the Framework, the Commission considers it necessary to ensure that economic operators, interested parties and the Commission itself have easy access to the full text of all applicable R&D&I aid schemes. When examining R&D&I aid schemes, the Commission will systematically require the Member State concerned to publish the full text of all final aid schemes on the internet and to communicate the internet address of the publication to the Commission. The scheme must not be applied before the information is published on the internet.
- (82) Point 10.1.3 of the Framework stipulates that Member States must ensure that detailed records regarding the granting of aid for all R&D&I measures are maintained. Such records, which must contain all information necessary to establish that the eligible costs and maximum allowable aid intensity have been observed, must be maintained for 10 years from the date on which the aid was granted.
- (83) The Romanian authorities have committed to fulfil the requirements for reporting and monitoring. The Commission therefore considers the conditions related to reporting and monitoring are satisfied.

## **4. CONCLUSION**

- (84) In consequence, the Commission considers that the aid measure is compatible with the EC Treaty in application of its Article 87 (3) (c).
- (85) The Commission reminds the Romanian authorities that all plans to alter or modify this aid scheme have to be notified to the Commission.

If this letter contains confidential information, which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

[http://ec.europa.eu/community\\_law/state\\_aids/index.htm](http://ec.europa.eu/community_law/state_aids/index.htm)

Your request should be sent by registered letter or fax to:

European Commission  
Directorate-General for Competition  
Directorate for State Aid  
State Aid Greffe

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<sup>6</sup> OJ L 83, 27.3.1999, p. 1.

<sup>7</sup> OJ L 140, 30.4.2004, p. 1.

**B – 1049 Brussels**  
Fax No.: +32 2 296 12 42

Yours faithfully,  
For the Commission

*Neelie Kroes*  
Member of the Commission