Control, transparency and traceability of performance-based instruments

2025/2032(INI) - 28/04/2026 - Text adopted by Parliament, single reading

The European Parliament adopted by 527 votes to 85, with 33 abstentions, a resolution on control, transparency and traceability of performance-based instruments.

Challenges affecting the transparency, accountability and effective control of performance-based instruments

Parliament reaffirmed that performance-based instruments must **respect the principles of legality, regularity, economy, efficiency and effectiveness,** and that simplification should never come at the expense of sound financial management and transparency.

The **Recovery and Resilience Facility** (RRF) has, to some extent, encouraged certain investments and reforms at the national level, but it is important to learn from the shortcomings identified in the centralised, performance-based implementation model of the RRF. In this context, Members are concerned that Commission proposals envisage using a similar model in the next Multiannual Financial Framework (MFF) for most of the Union's funding programmes.

According to Members, while **the generalised use of financing not linked to costs** may reduce the administrative burden, **it increases the risk of irregularities, double funding, and fraud**, and therefore reduces the transparency and traceability of Union funds.

Although the RRF is designed as a performance-based instrument, its implementation often prioritises achievements over results. Members believe that future performance-based instruments should:

- be accompanied **by more specific key performance indicators** to ensure that investments are in line with the objectives of the instrument, have beneficial effects and bring clear added value to the Union;

- **be harmonised** from one Member State to another, designed in a transparent manner and be stable over time, in order to improve consistency, accountability and long-term efficiency.

The resolution stressed the need to implement risk and materiality-based verification mechanisms, with clearly defined thresholds triggering mandatory controls.

Members are concerned that performance-based instruments using non-cost-related funding focus more on auditing systems than on controlling actual expenditure. They point out that the control systems of several Member States have shown systemic weaknesses that have resulted in an inability to detect and prevent fraud or other irregularities. They therefore called on the Commission to take effective corrective measures and **strengthen audit and accreditation procedures**.

Parliament insisted that, in the absence of guidelines and technical assistance from the Commission on the performance audit methodology, the heavy reliance on national authorities and external auditors risks leading to significant variations in the quality and independence of audits. Supporting national audit authorities would help improve quality and consistency. Lastly, Members emphasised that the fragmentation of IT and data systems between Member States increases the risk of errors, irregularities, double funding, delays, and inconsistent reporting.

Recommendations for strengthening control, transparency and accountability of performance-based instruments

Parliament believes that the cost-neutral financing model for performance-based instruments **should not be generalised**, except for small beneficiaries, while complex projects should retain a model based on real costs to ensure reliable oversight. It considers it important to establish a **recovery mechanism** in the event of significant discrepancies between ex-ante cost estimates and ex-post audits, particularly when the actual cost of project implementation is lower than the initial estimate.

The resolution focused more specifically on:

- the establishment of a **unified accountability system** that enables the traceability of the EU's budgetary contributions to specific projects and their real final end beneficiaries, including contractors and subcontractors;

- the importance of **raising awareness** among citizens about EU funded projects;

- the need to link payments to the fulfilment **of consistent and clearly defined milestones and targets** to improve coherence between reforms and investments and to establish an ex-post evaluation system based on the milestones achieved by each instrument;

- the granting of Union funding only to **measures directly linked to concrete and verifiable projects** which demonstrate tangible progress and measurable results, contribute to the achievement of the Union's strategic objectives and can be subject to effective monitoring and controls;

- the development and wider use **of simplified, harmonised and verifiable costing options** that provide clarity, reduce administrative burdens and maintain a satisfactory level of accountability;

- the need to carry out **periodic assessments** of real costs of implementing performance-based instruments in relation to Member States' cost estimates in order to avoid discrepancies;

- the establishment of a **single, integrated and interoperable information and monitoring system** as a precondition to access Union funding in the next MFF;

- **the assessment** of the achievement of milestones and targets by the Commission using a standardised and transparent method;

- the timely **publication** of all Commission assessments, national reports, audit summaries and recovery actions so that Parliament, the European Court of Auditors and citizens can monitor the use of Union funds.

Parliament urged the Commission to put in place robust safeguards to **ensure the consistency, independence, and quality of audit work** in all Member States. It called for the introduction of AI-powered predictive analytics tools that would enable auditors to assess risks in real time, detect anomalies more effectively, and perform cost-benefit audits.