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Subject: SA.107292 (2023/EV) – RRF – Spain: Evaluation plan for the block-exempted scheme PERTE on Agrifood

Excellency,

1. PROCEDURE

- (1) By electronic notification of 16 January 2023, registered as SA.107292, the Spanish authorities 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 Strategic Project for Economic Recovery and Transformation (hereinafter “PERTE”) on Agrifood.
- (2) The aid scheme was put into effect on 30 December 2022 pursuant to Articles 25 and 29 of the GBER concerning aid for research and development and innovation and pursuant to Articles 36 and 38 of the GBER concerning aid for environmental protection.
- (3) The aid scheme has an annual budget of EUR 392 million and constitutes therefore a large scheme in the meaning of Article 1(2)(a) of the GBER. Pursuant to Article 1(2)(a) of the GBER, the GBER does not apply to aid schemes with an average annual budget exceeding EUR 150 million from six months after their entry into force. However, the Commission may decide that the GBER shall continue to apply for a longer period to such aid schemes after having assessed the evaluation plan of the scheme notified by the Member State concerned.

¹ OJ L 187, 26.6.2014, p. 1.

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- (4) In order to comply with its obligations under the GBER, the Spanish authorities notified on 18 January 2023 an evaluation plan, registered by the Commission as State aid case SA.107292 (2023/EV). On 22 March 2023, the Commission asked for supplementary information.
- (5) By letter of 8 May 2023, the Spanish authorities agreed exceptionally to waive the rights deriving from Article 342 TFEU in conjunction with Article 3 of the Council Regulation 1/58² and to have the planned decision adopted and notified in English.

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 evaluation³ (hereinafter: “Staff Working Document”), the evaluation plan contains the description of the following main elements: (i) the objectives of the aid scheme to be evaluated, (ii) the evaluation questions, (iii) the result indicators, (iv) the envisaged methodology to conduct the evaluation, (v) the data collection requirements, (vi) the proposed timing of the evaluation including the date for submission of the final evaluation report, (vii) the approach for the selection of the independent body conducting the evaluation, and (viii) the modalities for ensuring the publicity of the evaluation.

2.1. Objectives of the aid scheme to be evaluated

- (7) The scheme is part of the program Impetus for industry competitiveness and sustainability, the PERTE corresponding to the agrifood sector.
- (8) The objective of this scheme is to promote the integrated development of the entire agrifood chain through the digitization of processes and the incorporation of knowledge and innovation, as well as facilitation of access to healthy, safe and sustainable food. The PERTE on Agrifood focusses on improving competitiveness, sustainability and traceability and food safety.
- (9) On the basis of the scheme, funding will be provided to integrated projects covering the value chain of the agrifood sector and carried out by small, medium and large companies.
- (10) The scheme provides support in the form of grants and loans.
- (11) The annual budget for the scheme is EUR 392 million.
- (12) The Spanish authorities intend to entirely finance the scheme through the Recovery and Resilience Facility⁴⁵.

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

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

⁴ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

- (13) The foreseen duration of the scheme is until the 30 December 2026. The expiration date of the GBER currently in place is 31 December 2023. It is the responsibility of the Spanish authorities to ensure that the scheme continues to comply with the provisions of the GBER applicable to the scheme after 30 June 2024. To that effect, the Spanish authorities commit to amend the scheme and publish a new information sheet, if necessary. Similarly, in that case, the Spanish authorities commit to amend the evaluation plan accordingly and re-submit it to the Commission.

2.2. Evaluation questions and result indicators

- (14) The notified evaluation plan explains the issues to be addressed by the evaluation and provides a preliminary list of evaluation questions and result indicators, which will form the basis of the evaluation of the scheme.
- (15) 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.
- (16) The direct effects of the aid on the beneficiaries will be addressed, among others, by evaluation questions on whether and to what extent the aid has led to (1) an increase in the investment of the beneficiaries in agrifood technologies, (2) an increase in the beneficiaries' competitiveness, (3) an improvement in the sustainability of the beneficiaries' food production processes and products and (4) an improvement in the traceability and safety of the food produced.
- (17) With regard to the evaluation questions on the direct effects, the chosen result indicators will assess the evolution of the companies (beneficiaries and the control group).
- (18) The evaluation will also address and examine the possible indirect effects of the aid scheme. The questions regarding indirect effects will assess, among others, whether the aid has led to: (1) an increase in jobs in the agrifood industry, (2) an increase in the population of municipalities with less than 5 000 inhabitants.
- (19) With regard to the evaluation questions on the indirect effects, the following result indicators will be used, among others: (1) employment created in the agrifood industry, (2) employment created in municipalities with less than 5 000 inhabitants.
- (20) Finally, the evaluation will assess the appropriateness and proportionality of the aid, though, among others, verifying whether: (1) the most effective form of intervention has been chosen, (2) other forms of aid could have been more appropriate to achieve the objectives of the intervention, (3) the same effects could have been achieved with less aid or a different form of aid, and (4) the form and volume of the scheme was proportionate to the problem being addressed.

⁵ This Decision does not prejudice the Commission's assessment of the eligibility of the measure under the RRF Regulation, such as to the requirement to have achieved the relevant milestones or targets by August 2026, as established in the Council Implementing Decision approving the Spanish recovery and resilience plan.

- (21) The Spanish authorities committed to update the list of evaluation questions and result indicators in the context of the interim evaluation report.

2.3. Envisaged methodology to conduct the evaluation

- (22) The direct effects of the aid scheme on the beneficiaries are to be identified by employing econometric methods, in particular a regression analysis of the type “*Matching – Difference-in-Differences*” (M-DID), as described in the Commission Staff Working Document on Common methodology for State aid evaluation⁶ This methodology consists of two steps: matching to create the control group and the differences in differences to compare their outcomes.
- (23) A control group will be built by identifying the companies that have not received aid under the scheme. In order to correctly apply the matching, the two samples (beneficiary and non-beneficiary enterprises) must be as similar as possible in terms of observable characteristics (i.e. variables that can be found in the database). To this end a pool of so-called ineffective applicants, i.e., entities that planned investments similar to those of the beneficiaries at the same time or are similar to beneficiaries in terms of self-selection to the scheme, will be established.
- (24) The *Difference-in-Differences* strategy is the one that, exploiting the longitudinal nature of the data available, is considered appropriate to take into account the presence of unobservable differences between firms benefitting from aid under the evaluated aid scheme, and firms belonging to a control group, provided that these differences remain constant over time (parallel trend assumption).
- (25) The possibility of using this methodology will be tested in the interim report phase, and alternative methodologies will be proposed by the Spanish authorities if necessary.

2.4. Data collection requirements

- (26) For the purposes of the evaluation, the Spanish authorities will collect data on the relevant indicators for both beneficiaries and non-beneficiaries of the scheme.
- (27) The data for the evaluation will be stored mostly on two databases established by the following institutions: National Institute of Statistics (“INE”) and the Spanish National Central Bank “Banco de España”.
- (28) The data collection frequency will be annual.

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

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

⁶ See footnote3.

	2022				2023				2024				2025				2026			
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4
Publication of the Call for Proposals																				
End of project implementation																				
Start of the evaluation project																				
Revision and implementation of the model																				
Phase 1 of data collection (data 2022 - 2023)																				
Phase 2 of data collection (datos 2024)																				
Interim report																				
Phase 3 of data collection (datos 2025)																				
Final report																				

- (30) The foreseen duration of the aid scheme is until 31 December 2026 (recital (13)).
- (31) The Spanish authorities committed to submitting the interim report to the Commission by 31 March 2025. The interim 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. In case the proposed evaluation methodology (M-DID) was not applicable, the Spanish authorities will propose an alternative methodology to be agreed upon with the Commission.
- (32) The Spanish authorities committed to submitting the final evaluation report to the Commission by 30 June 2026.
- (33) The Spanish authorities commit that, should significant modifications to the evaluation plan become necessary, they will notify to the Commission an updated evaluation plan. The Spanish authorities also commit to inform the Commission of any element that may affect the implementation of the evaluation plan.

2.6. Selection of an independent body to conduct the evaluation

- (34) The Spanish authorities explained that the evaluator has not been selected yet at the time of the notification of the evaluation plan. The independent evaluator will be selected in line with national and EU public procurement rules and based on conditions and criteria ensuring that it has the relevant and proven expertise, experience, and knowledge to conduct the evaluation. The independent evaluator will be involved early in the design of the evaluation plan.
- (35) For the purpose of ensuring the quality and reliability of the evaluation, the entity selected will be functionally independent from the granting authority and persons that have previously been involved in the design and implementation of the aid scheme will not be eligible to join the evaluating team.
- (36) The evaluation team as a whole must have the necessary assessment skills, including in the field of in the environmental sector, industry, new technologies and digitalization and business innovation. The Spanish authorities confirm, therefore that the evaluation will be conducted by experts who have the adequate and proven experience and the methodological knowledge to carry out the exercise.

2.7. Modalities for ensuring the publicity of the evaluation

- (37) The evaluation plan, and the final evaluation report will be published on the website of the Ministry of Industry, Commerce and Tourism⁷. Personal and/or confidential data will be dealt with according to the relevant regulations.
- (38) The evaluation results will be used by the granting authority and other bodies for the design of subsequent schemes pursuing a similar objective. Data collected during the evaluation will be made accessible for further studies under conditions that preserve confidentiality.
- (39) Dissemination activities will be conducted, for example by organising workshops with stakeholders in order to gather their feedback on the evaluation results and more generally by stimulating public debate on the evaluation results.

3. ASSESSMENT OF THE EVALUATION PLAN

- (40) 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.
- (41) Pursuant to Article 1(2)(a) GBER, certain aid schemes⁸ within the meaning of Article 2(15) GBER, with an average annual State aid budget exceeding EUR 150 million, are subject to evaluation. The Commission notes that the annual budget of the aid scheme concerned (i.e. EUR 392 million) exceeds the threshold of EUR 150 million laid down in Article 1(2)(a) of the GBER. Chapter I and Sections 4 (Article 25 and 29) and 7 (Articles 36 and 38) 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. However, in the absence of a positive Commission decision on the notifiable evaluation plan, pursuant to Article 1(2)(a) GBER, the exemption expires six months after the entry into force of the measure and may continue to apply for a longer period only on the basis of a Commission decision.
- (42) 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

⁷ <https://www.mincotur.gob.es/PortalAyudas/PERTE-AGRO/Paginas/Index.aspx>

⁸ Schemes under Sections 1 (with the exception of Article 15), 2, (with the exception of Articles 19c and 19d), 3, 4, 7 (with the exception of Article 44) and 10 of Chapter III of this Regulation (Article 1(2)(a) GBER).

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 it could examine the proportionality and appropriateness of the chosen aid instrument.⁹

- (43) In the light of these considerations, Article 2(16) of the GBER defines “*evaluation plan*” as “*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*”.¹⁰
- (44) The Commission considers that, as described in section 2 of this decision, the notified evaluation plan contains these minimum elements.
- (45) 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 (recitals (7) to(13)).
- (46) The evaluation questions are designed in a way as to assess the direct effects of the scheme on the beneficiaries compared to non-beneficiaries, in order to measure the incentive effect of the scheme (recital (16)). The evaluation questions addressing indirect effects are linked to the specificities of the aid scheme, both in terms of objectives and aid instruments (recital (18)). The Commission notes that the evaluation plan also includes evaluation questions aimed at measuring the appropriateness and proportionality of the aid (recital (20)).
- (47) The evaluation plan identifies and justifies result indicators that integrate the evaluation questions for the aid scheme concerned (recitals (17), (19)) and explains the data collection requirements and availabilities necessary in this context (recitals (26) to (28)). The data sources to be used for the evaluation are described clearly and in detail (recitals (26) to (28)).
- (48) 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 causal impact of the scheme (recitals (22) to (25)).
- (49) The proposed timeline of the evaluation is reasonable in view of the characteristics of the scheme concerned (recitals (29) to (33)).
- (50) The procedure and selection criteria for the selection of the body to conduct the evaluation are appropriate to meet the independence and skills criteria (recitals (34) to (36)).

⁹ See Staff Working Document referred to in footnote 3 above.

¹⁰ Further guidance is given in the Staff Working Document referred to in footnote 2 above.

- (51) The proposed modalities for the publication of the evaluation results are appropriate and ensure transparency. In particular, the Commission takes note of the commitment of the Spanish authorities to disseminate and make publicly available the evaluation plan and the final evaluation report (recitals (37) to (39)).
- (52) 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.
- (53) The Commission takes note of the commitment made by the Spanish 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 (recital (33)). The Commission also takes note of the commitment by the Spanish authorities to fulfil the obligation to submit the final evaluation report by 30 June 2026.
- (54) The Commission takes note of the commitment made by the Spanish authorities to take into account the evaluation results for the design of any subsequent aid measure with a similar objective (recital (38)). The Commission recalls that the application of the exempted scheme has to be suspended if the final evaluation report is not submitted in good time and sufficient quality.
- (55) Therefore, pursuant to Article 1(2)(a) of the GBER, the Commission decides that the GBER shall continue to apply to the aid scheme for which the evaluation plan was submitted, for a period exceeding the initial six months after the scheme at hand was applied for the first time, until 30 June 2024. The Spanish authorities may decide to extend this scheme beyond that date, provided that they submit an evaluation report in line with this evaluation plan, without prejudice to Article 1(2)(b) of the GBER. In this regard, the Commission reminds that alterations to the evaluated 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

The Commission has accordingly decided:

- that the exemption of the aid scheme shall continue to apply for a period exceeding the initial six months after the scheme at hand was applied for the first time, until 30 June 2024.
- to publish this decision on the Internet site of the Commission.

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

<http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Your request should be sent electronically to the following address:

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Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President