

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

Position on the European Competitiveness Fund (ECF)

An SME-centred perspective on Europe's future competitiveness

The **Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)**, **Romania**, welcomes the European Commission's proposal to establish the **European Competitiveness Fund (ECF)** as a central pillar of the post-2027 Multiannual Financial Framework (MFF). FICSIMM acknowledges the strategic rationale behind the ECF, as articulated in the **Draghi and Letta reports** and embedded in the **EU Competitiveness Compass**, namely the urgent need to close Europe's productivity gap, reinforce strategic autonomy and support industrial transformation in a context of accelerating global competition.

However, from the perspective of SMEs - which represent **over 99% of EU enterprises and the backbone of regional economies** - the success of the ECF will depend less on its scale and architecture, and more on **how effectively it translates into accessible, predictable and territorially balanced support mechanisms**.

1. SMEs must be explicitly positioned as core beneficiaries, not residual actors

*While the ECF aims to consolidate 14 existing programmes under a single rulebook and gateway, FICSIMM is concerned that **SMEs are not sufficiently anchored as primary beneficiaries**, but rather treated as horizontal or indirect recipients alongside large corporates and research consortia. Without **dedicated SME entry points**, there is a real risk that funding will disproportionately favour large-scale, capital-intensive projects and actors with superior administrative capacity.*

*FICSIMM stresses that **SME competitiveness cannot be achieved through trickle-down effects** from flagship industrial projects alone. SMEs require **tailored instruments**, proportionate requirements and implementation models adapted to their size, risk profile and regional embeddedness.*

While the European Competitiveness Fund (ECF) is designed to consolidate **14 existing EU programmes under a single rulebook and a unified access gateway**, FICSIMM remains deeply concerned that **SMEs are not sufficiently and explicitly positioned as core, primary beneficiaries** of this new framework. In its current conceptualisation, SMEs risk being treated mainly as **horizontal, secondary or indirect recipients**, placed on an equal footing with large corporates, multinational groups and complex research consortia that benefit from significantly greater financial, legal and administrative capacity.

In the absence of clearly defined SME-specific entry points, safeguards and targeting mechanisms, there is a substantial risk that ECF resources will be captured predominantly by **large-scale, capital-intensive projects**, favouring actors that already possess advanced project management structures, dedicated EU funding departments and the ability to absorb regulatory complexity. This dynamic would unintentionally reinforce existing asymmetries within the Single Market, rather than correcting them.

FICSIMM strongly emphasizes that **SME competitiveness cannot be achieved through indirect or trickle-down effects** resulting from flagship industrial or technological projects alone. While such projects may generate macroeconomic benefits, they do not automatically translate into **meaningful access, value-chain integration or investment opportunities for SMEs**, particularly those located in less-developed or transition regions.

SMEs require **tailored financial instruments, proportionate eligibility criteria and simplified implementation models**, designed specifically around their **size, risk profile, investment horizon and regional embeddedness**. Only by embedding these elements structurally into the ECF can the Fund deliver **inclusive, resilient and territorially balanced competitiveness**, ensuring that SMEs are recognized not as residual actors in Europe's industrial strategy, but as **essential drivers of innovation, employment and long-term economic sustainability**.

2. Simplification must be real, measurable and SME-tested

*FICSIMM strongly supports the ECF's stated objective of **simplification and coordination**, including the move towards **one rulebook and a single access point**. Nevertheless, simplification must go beyond programme consolidation and address the **full investment journey of SMEs**, from application to implementation and audit.*

For SMEs, true simplification means:

- **Radically reduced administrative burden and reporting requirements;**
- **Wider use of lump sums, flat-rates and standardised costs;**
- **Faster decision and contracting timelines, compatible with business cycles;**
- **A single point of contact throughout the project lifecycle.**

Without these elements, the ECF risks reproducing the structural barriers that have historically excluded many SMEs - especially those in less developed regions - from EU-level funding.

FICSIMM strongly supports the European Competitiveness Fund's **explicit objective of simplification, coordination and procedural streamlining**, including the proposed transition towards **a single rulebook and a unified access point for beneficiaries**. These intentions respond to long-standing criticisms regarding the fragmentation, opacity and administrative overload of EU funding instruments and represent an important step in the right direction.

However, FICSIMM stresses that **simplification cannot be limited to the consolidation of programmes at institutional level**. For SMEs, real simplification must address the **entire investment journey**, covering all stages from **initial application and evaluation, through contracting and implementation, to monitoring, reporting and audit procedures**. Without a holistic approach, formal simplification risks remaining largely declarative, while practical barriers persist at operational level.

From an SME perspective, **genuine and effective simplification** must translate into concrete, measurable improvements, including:

- **A radical reduction of administrative burden and reporting obligations**, proportionate to project size and risk, and focused on outcomes rather than procedural compliance;
- **A significantly wider use of lump sums, flat-rate financing and standardised cost options**, reducing uncertainty, audit exposure and cash-flow pressure for SMEs;
- **Faster and more predictable evaluation, decision-making and contracting timelines**, aligned with real business cycles and investment planning horizons;
- **A single, continuous point of contact throughout the entire project lifecycle**, ensuring consistency of interpretation, guidance and support.

Without these structural changes, **the ECF risks replicating the very barriers that have historically prevented many SMEs from accessing EU-level funding**, particularly those operating in less-developed, rural or transition regions. FICSIMM therefore insists that all simplification

measures under the ECF be **systematically tested against SME realities**, using clear benchmarks and feedback mechanisms, to ensure that simplification is not only proclaimed, but **delivered in practice**.

3. A seamless investment journey must include SMEs from idea to deployment

*FICSIMM welcomes the ambition to ensure a “**seamless investment journey from research to market**”, tightly linking Horizon Europe, deployment instruments and financial tools within the ECF. Yet, in practice, SMEs often face **structural breaks** between R&D, scale-up, industrial deployment and market access.*

To address this, the ECF must:

- *Ensure **continuity of support for SME-led projects**, not only for consortia;*
- *Provide **bridging instruments** between grants, guarantees and equity;*
- *Avoid excessive reliance on financial instruments that exclude SMEs with limited collateral or balance-sheet capacity.*

*A seamless journey for Europe must not become a **fragmented obstacle course for SMEs**.*

FICSIMM welcomes and supports the European Commission’s ambition to ensure a “**seamless investment journey from research to market**”, built around a closer integration between **Horizon Europe, industrial deployment instruments and the full range of financial tools embedded within the European Competitiveness Fund (ECF)**. This vision responds to a long-standing structural weakness of EU funding, namely the fragmentation between research, innovation, scale-up and market uptake.

However, FICSIMM emphasizes that, **in practical terms, SMEs continue to experience significant structural breaks** along this investment continuum. For many small and medium-sized enterprises, particularly innovative start-ups and industrial SMEs, the transition from **R&D to scale-up, from pilot projects to industrial deployment, and from innovation to market access** remains discontinuous, risky and financially constrained. These gaps often result in promising SME-led innovations failing to reach commercial maturity or being acquired prematurely by larger players outside the EU.

To effectively address these challenges, the ECF must be designed to **explicitly include SMEs at every stage of the investment journey**, not only as junior partners in large consortia, but as **lead actors and project promoters in their own right**. In this regard, FICSIMM underlines the necessity for the ECF to:

- **Ensure continuity of support for SME-led projects across funding stages**, allowing successful initiatives to progress smoothly from research and innovation to demonstration, industrial deployment and market uptake;
- **Provide dedicated bridging instruments** that connect grants, guarantees, equity and quasi-equity solutions, reducing financing gaps and mitigating the “valley of death” faced by many SMEs;
- **Avoid excessive reliance on financial instruments that implicitly exclude SMEs**, particularly those with limited collateral, shorter credit histories or constrained balance-sheet capacity.

A truly seamless investment journey must be **coherent, predictable and accessible** for SMEs, reflecting their operational realities and growth trajectories. **What is designed as a seamless journey for Europe must not become a fragmented obstacle course for SMEs**, as this would undermine both the effectiveness of the ECF and the Union’s broader competitiveness objectives.

4. Ensuring SME-Centred Industrial Ecosystems within the European Competitiveness Fund

A core risk identified by FICSIMM in the current design of the European Competitiveness Fund (ECF) is that **large-scale projects may absorb a disproportionate share of resources without generating sufficient spillover effects for SMEs and start-ups**, particularly in less-developed and convergence regions. While the ECF aims to strengthen European competitiveness through strategic investments, competitiveness cannot be sustainably achieved if it remains **concentrated in a limited number of large industrial actors**.

SMEs and start-ups are not peripheral players in Europe’s industrial transformation; they are essential drivers of innovation, flexibility, regional anchoring and resilience. For this reason, FICSIMM considers it imperative that the ECF embeds **clear and enforceable mechanisms**

that **structurally integrate SMEs into the industrial ecosystems financed through the Fund**, especially in projects led by large companies.

From funding large projects to building inclusive industrial ecosystems

FICSIMM strongly advocates for a shift from a **project-centric funding logic** to an **ecosystem-oriented approach**, whereby ECF support to large beneficiaries is directly linked to their capacity to **create, expand and sustain SME-based value chains**. Public investment at EU level must not only finance industrial capacity, but also **shape market behaviour and incentivise inclusive supply-chain structures**.

To this end, FICSIMM proposes the introduction of an **“SME Ecosystem Conditionality”** within the ECF, applicable to large-scale projects above a defined financial threshold. This conditionality would ensure that access to significant ECF resources is linked to **demonstrable commitments to SME and start-up integration**, without infringing EU competition or procurement rules.

Operationalising SME integration in ECF-funded projects

Under this approach, large ECF beneficiaries would be required to submit an **SME Integration Plan** as part of their funding application. This plan should include **measurable, verifiable and monitorable commitments**, such as:

- **A minimum share of the eligible project value allocated to SMEs and start-ups**, through direct contracts, innovation partnerships or structured subcontracting;
- **The qualitative role of SMEs in the project**, ensuring their involvement in core activities (innovation, engineering, deployment, digitalisation, services), not merely in peripheral or low-value-added tasks;
- **Long-term cooperation mechanisms**, including framework agreements, co-development arrangements, or technology transfer schemes;
- **Specific incentives for the inclusion of SMEs from convergence and transition regions**, reinforcing territorial cohesion alongside competitiveness.

Rather than imposing rigid quotas, this model relies on **performance-based conditionality**, aligned with the ECF's broader results-oriented philosophy.

Incentives, evaluation criteria and added value

FICSIMM further recommends that SME ecosystem-building be reflected directly in **ECF evaluation and funding conditions**, through:

- **Dedicated scoring criteria** for SME and start-up integration in large-scale projects;
- **Higher aid intensity or more favourable financing terms** for projects that demonstrate strong, credible SME ecosystem commitments;
- **Monitoring and reporting obligations** focused on outcomes (number of SMEs involved, contract value, regional spread), not excessive administrative burden.

Such mechanisms would ensure that **EU-level industrial investment delivers systemic impact**, fostering innovation diffusion, strengthening regional supply chains and accelerating the scaling-up of European SMEs.

Strategic rationale and European added value

Embedding SME ecosystem conditionality in the ECF is fully consistent with the objectives of the **Competitiveness Compass, the Clean Industrial Deal and the Single Market agenda**. It transforms the ECF from a mere funding consolidation exercise into a **powerful industrial policy tool**, capable of shaping inclusive, resilient and competitive European value chains.

For FICSIMM, this approach is essential to avoid a scenario in which **European competitiveness is built around a limited number of large “champions”**, while the broader SME fabric remains structurally undercapitalised and weakly integrated. **A competitive Europe must be an ecosystem Europe**, where SMEs are not subcontractors of last resort, but **co-creators of value, innovation and growth**.

5. Territorial cohesion and SME competitiveness are inseparable

*FICSIMM underlines that **European competitiveness cannot be built at the expense of cohesion**. The concentration of ECF resources in advanced regions or strategic hubs risks **deepening existing territorial disparities**, particularly in countries like Romania, where intra-regional gaps remain severe.*

From an SME perspective:

- **Place-based development remains essential** for innovation diffusion;

- *SMEs in convergence regions need **preferential access, higher aid intensities and technical assistance**;*
- *Competitive calls alone cannot replace **geographically targeted investment**.*

*The ECF must therefore operate **in complementarity - not competition - with cohesion policy and National and Regional Partnership Plans**, ensuring that SMEs across all regions can contribute to and benefit from Europe's industrial transformation.*

FICSIMM firmly underlines that **European competitiveness cannot be sustainably built at the expense of economic, social and territorial cohesion**. A development model that concentrates a disproportionate share of European Competitiveness Fund (ECF) resources in already advanced regions, industrial hubs or innovation frontrunners risks **reinforcing existing structural asymmetries**, rather than correcting them. This risk is particularly acute in Member States such as Romania, where **intra-regional and inter-regional disparities remain deep and persistent**, despite years of convergence-oriented investment.

From the perspective of SMEs, **territorial cohesion is not an abstract policy objective, but a precondition for competitiveness itself**. SMEs are inherently embedded in local and regional economies, and their capacity to innovate, scale and integrate into European value chains depends directly on the quality of local infrastructure, skills availability, access to finance and regional ecosystems. In this context:

- **Place-based development remains essential for the diffusion of innovation**, allowing new technologies and business models to spread beyond core regions and reach peripheral or transition areas;
- **SMEs in convergence and less-developed regions require preferential access to funding, higher aid intensities and dedicated technical assistance**, in order to overcome structural disadvantages and participate meaningfully in EU-wide industrial transformation;
- **Competitive, purely merit-based calls cannot on their own replace geographically targeted investment**, as they tend to favour regions and actors that already possess stronger administrative capacity and innovation infrastructure.

FICSIMM therefore stresses that the ECF must operate **in clear complementarity - not in competition - with cohesion policy instruments and with the National and Regional Partnership Plans** envisaged under the post-2027 MFF. Only through such coordination can the ECF ensure that **SMEs across all regions are empowered to contribute to, and benefit from, Europe's industrial,**

green and digital transformation, while preserving the Union's core principle of territorial cohesion as a foundation of long-term competitiveness.

6. Green and digital transitions must be SME-inclusive by design

*FICSIMM fully supports the ECF's focus on **clean technologies, digital leadership and industrial decarbonisation**, including the integration of the Innovation Fund and the Industrial Decarbonisation Bank within its governance.*

*However, without **SME-specific instruments**, these transitions risk becoming **capital-intensive and socially regressive**. FICSIMM therefore calls for:*

- *A **dedicated SME Green Transition Facility**;*
- *Targeted support for **energy efficiency, retooling and industrial modernisation** in SMEs;*
- *SME-oriented digital transformation schemes linked to regional ecosystems.*

*SMEs must be **actors of the green and digital transitions**, not passive adapters to standards set elsewhere.*

FICSIMM fully supports and welcomes the European Competitiveness Fund's **strong focus on clean technologies, digital leadership and industrial decarbonisation**, as well as the decision to integrate key instruments such as the **Innovation Fund and the Industrial Decarbonisation Bank within the ECF's overall governance framework**. These elements are essential for aligning Europe's climate objectives with long-term industrial competitiveness and strategic autonomy.

Nevertheless, FICSIMM firmly cautions that **without dedicated, SME-specific instruments**, the green and digital transitions risk becoming **excessively capital-intensive, unevenly distributed and socially regressive**. Large corporations and well-capitalised actors are far better positioned to absorb upfront investment costs, manage regulatory complexity and access blended finance solutions, while many SMEs—particularly in manufacturing, processing and energy-intensive sectors—face structural barriers that limit their ability to participate on equal terms.

For this reason, FICSIMM calls for the systematic integration of **tailored mechanisms that place SMEs at the centre of Europe's green and digital transformation**, including:

- **The establishment of a dedicated SME Green Transition Facility**, designed to support decarbonisation, energy efficiency and sustainable production processes in SMEs through grants, guarantees and blended finance;

- **Targeted support for energy efficiency, retooling and industrial modernisation in SMEs**, enabling the replacement of obsolete, energy-intensive equipment and facilitating productivity gains alongside emissions reductions;
- **SME-oriented digital transformation schemes linked to regional and sectoral ecosystems**, supporting the adoption of advanced digital technologies, data-driven processes and smart manufacturing solutions.

FICSIMM underlines that **SMEs must be recognised as active actors and co-creators of the green and digital transitions**, rather than passive adapters to standards, technologies and value chains defined elsewhere. Only by embedding SME inclusiveness by design can the ECF ensure that Europe's transitions are **economically viable, territorially balanced and socially sustainable**, while fully harnessing the innovative potential of its SME base.

7. Leveraging private capital must not shift risk disproportionately to SMEs

*FICSIMM agrees that the ECF should act as a **leverage instrument**, mobilising private and institutional capital. At the same time, SMEs must not become the **shock absorbers of financial risk**.*

To this end, FICSIMM emphasizes:

- *The need for **risk-sharing mechanisms**, guarantees and blended finance tailored to SMEs;*
- ***Predictability and legal certainty**, especially for long-term investments;*
- *Avoidance of additional tax or compliance burdens on SMEs.*

*Competitiveness cannot be financed by **overloading the most vulnerable segment of the European economy**.*

FICSIMM agrees that the European Competitiveness Fund (ECF) should function as a **powerful leverage instrument**, capable of mobilising **private, institutional and national capital** at scale in support of Europe's strategic competitiveness objectives. In a context of limited public resources and substantial investment needs, leveraging private finance is both necessary and appropriate.

At the same time, FICSIMM firmly stresses that **SMEs must not become the shock absorbers of financial risk** generated by ambitious industrial, green and digital investments. In

practice, poorly designed leverage mechanisms can result in **risk being transferred disproportionately to smaller firms**, which often lack the balance-sheet strength, collateral capacity and financial buffers available to large corporations and financial intermediaries.

To prevent such outcomes, FICSIMM emphasizes the need for a **balanced and SME-sensitive financial architecture within the ECF**, built around:

- **Robust risk-sharing mechanisms, guarantees and blended finance instruments tailored to SMEs**, ensuring that risk is equitably distributed between public authorities, financial institutions and final beneficiaries;
- **High levels of predictability and legal certainty**, particularly for long-term investments in industrial transformation, energy efficiency and digitalisation, which require stable rules and financing conditions over extended time horizons;
- **The strict avoidance of additional tax, regulatory or compliance burdens on SMEs**, which would undermine their investment capacity and weaken their competitiveness.

FICSIMM underlines that **European competitiveness cannot be sustainably financed by overloading the most vulnerable segment of the European economy**. Instead, the ECF must be designed to **de-risk investment for SMEs**, enabling them to engage confidently in innovation, reindustrialisation and transition processes, while preserving financial stability and ensuring fair risk allocation across all market actors.

Conclusion

*FICSIMM considers the European Competitiveness Fund a **potentially transformative instrument** for Europe's economic future. Yet, its legitimacy and effectiveness will ultimately be judged by **its capacity to empower SMEs across all regions**, not only by the scale of its budget or the ambition of its strategic windows.*

*For SMEs, **competitiveness means access, predictability, territorial fairness and proportionality**. If these principles are embedded in the final design and implementation of the ECF, the Fund can become a true engine of **inclusive, resilient and sustainable European competitiveness**. If not, it risks reinforcing existing asymmetries and leaving behind precisely those actors Europe depends on most.*

*FICSIMM stands ready to contribute constructively to the legislative process and to the co-design of **SME-centred solutions within the European Competitiveness Fund**, in close cooperation with European institutions and national authorities.*

FICSIMM considers the **European Competitiveness Fund (ECF)** to be a **potentially transformative instrument for Europe's economic and industrial future**, with the capacity to address long-standing productivity gaps, strengthen strategic autonomy and accelerate the green and digital transitions. However, FICSIMM firmly underlines that **the legitimacy, credibility and real effectiveness of the ECF will ultimately be judged not by the scale of its budget or the ambition of its strategic windows**, but by its concrete ability to **empower small and medium-sized enterprises across all regions of the European Union**.

From an SME perspective, **competitiveness is not an abstract macroeconomic concept**, but a practical combination of **access to finance, predictability of rules, territorial fairness and proportionality of requirements**. If these principles are structurally embedded in the **final design, governance and implementation mechanisms of the ECF**, the Fund has the potential to become a **genuine engine of inclusive, resilient and sustainable European competitiveness**, capable of mobilising innovation, investment and growth well beyond traditional industrial centres.

Conversely, if SME realities are insufficiently reflected in the operational architecture of the ECF, there is a tangible risk that the Fund will **reinforce existing asymmetries**, concentrate benefits in already advanced ecosystems and **leave behind precisely those actors that form the backbone of the European economy**. Such an outcome would undermine both the economic impact of the ECF and the Union's core values of cohesion and balanced development.

In this context, FICSIMM **reaffirms its full readiness to engage constructively in the legislative process** and to contribute actively to the **co-design of SME-centred solutions within the European Competitiveness Fund**, in close cooperation with **European institutions, national authorities and relevant stakeholders**. FICSIMM stands committed to ensuring that the ECF evolves into a policy instrument that **truly reflects the diversity, potential and strategic importance of Europe's SMEs**, and that delivers competitiveness that is both **economically strong and socially and territorially inclusive**.