From crisis to competitiveness:
the ENERGO-IMM financial instrument for increasing energy efficiency and reducing greenhouse gas emissions through the technological upgrading of SMEs,
and its full alignment with the EU Clean Energy Investment Strategy, with the European framework updated in 2026 (AccelerateEU, the EU ETS revision, the 2031-2040 Modernisation Fund)

Federation for Innovation and Sustainable Competitiveness in SMEs - FICSIMM

Contents

1. The global energy crisis and its impact on SMEs in Romania 2

2. The ENERGO-IMM instrument: design and key parameters 4

3. The EU Clean Energy Investment Strategy (COM/2026/116): overview 6

4. Fundamental architectural compatibility: public capital as a de-risking lever 7

5. Alignment with the InvestEU Sustainability Guarantee for SME decarbonisation 9

6. Complementarity with the EUR 500 million "Energy Efficiency as a Service" pilot scheme 10

7. Full compatibility with the Modernisation Fund 11

8. The pay-for-performance architecture and alignment with results-based financing 13

9. Reducing greenhouse gas emissions: the instrument's measurable contribution to the climate objectives of Romania and the European Union 13

Ana-Maria Icatoiu
Digitally signed by Ana-Maria Icatoiu
Date: 2026.11.10 18:53:40 +02'00'

10. Alignment with Milestone 128 of the National Recovery and Resilience Plan (PNRR) and Directive (EU) 2023/1791 16

11. The Draghi and Letta Reports: strategic endorsement 17

12. Direct benefits for SMEs: financial and operational advantages 18

13. Macroeconomic and fiscal impact: protecting Romania's economic base 19

14. Governance architecture and the role of National Development Banks 20

15. A direct appeal to the Romanian Government: act now, act decisively 22

16. Conclusions 24

1. The global energy crisis and its impact on SMEs in Romania

The global energy crisis - reignited in March 2026 by the conflict in the Middle East and the near-total closure of the Strait of Hormuz, through which roughly one fifth of world trade in liquefied natural gas passes, and amplified by 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 engaged in manufacturing and processing have faced cumulative pressures: **the removal of the price capping and compensation scheme for natural gas and electricity** has left companies facing energy bills which, in numerous documented cases, have doubled or even tripled within a few months. For **industrial manufacturers, furniture makers, food processors and other SMEs with high energy consumption**, 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, combined with the absence of a national strategy dedicated to protecting SMEs from energy price shocks, risks generating **a wave of insolvencies, mass technical unemployment and an accelerated contraction of Romania's productive industrial base**.

In this context, any credible public policy response must combine immediate access to finance with structural incentives for improving energy efficiency - and it must do so at scale, rapidly and in full alignment with European frameworks.

The 2026 data confirm the seriousness of the situation. At the end of March 2026, the European Commission estimated increases of approximately **70% in the price of natural gas and 50% in the price of oil** compared with pre-conflict levels, and on 19 March 2026 the European Council asked the Commission for a set of targeted temporary measures.

According to Eurostat data published on 30 October 2026, **Romania recorded the largest increase in electricity prices for household consumers in the European Union in the first half of 2026: +51.9% compared with the same period of 2025**. **On 31 October 2026, the Ministry of Energy confirmed that the day-ahead market price had at least doubled compared with the previous year and announced the setting up of a working group on support schemes for non-household consumers** - measures which, by their nature, will be temporary and subject to the approval of the Competition Council and, possibly, of the European Commission. **Manufacturing SMEs are thus entering the winter of 2026-2027 fully exposed to market prices and without any structural mechanism to reduce their consumption, costs and emissions.**

The World Bank's 2026 analyses confirm that the problem is structural rather than cyclical. According to the sectoral analysis report prepared for the programming of post-2027 European funds, **approximately 65% of the emissions of Romania's business economy come from manufacturing**, and **emissions intensity is more than twice the EU27 average**, driven by industry and services rather than by the energy sector; manufacturing **generates almost double the European average of GHG emissions per euro of value added**, and if firms below the sector median were to bring their energy efficiency up to the median level, **private sector emissions could fall by 57%** (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 246-247).

The same analysis identifies the market failure that is blocking modernisation: firms that reduce their energy consumption "do not gain a competitive advantage", so that **"without public policy mechanisms that turn energy efficiency into a competitive advantage, firms have little economic incentive to decarbonise"** (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 248).

The World Bank also notes that "uncertainty about the future, energy costs and the availability of skilled staff consistently feature among the most important barriers to investment" (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, p. 85).

2. The ENERGO-IMM instrument: design and key parameters

It is precisely in this context that the **Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM)**, in close partnership with the **Investment and Development Bank of Romania (BID)**, has drawn up a detailed proposal for a **financial instrument dedicated to increasing energy efficiency and reducing the greenhouse gas emissions of Romanian manufacturing SMEs through technological upgrading**.

The instrument is structured around a **capped portfolio guarantee**, managed by BID under the **Modernisation Fund (MF)**, with a **guarantee rate of 50%** and a **portfolio cap (CAP) of 20%** shared equally between BID and the participating financial intermediaries. Beyond the guarantee mechanism, the instrument includes a **grant component of EUR 20,000 for industrial energy audits**, a **capital rebate of 10% (reduction of the loan principal)** for projects achieving a minimum reduction of **30% in energy consumption** on the upgraded production lines, and access to preferential lending conditions through commercial banking partners. The total volume of guarantees to be managed by BID amounts to **EUR 1.2 billion**, with the potential to mobilise up to **EUR 2.4 billion in financing for SMEs** and with a direct impact on approximately **3,500 companies** in the Romanian industrial sector.

Without affecting the financial parameters above, the instrument **explicitly integrates the reduction of greenhouse gas emissions as a central objective and as a mandatory result indicator**.

The initial energy audit, financed through the grant component, will establish for each project the **baseline emissions of the production lines concerned** (tonnes of CO2 equivalent per year, for fuels burned on site - scope 1 - and for purchased electricity and heat - scope 2), using emission factors recognised at national and European level.

The final audit, on which the capital rebate is conditional, will quantify the **avoided emissions**.

The indicator "tonnes of CO2 equivalent avoided annually" will be reported for each project and aggregated at instrument level, in the format used by the Ministry of Energy for programmes financed from the Modernisation Fund.

At the same time, the instrument will give **priority to investments that electrify thermal processes or eliminate the burning of fossil fuels** (industrial heat pumps, electric furnaces and dryers, waste-heat recovery, refrigeration systems using natural refrigerants) and, in line with the rules of the Modernisation Fund and the DNSH principle, **will not finance new fossil-fuel-based energy generation equipment**.

The design of the instrument corresponds, point by point, to the recommendations made by the World Bank for Romania in 2026. The GRIN summary report recommends, as a short-term priority action, **"rebalancing from grants towards blended finance and guarantees"** and, for the decarbonisation of industry, **"redirecting grants towards audits; using blended finance and guarantees for equipment"**, as well as **"dedicated green finance for MSMEs: green credit lines and guarantees sized for smaller firms"** (World Bank, GRIN - Inputs to Greening Romania's Industrial Plan, summary report, June 2026, Recommendations). The sectoral analysis report calls for public guarantee schemes "to make more intensive use of first-loss risk coverage, counter-guarantees through cooperation with the EIF and the EIB, **portfolio guarantees and co-lending instruments linked to innovation, digitalisation and green investment**", complemented by "blended finance combining grants with concessional lending, including **interest rate subsidies, longer grace periods and performance-based**

instruments" (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 610). **The capped portfolio guarantee, the energy audit grant, the performance-conditional capital rebate and the transfer of the interest rate benefit to SMEs are exactly the instruments recommended** - and **combining financing with advisory support is validated by the finding that firms receiving both financial support and capacity building record a 12.5% increase in the use of digital tools, compared with no improvement for those receiving financing alone** (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, p. 78).

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

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

The four central pillars address:

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

*Expanding bank lending capacity for grid operators;

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

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

The explicit targeting of financing for SME decarbonisation and energy efficiency through the **InvestEU Sustainability Guarantee Product** - managed by the European Investment Fund - places the ENERGO-IMM instrument at the heart of the strategic priorities of COM/2026/116.

The Strategy was accompanied, on the same day, by a **dedicated energy efficiency financing package**: the Report on energy efficiency financing in Europe (COM(2026) 118), **Recommendation (EU) 2026/537 on unlocking private investment in energy efficiency** (C(2026) 1526) and the Recommendation on one-stop shops for renovation (C(2026) 1523).

Recommendation 2026/537 calls on Member States, among other things, to put in place **innovative financing schemes, risk-sharing instruments and incentives that reduce investment risk** - exactly the architecture of the ENERGO-IMM instrument.

The European Energy Efficiency Financing Coalition, which brings together financial institutions from across the Union, held its second general assembly on 5 May 2026, consolidating this framework of cooperation between the public and financial sectors.

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

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

The Commission's Strategy explicitly states that public funds must be deployed strategically to attract private bank and capital market financing, ultimately reducing the overall cost of the transition. The ENERGO-IMM instrument operationalises exactly this logic at national level: BID's portfolio guarantee absorbs **50% of the credit risk on each loan**, reducing the risk premium applied by commercial banks and transferring the benefit to SME borrowers through **lower total financing costs (benefit transfer formula: Benefit = CCs - CCg)**, where CCs is

the standard cost of the loan without the guarantee and CCg is the adjusted cost after it is applied. The financial intermediaries are 100% responsible for disbursing the amounts from their own resources; BID contributes exclusively the risk coverage, not the financing itself. This model is a classic example of the **"strategic deployment of public capital to mitigate specific risks and improve risk-adjusted returns"** - the exact definition used in Pillar III of COM/2026/116 to describe the de-risking approach that the Commission intends to promote in the Member States.

The de-risking logic is confirmed by the World Bank's diagnosis of the financing of Romanian firms: **domestic credit to the private sector represents around 26% of GDP, compared with an EU average of approximately 88%**, **only 39% of SMEs use bank loans (49% in the EU)**, **22.5% of firms have had a loan application rejected**, and shallow financing "limits the upfront investment needed for technology adoption, skills, energy efficiency and export upgrading, particularly outside the capital" (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, p. 79).

The same institution's 2025 FAT survey shows that **37% of firms cite financing as the main barrier to modernisation** (World Bank, GRIN - Inputs to Greening Romania's Industrial Plan, summary report, June 2026). Against the background of a **budget deficit of 9.3% of GDP in 2024, the highest in the EU**, the D4 macroeconomic report stresses that leveraged investments mobilise "a substantially larger volume of investment than the domestic contribution alone could sustain", and that "the net budgetary burden is lower than the gross co-financing requirement" (World Bank, Report D4 - Macroeconomic analysis, July 2026, pp. 1 and 15-16) - exactly the rationale of a portfolio guarantee, in which public capital covers only the risk, not the financing.

5. Alignment with the InvestEU Sustainability Guarantee for SME decarbonisation

The ENERGO-IMM instrument is also directly aligned with the strengthening of the **InvestEU Sustainability Guarantee Product** 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 the EIF – will enable additional access to the product for the decarbonisation and energy efficiency of SMEs. The ENERGO-IMM instrument replicates this logic at national level through the BID mandate under the Modernisation Fund, substituting the role of the EIF with the capacity of BID as a national promotional bank. The eligible activities under both instruments are strikingly convergent:

- **Replacing old, energy-intensive production equipment with technology certified for high energy efficiency;**
- **Reducing greenhouse gas emissions;**
- **Adopting green technologies;**
- **Integrating Energy Management Systems (EMS);**
- **Purchasing specialised software for energy data analysis and consumption optimisation;**
- **Installing heat pumps and industrial heat recovery systems.**

The Commission's Q&A document accompanying COM/2026/116 confirms that energy efficiency remains **"underfunded, particularly in SMEs"**, and that closing this gap is a strategic priority – positioning the present proposal not as a peripheral initiative but as a direct national implementation of a European strategic mandate.

6. Complementarity with the EUR 500 million "Energy Efficiency as a Service" pilot scheme

A particularly significant point of convergence is **the EUR 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 scheme is designed to scale up service models in which providers deliver efficiency gains at SMEs with **zero upfront costs**, recovering their outlay from the energy savings achieved.

The ENERGO-IMM instrument complements this approach by addressing a different but complementary modality: **publicly guaranteed direct investment financing**, in which SMEs own the equipment and take on the investment risk – but with that risk substantially de-risked through the BID portfolio guarantee and the pass-through of the interest-rate benefit. The Commission's Q&A explicitly confirms that the EUR 500 million pilot scheme will complement the EIB's current support for energy services and for decarbonisation solutions aimed at SMEs – which means that national instruments such as the FICSIMM–BID proposal are not in competition with EU-level mechanisms, but are **structurally complementary and expected**. Member States are explicitly encouraged to design such national financing schemes in coordination with European frameworks.

7. Full compatibility with the Modernisation Fund

The compatibility of the ENERGO-IMM instrument with the **Modernisation Fund (MF)** is not accidental – 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. **SME energy efficiency falls fully within the MF's eligible investment areas, and BID has already been designated as one of the national implementing institutions for MF-financed instruments in Romania.**

The ENERGO-IMM product sheet explicitly states that BID manages the guarantee under a mandate from the Modernisation Fund, with the MF providing the capital cover 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 link, noting that, under the forthcoming MFF, **"the strengthening of energy efficiency is to be supported through the new European Competitiveness Fund"** – and that an **Energy Efficiency Accelerator Instrument** could draw on ECF instruments including **"grants, repayable support and advisory services / technical assistance"** for the aggregation of investment projects. The ENERGO-IMM instrument already combines all three types of instrument: the grant component (the energy audit), repayable support (the guaranteed loan) and advisory capacity (through banking intermediaries and private-sector business associations).

Developments in 2026 make this compatibility even more relevant.

On **17 July 2026**, the European Commission proposed, as part of the revision of the EU ETS Directive (COM(2026) 616), **extending the Modernisation Fund until 2040** and **completely excluding support for fossil fuels from 2031**, with the Fund continuing to support lower-income Member States in modernising their energy systems and in industrial transformation.

The same proposal establishes the Industrial Decarbonisation Bank (around EUR 100 billion), with guaranteed access for lower-income Member States to the "ETS Investment Booster" instrument, and provides for 50% of national ETS revenues to be directed towards decarbonisation investments.

An instrument that delivers quantified emission reductions at project level is the most direct and most easily justified use of the Fund's resources within this new logic.

At the same time, the only industrial energy efficiency programme launched from the Fund (Key Programme 7, EUR 150 million, April 2025) is addressed exclusively to installations covered by the EU ETS, while the State aid scheme for energy-intensive industry currently in preparation (up to EUR 2 billion from the Fund, until 2030) targets large consumers. **SMEs - the vast majority of small industrial installations not covered by the ETS - remain outside these mechanisms. The ENERGO-IMM instrument fills precisely this gap and, at the same time, improves the climate profile of Romania's Modernisation Fund portfolio through independently verified emission reductions.**

This criticism is shared by the World Bank, which finds that **less than 5% of Romania's EUR 10 billion green portfolio had been disbursed by December 2024**, that **100% of the EUR 2.35 billion renewables portfolio is delivered in the form of grants, "although the projects are commercially viable"**, that over 60% of green funds sit within a single ministry, without specialised implementing agencies, and that "irregular calls and cumbersome procedures generate delays and unpredictability"; its recommendations - **"move public money upstream: feasibility, planning, incentives for early adoption; and de-risk larger capital through guarantees and co-investment"**, a one-stop shop for the green transition, a multiannual financing calendar and dedicated implementing agencies (World Bank, GRIN - Inputs to Greening Romania's Industrial Plan, summary report, June 2026, "Cross-cutting" and "Recommendations" sections) - describe exactly what the ENERGO-IMM instrument brings to the Modernisation Fund: an existing distribution channel (the commercial banks), a multiplier of public resources and continuous availability, without one-off calls.

8. The pay-for-performance architecture and alignment with results-based financing

The **pay-for-performance** architecture of the ENERGO-IMM instrument is one of its most strategically significant features in terms of alignment with COM/2026/116. The instrument's **10% capital rebate** component is triggered exclusively upon the verified achievement of a **minimum 30% reduction in energy consumption** on the upgraded production lines, confirmed by an independent energy audit on completion of the project.

This mechanism – which makes a financial benefit conditional on achieving demonstrable energy performance results – mirrors the Commission's own emphasis on **"pay-for-performance"** frameworks as good practice in energy efficiency financing at EU level. The Commission 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 **"stimulate demand for energy efficiency investments and reduce investment risks"** through targeted incentives. The ENERGO-IMM capital rebate does exactly that: it reduces the total cost of the investment for SMEs that achieve real improvements in energy performance, creating a direct financial incentive for genuine energy transition results, not merely for the purchase of equipment.

9. Reducing greenhouse gas emissions: the instrument's measurable contribution to the climate objectives of Romania and the European Union

The ENERGO-IMM instrument is, by the very nature of the investments it finances, **an instrument for the decarbonisation of small and medium-sized industry**. **Replacing energy-hungry production lines, electrifying thermal processes, recovering waste heat and modernising refrigeration systems simultaneously reduce direct emissions** (on-site

combustion of natural gas), **indirect emissions** (purchased electricity and heat) and, in food processing, **fluorinated gas emissions from old refrigeration equipment**, progressively restricted under Regulation (EU) 2024/573.

As an order of magnitude, **each MWh of natural gas saved means approximately 0.2 tonnes of CO2 avoided, and a 30% reduction in consumption on an upgraded production line typically translates into a reduction of the same order in the associated emissions** - quantified, for each project, through the two mandatory energy audits.

This contribution responds directly to the new European climate framework. **The 2040 target - a 90% reduction in net emissions compared with 1990 - was definitively adopted through the amendment of the European Climate Law** (final Council vote on 5 March 2026), and ETS2, the emissions trading system for buildings, road transport and additional sectors, will apply from 2028, introducing a carbon price for fossil fuels released for consumption, including for industrial installations not covered by ETS1. The obligation falls on fuel suppliers, but the cost is passed on in the price paid by final consumers - that is, by manufacturing SMEs. **Each MWh of gas saved through the instrument therefore also reduces the exposure of Romanian SMEs to the future carbon price**, and the **Electrification Action Plan (COM(2026) 595)**, adopted on 17 July 2026 with an indicative electrification target of 46% by 2040, prioritises exactly the type of investments financed: industrial heat pumps and electrified thermal processes.

The order of magnitude of the potential is established by the World Bank: **bringing the emissions intensity of manufacturing industry to the EU27 average would reduce Romania's total emissions by 14%, while aligning firms currently below the median with median performance would reduce private-sector emissions by 57%** (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 246-247).

The GRIN report estimates **a decarbonisation potential of 43% in industry and services** through this alignment and shows that, so far, carbon efficiency gains “have come from using energy more efficiently, not from switching to cleaner sources”, with only 9% of firms producing renewable energy on site (World Bank, GRIN - Inputs to Greening Romania’s Industrial Plan, summary report, June 2026).

The instrument acts precisely on the broad mass of firms below the median - with the greatest emission reduction potential per euro invested - and does so with verifiable indicators.

For the Ministry of Energy, as the national implementing authority for the Modernisation Fund (Government Emergency Ordinance No 60/2022), the instrument provides **a flow of verified data on avoided emissions - for each project and at aggregate level -**, directly usable in reporting to the European Commission and the European Investment Bank, in updating the National Integrated Energy and Climate Plan and in demonstrating Romania's contribution to the 2030 and 2040 targets. Unlike price compensation schemes, whose effects vanish once the payment is made, **every euro guaranteed through this instrument produces permanent, documented and audited reductions in consumption and emissions**.

Consequently, FICSIMM proposes that approval of the guarantee from the Modernisation Fund be explicitly grounded on **three mandatory climate indicators**, in addition to the financial indicators:

(i) energy saved annually (MWh),

(ii) greenhouse gas emissions avoided annually (tonnes of CO2 equivalent, scope 1 and 2), both established through independent initial and final audits, and

(iii) the share of investments that electrify or eliminate the combustion of fossil fuels in the total guaranteed portfolio.

These indicators transform the instrument from a competitiveness support scheme into a measurable climate investment, fully compatible with the priority criteria of the Modernisation Fund.

10. Alignment with Milestone 128 of the National Recovery and Resilience Plan (PNRR) and Directive (EU) 2023/1791

The ENERGO-IMM instrument is also aligned with Romania's existing European commitments beyond COM/2026/116.

Although the PNRR implementation period ended in 2026, the instrument remains aligned with the objective of Milestone 128 of Romania's National Recovery and Resilience Plan (PNRR), which provides for the integration of solutions for the recovery of non-recyclable wood waste as a raw material in the production of thermal energy – a particularly relevant dimension in the furniture manufacturing pilot sector, where production waste can be reused to generate the thermal energy needed for drying timber.

The instrument is also explicitly aligned with the **Energy Efficiency Directive (EU) 2023/1791**, which sets binding annual energy consumption reduction targets for Member States and imposes specific measures to improve energy efficiency in industry. The Directive's obligations became concrete in 2026: under Article 11, enterprises with an average annual energy consumption of over 85 TJ (average of the last three years) must implement a certified energy management system by 11 October 2027, while those with a consumption of over 10 TJ that do not have such a system are required to carry out an energy audit by 11 October 2026, repeated thereafter at least every four years. **The energy audit grant component and the financing of energy management systems transform this compliance obligation into an investment with measurable results in consumption and emissions.**

By encouraging SMEs to replace energy-intensive equipment and achieve measurable reductions in consumption, the ENERGO-IMM instrument contributes directly to Romania's obligations under this Directive. Moreover, the mandatory **industrial energy audit** component – required both at project initiation and on completion – ensures that investments are evidence-based, transparent and measurable, in full compliance with the audit and monitoring requirements laid down by Directive 2023/1791.

11. The Draghi and Letta Reports: strategic endorsement

The broader strategic logic of the ENERGO-IMM instrument also resonates with the recommendations of two landmark European policy analyses that have directly shaped the Commission's agenda for 2026: **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 technological upgrading and energy efficiency must become strategic priorities to prevent European industry from losing its global competitiveness. COM/2026/116 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 likewise underlines the importance of supporting SMEs to become more resilient and to cope with major economic transformations.

The ENERGO-IMM instrument answers both calls with a concrete mechanism, adapted at national level, fully compatible with European guidance and at the same time calibrated to the specific market failures and structural weaknesses of Romania's SME sector – above all **35 years without any national programme for the technological upgrading of production lines**. The agenda opened by the two reports was translated in 2026 into concrete legislative proposals: the Industrial Accelerator Act (COM(2026) 100), proposed on 4 March 2026 and currently under debate in the European Parliament, aims to raise the share of industry in the Union's GDP to 20% by 2035 and introduces preferences for low-emission products made in Europe. **An industrial base of modernised SMEs, with low and documented emissions, is the precondition for Romanian manufacturers to benefit from these preferences rather than be excluded from them.**

12. Direct benefits for SMEs: financial and operational advantages

The benefits of implementing the ENERGO-IMM instrument for Romanian SMEs would be **immediate, measurable and multidimensional**.

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

To these benefits is added, from 2028, **the avoidance of the carbon cost that ETS2 will apply to the fuels used by small industrial installations**: **every MWh of natural gas saved through technological upgrading means both a lower bill and approximately 0.2 tonnes of CO2 for which the SME will no longer pay a carbon price, directly or indirectly**. World Bank simulations based on the FAT survey show that, if firms below the median were to reach the sector's median level of technology adoption, **their productivity could increase by up to 15% and their energy efficiency by up to 13%** - gains that stem from “the general adoption of digital technology, such as automation”, which shows that “broad technological upgrading is in itself important for both productivity and energy efficiency” (World Bank, GRIN - Inputs to Greening Romania’s Industrial Plan, summary report, June 2026). Report D3 finds that only around **28% of Romanian manufacturing firms systematically track production and performance data**, compared with approximately 50% in Poland and over 60% in Germany (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, p. 75) - a gap that the energy management systems financed through the instrument directly reduce.

Access to finance under the instrument would be structured with **loan maturities of 12 months to 10 years**, a maximum individual transaction amount of **EUR 5 million**, a guarantee fee of 0% for SMEs and a guarantee fee for BID in its capacity as fund administrator – ensuring that the full financial benefit is passed on to the final beneficiary.

The zero cost of the guarantee for SMEs and the removal of the standard risk premium from the interest rate represent a direct and immediate cost reduction, unavailable through any existing Romanian national programme.

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

Beyond the direct benefits for individual SMEs, the macroeconomic and fiscal impact of the ENERGO-IMM instrument would be substantial and lasting.

Romanian SMEs with manufacturing activities contribute significantly to the state budget through **taxes, social contributions and levies**. An energy crisis forcing these companies to cut production or enter insolvency would create a **double fiscal shock**: falling tax revenue on the revenue side, combined with rising expenditure through unemployment benefits (or technical unemployment) on the expenditure side. The ENERGO-IMM instrument functions as a **preventive fiscal stabiliser**, protecting Romania's tax base by ensuring that energy-intensive SMEs survive and thrive through the transition.

At macroeconomic level, the modernisation of approximately **3,500 SMEs** with an aggregate investment volume of up to **EUR 2.4 billion** would generate significant multiplier effects across suppliers, logistics networks and local communities – particularly in the regions where manufacturing SMEs are the main 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 the objectives of EU cohesion policy.

Last but not least, the instrument produces a **quantifiable national climate benefit**: **the verified emission reductions for each project aggregate into a documented contribution of the SME sector to Romania's 2030 and 2040 targets, in an area - small industrial installations not covered by the ETS - for which no other national decarbonisation instrument currently exists**.

The macroeconomic Report D4 shows that, in all post-2027 programming scenarios, **total factor productivity is the main driver of growth** (4,4 - 4.5 percentage points of the 8.5 points of cumulative GDP growth in the baseline scenario) and that the investment priority must be "facilitating adoption, not supporting research into new technologies" (World Bank, Report D4 - Macroeconomic analysis, July 2026, pp. 6, 60 and 112). The Policy Note on Social Consensus adds that **wage growth has outpaced productivity gains, raised unit labour costs and reduced external competitiveness**, while the labour shortage is estimated, for 2026, at **over 220,000 positions, with a potential productivity loss of EUR 9.5 billion**, visible in particular in manufacturing (World Bank, Policy Note on Social Consensus, 2026 (draft), pp. 5 and 24). **Under these conditions, technological upgrading is the only way to maintain industrial output without depending on an increasingly scarce workforce.**

14. Governance architecture and the role of National Development Banks

The governance architecture proposed for the ENERGO-IMM instrument is itself a model of the **participatory, multi-stakeholder implementation logic** promoted by COM/2026/116.

The Strategy establishes that the successful roll-out of national energy efficiency instruments requires **the strategic alignment of EU funds and enabling policies, together**

with the collective involvement of EU institutions, Member States, institutional capital and private financial entities.

The ENERGO-IMM instrument delivers exactly this:

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

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

*Employers' organisations connect the instrument with the real needs of SMEs and ensure a permanent consultation channel with final beneficiaries.

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

In its capacity as national implementing authority for the Modernisation Fund (Government Emergency Ordinance No. 60/2022), **the Ministry of Energy may propose to the European Investment Bank that the instrument be confirmed as a priority investment in the field of energy efficiency**, under the simplified procedure applicable to priority investments, while the project-level reporting of avoided emissions, built into the design, directly meets the Fund's monitoring and reporting requirements.

The role of employers' organisations is validated by the World Bank, according to which "portfolios of firms developed through chambers of commerce, clusters, business associations, RDAs and local economic development structures can help channel support instruments towards enterprises with modernisation potential" (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 626), while "development finance institutions" are identified as leaders for the alignment of financial instruments, with indicators such as "leverage ratios", "energy savings achieved" and "number of industrial upgrades initiated" (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, Tables 14-15, pp. 214-216). In its presentation to the Working Group on the future of cohesion policy of 6 October 2026, the World Bank proposed a national firm-modernisation package that includes "finance for growth - financial instruments and blending of resources for private investment" and "clean

transition - efficiency, energy and the adaptation of industrial processes", with a private-capital mobilisation mechanism in which **"guarantees and risk-sharing"** rank first. The ENERGO-IMM instrument **is a concrete application of this package.**

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

Romania's ENERGO-IMM instrument would therefore be a natural candidate for inclusion in the ETIC work programme as a national good-practice model.

15. A direct appeal to the Romanian Government: act now, act decisively

In view of all the elements presented above – the critical situation of Romanian SMEs in the face of the global energy crisis, the structural absence of any national technological upgrading programme over the past 35 years, the mature and technically sound design of the ENERGO-IMM instrument and its full compatibility with the EU Clean Energy Investment Strategy (COM/2026/116) and Recommendation (EU) 2026/537, the AccelerateEU Communication, the EU ETS revision of 17 July 2026 (with the extension of the Modernisation Fund until 2040), the Electrification Action Plan, Directive 2023/1791, the 2040 climate target and the Draghi and Letta Reports -, **FICSIMM requests that the Romanian Government take ownership of, promote and implement this financial instrument as a matter of urgency**.

The Ministry of Energy takes on responsibility for the policy and coordination framework, while BID operationalises the fund administration and guarantee mechanisms. The relevant employers' organisations stand ready to act as implementation partners responsible for dissemination, outreach to SMEs and ongoing sectoral consultation.

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

Every month of delay translates into additional insolvencies, additional energy expenditure and further loss of productive industrial capacity that cannot easily be rebuilt. The European response to the 2026 crisis confirms this urgency: the **AccelerateEU** Communication of 22 April 2026 places energy efficiency and electrification at the centre of the response to the price shock, while the **Temporary State aid Framework for the Middle East crisis**, adopted on 29 April 2026, applies only until 31 December 2026. **Temporary measures ease bills but reduce neither consumption nor emissions; the ENERGO-IMM instrument is the structural component missing from Romania's crisis response** and can be integrated directly into the package of measures for non-household consumers announced by the Ministry of Energy on 31 October 2026.

The World Bank has stated the conclusion in unequivocal terms: “without public policy mechanisms that turn energy efficiency into a competitive advantage, firms have little economic incentive to decarbonise” (World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026, para. 248). The ENERGO-IMM instrument is such a mechanism.

16. Conclusions

The ENERGO-IMM financial instrument for the technological upgrading of SMEs with a view to increasing energy efficiency is not merely a technically sound proposal – it is a **strategic necessity for Romania's industrial survival, its fiscal resilience and its European alignment**.

It addresses, simultaneously:

- A market failure: the structural inability of SMEs to access affordable finance for energy efficiency;
- A public policy gap: the 35-year absence of any national technological upgrading programme;
- A European mandate: the obligation to implement the energy efficiency objectives of Directive 2023/1791 and of the Clean Energy Investment Strategy.

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

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

Its scalability, through the revolving fund logic in which SME repayments are reinvested to support new beneficiaries, creates a **self-financing mechanism with multiplier value for the entire Romanian economy**.

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

Given that the instrument is proposed to be funded through the Modernisation Fund, it falls fully within the eligible investment priorities of the InvestEU Sustainability Guarantee and responds directly to the objectives of Directive 2023/1791, of the European 2040 climate target and of the new orientation of the Modernisation Fund - extended until 2040 and dedicated exclusively to clean investments from 2031

- delivering quantified, independently verified and reported greenhouse gas emission reductions for each project financed.

In this context, FICSIMM respectfully requests that the Romanian Government formally recognise this financial instrument as a national good-practice model, fully aligned with COM/2026/116, and proceed to its immediate implementation.

The Government must act – now, decisively and at scale: Romania's SMEs cannot afford further delays in the current geopolitical and economic context.

To this end, FICSIMM requests that the Ministry of Energy approve the portfolio guarantee from the Modernisation Fund for the ENERGO-IMM instrument, as a priority investment in the field of energy efficiency, with mandatory climate indicators - energy saved, greenhouse gas emissions avoided and the share of electrification investments - which make this instrument the most direct contribution of the SME sector to the decarbonisation of Romanian industry.

The request is supported by **the World Bank's independent analyses of 2026**, which explicitly recommend for Romania **portfolio guarantees linked to green investments, audit grants and equipment guarantees, performance-based instruments and green finance dedicated to small firms, and which measure in Romanian manufacturing an emission reduction potential that no other national instrument currently addresses** (World Bank, GRIN - Inputs to Greening Romania's Industrial Plan, summary report, June 2026; World Bank, Report D3 - Sectoral, socio-economic and territorial analysis, July 2026; World Bank, Report D4 - Macroeconomic analysis, July 2026).