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Quality assessment of evaluation plans and reports in the area of State aid (EVALSA III): the 2024 activity report

This is the author's manuscript

Original Citation:

Availability:

This version is available <http://hdl.handle.net/2318/2060614> since 2025-02-28T15:04:24Z

Publisher:

Luxembourg: Publications Office of the European Union

Published version:

DOI:10.2760/1600170

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Quality assessment of evaluation plans and reports in the area of State aid (EVALSA III): the 2024 activity report

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2025

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EU Science Hub

<https://joint-research-centre.ec.europa.eu>

JRC141213

EUR 40232

PDF ISBN 978-92-68-24751-8 ISSN 1831-9424 doi:10.2760/1600170 KJ-01-25-100-EN-N

Luxembourg: Publications Office of the European Union, 2025

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How to cite this report: European Commission: Joint Research Centre, Ardito, C., Barbaglia, L., Bernhofer, J., Berton, F., Martinez Santos, F. and Sasso, A., *Quality assessment of evaluation plans and reports in the area of State aid (EVALSA III): the 2024 activity report*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2760/1600170>, JRC141213.

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Abstract

This report presents the main results of the EVALSA III project conducted between October 2023 and September 2024. The collaboration between the Joint Research Centre (JRC) and the Directorate-General for Competition (DG COMP) was initiated in 2018, with the past year being the seventh consecutive year of scientific and methodological support in assessing evaluation plans and reports (both interim and final) for State aid schemes submitted by Member States. All evaluated reports from 2018 to 2024 are accessible online through the JRC online repository, which was developed in 2020. The JRC also conducted additional support activities for DG COMP in the area of State aid evaluation. First, it performed compliance checks in alignment with the State aid transparency requirements set by DG COMP. This involved verifying the completeness and accuracy of information published by Member States in the Transparency Award Module (TAM) or their national transparency registers. Second, DG COMP and the JRC jointly committed to enhancing the evaluative process as a "learning exercise" through two primary avenues: (i) creating supportive materials to assist Member States in their evaluation processes, and (ii) providing training sessions on evaluation. Third, the JRC was responsible for evaluating the effectiveness of Temporary Framework measures in aiding firms during the pandemic.

Acknowledgements

The authors would like to thank Cinzia Cocco for her constant help and IT support. We also would like to thank Cinzia Di Novi and Silvia Granato, colleagues who had been involved in past years of EVALSA, for their fruitful collaboration.

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1. Introduction

This report offers a summary of the activities conducted during the seventh year of the EVALSA III project (October 2023 - September 2024) and also provides an overview of the comprehensive evaluation effort carried out in the EVALSA project, a seven-year collaboration between DG COMP-Unit A3 and the Competence Centre on Microeconomic Evaluation (DG JRC-Unit S3), governed by the Administrative Arrangements Ares-2018-2540499, Ares(2020)7718969) and Ares(2023)8299781.

The main objectives of the EVALSA project include assisting DG COMP in analysing the structure of evaluation plans and evaluating the overall quality of the evaluation reports, with a specific focus on counterfactual impact evaluation (CIE) allowing evaluators to establish causal links between interventions and specific State aid outcomes. Additionally, the EVALSA project aims to provide training in evaluation.

Throughout the project's duration, the JRC has offered DG COMP methodological support for assessing the quality of evaluation plans and reports on State aid schemes. The JRC has also played a role in various negotiation procedures between DG COMP and Member States, offering methodological support in refining plans, interim, and final reports. Furthermore, the JRC has developed guidance documents (i.e., toolboxes) in the areas of Regional aid (Conti et al. 2021), Energy aid (Farrell 2022), and R&D&I aid (Czarnitzki 2023) to assist Member States in creating evaluation plans and reports. These documents describe empirical methods for estimating the causal impact of State aid schemes based on the latest literature and practice, offering Member States clear guidelines regarding evaluation plan preparation, timeline, data sources, and the relevant methods for conducting proper CIE. In addition, in support of DG COMP's State aid transparency requirements, the JRC has undertaken the compliance check activity, which aims at verifying the completeness and accuracy of information published by Member States under transparency requirements. Finally, the JRC has established an online repository for all assessed reports. This repository streamlines the management of information related to evaluation reports and serves as a valuable tool for improving the design of future aid schemes and State aid regulations.

The report begins with an overview of the overall quality of the evaluation plans, interim and final reports assessed from October 2023 to September 30, 2024, based on five dimensions: *Clarity*, *Compliance*, *Causality/Method*, *Data* quality and *Consistency*. Sections 2 to 6 outline all activities carried out during the seven years of the EVALSA project, focusing on evaluation plans, interim and final reports, the creation of a dedicated repository for easy access to State aid evaluation information, toolboxes, and compliance check activities.

2. A Year of Assessments – 2024

This section provides a summary of the main results from the assessment of the evaluation plans and reports submitted by Member States in 2024. It is essential to remember that five key dimensions are considered (see Box 1) in the evaluation of the quality of interim and final reports. This aggregation has the aim of providing comparable and targeted assessments and to facilitating the interpretation of the results.

Box 1. Five quality dimensions

Clarity: This indicator captures the degree to which all choices presented in the evaluation are sufficiently motivated and documented. This includes aspects that were foreseen in the evaluation plan but were not considered in the evaluation report.

Compliance: This indicator measures to what extent the analysis carried out is consistent with the provisions of the evaluation plan, and whether discrepancies - if any - are adequately motivated.

Consistency: This indicator assesses if the conclusions emerged from the evaluation are consistent with the applied methodologies.

Data Issues: This indicator aims at understanding whether the evaluator has encountered issues to gather appropriate data for the evaluation.

Method (Causality): This indicator signals whether the econometric or the methodological approaches adopted in the evaluation are adequate to support any claim of a causal relationship.

Interim reports and final reports are evaluated on a scale ranging from 1 to 3. A score of 3 indicates that the report has fully met all the requirements for that particular category. A score of 2 indicates partial compliance which applies when the report meets the requirements to some extent, but may have minor deficiencies. A score of 1 indicates non-compliance, which means that the report did not meet the minimum standards set by DG COMP.

The evaluation process consists of three phases: the evaluation plan, the (non-mandatory) interim report and the final report. Each phase and the respective reporting documents for the period October 2023 to September 2024 are described in the following subsections.

2.1 Evaluation Plans

The expected content of the evaluation plan includes: the objectives of the aid scheme to be evaluated; the evaluation questions; the outcome indicators; the planned methodology for conducting the evaluation; the data collection requirements; the proposed evaluation timeline, including the date for submission of the final evaluation report; the description of the independent body conducting the evaluation and the criteria for its selection; and the methods to ensure the transparency of the evaluation. The JRC's review and support activities primarily focus on outcome indicators, the planned methodology for conducting the evaluation, and data collection requirements.

From October 2023 to September 2024, the JRC assessed a total of 23 evaluation plans. These included five from Austria, Finland, Poland, Spain and Sweden, two from Hungary, three from France, three from Germany, five from Italy and five from the Netherlands. In nearly all cases, the evaluation plans mentioned the use of widely accepted observational designs for assessing the impact of the schemes, such as:

- Regression discontinuity designs (RDD);

- Difference-in-differences (DiD);
- Propensity score matching (PSM) - often in combination with DiD.

These estimation methods, in principle, allow the evaluator to attribute cause and effect between the intervention and outcome indicators and to disentangle the effect of a specific program from other effects and variations in outcomes that would have occurred in absence of the intervention.

In some cases, the evaluation plans submitted may contain ambiguities and inconsistencies in the description of the empirical approach, which may be misaligned with the available data.

Counterfactual analysis entails comparing the outcome indicators of the program's beneficiaries (the "treated group") with a group that is similar in all relevant aspects (the "comparison/control group"). However, to conduct a valid counterfactual analysis that allows for the quantification of causal impacts, it is crucial to have access to suitable, high-quality, and representative data. An additional critical issue which often arises from submitted evaluation reports lies in the evaluation of the indirect effects of the scheme, its appropriateness, and its proportionality which were not always consistently or clearly defined. At times, these questions lacked a strong focus on the scheme itself.

Through a comprehensive process of analysis and refinement, involving collaboration between Member States, DG COMP and the JRC, the quality of the presented evaluation plans has been observed to ultimately improve significantly.

2.2 Evaluation Reports

Member States are required to submit a *final evaluation report* to DG COMP assessing the impact of the State aid granted. Moreover, they are also invited to submit *interim evaluation reports* containing a mid-term analysis of the implementation of the aid scheme.

The JRC provides technical assistance to Member States in the submission of these interim reports and assists them in aligning them with their initial evaluation plans and DG COMP guidelines, in particular with regard to the empirical approach to assessing the causal effect of the aid. This support includes feedback on the methodology and data used for the impact assessment to help Member States and evaluators identify potential improvements before submitting the final report.

From October 2023 to September 2024, the JRC carried out an in-depth evaluation of the State aid assessment reports, which included a total of 14 interim reports and 7 final evaluations:

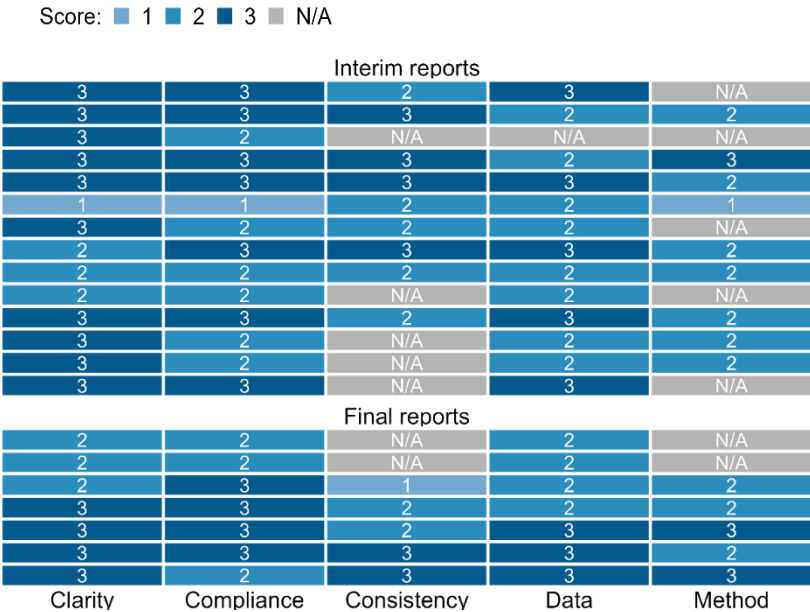
- **Interim Reports:** 5 reports on aid schemes in Czech Republic, Hungary, Ireland, Slovakia and Spain, 2 reports for Italy and 7 reports on schemes in Germany.
- **Final Reports:** 5 reports on aid schemes in Germany, Sweden, Spain, France and Greece and 2 reports on schemes in Portugal.

To ensure a comprehensive and standardised evaluation process, the JRC uses a rigorous evaluation framework for each aid evaluation report, covering both interim and final applications (see Box 1). The JRC framework is based on five indicators assessed on a scale of 1 to 3: *Clarity* refers to the overall organization, and presentation of the report to ensure that it is sufficiently documented and coherently motivated. *Compliance* checks whether the report meets the requirements of the evaluation plan. *Consistency* assesses the internal consistency of the report, ensuring that the findings and conclusions are logically linked and supported by the evidence presented. *Data Issues*

focuses on the quality, reliability and adequacy of the data used to ensure that the analysis is robust and that insights are relevant. Finally, *Method (Causality)* looks at the rigor of the report's methodology in establishing a link of causality between the intervention in State aid and the effects found, and describes the methodology of the report.

Figure 1 shows the specific scores assigned to each of the 21 (14 interim and 7 final) reports. Top scores are represented in dark blue and lower scores in lighter scales. Unassigned scores are highlighted in grey. These are cases in which either the evaluation plan was missing or no specific methodologies were described.

Figure 1 Heat-map of the reports' quality, year 2024



Source: JRC

2.2.1 Interim Reports

Figure 1 illustrates the assessment scores given to interim reports evaluated in 2024. For the indicators of *Clarity*, *Compliance* and *Data*, the assessed interim reports received relatively high scores (average values of 2.6, 2.4 and 2.2, respectively), with all but one projects aligning either completely or partially with the evaluation plans approved by the European Commission (*Compliance*). However, in terms of *Consistency* and *Method*, the interim reports received comparatively lower scores on average (1.6 and 1.3, respectively). The number of interim reports assessed doubled with respect to the past year and the overall score significantly increased (1.8 in 2022/2023 and 2.1 in 2023/2024, see Ardito et al., 2024).

To estimate the causal impact of State aids Member States continue to mostly rely on the difference-in-differences method. As indicated in Figure 1 under *Method*, many cases did not receive scores because the evaluation plans did not explicitly require the use of a counterfactual estimation technique. In one instance, the minimum standard set by DG COMP was not met, resulting in a score of 1. In that case, no evaluation method was proposed.

Moreover, data-related issues continue to pose significant constraints in several cases. It is important to note that, at the time of the interim evaluation, the scheme is still ongoing, and therefore, some necessary data and information are not yet available. Due to these limitations, in 5 out of 14 cases the *Consistency* indicator, which assesses whether the conclusions derived from the preliminary evaluations align with the applied methodologies, did not receive a score. In 4 of the remaining cases the minimum standard required by DG COMP was fully met, and in 5 cases it was only partially met. Overall, the indicator of *Clarity* scored higher or equal compared to the *Data*, *Method*, and *Consistency* indicators, except for two reports. In general, the interim reports evaluated between October 2023 and September 2024 show a clear improvement in terms of *Clarity* when compared to previous years. It appears that Member States, in comparison to past reports, have invested a greater amount of effort to provide justification for their chosen empirical approaches and to discuss the relevant aspects of the analysis, including its strengths and weaknesses.

2.2.2 Final Reports

In relative terms, compared to the total number of incoming evaluation plans and interim reports, the number of final reports has remained relatively low. In absolute terms, however, they have shown a steady increase over the previous years, with 7 final reports in 2024 compared to 5 final reports in 2023 and 2 final reports in 2022.

When it comes to the *Method* indicator, two final reports demonstrated high compliance with the standards required by DG COMP. Contrary to the previous year, in which the score of partial compliance was the most frequently recorded, in the period October 2023 – September 2024 half of all indicators received a score of full compliance and the other half a score of partial or no compliance (only one case received the score of non-compliance for the indicator of *Consistency*).

3. A General Overview of the EVALSA Project: 2018-2024

Throughout the seven-year duration of the EVALSA project, a total of 95 evaluation plans, 53 interim evaluation reports, and 49 final evaluation reports were reviewed. Figure 2 illustrates that the majority of interim reports were assessed in 2019, while 2020 was primarily dedicated to the analysis of final evaluation reports. Additionally, it is worth noting that the number of evaluation plans in absolute terms continues its increasing trend also in 2024, exceeding the numbers from previous years.

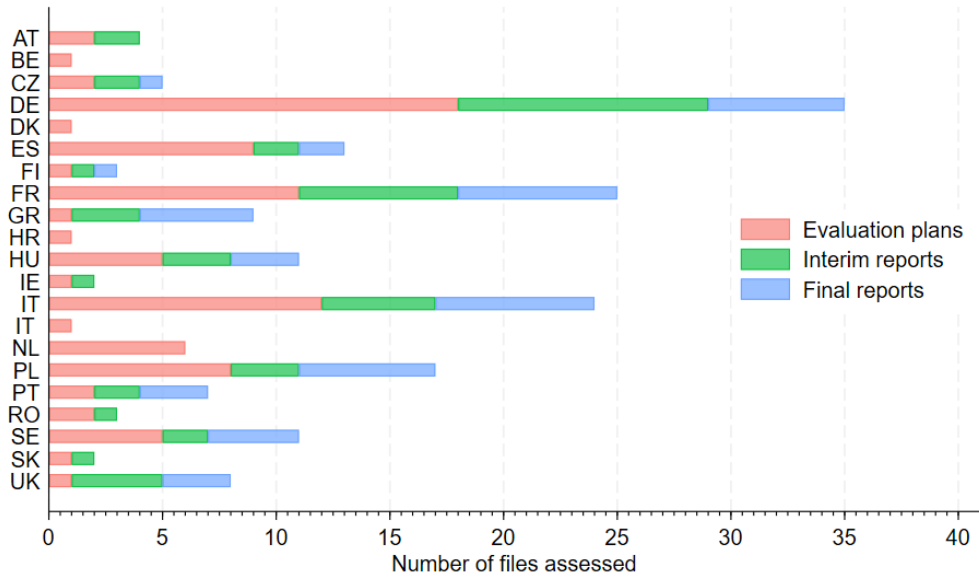
Figure 2. Number of reports assessed in 2018-2024



Source: JRC

Figure 3 presents the JRC's assessment activities categorized by evaluation plans, interim reports, and final reports for each Member State in the period October 2023 – September 2024. The JRC conducted assessments for 21 Member States. Among these, Germany stands out as the Member State that has used JRC's technical support the most, particularly in relation to Interim Reports and Evaluation Plans. In contrast, France has received the highest number of assessments for Final Reports.

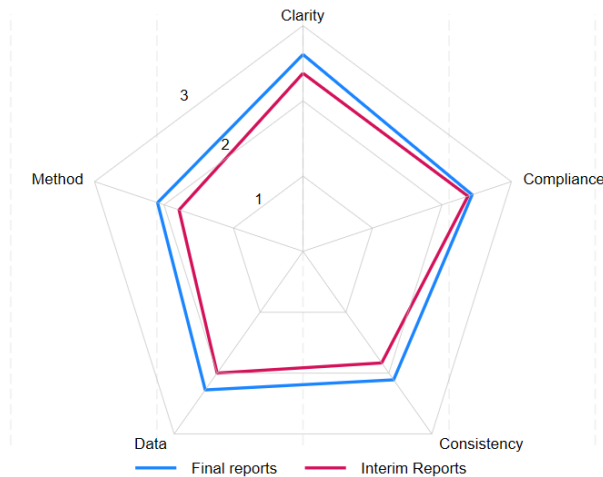
Figure 3. Number of reports assessed in 2018-2024



Source: JRC

Figure 4 provides a comprehensive assessment of the overall report quality across the five dimensions detailed in Box 1. The figure represents these indicators in a radar-style chart, with interim evaluation reports depicted by red lines and final evaluation reports by blue lines.

Figure 4. Quality of interim and final reports assessed in 2018-2024

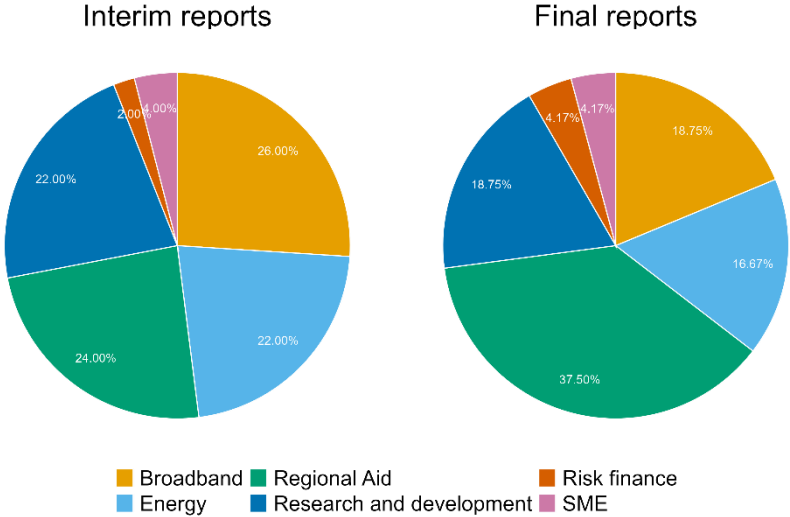


Source: JRC

As expected, considering the inherent nature of interim reports, final reports have overall demonstrated a higher quality throughout the observation period, particularly in terms of clarity, method, data quality, and consistency.

Figure 5 illustrates the distribution of all the interim and final reports assessed during the years 2018-2024, categorized by areas of intervention.

Figure 5. Interim and Final Reports assessed in 2018-2024, by area

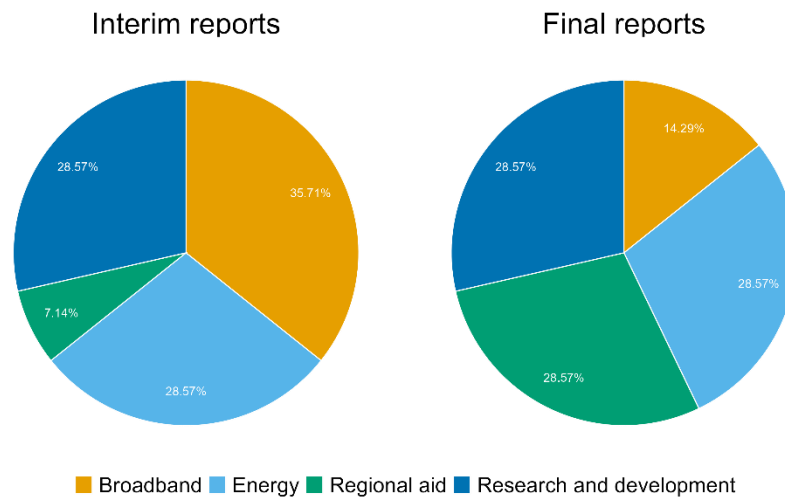


Source: JRC

Over the period 2018-2024 interim reports are similarly distributed across the sectors 'Research and Development,' 'Energy,' 'Broadband' and 'Regional Aid' accounting for 94% of interim reports. The remaining 6% is distributed between the sectors 'SME' and 'Risk Finance' which remain less frequent than reports (interim and final) in other sectors. In the year 2023-2024 the share of interim reports stemming from the 'Regional Aid' sector decreased significantly representing only 7.1% of the total (Figure 6).

Within the category of final reports, over the period 2018-2024 the most significant portion of State aid schemes pertains to 'Regional aid,' accounting for 37.5%. This is followed by 'Broadband' (18.8%) and 'Energy' (16.7%). However, the most recent period, from October 2023 – September 2024 (Figure 6), reveals a shift with 'Energy,' 'Regional Aid' and 'Research and Development' each having the same share of 28.6%, followed by only 14.3% in the 'Broadband' sector. Notably, no final reports were assessed for schemes in the 'SME' and in the 'Risk finance' sectors.

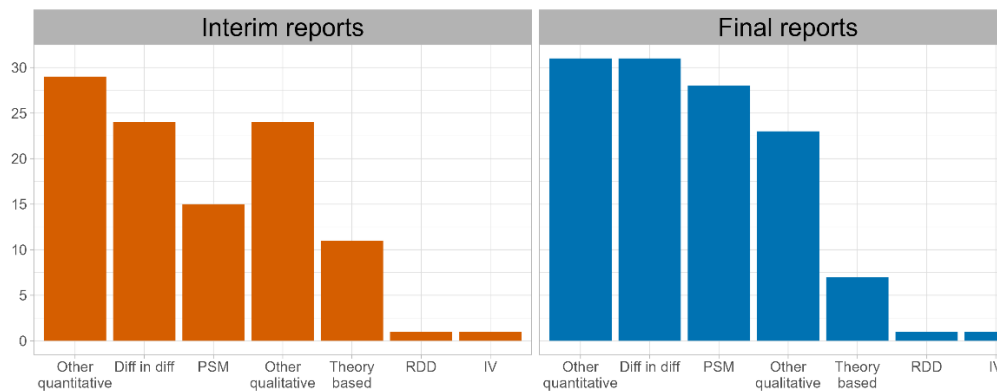
Figure 6. Interim and Final Reports assessed in 2024, by area



Source: JRC

Finally, a noteworthy aspect is the diversity in the methodological approaches employed. Figure 7 provides an overview of the methods used, categorized by report type (interim and final).

Figure 7. Interim and final reports assessed in 2018-2024, by method



Source: JRC

Among the evaluation methods employed to estimate the causal impact of state aid in the final reports assessed from 2018 to 2024, propensity score matching (PSM) and the difference-in-differences (DiD) approach, and sometimes a combination of the two methods, were frequently utilized. The DiD approach evaluates the impact of interventions by comparing beneficiaries with a control group before and after the scheme's implementation.

One evaluation method mentioned in evaluation plans, but underutilized in interim reports and employed in only one final report is the regression discontinuity design (RDD). RDD is a quasi-experimental impact evaluation method applicable when the selection of beneficiaries relies on a

ranking process within a population of potential beneficiaries. RDD involves estimating the effect of the intervention by comparing the outcomes of observations around a predetermined threshold that separates those treated and not treated. However, RDD has seen limited application in the evaluation of State aids. This is in part due to the fact that RDD needs a continuous eligibility score for ranking the population of interest (such as regions or firms) and a well-defined cut-off point above or below which eligibility for a program is determined. State aid schemes in these areas often lack a structured selection process based on such precise thresholds.

The graphs in Figure 7 also underscore the preliminary nature of the impact estimates of State aid found in interim reports, which mainly rely on qualitative or quantitative methods that do not involve estimating a counterfactual.

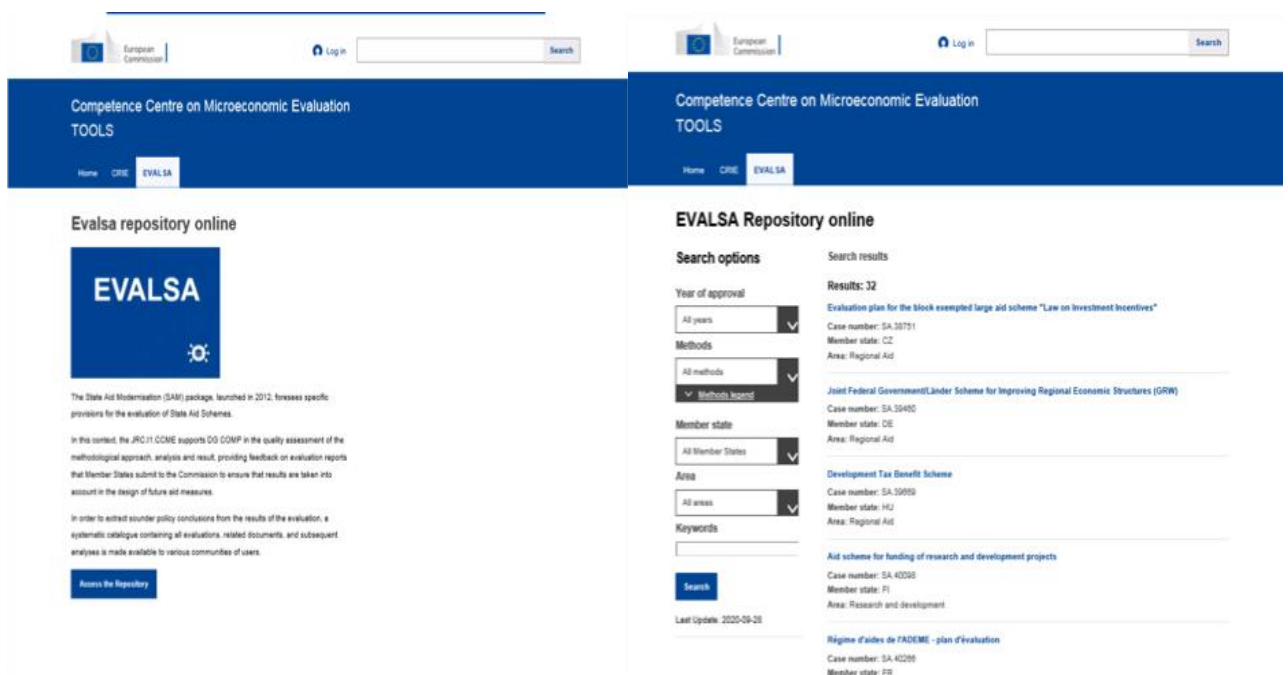
4. The EVALSA repository

The EVALSA project has established a dedicated repository, providing convenient access to documents related to the assessment of State aid impacts. This repository includes interim reports, final reports and associated documents like evaluation plans, decisions, and the corresponding JRC evaluation fiches.

The repository (Figure 8) serves a broader objective of promoting a culture of ex post evaluation within the State aid policy cycle, coupled with efficient and well-organized information management. It offers a swift and comprehensive overview of the evaluation of State aid and its impact on different outcomes, encompassing both direct and indirect effects, as well as the appropriateness and proportionality of the schemes.

Currently, the catalogue covers State aid schemes that have been evaluated in the six years of the EVALSA project. To simplify document retrieval, the web archive offers categorized searches across four dimensions: approval year, method, Member State, and area. Some of these dimensions provide predefined drop-down menus, while others offer open text boxes for customization.

Figure 8. Home page EVALSA repository

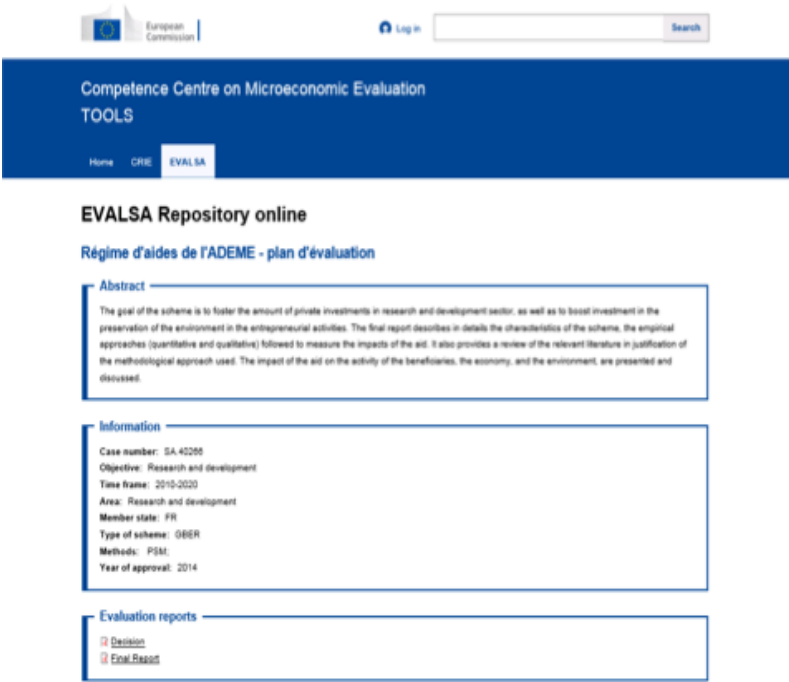


Source: <https://microeconomicvaluation.jrc.ec.europa.eu/evaluation-report>

Given the sensitivity of certain evaluation documents, users are categorized into two groups, each with access to a different set of documents. General users are limited to accessing a specific subset of information, while more sensitive documents are restricted to a select group of users known as Super users. The login system validates user access through the ECAS account, enabling a clear distinction between user categories and their corresponding document access.

The system provides access to non-sensitive, publicly available documents for general external users. This includes basic information about the aid and a concise summary of the JRC assessment. Figure 9 illustrates a screenshot of the information accessible to general users:

Figure 9. Information available for general users



Source: <https://microeconomicevaluation.jrc.ec.europa.eu/evaluation-report>

The repository also facilitates access to restricted documents, such as unpublished reports and evaluation plans, as well as the complete JRC assessments. Access to these documents is exclusively granted to 'Super users' who are identified by DG COMP. Figure 10 provides a preview of the full-access interface.

Figure 10. Information available for “super users”

[Profile](#)

Régime d'aides de l'ADEME - plan d'évaluation

Abstract

The goal of the scheme is to foster the amount of private investments in research and development sector, as well as to boost investment in the preservation of the environment in the entrepreneurial activities. The final report describes in details the characteristics of the scheme, the empirical approach (quantitative and qualitative) followed to measure the impacts of the aid. It also provides a review of the relevant literature in justification of the methodological approach used. The impact of the aid on the activity of the beneficiaries, the economy, and the environment, are presented and discussed.

Information

Case number: SA 40296
Objective: Research and development
Time frame: 2010-2020
Area: Research and development
Member state: FR
Type of scheme: OBER
Methods: PSM
Year of approval: 2014

Summary of the evaluation results

The ex-post evaluation is based on several methods and follows a theory-based approach: (i) quantitative -counterfactual impact evaluation methods are applied to assess whether the aid had an impact on beneficiaries and the economy. While (ii) qualitative methods are used to understand the mechanism underlying the measured impact, and to study indirect effects, in particular the impact of the aid on the environment.

The ex-post evaluation shows a significant but moderate impact of the program on the activity of beneficiaries but aggregate effects (sectors) are difficult to measure. It presents mixed success on the economic activity (the patents and the increase activity of beneficiaries, and few consistent and significant indicators) of beneficiaries and marketing, but real technological success based on real know-how of ADEME. It also demonstrates a significant effect on total employment, which is partially explained by the incentive effect and the increase in R&D employment. Given the timeframe considered in the evaluation and the relative newness of the aid, the full impacts on innovation and R&D were not observable and should be stronger in the longer-term. The ACEVE AIP has supported projects with high potential environmental. More than a hundred companies are seeing environmental benefits, mainly on climate and energy aspects. The qualitative study highlights the range of environmental strategies of the beneficiaries. It clearly appears that the primary target of the supported projects is the reduction of greenhouse gas emissions. However, the environmental impact at the program level is difficult to monitor and to quantify because the design of program does not allow the quantification of the measures, and hence the overall impact on the environment.

Evaluation reports

- [Decision](#)
- [Evaluation Plan](#)
- [Final Report](#)
- [Final Report_It](#)
- [Interim Report](#)
- [Interim Report_It](#)

Source: <https://microeconomicvaluation.jrc.ec.europa.eu/evaluation-report>

5. State Aid Toolboxes

In recent years, there has been a notable increase in the number of programs across various Member States that necessitate ex post evaluations. In response to this growing demand for support, the JRC has developed a series of toolboxes focused on evaluation in the fields of Regional aid, Energy aid, and Research, Development, and Innovation aid. These toolboxes are designed to serve as resources describing the impact estimation techniques most employed and considered most suitable, in accordance with the latest literature, for the most pertinent areas of State aid programs. The ultimate objective of these tools is to act as a kind of 'guide' for Member States in the process of conducting ex-post evaluations.

5.1 Regional Aid

The toolbox serves as a practical guide for those involved in evaluations within the context of Regional aid. It outlines the steps that evaluators should take when preparing an evaluation report. The toolbox delves into the rationale behind State aid programs in the Regional aid domain, distinguishing between direct and indirect effects. It also introduces key concepts such as proportionality and adequacy of the intervention, discussing their measurability in relation to the availability of specific data and the conditions for applying counterfactual analysis. In addition, the toolbox provides a concise overview of the types of data typically accessible for evaluating State aid interventions in the field of Regional aid, as well as the indicators that should be considered in common types of regional aid evaluations (see Conti et al., 2021).

5.2 Energy Aid

The Energy toolbox examines the rationale behind State aid interventions in the energy sector. It distinguishes between direct and indirect effects and introduces key concepts such as proportionality and adequacy of the intervention. The toolbox also provides methods for quantifying the impact of State aid interventions aimed at reducing carbon emissions, in line with the European Green Deal and the EU's roadmap toward climate neutrality by 2050. In addition, the toolbox features a dedicated section on the European Union Emissions Trading Scheme (EU ETS), which represents one of the European Union's main measures to reduce greenhouse gas emissions in high-impact industrial sectors (see Farrel et. Al, 2022).

5.3 Research, Development and Innovation Aid

The toolbox examines the rationale for public intervention in the Research, Development, and Innovation (RDI) market, and highlights the significance of impact evaluation in this domain. It outlines the main empirical methods commonly used in RDI impact evaluation, with particular emphasis on methods such as matching, difference-in-difference and regression discontinuity designs. For each econometric method, the toolbox offers examples of best practices drawn from existing CIE (Counterfactual Impact Evaluation) studies. Furthermore, the toolbox addresses the data requirements for CIE studies and suggests potential data sources suitable for use in the RDI field, including databases related to business innovation, research and development, patents, and trademarks. It also illustrates how program design can be leveraged to identify policy effects and

concludes by providing recommendations on how to prepare CIE studies (see Czarnitzki, et al., 2023).

6. Compliance check

In support of DG COMP's State aid transparency requirements, the JRC has undertaken the activity of compliance check. This activity aims to verify the completeness and accuracy of information published by Member States under the transparency requirements. The focus is on the data contained in the Transparency Award Module (TAM) and national transparency registers and the overall compliance of each Member State with the publication of aid granted in the TAM (or national registers). The respect for publication deadlines is also assessed. The compliance check analysis is based on combined data from three State aid sources: (i) case-level data from the Integrated State aid Information System (ISIS), (ii) the database on total spending by State aid measure (SARI), and (iii) TAM, along with national transparency websites. Compliance checks involve a two-step process:

1. Initial identification of compliance issues for each aid, which are communicated to each Member State. They have three months to (a) update the TAM with missing information and (b) provide written feedback on each compliance issue.
2. After the feedback deadline, a second iteration of compliance checks is conducted using updated data from TAM. This process mirrors the first iteration.

In 2024, the JRC supported DG COMP by performing data analysis for the compliance checks and by producing outputs for tailored country profiles. These profiles communicate specific results to Member States.

In the first half of 2024, the JRC completed the first phase of the compliance check exercise, which included cleaning and merging data from different sources, identifying measures subject to transparency requirements, and verifying compliance with the publication of aid awards published by Member States in 2022. This phase resulted in the production of 27 country profiles for bilateral communication with Member States.

In the second half of 2024, the JRC conducted the second phase of the compliance check exercise, analysing updated data from Member State replies to the initial communication in order to verify previously identified compliance issues.

The key findings from the 2024 compliance checks exercise are as follows:

- The percentage of measures analysed that did not report aid awards above the relevant threshold was relatively low (9%). In contrast, the overall non-compliance remained high, with over 50% of cases identified as 'possible' compliance issues.
- Cases reported under the Temporary Crisis Framework (TCF) follow similar rules for those reported under the Covid-19 Temporary Framework, being subject to a lower reporting threshold of EUR 100,000, in contrast to the EUR 500,000 threshold used in other legal bases. The relative number of compliance issues reported in 2022 under the TCF is similar for Covid-19 aid measures analysed in the previous compliance check exercise (the 2018-2021 period). The TAM/SARI ratio was 41% for TCF reported in 2022, comparable to a ratio of 45% for cases reported between 2018 and 2021 under the Covid-19 Temporary Framework (for a detailed methodology and results of the 2022 compliance checks exercise, please refer to the publication 'Transparency in State aid reporting: results of the 2022 compliance check exercise,' authored by Aquaro, M., Cannas, G., Crivellaro, E., Ferraro, S., and Granato, S., published by the European Commission in 2023 (JRC132963)). This suggests that the adoption of this new framework did not significantly impact compliance with transparency provisions.

Similarly, in the first half of 2024, the JRC conducted the initial phase of the compliance check exercise, involving data cleaning, identification of measures subject to transparency requirements, verification of compliance in aid award publication for 2022, and the production of 27 country profiles for communication with Member States. In October 2024, the second phase of the compliance check exercise took place, involving an analysis based on updated data following responses from Member States. The goal was to confirm initial compliance issues.

While a final report on transparency in all Member States resulting from the 2024 compliance checks is pending, preliminary findings are already notable. The percentage of measures not reporting aid above the reporting threshold (direct compliance issues) in 2022 was 4.8%, slightly higher compared to the previous year 2021 when only 3.7% of compliance issues were reported. This preliminary result suggests that Member States are still compliant in meeting State aid Regulation transparency requirements.

7. Evaluation Study

In response to the economic fallout from the COVID-19 pandemic that began in March 2020, the European Commission (EC) swiftly established the Temporary Framework (TF) for State aid, a set of rules designed to financially support firms during the crisis. It aimed to provide Member States (MS) with the ability to support firms promptly and flexibly using a variety of financial instruments (see Canzian et al. 2024).

Due to the expertise that the JRC possesses in counterfactual impact evaluation, the Joint Research Centre (JRC) examined the impact of COVID-19 State aid measures on short-term risk of default and turnover in a previous Administrative Agreement commissioned by DG COMP (N° JRC 36384 – COMP/2022/017). However, given the complexity of this research project, there was a need for more robust evidence to comprehensively understand the causal impact of COVID-19 aid on firms' performance. Therefore, DG COMP has requested JRC's collaboration to enhance the previous evaluation by: (1) extending the analysis to a longer time horizon by updating it with more recent data, and (2) broadening the scope to include the effects of aid on other financial parameters.

The first draft of the study will be finalized at the end of 2024. Preliminary results suggest that the Temporary Framework was particularly effective in aiding micro and small firms. First, the study shows that aid was directed to firms that were more severely affected by the crisis rather than to those that were already in financial difficulty before it. Second, it indicates that receiving aid in 2020 was associated with an increase in firms' turnover, employment, and total assets, up to two years after the pandemic. The Temporary Framework is a flexible tool, useful for use in emergency contexts.

8. Conclusions

The purpose of this document is to summarize the activities carried out during the first year of the EVALSA III project (October 2023 - September 2024) and to provide an overview of the comprehensive evaluation activities undertaken overall in the EVALSA project (EVALSA I, II and III). The project involved a collaboration between DG COMP and the JRC, spanning the period from 2018 to 2024.

Based on the updated information, the evaluation of State aid schemes in 2024 has shown a positive trend, with significant improvements in the quality of interim and final reports. The consistency and clarity of the reports have increased, indicating that Member States have invested more effort in providing justification for their chosen empirical approaches and discussing the relevant aspects of the analysis.

Despite these clear improvements, challenges still persist, particularly in terms of data quality and availability. Also, there remains a certain degree of difficulty in understanding the causal link established between the intervention and its potential outcomes. However, the use of observational designs, such as regression discontinuity designs, difference-in-differences, and propensity score matching, has become more prevalent, allowing evaluators to attribute cause and effect between the intervention and outcome indicators.

The JRC's technical assistance and support have played a significant role in improving the quality of evaluation plans and reports. The long-term collaboration between the JRC and DG COMP is proving effective in encouraging Member States and evaluators to reach a higher level of proficiency in the use of counterfactual estimation techniques. The development of guidance documents, such as toolboxes, has also helped Member States in creating evaluation plans and reports that meet the required standards. Overall, while progress has been made, continued efforts are needed to ensure that State aid schemes are evaluated effectively and transparently, and that the results are used to inform future policy decisions.

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List of abbreviations

Abbreviations	Definitions
CIE	Counterfactual Impact Evaluation
DG COMP	Directorate-General for Competition
DiD	Difference-in-Differences
EC	European Commission
EU ETS	European Union Emissions Trading Scheme
EVALSA	Evaluation of State Aid
ISIS	Integrated State Aid Information System
JRC	Joint Research Centre
MS	Member States
PSM	Propensity Score Matching
RDD	Regression Discontinuity Design
RDI	Research, Development and Innovation
SARI	Database on total spending by State aid measure
TAM	Transparency Award Module
TF	Temporary Framework

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