EUROPEAN COMMISSION

Brussels, 29.11.2023
C(2023) 8094 FINAL

PUBLIC VERSION

This document is made available for information purposes only.

Subject: State Aid SA.107502 (2023/EV) – Portugal. Evaluation plan for the block exempted scheme 'Inovação Produtiva'

Excellency,

1. PROCEDURE

(1) On 18 September 2023, Portugal notified an evaluation plan for the aid scheme 'Inovação Produtiva' (the 'productive innovation scheme'), which has been registered by the Commission under SA.107502 (2023/EV) (the '2023 evaluation plan').

(2) The object of the present decision is to assess the 2023 evaluation plan and to decide whether to prolong the period of application of the 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 ([1]) ('GBER') to the productive innovation scheme.

([1]) OJ L 187, 26.6.2014, p. 1.

S. Ex.ª o Ministro dos Negócios Estrangeiros
João Gomes Cravinho
Largo do Rilvas
P – 1399-030 – Lisboa

(3) On 12 May 2023, Portugal had submitted summary information on the productive innovation scheme, registered under SA.107502.

(4) Pursuant to its Article 1(2), point (a), 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 schemes following the assessment of an evaluation plan to be notified by the Member State concerned.

(5) The productive innovation scheme has an estimated annual budget of EUR 285 million.

(6) The productive innovation scheme entered into force on 13 April 2023. Funding is provided on the basis of the State aid provisions for regional investment aid (Article 14 GBER), investment aid to micro, small and medium-sized enterprises ('SMEs') ([2]), (Article 17 GBER), innovation aid for SMEs (Article 28 GBER) and training aid (Article 31 GBER). Furthermore, the productive innovation scheme provides for funding on the basis of Commission Regulation (EU) No 1407/2013 of 18 December 2013 regarding *de minimis* aid ([3]).

(7) The duration of the productive innovation scheme is at present limited to 31 December 2026, which coincides with the remaining period of validity of the GBER currently in force.

(8) The Commission requested additional information to Portugal on 4 and 19 October 2023. The Portuguese authorities provided that additional information on 12 and 23 October 2023.

(9) Portugal exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ('TFEU'), in conjunction with Article 3 of Regulation No 1 determining the languages to be used by the European Economic Community ([4]) and to have this decision adopted and notified in English.

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

(10) Following the requirements laid down in Article 2 (16) GBER, and in line with best practices established by the Commission Staff Working Document on Common methodology for State aid evaluation ([5]) ('Staff Working Document'), Portugal presented, in the 2023 evaluation plan, the following main elements: (i) the objectives of the aid scheme to be evaluated, (ii) the evaluation questions, (iii) the result indicators, (iv) the methods envisaged to conduct the evaluation, (v) the data collection requirements, (vi) the proposed timeline of the evaluation, (vii)

([2]) As defined in Annex 1 to the GBER.

([3]) OJ L 352, 24.12.2013, p. 1.

([4]) OJ 17, 6.10.1958, p. 385.

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

details on the body conducting the evaluation, and (viii) the modalities for ensuring the publicity of the evaluation.

(11) The evaluation plan and the future evaluation report will help to ensure that similar schemes will be more effective in the future and will create less distortion on the markets (if any). The evaluation will also improve the efficiency of similar schemes and, possibly, of future rules for granting State aid in this area.

2.1. The predecessor scheme 'Inovação Empresarial'

(12) On 19 June 2015, Portugal notified to the Commission an evaluation plan ('2015 evaluation plan'), registered under SA.42136 (2015/N), for the scheme 'Inovação Empresarial', which was set up under the GBER and entered into force on 27 February 2015. By decision C(2015) 5825 final of 19 August 2015, the Commission assessed the 2015 evaluation plan and decided that the exemption of the scheme 'Inovação Empresarial' under the GBER would continue to apply until 31 December 2020.

(13) The Portuguese authorities consider that the productive innovation scheme is in substance the successor of the scheme registered under case number SA.42136. Moreover, the Portuguese authorities argue that the evaluation plan for the productive innovation scheme corresponds to an update of the 2015 evaluation plan already assessed by the Commission, in view of the similarities between the two schemes. In addition, the Portuguese authorities note that the scheme 'Inovação Empresarial' implemented the European structural and investment funds ('ESIF') under the previous programming period (i.e., 2014-2020) and the productive innovation scheme implements the ESIF under the current programming period (i.e., 2021-2027).

2.2. Objectives of the aid scheme to be evaluated

(14) Portugal considers that its specialisation profile and economic growth model have improved over the last two decades with the strong contribution from EU funds. The Portuguese economy has increased its competitiveness at the international level, mainly due to the private sector, increased innovation and productivity of SMEs and enhanced skills of the population. The Portuguese authorities explain that, despite these developments, companies still encounter difficulties to engage in global value chains, as they are mostly small-sized and active in labour-intensive sectors, with low productivity levels, high energy consumption and insufficient environmental sustainability practices. Investments in innovation are also considered riskier and less attractive mostly due to the high indebtedness of SMEs. Therefore, the Portuguese authorities intend to incentivise productive investment to foster growth, innovation and competitiveness.

(15) The main objective of the productive innovation scheme is to promote a change in the specialisation profile of the Portuguese economy ([6]) and to reinforce its

---

([6]) The Portuguese authorities explain that the change in the specialisation profile of the national economy will be based on the development of emerging sectors and sectors that are intensive in technology and/ or knowledge as well as on the modernisation of the more traditional sectors. This change also takes into account the circular economy model, the energy transition and decarbonisation targets as well as the importance of digitalisation as a driving force for economic growth and competitiveness.

external competitiveness. The scheme aims at improving the productive capacities of companies, fostering investment in innovative, digital and sustainable solutions. More specifically, the Portuguese authorities aim to achieve this through:

(a) the development of innovative solutions based on research and development results, by including new technologies and know-how and by bringing several technologies and know-how together;

(b) the reinforcement of structuring investment ([7]) within the scope of the Research and Innovation Strategies for Smart Specialisation ([8]) (hereinafter 'RIS3') and in new areas with growth potential;

(c) making human resources better qualified for business innovation;

(d) the reinforcement of private investments in innovative activities so that companies can play a role in global value chains.

(16) The productive innovation scheme aims to support investments of an innovative nature corresponding to the different types of initial investments as defined in Article 2(49), point (a), GBER.

(17) The Portuguese authorities expect the following results at macro-economic level:

(a) increased innovation within companies and more investments in products which can be exported internationally,

(b) increased investment in sectors with growth potential, in line with the priorities set out in the 'RIS3',

(c) increased investment in innovation, especially in SMEs, so that they are able to produce tradable and exportable goods and services of high added value, which can be sold internationally, thus reinforcing the presence in international markets, and

(d) increased convergence of the less developed regions towards the European Union average.

(18) At the micro-economic level, the Portuguese authorities expect the following results:

(a) increased gross value added,

(b) new jobs, especially qualified ones,

(c) increased turnover of the beneficiary companies,

([7]) 'Structuring investment' means an investment that allows the implementation of the priorities established in the national and regional strategies for specialisation, which have been designed in line with the cohesion policy to promote innovation.

([8]) Smart specialisation strategies set priorities at national and regional level to build competitive advantage by developing and matching research and innovation with business needs.

(d) higher export intensity,

(e) increased investment in innovation, and

(f) increased productivity.

(19) The productive innovation scheme is co-financed by the European Regional Development Fund and the Just Transition Fund, through six Operational Programmes ([9]). The Portuguese authorities indicate that the productive innovation scheme will comply with the applicable rules of the respective EU funds.

(20) The productive innovation scheme allows the granting of aid to SMEs and, in case of projects financed under the Just Transition Fund, to undertakings of all sizes. The aid will be granted in the form of grants or a combination of a grant and a loan. Financial support is possible for investments in all sectors eligible within the scope of the respective articles of GBER, with the exclusion of finance and insurance, defence, lottery and gambling activities.

(21) The productive innovation scheme targets beneficiaries in the NUTS 2 regions of Norte, Centro, Área Metropolitana de Lisboa, Alentejo and Algarve ('mainland Portugal') ([10]). The maximum aid intensities will be those within the limits of the GBER.

(22) Aid beneficiaries can apply for aid by means of a written aid application or can be selected through a public tender. All projects will be selected based on criteria established *a priori* and published on the websites of the monitoring committees of the operational programmes ([11]).

(23) The Portuguese authorities note that the productive innovation scheme targets efficient companies, which intend to operate in the global market and that present viable business plans. Therefore, companies that do not have their tax and social security situations regularised, or, within the scope of repayments of EU funds, companies with salaries due but not yet paid, as well as undertakings in difficulty ([12]), are excluded. Moreover, a minimum level of financial autonomy is also required in that beneficiaries must present a balanced economic and financial situation and demonstrate financing capacity. Bearing in mind that the productive innovation scheme has a transversal character, both in terms of the sectors and of

([9]) Concretely, the Innovation and Digital Transition Thematic Programme and the Regional Programmes for Norte, Centro, Lisboa, Alentejo and Algarve.

([10]) Aid under Article 14 GBER may be granted only in the assisted areas of mainland Portugal in accordance with the applicable regional aid map for Portugal. Aid under Article 17 GBER may be granted only in non-assisted areas. Aid under Articles 28 and 31 GBER and *de minimis* aid may be granted in both assisted and non-assisted areas of mainland Portugal.

([11]) A monitoring committee is set up by the Member State to monitor the implementation of the programme. It approves, inter alia, the methodology and criteria for the selection of operations, in accordance with Article 40(2) of Regulation (EU) 2021/1060 of 24 June 2021.

([12]) Within the meaning of Article 2(18) GBER.

the regions, the Portuguese authorities are not expecting a bias within these dimensions.

2.3. Evaluation questions and result indicators

(24) The 2023 evaluation plan identifies the issues to be addressed by the evaluation. The evaluation questions address the direct impact of the aid on the beneficiaries, the indirect effects of the scheme (positive and negative externalities) and the proportionality and appropriateness of the scheme. The result indicators are linked to the evaluation questions and to the objectives of the scheme.

(25) The direct impact of the aid on the beneficiaries will be addressed by evaluation questions on the effect of the aid on the performance of the beneficiaries and by evaluation questions on the incentive effect of the aid. In this regard, specific questions were established with the objective to assess to what extent the aid contributed to improving the performance of the beneficiaries (including a comparison with unsupported companies), whether the aid has encouraged the companies to invest and to what extent.

(26) With regard to the assessment of the direct impact of the aid on the beneficiaries, the chosen indicators will assess the evolution of the beneficiaries and the control group in areas such as the creation of added value, skill improvement and the level of market penetration and innovation, which correspond to the strategic objectives of the productive innovation scheme. The Portuguese authorities proposed the following result indicators: (1) improvement in the gross value added (‘GVA’), (2) improvement in the business turnover, (3) net creation of employment, (4) improvement in the labour productivity, (5) improvement in the investment expenditure, (6) number of companies that introduced ‘new to the market’ products, and (7) number of companies that introduced ‘new to the company’ products.

(27) The indirect impact of the aid will be addressed by evaluation questions concerning (i) the spill-over effect, (ii) the impact on competition, and (iii) the extent to which the policy objectives are met. Those questions include, amongst others, the impact of the financed investment projects on employment (spill-over effect), the impacts on the main competitors of the beneficiaries and whether there has been a crowding-out of investments due to the aid (impact on competition), and whether the productive innovation scheme has respected the development strategy of the region (public policy objectives).

(28) With regard to the evaluation questions on the spill-over effect, the Portuguese authorities proposed the following result indicators: (1) indirect creation of employment, (2) GVA generated in the region and in the activities upstream and downstream, and (3) collaboration with non-entrepreneurial entities of the Research and Development and Innovation (‘R&D&I’) System and intensity of the clustering dynamics, assessed by the number of new services provided by R&D&I institutions (knowledge transfer).

(29) On the effect on competition, the proposed result indicators are (1) number of newly created and liquidated companies and survival rates of companies, (2) growth of market shares, (3) level of the relevant market concentration, and (4) rate of innovation activities conducted without aid. Finally, as regards the public policy objectives, the proposed indicators to be used are (1) improvement in the

GVA, (2) improvement in the business turnover, (3) net creation of employment, (4) improvement in the labour productivity, (5) improvement in the investment expenditures, and (6) improvement of the national production profile.

(30) The evaluation questions on appropriateness and proportionality of the productive innovation scheme will, in particular, assess the efficiency of the scheme's design by investigating whether the same effects could have been achieved with different structures of aid instruments. The result indicator chosen to measure the proportionality and the appropriateness of the aid is the level of leveraging of investments made by the beneficiaries vis-à-vis the financial aid granted.

(31) The Portuguese authorities note that some further questions will be addressed by the evaluation. They listed in particular the following questions:

(a) What is the net effect of State aid granted?

(b) What is the sustainability of the results reached by the beneficiaries?

(c) Have the aid intensities for regional aid (limited to the regional aid map) effectively contributed to the attraction of foreign direct investment to Portugal, as a peripheral location in Europe?

(d) Did the results attained by the beneficiaries correspond to the ones they expected when the projects were approved? What are the main reasons for the possible deviations (positive or negative)? Is there any difference in terms of region/sector in the attained results, namely considering the different strategies of smart specialisation?

2.4. Envisaged methodology to conduct the evaluation

(32) Different methodological approaches will be used. The Portuguese authorities intend to apply the most robust methodology where possible and use alternative methods where necessary (mixed approach). The Portuguese authorities explain that the diversity of methodological approaches proposed is in line with the need to offer reliable causal inferences for both the direct and the indirect effects of the aid. The 2023 evaluation plan will therefore apply two types of impact evaluation methods: quantitative (i.e. counterfactual analysis) and qualitative.

(33) The direct causal impact of the productive innovation scheme on the beneficiaries may be identified by employing econometric methods (Difference-in-Differences, Instrumental Variables and Regression Discontinuity Design). The counterfactual approach will measure the direct impacts of the aid on the beneficiaries, the spill-over effects and the effects on competition. To establish a reasonable scenario that captures the counterfactual, a robust control group will be defined. It will consist of companies that did not receive aid (unsuccessful applicants) or that did not apply (non-applicants), and it will serve as a basis for estimation of the counterfactual. The Portuguese authorities plan that the treatment group (i.e., the group of companies that received the aid) will include approximately 1000 companies, including SMEs and large enterprises. The control group, which will be as comparable as possible to the treatment group, will entail the same number of companies. The companies whose applications were not approved, despite being eligible (due to budget constraints) might constitute a control group if is

allows the estimation of direct effects using a discontinuity regression framework with enough degrees of freedom.

(34) The selection of the control group will be made from non-beneficiary enterprises (which either did not apply or are not eligible) included in the National Statistical System or Information System ([13]) databases. Those enterprises must be comparable to the beneficiaries in terms of several characteristics, such as region, sector, size, productivity, balance sheet data and financial indicators. In this context, the analysis should focus mainly on the Difference-in-Differences approach. According to the Portuguese authorities, this method provides a tractable and an intuitive way to account for selection on unobserved characteristics. This method could be combined with other approaches, such as propensity score matching, to account for potential sources of selection bias.

(35) Furthermore, the Difference-in-Differences method may be complemented by using cross-section data (survey) and panel methods. If at any phase of the evaluation process, the Portuguese authorities conclude that there are risks of selection bias arising from unobserved characteristics the Instrumental Variable approach will be used. With regards to the result indicators gathered through the National Statistics System, the Portuguese authorities explain that the control group will have the same size as the treatment group. For result indicators gathered through a survey, the sample size must consider a confidence level of 95 % and an error rate of 5 %.

(36) The case study approach may also be necessary as it allows to focus on a particular relevant market, industry, supply chain and region. This analysis would be based on different types of data, such as micro data from beneficiaries and non-beneficiaries for a certain region, cluster or industry. Secondary data could be complemented with primary data, gathered from in-depth interviews and surveys. Moreover, the case study approach will allow to isolate and/or to detail the impacts by targeting a particular supply chain or industry. For the assessment on the contribution to public policy objectives, the analysis of micro data might be complemented with macro data.

(37) The assessment of proportionality and appropriateness of the aid will be examined by using different types of evidence and will rely on theory-based impact evaluation and benchmarking approach.

2.5. Data collection and sources

(38) The data will be collected both from the productive innovation scheme's aid beneficiaries and from a control group of companies. The Portuguese authorities confirm that the necessary data will be systematically collected from all applicants (both successful and unsuccessful) to allow comparisons. The data on result indicators related to beneficiaries will be collected through the IES, comprising economic and financial data collected from companies on a yearly

([13]) The Information System allows the management of applications for support and the monitoring of projects selected under the productive innovation scheme. This platform allows the collection of the necessary information for the purpose of the evaluation, namely the beneficiary's economic and financial data through the Simplified Business Information (Informação Empresarial Simplificada: hereinafter 'IES'), which companies submit on a yearly basis.

basis. The data on result indicators for the control group will be collected from official statistical information made available by the National Statistical Office, within the scope of a database called 'System of Integrated Accounts of the Companies', collected through IES. Therefore, the most relevant information will be collected from different types of data sources such as: (i) secondary micro data provided by the National Statistics System (non-applicants and unsuccessful applicants), (ii) aggregated or macro secondary data provided by the National Statistics System (i.e. by region or by country), (iii) secondary data stored by the Information System (beneficiaries), (iv) surveys targeting beneficiaries, non-applicants and unsuccessful applicants (when required), and (v) benchmarking approach to compare the proportionality of the aid scheme with those adopted in the EU. Surveys and in-depth interviews may be used as complementary source of data gathered from non-applicants and beneficiaries.

(39) The data collection is subject to the Portuguese statistical confidentiality rules which are intended to safeguard the privacy of citizens, preserve competition among economic agents and ensure the confidence of information providers in the statistical system. The Portuguese authorities note that the data of the control group might be provided with some level of aggregation due to statistical secrecy and confidentiality.

2.6. Proposed timeline of the evaluation, including the date of submission of the report

(40) The Portuguese authorities explain that the final evaluation report will present answers to the evaluation questions as well as conclusions and possible recommendations for the design of successors of the productive innovation scheme or for similar schemes. The Portuguese authorities also intend to submit an additional report, after the final evaluation report, which will include an assessment of the overall effectiveness of the productive innovation scheme.

(41) The final evaluation report will be submitted to the Commission by 30 June 2026 ([14]). The additional report will be submitted by the end of 2029.

2.7. Body conducting the evaluation

(42) The evaluation will be conducted by a team of independent experts that will be selected through a transparent, non-discriminatory and objective public procurement procedure that will be launched in the first semester of 2025. The Portuguese authorities also confirmed that the competitive tendering process will assure that the required levels of independence will be met.

(43) The successful bidder will be selected based on the technical quality of the proposal, on the quality of the technical team and on the price. The criteria for the selection of the entity conducting the evaluation will include requirements related to the global adequacy and coherence of the proposal and the evaluation methodology design. The qualifications and experience of the entity conducting the evaluation and of the members of the evaluation team in carrying out

([14]) The final evaluation report will provide only intermediate results based on the years the productive innovation scheme has been in place until that point (e.g., 2023-2025).

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

(44) According to the Portuguese authorities, the conduct of the evaluation will be supported by a 'Follow-Up Group', composed by public entities involved in the implementation of the productive innovation scheme, including the managing authorities of the operational programmes ([15]). The 'Follow-up Group' will monitor the evaluation reports prepared by the evaluation team, notably by ensuring the availability of all required information, the technical support and the necessary clarifications about the aid scheme and the assessment of the compatibility of the reports presented with the terms of reference. The Portuguese authorities confirmed that all the relevant stakeholders of the productive innovation scheme are represented in the 'Follow-up Group'. The evaluation team shall present the evaluation reports to the 'Follow-up Group' with the mandatory attendance of the evaluation coordinator.

2.8. Publicity of the evaluation

(45) The content of the evaluation report shall be disclosed based on criteria of usefulness, credibility and relevance/added value of the information. For disclosure purposes, the final evaluation report will include an executive summary both in Portuguese and English and a graphic synthesis with the main conclusions and recommendations of the evaluation exercise. In this regard, the Portuguese authorities confirm that the final evaluation report and the additional report referred to in recital (41) as well the respective synthesis of the final report will be made available to the public in general on the websites of the managing authorities involved in the implementation of the productive innovation scheme ([16]) as well as on https://portugal2030.pt/.

(46) In addition, the involvement of stakeholders of the productive innovation scheme will be ensured by its belonging to the existing monitoring committees of the national operational programmes which will also be involved in the works of the 'Follow-up Group' and therefore will have access to the presentation of the evaluation study results.

(47) The results of the evaluation will be presented at a public session to which stakeholders will be invited. The recommendations made by the evaluation team and the conclusions of the different reports will be used to make possible adjustments to the productive innovation scheme and will be considered as a relevant input in the implementation of similar aid schemes after 2030.

([15]) See footnote 9.

([16]) For the Innovation and Digital Transition Thematic Programme: http://www.compete2030.gov.pt/; for the Regional Programmes for Norte, Centro, Lisboa, Alentejo and Algarve, respectively: http://www.norte2030.pt/; http://www.centro2030.pt/; http://www.lisboa.portugal2030.pt/; http://www.alentejo.portugal2030.pt/; and http://www.algarve.portugal2030.pt/.

3. ASSESSMENT OF THE EVALUATION PLAN

(48) The correct application of the GBER is the responsibility of the Member States. The present decision on the 2023 evaluation plan does not assess whether Portugal put the scheme into effect in full respect of all applicable provisions of the GBER. It does, therefore, neither create legitimate expectations, nor prejudge the views which the Commission might take regarding the conformity of the scheme with the GBER, when monitoring it or assessing complaints against individual aid granted under it.

(49) Only aid schemes (within the meaning of Article 2(15) GBER ([17])) falling under the provisions of Article 1(2), point (a), GBER ([18]) are subject to evaluation. The Commission notes that the estimated annual budget of the scheme, namely EUR 285 million (see recital (5)), exceeds the EUR 150 million threshold set out in Article 1(2), point (a), GBER. Article 1(2), point (a), Article 2(15), and Articles 14, 17, 28, and 31 GBER form the bases for the exemption of the productive innovation scheme from the notification requirement of Article 108(3) TFEU. However, in the absence of a positive Commission decision on the notifiable evaluation plan, pursuant to the provision in Article 1(2), point (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 if the Commission decides to authorise this explicitly by the present decision.

(50) As the Commission explained in recital (8) GBER, an 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, respectively. Furthermore, State aid evaluation examines proportionality and appropriateness of the chosen aid instrument ([19]).

([17]) Under Article 2(15) 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*'.

([18]) Under Article 1(2), point (a), GBER, '*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, if the average annual State aid budget per Member State exceeds EUR 150 million, from 6 months after their entry into force, as well as aid implemented in the form of financial products under Section 16 of Chapter III, if the average annual State aid budget per Member State exceeds EUR 200 million, from 6 months after their entry into force […]*'.

([19]) See point 2, second paragraph (page 3) of the best practices outlined in the Staff Working Document (cited in footnote 5).

(51) In the light of these considerations, Article 2(16) GBER defines an 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*' ([20]).

(52) The Commission considers that, as described in section 2 of this decision, the 2023 evaluation plan contains these minimum elements.

(53) The 2023 evaluation plan provides a concise description of the key objectives of the measures concerned and provides sufficient information to understand the 'intervention logic' behind the scheme (recitals (14) to (16)). Thus, the scope of the evaluation is defined in an appropriate way.

(54) The evaluation questions are designed in such a way as to properly assess the *direct effects* of the scheme on the beneficiaries, when compared to non-beneficiaries, in order to measure the incentive effect of the scheme (recitals (25) and (26)). The evaluation questions addressing *indirect effects* are also linked to the specificities of the scheme, seeking to identify any unwarranted effects that the scheme may have (recitals (27) to (29)). The Commission notes that the 2023 evaluation plan also includes evaluation questions aimed at measuring the appropriateness and proportionality of the aid (recital (30)).

(55) The 2023 evaluation plan identifies and justifies result indicators that integrate the evaluation questions for the scheme (recitals (24), (26), (28) to (30)) and explains the data collection requirements as well as details on the availability of the data necessary in this context (recitals (38) and (39)). In this context, the data sources to be used are described clearly and in detail (recital (38)). The 2023 evaluation plan also addresses the possible inherent limitations of the data sets (recital (39)) ([21]).

(56) The 2023 evaluation plan sets out the main methods that will be used in order to identify the effect of the aid and explains why these methods are likely to be appropriate for the scheme in question (recitals (32) to (37)) ([22]). The proposed evaluation methodology sufficiently allows identifying the causal impact of the scheme itself.

(57) The proposed timeline of the evaluation (recitals (40) to (41)) is adequate, in view of the characteristics of the measures concerned and the relevant implementation periods for projects supported under the productive innovation scheme.

([20]) Further guidance on evaluation plans is given in the Staff Working Document (cited in footnote 5 above).

([21]) Also see section 3.2 of the Staff Working Document (footnote 5).

([22]) Also see section 3.4 of the Staff Working Document (footnote 5).

(58) The proposed criteria for the selection of the evaluation body on the basis of public procurement procedures (recitals (42) and (43)) meet the independence and skills criteria.

(59) The proposed modalities for the publication of the 2023 evaluation plan results are satisfactory and ensure transparency. In particular, the Commission takes note of Portugal's commitment to disseminate and make publicly available the results of the evaluation report to stimulate policy debate (recitals (45) to (47)).

(60) In view of the above, the Commission considers that the 2023 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.

(61) The Commission notes Portugal's commitment to conduct the evaluation according to the plan described in the present decision. The Commission also notes that Portugal will submit the final evaluation report by 30 June 2026 (recital (41)). Portugal is invited to inform the Commission, without delay, of any element that might seriously compromise the full and timely implementation of the 2023 evaluation plan.

(62) The Commission takes note of the commitment made by the Portuguese authorities to take into account the evaluation results for the design of any subsequent aid measure with a similar objective (recital (47)). The Commission reminds that the application of the productive innovation scheme has to be suspended if the final evaluation report is not submitted in good time and/or in adequate quality.

(63) The Commission also takes note of Portugal's commitment to suspend the granting of aid under the productive innovation scheme from six months after that scheme was applied for the first time and until the Commission's decision on the 2023 evaluation plan.

(64) Therefore, pursuant to Article 1(2)(a) GBER, the Commission decides that the GBER may continue to apply to the aid scheme for which the 2023 evaluation plan was submitted, for a period exceeding the initial six months after the scheme at hand was applied for the first time, until the end of the validity of the GBER, and as from the date of the notification of this decision to Portugal.

(65) The Commission reminds Portugal that any 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), point (b), GBER, excluded from the scope of the GBER, and therefore would have to be notified to the Commission.

4. CONCLUSION

The Commission has accordingly decided:

- That the exemption of the aid scheme for which the evaluation plan was submitted, shall continue to apply from the date of notification of this decision to Portugal, until 31 December 2026.

- To publish this decision on the website of the Commission.

The decision is based on non-confidential information and is therefore published in full on the Internet site: https://competition-cases.ec.europa.eu/search?caseInstrument=SA.

Yours faithfully,

For the Commission

Didier REYNDERS
Member of the Commission