


Basic information	
2025/2032(INI) INI - Own-initiative procedure Control, transparency and traceability of performance-based instruments Subject 8.70.03 Budgetary control and discharge, implementation of the budget	Procedure completed

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	<div style="border: 1px solid red; display: inline-block; padding: 2px;">CONT</div> Budgetary Control		HOHLMEIER Monika (EPP)	07/11/2025
			Shadow rapporteur MAIJ Marit (S&D) SANCHEZ Julien (PfE) RUISSEN Bert-Jan (ECR) CHASTEL Olivier (Renew) TRIDICO Pasquale (The Left)	
European Commission	Commission DG		Commissioner	
	Budget		SERAFIN Piotr	

Key events			
Date	Event	Reference	Summary
13/02/2025	Committee referral announced in Parliament		
05/02/2026	Vote in committee		
12/02/2026	Committee report tabled for plenary	A10-0022/2026	Summary
28/04/2026	Decision by Parliament	T10-0122/2026	Summary
28/04/2026	Results of vote in Parliament		

Technical information	
Procedure reference	2025/2032(INI)

Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	CONT/10/01976

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE778.127	17/11/2025	
Amendments tabled in committee		PE781.306	16/12/2025	
Committee report tabled for plenary, single reading		A10-0022/2026	12/02/2026	Summary
Text adopted by Parliament, single reading		T10-0122/2026	28/04/2026	Summary

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.

Control, transparency and traceability of performance-based instruments

2025/2032(INI) - 12/02/2026 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted an own-initiative report by Monika HOHLMEIER (EPP, DE) on the control, transparency and traceability of performance-based instruments.

Performance-based instruments are reshaping the way the European Union finances its policies. By linking payments to the achievement of milestones and targets, rather than to the reimbursement of eligible costs, they promise to accelerate reforms and strengthen the focus on results. The Recovery and Resilience Facility (RRF) was the first large-scale application of this model, and the Commission has proposed to embed it more widely through National and Regional Partnership Plans in the next Multiannual Financial Framework.

Issues related to transparency, accountability and effective control of performance-based instruments

Members 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. They called for **risk-based and proportionate controls** and insisted that indicators for performance-based instruments should capture tangible results and the EU's added value rather than just predefined outputs.

Members are concerned that Commission proposals envisage using a model similar to the RRF in the next Multiannual Financial Framework (MFF) for most of the Union's funding programmes. They consider it important to **learn from the shortcomings** identified in the RRF's centralised, performance-based implementation model, in particular reduced accountability and limited EU-level oversight of compliance with rules and regulations.

The report emphasised the need to:

- ensure **transparency regarding the final beneficiaries** through a uniform and interoperable information system at Union level, which is accessible to the Commission, the European Court of Auditors, the European Public Prosecutor's Office and Parliament;
- ensure that future performance-based instruments are accompanied **by more specific key performance indicators**, are harmonised from one Member State to another, are designed transparently and are stable over time;
- provide adequate safeguards to ensure **sound financial management** in the implementation of Union funding;

- ensure that any application of non-cost-related financing is fully compliant with the **rule of law** conditionality regulation.

The report states that the widespread use of non-cost-related financing increases the risk of irregularities, double funding, and fraud. Concerns exist regarding the Commission's capacity to effectively monitor the implementation of the Revenue and Reconciliation Fund (RRF). Members are concerned that performance-based instruments using non-cost-related financing focus more on auditing systems than on monitoring actual expenditure incurred. They deplored the fact that, for instruments such as the RRF, the European Court of Auditors has found audit trails to be incomplete. They also expressed regret over the heavy reliance on national authorities and external auditors, as well as the fragmentation of IT and data systems across Member States.

Recommendations

The report warned against the widespread use of financing not linked to costs: this should be **limited to small projects**, while complex projects should remain cost-based. Moreover, Members stressed that budget simplification must also lead to **budget transparency**. They advocated for a **unified accountability system** that enables the traceability of EU budgetary contributions to specific projects and their real final beneficiaries. EU funding should only be granted to **measures directly linked to concrete and verifiable projects** that demonstrate tangible progress and measurable results, contribute to achieving the EU's strategic objectives, and are subject to effective monitoring and controls.

The report recommended, *inter alia*:

- the establishment of a single, integrated and interoperable **information and monitoring system**, including a single data mining and risk-scoring tool; the use of this new interoperable system must be a precondition for accessing Union funding in the next MFF;
- the evaluation of the **achievement of milestones and targets** by the Commission, taking into account data provided by Member States and following a standardised and transparent method;
- greater **transparency in the implementation** of performance-based instruments so that Parliament, the European Court of Auditors and citizens can scrutinise the use of Union funds;
- better access for the European Court of Auditors to all **databases** and information systems of the Commission used for the collection, exchange and monitoring of data between the Commission and Member States;
- strengthening the **reporting of information** on performance-based instruments in order to include project-level data;
- improving **audit trails** and putting in place robust safeguards to ensure consistency, independence and quality of audit work in all Member States;
- the introduction **of AI-based predictive analytic tools** that would enable auditors to conduct real-time assessments, detect anomalies and conduct targeted reviews in the event of systematic deficiencies identified by the European Court of Auditors;
- enhancing transparency by expanding the **RRF scoreboard** model to all performance-based instruments.