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**Subject: State Aid SA.47412 – Greece
Evaluation plan regarding the Aid scheme "General
Entrepreneurship" of Development law 4399/2016**

Sir,

1. PROCEDURE

- (1) By electronic notification of 24 January 2018, Greece 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 Treaty¹ (hereinafter "GBER") on the modification of the Aid scheme "General Entrepreneurship" of Development law 4399/2016 (hereinafter General Entrepreneurship scheme).
- (2) The modification of the scheme consisted of a yearly budget increase above EUR 150 million, making it 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 Commission following the assessment of an evaluation plan for the scheme to be notified by the Member State concerned. The amendment of the scheme was published on 4 December 2017 and the total budget over the period 2016 – 2020 is expected to reach EUR 1.52 billion (EUR 304 million average annual budget).

¹ Commission 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

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- (3) In order to obtain the prolongation of the period of exemption, Greece notified an evaluation plan for the scheme on 31 July 2017 which was registered by the Commission under SA.47412 (2017/EV) on 21 August 2017. By letters of 22 November 2017, 26 March 2018, 27 April 2018 and 12 June 2018 the Commission asked for supplementary information. By letters of 2 February 2018, 20 April 2018, 25 May 2018 and 14 June 2018 Greece provided the requested information.

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

- (4) 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 evaluation² (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

- (5) This scheme is an important Greek regional investment aid scheme. It aims to close the investment gap and increase employment in the country. The aid is directed towards enterprises of all sizes in all regions and to manufacturing and internationally traded services and products allowed by the GBER.
- (6) The scheme is organised in two sections: a general and a specific one.
- (7) Under the general section, the following incentives can be granted: income tax relief, leasing subsidies (either in form of a tax break or in form of a financial grant, disbursed in several instalments – at the time when the lease is paid by the beneficiary), wage subsidies (in form of a financial grant, disbursed in several instalments – at the time when the wages are paid by the beneficiary).
- (8) Under the special section, based on either geographic or form/performance criteria, a financial grant of up to 70% of the total allowed aid amount can be granted.
- (9) The average annual budget of the scheme is approximately EUR 304 million.
- (10) The evaluation plan covers the measure's duration from 4 December 2017 to 31 December 2020.
- (11) The maximum aid intensity available to aid beneficiaries takes into account the different level of economic development of the individual regions. In line with the

² Commission Staff Working Document on Common methodology for State aid evaluation, Brussels, 28.5.2014, SWD(2014) 179 final.

regional aid map 2017-2020 for Greece³, the maximum aid intensity ranges from 25% to 35% for a-areas and from 10% to 20% for c-areas.

- (12) The main objectives of the General Entrepreneurship scheme are:
- Support less-favoured regions in the country
 - Increase employment
 - Increase networking
 - Promote growth of businesses
 - Promote technological upgrade
 - Promote the creation of a new national branding international projection
 - Boost competitiveness in high value added and knowledge-intensive sectors
 - Upgrade along value chains towards the production of more complex products, offer better services
 - Attract foreign direct investment
- (13) The selection of the aid beneficiaries is organised through regular calls for interest. Every project selection is based on criteria set-up *a priori* and published.
- (14) According to the Greek authorities, possible negative effects that could be associated with the aid scheme are lower productivity of assisted enterprises, inefficient use of public resources, attracting activities from neighbouring regions and the crowding out of non-supported private investments.

2.2. Evaluation questions and result indicators

- (15) 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.
- (16) 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 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.
- (17) 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, share of exports or productivity.⁴

³ Official Journal: [JOCE C/36/2017](#)

⁴ Indicators chosen: (1) change in capital, (2) employment, (3) turnover, (4) fixed assets, (5), intangible assets, (6) share of exports, (7) gross value added, (9) investment expenditure, (10) productivity, (11)

- (18) The indirect impacts of the aid scheme will be captured by studying the performance of unsupported companies and different geographical regions. In general, the evaluation questions on the indirect impact of the aid scheme will measure (i) spill-over effects, impact on the competition and a potential crowding out effect⁵ and (ii) the extent to which the policy objectives are met.⁶
- (19) With regard to the evaluation questions on the spill-over effects, the effect on competition & crowding out effect, the result indicators to be used are (1) change in size of the enterprises, (2) employment, (3) turnover, (4) fixed assets, (5) share of exports, (6) gross value added, (7) investment expenditure, (8) productivity, (9) evolution of the birth, (10) death and survival rates of companies, (11) evolution of market shares. Finally, as regards the answer to the objectives of the public policy, the indicators to be used are the following: (1) change in size of the enterprises, (2) employment, (3) fixed assets, (4) intangible assets.
- (20) 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 less aid or different form of aid and what was the most effective aid instrument chosen. 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) are among others aid provided to employment ratio, aid provided to turnover ratio and aid provided to gross value added ratio.

2.3. Envisaged methodology to conduct the evaluation

- (21) At the level of beneficiaries, a counterfactual approach will be taken. Two methods will be applied: the Difference-in-difference method and the Regression discontinuity design (RDD). For the Difference-in-difference method, propensity score matching will be used to control for sample selection. The advantage of this method compared to RDD is that the size of the control group could be larger. For RDD, it is planned to employ a nonparametric multiple rankings regression discontinuity design, as there will be various cut-off points. The control group will be based either on companies that did not reach the minimum score and were just below the threshold or companies that had to be rejected due to lack of budget. Depending on the size of the control group, other possible formulations will be considered. In addition, various matching methods will be applied.

2.4. Data collection requirements

- (22) The data at the beneficiaries level will be taken from firm registries. This data is provided by two agencies (ICAP and Hellastat). One of them will be chosen. Data on aid granted will be provided by the Ministry of Economy (the aid agency). For

ROE/ROA, (12) technological upgrade, (13) upgrade of the enterprises along the value chain towards the production of more complex products.

⁵ Did the scheme attract activities from neighbouring regions? Did the scheme cause crowding-out of investments by competing firms? What was the impact of support on the activity of suppliers and companies providing services to the aided companies?

⁶ Did the scheme contribute to increasing investment and employment?

data on employment the Ergani database of the Ministry of Labour, Social security and Social solidarity will be used.

- (23) These sources will be complemented by surveys of aid beneficiaries as well as enterprises in the control groups, and interviews with scheme managers.
- (24) As of 2019, all aid applicants, regardless of the outcome of their application, have to submit the necessary data for a period of 3 years prior to the submission of the application and commit to provide the necessary data for a period of 5 years after the application. In 2018, applicants will be requested to commit to this during the application evaluation process.

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

- (25) According to the Greek authorities, the foreseen timing for the evaluation is composed of the following phases:

Task	Deadline
First interim report	January 2019
Second interim report	March 2021
Submission of the final evaluation report to the European Commission	June 2021

- (26) The Greek authorities committed to submit to the Commission yearly short updates concerning the developments of the scheme, progress with data collection and updates on the evaluation design. Also, they committed to inform the Commission with the shortest delay if some of the hypotheses made (e.g. on the availability of data) were not confirmed in practice thereby hindering the foreseen evaluation.
- (27) A first interim evaluation report will be submitted to the Commission at the latest by January 2019. It will describe the progress of the scheme and the findings of the first survey. The final evaluation report will be submitted to the Commission in June 2021.

2.6. Independent body selection to conduct the evaluation

- (28) The Greek authorities confirmed that evaluation will be conducted by a team of academics. It will be headed by Dr. Athanasios Kalogeresis, assistant professor at the School of Spatial Planning and Development, Faculty of Engineering, Aristotle University of Thessaloniki. This university is a centre of excellence on evaluation in Greece, while all members of the team are academics functionally and institutionally independent from the Ministry.

2.7. Modalities for ensuring the publicity of the evaluation

- (29) The Greek authorities confirm that the evaluation plan, executive summaries of the interim reports and the final evaluation report will be available through the Investment law website. The combined and anonymised database will be made accessible for the purpose of replicating results six months after the end of evaluation.
- (30) The Greek authorities have also committed to take into account the evaluation results for the development of future interventions of similar scope.

3. ASSESSMENT OF THE EVALUATION PLAN

- (31) The correct application of the GBER is 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.
- (32) Pursuant to Article 1(2)(a) GBER, certain aid schemes⁷ in the meaning of Article 2(15) GBER⁸, if their average annual State aid budget exceeds EUR 150 million, should be made subject to evaluation. The Commission notes that the average annual budget of the aid scheme concerned currently exceeds EUR 150 million as set in Article 1(2)(a) GBER.
- (33) As the Commission explained in recital 8 of the GBER, the evaluation of large schemes is required *"in view of the greater potential impact of large schemes on trade and competition"*. The required *"evaluation 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.⁹
- (34) 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

⁷ 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)

⁸ '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).

⁹ See the Staff Working Document cited in footnote 2 (footnote 3, section 2, second paragraph).

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."¹⁰

- (35) The Commission considers that, as described in section 2 of this decision, the notified evaluation plan contains these minimum elements and was notified within 20 working days after Greece increased the budget of this the aid scheme above EUR 150 million annually.
- (36) 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. It also identifies and justifies pertinent result indicators that integrate the evaluation questions and explains the data collection requirements and availabilities necessary in this context.
- (37) 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 likely to be appropriate for the scheme in question. The proposed evaluation methodology sufficiently allows identifying the causal impact of the scheme itself.
- (38) 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.
- (39) The selected evaluation body meets the independence and skills criteria.
- (40) 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 make publicly available the results of the evaluation report and underlying data to stimulate research and assessment of the functioning of the General Entrepreneurship scheme.
- (41) 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.
- (42) The Commission notes the commitment made by the Greek 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 Greek authorities to fulfil the obligation to submit the final evaluation report by 30 June 2021.
- (43) 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.

¹⁰ Further guidance on evaluation plans is given in the Staff Working Document cited in footnote 2.

- (44) 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.

4. CONCLUSION

The Commission has accordingly decided:

- to prolong the exemption of the scheme under the GBER until 31 December 2020.
- to publish this decision.

Due to the urgent need to adopt and notify a Decision relating to the State aid case SA.47412, the Greek government agrees exceptionally to waive its rights deriving from Art. 342 TFEU in conjunction with Art. 3 of the EC Regulation 1/1958 and to have the planned Decision adopted and notified pursuant to Article 297 of the Treaty in 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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Directorate-General Competition
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Yours faithfully
For the Commission

Margrethe VESTAGER
Member of the Commission

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Jordi AYET PUIGARNAU
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