

## **FICSIMM: pov on the EC Communication regarding the Eastern Border - "Strong regions for a safe Europe" (February 21<sup>st</sup>, 2026)**

### **An SME-centred perspective**

The Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM) - Romania welcomes the European Commission's Communication of February 18<sup>th</sup>, 2026 on the EU's eastern regions bordering Russia, Belarus and Ukraine.

We fully acknowledge that **security, economic resilience and territorial cohesion are now inseparable policy objectives**. As underlined in the Communication, eastern border regions face hybrid threats, economic disruption, depopulation and structural decline.

From an SME perspective, these challenges are not abstract geopolitical risks - they translate directly into **higher costs, labour shortages, reduced investment appetite and diminished cross-border trade**.

FICSIMM therefore supports the strategic objective of transforming eastern border regions from "frontline territories" into **resilient engines of European competitiveness**, while emphasizing that SMEs must be explicitly integrated into every priority area of the strategy.

### **1. Strengthening SME competitiveness in border economies**

Eastern border regions cannot achieve resilience without **economically viable, innovation-driven SME ecosystems**. SMEs represent over 99% of enterprises and are often the primary employers in rural and peripheral regions.

The Communication rightly highlights slower GDP growth, inflationary pressures and trade disruptions. However, without **targeted SME entry points in funding instruments**, support risks being absorbed by large infrastructure or security projects.

FICSIMM calls for:

- **Dedicated SME windows within cohesion and investment facilities,**
- Simplified micro-grant and guarantee schemes,
- Fast-track approval processes aligned with business cycles,
- Ring-fenced funding for SMEs in structurally affected regions.

Competitiveness cannot rely on trickle-down effects from macro-projects. **SMEs must be recognized as core beneficiaries, not residual actors,** in line with FICSIMM's broader position on the European Competitiveness Fund.

## 2. SME green and digital transition as security imperatives

The Communication emphasizes resilience, infrastructure and strategic autonomy. From an SME perspective, the green and digital transitions are not secondary priorities - they are **structural components of economic security.**

Energy-intensive SMEs in eastern regions have faced disproportionate shocks due to price spikes and supply disruptions. Digital vulnerabilities increase exposure to hybrid threats.

FICSIMM reiterates the need for:

- An **“SME Green Transition Facility”**,
- A **“Digital SMEs for Smart Regions” initiative,**
- Climate vouchers, digitalization grants and cybersecurity support,
- Advisory services embedded at regional level.

Without SME-friendly mechanisms, the twin transition risks becoming socially regressive and territorially uneven.

## 3. A place-based allocation model beyond GDP

The Communication acknowledges demographic decline and structural disparities. FICSIMM stresses that funding allocation must go beyond GDP metrics and include:

- **Business density indicators,**
- **Digital connectivity gaps,**

- **Energy dependency levels,**
- **Labour market vulnerabilities,**
- **Exposure to hybrid security risks.**

This aligns with FICSIMM's long-standing call for **multidimensional allocation criteria** under cohesion policy.

Eastern border regions must not compete with already-developed metropolitan hubs under purely competitive instruments. **Territorial targeting remains essential to European cohesion and security.**

#### **4. Workforce adaptability and demographic stabilisation**

The Communication highlights severe population decline in eastern regions. Labour shortages directly undermine SME viability.

FICSIMM proposes:

- A flagship program “**Skills for Smart Growth Regions**”,
- Education-to-employment pathways linked to SMEs,
- Dual education systems tailored to local industries,
- Incentives for youth and women entrepreneurship in border areas.

Human capital is not only a social objective - it is a **security stabilizer**. Regions that lose talent lose economic resilience.

#### **5. Energy resilience and SME autonomy**

Energy insecurity is both an economic and geopolitical vulnerability. SMEs require:

- **Blended funding schemes for renewable installations,**
- Co-financing for energy-efficient equipment,
- Support for participation in energy communities,
- ESCo models to reduce upfront (Capex) investment barriers.

Energy efficiency and energy independence strengthens not only environmental sustainability but also **operational continuity under crisis conditions.**

## 6. Decentralized governance and institutional capacity

The Communication underlines uneven institutional capacity. SMEs often face complex administrative barriers.

FICSIMM calls for:

- **Regional delivery hubs for SME-targeted programs,**
- **One-stop-shop digital platforms,**
- **Permanent consultation mechanisms with SME associative structures,**
- **Real-time monitoring dashboards.**

**Decentralization, paired with accountability, ensures policy proximity and responsiveness.**

## 7. Social cohesion, gender equality and community resilience

Depopulation and social fragmentation weaken resilience. FICSIMM stresses the importance of:

- Dedicated funding for **women-led enterprises,**
- Support for **youth** entrepreneurship,
- **Social SMEs** addressing community services,
- Impact-based financing for **inclusive** business models.

Social cohesion is not symbolic - it is a **structural pillar of regional stability.**

## 8. Transparency and impact-oriented monitoring

Public trust in EU action depends on visible results.

FICSIMM proposes:

- A **real-time EU digital dashboard** for eastern region investments,
- **Open-data access** on beneficiaries and outcomes,
- **Impact indicators** measuring SME growth, job creation and innovation.

Monitoring must shift from absorption rates to **measurable transformation.**

## 9. Cross-border SME clusters and value chains

With cross-border trade severely disrupted, rebuilding value chains is essential.

FICSIMM supports:

- **Cross-border SME clusters with Ukraine and Moldova,**
- **Joint incubators and research hubs,**
- **Industrial symbiosis valleys and bioeconomy partnerships.**

Economic cooperation enhances **mutual trust, competitiveness and strategic autonomy.**

## 10. Crisis flexibility with predictability

While flexibility is necessary in a volatile environment, SMEs require predictability.

FICSIMM proposes:

- A **”Cohesion Flex Fund”** for rapid liquidity support,
- Bridge financing during asymmetric crises,
- Clear separation between emergency tools and structural development funding.

Flexibility must be matched by **legal certainty and access equity**, consistent with FICSIMM’s position on the future MFF.

## Conclusion

FICSIMM strongly supports the Commission’s strategic intent to strengthen eastern border regions.

However, from an SME-centred perspective:

- **Security and competitiveness are inseparable,**
- **Cohesion remains a foundational EU principle,**
- **SMEs must be structurally embedded in all funding instruments,**
- **Territorial balance must not be sacrificed for centralization,**
- **Simplification, decentralization and impact measurement are non-negotiable.**

Eastern border regions are not only Europe’s geographical frontier - they are **Europe’s economic and democratic frontline.** Their resilience depends on the strength of their **SME fabric.**

## **FICSIMM contribution - Pact for the Eastern Border Regions** **(September 17<sup>th</sup>, 2025)**

### ***1. Strengthening SME competitiveness in border economies***

Eastern border regions need **tailored support for SMEs**, as they are the backbone of local employment and innovation. The EU should create **dedicated SME funding windows** within cohesion envelopes, including simplified financial instruments, micro-grants, and guarantees. This will prevent depopulation by sustaining viable businesses, while also fostering **cross-border supply chains** and resilience in areas most exposed to geopolitical risks.

### ***2. Dedicated green and digital transition facilities for SMEs***

The Pact must ensure that **SMEs in border regions are not excluded** from the twin transition. FICSIMM proposes an “**SME Green Transition Facility**” and a “**Digital SMEs for Smart Regions**” programme. These should provide **climate vouchers, low-interest loans, digitalization grants, and advisory services**, supporting SMEs to decarbonize, digitalize, and access cross-border innovation hubs.

### ***3. Place-based investment to reduce regional disparities***

Border territories suffer from **structural disadvantages**, such as infrastructure gaps, low investment levels, and skills mismatches. EU funding should be distributed using **multi-dimensional indicators** beyond GDP, including business density, energy dependency, and digital connectivity. This will secure a **fair allocation of resources** and ensure that **underdeveloped regions are not left behind**.

#### ***4. Skills and workforce adaptability for border regions***

Demographic decline and migration have reduced the available workforce. FICSIMM calls for a flagship initiative “**Skills for Smart Growth Regions**”, integrating training centers, vocational schools, and SMEs. EU funds should support **upskilling and reskilling, dual education schemes, and women’s and youth entrepreneurship in border regions**, ensuring that human capital is aligned with the needs of local businesses.

#### ***5. Boosting energy resilience and independence***

Eastern border regions face **acute energy insecurity**, amplified by the war’s disruptions. The Pact should prioritize **accessible grant schemes for renewable installations**, co-financing for efficient equipment, and participation in **energy communities**. Embedding **Energy Service Company (ESCO) models** into EU programmes would allow SMEs to invest without high upfront costs, directly enhancing both competitiveness and regional security.

#### ***6. Enhancing local institutional capacity and decentralized delivery***

Uneven **institutional capacity** in border regions often undermines EU policy effectiveness. FICSIMM urges the creation of **regional delivery hubs** for EU funds, backed by **technical assistance, digital tools, and permanent SME consultation platforms**. This would bring decision-making closer to beneficiaries and ensure that **funds are used effectively and transparently**.

#### ***7. Social cohesion, gender equality and community resilience***

The Pact must not only address economic and security concerns but also the **social fabric** of these regions. FICSIMM and OFA highlight the need for **dedicated funding for women-led enterprises, youth entrepreneurs, and social SMEs**. Such measures will strengthen **community resilience, inclusiveness, and local leadership**, reducing vulnerabilities to depopulation and disinformation.

## ***8. Transparency, monitoring and accountability***

Finally, the Pact should embed **real-time monitoring tools** accessible to citizens, SMEs, and local authorities. A **digital EU dashboard** with open data on disbursements, beneficiaries, and outcomes will foster **trust, accountability, and civic oversight**, ensuring that every euro invested delivers visible impact in the eastern border regions.

## ***9. Cross-border cooperation and value chains***

For border territories, **cross-border economic cooperation** is not optional but vital. The Pact should fund **joint SME clusters, cross-border incubators, and shared research hubs** that connect EU regions with Ukraine and Moldova. These initiatives will help build **resilient value chains**, attract investment, and foster **mutual trust across borders**, countering isolation and economic fragmentation.

## ***10. Flexible financial instruments and crisis-response mechanisms***

Eastern border SMEs operate in highly volatile contexts marked by **security threats, trade disruptions, and refugee inflows**. FICSIMM proposes the establishment of a “**Cohesion Flex Fund**”, activated during asymmetric crises to provide **rapid liquidity support, bridge financing, or working capital guarantees** for SMEs. Such tools will ensure that enterprises remain operational and that local economies are not destabilized during shocks.