



NEFI Joint Statement – High-Level Meeting

NEFI (The Network of European Financial Institutions for Small and Medium-Sized Enterprises) is a network of 20 National Promotional Banks and Institutions (NPBIs) from 20 European countries with a public mission to facilitate access to SMEs' financing. This joint statement presents NEFI's main recommendations to enhance the cooperation between the EC, EIB group and NPBIs.

NEFI is a strong voice of NPBIs in support of SMEs

In 2024 NEFI celebrates the first 25 years since its establishment, and the network proudly stands as a strong voice for NPBIs in support of SMEs. NEFI is a community of partners sharing expertise and best practices, in a professional, straightforward, and collegiate manner. NEFI is a European centre of excellence, for sharing innovative ideas, brainstorming, and finding solutions for common issues. And most importantly, NEFI is a living, enthusiastic and active network thanks to the regular exchanges and trusted contacts between the members.

NEFI members are strong and resilient

NPBIs largely contribute to the implementation of the political priorities of EU member states as well as the EU itself. They are well equipped – with financial tools, expertise, experience, access to finance, access to knowledge and their closeness to the final beneficiaries. NEFI's contribution in that respect is considerable. Our investment horizon can go beyond political cycles and Multiannual Financial Framework periods, which makes us a predictable and reliable partner for SMEs. Some of the NEFI partners have been active for decades, two for one hundred years and more, gaining important experiences, especially in times of crises (such as the COVID-19 pandemic, energy crisis, etc.) due to their countercyclical roles.

Similar yet still unique, at the intersection of two worlds

NEFI members may have different structures and mandates, depending on their respective national specificities, markets, and the topics they have been mandated to work on. What makes us similar is our position as partners in both the private and the public sector. Members transmit and translate their partners' needs and requirements to help onboard and leverage often-scarce public resources to fulfil common objectives. This special position makes us well placed to also provide input to relevant EU instruments and policies.

Relevance and Impact

On many occasions, NEFI members have responded to emerging crises in a sustainable and flexible way. NEFI members took swift and effective action to support citizens and businesses, in particular SMEs, facing economic difficulties due to the COVID-19 pandemic. Through 2020 and 2021, NEFI members supported more than 2,2 million SMEs with loans and guarantees totalling over EUR 217 billion. As institutions with a public mandate, NEFI members are better placed than private operators to address and overcome market deficiencies at a national level. They can ensure the most efficient and strategic use of public funds and have a proven role in catalysing long-term financing and their increasing importance in the implementation of EU financial instruments. NEFI has not only been



recognised as a trusted partner of the EIB and EIF, but some of its members also act as direct Implementing Partner of the European Commission for centralised European instruments (such as InvestEU), for which they had to pass the pillar assessment.

Challenges ahead

NPBIs form an intricate part of the financial ecosystem with several pressing challenges on the horizon. The current global environment presents less favourable conditions, compounded by rapid technological changes and diminishing European competitiveness. The role of public finances, coupled with the necessity to uphold social welfare, underscores a growing need for the enhanced involvement of NPBIs. Additionally, inflationary pressures are escalating, leading to significant increases in the cost of various goods and services. **To sustain and elevate prosperity, further catalytic intervention of NPBIs is increasingly seen as a required solution.**

Both for the EU and Member States, leveraging public funding and crowding in private finance - in which NPBIs have broad and long-standing experiences - will be paramount in the coming years, thereby supporting impactful investments in key areas of the twin transition as well as higher risk areas such as SMEs, start-ups, innovation, regional development and others.

The Draghi report on the Future of European Competitiveness highlights the role of, and the need for improved coordination among NPBIs, potentially involving the EIB group. According to the report annual investments in the range of EUR 750 billion to EUR 800 billion would be necessary within the EU, part of which should be implemented through NPBIs. The need to strengthen the financial instruments was evident again in the run-up to the Letta report.

However, for this to happen at a much broader scale at the EU level, urgent reform and simplification of the underlying rules (considering the banking regulation, pillar assessment and risk-based approach among others), will be necessary, especially if "Doing more with less" will continue. In this respect, NEFI welcomes the Mission Letter for Commissioner-designate for Budget, Piotr Serafin, stating the existing rules should be "fit-for-purpose and focus on reducing administrative burdens". A fast and effective roll-out as well as a cost-effective and attractive design of EU financial instruments is in the mutual interest of NPBIs and the EU. For that purpose, NEFI, jointly with other associations, will contribute to shaping the debate about simplification of the EU rulebook regarding EU Financial Instruments.

To tackle the given challenges of SMEs in Europe, also recognised in the report "The future of European competitiveness", **NEFI members will support within their respective mandates, the deployment of needed measures to achieve common goals and to help future European competitiveness.**

Done in Sofia on 3rd October 2024