



Joint Statement AECM-EAPB-ELTI-NEFI

Preserving the simplification gains in the European Parliament's draft report on the NRP Plans Regulation

The European Association of Guarantee Institutions (AECM), the European Association of Public Banks (EAPB), the European Association of Long-Term Investors (ELTI) and the Network of European Financial Institutions for SMEs (NEFI) welcome the joint BUDG-REGI-AGRI draft report on the proposal for the National and Regional Partnership Plans (NRPP) Regulation, prepared by the co-rapporteurs Karlo Ressler, Andrey Novakov and Elsi Katainen.

Together, our four associations represent 89 promotional institutions. As National Promotional Banks and Institutions (NPBIs) and financial institutions with a public service or promotional mission, our core activities revolve around **structuring, implementing and managing financial instruments on a daily basis**. Our proximity to local realities and capillary distribution across regions are distinctive features feeding in our expertise and ability to tackle the administrative challenges first-hand.

The draft report on the NRPP Regulation delivers a set of concrete simplification gains. Therefore, we call on the European Parliament and the Council to preserve and build on them throughout the rest of the legislative process, including the upcoming trilogues.

Three simplification gains that must be preserved

We particularly welcome three improvements that, taken together, would meaningfully improve the deployment of financial instruments and that both co-legislators should safeguard:

- **Justification at Plan level (Amendment 421, new Article 71(2a)).** The use of financial instruments, including any possible combination with grant support, should be justified only once, at the level of the NRP Plan, rather than repeated separately for each individual instrument. Such justification shall be limited to a description of the identified market failure. This would eliminate a long-standing structural disadvantage for financial instruments compared with grants and significantly reduce administrative burden.
- **Involvement of NPBIs from the outset of plan preparation (Amendment 422, new Article 71(2b)).** National and regional publicly-owned banks or financial institutions should be involved from the very start of the preparation of the Plan whenever financial instruments are foreseen. Early involvement would ensure instruments are tailored to market needs, improve absorption capacity and delivery speed, and maximise the leverage and impact of EU funding.
- **Improved treatment of reflows (Amendments 427 and 428, Article 71(12)).** Management fees should no longer be limited to new investments, but should also cover reflows reinvested in existing well-functioning instruments, so that the ongoing administration of legacy instruments is also funded. The rigid time limit on the re-use of returned resources should therefore be removed. This reflects the long-term nature of loans, guarantees and equity investments, whose management continues well beyond the eligibility period.

Further elements we welcome

Beyond these three priorities, we welcome additional elements that move the framework in the right direction: i) the clarification that financial instruments may continue across consecutive programming periods and may remain in operation beyond the 2028-2034 period (Amendments 139 and 418), which provides essential legal certainty for long-term instruments; ii) the safeguard ensuring that financial corrections for reversed milestones apply only where the reversal is attributable to the Member State, and not to final beneficiaries or implementing entities acting in compliance with the applicable legal and contractual framework (Amendment 413, Article 68(1)(e)); iii) the principle that additional reporting requirements may only be introduced where they replace existing obligations (Amendment 382, Article 63(4a)); iv) the explicit role foreseen for NPBs in the new EU Renovation Loan Facility (Amendment 423, new Article 71(3a)); and v) the combination with own resources instruments, in a single funding agreement, with instruments funded from the implementing partner's own resources (Amendment 426, Art. 71(6)).

Two points that still require strengthening

Two of our priorities are not yet reflected in the draft report. Addressing them would reinforce the simplification logic the report pursues:

- **Mandatory reliance on the Pillar Assessment.** The Pillar Assessment is a robust, comprehensive procedure already recognised across the EU budget and rooted in the Financial Regulation. Managing and audit authorities should be required to rely on its results, not merely allowed to do so, and should neither duplicate controls nor impose on pillar-assessed entities requirements beyond those applied to equivalent national instruments. This avoids gold-plating and inefficiency in control systems and is fully consistent with the report's objectives. In practice, this means changing "may rely" to "shall rely" in Articles 72(3) and 73(2), so that authorities are required to rely on the results of an existing Pillar Assessment for their management verifications and audits, without re-verifying the systems, rules and procedures the assessment has already examined.
- **A minimum allocation to the social investments and skills window.** At least 10% of the EU Facility envelope should be dedicated to the provisioning of the budgetary guarantee to support social investments and skills under the ECF InvestEU Instrument, so as to continue and expand the current InvestEU "social window". A clear minimum provides the predictability needed to sustain support for microfinance, social enterprise and social economy finance, skills, social and affordable housing and related areas.

AECM, EAPB, ELTI and NEFI thank the co-rapporteurs for the substantial recognition of the role of promotional institutions and stand ready to work with the European Parliament and the Council to preserve the progress achieved so far, and to address the remaining points.

We remain available to share our detailed feedback with all interested stakeholders.



About AECM: The European Association of Guarantee Institutions (AECM) represents 51 members operating in 33 countries in Europe, and 7 international partners (including the European Investment Fund). 32 members are public promotional institutions/banks, 9 are public-private mixed, and 10 are private/mutual guarantee institutions. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing loans for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs' access to finance in a budget-efficient way. At the end of 2024, AECM members had EUR 218 billion of guarantees in portfolio, supporting more than 6 million SMEs across Europe.

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About EAPB: The European Association of Public Banks (EAPB) gathers member organisations (financial institutions, funding agencies, promotional and public banks, associations of public banks and banks with similar interests) from 17 European Member States and countries, representing directly and indirectly the interests of over 90 financial institutions towards the EU and other European stakeholders. With a combined balance sheet total of about EUR 3.4 trillion and a market share of around 15%, EAPB members constitute an essential part of the European financial sector.

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About ELTI: The European Association of Long-Term Investors (ELTI) represents a European-wide network of National Promotional Banks and Institutions (NPBIs) who offer financial solutions tailored to the specific needs of their respective country and economy. The association gathers 33 European long-term investors from 23 Member States across the European Union as well as candidate countries. With a combined balance sheet of € 2.9 trillion, ELTI's goal is to promote long-term investment in close alignment with the objectives and initiatives developed by the European Union in order to foster sustainable, smart and inclusive growth and job creation.

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About NEFI: The Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI) represent 19 financial institutions from 18 European Union member states as well as the UK. NEFI pursues the objective of following the financial, political and legal developments in the fields of European economic and financial policies and all measures adopted by the EU institutions which are relevant for promotional financial institutions focusing on the facilitation of SMEs' access to finance. NEFI members act complementary to and in cooperation with the national banking system through co-financing, risk-sharing, expertise and advisory services in order to address shortcomings in the SME financial markets. In 2024, NEFI members actively supported and financed more than 220.000 SMEs all over Europe with more than EUR 64,6 billion of financing, mainly in the form of loans and guarantees.

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