

## **The 2028-2034 Multiannual Financial Framework:**

### **Is the Commission's proposal aligned with SMEs priorities?**

#### **1. A shared ambition undermined by structural divergence**

**The Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM, Romania)** and the Commission share a strategic ambition: fostering a **resilient, green and competitive Europe**. However, while the Commission emphasizes a **consolidated budgetary architecture**, FICSIMM highlights the risk of **losing territorial cohesion and SME inclusiveness**. The MFF's streamlining of policy pillars threatens to centralize decisions and **dilute place-based approaches**. FICSIMM instead calls for **decentralization, stakeholder participation** and alignment with regional needs. The Commission's ambition may be bold, but without structural inclusivity, **implementation gaps** could deepen.

#### **2. SME competitiveness remains under-embedded**

The MFF proposal introduces a powerful **European Competitiveness Fund**, yet SMEs are not explicitly positioned as solid beneficiaries. FICSIMM's vision centers SMEs as **drivers of innovation, inclusion and regional resilience**, calling for **dedicated tools** such as an **SME Green Transition Facility** and a **Digital SMEs for Smart Regions initiative**. Without clear access pathways, SMEs may remain excluded from high-tech ecosystems and green investment cycles. **Horizontal priorities do not replace targeted instruments** - this is a critical gap the MFF does not yet address.

### **3. The Cohesion - PAC merger is conceptually fragile and destined to lead to an increase of pockets of underdevelopment**

FICSIMM has consistently warned against **diluting Cohesion Policy** by merging it with other funding lines. The Commission's bundling of **Cohesion and CAP** within the NRPPs is seen as undermining **territorial equity and policy identity**. This position is **apparently echoed by the European Parliament**, with MEP Siegfried Mureșan confirming that Parliament **will reject this merger**. FICSIMM welcomes this stance, reiterating that **Cohesion and CAP must remain distinct pillars**, each with its own objectives, governance and funding logics. Territorial development cannot be effectively delivered through **administrative compression**.

### **4. NRPPs may offer potential but require transparent governance**

The new NRPP framework could, in theory, support **greater subsidiarity and local ownership**. However, the MFF lacks clarity on the **governance, stakeholder involvement and evaluation methodologies** that would govern these plans. FICSIMM insists that SMEs, local authorities and civil society must be **formally involved** in NRPP design and monitoring. Without **codified participation**, NRPPs risk becoming a **top-down instrument** with limited local impact. Thus, the model needs **serious safeguards** to become a viable vehicle for regional development.

### **5. Performance-based funding must not punish regional diversity**

Inspired by the RRF, the MFF proposes **conditional funding linked to milestones**. FICSIMM warns that **strict performance criteria** could disadvantage **regions with structural constraints**, particularly in convergence areas. A **hybrid model** is needed - one that combines **accountability with territorial flexibility**. NRPPs must reflect **regional capacities and socio-economic baselines**, not impose a one-size-fits-all conditionality. A system overly focused on short-term outputs may fail to deliver **inclusive, long-term development**.

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

Both the MFF proposal and FICSIMM prioritize **green and digital transitions** but, while the Commission allocates substantial funding to climate, tech and energy priorities, it fails to define **entry points for micro, small and middle enterprises**, therefore to make SMEs central to these processes. FICSIMM proposes **decarbonization grants, energy resilience schemes** and **SME-focused innovation accelerators** - none of which are visible in the current MFF draft. **Without SME-friendly mechanisms, transitions risk becoming socially and regionally regressive.**

## 7. Budget flexibility must be matched with legal certainty and access equity

FICSIMM supports the need for **budgetary agility** in a volatile world. However, the MFF's reliance on **non-preallocated margins, cushions** and **revenue reinvestment** mechanisms raises concerns about **predictability** for less-developed regions. SMEs, in particular, require **stable, rules-based frameworks** to plan investment and access support. FICSIMM urges a clearer distinction between **crisis response tools** and **core development funding**, ensuring that long-term planning isn't sacrificed for short-term responsiveness.

## 8. Social and gender objectives need operationalization, not symbolism

The Commission's requirement that **14% of NRPPs be dedicated to social objectives** is welcomed but insufficient. FICSIMM calls for **embedded gender equality, support for women and youth entrepreneurship** and **inclusive governance models**. These are not fringe issues - they are **central to SME sustainability**, particularly in underdeveloped regions. The MFF's current language treats them as **compliance thresholds** rather than **structural commitments**. Operational instruments must be developed to turn social priorities into **funded, measurable outcomes**.

## 9. Parliamentary alignment opens space for constructive correction

The European Parliament's declared opposition to the **Cohesion - CAP merger** creates an opening for FICSIMM and its partners. With both the Parliament and national stakeholders (like Romanian SMEs and regional actors) raising red flags, the MFF can still be **redirected toward a balanced model**. FICSIMM proposes a negotiation mandate that safeguards **distinct policy identities, SME visibility** and **territorial equity**. Constructive engagement with Parliament and the Council will be critical in restoring **policy coherence and stakeholder trust**.

## 10. From ambition to implementation: the need for co-created architecture

FICSIMM agrees that Europe must be **bolder and more resilient**, but this must rest on a **foundation of inclusion, accountability and decentralization**. The MFF's current draft is **strategically ambitious** but **structurally fragile**. Co-creation with regional and economic actors, transparent rulebooks and dedicated SME frameworks are **non-negotiable elements** of an implementable budget. FICSIMM remains committed to a **cohesive, SME-driven Europe** and calls on EU institutions to turn **rhetorical convergence into operational convergence** by the end of 2026.