



EUROPEAN COMMISSION

Brussels, 30.6.2020
C(2020) 4268 final

PUBLIC VERSION

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Subject: State aid SA.49001 (2020/EV) – Sweden – Evaluation Plan for the aid scheme “Climate Leap”

Madam,

1. PROCEDURE

- (1) By electronic notification of 30 January 2020, Sweden notified an evaluation plan for the aid scheme “Climate Leap” (also known as as “Local Climate Investment Scheme”; in Swedish: “*Stöd till lokala klimatinvesteringar*”). This submission was registered as Case SA.49001 (2020/EV) the following day.
- (2) The aid scheme was initially established by the Swedish Ordinance on aid for local climate investment (2015:517) published on 7 July 2015 (the “Ordinance”). Sweden regards the scheme as being block exempted under Commission Regulation (EU) No 651/2014¹ (GBER). The scheme focuses on measures relating to environmental protection (GBER Section 7, Articles 36 - 41 and 46 - 49), but also relating to local infrastructure (GBER Section 13, Article 56), regional airports (Section 14, Article 56(a)) and ports (Section 15, Articles 56(b) and 56(c)) - in cases where such investments are deemed to lead to sustained greenhouse gas emission reductions. The aid is granted in the form of direct grants.

¹ Commission Regulation (EU) No 651/2014, as amended, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty OJ L 187, 26.6.2014, p. 1.

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- (3) Sweden has informed the Commission that, due to a budget increase decided by the Riksdag in January 2020, the aid scheme's annual average budget (over its remaining lifetime) would exceed EUR 150 million in 2020 and subsequent years and therefore the aid scheme would become a scheme subject to the ex-post evaluation requirement in the meaning of Article 1(2)(a) of the GBER.
- (4) Specifically, in 2020, the aid budget amounts to approx. SEK 2,4 billion (approximately EUR 225 million).² The budget for 2021 and 2022 is estimated at approx. SEK 1,8 billion (approximately EUR 168 million) annually.³ A large proportion is expected to go to businesses, some of the budget will go to entities not engaged in an economic activity. The appropriation under which the scheme is operating also includes other, minor aid schemes. The actual size of the programme depends on annual decisions by the government and the Riksdag.
- (5) A telephone conference between the Swedish authorities and the Commission services took place on 11 May 2020. By email of 12 May 2020 the Commission asked for supplementary information, which the Swedish authorities provided on 27 May 2020.
- (6) Feedback on the draft evaluation plan has been obtained from the European Commission's Joint Research Centre on 14 February 2020.
- (7) The case was notified in Swedish. The Swedish authorities have agreed to a language waiver⁴, allowing the Commission services to pose questions in English during the procedure and to adopt this Decision in English.

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

- (8) As required by Article 2(16) of the GBER and in line with best practices,⁵ the evaluation 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.
- (9) The scheme, which has been in force since 2015, has been notified under the GBER as it has received a budget in excess of the threshold laid down in Article 1(2)(a) of Regulation (EU) No 651/2014 (GBER). This notification therefore constitutes an evaluation plan notification as referred to in the same Article. Information on the budget change has been provided in accordance with Article 11 of the GBER.

² EUR 1 = SEK 10.6768; source: ECB Euro foreign exchange reference rates, exchange rate of 30 January 2020.

³ EUR 1 = SEK 10.6768; source: ECB Euro foreign exchange reference rates, exchange rate of 30 January 2020.

⁴ Waiver of the rights deriving from Article 342 TFEU in conjunction with Article 3 of the Council Regulation 1/58.

⁵ Commission Staff Working Document on Common methodology for State aid evaluation, Brussels, 28.5.2014, SWD(2014) 179 final.

- (10) An initial impact evaluation of the Climate Leap was carried out in 2016-2017, by WSP consultancy.⁶ Climate Leap has also been examined by the Swedish National Audit Office (Riksrevisionen) in the course of 2018/2019.⁷

2.1. Objectives of the aid scheme to be evaluated

- (11) According to the Swedish authorities, Sweden has set a target of zero net emissions of greenhouse gases by 2045. It has also adopted emission reduction targets for 2030 and 2040. To meet these targets, efforts will be needed in all sectors of society. This will require a combination of different instruments and measures. General economic instruments in Sweden, such as energy and carbon dioxide taxes, are essential elements in the transition. In many cases these instruments have been complemented by targeted efforts to support technical development and market uptake. Examples of this have been demonstration projects, technology procurement and investment aid, such as Climate Leap.
- (12) Climate Leap is an investment grant scheme aimed at speeding up the transition to a fossil-free society by reducing greenhouse gas emissions in Sweden. The scheme supports projects in all sectors.⁸ Applications for aid may be made by all types of stakeholder, including companies, municipalities, county councils, housing associations and other organisations. Private individuals, however, cannot apply for aid from Climate Leap. Neither can companies apply for aid for activities falling under the EU emission trading system (EU ETS), except for aid relating to measures intended to increase the use of waste heat. So far, over 700 different beneficiaries have been granted aid for measures.
- (13) By way of illustration, the following “types” (categories) of projects have been identified in the context of the Climate Leap programme implemented in 2019-2020. The purpose of the type measures is to group more homogeneous measures which have been supported by Climate Leap to facilitate evaluation, interpretation of questionnaire replies, market analysis and define realistic reference scenarios for the measures. Rejected measures can often also be grouped into the same type of action.

Table 1: type measures pursued by Climate Leap :

⁶ Available at: <https://www.naturvardsverket.se/upload/stod-i-miljoarbetet/bidrag-och-ersattning/bidrag/klimatklivet/bilaga%201.wsp-rapport-utvardering-av-klimatklivets-effekter-170331.pi>

⁷ The Swedish National Audit Office’s report, including a summary in English, can be found at: <https://www.riksrevisionen.se/rapporter/granskningsrapporter/2019/klimatklivet---stod-till-lokala-klimatinvesteringar.html>.

⁸ With the exception of activities requiring authorisation under Section 17a of the Emissions Trading Ordinance (2004: 1205), these may receive aid only if they involve increased use of waste heat.

Type measure	Included in this type of action
Energy conversion (real estate, buildings)	Replacement of fossil heating in all types of real estate; Connection to district heating networks; the production of, for example, the replacement of fossil fuels in heating is also included here.
Energy Conversion	Exchange from fossil fuels for agricultural processes, such as cereals dryers. Also heating, e.g. stables and barn farms.
Energy conversion waste heat	Converting from fossil fuels by exploiting waste heat from its own business
Energy conversion industry	Fossil fuel switching for industrial processes. We have interpreted the industry as any type of production, including, for example, restaurant kitchens, asphalt makers, laundries.
District heating	Expansion of district heating and district heating networks; Local heat; District cooling It also includes the conversion where it is the production of district heating that has been converted from fossil fuels.
Production of biogas production facilities	Production of biogas as a transport fuel; the production of other biofuels, for heating or industrial purposes, is part of a variety of conversion measures.
Biofuel production plants	For example the production of bio petrol and diesel.
Biogas refuelling stations	
Purchase of heavy goods vehicles	Purchase of gas-powered buses and lorries; Also the purchase of electrically powered working machines, such as works trucks
Cycle route management	Cycle roads and pathways combined
Cycle other	E.g. bicycle parking, bicycle garage and bicycle purchases
Waste facilities for increased recycling, etc.	
Transshipment terminals	
Standard electric vehicles charging — not public	
Standard electric vehicles charging — available to the public	
Fast electric vehicles charging — not public	
Fast electric vehicles charging — available to the public	
Gas procurement	Reduction of gaseous emissions in areas such as agriculture; Landfill gas system.
Gas destruction	Hospital gas destruction in hospitals; Measures such as the diversion of gas pipelines and a small number of agricultural measures.
Energy Efficiency	E.g. replacement of lighting, insulation, switching to more energy-efficient refrigerants

- (14) The Swedish Environmental Protection Agency (EPA) decides on the number of calls for proposals per year and publishes information about the application round on its website. There were three calls for proposals in 2016 and four in 2017. In 2018, calls for proposals took place approximately every three months, and each call is open for a month. For 2019, two calls for proposals were launched in the autumn.
- (15) Aid applications are sent to the County Administrative Board of the county in which the investment is to be implemented. At the end of the call for proposals the County Administrative Board hands over the application documents to the EPA, with its own opinion. The opinion contains the Board's assessment of whether the investment will help to realise municipal or county climate and energy plans and whether it contributes to achieving national climate objectives. The EPA then examines all the applications received.
- (16) Eligibility criteria vary according to each call. Aid is granted primarily to those measures which, in each application round, are judged to deliver the highest *climate benefit ratio*, defined as the amount of emission reductions these measures are expected to generate per invested Swedish krona. The latter term (invested krona) should be understood as total investment cost (CAPEX), not as the aid amount (the cost to the budget).
- (17) After an initial screening, the EPA ranks all the applications according to estimated climate benefit in each decision round. The indicative value for the early rounds in 2015-2016 was 1.0 kg carbon dioxide equivalents per krona invested (equivalent to SEK 1000 /tCO₂ or approx. EUR 94 /tCO₂). For later rounds since 2016, a threshold of 0.75 kg of carbon dioxide equivalent per krona invested was used (equivalent to SEK 1333 /tCO₂ or approx. EUR 125 /tCO₂).
- (18) In the case of investments where the reduction in emissions can be regarded as equivalent to other investments receiving aid in terms of their *climate benefit ratio*, the Ordinance states that account shall also be taken of the investments' potential to contribute to the diffusion of technology and to lead to market introduction, and to their effects on other environmental quality objectives, health and employment. The EPA has taken the view that a level of 80 % of the calculated ratio can be regarded as an equivalent reduction in emissions.⁹ The EPA has mainly applied this approach to charging stations for electric vehicles, in order to directly take into account other factors than impact on CO₂ reduction. This equivalence principle does not mean that an application with a higher quota do not receive aid, it merely allows for possible aid for priority actions in case of equivalence. Ultimately, the *climate benefit ratio* always carries the most weight.

⁹ This means that if the ratio to be granted aid is 1 kg of carbon dioxide equivalent per krona, aid may also be granted for investments yielding 0.8 kg of carbon dioxide equivalent per krona, if they simultaneously benefit the diffusion of technology or have a major impact on other environmental objectives.

- (19) In order to ensure the incentive effect of the aid system, aid will not be granted to investments that have already started, to investments that are required by law or other regulation, or to investments that are profitable within five years.
- (20) The aid intensity varies from case to case, depending on the type of measure involved.¹⁰ It does not depend on the bid submitted. The application submitted determines the *climate benefit ratio* and hence the likelihood of being selected, but not the aid amount received by the undertaking.
- (21) For charging stations, different thresholds are applied, as also other factors than impact on CO2 reduction are taken into consideration.
- (22) According to the Swedish authorities, a possible negative effect of the scheme could be the general market impact of the aid in new or growing markets with a few operators, where some actors are market leaders, or where some operators could benefit more from the aid than other operators in the same market. Moreover, some stakeholders may withdraw their applications after aid has been granted. There is also a risk of the measure not being completed. In addition, the aid might induce some regional and sectorial biases or crowding out of private investments.

2.2. Evaluation questions and result indicators

- (23) The notified evaluation plan explains the issues to be addressed by the evaluation.
- (24) The evaluation questions address both the incentive effect of the aid on the beneficiaries and the scheme's indirect effects (in terms of both positive and negative externalities). The result indicators are linked to the evaluation questions and to the objectives of the scheme.
- (25) The direct effects of the aid on the beneficiaries will be addressed by the following evaluation questions:
 - i. Has Climate Leap provided climate investments that can sustainably reduce greenhouse gas emissions?
 - ii. Has the aid cut greenhouse gas emissions?
- (26) The indirect effects of the aid will be addressed by the following evaluation questions:
 - iii. Has the aid provided market replication and diffusion of technology?
 - iv. Has the aid delivered effects on other environmental quality objectives and health?
 - v. Has the aid had effects on employment?

¹⁰ Sweden submits that the maximum permitted aid intensity is that specified in the relevant article of Regulation (EU) No 651/2014. In addition, the national aid ordinance sets a general limit on the aid intensity for companies. According to Section 8 of the Climate Leap Ordinance, such aid may not exceed 70 % of the investment cost.

- vi. Does the aid have an effect on competition in the markets on which the beneficiaries operate?
- (27) The proportionality and appropriateness of the aid will be evaluated on the following basis:
- vii. Was the aid given to projects that deliver the biggest reduction in greenhouse gas emissions per krona invested?
 - viii. Has Climate Leap provided the necessary support, at the required level of support, for the implementation of the measure?
 - ix. Has Climate Leap been effective in speeding up the pace of achieving the environmental quality objective ‘Limited climate impact’?
- (28) With regard to the evaluation questions on the direct effects, result indicators will be used which address the question of additionality, notably in terms of a sustainable reduction of greenhouse gas emissions and in terms of investment levels. Additionality will be assessed for the indicators set out in Table 1 and along the questions set out in the previous paragraph. The analysis will focus explicitly on establishing the proper counterfactual, i.e. the situation as it would have evolved in the absence of the aid, so as to measure the impact of the aid (cf. subsection 2.3 below).
- (29) The indirect effects of the aid scheme (also referred to as *second round* effects) will be captured by studying the impact on the markets where firms, supported by the aid, are acting. Further analysis is carried out to assess the impact of the value chain.
- (30) Priority is given to analysing the markets where a large part of the funds is employed or where there is a particular risk of distortion of competition. After identifying the market for a category of action or type of measure, the market should be described. Examples of elements to be analysed are: company locations, number of enterprises and size of enterprises; ability of firms to compete (to set their own prices, choose their production processes, product marketing etc.); incentives to compete (public procurement requirements, market demand etc.); consumer choice and behaviour.

2.3. Envisaged methodology to conduct the evaluation

- (31) Based on previous evaluations of investment support and climate change policy analysis (cf. the evaluation by WSP in 2017 and by the National Audit Office in 2019)¹¹, a number of methodological options have been developed.
- (32) Overall, the evaluation plan is based on a counterfactual approach in order to identify the direct effects of the measure. The evaluator will compare (statistically) equivalent groups where the experimental group is exposed to a treatment (the aid) and a proper control group is not exposed to the treatment (does not receive aid).

¹¹ See references in Section 1 above.

- (33) The Swedish authorities indicate that details of the methods and the data base will be developed between the initiators of the evaluation and the evaluators, as experience shows that planning and execution need to be carried out on an iterative basis to be effective.
- (34) As explained by the Swedish authorities, a challenge in evaluating Climate Leap is that it is a broad-based programme with a very large target group. In principle, all operators in Sweden except for private individuals and activities subject to emission trading (EU ETS) may apply. The measures may also be of a very diverse nature. Climate action can lead to a reduction in the emissions of its own organisation or the offering of climate-smart alternatives (such as reducing car occupants by enabling good logistics solutions by bicycle and public transport) to another that reduces its emissions. It is possible to sort and group all the actions of the Climate Leap programme into ‘type actions’ and to analyse the various types of action taken separately because they have different characteristics. Some methods of evaluation are possible to apply to all measures, while others are only possible or relevant for certain types of actions. The depth of the evaluation will therefore vary for different measures.
- (35) The Swedish authorities specify two analyses to assess additionality. The first is a classic comparison of the investment behaviours between successful applicants and non-successful applicants, controlling for other relevant factors that may have driven investment decisions. Based on data from applications and surveys, a regression analysis can be performed where the dependent variable is whether the investment has taken place. The survey questions are addressed to both the beneficiaries and to those who have been rejected if they have implemented the investment and to what extent (the same as in the application, 50 % less, 25 % less, etc.). The results may be interpreted as indications of the level of additionality and may be used as a dependent variable in a regression analysis. A matching of survey results and data in the the KlivIT database, where the applications have been documented, gives a number of possible independent variables (control variables).
- (36) Furthermore, a qualitative analysis can be conducted to assess whether there are any remaining factors that can affect both the investment decision and the probability of being granted aid. This will elucidate the direction and size of any possible remaining bias in the regression results. For a further sensitivity-analysis, a PSM (propensity score matching) can be applied where an applicant that is granted aid is matched with one that is denied aid from the same project category. The quantitative and qualitative sensitivity-analyses will give a sense of the comparability of the categories of applicants. Other identification strategies, e.g. RDD (regression discontinuity design) and panel-data-methods, will be assessed to see if they are suitable and executable.
- (37) Second, the evaluation could make use of Sweden’s official emission statistics for a number of industries. These statistics are based on plant specific greenhouse gas emissions data and are available for electricity, gas and manufacturing.¹² The Swedish authorities envision commissioning from Statistics Sweden, in

¹² However, installations with less than 10 employees do not exist.

cooperation with scientists, an analysis aimed at investigating the causal link between the energy conversion of the industry as a result of Climate Leap (the companies or establishments receiving aid), using other establishments in the sectors concerned as a control group.

- (38) In its submission of May 27, 2020, the Swedish authorities have clarified that this “market analysis” is a complement to the data collection and analysis of the granted and rejected applications by way of surveys. Its focus is on the Swedish market for the techniques/investments (grouped into several typical measures) which are funded by the Climate Leap. The market analysis investigates whether similar or comparable investments are conducted without applying for aid, i.e. if there is a (third) group of projects consisting of eligible organizations that undertake climate investments even without applying for aid.
- (39) The market analysis collects both quantitative and qualitative information. The qualitative information that consists of interviews with industry associations and government agencies, is collected for all projects that can be grouped as typical measures. That includes everything from biogas, charging infrastructure, energy conversion in the agriculture sector etc. All these typical measures can be studied. This kind of interview has already been used in an evaluation of the Climate Leap during the fall of 2019/spring of 2020. The EPA’s experience has been that the analysis contributes with an understanding for the Climate Leap’s role on the Swedish market.
- (40) As for the effectiveness of aid (incentive effect) and proportionality, the Commission services have inquired whether one could also consider the distribution of ex ante IRRs for the group of successful and non-successful applicants. According to the Swedish authorities it is possible to undertake such an analysis, but it needs to be studied in more detail and possibly also tested. The profit analysis is submitted as a separate file to the applications and not readily available to be extracted in large quantities in a manageable way from KlivIT, which make it much more demanding to use profitability in the evaluation of ‘incentive effect’. Data that are more easily treated is the calculation of payback period, which is accessible in the KlivIT.

2.4. Data collection requirements

- (41) The evaluation will be based on information gathered from several data sources. The main data on all (both successful and rejected) applicants comes from the case management system for beneficiaries and non-beneficiaries (“KlivIT”), which includes complete information on applications, collected in a continuous way. From KlivIT, variables such as the type of organisation, the company’s turnover, the SNI code, the county, the investment cost, the applicant’s projected annual reduction of the CO2 equivalent from the investment supported and the estimated payback time of the investment (without aid) can be used.
- (42) Additional information on the beneficiaries can also be extracted from the mandatory follow up reports that have to be submitted, on an annual basis, up to three years after the aid. Finally, for some of the projects additional data with information on firm-level greenhouse gas emissions collected by Statistics Sweden can be used.

- (43) Furthermore, the Swedish authorities envisage collecting additional data on both beneficiaries and rejected applicants using ad-hoc surveys and questionnaires as well as specific market surveys. The questionnaire includes questions on whether the beneficiary would have implemented the investment without the aid and how the time schedule had been affected if the measure had not been granted aid. The beneficiaries of the aid are also asked to answer questions establishing whether a lower percentage of aid that would have been possible for the measure sought.
- (44) The Swedish authorities have submitted that the organization that evaluates the scheme will get access to all the mentioned information, including data from the KlivIT database and attached files to the applications (which can be retrieved in word-, excel or pdf-format). The evaluator must commit to a confidentiality agreement and an agreement on retrieving personal data such as name and address as well as deleting the information when the evaluation commitment is completed.
- (45) The Commission services have also inquired whether it would be conceivable to make participation in the survey (or at least the potential of it on a random basis) a requirement for applying for aid. The Swedish authorities have replied that all decisions to grant aid include a general condition that the applicant must submit information to the EPA if necessary, for monitoring and evaluation of the support. It is not possible to make the same condition for projects that are denied aid. However, denied applicants can be encouraged to submit information. The EPA's experience is that those that are granted aid are more inclined to answer the survey (68 per cent answer rate in the latest survey) than those that are not granted aid (48 per cent in the latest survey). The EPA will consider if it would be effective to make it mandatory for those receiving aid to also take the survey (beyond requiring them to submit a final report and a follow-up report).

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

- (46) The foreseen duration of the Climate Leap scheme is until the end of 2023. The expiration date of the GBER currently in place is 31 December 2020.¹³ Beyond that date, the Swedish authorities will ensure that the scheme is still in conformity with the GBER, amend it if necessary (for instance modification of the reference of the new GBER in the scheme), and publish a new information sheet.
- (47) Following exchanges with the Commission services as regards a smooth transition to the new (prolonged) GBER, the Swedish authorities have committed to the following time plan:
- *31.12.2020: evaluation report 2020 (methodological document)*

The Swedish authorities will submit a methodological report by the end-date of the current GBER (31.12.2020). The methodological report shall build on the evaluation plan already provided, contain descriptive statistics (if available) and, where appropriate, an updated description of the data

¹³ As you are aware, the Commission services have already taken all procedural steps for consulting the public authorities, citizens, companies and organisations and are currently working on the prolongation of the GBER.

and the methodologies that will be used for the evaluation. This methodological document will serve as the basis for the Evaluation Plan of the eventual subsequent scheme.

- *yearly short updates in 2021 and 2022*

In 2021 and 2022, the Swedish authorities will send the Commission yearly short updates concerning the developments of the scheme, progress with data collection and updates on the evaluation design.

- *30.06.2023: final evaluation report (final report 2023)*

The Swedish authorities will submit the completed evaluation in the course of the first half of 2023, covering up to the fiscal year 2022 to the extent possible and the results of the evaluation shall be included in the Additional Evaluation Report to be submitted to the EC by 30 June 2023.

- (48) Similarly, Sweden also commits to take the results of the evaluation into consideration as early as possible and/or for the development of following or similar schemes with similar goals.

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

- (49) An independent third party will evaluate the aid. The Swedish authorities intend to make the EPA primarily responsible for making arrangements for the evaluation to be carried out. By means of procurement procedure, the EPA will contract out consultancy services for the evaluation in a manner such that the independence of the evaluator is ensured. Instead of a consulting firm, also a group of academics could be commissioned to carry out the evaluation.
- (50) In the view of the Swedish authorities it is important that the evaluator fully understands the functioning of the scheme. Internal evaluators of the EPA will provide the necessary assistance to the consultancy/academics in their evaluation work.

2.7. Publicity of the evaluation

- (51) The results of the evaluation of the aid scheme will be made public on the website of the EPA.
- (52) The evaluation of Climate Leap should support the design of subsequent or similar support schemes for the evaluation of aid for climate investment programmes.
- (53) The documents submitted by applicants are public documents, but information about business or operating conditions, inventions or research results may be classified as confidential.

3. ASSESSMENT OF THE EVALUATION PLAN

- (54) From the outset, it is worth pointing out that 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 prejudge 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. The State aid scheme SA.49001 is included in the Commission's 2019 monitoring cycle, which covers the period 2016/2017.
- (55) Pursuant to Article 1(2)(a) GBER, certain aid schemes¹⁴ 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 exceeds EUR 150 million as of 2020 as set in Article 1(2)(a) GBER. Chapter I and section 4 (Article 25) 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.
- (56) The scheme runs until 2023. The ex post evaluation requirement applies only for the period 2020-2023.
- (57) 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 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.¹⁵
- (58) 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

¹⁴ 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).

¹⁵ See Staff Working Document referred to in footnote 5 above.

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."¹⁶

- (59) 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.
- (60) 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.
- (61) The evaluation questions are designed in a way as to assess the direct effect of the scheme on the beneficiaries compared to non-beneficiaries in order to measure the incentive effect of the scheme. The evaluation questions addressing indirect effects are linked to the specificities of the aid scheme, both in terms of objectives and aid instruments. The Commission notes that the evaluation plan includes also suitable analyses focused on the performance of beneficiaries' competitors and on proportionality and adequacy.
- (62) 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 evaluation body will be able to take advantage of several different databases, gathering a more complete set of information.
- (63) The evaluation plan sets out and explains the main methods that will be used in order to identify the effects of the scheme, and discusses why these methods are likely to be appropriate for the scheme in question. The proposed evaluation methodology sufficiently allows identifying the likely causal impact of the scheme itself. Specifically, for the evaluation of the Climate Leap programme there are three groups of interest. Those firms who have not applied for aid, those who applied and were rejected and those who applied and were granted aid. The evaluation will mainly look at those who applied for aid and the impact of being rejected or being granted aid.
- (64) 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.
- (65) The proposed criteria for the selection of the evaluation body on the basis of an open tender meet the independence and skills criteria
- (66) 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.

¹⁶ Further guidance is given in the Staff Working Document referred to in footnote 5 above.

- (67) 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.
- (68) The Commission notes the commitment made by the Swedish 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 Swedish authorities to fulfil the obligation to submit an evaluation report (methodological document) by the end-date of the current GBER (31 December 2020), yearly short updates in 2021 and 2022, as well as a final evaluation report (final report 2023) by 30 June 2023.
- (69) 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 applicable as of the date of notification of this decision to Sweden.
- (70) 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

- (71) The Commission has accordingly decided:
- that Regulation (EU) No 651/2014 of 17 June 2014, as amended, 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 aid scheme until six months after the final date of applicability of that Regulation, laid down in its Article 59.

and to publish this decision on the Internet site of the Commission.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President