

## **The post-2027 Multiannual Financial Framework:** **Point of view by the Federation for Innovation and** **Sustainable Competitiveness in SMEs (FICSIMM), Romania**

### **Executive summary:**

The **Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)** welcomes the **European Commission's communication COM(2025) 46** and fully supports the objective of aligning the next **Multiannual Financial Framework (MFF)** with **Europe's strategic goals**. However, we emphasize that, in doing so, the EU must preserve and modernize its **foundational policy pillars** - chief among them, **cohesion policy** and **SME competitiveness**. These are not legacy concerns, but **essential enablers of inclusive growth, territorial equity and long-term resilience**. The current context of **global instability, technological transformation and climate urgency** calls for a reconfigured but not diminished budgetary framework. FICSIMM advocates for a reform that strengthens the ability of **SMEs - particularly those in underdeveloped regions** - to thrive and contribute to **Europe's competitiveness**.

We firmly support the position that the next MFF must **avoid further tax burdens on enterprises**, and instead **leverage private capital** through **simplified, accessible funding instruments**. At the same time, we stress that **cohesion policy** must retain a **place-based architecture** and not be sidelined in favor of **centralized industrial or geopolitical priorities**. FICSIMM calls for **deep procedural simplification, decentralized delivery models** and **SME participation** throughout the policy cycle. Cohesion funding must remain targeted toward **reducing disparities, stimulating regional innovation ecosystems** and enabling **SME-led transitions in the green and digital domains**. A **hybrid model** combining **performance-based elements** with **territorial flexibility** should guide the next phase of structural investment.

FICSIMM identifies a set of **priority areas** for investment under the future MFF: **scaling up SME innovation and industrial renewal**; **bridging digital and green gaps** through tailored support; **strengthening energy resilience**; and **fostering access to international markets**. These objectives must be backed by **inclusive funding mechanisms**, **regional capacity building** and a fundamental rethinking of **administrative burdens**. Equally, we highlight the need for stronger focus on **workforce adaptability**, **gender equality**, **youth entrepreneurship** and **social value creation** - elements essential for a **resilient and forward-looking economic base**. The next MFF should also institutionalize mechanisms for **transparency**, **data accessibility** and **public accountability**, including **real-time monitoring tools** and **participatory evaluation frameworks**.

The next Multiannual Financial Framework must reaffirm **economic, social and territorial cohesion** as a fundamental EU value. SMEs play a central role in delivering this goal by driving **regional innovation**, generating local employment and supporting resilience in underserved areas. The post-2027 Cohesion Policy must adopt a **place-based, SME-integrated approach**, ensuring that funding responds to territorial needs and economic disparities. FICSIMM calls for **multidimensional allocation criteria**, simplified administrative channels and co-design mechanisms that place SMEs at the center of cohesion delivery. A cohesive Union is not possible without fully activating the transformative role of its SMEs.

The evolving security context calls for a stronger, more agile innovation base within the EU. SMEs are critical to the success of the **Readiness 2030 defence and dual-use innovation agenda**, bringing flexibility, deep-tech capabilities and regional innovation capacity. Nearly half of EDF participants are SMEs, yet challenges persist in integrating them consistently and equitably across Member States. FICSIMM urges the EU to establish **SME participation mechanisms** within European defence and security policy, ensuring **cross-sectoral spillovers, workforce upskilling and access to capital**. Strategic autonomy must be matched by **inclusive industrial renewal** anchored in the SME fabric.

A stronger and more integrated **Single Market** is essential for unlocking SME potential across Europe. Structural barriers to cross-border activity, including legal fragmentation and administrative complexity, must be addressed. FICSIMM welcomes efforts such as the SME ID and the SME Check, but urges more ambitious and enforceable measures, including the adoption of the **Voluntary SME Sustainability Standard (VSME)** and creation of **Single Market Vouchers**. A functional internal market must not privilege scale alone - it must **equip all enterprises, including micro and small firms, with the tools to grow, innovate and compete** across borders.

In addition, we propose the introduction of a **dedicated “SME Green Transition Facility”** and a **“Climate Resilience for SMEs” funding stream**, as well as a flagship program entitled **“Digital SMEs for Smart Regions”**, to be integrated across cohesion envelopes. These initiatives would empower SMEs to not only adapt to future challenges, but actively shape **innovation, sustainability and social progress** within their communities. **Flexibility** must also be embedded at the heart of the MFF governance model - through **dynamic reallocation mechanisms, emergency response capacities and simplification of rule amendments**. **Budgetary responsiveness** must be matched with **strategic foresight**, ensuring **continuity, efficiency and fairness**.

FICSIMM concludes that the next MFF must not pursue **more with less** - but rather **better with purpose**. **Simplification, decentralization and long-term impact** must be the defining principles. **SMEs should be recognized not just as recipients of funding, but as architects of Europe's economic future**. Our position paper details **33 strategic recommendations** to ensure that the **post-2027 Multiannual Financial Framework** empowers **all regions, sectors and communities** to contribute meaningfully to the **Union's transformation**. We stand ready to work collaboratively with **European institutions and stakeholders** to help translate these principles into an **effective and inclusive policy architecture**.

### **Detailed proposals:**

**1. The Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)** fully embraces the opportunity to provide a comprehensive contribution to the European Commission’s public consultation on the Communication COM(2025) 46, concerning the future shape and priorities of the EU’s Multiannual Financial Framework (MFF) post-2027. As a national employers’ federation representing the interests of small and medium-sized enterprises committed to innovation, sustainability and regional equity, FICSIMM acknowledges the **strategic importance** of the MFF as a policy instrument that should not only reflect Europe’s evolving geopolitical, economic and environmental imperatives, but also ensure the continuity of core principles that define the Union’s long-term vision. These include **balanced territorial development, upward social and economic convergence and support for entrepreneurial ecosystems across all Member States**. In this context, we stress that **SME competitiveness and regional cohesion must be reaffirmed as non-negotiable priorities**. Our strategic blueprint “**30 for 2030 - Priorities for Romanian SMEs**” outlines concrete ways to achieve this, underlining the urgency of maintaining a robust policy and financial architecture that actively enables all SMEs - regardless of location, size or sector - to operate on a **fair and inclusive playing field**, thereby contributing to sustainable growth and innovation throughout the EU.

**2.** One of the most pressing structural issues addressed in COM(2025) 46 - and one that FICSIMM strongly wishes to highlight - is the **deepening contradiction** between the expanding scope of responsibilities entrusted to the EU budget and the **increasing constraints on the Union’s capacity to finance them adequately**. As the European Commission rightly points out, there is a significant escalation in expectations placed on the EU budget to deliver not only on its traditional objectives such as regional development, social cohesion and agricultural sustainability, but also on emerging geopolitical demands including defence readiness, digital sovereignty, strategic autonomy in key sectors and reinforced external action instruments. While these new responsibilities are undeniably legitimate and necessary, we caution against the risk that these **emerging domains will displace long-standing and**

**proven policy pillars** - in particular cohesion policy. **Cohesion is not a legacy issue, but a dynamic and future-facing instrument** vital for enabling inclusive prosperity, correcting market failures and sustaining democratic legitimacy in the EU project. In countries like Romania, cohesion policy remains **an irreplaceable engine for infrastructure development, SME capacity-building, workforce skilling and regional integration. Relegating it to a residual role in the future MFF would be a strategic and economic misstep with long-lasting consequences.**

**3.** FICSIMM strongly aligns with arguments which stress that future EU budgetary decisions must **avoid any additional tax burdens** on the business environment, especially small and medium-sized enterprises that already face structural disadvantages in accessing capital, navigating regulatory complexity and responding to global competition. Across most Member States, and particularly in Romania, SMEs are already operating under **fiscal pressures and lack of predictability that limit their capacity to invest in innovation, green transition or internationalization.** In this regard, the next MFF must adopt a guiding principle of **mobilizing private investment rather than substituting it with increased public taxation.** The leverage potential of private capital must be activated by creating conditions that foster investor confidence: **this includes predictable regulation, simplification of funding access mechanisms and significant reduction in bureaucratic and compliance burdens** that currently deter many SMEs from engaging with EU programs. Ensuring that financing tools are designed in a user-centric, transparent and efficient manner - especially for smaller firms and those from less-developed regions - will be critical to making EU funding not only accessible, but genuinely impactful.

**4. FICSIMM underscores the urgent need to reconfigure the structure and delivery mechanisms of cohesion policy**, not by diminishing its scope or reallocating its resources, but by implementing a **systemic and ambitious simplification agenda**. For too long, the administrative architecture of cohesion instruments has posed **substantial barriers to access for SMEs**, particularly those located in less-developed, rural or economically and/or infrastructurally marginalized regions. The complexity of application processes, the multiplicity of intermediate bodies, overlapping eligibility criteria and opaque compliance procedures deter many capable actors from participating in EU-financed programs. FICSIMM strongly advocates for a **radical transformation** of the current system through **end-to-end digitalization, the introduction of user-friendly portals, real-time tracking dashboards and simplified cost options** such as flat-rate schemes or lump-sum reimbursements. Furthermore, the guiding philosophy should shift from compliance-first to **impact-first**, placing trust in beneficiaries while maintaining robust but proportionate control mechanisms. A new generation of cohesion policy must be **more agile, predictable and transparent**, with a **single point of contact model** to provide consistent support throughout the funding lifecycle.

**5. FICSIMM recognizes the potential value in drawing lessons from the Recovery and Resilience Facility (RRF) model**, especially in terms of **linking disbursements to the achievement of results and measurable milestones** rather than to ex-post documentation of incurred costs. However, we also caution against applying this model **mechanistically or universally** to cohesion policy, whose very nature is characterized by **long-term structural investment, high contextual sensitivity and multilevel governance arrangements**. Many regional development outcomes - such as infrastructure upgrades, SME growth, job creation or demographic stabilization - require time horizons that extend beyond the short-term logic of performance-based tranches. As such, we advocate for a **hybrid model** that maintains elements of performance-based conditionality while preserving **the flexibility to respond to exogenous shocks, regional heterogeneity and evolving local needs**. For instance, project promoters could be incentivized through milestone-linked pre-financing, followed by result-based

adjustments in future programming. At the same time, mechanisms must be established to ensure that **external factors - such as supply chain disruptions, inflation shocks or regulatory delays - do not unfairly penalize beneficiaries**. This nuanced and balanced approach would allow cohesion policy to **become more efficient and accountable without losing its developmental DNA**.

**6.** As the European Commission notes, **the persistence of regional disparities across the Union remains one of the most pressing policy failures** despite decades of investment through structural and cohesion funds. With nearly **one in three EU citizens still living in regions where GDP per capita is below 75% of the EU average**, the cohesion objective is far from being achieved. In Romania, such disparities are particularly severe, both between NUTS 2 regions (e.g. Bucharest-Ilfov versus Nord-Est or Sud-Vest, Sud-Est) and **within regions**, where urban vs rural divides continue to deepen. FICSIMM strongly emphasizes that **post-2027 cohesion policy must retain geographic targeting as a cornerstone principle**. Any attempts to replace territorial allocations with competitive calls, financial instruments or pan-European instruments risk **leaving behind the very regions that need EU support the most**. Moreover, we believe that cohesion policy must go beyond GDP-based metrics and incorporate **multi-dimensional indicators**, including access to services, infrastructure gaps, digital connectivity, climate vulnerability and labor market inclusiveness. This would ensure a **more accurate mapping of needs and a more just distribution of resources**, while also supporting EU values of territorial solidarity and inclusive growth. A strengthened place-based approach will be essential to **reignite economic and social convergence** across all EU territories.

**7.** In the current geopolitical, economic and climate context, **economic, social and territorial cohesion** must be reasserted as a **strategic priority for the European Union**, not as a legacy framework, and SMEs are at the centre of this cohesion dynamic. With more than 99% of all EU enterprises being SMEs, their role in creating jobs, sustaining local economies and building resilience across all regions is unparalleled. However, in the absence of **targeted territorial investment**, many of these enterprises remain excluded from value chains, innovation cycles and cross-border growth opportunities. **Post-2027 cohesion policy must be reoriented to unlock the full potential of SMEs** by supporting their access to capital, digital and green upgrades, and regional partnerships. Crucially, **cohesion must be linked to place-based development**, recognizing and financing local challenges such as demographic change, infrastructure gaps and skills mismatches. To this end, **SMEs must be formally integrated into programming and monitoring processes**, from regional diagnostic analyses to mid-term evaluations, ensuring their realities are reflected in EU decisions. A cohesion policy without SMEs is not only incomplete - it is ineffective.

**8.** The strategic integration of SMEs into the cohesion architecture must be reflected in **concrete, accessible and impact-driven measures**. FICSIMM proposes that **multi-dimensional indicators**, including business density, digital access, energy dependency and entrepreneurial dynamics, be used alongside GDP to allocate resources. This would ensure that cohesion funding better maps the actual needs of territories and **prevents the concentration of funds in already-developed regions**. Moreover, SME-focused measures should be part of all EU flagship initiatives under the cohesion envelope, such as **smart specialization platforms, regional energy hubs and social innovation accelerators**. This should be accompanied by a rethinking of administrative structures: **one-stop-shops, real-time tracking dashboards and simplified cost options** should be mandatory across all cohesion instruments. Such reforms would lower barriers to entry for smaller enterprises and enable faster absorption and greater impact. Finally, the governance of cohesion funds must ensure **SMEs are not only beneficiaries, but co-designers** of policy responses, especially in transition regions. This participatory approach is not a bureaucratic checkbox> it is a precondition for **strategic, inclusive and future-proof investment**.

**9.** While the EU rightly aims to foster competitiveness, security and strategic autonomy, **these objectives cannot be achieved by bypassing the cohesion logic.** Strategic sectors such as defence, renewable energy and deep tech cannot flourish if **entire regions of the EU are left behind.** SMEs in lagging areas are often the only engines of local employment and innovation, especially in rural or peri-urban settings. That is why **a reinforced and refocused cohesion policy must remain central to the MFF 2027+,** and not be sacrificed for centralized or exclusively performance-based mechanisms. This is particularly critical for the **Just Transition,** where SMEs must be given the resources to reinvent their business models without suffering job losses or competitive disadvantages. **Territorial solidarity is not incompatible with competitiveness - it is its foundation.** The next MFF must adopt a multi-layered cohesion approach, linking macro-level priorities (e.g. climate neutrality, digitalization, security) to micro-level realities of small businesses. This would ensure **cohesion policy serves not only as a redistribution tool, but as a platform for structural transformation,** with SMEs as active shapers of Europe's future.

**10.** FICSIMM firmly believes that the success of the next MFF and, in particular, the **impact and legitimacy of the cohesion policy,** will depend greatly on the **degree of structured involvement of the private sector,** especially SMEs, in the entire policy cycle. To date, one of the chronic weaknesses in cohesion implementation has been the **lack of formalized and regular dialogue mechanisms between managing authorities and SME representatives.** Business needs, innovation potential and market realities are often insufficiently reflected in programming, resulting in investment priorities that are misaligned with actual regional economic dynamics. We therefore call for the establishment of **permanent consultation platforms** at national and regional level, in which SME organizations, chambers of commerce, sectoral associations and local entrepreneurs participate actively in **agenda-setting, monitoring and mid-term evaluations.** This is not merely a question of procedural fairness but of economic effectiveness: **when SMEs are co-creators of policies, the resulting programs are better targeted, more utilized and more impactful.** Furthermore, this

participatory model would foster **trust, ownership and accountability**, strengthening the public - private partnership as a pillar of EU development efforts.

**11.** FICSIMM acknowledges the growing interest within the Commission and among Member States in the creation of a **European Competitiveness Fund**, as part of the next MFF architecture. While we are open to the idea of a **coordinated investment vehicle that channels resources into strategic sectors and critical technologies**, we stress that this must not come at the cost of existing, well-performing instruments such as **Horizon Europe, InvestEU or cohesion policy funds**. Any such fund must be designed **as a complement - not a substitute - for place-based, inclusive investment frameworks**, and must actively prevent the concentration of resources in already-advanced economies or dominant market players. It must be ensured that this new fund **includes mechanisms for SME access, geographical balance and regional innovation ecosystems**, particularly in transition and less-developed regions. We propose that a minimum share of this fund be ring-fenced for SME consortia, pilot demonstrators in industrial ecosystems and cross-border initiatives led by regional partnerships. Without such safeguards, **the Competitiveness Fund risks reinforcing existing disparities**, rather than addressing the fragmentation and stagnation that continue to plague Europe's industrial and innovation landscape.

**12.** In the context of sustained economic transformation and technological acceleration, it is essential that EU cohesion policy and innovation funding **do not remain confined to traditional industrial hubs or metropolitan regions**. FICSIMM strongly advocates for a deliberate policy shift toward the development of **local innovation ecosystems in second-tier cities, rural areas and structurally weaker territories**. These ecosystems can serve as engines for economic diversification, local value chains and community-based entrepreneurship. To this end, we propose the creation - within the MFF - of a dedicated **SME-driven Innovation Clusters Facility**, under the cohesion envelope, aimed at supporting regional partnerships between SMEs, universities, research centers, municipalities and NGOs.

Such a facility would finance both soft infrastructure (e.g., skills, mentoring, digital platforms) and hard infrastructure (e.g., incubators, tech hubs, co-working spaces), with **a focus on smart specialization areas relevant to the local context**. By embedding innovation capacity at the territorial level, the EU would unlock **bottom-up creativity and resilient economic models**, while reinforcing cohesion policy's original purpose: to empower all regions to participate meaningfully in Europe's transformation.

**13.** Europe's Single Market is a cornerstone of economic prosperity, yet many SMEs continue to face **systemic obstacles to cross-border growth and service provision**. The Commission's new Single Market Strategy rightly highlights the need to **remove the "terrible ten" barriers** - including complex rules, divergent national regulations and limited access to professional recognition. However, unless these efforts are matched with **tailored measures for SMEs**, much of the market potential will remain untapped. FICSIMM welcomes initiatives such as the **"SME ID" online tool**, which reduces administrative burden, but insists on the need for **a fully interoperable digital ecosystem** where SMEs can navigate tax, labour and compliance requirements seamlessly. The SME Envoy Network and the Enterprise Europe Network must be given greater political backing and financial capacity to act as **real-time navigators and advocates for SMEs**, not just passive information providers. A fully functioning Single Market must empower its smallest actors to scale up, export and compete - not just within their national borders, but across the EU and globally.

**14.** To unleash the transformative potential of the Single Market, **scaling opportunities for SMEs must be structurally embedded in legislative and financial frameworks**. The Commission's pledge to apply an **SME Check to all new policies** is a step in the right direction, but enforcement and consistency are essential. Regulatory texts must systematically include **SME-friendly provisions**, from longer adaptation periods to simplified reporting and exemption thresholds. Moreover, access to sustainable finance must be facilitated by a **Voluntary SME Standard (VSME)**, enabling smaller businesses to align with ESG

requirements without disproportionate burden. The proposed **expansion of the SME Fund and the new definition of SMCs (small mid-caps)** will be essential tools in this regard. Still, more is needed: the EU should consider the creation of **Single Market Vouchers for SMEs**, covering legal, certification and adaptation costs when entering new markets. With these measures, the Single Market can truly become a launchpad for **inclusive growth, fair competition and SME-driven innovation** across all regions of Europe.

**15.** One of the most pressing barriers faced by SMEs across the EU, and particularly in Central and Eastern European Member States, remains **the limited and fragmented access to capital for scale-up and internationalization phases**. Despite progress made through various EU-backed financial instruments, there is still a profound financing gap - especially for SMEs seeking to transition from early growth to full market expansion or international competitiveness. FICSIMM calls for the next MFF to include a **dedicated financial pillar for late-stage SME growth**, combining equity, guarantee schemes and blended finance mechanisms specifically tailored for high-potential firms. This should be accompanied by **support services for financial literacy, investment readiness and deal facilitation**, to empower SMEs to navigate increasingly complex capital markets. Moreover, it is imperative that such instruments are made accessible across all regions - not just in capital cities or innovation hotspots. Regional development agencies and SME networks should be empowered to act as intermediaries or co-managers of such funds, ensuring proximity, trust and alignment with local development goals. In short, **bridging the scale-up financing gap is not only a matter of economic opportunity - it is a prerequisite for restoring the EU's industrial dynamism and global competitiveness**.

**16.** Digital transformation is a core component of the EU's competitiveness strategy, but its benefits remain **unevenly distributed**, with many SMEs - especially in rural and small urban areas - still lagging behind in terms of digital adoption and integration. FICSIMM supports a cohesion policy that **actively funds the digitalization of SMEs** not just through technology investments, but also by addressing the **human and organizational dimensions** of digital transformation. This includes the financing of targeted training programs for SME employees, capacity-building for digital business processes, cybersecurity support and assistance with cloud integration and e-commerce tools. Importantly, digital transition must be **aligned with real business models**, tailored to the sector-specific needs of SMEs (e.g. manufacturing, services, agri-food, tourism). In this context, we propose that the future MFF include a flagship initiative under cohesion funds titled **“Digital SMEs for Smart Regions”**, offering direct grants and advisory support for SMEs pursuing digital upgrades, while also enabling regional authorities to create enabling environments (e.g. broadband infrastructure, data access platforms, innovation brokers). By doing so, the EU can **democratize digital transformation**, ensuring that no SME is left behind in the technological race.

**17.** As Europe accelerates its transition toward climate neutrality, it is essential that **SMEs are not left to navigate the green transformation alone**, especially in countries with lower administrative capacity or limited access to green finance. FICSIMM strongly supports the integration of **targeted support measures for SME greening** across the next MFF, particularly within cohesion funds and the new competitiveness instruments. This support must go beyond general sustainability rhetoric - it must provide **concrete financial incentives, practical tools and advisory services** to help SMEs decarbonize operations, improve energy efficiency and shift toward circular business models. We advocate for the creation of an **“SME Green Transition Facility”**, which should include climate vouchers, low-interest loans, tax relief for energy-efficiency upgrades and sector-specific transformation pathways (e.g., for construction, manufacturing or agri-businesses). Additionally, the Facility should fund **climate literacy and change management training for entrepreneurs and staff**, as well as support SME participation in green public procurement schemes. The green transition must not become a

barrier - it must be transformed into **an opportunity for competitiveness, cost savings and market differentiation**, especially for those SMEs ready to lead by example at local and regional levels.

**18.** In light of recent disruptions in global energy markets and the long-term objectives of the Green Deal, **energy efficiency and independence must be elevated as strategic imperatives for the EU's SME base**. For Romanian SMEs, energy insecurity has translated into operational vulnerabilities, reduced competitiveness and rising production costs - particularly for microenterprises and firms located in industrial peripheries. FICSIMM calls for the future MFF to prioritize **tailored, accessible and regionally deployable financial tools** aimed at accelerating the energy transition within SMEs. This includes dedicated grant schemes for photovoltaic installations and biomass projects; co-financing for energy-efficient equipment upgrades; and support for participation in energy communities or shared renewable platforms. In addition, the EU should **mainstream Energy Service Company (ESCO) models** into cohesion programming - enabling SMEs to invest in sustainability through performance-based contracting without bearing upfront costs. Finally, energy efficiency must be linked to **business continuity and risk mitigation**, with funding directed also toward energy storage solutions, smart grid integration and off-grid resilience infrastructure for vulnerable territories. These investments will ensure that **energy transition is not just green - but also inclusive and economically viable** for Europe's most dynamic business segment.

**19.** The industrial future of the EU will hinge on its capacity to renew and modernize its productive base, particularly through **SME-led innovation, supply chain resilience and sustainable reindustrialization**. FICSIMM echoes the concerns of the Draghi Report: Europe is at risk of falling behind global competitors in terms of entrepreneurial dynamism and industrial transformation. To reverse this trend, we propose that the next MFF explicitly include a cross-cutting priority focused on **“Transforming European Industry through SMEs”**, embedded in both cohesion and innovation instruments. Such a priority should finance industrial

modernization audits, equipment renewal, staff reskilling and access to testbeds for Industry 4.0 integration. Special attention must be paid to regions undergoing industrial decline or green transition shocks, where SMEs can play a key role in **value chain diversification, circular economy development and industrial ecosystem anchoring**. These investments must be flanked by regulatory simplification and access to market intelligence tools. EU funding must create **an enabling framework where SMEs are not passive recipients of transformation, but active architects of a sustainable, competitive and inclusive European industrial model**.

**20.** One of the recurrent criticisms of EU funding programs - particularly cohesion policy - has been the emphasis on **absorption rates rather than real socio-economic impact**. FICSIMM strongly advocates for a paradigm shift in the performance evaluation of EU funding under the next MFF: **impact must become the primary metric**. This means that monitoring and evaluation systems must be reoriented to measure outcomes such as **SME growth, job creation, green and digital capacity gains, regional innovation levels and inclusion of disadvantaged groups**. We recommend the integration of mixed-indicator frameworks that combine quantitative targets (e.g. number of SMEs funded, hectares rehabilitated, energy saved) with qualitative and longitudinal metrics (e.g. competitiveness indices, social cohesion markers, territorial resilience). Moreover, impact tracking should be **publicly accessible through open data portals**, encouraging civic oversight and academic analysis. Crucially, **these evaluations should inform future programming in real time**, through rolling reviews and dynamic reallocation tools. By shifting from a culture of fund disbursement to one of measurable transformation, the EU can restore trust in its funding architecture and ensure that every euro invested brings visible, lasting, and equitable results - especially for SMEs and the regions they sustain.

**21.** Gender equality and the empowerment of women entrepreneurs are **not only social justice imperatives**, but also powerful **drivers of economic performance and innovation**. Numerous studies confirm that gender-diverse enterprises are more resilient, more innovative, and more competitive in the long term. FICSIMM, together with OFA (the Organization of Women Entrepreneurs of Romania), has consistently emphasized the need to mainstream gender considerations across all EU-level financial and policy instruments. In the next MFF, we call for a **horizontal integration of gender equality objectives**, not as optional annexes but as core design criteria across cohesion, innovation and industrial transition programs. This means: (1) ensuring that evaluation panels are gender-balanced; (2) requiring sex-disaggregated data reporting; (3) introducing specific funding envelopes for women-led startups, especially in male-dominated sectors such as tech, engineering and green energy. Furthermore, we propose that **mentorship and leadership-building programs for women entrepreneurs** be co-financed under cohesion funds in regions where female business participation is structurally low. The empowerment of women in entrepreneurship is not a niche objective - it is a structural lever for accelerating **inclusive economic growth, social cohesion and democratic legitimacy across the EU**.

**22.** The future of SME competitiveness in the EU depends to a great extent on the ability of education and training systems to **adapt rapidly to market needs** and equip the workforce with relevant, future-proof skills. As digitalization, automation and green transition reshape the nature of work, many SMEs report increasing difficulties in **recruiting staff with appropriate skills**, particularly in rural areas or sectors undergoing structural shifts. FICSIMM urges the next MFF to fund comprehensive strategies for **regional skills ecosystems**, based on partnerships between employers, vocational schools, universities, training centers and public authorities. Such strategies should include: (1) funding for upskilling and reskilling programs targeted at SMEs; (2) flexible lifelong learning pathways for entrepreneurs and employees; (3) support for dual education schemes and apprenticeships; (4) incentives for women and girls to enter STEM fields. In addition, FICSIMM recommends a new flagship initiative under cohesion policy – **“Skills for Smart Growth Regions”** - that would integrate employment, education and

business development policies into a coherent territorial agenda. This would allow regions to respond proactively to labor market transitions while strengthening **the adaptive capacity and innovation potential of their SME sectors**.

**23.** For EU cohesion and competitiveness policies to achieve their full potential, **local and regional public administrations must be equipped with the capacity to design and manage high-impact programs in partnership with private actors**. In too many Member States - including Romania -, administrative fragmentation, capacity gaps and excessive proceduralism at regional level have hampered the efficient delivery of EU funds. FICSIMM calls for the next MFF to allocate **dedicated technical assistance envelopes for local capacity building**, particularly in regions with poor absorption records or institutional weaknesses. These resources should fund: (1) training and certification programs for local public servants; (2) technical advisory units to assist with project preparation and implementation; (3) digital tools for fund management and monitoring. Moreover, we strongly recommend that **regional development agencies be upgraded and empowered as delivery hubs for SME-targeted programs**, with simplified procedures and delegated management where appropriate. By doing so, the EU would ensure that **funds are brought closer to beneficiaries**, and that regional authorities become not bottlenecks, but enablers of strategic investments in innovation, entrepreneurship and inclusive development.

**24.** In line with the principle of subsidiarity and the EU's territorial cohesion objectives, **FICSIMM supports the further decentralization of EU fund management**, especially in Member States where centralized models have proven inefficient or disconnected from local realities. Local and regional authorities, when properly empowered and resourced, can act with greater agility, contextual awareness and stakeholder proximity. However, decentralization must be accompanied by **capacity building, performance incentives and digital transparency tools** to avoid fragmentation or governance asymmetries. We recommend that the next MFF formally encourage Member States to pilot and institutionalize **“regional delivery hubs”** for

**SME support programs**, which would bundle EU and national resources and operate under simplified regulatory frameworks. These hubs should work closely with employers' organizations, business associations, local chambers and civil society to co-design interventions, ensuring that cohesion policy becomes a catalyst for **localized innovation and entrepreneurship**. Moreover, the Commission should develop a **benchmarking system for decentralized fund governance**, identifying and scaling best practices across the Union. This would help move cohesion policy from a compliance-driven logic to one of **empowered, accountable local delivery**, truly fit for purpose in the post-2027 period.

**25.** A truly forward-looking Multiannual Financial Framework must invest not only in physical infrastructure, but also in the **territorial enablers of future competitiveness**: smart mobility, clean logistics, cross-border cooperation and digital infrastructure in underserved areas. FICSIMM calls for a substantial share of cohesion and regional development funds to be allocated toward **“smart community” initiatives**, particularly in territories affected by depopulation, economic stagnation or climate risks. This includes financing for high-speed broadband in remote areas, 5G corridors, e-governance platforms for SMEs and digitally integrated public services. Furthermore, **transport and mobility investments must be aligned with green and circular economy objectives**, supporting low-emission freight systems, electric vehicle infrastructure and multimodal logistics centers that facilitate regional and cross-border commerce. We also underline the strategic importance of **territorial cooperation (Interreg, cross-border clusters, Danube and Black Sea macro-regions)**, which offer unique opportunities for SMEs to internationalize and access new value chains. The next MFF must treat these investments not as “complementary” but as **foundational to a cohesive, connected and resilient economic fabric across Europe**.

**26.** The European Union's security landscape is rapidly evolving, necessitating a robust and forward-looking response anchored in both **defence capacity building** and **innovation ecosystems**. In this context, **SMEs must be recognized as essential actors in the Readiness 2030 agenda**, not merely as subcontractors but as innovation leaders and technological disruptors. The White Paper on European Defence underscores the importance of mobilizing Europe's full innovation capacity. SMEs, especially those active in dual-use technologies such as **AI, cybersecurity, quantum computing** and **autonomous systems**, are uniquely positioned to bridge the gap between civil innovation and military readiness. Supporting their involvement through **targeted EDF calls, dedicated equity instruments like FAST and simplified participation rules** is not just a funding strategy but a strategic imperative. **SMEs bring speed, flexibility and proximity to end-user needs**, qualities that are indispensable in a context of high-intensity security threats and technological escalation. Therefore, the next MFF must embed **SME participation mechanisms directly within the Readiness 2030 architecture**, including through integrated project pipelines, pan-European innovation clusters, and SME-friendly procurement platforms.

**27.** The transformation of Europe's defence landscape demands **a rethinking of industrial policy**, where **SMEs are systematically included in the design, implementation and evaluation** of EU-funded defence initiatives. As highlighted in the Readiness 2030 White Paper, nearly **50% of EDF project participants were SMEs**, demonstrating the sector's growing engagement. This proportion should not only be maintained but scaled up through **performance incentives, access to digital testbeds and cross-border SME consortia**. At the same time, **regional innovation ecosystems must be empowered** to develop and sustain SME capabilities in defence R&I, particularly in Member States and regions currently underrepresented in defence supply chains. This implies a deliberate policy to align **cohesion and defence funding streams**, ensuring that SMEs from structurally weaker areas can participate in, and benefit from, Europe's defence rearmament. **The spillover benefits of this approach extend beyond security**, as dual-use innovation often translates into advances in healthcare, energy, transport and climate technologies. SMEs must therefore be seen as a

**strategic vector for both economic resilience and geopolitical stability**, underlining the need for a dedicated SME pillar within the European Defence Industrial Strategy.

**28.** Beyond technological capacity, **SMEs contribute essential skills and talent** to the defence innovation ecosystem. However, Europe currently lacks a coordinated strategy to attract, retain and upskill SME talent in high-priority sectors such as **cybersecurity, space defence, AI systems and secure communications**. As part of the broader Union of Skills agenda, a dedicated SME-focused defence training pillar should be introduced, involving **industry - academia partnerships, vocational training programs and regional centers of excellence**. These initiatives should be accessible to micro and small enterprises, with **simplified entry conditions and subsidized participation**, particularly in regions affected by economic transition or demographic decline. Furthermore, SMEs should benefit from **enhanced access to capital markets and insurance schemes** tailored to the specific risks associated with defence innovation, especially in dual-use domains. Such measures would not only strengthen Europe's defence readiness but also **prevent the marginalization of smaller innovators** that often struggle to navigate complex regulatory and financial landscapes. A Europe that aspires to sovereignty and deterrence must empower its **entire innovation fabric, including the smallest players**, as part of a unified and inclusive approach to security and competitiveness.

**29.** As the policy context becomes more volatile and crisis-prone - from pandemics to geopolitical conflict -, **flexibility must become an operational norm in the EU budget**, not an exception triggered by emergencies. FICSIMM strongly supports recommendations for building greater **budgetary and programmatic flexibility into the next MFF**, through mechanisms such as emergency reserves, dynamic reallocations, rolling program adjustments and simplified amendment procedures. For SMEs, this is particularly vital: businesses need support instruments that can **respond quickly to market shocks, regulatory shifts and supply chain disruptions**, rather than being locked into rigid multiannual planning cycles. Moreover, we

advocate for the institutionalization of a “**Cohesion Flex Fund**”, to be activated during asymmetric crises or regional downturns, allowing rapid liquidity support to affected enterprises or sectors. Importantly, flexibility must not erode strategic focus: any changes to fund allocations must be guided by **evidence-based assessments of impact and need**, ensuring both responsiveness and accountability. In a world marked by uncertainty, the EU budget must combine **strategic foresight with adaptive capacity**, empowering Member States, regions and SMEs to act with resilience and confidence.

**30.** FICSIMM strongly believes that **transparency, traceability and public accountability** must be elevated to a new standard in the implementation of the next Multiannual Financial Framework. While current reporting frameworks offer some degree of oversight, **the level of fragmentation, technicality and data inaccessibility often limits their usefulness for beneficiaries, researchers and civil society actors**. We recommend that the Commission, in partnership with Member States, design and deploy a **comprehensive, real-time digital dashboard** - aggregating data on fund allocations, disbursements, beneficiaries, project outcomes and performance indicators - accessible to the public in an intuitive and multilingual format. Such a tool should be developed in open-data format, enabling journalists, think-tanks and SME organizations to track the efficiency and fairness of fund distribution, including gender and regional equity. Furthermore, each operational program should be required to publish **annual impact reports** - focusing not just on financial execution, but on measurable outcomes such as jobs created, SMEs supported, carbon emissions avoided or skills enhanced. Complementing these efforts, we call for an increase in **independent audits, citizen consultations and participatory monitoring frameworks**, which would reinforce public trust in EU cohesion investments and reduce the perceived distance between the EU institutions and local realities. Transparency must evolve from a bureaucratic obligation to a **strategic pillar of democratic governance and smart economic policy**.

**31.** As Europe moves toward a more volatile climate future, **the resilience of SMEs to climate risks must become a mainstreamed objective of the next MFF**, particularly through cohesion and regional development policy. SMEs are increasingly vulnerable to extreme weather events, resource scarcity and supply chain disruptions, yet very few have the capacity - or the financial buffer - to invest in adaptation measures. FICSIMM proposes the establishment of a dedicated **“Climate Resilience for SMEs” strand** within the post-2027 cohesion architecture, aimed at funding climate risk assessments, business continuity plans, green infrastructure upgrades and insurance-based risk-sharing mechanisms. In addition, funds should support the **development and deployment of climate-smart technologies**, such as water recycling systems, heat-resistant materials and decentralized energy storage - particularly in agriculture, construction and energy-intensive sectors. These investments should be complemented by **training programs on risk mitigation and climate preparedness**, helping SMEs understand not only their vulnerabilities, but also the business opportunities emerging from climate innovation. Finally, cohesion funding must ensure that resilience investments are not concentrated only in climate hotspots, but also **proactively target “invisible risk zones”** - such as peri-urban industrial parks or regions exposed to multiple overlapping pressures (e.g., drought and economic decline). Resilience is not just about bouncing back - **it’s about building forward, with SMEs at the core of regional adaptation strategies.**

**32.** FICSIMM emphasizes the increasing relevance of **social entrepreneurship and ethical business models** as integral components of a resilient, inclusive and future-oriented European economy. While traditional SME support measures tend to focus on competitiveness, digitalization and green transition, we believe the next MFF must also prioritize **business models that combine profitability with social and environmental impact.** This includes cooperatives, community enterprises, women-led care businesses, circular economy startups and social innovation labs addressing pressing challenges such as aging populations, youth unemployment or urban exclusion. To this end, we propose the creation of a **dedicated funding window for social SMEs**, accessible through cohesion funds and designed to offer simplified grant schemes, capacity-building programs and impact-based financing instruments. Moreover,

public procurement rules at EU and national level should be adapted to **reward enterprises demonstrating clear social value, inclusivity and ethical practices**. Business accelerators and incubators funded through the MFF should integrate **social impact evaluation frameworks** into their methodology, ensuring that entrepreneurship support does not only pursue growth, but also sustainability and community benefit. Encouraging a new generation of socially conscious SMEs is not an idealistic addition to cohesion policy - it is a **strategic investment in the EU's democratic resilience and social fabric**.

**33.** In conclusion, FICSIMM calls on the European Commission, the Council and the European Parliament to design the next Multiannual Financial Framework with **strategic clarity, territorial justice and SME-centered pragmatism**.

As the European economy confronts unprecedented challenges - geopolitical fragmentation, demographic shifts, climate stress and technological acceleration -, the role of SMEs becomes ever more vital. They are the backbone of regional economies, engines of innovation and key vectors of cohesion and resilience. Yet, their potential can only be fully unlocked through **public policies and funding instruments that are transparent, accessible, decentralized, and impact-driven**.

The new MFF must retain cohesion as a foundational principle, not dilute it in favor of ad-hoc crisis response or top-down industrial bets. It must build a fiscal and governance architecture that values **simplification, decentralization, stakeholder co-creation and long-term results**.

FICSIMM remains committed to working with all EU institutions, the national government and regional actors to ensure that **SMEs are not only beneficiaries - but active architects - of Europe's sustainable, inclusive and competitive future**.

***Document prepared by:***

***The Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)***

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