

EP: Performance-Based Funding Should Not Be the Model for Next MFF

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News

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On 28 April 2026, the European Parliament (EP) adopted a [resolution on control, transparency and traceability of performance-based instruments](#). It was based on an [own-initiative report](#) by MEP *Monika Hohlmeier* (EPP, DE), Vice-Chair of the Committee on Budgets.

In light of experiences gained from the Recovery and Resilience Facility (RRF) - the first performance-based instrument at the EU level where payments are linked to the achievement of milestones and targets rather than the reimbursement of eligible costs - the resolution raises concerns about the use of a similar model in the next multiannual financial framework (MFF) for the majority of EU financing programmes, as proposed by the European Commission (→[eucrim 2/2025, 136-137](#)).

While the resolution acknowledges that the generalised use of financing not linked to costs may reduce the administrative burden, it also highlights that this approach increases the risk of irregularities, double funding, and fraud. Consequently, it reduces the transparency and traceability of Union funds. MEPs advocate that financing not linked to costs should only be used for smaller beneficiaries implementing projects below defined financial thresholds, while large-scale and complex projects should remain cost-based. They also insist that it should be the Commission that assesses whether milestones and targets triggering EU payments have been fulfilled.

According to the resolution, any future performance-based instrument must be accompanied by more specific key performance indicators and be harmonised from one Member State to another. Furthermore, corrective measures must be taken to strengthen audit and accreditation procedures. MEPs also make several specific recommendations for strengthening the control, transparency and accountability of performance-based instruments, such as:

- Establishing a unified accountability system that enables the traceability of EU budget contributions to specific projects and their real final beneficiaries, including contractors and sub-contractors;
- Granting financing only for measures directly linked to concrete, verifiable projects that demonstrate tangible progress and measurable results, contribute to Union policy objectives, and can be subject to effective monitoring and controls;
- Establishing a single, integrated and interoperable information and monitoring system as a precondition for accessing Union funding in the next MFF.

Ultimately, MEPs urged the Commission to implement robust safeguards to ensure the consistency, independence, and quality of audit work in all Member States. This should include the introduction of AI-powered

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predictive analytics tools to enable auditors to assess risks in real time and detect anomalies more effectively.

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