

EAPB answer to the feedback period on the Commission Proposal for the future Multiannual Financial Framework (MFF)

The European Association of Public Banks (EAPB) welcomes the opportunity to contribute to the European Commission's [feedback period](#) on the proposal for the future Multiannual Financial Framework (MFF). As key implementing partners of EU funds, EAPB members are committed to ensuring that the next MFF delivers on its ambitions and achieves greater efficiency in its funding.

To that end, the EAPB has structured its response into **four chapters**, following the framework set out in the European Commission's feedback period.

1. Implementing EU funds with Member States and Regions

Firstly, the EAPB would like to express its concerns regarding the proposed model of National and Regional Partnership Plans (NRPPs) introduced in the new MFF architecture. We are particularly worried that the reform, as currently designed, **risks shifting excessively towards centralisation and undermining the role of regional and local authorities**.

While the Commission clarifies that Member States may structure their NRPPs with national, regional, or sectoral chapters depending on their constitutional arrangements, the current proposal **leaves it entirely to Member States to determine the degree of involvement of regional authorities**. This raises serious concerns about the enforceability of the partnership principle and the continued involvement of regional and local authorities in the governance of EU funds. We also note the risk of embedding Cohesion Policy into broader national reform agendas without ensuring a clear identity or visibility for cohesion as a distinct EU policy objective, thereby undermining its core mission.

A formal obligation should be introduced requiring the meaningful involvement of regional and local authorities in the preparation and implementation of NRPPs. Moreover, concrete mechanisms should be established to monitor and enforce such participation.

Moreover, we understand **there will be no legal obligation to carry out an ex-ante assessment for financial instruments under the new MFF**, which is welcome. However, financial instruments will still need to be fully justified within the plans,

creating an unnecessary burden and a disadvantage compared to grants. Moreover, it still must be clarified whether this justification will be required at the overall plan level (which would be the most reasonable approach) or separately for each individual instrument.

It also concerns us that, with the shift from invoice-based evidence to milestone- and target-based disbursement, it is expected that **national auditing authorities may gold-plate requirements** by requesting excessive additional documentation beyond what is intended. Where national law foresees invoice-based evidence, this should be aligned with the normal practice related to FIs at national level and not be a completely different set of requirements.

The current proposal also limits the reuse of reflows to eight years before they revert to national budgets, creating weak incentives for “evergreen” instruments and risking diversion from regional reinvestment. Revolving instruments **should instead remain dedicated to Cohesion funding objectives.**

Furthermore, there is uncertainty among our members as to **whether the current pillar assessment framework will remain unchanged**, so that institutions who have already undergone the process can continue to operate without repeating it. That clarification in the legal framework is essential.

Finally, we would like to underline the need for a **structured and proactive role of NPBs in both the programming and implementation phases** of EU funding in the NRPPS:

- NPBs must be **formally involved in their negotiation and design** to avoid a gap between programming and delivery, especially for financial instruments and blended finance.
- The governance and implementation framework **should explicitly recognise NPBs and allow direct mandates or delegated roles**, building on their experience under InvestEU and structural fund-backed instruments.
- The legislative framework **should allow for direct mandates or delegated implementation roles** for NPBs, in line with their experience under InvestEU and structural fund-backed instruments
- Member States should be **encouraged to include recapitalisation measures for their development banks** as part of national efforts to reinforce implementation capacity.

2. EU Funding for Competitiveness

The European Association of Public Banks (EAPB) **acknowledges the intention to preserve the open architecture** of the InvestEU programme, which has proven valuable in mobilising investment through its implementing partners, many of which are National Promotional Banks (NPBs).

However, **we strongly regret that the proposal no longer sets minimum or indicative participation ceilings for NPBs**, unlike the current MFF regulation, which allocates up to 25% of the guarantee to partners other than the EIB Group. The absence of a reserved volume undermines the reliability and predictability necessary for NPBs to invest in the institutional capacity and pillar assessments required to participate in the programme, which is already quite high. In our view, it is imperative that the future legislative process considers the introduction of a minimum share or safeguard, no lower than 25%.

Moreover, the regulation mentions the exceptional possibility, under Article 25(3), for private law entities to be entrusted with the implementation of budgetary guarantees and financial instruments. While we acknowledge that a similar provision exists in the current Financial Regulation, **it is essential that Article 25 of the new ECF Regulation be amended to explicitly require that such private law entities operate under a public mandate.**

Unlike the 2021–2027 MFF, which fixed the InvestEU guarantee at €26.15 billion with a 40% provisioning rate, the ECF proposal allows for a flexible ceiling of up to €70 billion and a 50% provisioning rate (Article 21(3)–(4)). While this provides more fiscal flexibility to the Commission, **it weakens legal certainty for implementing partners.** In that sense, the EAPB calls for stronger governance safeguards to maintain transparency and oversight, including clear multiannual planning of volumes by implementing partner and thematic window.

As additional suggestions, the EAPB published a [position paper](#) on the Future of the MFF in May 2025, with specific recommendations for the future of the InvestEU framework. These include:

- Shortening the Pillar Assessment process.
- Simplifying the Guarantee Agreement text by merging exclusions and aligning with existing regulations.
- Increasing reliance on internal procedures of implementing partners and formally recognising them as credible partners for delivering EU funds.
- Publishing clear guidance or FAQs for entities willing to sign a Guarantee Agreement.

- Clearly defining the division of responsibilities between NPBs, commercial banks and final recipients, in particular regarding Restrictive Measures and other exclusion criteria, avoiding mutual liability risks.
- Ensuring climate and sustainability criteria are proportionate and tested in markets.
- Simplifying reporting and audit obligations, reducing redundancies and aligning definitions (e.g. DNSH) across programmes.
- Clarifying and easing the application of sustainability requirements to reduce the administrative burden.
- Streamlining State aid rules to improve alignment and reduce barriers to combining support instruments.
- Ensuring EIF agreements are tailored to the specific window each NPB is using.

Finally, we suggest **that the role of national and regional promotional banks be explicitly recognised within the governance and implementation framework of the ECF**. National promotional banks could act as implementation partners for dedicated financial instruments under the Compass, especially in Member States with less-developed venture capital markets or lower absorption of innovation finance. It would therefore be relevant for the legislative framework to **allow for direct mandates or delegated implementation roles for national development banks under the Competitiveness Fund**, in line with their experience in managing both InvestEU and structural fund-backed instruments.

3. Performance of the EU Budget

The European Association of Public Banks (EAPB) would like to highlight the importance of **adapting performance monitoring frameworks to better reflect the specific role and mission of public promotional banks**.

In that sense, **evaluations should not be limited to financial absorption or return, but also consider developmental impact, social value, and the sustainability of investments**. However, this should not lead to an increased reporting burden for implementing partners. Furthermore, performance reviews should clearly distinguish between commercial financial intermediaries and public development banks, as their mandates and investment logic differ significantly.

The performance framework of the EU budget **should also be broadened to better capture the developmental impact of investments** delivered through national and regional promotional banks should the KPIs prove to be lacking in the matter. These

institutions often finance projects that generate long-term public value, such as territorial cohesion, innovation capacity, decarbonisation, or social inclusion, which are not adequately reflected by current indicators focused primarily on absorption, disbursement speed, or financial leverage.

Should the KPIs for the proposed funding programmes be insufficient, we recommend **integrating performance indicators that take into account social, environmental, and territorial outcomes** — including job creation, greenhouse gas reduction, local economic multipliers, and contribution to EU policy targets (e.g. the Green Deal or Digital Europe).

This would ensure a more accurate and fair assessment of EU budget performance.

4. EU Funding for Civil Protection, Preparedness and Crisis Response

We suggest that national promotional **banks be considered as eligible implementing partners for EU-supported investments in resilience**, preparedness and civil protection infrastructure at national and regional levels. Many such projects — such as those related to energy contingency systems, climate adaptation, flood prevention, or public health logistics — are capital-intensive, have long payback periods, and require blended financing to be viable.

Public promotional banks **are well positioned to design and deliver such investments**, particularly when grants are combined with long-term loan instruments or guarantees. Moreover, in Member States with limited fiscal space or underdeveloped capital markets, the presence of national promotional institutions can significantly accelerate the deployment of EU funding in this domain.

Therefore, the relevant EU instruments **should provide for the possibility of delegated mandates or co-investment roles for promotional banks in civil protection and resilience-related investments**, in coordination with national authorities and emergency response systems.