Final Report Assessment Fiche

State Aid 101967 – portugal

"Agendas Mobilizadoras para a Inovação Empresarial"

Brief overview

Nature of the evaluation report: Final report

Does the report clearly specify the a2spects that have or have not been covered, and eventually the reasons behind this choice?

The report addresses certain aspects specified in the Decision approving the evaluation plan, particularly focusing on the feasibility of the evaluation methodologies for assessing the scheme's impact. However, it does not include other required elements outlined in the Decision, such as a detailed data description, descriptive statistics, or a preliminary data analysis. The reasons for this omission are not provided.

Scheme ID

Objectives	Research question	Methodology Foreseen	Methodology Applied
Direct effects	Whether and to what extent has the scheme led to: 1. An increase in the added value created by the beneficiaries 2. an intensification of their R&D activities, leading to a greater number of innovations being patented 3. the hiring of higher-educated4 employees; 4. a decrease in the amount of energy used in their production processes.	RDD Synthetic control	N/A
Indirect effects	Whether the aid had an effect on: 1. the pricing behaviour of the beneficiaries, thereby increasing the competitive pressure on their competitors 2. shifting the research priorities of the knowledge centres supported	Comparative case study	N/A
Appropriateness and proportionality	1. Whether the aid amount exceeds the minimum necessary for companies to modify their investment decisions 2. Whether and to what extent the aid intensity has an effect on the magnitude of the direct effects	Comparative case study	N/A

Does the report comply with the evaluation plan?

According to the Decision (EC C(2022) 5027 final), the final evaluation report "shall contain a detailed description of the data and the methodologies that will be used for the evaluation and (if available) descriptive statistics and a preliminary analysis of the available data."
The final report partially complies with the evaluation plan in that it attempts at addressing the feasibility of the methodologies used for the evaluation. However, it lacks details on the data that would be used for the future evaluation as well as descriptive statistics on these data.

Are the methodologies applied so far adequate to estimate the causal impact of the aid?

The counterfactual methodologies proposed to estimate the direct impacts of the aid are not applied, but the report contains a discussion on their feasibility.

Did the evaluator encounter issues with collecting and handling sufficient, consistent and accurate data?

Data collection and data sources are not discussed and described. It appears from the descriptive evidence provided that the evaluator did not encounter issued in collecting data on applicants to the scheme regarding whether they received their support and some characteristics. However, the report does not allow understanding whether information on applicants is available on other variables and whether data on non-applicants (a potential control group) are available and can be used.

Does the report set an analytical framework to effectively communicate consistent results?

The empirical analysis assessing the scheme's impact is not conducted and results are not produced.

Overall evaluation:

INTRODUCTION

The following report aims to summarise the logic, the design, and the partial results of the final evaluation. More in details, the report begins with an overview of the analysis carried out within the evaluation of the Aid. Then it describes data, sampling, and methods used for the evaluation. Finally, it provides specific comments and suggestions and discusses the consistency of the analysis.

ANALYSIS (DESCRIPTION)

The report begins by summarizing key scheme characteristics, including new details on the number of applicant bodies (companies, non-business entities, consortia) distinguishing those eligible for the support from those not eligible. It then outlines a theory of change for both direct and indirect aid

impacts and identifies potential control groups for future counterfactual impact analysis. Subsequently, the report assesses the feasibility of selected methods outlined in the evaluation plan for evaluating direct impacts (namely, Regression Discontinuity Design (RDD) and Synthetic Control) – including analysing the heterogeneity of the impacts across firms characteristics-, appropriateness of the aid (namely, Generalised Propensity Score), indirect impacts (namely, Comparative case studies).

Details of the aid scheme

The scheme is part of the component on Business Capitalisation and Innovation of the Recovery and Resilience Programme (RRP) and aims at fostering the transformative recovery of the Portuguese economy in a lasting, fair, sustainable and inclusive manner, in particular by encouraging a shift towards higher value-added activities. The scheme is also intended to develop synergies between businesses and research organizations, in order to exploit existing scientific knowledge to produce new innovative goods and services.

The scheme will only provide aid to collaborative projects ("Agendas"). Thus, undertakings have to set up consortia in order to apply, which must then establish partnerships with research organizations (hereinafter, "knowledge centres") in order to be eligible for aid under the scheme.

The scheme supports two types of Agendas:

-Activating Business Innovation Agendas, aimed at: shifting the specialisation profile of the Portuguese economy towards higher value-added activities, in order to reduce Portugal's dependence on external markets; increasing exports of goods and services and reaching an export volume equivalent to 50% of the gross domestic product ("GDP") by 2027 and 53% by 2030, with a particular focus on high technology exports; encouraging investment in R&D, in order for the national R&D spending to reach 3% of GDP by 2030;

- Green Agendas for Business Innovation, aimed at reducing national CO_2 emissions by 55% by 2030.

Data and sampling

The report does not contain details of the data that would be used for the future analysis for the evaluation of the scheme's impacts.

The report presents figures on the distribution of applicant bodies across several dimensions, including: type of entity (companies, non-business entities, consortia) distinguishing those eligible for the support from those not eligible (section 1); application score, also in relation to sales volume and employment size, distinguishing supported and non-supported firms (section 4); sector and firm size (sections 6 and 7).

Method

The report addresses in each section the feasibility of (some of) the methods foreseen in the evaluation plan to evaluate direct impacts (namely, Regression Discontinuity Design (RDD) and Synthetic Control) –including the analysis the heterogeneity of the impacts across firms characteristics-, appropriateness of the aid (namely, Generalised Propensity Score) and indirect impacts (namely, Comparative case studies).
The last section of this fiche discusses the credibility of the feasibility analyses.

Results

The empirical analysis assessing the scheme's impact is not conducted and results are not produced.

The last section of this fiche discusses the credibility of results from the feasibility analyses.

REVIEW (KEY POINTS)

Does the evaluation report comply with the evaluation plan: has the Member State carried out what planned? (Alternatively, has the Member State agreed to adopt a different strategy with DG COMP?)

If the methodology planned has not been followed in the evaluation report, does it comply at least with the "COMP methodology for the evaluation of the State aids"?

According to the Decision (EC C(2022) 5027 final), the final evaluation report "shall contain a detailed description of the data and the methodologies that will be used for the evaluation and (if available) descriptive statistics and a preliminary analysis of the available data."
The report covers some of the aspects foreseen in the Decision approving the evaluation plan, namely the feasibility of the methodologies foreseen for the evaluation of the scheme's impacts. On the other hand, the report does not cover other aspects foreseen in the Decision, including a detailed description of the data, descriptive statistics and a preliminary analysis of the data.

The report is mainly aimed at assessing the feasibility of the methods foreseen in the evaluation plan for the evaluation of the scheme's impacts. The feasibility analysis is informative although not sufficient (see last section of this fiche).

Are the results presented consistent with the analyses carried out? (Check if data and analyses support the derived conclusions; verify whether the conclusions take into account all the elements discussed, both positive and negative).

The empirical analysis assessing the scheme's impact is not conducted and results are not produced.

The results from the assessment of the feasibility of the methods foreseen in the evaluation plan for the evaluation of the scheme's impacts are informative although not sufficient (see last section of this fiche).

Detailed focus on numerical discrepancies, open questions and clarifications.

It appears from Figure 2 and Figure 3 that there are supported applicants with ranking equal or lower than unsupported applicants. How can this be explained?

CONCLUSIONS (STRENGTHS AND WEAKNESSES)

The report is mainly aimed at assessing the feasibility of the methods foreseen in the evaluation plan for the evaluation of the scheme's impacts.

The descriptive evidence presented for the assessment of the feasibility of a Regression Discontinuity Design, both for the evaluation of direct impacts and of aid appropriateness, is credible, although few clarifications are required.

First, Figure 1 displays the distribution of applicants across application score distinguishing eligible/non-eligible, while Figure 2 and 3 display the distribution of applicants across application score distinguishing supported/non-supported. The distinction between eligible and supported should be made clearer. Second, related to this, it appears from Figure 2 and Figure 3 that there are supported applicants with ranking equal or lower than unsupported applicants. How can this be explained?

The feasibility of the Synthetic Control method does not appear entirely credible as: it doesn't specify the number of observations used to build the synthetic consortium; it is an exercise done only for one treated consortium but it is not clear how this will be extended to all treated consortia; it is based on one variable only and it is not specified how many and which variables will be used to build the synthetic control. The SCM requires:

- the availability of data on outcomes and predictors of the outcome for the unit or units exposed to the intervention of interest and a set of comparison units.

- to collect information on the affected unit and the donor pool for a large pre-intervention window.

Section 5 only presents the issue of beneficiaries of multiple support but does not discuss how the issue will be dealt with.

Section 7 mentions that the Generalised Propensity Score will be used to assess the appropriateness of the aid but its feasibility is not assessed.

Section 6 concludes that the heterogeneity analysis across firms' sector is not possible, but the evaluator should consider aggregating sectors.

Finally, the report does not discuss any method involving the use of non-applicants as potential control group, nor provides any evidence from data on non-applicants.