

# ECA Special Report on Performance-Based Financing in Cohesion Policy

Anna Pinggen

## News

On 21 October 2021, the European Court of Auditors (ECA) published its [Special Report 24/2021: Performance-based financing in Cohesion policy](#). The 2014-2020 common provisions regulation introduced three instruments giving Member States financial incentives to strive for results and optimise their use of funding:

- The requirement to fulfil specific prerequisites ('ex-ante conditionalities') to create an investment-friendly environment;
- A mandatory performance reserve of around €20 billion (6% of cohesion spending) to be allocated to successful programme priorities in 2019;
- Performance-based funding models, which linked EU financial support directly to pre-defined output or results.

In its audit, the ECA assessed the use of these instruments from 2014 to 2020 and examined in particular whether they were well designed to incentivise performance and shift the focus towards achieving results, whether the Commission and Member States used them effectively, and whether their use made a difference in the way Cohesion funding was allocated and disbursed. The audit showed that the Commission and Member States have been only partially successful in using the three instruments to make the financing of Cohesion policy more performance based. The ECA noted that the ex-ante conditionalities instrument has been more successfully used than the other instruments. It pointed out that Member States showed very limited interest in using the two new performance-based funding models (the 'joint action plans' and 'financing not linked to costs'). Regarding the mandatory performance reserve, the ECA noted that, in 2019, the Commission released 82% of the €20 billion performance reserve for the 2014-2020 period. Overall, the allocation of the performance reserve had only a limited impact on programme budgets. The ECA also found out that the introduction of the performance framework in the 2014-2020 period contributed to a cultural change in the financial management of Cohesion policy. However, performance-based financing is not yet a reality in Cohesion policy, and the three instruments did not make a noticeable difference to the way EU funding was allocated and disbursed.

The ECA further made the following recommendations to the Commission:

- Make best use of enabling conditions in the 2021-2027 period;
- Prepare the ground early for an effective mid-term review for the 2021-2027 period;
- Clarify the rules underlying the 'financing not linked to costs' funding model;
- Clarify the approach of providing assurance on EU funding through the 'financing not linked to costs' model.

### AUTHOR

Anna Pinggen 

Researcher  
Max Planck Institute for the  
Study of Crime, Security and  
Law

ISSN: 1862-6947

<https://eucrim.eu>



## About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and “criministrative” law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to [eucrim-subscribe@csl.mpg.de](mailto:eucrim-subscribe@csl.mpg.de) to receive alerts for new releases of issues.

The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



**Co-funded by  
the European Union**