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**Subject: State Aid SA.42136 (2015/N) – Portugal.  
Evaluation plan for the block exempted large aid scheme "Inovação  
Empresarial"**

Sir,

**1. PROCEDURE**

- (1) By electronic notification of 11 June 2015 (2015/055203), Portugal submitted a summary information sheet pursuant to Article 11(a) of the Commission Regulation (EU) No. 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty<sup>1</sup> (hereinafter "GBER") on the Regional aid scheme for entrepreneurial innovation (hereinafter: "Inovação Empresarial" aid scheme), which it plans to implement until the end of 2020. This submission was registered as SA.42136 (2015/X).
- (2) The aid scheme was put into effect on 27 February 2015 pursuant to Article 1(2)(a) concerning the scope of application of the GBER and Chapter III, Sections 1, 4 and 5 of the same regulation concerning regional investment aid, innovation aid for SMEs and training aid.
- (3) The aid scheme, with an average annual budget exceeding EUR 150 million constitutes a large scheme in the meaning of Article 1(2)(a) of the GBER. Under this provision, aid schemes are exempted only for a period of six months after their entry into force, unless a longer period of exemption is authorised by the

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<sup>1</sup> OJ L 187, 26.6.2014, p. 1.

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Commission following the assessment of an evaluation plan for the scheme to be notified by the Member State concerned.

- (4) In order to obtain that prolongation, following a pre-notification on 27 May 2015 (2015/049140) and a meeting with the Commission services on 10 June 2015, Portugal notified an evaluation plan for the scheme on 19 June 2015 which was registered by the Commission on 22 June 2015 (2015/059301) under SA.42136 (2015/N). By letter of 29 June 2015 (2015/060745) the Commission asked for supplementary information. A meeting between the Portuguese authorities and the Commission services took place on 6 July 2015. By letter of 10 July 2015 (2015/068352), Portugal provided the requested information by submitting a substantially amended evaluation plan. By letter of 14 July 2015 (2015/069580) the Commission sent a second request for information to Portugal. On 16 July 2015 (2015/070808) Portugal provided the requested supplementary information.
- (5) By letter dated 26 June 2015 (2015/061928), Portugal agreed to waive the rights conferred upon it by Article 342 TFEU and Article 3 of the Regulation (EC) No 1/1958<sup>2</sup> and to have the present decision adopted and notified in the English language due to a risk of potential scheme suspension.

## **2. DETAILED DESCRIPTION OF THE KEY ELEMENTS OF THE NOTIFIED EVALUATION PLAN**

- (6) As required by Article (2)(16) of the GBER and in line with best practices established in the Commission Staff Working Document on Common methodology for State aid evaluation<sup>3</sup> (hereinafter: "Staff Working Document"), the notified plan contains the description of the following main elements: the objectives of the aid scheme to be evaluated, the evaluation questions, the result indicators, the envisaged methodology to conduct the evaluation, the data collection requirements, the proposed timing of the evaluation including the date for submission of the final evaluation report, the approach for the selection of the independent body conducting the evaluation, and the modalities for ensuring the publicity of the evaluation.

### **2.1. Objectives of the aid scheme to be evaluated**

- (7) The maximum annual budget of the "Inovação Empresarial" scheme is EUR 350 million. The proposed duration of the aid scheme is 27.02.2015-31.12.2020. Detailed principles for granting public aid within the framework of the scheme are specified in Section I of Order No 57-A/2005 of 27 February 2015<sup>4</sup>.
- (8) The scheme, in place since 2009, is the most important Portuguese scheme for regional investment aid<sup>5</sup> and at the same time it includes other measures which

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<sup>2</sup> Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

<sup>3</sup> Commission Staff Working Document on Common methodology for State aid evaluation, Brussels, 28.5.2014, SWD(2014) 179 final.

<sup>4</sup> Article 19 (1) (a) and (c) and (2) and Article 20 to Article 39. Official Gazette ('Diário da República'), 1ª série, n.º.41, 27.2.2015, p. 1246.

<sup>5</sup> Article 13 and Article 14 of the GBER.

may cover innovation aid for SMEs<sup>6</sup> and training aid<sup>7</sup>. According to the Portuguese authorities, the projects to be supported under these objectives must rely on an adequate and coherent business plan, with a strong component of initial investment as defined in Article 2(49) of the GBER<sup>8</sup>, and that might include the remaining types of aid (consulting and training) in line with the strategy set up by the beneficiary company. In the predecessor scheme<sup>9</sup>, the investment aid had the following distribution: regional aid (95%), SME consultancy (3%) and training aid (1%)<sup>10</sup>. The Portuguese authorities confirm that it is expected that the "Inovação Empresarial" aid scheme has the same financing distribution per objective.

(9) According to the Portuguese authorities, the main focus of the scheme is the stimulation of investment activity in structurally weak regions. The assisted areas include only those NUTS 2 regions located in the mainland listed in the Annex to the Commission decision approving the Portuguese Regional aid map 2014-2020<sup>11</sup>. The fundamental idea behind this support to business is to encourage sustainable new investments and job creation by beneficiaries. The specific objective of the scheme is to increase the investment in innovative activities (product, process, organisational methods and marketing). This objective is therefore aligned with the priority areas of the Research and Innovation Strategies for Smart Specialisation (hereinafter "RIS3"), by promoting the increase of production, which can be tradable and exported, and also by changing the production profile of the Portuguese economy through:

- the development of innovative solutions based on the R&D results and on the inclusion and convergence of new technologies and know-how;
- the reinforcement of the structuring investment within the scope of "RIS3";
- the reinforcement of the qualification of the human resources for business innovation;
- the reinforcement of the companies/production investments in innovative activities that can enhance the progression within the value chain.

(10) Thus, the expected results are to:

- increase the innovation within the companies and the exporting intensity of the Portuguese economy, investing in products which can be exported internationally;

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<sup>6</sup> Article 28 of the GBER.

<sup>7</sup> Article 31 of the GBER.

<sup>8</sup> Article 21(4) (a) of the Order No 57-A/2015.

<sup>9</sup> Block-exempted scheme SA.28278 (X 404/09). "Sistema de incentivos Inovação" 2007-2013 (hereinafter "SI Inovação").

<sup>10</sup> The remaining 1% of financial support was granted as 'de minimis aid'.

<sup>11</sup> SA.38571(2014/N), OJ C 233, 18.7.2014, p. 28.

- increase the investment in sectors with growth potential, bearing in mind the priorities set out in the "RIS3";
  - increase the business investment in innovation and qualification, especially in SMEs;
  - promote the convergence of the less developed regions vis-à-vis the European Union average.
- (11) At the beneficiary level, the following impacts are expected:
- High gross value added,
  - New jobs, especially qualified ones,
  - Increase the business turnover of the beneficiary companies,
  - Increase the exporting intensity, by investing in products that can be exported internationally,
  - Increase of productivity, and
  - High levels of innovation.
- (12) The scheme provides support to undertakings of all sizes; about two thirds of its budget are expected to be granted to SMEs<sup>12</sup>. Financial support is given to investments in all sectors eligible within the scope of the GBER<sup>13</sup>; support to projects on Finance and Insurance, Defense and Lottery and Gambling and Betting activities is excluded.
- (13) The "Inovação Empresarial" aid scheme is co-financed by the European Structural Investment Funds (ESIF)<sup>14</sup>. Funding can take the form of direct grants, interest rate subsidies, loans and, predominantly, repayable advances (that can be partially transformed in direct grants of up to 50% of the aid awarded if certain targets of the supported project are far exceeded) and is offered throughout the period so that undertakings can submit a funding application at the opening of the call for proposals, together with a project proposal.
- (14) The aid element is capped to take account of the maximum aid intensities foreseen in the Portuguese regional aid map according to the Commission decision in case

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<sup>12</sup> Under the predecessor scheme, "SI Inovação" (2007-2013), 60% of the approved aid has been granted to SMEs (representing 48% of the total investment) and 40% of the approved incentive has been granted to Large undertakings (representing 52% of the total investment).

<sup>13</sup> Article 25 and Annex B of Order No 57-A/2015.

<sup>14</sup> European Regional Development Fund (ERDF) and European Social Fund (ESF) through 6 Operational Programmes for the period 2014-2020: COMPETE 2020 (Thematic Operational Programme (OP)), OP "Norte", OP "Centro", OP "Lisboa", OP "Alentejo" and OP "Algarve". The division between the Thematic OP and the Regional OPs is carried out according to the size of the investment: projects with an investment above EUR 3 million are financed by the Thematic OP ('Competitiveness Factors'), while the remaining projects are financed by the respective Regional OPs.

SA.38751 (2014/N)<sup>15</sup> for regional investment aid and the maximum aid intensities applicable under the GBER with regards to consultancy and training aid measures.

- (15) The selection of the aid beneficiaries is organised through public tenders. Every project selection is based on criteria set-up *a priori* and published.
- (16) The Portuguese authorities do not expect significant negative effects of the "Inovação Empresarial" aid scheme on the domestic market. Nevertheless, according to the Portuguese authorities, a possible negative effect that could be associated with the aid scheme is the crowding out of non-supported private investments. Bearing in mind that the "Inovação Empresarial" aid scheme has a transversal character, both in terms of the sector and of the region, the Portuguese authorities are not expecting a bias within these dimensions.

## **2.2. Evaluation questions and result indicators**

- (17) The evaluation plan explains the issues to be addressed by the evaluation. The evaluation questions are based on all three objectives of the scheme, by considering primarily the split of the aid by each objective as indicated above in paragraph 8 (section 2.1).
- (18) The evaluation questions address both the direct impact of the aid on the beneficiaries and the indirect impact of the scheme (positive and negative externalities), as well as the proportionality and appropriateness of the scheme. The result indicators are linked to the evaluation questions and to the objectives of the scheme.
- (19) The direct impact of the aid on the beneficiaries will be addressed by the evaluation questions on the performance of the beneficiaries and on the incentive effect. In this regard, specific questions were established with the objective to assess to what extent the aid contributed to improving the performance of the supported companies (including a comparison with the unsupported companies), to what extent the investment aid has encouraged the companies to invest in the region and whether the economic operator would have adopted a different approach in the absence of the aid scheme.
- (20) Furthermore, as regards the assessment of the direct impact of the aid on the beneficiaries, the chosen indicators will assess the evolution of the companies (beneficiaries and of the control group) in areas such as the creation of added value, skill improvement and the level of market penetration and innovation, which are strategic objectives of the instrument to evaluate.<sup>16</sup>
- (21) The indirect impacts of the aid scheme will be captured by studying the performance of the unsupported companies. In general, the evaluation questions

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<sup>15</sup> OJ C 233, 18.7.2014, p. 28.

<sup>16</sup> Indicators chosen: (1) variation of the gross value added (GVA), (2) net creation of employment, (3) variation of the business turnover, (4) variation of the investment expenditures, (5) increase of labour productivity, (6a) for Large undertakings: enterprises that introduced 'new to the market' products (binary variable), and (6b) for SMEs: enterprises that introduced 'new to the firm' products (binary variable). The result indicators (6a) and (6b) are established in the Operational Programmes and they are collected through the Community Innovation Survey (CIS) at national and regional level, covering both supported and unsupported companies. See Article 34(1) of Order No 57-A/2015.

on the indirect impact of the aid scheme will measure (i) the spill-over effect and social benefits generated by job creation and higher regional added value<sup>17</sup> as well as (ii) the impact on the competition and a potential crowding out effect<sup>18</sup>, and (iii) the extent to which the policy objectives are met.<sup>19</sup>

- (22) With regard to the evaluation questions on the spill-over effect, the following result indicators will be used: (1) indirect creation of employment, (2) gross value added (GVA) generated in the region and in the activities upstream and downstream, and (3) connection to non-entrepreneurial entities of the R&I System and intensity of the clustering dynamics. On the effect on competition & crowding out effect, the result indicators retained are (1) evolution of the birth, death and survival rates of companies, (2) evolution of market shares, (3) evolution of the concentration indicator for the relevant market, and (4) investments that were/would be conducted without the aid. Finally, as regards the answer to the objectives of the public policy, the indicators to be used are the following: (1) variation of GVA, (2) variation of business turnover, (3) net creation of employment, (4) increase of labour productivity, (5) variation of investment expenditures, and (6) change of the national production profile.
- (23) The evaluation questions on appropriateness and proportionality of the aid scheme will, in particular, assess the efficiency of the aid scheme's design by investigating whether the same effects could have been achieved with different structures of aid instruments.<sup>20</sup> The result indicator chosen to measure the proportionality and the appropriateness of the aid (i.e. assess whether the aid granted has a relevant impact on the level of investment made by the beneficiaries companies) is "the level of leveraging of investments made vis-à-vis the financial aid granted".
- (24) The Portuguese authorities inform that the questions listed further below will also be answered by the evaluation study:
- a) What is the net result of state aid granted in the frame of the schemes ?
  - b) What is the sustainability of the results reached by the beneficiaries companies?

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<sup>17</sup> What was the impact of the financed investment projects (especially of the larger projects), namely on employment; on the social economic development of the territory and regional cohesion; on the creation of value in the activities upstream and downstream, for the use and valorisation of inputs (goods and/or services), especially when supplied by a SME; on the interaction with non-entrepreneurial entities of the Research and Innovation system (R&I System), in the development of the innovation regarding products and/or processes, through I&D or transfer of technology; on the development and consolidation of Clusters.

<sup>18</sup> What are the impacts on the main competitors (non-financed) of the supported companies? Has the level of competition increased? Was there any reinforcement of the clustering dynamics with general benefit for the companies of the sector? Has there been a crowding-out of investments due to the aid granted under the scheme?

<sup>19</sup> Did the financial aid contribute to pursuing the purposes of public policy initially set? Did the aid scheme respect the development strategy of the region? Has the scheme contributed to the alteration of the national production profile, namely through the RIS3?

<sup>20</sup> Were the specific types of financial aid granted the most adequate ones for the intended objectives? Would it have been possible to boost the same level of investment with less financial aid? Would it have been possible, through more support, to have reached much higher results?

- c) Have the aid rates (limited to the regional aid map) effectively contributed to the attraction of foreign direct investment in order to overcome the peripheral location of Portugal in Europe?
- d) Did the results attained by the supported companies correspond to the ones expected when the projects were approved? What were the main reasons for the possible deviations (positive or negative)? Is there any difference in terms of region/sector in the attained results, namely considering the different strategies of smart specialisation?

### **2.3. Envisaged methodology to conduct the evaluation**

- (25) Different methodological approaches will be used. The Portuguese authorities intend to apply the most robust methodology where possible, but using alternative methods where necessary (mixed approach). The Portuguese authorities explain that the diversity of methodological approaches proposed is in line with the need to offer reliable causal inferences for both the direct and the indirect effects of the aid. The evaluation plan will therefore apply two types of impact evaluation methods: quantitative (i.e. counterfactual analysis) and qualitative.
- (26) The direct causal impact of the aid scheme on the beneficiaries will be identified by employing econometric methods (Difference-in-Differences, Instrumental Variables and Regression Discontinuity Design). At the level of the beneficiaries, a counterfactual approach will be taken. The counterfactual approach will measure the direct impacts of the aid on the beneficiaries, the spill-over effects and the effects on competition/crowding out effects. Using the data provided by the National Statistical Office a robust control group will be built. It will consist of companies that did not receive public aid (unsuccessful applicants) or that did not apply (non-applicants) and it will serve as a basis for estimation of the counterfactual. The Portuguese authorities plan that, for each econometric method, the control group will include 1000 observations, (i.e. around 200 Non-SMEs and around 800 SMEs). This group of companies will be as comparable as possible to the group of companies that received the aid (supported applicants). The companies whose applications were not approved<sup>21</sup>, despite being eligible (due to budget constraints) might constitute a control group if they allow the estimation of direct effects using a discontinuity regression framework with enough degrees of freedom.
- (27) The selection of the control group will be made on the basis of a list of selected characteristics (control variables) affecting, on the one hand, the decision to invest and, on the other hand, the potential effects of the aid. The control variables include: region, sector, size, degree of maturity of the company, balance sheet data and financial indicators. In this context, the analysis should focus mainly on the Difference-in-Differences approach. According to the Portuguese authorities,

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<sup>21</sup> The Portuguese authorities inform that under the predecessor scheme ("SI Inovação"), 52% of the analysed applications were approved (representing 72% of the total investment and over 2000 companies), 43% of the applications were rejected because they did not meet the eligible and/or the admissibility criteria (representing 26% of the total investment and more than 1360 companies), and 5% of the applications met the eligible and admissibility criteria but were not supported due to the lack of budget (representing 2% of the total investment and about 135 companies). This aid scheme aim to encourage qualified entrepreneurship, female and young, to promote innovation in business through increasing the production of tradable and services that support their progression up the value chain and encourage investment structuring large new areas with growth potential.

this method provides a tractable and an intuitive way to account for selection on unobserved characteristics. This method will also be combined with other approaches, such as propensity score matching, to account for potential sources of selection bias.

- (28) Furthermore, the Difference-in-Differences method will be complemented by using cross-section data (survey) and panel methods. If at any phase of the evaluation process, the Portuguese authorities conclude that there are risks of selection bias arising from unobserved characteristics the Instrumental Variable approach will be used. With regards to the result indicators gathered through the National Statistics System, the Portuguese authorities explain that the control group will have the same size as the treatment group (successful applicants).
- (29) The analysis of the indirect effects will be carried out through a descriptive approach based on different selected indicators. In order to complete and enrich this analysis, case studies will be conducted by focusing on a particular relevant market, industry, supply chain and region. This analysis would be based on different types of data, such as micro data from supported beneficiaries and unsupported beneficiaries for a certain region, cluster or industry. Secondary data could be complemented with primary data, gathered from in-depth interviews and surveys. Moreover, the case study approach will allow to isolate and/or to detail the impacts by targeting a particular supply chain or industry. With regards to the assessment whether the aid scheme allows to meet the objectives of the public policy, the analysis of micro data (company) might be complemented with macro data (relevant market, country).
- (30) The assessment of proportionality and appropriateness of the aid will be examined by using different types of evidence and will rely on theory-based impact evaluation and benchmarking approach.

#### **2.4. Data collection requirements**

- (31) The data will be collected both from the scheme's aid beneficiaries and from a control group of companies. The Portuguese authorities confirm that the necessary data will be systematically collected from all applicants (both successful and unsuccessful) to allow comparisons. The data on result indicators related to supported beneficiaries will be collected through the Simplified Entrepreneurial Information database (Informação Empresarial Simplificada: hereinafter "IES"), comprising economic and financial data collected from companies on a yearly basis. The data on result indicators for the control group will be collected from the official statistic information made available by the National Statistical Office, within the scope of a database called "System of Integrated Accounts of the Companies" (built on the basis of the IES). Therefore, the most relevant information will be collected from different types of data and sources listed as follows: (i) secondary micro data provided by the National Statistics System (non-applicants and unsuccessful applicants), (ii) secondary aggregate or macro data provided by the National Statistics System (i.e. by region or by country), (iii) secondary data stored by the Information System (successful applicants), (iv) surveys targeting beneficiaries, non-applicants and unsuccessful applicants (when required), and (v) benchmarking approach to compare the proportionality of the aid scheme with those adopted in the EU. Surveys and in-depth interviews may be used as complementary source of data gathered from non-applicants and successful applicants.



- (32) The data collection is subject to the Portuguese statistical confidentiality rules which are intended to safeguard the privacy of citizens, preserve competition among economic agents and ensure the confidence of information providers in the statistical system. Under the terms of the Portuguese law, individual data on citizens can never be disclosed. Data relating to economic agents can only be disclosed upon authorisation in writing by the respective representatives, or, on a case-by-case basis, upon authorisation by the Statistical Council provided that national interest is at stake. Therefore, as general rule, the information and data collected by the Evaluation team is subject to secrecy and confidentiality and therefore cannot be disclosed to third parties or used for purposes other than the ones provided for in the evaluation plan.

### **2.5. Proposed timing of the evaluation, including the date of submission of the final evaluation report**

- (33) The Portuguese authorities have foreseen three milestones in the evaluation plan. A first report will contain the evaluation methodology with its specifications presented as a preliminary proposal, notably the data collection instruments, the definition of the samples and the cases to whom those instruments will be applied. A second report will contain the first conclusions to be further discussed within the Evaluation team and the "Follow-up Group" (Steering Committee). The final report will present answers to the evaluation questions as well as conclusions and possible recommendations for the design of successors of the scheme or for similar schemes.
- (34) The first report will be delivered during the second semester of 2018. The second report will be delivered during the first semester of 2019. The Portuguese authorities committed to share the findings of the first and second reports with the Commission.
- (35) The final evaluation report will be delivered between the second semester of 2019 and the first semester of 2020. The Portuguese authorities have committed to submit the final evaluation report to the Commission by 30 June 2020. The final report will be the basis for the work on a rollover or an amendment of the "Inovação Empresarial" aid scheme in order to improve its effectiveness to achieve its objectives, using the experience of its implementation.

### **2.6. Independent body selection to conduct the evaluation, or criteria for its selection**

- (36) The evaluation will be conducted by a team of independent experts that will be selected through a transparent, non-discriminatory and objective public procurement procedure that will be launched in the second semester of 2017. The Portuguese authorities also confirmed that the competitive tendering process will assure that the required levels of independence will be met.
- (37) The successful bidder will be selected based on the technical quality of the proposal, on the quality of the technical team and on the price. The criteria for the selection of the entity conducting the evaluation will include requirements related to the global adequacy and coherence of the proposal and the evaluation methodology design. The qualifications and experience of the entity conducting the evaluation and of the members of the evaluation team in carrying out evaluative research concerning schemes and instruments designed for the

improvement of the competitiveness and innovation of the economy will be taken into account as well. The evaluation team shall prove having the minimum requirements in terms of technical capacity, namely the experience and the skills of the members of the technical team and the technological and organisational capacity to perform the evaluation. The evaluation team shall also prove to have the financial capacity to perform the evaluation.

- (38) According to the Portuguese authorities, the conduct of the evaluation will be followed-up by a "Follow-up Group". The "Follow-up Group" will be composed by public entities involved in the implementation of the "Inovação Empresarial" aid scheme, i.e. the managing authorities for the operational programmes supported by the Cohesion Policy, the National Agency for the coordination of the European Union funds, the public agencies dealing with undertakings and representatives of the National Statistical Office of Portugal. The "Follow-up Group" will monitor the evaluation reports prepared by the evaluation team, notably by ensuring the availability of all required information, the technical support and the necessary clarifications about the aid scheme and the assessment of the compatibility of the reports presented with the terms of reference. The "Follow-up Group" will serve as a communication forum between stakeholders of the scheme and the evaluation team shall present the evaluation reports to the "Follow-up Group" with the mandatory attendance of the evaluation study coordinator.
- (39) Besides the "Follow-up Group", the elaboration of the evaluation study will also be followed-up by technical teams specialised in evaluation issues within the managing authorities and the national agency coordinating the European Structural Investment Funds.

## **2.7. Modalities for ensuring the publicity of the evaluation**

- (40) The content of the evaluation report shall be disclosed based on criteria of usefulness, credibility and relevance/added value of the information. For disclosure purposes, the final evaluation report will include an executive summary both in Portuguese and English and a graphic synthesis with the main conclusions and recommendations of the evaluation exercise. In this regard, the Portuguese authorities confirm that the first, the second and the final evaluation reports as well the respective synthesis of the final report will be made available to the public in general on the websites of the managing authorities involved in the implementation of the "Inovação Empresarial" aid scheme<sup>22</sup>.
- (41) In addition, the involvement of stakeholders of the scheme will be ensured by its belonging to the existing monitoring committees of the national operational programmes which will also be involved in the works of the "Follow-up Group" and therefore will have access to the presentation of the evaluation study results.
- (42) The results of the evaluation will be presented at a public session to which stakeholders will be invited. The recommendations made by the evaluation team and the conclusions of the second and final evaluation reports will be used to

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<sup>22</sup> AD&C - <http://www.adcoesao.pt/> ; COMPETE 2020 - <http://www.poci-compet2020.pt/> ; OP Norte - <http://norte2020.pt/> ; OP Centro - <http://www.centro2020.pt/> ; OP Lisboa - <http://www.ccdrlvt.pt/pt/lisboa-2014---2020/8131.htm> ; OP Alentejo - <http://www.alentejo.portugal2020.pt/> ; OP Algarve - <http://algarve2020.eu/info/> .

make possible adjustments to the "Inovação Empresarial" aid scheme and will be considered as a relevant input in the implementation of similar aid schemes after 2020.

- (43) Data collected for the evaluation, excluding data constituting proprietary information and raw data from field studies (transcripts of individual and group interviews), shall be rendered publicly available in accordance with the statutory rules of access to public information. The raw data and documents used in the evaluation exercise are also subject to confidentiality and statistical secrecy rules provided by the Portuguese law and cannot be disclosed to third parties or used for other purposes than those foreseen in the evaluation plan. Therefore, the raw data used in the evaluation exercise cannot be used for other studies. However, the National Statistical Office may authorise, exceptionally, the disclosure of information available in the National Statistic System, namely for scientific reasons or for purposes of economic planning and coordination. The Portuguese authorities confirm that the evaluation plan itself does not contain any confidential information.

### 3. ASSESSMENT OF THE EVALUATION PLAN

- (44) The correct application of the GBER is the responsibility of the Member State. The present decision on the evaluation plan does not assess whether the aid scheme to be evaluated was put into effect by the Member State in full respect of all applicable provisions of the GBER. It does therefore neither create legitimate expectations, nor does it prejudice the position the Commission might take regarding the conformity of the aid scheme with the GBER when monitoring it, or assessing complaints against individual aid granted under it.
- (45) Pursuant to Article 1(2)(a) GBER, certain aid schemes<sup>23</sup> in the meaning of Article 2(15) GBER, if their average annual State aid budget exceeds EUR 150 million, should be made subject to evaluation. The Commission notes that the annual average budget of the aid scheme concerned (i.e. EUR 350 million) exceeds EUR 150 million as set in Article 1(2)(a) GBER. Chapter I and section 1 (Article 13), section 4 (Article 28) and section 5 (Article 31) of Chapter III of the GBER constitute the legal basis for the aid scheme to benefit from the exemption from notification provided for in Article 108(3) of the TFEU.
- (46) As the Commission explained in recital 8 of the GBER, the evaluation of large schemes is required "*[I]n view of the greater potential impact of large schemes on trade and competition*". The required "*[E]valuation should aim at verifying whether the assumptions and conditions underlying the compatibility of the scheme have been achieved, as well as the effectiveness of the aid measure in the light of its general and specific objectives and should provide indications on the impact of the scheme on competition and trade.*" State aid evaluation should in particular allow the direct incentive effect of the aid on the beneficiary to be assessed (i.e. whether the aid has caused the beneficiary to take a different course

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<sup>23</sup> Schemes under Sections 1 (with the exception of Article 15), 2, 3, 4, 7 (with the exception of Article 44), and 10 of Chapter III of this Regulation (Article 1(2)(a) GBER). 'Aid scheme' means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount (Article 2(15) GBER).

of action, and how significant the impact of the aid has been). It should also provide an indication of the general positive and negative effects of the aid scheme on the attainment of the desired policy objective and on competition and trade, and could examine the proportionality and appropriateness of the chosen aid instrument.<sup>24</sup>

- (47) In the light of these considerations, Article 2(16) of the GBER defines as evaluation plan "a document containing at least the following minimum elements: the objectives of the aid scheme to be evaluated, the evaluation questions, the result indicators, the envisaged methodology to conduct the evaluation, the data collection requirements, the proposed timing of the evaluation including the date of submission of the final evaluation report, the description of the independent body conducting the evaluation or the criteria that will be used for its selection and the modalities for ensuring the publicity of the evaluation."<sup>25</sup>
- (48) The Commission considers that, as described in section 2 of this decision, the notified evaluation plan contains these minimum elements outlined in Article 2(16) of the GBER.
- (49) The Commission regrets that Portugal notified the evaluation plan belatedly, outside the 20 working day deadline required by Article 1(2)(a) of the GBER.
- (50) The evaluation plan gives a concise description of the key objectives of the scheme concerned and provides sufficient information to understand the underlying "intervention logic". The scope of the evaluation is defined in an appropriate way. The Commission notes that the evaluation plan also describes possible constraints and risks that might affect the scheme's objectives and hence the expected effects.
- (51) The evaluation questions are designed in a way as to assess the direct effect of the scheme on the beneficiaries compared to non-beneficiaries (i.e. non-supported applicants or non-applicants) in order to measure the incentive effect of the scheme. The evaluation questions addressing indirect impact are linked to the specificities of the aid scheme, whose main objective is the regional development, but also fostering company innovation. The evaluation questions on negative effects are likely to capture the dynamic potential negative effects of the scheme on the performance of non-beneficiaries (both rejected applicants and non-applicants). Taking into account the different aid instruments used in the aid scheme (i.e. direct grant, interest rate subsidy, loan and repayable advances), the evaluation questions on appropriateness and proportionality are suitable.
- (52) The evaluation plan identifies and justifies result indicators that integrate the evaluation questions for the aid scheme concerned, and explains the data collection requirements and availabilities necessary in this context. The data sources to be used for the evaluation are described clearly and in detail. The Commission notes that the external evaluator will be allowed to complement the existing data by surveys or interviews of aid beneficiaries.
- (53) The evaluation plan sets out and explains the main methods that will be used in order to identify the impacts of the scheme, and discusses why these methods are

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<sup>24</sup> See the Staff Working Document cited in footnote 3 above (footnote 3, section 2, second paragraph).

<sup>25</sup> Further guidance on evaluation plans is given in the Staff Working Document cited in footnote 3 above.

likely to be appropriate for the scheme in question. The proposed evaluation methodology sufficiently allows identifying the causal impact of the scheme itself.

- (54) The proposed timeline of the evaluation is reasonable in view of the characteristics of the scheme concerned and the relevant implementation periods for projects supported under the scheme.
- (55) The proposed criteria for the selection of the evaluation body on the basis of an open tender meet the independence and skills criteria.
- (56) The proposed modalities for the publication of the evaluation results are appropriate and ensure transparency. In particular, the Commission takes note of the commitment to disseminate and make publicly available the results of the evaluation report to stimulate policy debate.
- (57) In view of the above, the Commission considers that the evaluation plan meets all requirements laid down in the GBER, is established in line with the common methodology proposed in the Staff Working Document, and is suitable given the specificities of the large aid scheme to be evaluated.
- (58) The Commission notes the commitment made by the Portuguese authorities to conduct the evaluation according to the plan described in the present decision and to inform the Commission of any element that might seriously compromise the implementation of the plan. The Commission also notes the commitment by the Portuguese authorities to fulfil the obligation to submit the final evaluation report by 30 June 2020.
- (59) Therefore, pursuant to Article 1(2)(a) of the GBER, the Commission decides that the exemption for the aid scheme for which the evaluation plan was submitted is prolonged beyond the initial six months until 31 December 2020.
- (60) Alterations to this scheme, other than modifications which cannot affect the compatibility of the scheme under the GBER or cannot significantly affect the content of the approved evaluation plan, are, pursuant to Article 1(2)(b) of the GBER, excluded from the scope of the GBER, and must therefore be notified to the Commission.

#### **4. CONCLUSION**

- (61) After having assessed the evaluation plan notified by Portugal, the Commission has accordingly decided:
  - Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty will continue to apply to the "Inovação Empresarial" aid scheme until 31 December 2020.
  - This Decision will be published.
- (62) Finally, the Commission notes that Portugal agreed to have the present decision adopted in the English language.

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/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

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[Stateaidgreffe@ec.europa.eu](mailto:Stateaidgreffe@ec.europa.eu)  
Fax No: + 32 2 296 12 42

Yours faithfully  
For the Commission

Margrethe VESTAGER  
Member of the Commission

<p><b>CERTIFIED COPY</b> For the Secretary-General,</p> <p><b>Jordi AYET PUIGARNAU</b> Director of the Registry <b>EUROPEAN COMMISSION</b></p>
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