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Federația pentru Inovare și Competitivitate Sustenabilă în IMM-uri
Membră a confederației patronale Concordia

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From Crisis to Competitiveness: the FICSIMM - IDB Energy Efficiency Retrofitting Instrument for SMEs, and Its Full Alignment with the EU Clean Energy Investment Strategy,

by the Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM), Romania

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1. The global energy crisis and its impact on Romanian SMEs

The global energy crisis, triggered by geopolitical instability and the structural transformation of energy markets, has created an **unprecedented level of vulnerability for small and medium-sized enterprises (SMEs) across the European Union**. Romania is no exception. On the contrary, Romanian SMEs with production and processing activities have been exposed to compounded pressures: the **elimination of the capping and compensation scheme for natural gas and electricity prices** left companies facing energy bills that, in numerous documented cases, have doubled or even tripled within months. For **industrial producers, furniture manufacturers, food processors and other energy-intensive SMEs**, energy costs have ceased to be a secondary operational variable and have become an **existential threat to business continuity**. The volatility of the energy market, compounded by the absence of a dedicated national government strategy to protect SMEs from energy price shocks, risks generating **a wave of insolvencies, mass technical unemployment and an accelerated contraction of Romania's productive industrial base**. Against this backdrop, any credible policy response must combine immediate access to finance with structural incentives for energy efficiency improvements - and must do so at scale, with speed, and in full alignment with European frameworks.

2. The FICSIMM - IDB instrument: design and key parameters

It is precisely within this context that the **Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)**, in close partnership with the **Investment and Development Bank of Romania (IDB / BID)**, has developed a detailed proposal for a **dedicated financial instrument targeting the energy efficiency retrofitting of Romanian SMEs with production activity**. The instrument is structured around a **capped portfolio guarantee** managed by IDB on behalf of the **Modernisation Fund (FM)**, with a **50% guarantee**

rate and a **20% portfolio cap (CAP)** shared equally between IDB and the participating financial intermediaries. Beyond the guarantee mechanism, the instrument incorporates a **€20,000 grant component for industrial energy audits**, a **10% capital rebate (reduction of loan principal)** for projects achieving a minimum **30% energy consumption reduction** on retrofitted production lines, and access to preferential lending conditions through commercial banking partners. The total volume of guarantees to be administered by IDB reaches **€1.2 billion**, expected to mobilise up to **€2.4 billion in SME investment financing** and to directly benefit approximately **3,500 companies** across Romania's industrial sector.

3. The EU Clean Energy Investment Strategy (COM/2026/116): an overview

On **March 10th, 2026**, the European Commission formally adopted the **Clean Energy Investment Strategy (COM/2026/116)**, a landmark policy document setting out the framework for mobilising the private capital required to power Europe's energy transition. The Strategy acknowledges that achieving EU climate and energy objectives will require investments of approximately **€660 billion annually until 2030**, rising to **€695 billion annually between 2031 and 2040** - a scale that far exceeds what public budgets alone can finance. The Strategy is therefore built upon a fundamental architectural principle: **public funding must act as a strategic lever and catalyst for private capital mobilisation**, not as a substitute for it.

Its four core pillars address:

*Strengthening grid operator balance sheets through the new **EIB Strategic Infrastructure Investment Fund (SII Fund, up to €500 million)**;

*Expanding bank lending capacity for grid operators;

*De-risking innovative clean energy technologies and energy efficiency investments, including a **€500 million pilot scheme for ”energy efficiency as a service” models**; and

*Establishing an **Energy Transition Investment Council (ETIC)** to align EU policy with long-term investor needs.

The explicit targeting of SME decarbonisation and energy efficiency financing through the **InvestEU Sustainability Guarantee Product** - managed by the European Investment Fund - places the FICSIMM - IDB instrument squarely within the strategic priorities of COM/2026/116.

4. Core architectural compatibility: public capital as a de-risking lever

The most fundamental point of compatibility between the FICSIMM - IDB instrument and the Clean Energy Investment Strategy lies in their **shared architectural philosophy: public capital is deployed not as a primary funding source, but as a de-risking lever that unlocks private bank financing**.

The Commission Strategy explicitly states that public funds must be deployed strategically to **”crowd in” private banking and capital market finance**, ultimately lowering the overall cost of the transition. The FICSIMM - IDB instrument operationalises exactly this logic at national level: IDB's portfolio guarantee absorbs **50% of the credit risk on each loan**, reducing the risk premium applied by commercial banks and passing the benefit on to SME borrowers through **lower total financing costs (the benefit transfer formula: Benefit = CCs − CCg)**, where CCs is the standard credit cost without the guarantee and CCg is the adjusted cost after its application. Financial intermediaries are 100% responsible for loan disbursement from their own resources; IDB contributes exclusively the risk coverage, not the funding itself.

This model is a textbook example of **”strategic deployment of public capital to mitigate specific risks and enhance risk-adjusted returns”** - the precise definition used in Pillar III of COM/2026/116 to describe the de-risking approach the Commission intends to promote across Member States.

5. Alignment with the InvestEU Sustainability Guarantee for SME decarbonisation

The FICSIMM - IDB instrument also aligns directly with the **InvestEU Sustainability Guarantee Product** strengthening described under Action 3(d) of COM/2026/116. The Commission Communication explicitly states that the increased capacity of the InvestEU Sustainability Guarantee - managed by EIF - will **”allow for further access to the product for the decarbonisation and energy efficiency of SMEs”**.

The FICSIMM - IDB instrument replicates this logic at national level through IDB's mandate under the Modernisation Fund, substituting EIF's role with BID's national promotional bank capacity.

The eligible activities under both instruments are strikingly convergent:

*__Replacement of outdated, energy-intensive production equipment with high-energy-efficiency certified technology__;

***Reduction of greenhouse gas emissions;**

***Adoption of green technologies;**

***Integration of Energy Management Systems (EMS);**

***Acquisition of specialised software for energy data analysis and optimisation;**

***Installation of heat pumps and industrial heat recovery systems.**

The Commission's Q&A document accompanying COM/2026/116 confirms that energy efficiency continues to be **”underfunded, especially in SMEs”**, and that closing this gap is a strategic priority - positioning the FICSIMM - IDB proposal not as a peripheral initiative, but as a direct national-level implementation of a European strategic mandate.

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6. Complementarity with the €500M ”Energy Efficiency as a Service” pilot

A particularly significant point of convergence is the Commission's **€500 million pilot scheme** announced under COM/2026/116 to **accelerate ”energy efficiency as a service” models**, structured in partnership with the EIB Group, specialised investment funds and the InvestEU Advisory Hub. This pilot is designed to scale up service models in which providers deliver efficiency upgrades to SMEs with **no upfront costs**, recovering expenses through energy savings achieved.

The FICSIMM - IDB instrument complements this approach by addressing a different but complementary modality: **direct investment financing backed by a public guarantee**, where SMEs retain ownership of the equipment and take on the investment risk - but with that risk substantially de-risked through the IDB portfolio guarantee and the interest rate benefit transfer. The Commission's Q&A explicitly confirms that the €500 million pilot will ”**complement the current EIB Group support to energy services, and to decarbonisation solutions for SMEs”** - meaning national instruments like the FICSIMM - IDB proposal are not in competition with EU-level mechanisms, but rather **structurally complementary and expected**. Member States are explicitly encouraged to design such national financing schemes in coordination with European frameworks.

7. Perfect compatibility with the Modernisation Fund

The compatibility of the FICSIMM - IDB instrument with the **Modernisation Fund (FM)** is not incidental - it is structural and constitutive. The Modernisation Fund, established under Article 10d of the EU ETS Directive, is specifically designed to support **investments in the modernisation of energy systems and the improvement of energy efficiency** in ten lower-income Member States, including Romania.

Energy efficiency in SMEs falls squarely within the FM's eligible investment areas, and IDB has already been designated as the national implementing institution for FM-financed instruments in Romania.

The FICSIMM - IDB product sheet explicitly states that IDB administers the guarantee under a mandate from the Modernisation Fund, with MF providing the capital backing for the portfolio guarantee. This makes the instrument a **direct operational expression of the Modernisation Fund's energy efficiency priority for Romanian SMEs**.

COM/2026/116 itself reinforces this nexus, noting that, in the next MFF, **”strengthening energy efficiency is to be supported under the new European Competitiveness Fund”** - and that **an Energy Efficiency Accelerator Instrument** could use ECF tools including **”grants, repayable support and advisory services”** for aggregating investment projects.

The FICSIMM - IDB instrument already combines all three of these tool types: the grant component (energy audit), the repayable support (guaranteed loan) and advisory capacity (via banking intermediaries and associative structures of the private sector).

8. Pay-for-performance architecture and results-based finance alignment

The **pay-for-performance** architecture embedded in the FICSIMM - IDB instrument constitutes one of its most strategically significant features in terms of alignment with COM/2026/116.

The instrument's **10% capital rebate** component is activated only upon verified achievement of a **minimum 30% energy consumption reduction** on the retrofitted production lines, confirmed through an independent energy audit at project completion.

This mechanism - which conditions a financial benefit on demonstrable energy performance outcomes - mirrors the Commission's own emphasis on **”pay-for-performance” frameworks** as best practice in EU-level energy efficiency financing. The Commission's Recommendation accompanying COM/2026/116 on unlocking private investment in energy efficiency (C/2026/1526) specifically calls for the development of innovative financing schemes that

”boost demand for energy efficiency investments and reduce investment risks” through targeted incentives. The FICSIMM - IDB capital rebate does precisely this: it reduces the total cost of the investment for SMEs that achieve real-world energy performance improvements, creating a direct financial incentive for genuine energy transition outcomes rather than merely for equipment purchase.

9. Alignment with NRRP milestone 128 and Directive 2023/1791

The FICSIMM - IDB instrument also aligns with Romania's existing European commitments beyond COM/2026/116.

The instrument directly supports the achievement of **Milestone 128 of Romania's National Recovery and Resilience Plan (PNRR)**, which provides for the integration of solutions for the valorisation of non-recyclable wood waste as a raw material in the production of thermal energy - a dimension particularly relevant in the furniture manufacturing pilot sector, where production waste can be reused to generate the thermal energy needed for wood drying.

Equally, the instrument is explicitly aligned with **Directive 2023/1791 on energy efficiency**, which establishes binding annual energy consumption reduction targets for Member States and requires specific measures to improve energy efficiency in industry. By incentivising SMEs to replace energy-intensive equipment and achieve measurable consumption reductions, the FICSIMM–IDB instrument contributes directly to Romania's obligations under this Directive.

Furthermore, the mandatory **industrial energy audit component** - required both at project inception and upon completion - ensures that investments are evidence-based, transparent and measurable, in full compliance with the audit and monitoring requirements established under Directive 2023/1791.

10. The Draghi and Letta Reports: strategic endorsement

The broader strategic logic of the FICSIMM - IDB instrument also resonates with the recommendations of two landmark European policy analyses that have directly shaped the Commission's 2026 agenda: the **Draghi Report on European competitiveness** and the **Letta Report on the future of the Single Market**.

The Draghi Report explicitly warns that investments in retrofitting and energy efficiency must become strategic priorities to prevent European industry from losing global competitiveness. COM/2026/116 itself cites the Draghi Report in its introduction, noting that turning energy transition ambitions into reality requires **"unprecedented levels of investment and a more integrated approach to mobilising public and private capital"**.

The Letta Report similarly underlines the importance of supporting SMEs to become more resilient and to cope with major economic transformations.

The FICSIMM - IDB instrument responds to both of these calls with a concrete, nationally adapted mechanism that is perfectly compatible with European guidelines while being calibrated to the specific market failures and structural deficiencies of the Romanian SME sector - above all, **35 years without any national program for production line retrofitting**.

11. Direct benefits for SMEs: financial and operational advantages

The benefits of implementing the FICSIMM - IDB instrument for Romanian SMEs would be **immediate, measurable and multi-dimensional**.

At the microeconomic level, beneficiary companies would achieve **energy cost savings of 30% - 40% on retrofitted production lines**, allowing them to redirect financial resources towards expansion, product development and workforce investment. The combined effect of lower energy bills, improved productivity through modern equipment, and integration of **Energy Management Systems (EMS)** and digital monitoring tools would dramatically increase SME competitiveness in both domestic and international markets - where energy efficiency and sustainability certifications are increasingly **mandatory criteria for access to global value chains**.

Access to financing under the instrument would be structured with **loan tenors of 12 months to 10 years**, a maximum individual transaction amount of **€5 million**, a 0% guarantee commission for SMEs and a guarantee commission for IDB as fund administrator - ensuring that the full financial benefit is passed through to the final beneficiary.

The **zero upfront guarantee cost for SMEs** and the elimination of the standard risk premium from the loan interest rate represent a direct and immediate cost reduction that is not available through any existing Romanian national program.

12. Macroeconomic and fiscal impact: protecting Romania's economic base

Beyond the direct benefits to individual SMEs, the macroeconomic and fiscal impact of the FICSIMM - IDB instrument would be substantial and durable.

Romanian SMEs with production activities contribute significantly to the state budget through **taxes, social contributions and duties**. An energy crisis that forces these companies to reduce production or enter insolvency would create a **double fiscal shock**: declining tax revenues on the revenue side, combined with increased expenditure through technical unemployment benefits on the expenditure side. The FICSIMM–IDB instrument functions as a **pre-emptive fiscal stabiliser**, protecting Romania's tax base by ensuring that energy-intensive SMEs survive and thrive through the transition.

At the macroeconomic level, the modernisation of approximately **3,500 SMEs** with an aggregate investment volume of up to **€2.4 billion** would generate significant multiplier effects across suppliers, logistics networks and local communities - particularly in regions where production SMEs are the primary sources of employment.

By reducing regional economic disparities and preventing **labour migration**, an already alarming phenomenon in Romania, the instrument would also fulfil an important **social and territorial cohesion function** aligned with both national priorities and EU cohesion policy objectives.

13. Governance architecture and the role of National Promotional Banks

The governance architecture proposed for the FICSIMM - IDB instrument is itself a model of the **participatory, multi-stakeholder implementation logic** that COM/2026/116 promotes.

The Strategy establishes that the successful deployment of national energy efficiency instruments requires **strategic alignment of EU funds and enabling policies, alongside collective engagement of EU institutions, Member States, institutional capital and private financial entities**.

The FICSIMM - IDB instrument delivers exactly this:

*IDB acts as the national promotional bank implementing the Modernisation Fund mandate;

*Commercial banks act as financial intermediaries distributing the guaranteed loans;

*Employer organisations connecting the instrument with the real needs of SMEs and ensuring a permanent consultation channel with final beneficiaries.

This **institutional triad - national development bank, commercial banking network, employer organisations -** ensures both the relevance and the absorption efficiency of the instrument.

The Commission's Action 4 on the **Energy Transition Investment Council (ETIC)** specifically envisages a sub-group composed of representatives of National Promotional Banks and Institutions (NPBIs) - which is precisely the category into which IDB falls - to discuss **”the role of these institutions in strengthening the financing flows for energy projects and enhancing mobilisation of private capital”**.

Romania's FICSIMM - IDB instrument would therefore be a natural candidate for inclusion in the ETIC's work program as a best-practice national model.

14. A direct call to the Romanian government: act now, act decisively

Given the full body of evidence presented above - the critical situation of Romanian SMEs in the face of the global energy crisis, the structural absence of any national retrofitting program over the past 35 years, the mature and technically sound design of the FICSIMM - IDB instrument and its perfect compatibility with the EU Clean Energy Investment Strategy (COM/2026/116), the Modernisation Fund, Directive 2023/1791, PNRR Milestone 128 and the Draghi and Letta Reports - **FICSIMM urgeantly calls upon the Romanian Government to assume, champion, and rapidly implement this financial instrument**.

The Ministry of Energy must take ownership of the policy and coordination framework, while IDB operationalises the fund management and guarantee mechanisms. Relevant employer organisations are ready to serve as the implementation partners responsible for dissemination, SME outreach and ongoing sectoral consultation.

The Romanian Government has, at its disposal, **a ready-made, EU-aligned, technically validated instrument** that requires no new European negotiation, no additional State aid framework approval beyond the existing de minimis regulations and no new institutional infrastructure.

What it requires is **political will, inter-ministerial coordination and urgency**.

Every month of delay translates into additional insolvencies, additional energy expenditure and additional loss of productive industrial capacity that cannot easily be rebuilt.

15. Conclusions

The FICSIMM - IDB financial instrument for SME energy efficiency retrofitting is not merely a technically sound policy proposal - it is **a strategic necessity for Romania's industrial survival, fiscal resilience and European alignment**.

It addresses, simultaneously:

*A market failure: the structural inability of SMEs to access affordable investment financing for energy efficiency,

*A policy gap: the 35-year absence of any national retrofitting program, and

*A European mandate: the obligation to implement the energy efficiency objectives of Directive 2023/1791 and the Clean Energy Investment Strategy.

Its architecture - **public guarantee lever + conditional grant + pay-for-performance capital rebate + energy audit requirement** - embodies precisely the combination of financial de-risking, results-based incentives and transparency mechanisms that the European Commission promotes as best practice in COM/2026/116 and the accompanying Energy Efficiency Financing Support Package (C/2026/1526).

Its funding basis through the **Modernisation Fund** ensures that no additional national budget allocation is required.

Its scalability, through the revolving fund logic that repayments from SMEs are reinvested to support new beneficiaries, creates a **self-sustaining mechanism with multiplier value for the entire Romanian economy**.

Romania now has the rare opportunity to be at the forefront of EU best practice in energy transition finance.

The Romanian Government must act - now, decisively, and at scale.

In this context, FICSIMM respectfully calls upon the European Commission to formally acknowledge the FICSIMM - IDB instrument as a national best-practice model fully aligned with COM/2026/116 and to actively encourage the Romanian Government to proceed with its immediate implementation.

Given that the instrument is funded through the Modernisation Fund, falls squarely within the eligible investment priorities of the InvestEU Sustainability Guarantee and delivers directly on the objectives of Directive 2023/1791 and NRRP Milestone 128, the Commission's political endorsement would constitute a decisive catalyst for unlocking the inter-ministerial coordination and government commitment that this instrument urgently requires.

Romania's SMEs cannot afford further delay, and the Commission's voice - in bilateral dialogue with Romanian authorities - would transform a technically ready proposal into an operational reality.