



FICSIMM - Federation for Innovation and Sustainable Competitiveness in SMEs

Observations and proposals on Report D4 - Macroeconomic analysis, including simulations at sub-national level (World Bank draft, July 2026 version)

Contribution to the preparation of the National and Regional Partnership Plan 2028 - 2034

Table of Contents

1. General remarks	2
1.1. What Report D4 brings new and why it matters for SMEs	2
1.2. The perspective from which we formulate our observations	2
2. The allocation scenarios	3
2.1. Scenario A1 as the baseline, scenario A3 as territorial windows	3
2.2. What the Report does not model and what this means for programming	4
3. Absorption and delivery capacity	5
3.1. Absorption is the decisive variable	5
3.2. Decommitment, pre-financing and the “effective N+1”: what they mean for private beneficiaries	6
4. Implications for programming	8
4.1. Productivity as the investment logic and the national priorities	8
4.2. Territorial priorities and delivery capacity in lagging regions	9
5. Summary of FICSIMM’s proposals	10

1. General remarks

1.1. What Report D4 brings new and why it matters for SMEs

FICSIMM welcomes the public consultation on Report D4, the quantitative component of the evidence base for the National and Regional Partnership Plan 2028 - 2034. It is the first official document that puts into figures, with a dynamic general equilibrium model disaggregated across the eight development regions, the question the business community has been asking for years: **does it matter how European funds are allocated, or only how much there is?** The Report's answer is that **both matter less than the speed and quality of execution**, and this conclusion changes the terms of the debate.

We equally appreciate the methodological transparency: the allocation scenarios (A1 "Boosting Competitiveness", A2 "Hyper-Innovation", A3 "Boosting Competitiveness While Improving Equity", A4 "Defense") are built on distance-to-frontier indicators, and the model's limitations are listed candidly at paras. 136 - 147.

We note the financial framework the Report describes: **an envelope of EUR 60.20 billion for Romania, of which EUR 54.60 billion in the single fund, EUR 16.58 billion ring-fenced for agricultural income support and EUR 43.62 billion of discretionary allocation, compared with EUR 31.70 billion reconstructed for 2021 - 2027** (paras. 66, 74, 76), with **the allocation for research, innovation and competitiveness more than doubled, from EUR 2.55 to 5.32 billion** (Table B.2). For the first time, the increase in resources for firms can be called substantial; precisely for that reason it matters that it is not wasted through poor design.

1.2. The perspective from which we formulate our observations

The model does not see the firm. By construction, a general equilibrium model works with sectors, regions and household groups ranked by income (quintiles), not with enterprises; "SME competitiveness, technology transfer and firm upgrading" are a single item within the "research, innovation and competitiveness" area (para. 98).



We do not reproach the model for what it cannot do; we observe, however, that **precisely this area receives the lowest execution multiplier of all (0.85), justified by “scheme design, financial instruments, SME uptake and innovation pipeline constraints”** (Table C.7).

In other words, the Report assumes, on the basis of experience, that support for firms will be the hardest to spend.

FICSIMM confirms this diagnosis from the experience of its members and adds the cause the model leaves implicit: **the low absorption of measures for enterprises is, as a rule, a problem of design, not of demand.**

Our observations therefore follow a single thread: what the NRPP must do for the 0.85 multiplier to become 1, that is, for the money intended for firms to reach firms, on time and in a form that is useful to them. They build on FICSIMM’s positions on the 2028 - 2034 MFF (April and July 2025), the answers provided to DG GROW (October 2025) and the observations submitted to MIPE in September 2026 on the Social Consensus Note and on the World Bank’s Report D3, available at ficsimm.eu/resurse/.

2. The allocation scenarios

2.1. Scenario A1 as the baseline, scenario A3 as territorial windows

The central results (Table 4.1) show that **scenario A1 offers “the strongest balance”**: a **cumulative GDP gain of 9.1 percentage points against 8.5 in the baseline scenario, 290,000 net new jobs and medium implementation risk** (para. 219).

A2 delivers the most (10.8 p.p.), but “the most productive scenario is also the most spatially concentrating” (para. 153): Bucharest - Ilfov raises its contribution to the multiplier from 0.39 to 0.48, and under pessimistic governance assumptions the advantage over the baseline falls below 0.5 p.p. (paras. 165, 201).

A3 produces the strongest convergence - up to +20 p.p. for South-West Oltenia, +10 - 13 p.p. for the North-East and +6% real income for the poorest quintile - at a cost of around 2.2 p.p. of GDP compared with A2 (paras. 168, 176).

The Report's conclusion, which we share, is that **“growth and equity are more complementary than competing”** and that the tension is one of “sequencing and mix, not a binary choice” (para. 175).

FICSIMM therefore proposes **scenario A1 as the basis for programming, with the territorial windows of scenario A3 for the North-East, South-East and South-West Oltenia**, and draws attention to the warning at para. 161: in these regions, “reducing the infrastructure share too early can weaken the returns to the very skills and innovation investments” the scenario prioritises. An industrial SME in Vaslui needs a road, a power grid and a grid connection first, and only then an innovation voucher; the order matters.

2.2. What the Report does not model and what this means for programming

The Report correctly lists its limitations: the results are conditional, not forecasts; the regional split uses the 2021 - 2027 regional programme shares as a proxy; **there is no intra-regional detail; national co-financing, project appraisal and the crowding-in effects of the European Competitiveness Fund, Horizon Europe, the Connecting Europe Facility and private capital are not included** (paras. 136 - 147).

From the SME perspective, three of these limitations are decisive.

First: without detail below NUTS 2, the model can say nothing about the “pockets of underdevelopment”, the counties that regress inside regions that are statistically progressing; we showed, in our April 2024 paper and in our contribution on the regional aid maps, that this is where territorial inequality is concentrated today, and **we ask that the simulations be completed, at least for the North-East, South-East and South-West Oltenia, with a county-level disaggregation.**

Second: without crowding-in effects, the model underestimates financial instruments, which mobilise private capital two to three times larger than the public resource; the FICSIMM - IDB guarantee instrument for energy efficiency, with EUR 1.2 billion in guarantees and EUR

2.4 billion of financing mobilised for around 3,500 SMEs, is exactly the type of intervention whose real impact exceeds what the model sees.

Third: the scenarios model allocations, not instruments; between an undifferentiated grant and a portfolio guarantee, the difference in absorption and in effect is larger than the difference between A1 and A3. We ask that the next phase of the exercise explicitly test the grant - financial instrument mix, with leverage ratios as a variable, as Report D3 provides for in action 13 of Table 14.

3. Absorption and delivery capacity

3.1. Absorption is the decisive variable

The most important sentence of the Report is at para. 209: **“across all scenarios and sensitivity runs, the absorption path is the most influential determinant of macroeconomic impact”**, larger than alternative multiplier assumptions and than plausible changes in the allocation mix, so that **“a program with a less-than-optimal allocation, but strong implementation capacity can outperform a program with a theoretically stronger allocation but weak delivery systems”**.

The figures are concrete: a one-year delayed start (scenario 2b, peaking at EUR 6.3 billion only in 2033) costs 0.6 - 0.8 p.p. of GDP, whereas an accelerated start (scenario 3, EUR 3.6 billion already in 2028, peaking at EUR 8 billion in 2032) brings the gains earlier and reduces decommitment exposure (para. 210); **the difference between the two absorption paths exceeds the difference between the baseline scenario and A1.**

For the competitiveness area, the consequence is dramatic: **of the EUR 5.32 billion, under the historical absorption pattern only EUR 2.16 billion would be executed, and with a delayed start EUR 1.43 billion** (Table C.11).

This is, in our view, the strongest justification for the three requests FICSIMM has been repeating since 2024:

- **Schemes for firms designed together with SME organisations and tested before launch;**
- **The first calls for SMEs contracted within 6 - 9 months of the plan's approval, using instruments that are already prepared; and**
- **A public time-to-contract and time-to-payment indicator for every call.**

We fully support the sequencing recommended at para. 202: **in the early years, “interventions with shorter project cycles and clearer output monitoring, such as digital innovation hub operations, technology extension pilots, SME innovation vouchers”, and only afterwards research infrastructure and complex platforms.**

3.2. Decommitment, pre-financing and the “effective N+1”: what they mean for private beneficiaries

The Report describes the mechanics of the new framework clearly: **plan-level payments, up to six times a year, tied to verified milestones, targets and outputs, with the NRPP functioning as “a national delivery contract” (para. 62); pre-financing of 10% in tranches of 4%, 3% and 3%, with the 2028 tranche lost if the implementing decision is adopted after 31 July 2028, i.e. approximately EUR 2.18 billion, and a decommitment rule described as an “effective N+1” (para. 64); decommitment exposure of EUR 5.26 billion under the historical scenario, EUR 8.76 billion in the case of a delayed start, with EUR 1.86 - 3.54 billion exposed in 2028 alone (Table C.12).**

For firms, two consequences follow from this, and neither appears in the Report:

First: in a plan paid on milestones, the private beneficiary is exposed to the consequences of the state's failure to deliver the reforms it has committed to: suspended payments, postponed calls, decommitment. Report D3 shows that 20 of the 45 remaining NRRP reforms carry a high risk of not being achieved, and the new framework makes payments conditional on reforms to the same extent as on investments.

FICSIMM does not ask for the private sector to be insulated from this exposure: if the private sector bore no consequence for the state's mistakes and for its refusal to carry out systemic



reforms, it would have no reason to put pressure on the state, and the state would never feel obliged to carry them out. Shared exposure is, in the logic of the new framework, the mechanism through which reforms become the direct interest of those who produce.

We ask, in exchange, that this exposure be accompanied by the instruments through which pressure can actually be exercised:

- Voting participation of the social partners and of the relevant SME organisations in the NRPP monitoring committee;
- Real-time access to the reform milestone dashboard;
- An early-warning procedure through which the partners can formally request explanations and a remediation plan when a reform enters the risk zone;
- Quarterly publication of the status of the reforms on which payments depend;
- Transparent contractual clauses, known at signature, not interpreted retroactively.

A partner who bears the consequences but has neither the information nor the vote cannot exert pressure; it can only pay.

Second: under decommitment pressure, the state will prioritise public investments with certain absorption and will leave the schemes for enterprises at the end of the calendar, exactly where the Report shows the loss of impact is greatest. We therefore ask for:

- **Pre-financing of at least 30% for private beneficiaries, backed by a portfolio guarantee rather than the personal guarantee of the manager, and**
- **The extension to firms of the “investments in beneficiary readiness - training, coaching, simplified procedures, pre-financing, dedicated technical assistance” which para. 204 reserves for local authorities.**

This is the most concise definition of the hybrid model FICSIMM has advocated since April 2025: **accountability for results, but with technical assistance that precedes, rather than follows, performance.**

4. Implications for programming

4.1. Productivity as the investment logic and the national priorities

Chapter 7 of the Report formulates five conclusions which we support and which we “translate” into the language of SMEs:

- **Total factor productivity explains more than half of the GDP gain in all scenarios** (4.4 of 8.5 p.p. in the baseline scenario, para. 217);
- **The composition of the allocation matters as much as its volume** (para. 218);
- **“Developmental relevance should increasingly take precedence over absorption”**, because systems optimised solely for absorption “favor simpler, faster-moving investments at the expense of the more complex interventions that generate structural change” (para. 221);
- **Human capital is the foundation, with 68% of firms reporting difficulty finding workers with the right qualifications** (paras. 161, 224);
- **Digital adoption “particularly among firms”** (para. 226) and
- **Administrative capacity as a “productive asset”, not as “administrative overhead”** (para. 227).

We add three elements:

(a) An SME productivity objective and indicator in the NRPP, measured against large firms and the EU average, disaggregated by region and also by county; Romanian SMEs stand below 45% of the European average, against around 90% for large firms, and without an indicator “competitiveness” will be measured, as before, in contracted projects.

(b) “Grant plus technical assistance / advisory” as the default design of digitalisation and innovation schemes, because Report D3 shows that financial support accompanied by capacity-building increases digital adoption by 12.5%, while financial support alone produces nothing.

(c) The distinction between start-ups and SMEs in instrument design, with a growth track for medium-sized firms and a simplified capability track for micro-enterprises.

We also note the warning at para. 151: effects in high-value-added production come with a lag, because “knowledge-intensive activities require enabling conditions to be in place before generating results”; **the mid-term review must not penalise innovation-heavy portfolios.**

4.2. Territorial priorities and delivery capacity in lagging regions

We support the conclusion that **“no uniform allocation model is appropriate”** (para. 230) and **the order proposed for the less developed regions: connectivity first, then human capital and inclusion, then innovation** (paras. 236 - 239), with the observation that “uniform allocation of research and innovation risks lowering efficiency rather than advancing equity” (para. 154).

We also support the finding at para. 243: **the regions that would gain most from convergence-oriented strategies, the North-East and South-West Oltenia, “also face some of the greatest institutional and administrative challenges”, so that the advantage of ambitious territorial allocations “can be eroded” by delivery systems unable to translate them into investments.**

This is the point where we ask the Report to go one step further. The solutions proposed at paras. 244 - 245 - inter-municipal cooperation, shared project preparation facilities, consortia, technical assistance and procurement reform delivered before the envelopes are deployed - are correct, but they target public actors exclusively. **Firms in these regions have the same capacity problem and no equivalent mechanism.** We propose that **the regional one-stop shops for SMEs, operated by the Regional Development Agencies, as managing authorities, together with the relevant business associations, be treated as absorption infrastructure, financed from the plan’s technical assistance, and that the North-East, South-East and South-West Oltenia regions have dedicated windows, with reserved allocations, in every national scheme for firms.**

The regionalisation of the 2021 - 2027 Regional Programmes was, for SMEs, the best development since accession; Report D4 demonstrates, with figures, why it must become the organising principle of all instruments, not the exception.



We note, finally, that the reinforcement of the power grid in eastern Moldavia and the delayed grid connections in peri-urban areas, documented in Report D3, are exactly the kind of “unresolved connectivity constraints” referred to at para. 161 that make an innovation voucher useless; sequencing must be coordinated at county level, not regional level.

5. Summary of FICSIMM’s proposals

1. Scenario A1 as the baseline, with the territorial windows of scenario A3 (paras. 161, 175 - 176, 219) for the North-East, South-East and South-West Oltenia, with connectivity and energy infrastructure sequenced ahead of innovation instruments.

2. Completion of the simulations with county-level disaggregation (paras. 136 - 147), at least for the North-East, South-East and South-West Oltenia regions, and with explicit testing of the grant - financial instrument mix, with leverage ratios as a variable.

3. Early design of the schemes for firms (paras. 202, 209; Tables C.7, C.11). Schemes designed with SME organisations and tested before launch; first calls contracted within 6 - 9 months of the plan’s approval; start with vouchers, hubs and technology extension; public time-to-contract and time-to-payment indicator.

4. The FICSIMM - IDB instrument as a ready vehicle (para. 144). A EUR 1.2 billion portfolio guarantee for retooling and energy efficiency, requiring no new State aid approval, taken up in the NRPP as the model for SME windows.

5. Accepted exposure, with instruments of pressure for reforms (paras. 62, 64; Table C.12). The private sector does not ask to be insulated from the consequences of reforms the state fails to deliver, but for a vote in the monitoring committee, real-time access to reform milestones, an early-warning procedure and quarterly public reporting; pre-financing of at least 30% with a portfolio guarantee; predictable co-financing rules.

6. Beneficiary readiness support extended to firms (paras. 204, 244 - 245). Regional one-stop shops for SMEs operated by the RDAs, as managing authorities, with the business associations, financed as absorption infrastructure; procurement clinics open to bidders.

7. An SME productivity objective and indicator (paras. 217 - 222, 226), disaggregated by region and county, alongside the digital adoption indicator by size class.

8. “Grant plus technical assistance / advisory” and the start-up / SME distinction (paras. 224, 226). Advisory budgeted in every scheme; a growth track for medium-sized firms and a simplified capability track for micro-enterprises.

9. Reserved regional windows in national schemes (paras. 154, 230, 243), with decisions on priorities, calls and evaluation taken at regional level.

10. A mid-term review that does not penalise innovation (paras. 151, 221) and reallocations discussed with the social partners in the monitoring committee, not decided administratively.

The FICSIMM documents we refer to are available at ficsimm.eu/resurse/:

Report D4 demonstrates that, in 2028 - 2034, Romania will lose more from weak execution than from the wrong allocation.

We ask that the schemes for enterprises, the most exposed to this risk, be the first to be designed, not the last to be launched.