Choice of performance indicators for audit and budgetary control in the context of financing measures to support the implementation of future European competitiveness

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The Committee on Budgetary Control adopted an own-initiative report by Olivier CHASTEL (Renew, BE) on the choice of performance indicators for audit and budgetary control in the context of financing measures to support the implementation of future European competitiveness.

General observations

The report emphasises that EU spending should deliver tangible results in line with sound financial management principles and be invested in areas where joint EU action has a greater impact and added value than national or subnational strategic action. The EU budget must be more results-oriented, and every euro spent should deliver measurable value for citizens and businesses.

In this context, Members reaffirmed the need to set and use **performance indicators that are specific, measurable, achievable, relevant and time-bound** (SMART), ensuring that the EU's resources are spent efficiently, effectively and sustainably in order to monitor and evaluate progress towards achieving EU policy objectives.

The Commission and Member States are called on to ensure that the indicators used for EU-funded projects are measurable, verifiable, and based on reliable data sources that guarantee the **traceability** of the underlying data down to the market and final beneficiary levels, and that they are accompanied by clear references and definitions to avoid any divergence in interpretation.

Members stressed in particular that the design of the **Recovery and Resilience Facility** (RRF) does not sufficiently ensure the traceability, transparency, and auditability of the use of EU funds, nor the comparability of results with other EU spending instruments. The Commission is urged to establish a more comprehensive, harmonised, transparent, and verifiable framework of performance indicators for future instruments.

The report called for **simplifying the performance framework for the EU budget** to measure the impact of EU spending in all Member States in a harmonised, proportionate, and accurate manner; to streamline the overall administrative burden and reporting requirements, particularly for SMEs and local authorities; and to increase transparency by reducing information overload, while still allowing for an understanding of the added value of EU interventions. The Commission is urged to streamline indicators, simplify templates, avoid duplicate data requests, and apply the 'once-only' principle.

Members reiterated their call on the Commission to develop a **secure and interoperable IT infrastructure**, leveraging artificial intelligence to improve the implementation of actions and facilitate monitoring, reporting, and oversight. They called again on the importance of transparency regarding the final beneficiary of EU funds.

Performance indicators related to fostering EU competitiveness

Members recalled that the Draghi report urged the EU to pursue deep reforms to boost competitiveness and focused on innovation, decarbonisation and defence, and called for significant investments in strategic sectors such as green energy, digital infrastructure and advanced manufacturing, supported by regulatory simplification and enhanced coordination at EU level.

Members also stressed that the **implementation of the recommendations made in the Draghi report must be monitored** using relevant, robust and transparent performance indicators. These indicators should reflect not only achievements (e.g., number of projects funded), but also results and impacts (e.g., productivity gains, reduced emissions, number of sustainable and secure jobs created, improved social and territorial cohesion, changes in the trade balance, increased export diversification, leverage effect of Union programmes and strengthening of strategic autonomy), in order to measure the efficiency and effectiveness of EU spending.

The Commission is invited to: (i) introduce specific indicators to measure the leverage effect of EU funds in mobilising public and private investment; (ii) establish and consistently use, throughout the next MFF, a harmonised set of core indicators such as those that are already part of the European Innovation Scoreboard, aimed at fostering competitiveness across Member States so as to enable comparability, benchmarking and aggregation of data at EU level.

In the case of **projects promoting innovation** and supporting strategic technologies, Members suggested using the following performance indicators: volume of EU and private sector funding mobilised, number of projects funded per sector (e.g. artificial intelligence, quantum, biotech), number of unicorns, start-ups created in the EU and percentage of women-led start-ups that have obtained funding.

The report suggested:

- **supporting industrial relocation** and self-sufficiency in critical raw materials to reduce the EU's strategic dependencies; progress could be measured using output indicators such as the number of projects and SMEs that have relocated their activities to the EU;

- **investing in talent** in critical and strategic sectors, including by supporting participation in vocational training and skills development activities and to measure progress with output indicators, such as the number of people trained in science, technology, engineering and mathematics (STEM);

- accelerating the ecological and digital transitions by paying particular attention to **innovative SMEs**, for which simplification is crucial. This simplification should not lead to deregulation.