



## **The Call of National Promotional Banks and Institutions (NPBIs) and International Financial Institutions (IFIs) for European Competitiveness**

As CEOs of National Promotional Banks and Institutions (NPBIs), Heads of International Financial Institutions (IFIs) of Europe, and as members of the European Association of Long-Term Investors (ELTI), we stand ready to scale up our efforts to enhance Europe's competitiveness.

With combined total assets of €2.8 trillion in 2023 and annual commitments of almost €300 billion, of which €125 billion are dedicated to sustainable finance, we play a crucial role in mobilizing additional resources, public and private, for the European economy.

We serve as significant sources of long-term financing at the national and regional level, where we are best positioned to directly support local projects, in line with European priorities, often risky and small or medium scale. We are equally engaged at the European level, working together on pan-European initiatives in key strategic sectors. And we often do so thanks to the long-standing partnership with the European Commission, acting as Implementing Partners and intermediaries in the deployment of funds from the EU's main investment programs.

The Draghi report identifies a €800 billion annual investment need to restore Europe's competitiveness and encourages NPBIs to further coordinate their efforts, scale-up their activities and make bolder financing decisions. Indeed, we are in a position to make a significant contribution if the right conditions are met.

To amplify their firepower and finance riskier projects, NPBIs and IFIs need direct access to budgetary guarantees, as for example currently provided by the European Commission under the InvestEU Program.

We can deploy a variety of financial instruments in many European strategic sectors. To provide some examples, we can support research and innovation through direct and intermediated investments in Venture Capital; we can support access to finance for SMEs investing in innovation through portfolio guarantee schemes; we can invest in infrastructure, security and critical raw materials through direct and intermediated equity investments, etc.

In all these financial products, leveraging public resources with risk-sharing schemes or blending instruments is essential to increase our impact as well as to crowd in private capital.

Based on this background, we propose three key principles to maximize the impact of public finance and more effectively activate the EU budget for long-term needs in the next Multi-Annual Financial Framework:

- 1) Foster the so-called "open architecture", under which NPBIs and IFIs have direct access to EU funds. NPBIs and IFIs can deploy the EU budget in a targeted way, providing custom-made solutions that address both national and EU policy priorities.
- 2) Promote financial instruments that maximize leverage effect of public spending. The European competitiveness fund the Commission announced could take the form of an InvestEU "2.0" enhanced program that combines the offer of budgetary guarantees with grants (through a "blending component").

3) Apply the state aid “consistency regime” to all Implementing Partners, and reduce complexity and administrative burden by adopting a simplified rule book and a simplified reporting framework for financial instruments across EU programs.

In a spirit of positive collaboration, we are ready to work with the European Commission to drive sustainable growth and strengthen Europe’s competitiveness.



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