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COVER NOTE

From:	European Court of Auditors
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To:	General Secretariat of the Council
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509 - <i>Opinion of the European Court of Auditors</i>

Delegations will find attached the European Court of Auditors' opinion 09/2026 concerning the above-mentioned proposal.

The opinion will shortly be available in 24 EU languages and can be accessed for consultation or downloading on the Court's website¹.

¹ <https://www.eca.europa.eu/en/publications/OP-2026-09>

OPINION 09/2026

(pursuant to Article 322(1) TFEU)

**concerning the proposal
2025/0240 (COD) for
a regulation of the
European Parliament and of
the Council establishing the
European Fund for
economic, social and
territorial cohesion,
agriculture and rural,
fisheries and maritime,
prosperity and security for
the period 2028-2034 and
amending Regulation
(EU) 2023/955 and
Regulation (EU,
Euratom) 2024/250**

(COM(2025) 565 final/2)

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EU budget
2028-2034

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Introduction

Why we provide this opinion

Legal basis

- 01** On 16 July 2025, the Commission published the proposal (2025)565 final/2 for a regulation establishing the European Fund. The Council, on 18 October 2025, and the European Parliament, on 6 November 2025, asked the European Court of Auditors (ECA) to give an opinion on the Commission's proposal.
- 02** In accordance with our institutional mandate (Article 322(1)(a) TFEU), we are providing this opinion to support the legislative process through observations concerning the design, governance, financial implementation, control environment and potential risks of the proposed European Fund.

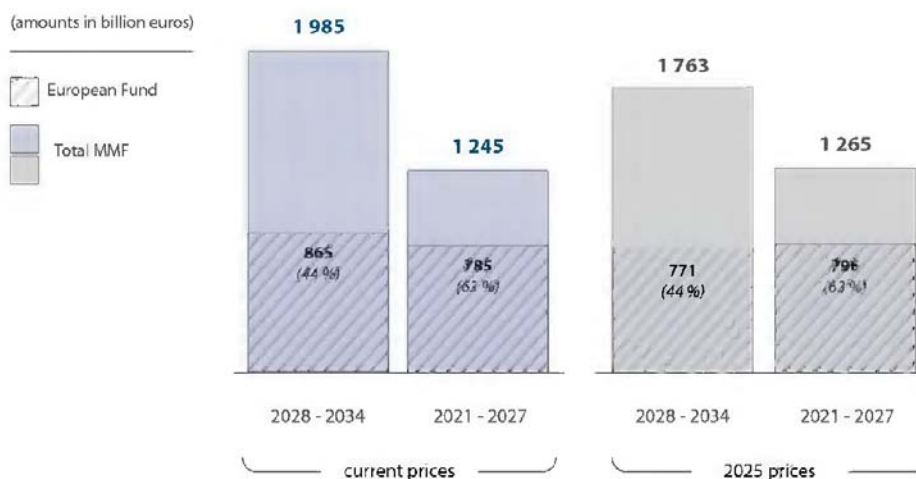
Context

- 03** The proposal for the European Fund brings together many formerly separate funds, including agriculture (CAP) and cohesion (*Annex I*). We have been auditing this spending for many years, and particularly for cohesion identified repeated weaknesses in its administration, an overly high rate of error, and too much complexity. The proposal mainly affects the spending model for shared management funds, comprising a significant move from reimbursing expenditure incurred to one focused on paying member states for the outputs they provide. This model is largely inspired by experience drawn from the implementation of the Recovery and Resilience Facility (RRF), for which we also identified weaknesses. In this opinion, we highlight issues that need to be clarified before the

implementation of the European Fund starts. A major change like this will always require a period of adaptation, with experience gained through practical implementation. We will audit the process from the start – taking account of the issues raised in this opinion – and through our recommendations contribute to helping EU spending to reach its full potential.

- 04** The proposal would establish, for the 2028-2034 period, a common programming and implementation framework through a single set of rules to be applied to programmes under shared management by the Commission and EU member states that support economic, social and territorial cohesion, agriculture and rural development, fisheries and maritime affairs, prosperity and security. The proposal is a **fundamental change from the existing multiannual financial framework (MFF) architecture**, under which these policies were managed through separate instruments, often each with their own specific objectives, implementation mechanisms, governance models and assurance arrangements. Although most CAP spending will continue to operate largely as it does currently, **the proposed regulation will significantly change the way in which a large proportion of EU funds is planned, allocated, managed and controlled.**
- 05** The proposed spending of around €865 billion in current prices is the single most significant part of the next MFF. It represents nearly 44 % of the proposed EU budget, compared to approximately 63 % in the 2021-2027 MFF, where the funding for equivalent programmes was around €785 billion (*Figure 1*). The Commission further proposes to supplement this expenditure with up to €150 billion in loans to member states. The proposal is intended to simplify the implementation of the EU budget, while increasing flexibility to respond to unexpected challenges and crises.

Figure 1 | European Fund and corresponding predecessor funds budget, in current and 2025 prices



Note: MFF budgets for 2021-2027 and 2028-2034 include NGEU repayment. The European Fund budget shown does not include the €150 billion loan proposed. 2025 prices are calculated based on a fixed 2 % annual deflator.

Source: ECA based on Commission data.

06 The main changes introduced by the proposal are as follows.

- A framework centred around a **single national and regional partnership plan** (NRP plan) for each member state.
- **A new financing and delivery model**, under which most EU payments to member states will depend on the fulfilment of predefined milestones and targets for reforms and investments, rather than the current reimbursement of eligible expenditure incurred. This delivery model is largely inspired by the Recovery and Resilience Facility (RRF) – a temporary instrument created to meet financing needs which arose as a result of the COVID-19 pandemic. While the proposal maintains elements of the common provisions applicable to shared management, milestones and targets-based payments would significantly change the way in which it would operate.

The proposal also foresees up to €150 billion in loans to be made available to member states to finance additional investments and reforms, beyond those covered by grants.

07 The regulation would **largely redefine the application of the shared management mode** and the respective roles of the Commission, Council, member states and regional authorities, as follows.

- **Commission and the Council:** NRP plans would be approved by the Council upon a proposal from the Commission as was the case for the RRF, which is a change compared to the traditional shared management arrangements.
- **Commission and the member states:** The Commission's role in, and oversight of, the use of EU funds by member states would change, with member states assuming more responsibility for deciding on the allocation of funds, implementation of measures to fulfil the milestones and targets, reporting on progress and providing assurance.
- **National and regional authorities:** The principle of partnership and multi-level governance is included in the proposal. Under the single plan, member states would have the flexibility to organise implementation in line with their institutional set-up and to involve regions in planning and implementing the funds.

However, the Commission would remain ultimately responsible for the implementation of the EU budget in compliance with EU and national law.

08 In this context, this opinion provides observations and suggestions to draw attention to matters of clarity, coherence and completeness of the proposal. We have identified where improvements by the co-legislators may be necessary. The first part of the opinion presents our main messages on key themes while the second part contains an analysis of articles following the structure of the proposed regulation.

09 In this opinion, we focus on those elements that are common to all policies covered by the European Fund. It should be read in conjunction with [opinion 05/2026](#), which presents the overall effect of the Commission's proposals on the common agricultural policy (CAP), as well as the specific provisions of the European Fund proposal that address agricultural interventions and control systems. The rules presented in the proposal will be complemented by sectoral regulations, which are not covered by this opinion.

10 We also note that following the Commission's proposal, there are ongoing discussions between the Commission and co-legislators on potential changes, such as on the use of the proposed "flexibility amount" and the balancing of allocation between different policy areas. Our opinion does not cover these further developments but is based on the published proposal, except for a limited number of elements explicitly mentioned.

Main messages

Box 1

Main messages at a glance

- **A fundamental change compared to previous MFF** – The proposal merges funding for both long-standing policies (such as cohesion and agriculture) and emerging priorities under a single national plan per member state, and also introduces the possibility of significant EU level borrowing to finance loans to member states. While this integration aims to enhance coherence, it also combines policies which have different objectives, time horizons and delivery logics, risking increased complexity and trade-offs between priorities. Safeguards to ensure that the mandatory partnership principle and multi-level governance will be fully respected are needed.
- **Hybrid delivery model** – The proposal presents a model based on the fulfilment of milestones and targets, while at the same time retaining elements from the cost-based model. The regulation should clarify how horizontal principles, performance requirements and legality and regularity checks interact. Overloading a single instrument with multiple layers of objectives, safeguards and reporting requirements may increase complexity, weaken accountability and undermine effective implementation. The regulation should also clarify that compliance with EU and national law is compulsory, and that non-compliance should result in financial consequences for the member states.

- **Performance framework** – The use of financing not linked to costs does not in itself make it a performance-based instrument. NRP plans are to be implemented under the performance framework established by the [proposal for a performance regulation](#). Its reliance on output-based milestones and targets, together with broadly defined intervention fields and weak or missing result indicators, undermines comparability, prevents a meaningful assessment of effectiveness, efficiency and value for money and raises assurance risks, as unclear milestones and targets cannot be properly verified or audited.
- **Discretion on spending priorities, within the limits of EU horizontal provisions** – While member states have discretion when prioritising objectives within their NRP plans, this is exercised within the restriction of thematic earmarking, policy ring-fencing, and EU-level objectives. The NRP plans must address all the Fund's specific objectives. However, within the budget available, their capacity to satisfactorily address all EU-level objectives, and at the same time tailor interventions to regional and national development needs and long-term strategies, may be limited.
- **Simplifying the framework between Commission and member states, but administrative complexity in the member states may remain** – The proposal intends to simplify financial management between Commission and member states by replacing a multitude of programmes and rules with single NRP plans, as well as replacing cost reimbursements with milestone- and target-based payments. Overall, simplification may be achieved mainly between the Commission and member states, while the degree of administrative burden at national, regional and beneficiaries' level may remain unchanged or even increase.
- **Payments based on estimated costs and on the fulfilment of milestones and target focus on outputs** – The delivery model relies on output related milestones and targets to trigger payments. This means that it focuses on implementation progress rather than results. Robust cost estimates are necessary but the proposal lacks appropriate safeguards in this respect. Member states are not required to report on public expenditure per operation. Milestones and targets must be precisely defined to provide clarity on when they can be considered to be achieved. Differences in design, ambition and interpretation across member states risk reducing comparability, equal treatment and overall assessment of the performance of EU spending.
- **Increased absorption pressure, in combination with crisis-related flexibility and increased scope for fund reallocation may reduce budget predictability** – The proposed financial framework introduces elements that may reduce predictability for long-term investments, including increased absorption pressure, crisis-related flexibility and increased scope for reallocation. While aiming to introduce an element of flexibility in the multi-annual programming of EU funds, these elements may also limit member states' and regions' ability to plan and implement complex, long-term investments, and increase uncertainty

regarding the continuity of funding. It remains to be seen whether the absorption of EU funds will increase, compared to both the MFF and RRF.

- **Accountability and assurance** – The proposed assurance framework entails accountability risks and the Commission, which remains ultimately responsible for the implementation of the budget, may not be able to provide discharge authorities with the assurance required under the Treaty. For instance, under the proposed system, the Commission would not make mandatory checks of regularity (milestones and targets) before payment, in contrast to the RRF. Overall, the proposal risks reducing the steering and oversight role of the Commission while relying more on national systems, even though we have consistently identified weaknesses in member states' control and audit systems. The Commission should establish effective control and audit requirements, explicitly specifying financial consequences for non-compliance, especially as regards financial corrections and recoveries, to ensure the protection of the EU's financial interests as well as sufficient and consistent control practices among member states.

EU added value

- 11** The proposed European Fund brings together policies that have long been at the core of European integration – notably cohesion policy and the common agricultural policy – thereby supporting objectives of European relevance established in the Treaties¹. The focus of the support is on reducing economic, social and territorial disparities between regions, and promoting a fair and sustainable agricultural sector that contributes to food security and environmental protection across the EU. The proposal also includes funding for home affairs interventions, which are governed by a different Treaty provision², as well as funding for competitiveness, preparedness and security.
- 12** In our recent work, we stressed³ the need to clearly define EU added value in the legislation and apply the concept consistently and systematically when allocating EU funds to programmes and initiatives, and to ensure that EU added value is evaluated *ex post*. If not, there is a risk that EU added value may be interpreted differently across interventions, resulting in assessments of EU added value that are not comparable across different programmes. For EU added value to be a meaningful concept, the regulation would need

¹ Articles 38 and 39, and 174 of the Treaty on the Functioning of the European Union (TFEU).

² Article 3 of the Treaty on European Union; Title V of the TFEU.

³ Review 03/2025, Box 1.

to provide clear and consistently applied criteria which are sufficiently specific to allow objective assessment.

Aligning spending objectives with EU-wide policy priorities

- 13** The proposal sets broad objectives spanning almost all EU priorities – including economic and social cohesion, securing agricultural and fisheries production, protecting the environment and fighting climate change, digitalisation, transport, migration, competitiveness, defence and security. In particular, the fact that security and defence capability objectives are included allows member states to prioritise defence and, compared to previous MFFs, allocate more resources to address geopolitical risks. All of these objectives must be addressed by member states in their NRP plans. In practice the extent to which they do so may vary as the proposed regulation would give member states a certain amount of discretion to allocate the limited amount of EU and national resources to the priorities which they consider to be most important. As a result, it remains unclear how the Commission will assess whether the different agreed EU-level priorities are adequately addressed in the NRP plans (paragraphs [59](#), [78](#) and [79](#)).
- 14** The EU dimension of spending could also be promoted, for example, by investments in transnational projects, including cross-border infrastructure, which member states can support through the NRP plans.
- 15** The discretion granted to member states in allocating funds can only be exercised within the limits of thematic allocation requirements and other EU-level provisions reflecting EU priorities, such as ring-fencing for CAP direct payments, rural development and less-developed regions, the 14 % social spending target and the 43 % climate and environmental actions spending target⁴ (paragraphs [58](#) and [63](#)). However, member states and regions may face constraints in addressing their own priority development needs while at the same time contributing to all EU priorities.
- 16** For cohesion policy, the proposal places greater emphasis on programming at national level, while linking it more closely to the EU horizontal initiatives, most notably the European Semester, including its reform recommendations, the Digital Decade and national energy and climate plans. While alignment with EU priorities is a longstanding objective, it is also explicit in the proposal that member states should take account of their

⁴ Articles 4 and 6 and Annex III of the [proposal for a performance regulation](#); Article 10(5) of the [European Fund proposal](#).

regions' needs when preparing their NRP plans. However, for some member states, the shift to single NRP plans may affect the role of regions in decision-making compared to the current system. The proposal does not include sufficient safeguards to ensure that national agendas will support regional development needs, or that the mandatory partnership principle and multi-level governance will be fully respected. Effective coordination in the member states will be needed to ensure that economic, social and territorial disparities between regions are addressed.

- 17** The proposal reaffirms horizontal principles such as fundamental rights, non-discrimination, gender equality and environmental protection. The Commission and member states should ensure compliance with these important principles. This compliance should be achieved at NRP plan level while minimising the administrative cost to beneficiaries and avoiding unnecessary bureaucracy.

Budget flexibility

- 18** The aim of the proposed regulation is to give both member states and the Commission flexibility in how they allocate EU support to the specific objectives set by the proposal and in how they adjust to new or changing policy priorities during the programming period. Compared with the 2021-2027 MFF period, the proposal reduces earmarking and thematic concentration on EU priorities, and enhances elements such as the 25 % “flexibility amount” in NRP plans (paragraph 67) and the EU Facility managed by the Commission (paragraphs 93 to 97). However, this flexibility amount operates within a framework that includes ring-fencing and horizontal spending targets. Taken together, these elements limit the scope for reallocating resources, as well as the ability to respond to regional and sector-specific development needs. Taking into account the latest developments and ongoing negotiations (paragraphs 58 and 67), the flexibility intended by the initial proposal may be reduced.
- 19** The proposal also introduces an option for member states to finance the implementation of their NRP plans through loans from the EU for up to €150 billion, to be repaid by those member states at a later date. An EU loan instrument at such scale, and not in response to a crisis situation, represents a significant novelty making the EU the member states' treasurer and a borrower on capital markets, and a lender to the member states, for the purpose of pursuing regular policy objectives. Unlike previous large-scale EU loan instruments, the proposal for the loan instrument is not based on specific Treaty provisions. Instead, it relies on a combination of sectoral provisions and the borrowing framework set out. These loans to member states are guaranteed by the budget headroom, without other specific provisions. An extensive use of the headroom as guarantee for the loans may reduce the protection of the EU budget and decrease the

foreseeability of the national contributions to the EU budget and may require member states to make additional payments into the EU budget. Furthermore, the repayment schedule will be approved by the Council following a proposal of the Commission for each member state. The use of the loan instrument may have monetary policy implications, that should be analysed (paragraphs 61 and 62).

Simplification

- 20** The single fund proposal and NRP plans aim at ensuring simpler and less-fragmented EU funding and more coherence and synergies in programming interventions under the different policies. The proposal brings together different intervention logics, such as strategic territorial development operations from cohesion policy, income support and market regulation from agricultural policy and operational interventions in the area of home affairs.
- 21** The current multitude of programmes and rules will be replaced with single NRP plans under a common set of rules, which will simplify arrangements between the Commission and member states. Under the new delivery model, payments from the Commission to member states will be conditional on the achievement of milestones and targets for reforms and investments. This will streamline the Commission's disbursement of funds from the EU budget.
- 22** However, at national and regional level, programming and implementing interventions under a single plan may require greater coordination (paragraph 75). Furthermore, as simplification must not come at the expense of accountability in the use of funds⁵, effective control and audit requirements should be established, which should also include checks of underlying transactions and payments made to beneficiaries and (final) recipients.
- 23** Simplification for beneficiaries and (final) recipients may be limited by the fact that implementation requirements are defined at EU and member state levels, including horizontal principles, performance obligations arising from the performance regulation (reporting, verification and additional documentation) and continued requirements to ensure legality and regularity of EU spending. Moreover, effective simplification for beneficiaries and (final) recipients will mainly depend on how the Commission and member states choose to operationalise the new delivery model, including the increased mandatory use of simplified forms of EU support (paragraph 142).

⁵ Review 04/2025, paragraphs 15 and 51.

- 24** Overall, while simplification may be achieved between the Commission and the member states, this does not translate into greater simplification at national and regional level, and for beneficiaries, for whom the administrative burden may remain substantial.

Pace of absorption of EU funds

- 25** The proposal includes several elements intended to accelerate payments to member states. Compared to the current shared management arrangements, the proposal, based on fulfilment of milestones and targets, may lead to faster payments, on top of the proposed increased prefinancing. A difference from the RRF is that member states may submit payment requests reflecting the achieved milestones and targets, rather than the fixed instalments for a predefined set of milestones and targets. These elements may facilitate earlier disbursement of EU funds and contribute to reducing outstanding budgetary commitments⁶ (paragraphs 68 and 69). However, this does not in itself address the challenges related to implementation, quality of spending or achievement of results.
- 26** At the same time, the proposal introduces an n+1 decommitment rule that could reduce the risk of persistent backlogs of unspent funds, as we have already highlighted⁷. This represents a tightening compared to the current cohesion policy, home affairs and rural development, which have n+2/n+3 rules that allow implementation for two or three years after the commitment of EU funds without the member state losing these funds. It also shortens implementation timeframes, favouring measures that can be implemented faster, rather than more complex measures that potentially have a bigger impact (paragraphs 68 and 69).
- 27** We stress the importance of the timely adoption of the EU legislative proposals, and the subsequent adoption of NRP plans, as otherwise, implementation will start late, delaying payments to beneficiaries. The timely adoption of EU legislation is also indispensable for member states to adapt their national rules in due time for starting the implementation of NRP plans (paragraph 76).

⁶ 2024 annual report, paragraphs 2.26 to 2.31, 2.72 and 2.73.

⁷ Review 05/2019 (Rapid case review), paragraphs 45 and 46, 50; opinion 02/2025, paragraph 37.

Performance framework

- 28** The proposed performance framework is not sufficiently well designed to allow for the assessment and assurance of performance. The Commission's [proposal for a performance regulation](#) requires that measures under the NRP plans be linked, through intervention fields, to output and result indicators, with final milestones and targets being output indicators. Intervention fields are in many cases vaguely defined and subject to interpretation, allowing completely different measures to be linked to the same field. In addition, output and result indicators are often not clear and focused on inputs or activities, leaving significant scope for interpretation as regards their content and coverage ([Annex III](#)). With these weaknesses, which are similar to those identified in the RRF, in the design of the performance framework, it will be difficult to assess performance and to provide assurance on the fulfilment of milestones and targets. For more information on the performance framework, see also our [opinion 10/2026](#).
- 29** In our [review 02/2025](#), we also noted that the use of financing not linked to costs, as was done under the RRF, does not in itself make it a performance-based instrument. We repeatedly highlighted lessons to be learned to enhance the performance-orientation, accountability and transparency of future instruments.

NRP Plans and EU payments to member states

- 30** NRP plans are required to address a wide range of priorities. Clear requirements on what member states must include in their plans is essential in this respect (paragraphs [13](#), [78](#) and [79](#)). Our experience with the RRF shows that designing measures which address all priorities may be challenging for member states. A structured and transparent assessment methodology should be established to ensure that the Commission assesses NRP plans consistently (paragraphs [90](#) and [91](#)).
- 31** Under the proposed model, member states will receive payments for investments and reforms and the related milestones and targets set in their NRP plans. Milestones and targets are important as they are the triggers for a member state to receive EU funds. This differs fundamentally from the current approach under shared management funds whereby in most cases eligible costs incurred by beneficiaries for the implementation of eligible operations are accumulated and reimbursed by EU funds.

- 32** Milestones and targets must, therefore, be precisely defined to provide clarity on when they can be considered to be achieved, and to allow for objective verification and thus legal certainty. Under the proposal, targets, except where duly justified, must be chosen from a list of standardised output indicators set in Annex I of the [proposal for a performance regulation](#). This supports harmonisation across, and within, member states, in line with our previous RRF recommendations (paragraphs [80](#) to [85](#)).
- 33** However, the proposed indicators in Annex I of the [proposal for a performance regulation](#) are not always sufficiently clear and repeat some shortcomings already observed in the RRF⁸. In particular, Annex I includes a number of weakly defined output indicators which allow very different types of activities, duration and intensity of support to be reported under the same indicator and intervention field, such as “number of participants”, “number of learners” or the “number of people or enterprises supported”, and which may vary significantly in ambition ([Annex III](#)). In addition, the use of standardised output indicators may support comparability and harmonisation, but it should not imply a purely top-down approach. In particular, where country-specific reforms and investments are concerned, outputs and results need to be defined and agreed between the Commission and the member states, taking into account national and regional contexts, baseline conditions and the expected contribution to policy objectives.
- 34** To ensure transparency, equal treatment of member states and objective verification, methodologies should be defined for setting the milestones and the values of targets, and for establishing their pay-out values. In particular, assessments of reforms should be done on the basis of common principles. Furthermore, the proposal should provide clear and timely guidance on how pay-out values should be determined, as it is unclear whether these values will reflect the relative importance of each milestone or target and will be proportionate to the funding needed to achieve them or follow another approach. It should also be specified how “amounts set aside for reforms”, should be determined (paragraphs [80](#) to [84](#)).
- 35** Furthermore, the assessment criteria for milestones and targets, set out in Annex VIII of the proposal, should be improved to ensure that payment decisions are sufficiently objective (paragraph [134](#)).

⁸ [Review 02/2025](#), paragraphs 11, 27 and 30.

- 36** Under the proposed delivery model, *ex ante* cost estimates will become central to determining the amount of EU support to be paid for achieving the agreed milestones and targets, and payments to member states will not be adjusted (decreased or increased) to reflect the actual cost incurred. Therefore, robust cost estimates are necessary *ex ante* and throughout the period, but the proposal lacks appropriate safeguards in this respect. It provides little guidance on how these estimates should be prepared, evidenced and assessed. We see a risk that member states may use diverging assumptions, leading to inconsistent valuations of similar measures. This could undermine comparability and create risks of inflated or poorly justified cost estimates. The proposal requires that cost estimates remain plausible and reasonable throughout implementation, and be reviewed at mid-term, including a “review of the estimated total cost of the measures”⁹, which would result in an update to the cost estimates of the measures under the NRP plans, where necessary. However, the provisions should clarify how this requirement should be put into practice and how the Commission will assess and verify it (paragraphs 86 to 89).
- 37** The proposed regulation also establishes key elements, such as thematic earmarking requirements (paragraphs 58 and 63) and national contribution rates (paragraphs 70 to 73), based on *ex ante* cost estimates. By definition, cost estimates are never fully accurate, as they can be either over- or understated. Therefore, there is a risk that these key elements may be materially different from what is expected, which can only be mitigated through robust cost estimates (paragraphs 86 to 89). Certainty on the equal application of these key elements ultimately could only be achieved if those were established based on member states’ actual costs for the implementation of the plans.
- 38** As regards the CAP, the proposal also includes the possibility of making payments to member states based on what are described as “outputs”¹⁰ (for example, area- and animal-based payments), instead of milestones and targets. This will ensure continuity with the current arrangements as most payments are already based on entitlements not linked to costs, or simplified cost options for some investments. The regulation should make clear which CAP interventions should be output-based and which should be based on milestones and targets because it is important to clearly distinguish between the different delivery logics within the same framework. Not doing so would create uncertainty and may lead to inconsistent implementation between member states (paragraph 85).

⁹ Article 25(2) of the proposal.

¹⁰ *Ibid.*, 22(2)(c).

- 39** Finally, the proposal requires that total payments from the Commission to a member state do not exceed the total amounts paid by the member state to beneficiaries in implementing its NRP plan. As beneficiaries may be public bodies such as ministries or agencies, this provision does not prevent situations in which payments received from the EU budget exceed, overall, the amounts paid by these bodies to implement the operations underlying the milestones and targets (paragraph 127).

Compliance and accountability of the funds spent

- 40** The new delivery model places significant weight on the quality and reliability of the information contained in member states' plans and their reporting on the milestones and targets achieved. The absence of clear, harmonised and consistently applied methodologies for assessing plans, payment requests and reported achievements throughout implementation creates risks of divergent interpretations, inconsistent application and uneven treatment of member states. Greater clarity on the application of concepts, such as double funding, is needed to help ensure that the implementation framework is sufficiently robust (paragraphs 52 and 53).
- 41** Moreover, the proposal provides that the Commission will pay based on member states' declarations that milestones and targets have been met, without any mandatory prior checks having been carried out by the Commission. To protect the Union's financial interests, the regulation should require the Commission to verify, prior to payment, the fulfilment of milestones and targets based on supporting documentation. In addition, payment conditions should be based on clearly defined criteria, without scope for discretionary acceptance of partial or deviating fulfilment (paragraphs 133 and 134). Member states' declarations will be complemented by an annual assurance package (paragraphs 122 to 127). To obtain assurance on the regularity of payments, the Commission will also need to carry out its own verifications of annual assurance packages as our statement of assurance work repeatedly confirms weaknesses in member states' systems, and our audit work on the RRF has found that, in some instances, member states declared milestones and targets that had not been satisfactorily fulfilled¹¹.

¹¹ Annual report 2024, paragraphs 11.14 and 11.15; annual report 2023, paragraph 11.20; annual report 2022, paragraphs 11.22 and 11.23.

- 42** Under shared management, the assurance the Commission provides is largely based on the assurance it receives from member states, complemented by its own audits. It is essential that the proposal clarifies important issues related to assurance, such as compliance with applicable law (including public procurement and state aid rules), and audit and control requirements (paragraphs [105](#) and [106](#), [109](#) to [112](#), and [115](#) to [121](#)). In this context, the proposal should outline how compliance of underlying operations with applicable EU and national law – including public procurement, state aid and other horizontal requirements – will be assessed and ensured. The regulation should clarify that compliance with EU and national law is compulsory and that non-compliance should result in financial consequences for the member state. As the Commission remains ultimately responsible, it should establish effective control and audit requirements. Without explicitly specifying the consequences of non-compliance, especially as regards financial corrections and recoveries (paragraph [136](#)), there is a risk that the Commission’s assurance may not provide a sufficient basis to confirm the legality and regularity of EU spending.
- 43** Overall, the proposed assurance framework entails accountability risks. The basis for the Commission’s assurance may be insufficient if the scope of management verifications made by the managing authority remains unclear, there are no mandatory Commission checks on the fulfilment of milestones and targets, and the scope, timing and consequences of audit authorities’ work is not specified. In this context, applying the single audit approach may lead to over-reliance on national verifications and audits. This may not allow the Commission to provide discharge authorities with the assurance required under the Treaty (paragraphs [128](#) to [130](#)). In addition, we reported previously on weaknesses in audit authorities’ work in cohesion policy that reduce the extent to which the Commission may rely on it¹².
- 44** Member states will need to develop new management and control systems accordingly, including IT tools and audit methodologies as neither the RRF nor the existing shared management system can be reused without adaptation. However, the proposal is largely based on the assumption of continuity in terms of the way in which NRP plan authorities and the management and control system function, potentially underestimating the scale of adaptation. An early examination of the systems in place should be required to reinforce the Commission’s capacity to provide the necessary assurance, particularly in light of the new key requirements set out in Annex IV of the proposal (paragraphs [102](#) to [103](#)).

¹² Review 03/2024, paragraphs 56 to 64.

- 45** To allow traceability, and serve as a basis for accountability by the Commission and member states, a complete audit trail for EU payments must be available to member states, including down to the level of beneficiaries and (final) recipients under the financed operations (paragraphs [131](#) to [132](#)).
- 46** However, we note that several of the weaknesses we identified under the RRF¹³ are not mitigated by the proposal. For example, broad discretion on the assessment of the achievement of milestones and targets remains, which risks leading to different interpretations (paragraph [134](#)). Also, non-compliance of expenditure with EU and national rules has no financial consequences for the member state (paragraph [136](#)). In addition, existing weaknesses in member states' management and control systems, such as unreliable information included in management declarations, may persist¹⁴.
- 47** Nevertheless, and regardless of which delivery model is ultimately used, we emphasise the importance of ensuring a satisfactory level of compliance, transparency, accountability, and traceability as well as a sound financial management.

ECA audit mandate

- 48** The proposal acknowledges the ECA's audit mandate established by the Treaties¹⁵ without any restrictions. To safeguard independent external audit and accountability, the regulation should explicitly recognise the ECA's right to obtain, from both the Commission and national authorities, all documents and data necessary to assess the legality, regularity and performance of EU spending, in particular timely and unconstrained access to information systems. Full traceability should include information on the flow of funds to beneficiaries, (final) recipients and contractors, available upon request of the EU's external auditor.

¹³ Annual report 2024, paragraph XXXVII.

¹⁴ Review 02/2025, paragraphs 64 to 68.

¹⁵ Article 287(3) of the TFEU.

49 The proposed model has significant implications for audit and oversight at EU level.

Applying a delivery model that is based on the fulfilment of milestones and targets will require us to adapt our assurance approach, audit methodology and coverage accordingly. However, such adaptations cannot be understood as a shift away from auditing legality and regularity of underlying operations. While audits may increasingly examine the design, achievement and verification of milestones and targets, this does not remove the need to assess compliance with applicable EU and national rules. The system set-up in the regulation should provide for sufficient and appropriate audit evidence because it is an essential prerequisite for the basis of our opinion.

Specific comments

This section presents our observations and suggestions, following the structure of the articles of the proposed regulation.

General provisions (Title I)

Subject matter (Article 1)

- 50** Grouping several programmes (*Annex I*) into a single fund responds to the ECA's long-standing concerns about the increasing fragmentation of EU funds, and could improve the coherence and visibility of EU action¹⁶. Integrating the Social Climate Fund in NRP plans will support this coherence¹⁷. In contrast, **the Modernisation Fund will remain outside the European Fund and the EU budget, contrary to both our recommendation that it should be integrated into the EU budget¹⁸ and the conclusions of the Commission's impact assessment in support of its integration¹⁹.**

¹⁶ Review 04/2025, box 1; opinion 06/2018, paragraph 41; special report 05/2023, recommendation 4.

¹⁷ Opinion 08/2022, paragraph 11.

¹⁸ Special report 05/2023, recommendation 3.

¹⁹ SWD(2025) 565, option 3.

Additionality and absence of double funding (Article 7)

- 51** The proposal establishes the principle that support from the European Fund must be **additional to national public funding**²⁰. However, whereas cohesion policy (until 2020) and the RRF included clear rules that EU support should not replace national recurring expenditure, there are no similar rules in the proposal. In this context, and given the new delivery model, **it would be important to clarify the meaning of this requirement, how it should be applied in practice and how it should be verified.**
- 52** The regulation will allow an operation to receive support from the Fund under an NRP plan and also from other EU funding sources, provided that the “support and milestones and targets resulting in payments do not cover the same costs”²¹. For example, military mobility operations will be also eligible for funding under other EU instruments, including the proposed Connecting Europe Facility and the proposed European Competitiveness Fund. The risk of double funding is even higher for the years in which the 2021-2027 and the 2028-2034 period overlap, and operations could receive funding from both streams.
- 53** The cost-based definition of **double funding** does not reflect the Fund’s delivery model where payments from the EU budget to member states depend on achieving milestones and targets rather than the reimbursement of costs incurred. In this case, the risk of double funding arises when the same output is declared and funded twice²². **The provision concerning double funding should be adjusted to cover both output- and cost-based overlaps. Effective control arrangements should be in place to prevent or detect, and correct, double funding**²³.

²⁰ Article 7(4) of the proposal.

²¹ *Ibid.*, Article 7(5).

²² Annual report 2024, Box 11.3.

²³ Special report 22/2024, paragraph 103 and recommendation 1.

Respect for the Charter of Fundamental Rights and the rule of law (Article 8 and 9)

- 54** The proposal strengthens provisions relating to member states' respect of the Charter of Fundamental Rights of the EU (the Charter) and of the principle of the rule of law²⁴. Furthermore, the proposal puts forward two separate, straightforward and time-bound procedures (the Charter and rule of law 'horizontal condition') that can result in a definitive loss of EU funding for member states²⁵. Funding lost through either of these two procedures may be redeployed by the Commission through directly or indirectly managed²⁶ actions for the benefit of EU citizens. This partly addresses a concern previously expressed by the ECA²⁷.
- 55** The regulation will allow member states to reallocate up to 30 % of the amounts – from measures where payments are suspended because of infringements of the Charter, to new EU priorities in the case of “significant changes in the Union’s priorities”²⁸. This provision reduces the financial consequences of non-compliance and risks weakening the Commission’s enforcement of the Charter’s horizontal condition. **If a reallocation mechanism is maintained, it should preserve a clear link between non-compliance and proportionate financial consequences.**
- 56** We also note that the proposal includes procedural differences between Charter and rule of law horizontal conditions:
- protective measures for breaches of the Charter can be decided by the Commission, whereas for breaches of the rule of law horizontal condition, including cases where a Charter breach also constitutes a breach of the rule of law²⁹, these would fall under the responsibility of the Council, as is currently the case for procedures under the Conditionality Regulation;

²⁴ Articles 7(1), 8 and 9 of the proposal.

²⁵ *Ibid.*, Article 8 and 9.

²⁶ *Ibid.*, Article 15(4).

²⁷ Special report 03/2024, paragraph 33.

²⁸ Article 24(9)(b) of the proposal.

²⁹ *Ibid.*, Article 8(8).

- while the regulation will require the Commission to inform the European Parliament about rule of law procedures, this would not apply to Charter infringements, for which the key documents are neither published nor otherwise communicated to the European Parliament.

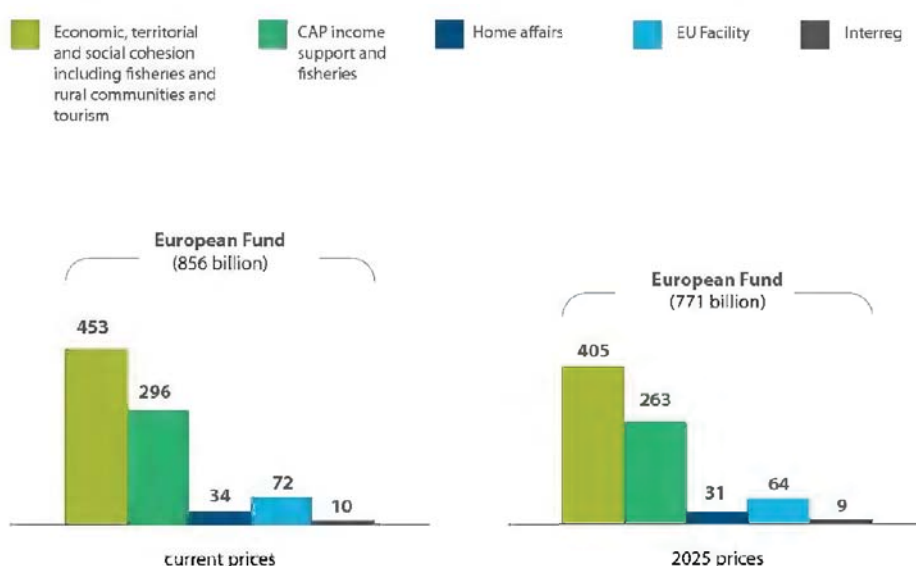
Financial framework (Title II)

Budget (Article 10)

- 57** The proposal establishes specific budgetary envelopes for the NRP plans, Interreg plans and the EU Facility, as shown in [Figure 2](#).

Figure 2 | The European Fund's proposed budget in current and 2025 prices

(amounts in billion euros)



2025 prices are calculated based on a fixed 2 % annual deflator.

The European Fund budget shown does not include the €150 billion loan proposed.

Source: ECA, based on Commission data.

- 58** The **budget architecture** will change from one with specific budgets for each shared-management fund with a mandatory concentration of resources on certain thematic priorities, to one with NRP plan envelopes. Under this new architecture only the main part of CAP interventions, certain common fisheries policy (CFP) interventions, and home affairs interventions (asylum, migration and integration (AMI); border management

and visa (BMV); internal security (IS)) are separately defined (“ring-fenced”). The rest will be allocated to a broad “economic, territorial and social cohesion including fisheries and rural communities and tourism” envelope that member states may programme with more flexibility than before, subject to minimum earmarking for less-developed regions and minimum targets for social, climate and environmental objectives. In addition to this initial ring-fencing, following the meeting of the Presidents of the Parliament and the Commission and the Council Presidency in November 2025, the introduction of a 10 % rural target, expressed as a minimum share of NRP plans, outside the earmarked amounts for the CAP and CFP, was proposed³⁰.

- 59** Pooling resources into a single envelope will increase flexibility in how member states can allocate the funds, but will reduce the visibility and transparency of allocations to the different policy areas *ex ante*, also as 25 % of the budget (the “flexibility amount”) will not yet be programmed at the submission of the NRP plans. As a result, **it will be more difficult to establish what the EU will collectively be aiming to achieve through the Fund.**
- 60** Regarding the ring-fencing requirements, clarification is needed on how compliance³¹ will be ensured and checked. This is especially the case in terms of how measures where the regional breakdown is unknown *ex ante* will be counted towards the ring-fenced amount for less-developed regions. In addition, the proposal does not specify how the ring-fencing requirement will be verified during the period because the flexibility amount³² will only be programmed at a later stage.
- 61** The regulation will allow member states to request up to €150 billion in loans for the implementation of their NRP plans³³, financed through EU borrowing and, therefore creating corresponding contingent liabilities for the EU budget. EU loan instruments at such a scale have so far only been established in response to exceptional situations, such as the COVID-19 pandemic and Russia’s war of aggression against Ukraine. The proposal will limit the share of total loan portfolio to 60 % for any three member states, as is the case under the SURE and SAFE instruments. For the RRF, three member states accounted for 84 % of all loans. **We consider that the regulation should include detailed needs-based criteria for the allocation of loans.**

³⁰ Opinion 05/2026, paragraph 19.

³¹ Article 10(2) of the proposal.

³² *Ibid.*, Article 14(2).

³³ *Ibid.*, Articles 10(4), 18 and 19.

- 62** In our opinion on own resources³⁴ and in our 2024 annual report³⁵, we refer to the risks for the EU budget in guaranteeing repayment using the margin of the EU's budget, known as 'headroom', which could require additional national payments into the EU budget.
- 63** The NRP plan should contribute at least 43 % to **climate and environmental objectives**³⁶ and 14 % to **social objectives**³⁷. These minimum targets will apply for each plan, and will be calculated based on predefined coefficients applied to estimated costs by intervention code. This approach is new for social objectives and differs fundamentally from the previous European Social Fund Plus allocation and thematic concentration rules. We previously reported that expenditure tracking based on coefficients involves a high level of approximation, leading to potential overestimations³⁸. **We consider that some of the proposed coefficients are again overstated**³⁹.

Additional resources and use of resources (Article 11)

- 64** Under the proposal, member states may include contributions to other EU programmes or instruments in their NRP plans, including guarantees, financial instruments, or blending under the European Competitiveness Fund – InvestEU instrument⁴⁰. While this possibility may promote synergies with other EU instruments, it remains unclear how it will operate and raises the risk of overlaps, double funding or double reporting of outputs and results achieved. **Clear rules for monitoring and reporting should be set to mitigate these risks. Furthermore, the proposal does not set any quantitative limits on how much funding can be channelled through other instruments to preserve the achievement of an NRP plan's specific objectives.**

³⁴ Opinion 04/2026, paragraph 15.

³⁵ Annual report 2024, paragraphs 2.38 to 2.40.

³⁶ Annex III of the proposal for a performance regulation.

³⁷ Article 10(5) of the proposal.

³⁸ Special report 14/2024, paragraphs IV and 15 - 24.

³⁹ Opinion 10/2026, paragraph 33.

⁴⁰ Article 11(2) of the proposal.

- 65** The regulation will allow member states to reallocate, when submitting their initial plan or during implementation, amounts between the three home affairs envelopes (AMI, BMV and IS) without needing to provide a justification⁴¹. While this increases flexibility, there is a risk that reallocations will not be based on objective circumstances. **The regulation should require that reallocation between the three home affairs envelopes is substantiated by the member state and verified by the Commission based on objective criteria.**

Budgetary commitments (Article 14)

- 66** The proposal presents annual **budgetary commitments** showing a downward trend for the national and regional partnership plans⁴² that are slightly degressive over the first five years of the MFF, followed by a steeper decrease in the last two years. This reflects the wish to speed up spending compared to previous programming periods. The commitment profile, however, differs across budget lines⁴³. The absence of commitments for Interreg in the first year may delay programme approvals and implementation, whereas planning and implementing cross-border projects already takes longer than implementing national ones.
- 67** The **25 % flexibility amount**⁴⁴ within each NRP plan will allow member states to allocate resources to crises during the programming period, to new priorities at the time of the mid-term review, or to allocate additional resources to existing measures. This is consistent with the need for a policy framework that combines predictability with adaptability and flexibility⁴⁵. We note that in the context of the EU-Mercosur agreement, the Commission has proposed an option of front-loading to member states. When submitting their initial NRP plans, they would be allowed to allocate already a part of the flexibility amount normally available for the midterm review (about €45 billion)⁴⁶. This is to ensure that additional resources are available as of 2028 for addressing the needs of farmers and rural communities. As we noted in our [opinion 03/2026](#), the use of flexibility amounts for policy

⁴¹ *Ibid.*, Article 11(3).

⁴² *Ibid.*, Article 14(1) and [Opinion 03/2026](#), paragraph 11.

⁴³ *Ibid.*, Legislative financial and digital statement, Table 3.1.

⁴⁴ *Ibid.*, Article 14(2).

⁴⁵ [Review 04/2025](#), box 2 and paragraphs 38 to 49; [special report 02/2023](#), paragraph 94; and [special report 05/2025](#), paragraphs 79 and 80.

⁴⁶ Outcome document from the meeting of 7 January 2026 of the EU agriculture ministers, page 2.

choices even before agreeing on the MFF undermines the intended flexibility of the budget⁴⁷.

Decommitments (Article 15)

68 The proposal tightens the decommitment rule from n+3 or n+2 for previous shared management funds to n+1. Tighter decommitment rules can encourage quicker absorption, improve budget discipline and reduce outstanding commitments while ensuring better alignment between the eligibility and programming periods⁴⁸. We also note that some elements of the new delivery model have the potential to facilitate faster payments of funds through:

- higher prefinancing than for previous periods;
- full flexibility for member states to decide which milestones and targets to include in payment requests, rather than the instalment-based approach that exists under the RRF;
- the possibility to include early milestones linked to the start of projects (e.g. approval of selection criteria, signature of contracts and fulfilment of reforms), allowing payments to occur before implementation is completed with the safeguard that paid amounts can be recovered if the final milestone or target for the measure is not fulfilled (paragraph 138);
- flexibility to amend NRP plans when implementation difficulties arise; and
- application of the decommitment rule at plan level (and not at NRP plan chapter level), giving member states more options to offset delays between NRP plan chapters and measures.

However, as the new delivery model differs significantly from the previous model, it is difficult to foresee what the speed of implementation will be in practice, including the effect of the proposed n+1 rule on the amounts at risk of decommitment.

⁴⁷ Opinion 03/2026, paragraph 12.

⁴⁸ Review 05/2019, paragraphs 34-69; review 01/2023, paragraph 23; opinion 02/2025, paragraphs 36 and 37.

69 Moreover, as implementation usually starts late⁴⁹ and due to the fact that the new delivery model will require member states to adapt their processes and systems, these tightened decommitment rules may pose a specific challenge for the first years of the period. The combination of high budgetary commitments in the first years, together with tightened decommitment rules, may further increase pressure on administrative capacity in the member states.

National contributions (Article 20)

70 National contributions are important to leverage the effect of EU funding, promote ownership, and incentivise efficient and effective spending⁵⁰. The proposal maintains the principle that the rate of mandatory national contribution should be differentiated by regional development level, except for CAP income support interventions financed by ring-fenced allocations. National contributions are set based on the *ex ante* cost estimates; there is no subsequent verification of the accuracy of those estimates, meaning that the effective national co-financing rate will not be checked at the implementation stage. This creates a risk that overstatement of cost estimates would result in a lower actual national contribution without being detected during implementation. Whether the required national contribution is met will therefore rely entirely on the robustness of cost estimates, and in particular the fact that they are not materially overstated. **The cost-estimation process should therefore be strengthened to ensure robust estimates** (paragraphs **86** to **89**).

71 For CAP interventions that require a national contribution, different rules apply depending on whether financing comes from the CAP ring-fenced or non-ring-fenced amount. For the former, the national contribution is calculated as a share of public expenditure, while for the latter it is based on estimated costs, which adds complexity⁵¹.

72 For measures where the regional breakdown is not known *ex ante*, a population-weighted average will determine the applicable national rate. While this is a pragmatic approach, it risks incentivising imprecise geographical allocations to secure more favourable average rates, potentially limiting benefits for less-developed or transition regions.

⁴⁹ Review 01/2023, paragraphs 45 and 46; special report 17/2018, paragraphs 14 to 18 and 83.

⁵⁰ Review 04/2025, paragraph 58.

⁵¹ Articles 20(4) and 35 of the proposal.

- 73** For home affairs interventions in particular, where many projects span several regions but are of national interest, the proposal adds complexity compared to the 2021-2027 standard co-financing rates (for example, 75 % or up to 100 % for emergencies)⁵². Calculating population-weighted averages could lead to confusion, increase administrative costs and cause inaccuracies. **We consider that applying a single national contribution rate would reduce complexity.**

National and regional partnership plans (Title III)

- 74** The provisions on the preparation and design of NRP plans mirror those used for the 2023-2027 CAP strategic plans and the RRF plans. However, this approach is new for cohesion policy and home affairs interventions. NRP plans or amended plans should be adopted at Council level, upon positive assessment by the Commission, which is new for funds under shared management.
- 75** Under a single plan structure, ensuring efficient and effective implementation will, among others, depend on a clear division of responsibilities and robust coordination between the national and regional authorities responsible for the implementation of the NRP plan, including a precise demarcation of the measures under their remit, which can only be fully assessed once the NRP plans are set up.
- 76** Member states should submit final plans and loan requests by January 2028⁵³, which is also a condition to qualify for the 2028 prefinancing tranche⁵⁴. This timetable may be challenging, as preparing the plans requires intensive work and coordination within member states and with the Commission, in parallel with the adoption of the proposed regulation. The new delivery model will also require significant administrative adaptation at national and regional level. **This challenge could be addressed by early informal programming dialogue, clear and timely guidance, including on the “do no significant harm” principle⁵⁵, and prompt presentation of the necessary delegated and implementing acts.**

⁵² Article 15 of the AMIF Regulation (EU) 2021/1147; Article 12 of the BMVI Regulation (EU) 2021/1148; Article 12 of the ISF Regulation (EU) 2021/1149.

⁵³ Recital 29 and Article 18(3) of the proposal.

⁵⁴ *Ibid.*, Article 17.

⁵⁵ Recital 5 of the of the proposal for a performance regulation.

- 77** A measure will be eligible if implementation starts after 1 January 2028⁵⁶. As we previously reported, **to avoid ambiguity, the “start” of a measure, including the underlying operations, should be defined as the date of the first legal commitment**⁵⁷. **For reforms, the regulation also needs to clarify what constitutes the start of a measure.**

Challenges and objectives addressed in the plans (Article 22)

- 78** NRP plans must address a wide range of priorities and of EU strategies and recommendations, including the European Semester, the Digital Decade and national energy and climate plans. Our experience with the RRF shows that designing measures addressing all priorities may be challenging for member states⁵⁸.
- 79** Clear requirements on what member states must include in their NRP plans are essential for consistency, to ensure sufficient detail but avoid unnecessary complexity, and to streamline programming. NRP plans must demonstrate “adequate contributions” in specific policy areas, support projects of European interest, and allocate resources to all categories of region⁵⁹. While the proposal sets out broad obligations, it does not define key terms (such as “adequate contribution”, “significant subset” and “concentration of resources”). However, these are needed to gauge the required level of ambition, i.e. what the Commission would consider an adequate or sufficient scale of resources to be allocated to the relevant policy areas. The proposal does not include the Commission’s assessment criteria either. Experience from the RRF showed that what constitutes a “significant subset” remains partly subjective⁶⁰. **To reduce uncertainty and ensure consistent treatment of member states, clear definitions, guidance and transparent assessment criteria for NRP plans should be defined.**

⁵⁶ Article 21(3) of the proposal.

⁵⁷ 2024 annual report, paragraph 11.25; 2023 annual report, paragraph 11.22.

⁵⁸ Review 02/2025, paragraphs 97 to 102.

⁵⁹ Article 22(2) of the proposal.

⁶⁰ Special report 21/2022, paragraphs 45 to 53 and 116.

Definition of measures and related milestones and targets (Article 22)

- 80** The NRP plans must describe all investment and reform measures by chapter, including the indicative timeline, target groups, territorial dimension (NUTS-2 or NUTS-3) and geographical coverage⁶¹. Specifying detailed territorial coverage *ex ante* may be difficult and therefore purely indicative for national measures. Each measure must include milestones and targets with an indicative timetable, pay-out values, territorial coverage and responsible managing authorities for each. **As milestones and targets trigger payments, they must be clearly defined to ensure legal certainty⁶². The Commission should also ensure that reforms included under the NRP plans fall within the Union's competences under the Treaties.**
- 81** Targets shall be based on the list of output indicators established in Annex I of the [proposal for a performance regulation](#), except where duly justified⁶³ with the agreement of the Commission. This is a positive step towards greater comparability and harmonisation compared to what exists in the RRF⁶⁴. In our view, the use of indicators outside Annex I should be limited to the strict minimum⁶⁵. However, we identified weaknesses in a number of output and result indicators set in Annex I (*Annex III*). In particular, some indicators are vague, leaving significant room for interpretation as regard their scope and content. In addition, some indicators focus on procedural or administrative steps, rather than on the delivery of tangible outputs or results, a weakness we already identified in our RRF work. **The list of standardised output indicators should be sufficiently precise and comprehensive to adequately cover the wide variety of measures to be implemented at national and regional level. The regulation should allow result indicators from the same annex to be used as targets when relevant. It may also be useful, in cooperation with member states, to establish standardised milestones.**
- 82** There are inconsistencies between the European Fund proposal and the [proposal for the performance regulation](#) that need to be resolved. The proposal for a performance regulation requires one of its Annex I output indicators to define a measure's final milestone or target, whereas the proposal for a European Fund provides that output

⁶¹ Article 22 of the [proposal](#).

⁶² Special report 26/2023, paragraph 82; review 02/2025, paragraph 27; 2023 annual report, paragraph 11.27.

⁶³ Article 22(2) of the [proposal](#).

⁶⁴ Special report 21/2022, paragraph 90; review 02/2025, paragraph 30.

⁶⁵ Opinion 10/2026, paragraph 15.

indicators should be used to set targets, but not milestones. **The regulations should clarify whether several output indicators can be selected for a measure, whether these should cover all or only the final target, and whether output indicators can be used to set final milestones.**

- 83** Each milestone and target will be assigned a “pay-out value”⁶⁶ *ex ante*, but it is unclear whether these values will reflect the relative importance of each milestone or target, be proportionate to the cost estimated as being needed to achieve them or follow another approach. The need for clarity is particularly acute for those milestones that do not require substantial cost to achieve them (for example, preparatory steps such as launching a call for proposals), and for reforms. **Clear and timely guidance is needed on how “pay-out values” and the “amounts set aside for reforms”⁶⁷ should be calculated.**
- 84** In the case of reforms, and in the absence of a harmonised framework and common assessment criteria, similar reforms may be subject to different levels of funding, or reforms with different levels of ambition may receive similar funding. **The regulation should ensure that assessments of reforms are done on the basis of common principles, thereby helping to ensure that member states are treated equally.**
- 85** Payments related to CAP interventions can be made based on achieved outputs to ensure continuity with the current CAP. For example, for area-based payments, we consider this to mean that payments to member states will reflect the number of hectares covered by intervention (realised output) rather than attaining the specific number of hectares set out in the plan (a milestone or target). However, the proposal does not define which CAP interventions should be output-based and which of them should be based on achieving milestones and targets. **This should be clarified by specifying that at least area- and animal-based interventions and those based on unit of output⁶⁸ are to be considered output-based.**

Cost estimation (Article 22, 23 and 25)

Costing in the NRP plan approval

- 86** EU support depends on estimated costs rather than eligible costs incurred, making the quality of estimates crucial. Our RRF audit identified shortcomings in costings, including limited evidence supporting the costings and inconsistent methodologies used to prepare

⁶⁶ Article 4(13) of the proposal.

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*, Article 35(1)(a) to (g) and (o) to (r).

them⁶⁹. We also identified some cases where estimated costs exceeded actual costs⁷⁰, even in a high-inflation context.

- 87** The proposal requires cost estimates to be plausible, reasonable and in line with cost efficiency, sound financial management and commensurate with the expected impact⁷¹. However, the NRP plan template⁷² only requires a justification of the plausibility and reasonableness of the estimates, which risks insufficient information being provided by member states and therefore leading to an incomplete assessment by the Commission. **Coherent, evidence-based costings, which are supported by verifiable documentation (audit trail), should be a requirement. Clear assessment criteria should be coherently defined (regulation and its annexes) and standardised methodologies or unit costs, where feasible, should be used.**

Costing throughout implementation

- 88** The proposal requires member states to ensure that cost estimates remain plausible and reasonable throughout implementation, and to request amendments where updates are necessary⁷³. It also provides that the mid-term review must include a review of the estimated total cost of the measures covered by the plan⁷⁴.
- 89** However, the proposal does not specify what is expected from member states in practice, such as how often costs should be reviewed, what information should be updated, or which monitoring and reporting arrangements should be in place. This will make it difficult to verify compliance. The scope of the mid-term cost review is also unclear, in particular whether the cost estimates for all measures must be reassessed or only of those for which changes are proposed. **To ensure consistent and reliable cost estimates, the frequency and scope of cost reviews, and the required reporting arrangements should all be clarified.**

⁶⁹ Special report 21/2022, paragraph 69.

⁷⁰ Special report 13/2025, paragraph 47.

⁷¹ Article 22(2)(d) of the proposal.

⁷² *Ibid.*, Annex V, point 7.

⁷³ *Ibid.*, Article 24(7).

⁷⁴ *Ibid.*, Article 25(2) and (3).

Assessment of the NRP plans (Article 23)

- 90** The Commission will be required to assess each initial or amended plan submitted by member states⁷⁵, but the proposal does not include a structured assessment framework with predefined criteria or a rating grid. These elements were set out in the RRF Regulation. At the same time, we found that RRF assessments lacked consistent traceability and were not carried out or documented in a uniform way⁷⁶. Based on the experience with the RRF and our recommendations, **the regulation should include a clear assessment methodology for NRP plans to support equal treatment and objective approval decisions. Procedures (and how they are documented) should be standardised to ensure sufficient consistency and transparency in the Commission's assessments.**
- 91** The regulation will allow the Commission, in duly justified cases, to approve plans that include measures which are not fully compliant with regulatory requirements⁷⁷. Member states may include such measures in payment applications, but payments are to be withheld until any deficiencies are remedied⁷⁸. The proposal does not build upon the good practice in RRF implementation, which applied horizontal milestones that could block all payments if serious non-compliance related to management and control arrangements were identified. **Using such management and control milestones, especially considering the changes in key requirements for management and control systems, would strengthen assurance by incentivising member states to ensure that their management and control systems function effectively** and fulfilling their obligations in protecting the EU's financial interests.

Amendment of the NRP plans (Article 24)

- 92** The seven-year programming period with its detailed investments and reforms will inevitably require adjustment as the period progresses. The regulation will allow member states to amend their plans⁷⁹ and it introduces a simplified procedure for clerical corrections and one-off "minor" adjustments of less than 5 % of a target⁸⁰. Such adjustments must be accompanied by updated cost estimates, which is an improvement compared to the RRF. These provisions will increase flexibility and reduce administrative

⁷⁵ *Ibid.*, Article 23(1).

⁷⁶ Special report 21/2022, paragraph 113.

⁷⁷ Article 23(5) of the proposal.

⁷⁸ *Ibid.*, Article 23(8).

⁷⁹ *Ibid.*, Article 24(1).

⁸⁰ *Ibid.*, Article 24(6).

costs. Amendments should include a transparent comparison between the original and the revised commitments and be subject to Commission verification. In case the ambition of a measure is reduced, payout values in principle would need to be adjusted accordingly. **The Commission should monitor and systematically check that successive adjustments do not cumulatively weaken the overall ambition of the plan.**

EU Facility (Title IV)

- 93** With a total budget of nearly €72 billion, the proposed EU Facility consists of an €8.7 billion “budgetary cushion”⁸¹ to allow the Commission to address emerging challenges and new EU priorities, and an envelope of €63.2 billion to finance 14 different EU actions⁸² across several policy areas. These actions already exist under various policy tools in the current legal framework and have their own respective budgetary allocations. They include the current [Technical Support Instrument](#) which supports member states in implementing national reforms.
- 94** The new elements are the result of combining these actions into one single instrument. The Commission will have a degree of discretion in how to allocate spending to actions within the EU Facility⁸³ beyond the annual budgetary procedure. An indicative allocation⁸⁴ for the post-2027 period exists only for three actions, as shown in [Figure 3](#). This allocation would almost triple the amounts currently available for the home affairs “Thematic Facility” (AMI, BMV, IS) to reach €25 billion, and double the funds for the current EU Solidarity Fund (which will become “EU solidarity action” under the EU Facility) and the “agricultural reserve” for CAP 2023-2027 (which will become the “Unity Safety Net” under the EU Facility). Despite the requirement for a “balanced distribution”⁸⁵ of funding, we note that the funding for the three actions represents 82 % of the overall budget proposed for all 14 actions.

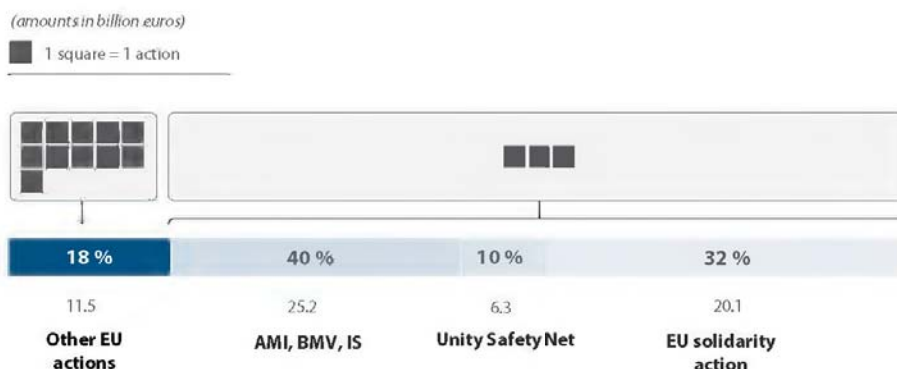
⁸¹ *Ibid.*, Articles 26 and 33.

⁸² *Ibid.*, Annex XV.

⁸³ *Ibid.*, Article 31(1).

⁸⁴ *Ibid.*, Legislative financial and digital statement, Table 3.2.1.1.

⁸⁵ *Ibid.*, Article 31(1).

Figure 3 | Indicative budget for 14 actions under Annex XV of the EU Facility

Source: ECA analysis of Commission data.

- 95** The Commission would have the freedom to choose the implementation management mode (direct, indirect, shared management)⁸⁶ like under the current home affairs Thematic Facility, as well as the form of support (grants, procurement, financial instruments, blending or budgetary guarantees) best suited to the specific needs⁸⁷.
- 96** To ensure sound financial management and safeguard the EU's financial interests with regard to non-EU countries, the proposal provides for mandatory elements in association agreements with non-EU countries⁸⁸, such as granting the required access under the [Financial Regulation](#) and the [OLAF Regulation](#), ensuring the direct enforcement of EU legislation⁸⁹ and judgments of the Court of Justice of the EU⁹⁰. However, we also note that the proposal foresees the possibility for entities in non-associated non-EU countries to be eligible for actions under direct or indirect management⁹¹. Such entities are at higher risk of the irregular use of funds when the non-EU country in question is not bound by an association agreement due to the absence of binding arrangements on the enforcement of EU legislation and provision of access to information and documents.

⁸⁶ *Ibid.*, Article 26(2).

⁸⁷ *Ibid.*, Article 26(3).

⁸⁸ *Ibid.*, Article 28(2).

⁸⁹ Article 299 of the TFEU.

⁹⁰ Article 28(2)(d) of the proposal.

⁹¹ *Ibid.*, Article 30.

97 Another safeguard foreseen by the proposal is that award procedures that affect security or public order, in particular concerning strategic assets and interests of the EU or its member states, should be “restricted”⁹². **However, the provisions need to be further clarified by specifying:**

- **whether “award procedures” means public procurement or grants awarded through the EU Facility, or both;**
- **the nature of the “restriction”, whether an exclusion from participation or something else;**
- **the definition of the term “strategic assets and interests”; and**
- **whether there is a possibility or an imperative obligation to restrict award procedures**⁹³.

Common agricultural policy (Title V)

98 The proposal represents a major structural change in CAP funding. It will remove the current “two-pillar structure”, distinguishing direct payments for farmers and market measures (pillar 1 – EAGF) from support for rural development (pillar 2 – EAFRD). Most agricultural interventions would be financed from the “ring-fenced” amount⁹⁴, which will regroup the majority of instruments currently under the two CAP pillars, while some, such as territorial and local cooperation initiatives and support for knowledge sharing and innovation, would be funded from the non-ring-fenced amount.

99 The proposal maintains 100 % EU financing for four types of intervention, including some area- and animal-based income support interventions⁹⁵. A minimum national contribution of 30 % of the total eligible public expenditure will be required for all the other ring-fenced spending, covering mainly rural development and sectoral interventions. The rate of national contributions for the non-ring-fenced spending will be set based on the “regional development” level (paragraphs 70 to 72), except for school schemes which will have a minimum national contribution of 30 %. As regards support rates (the amount of public expenditure which contributes to an operation), the proposal sets out a more restricted range compared to the 2023-2027 CAP. Higher support rates will be mandatory for

⁹² *Ibid.*, Article 30(3).

⁹³ Article 136 of the Financial Regulation.

⁹⁴ Articles 10(2)(ii) and 35(3) of the proposal.

⁹⁵ *Ibid.*, Article 20(4).

investments targeting young farmers and optional for interventions such as generational renewal and research and innovation⁹⁶.

- 100** The proposal implies relatively few changes to the types of CAP intervention currently available to member states. Only one entirely new type of intervention has been added (farm relief services), and a number of interventions have been merged. In their plans, member states are required to describe each intervention they will operate, including the eligibility conditions they will apply. We assess the CAP interventions and specific provisions for CAP control systems in our [opinion on the CAP proposals](#).

Outermost regions (Title VI)

- 101** The proposal brings together provisions for the outermost regions covering cohesion, agriculture and fisheries policies, but will no longer allocate a separate budget for support to these regions. Consequently, member states will need to allocate funds from the non-ring-fenced allocations of their NRP plans; alternatively, outermost regions can benefit from interventions which are covered under the ring-fenced amounts for less-developed regions, home affairs or CAP and CFP interventions. Our [opinion 05/2026](#) explains the main changes for agriculture⁹⁷. The regulation will require member states to include measures to address the permanent and structural constraints of the outermost regions in their plans, but will leave member states the discretion to identify measures to address the objectives based on their specific needs and challenges.

Governance of the plans (Title VII)

Plan authorities (Article 49)

- 102** Member states will have the possibility to define the governance of the NRP plans by establishing one or more managing authorities, paying agencies and audit authorities⁹⁸. This setup will enable them to organise the implementation of their NRP plans according to their own administrative structures. As each NRP plan will combine various policy areas, **the respective responsibilities of plan authorities, including at national and regional level, will need to be clear.**

⁹⁶ *Ibid.*, Article 35(4) and (8).

⁹⁷ [Opinion 05/2026](#), Box 3.

⁹⁸ Article 49(1) of the [proposal](#).

103 Moving from the reimbursement of actual costs incurred to payments based on the fulfilment of milestones and targets would require changes to be made to management and control systems according to the fundamentally different key requirements⁹⁹ (paragraph 118). The proposal may underestimate the scale of adaptation required from authorities when it assumes the continuity of the current systems. It would thereby only require system audits for new managing authorities¹⁰⁰. **We consider that the previously existing managing authorities and intermediate bodies should also be subject to a system audit by the audit authority before the Commission releases any payment.**

Coordinating authority (Article 50)

104 The regulation will require the establishment of a coordinating authority if a member state were to identify more than one managing authority to implement the NRP plan¹⁰¹. **The respective roles of the coordinating and managing authorities should be clarified, including the functions that could be delegated by the coordinating authority. As the coordinating authority would act as a centralising entity at the level of the plans with no oversight function, we consider that the assurance package it will submit¹⁰² must include management declarations from all managing authorities that request payments, instead of a single management declaration per member state required by the proposal.**

Managing authorities (Article 51)

105 Managing authorities will remain responsible for selecting operations and carrying out management verifications¹⁰³. These verifications should cover both the fulfilment of milestones and targets and the use of funds in compliance with the applicable law through administrative verifications of beneficiaries' payment claims and on-the-spot verifications. **However, the proposal does not specify the scope of verifications, which may lead to insufficient and inconsistent control practices amongst member states.**

106 The proposal provides for risk-based management verifications¹⁰⁴, but it is not sufficiently clear whether such verifications would be applied to confirm the fulfilment of milestones

⁹⁹ *Ibid.*, Annex IV.

¹⁰⁰ *Ibid.*, Articles 49(2) and 53(3).

¹⁰¹ *Ibid.*, Articles 49(3) and 50.

¹⁰² *Ibid.*, Articles 50(e) and (f), 51(1)(k), Annex XII.

¹⁰³ *Ibid.*, Articles 51(1)(a), (b), (c) and 51(3). Annex IV – key requirements 3 and 4.

¹⁰⁴ *Ibid.*, Article 51(2).

and targets, the compliance of underlying operations with applicable law, or both. The regulation should clarify that **managing authorities should verify the fulfilment of all milestones and targets under their responsibility, while risk-based management verifications may be applied only at the level of underlying operations that contribute to those milestones and targets.**

Paying agencies (Article 52)

- 107** For CAP interventions, the managing authority would have fewer responsibilities than for other policies covered by the proposal as nearly all the functions will be carried out by paying agencies, largely maintaining the current responsibilities of CAP paying agencies. The managing authority would only select the operations to be funded, monitor implementation and any intermediary bodies, and submit information on the implementation of progress to the coordination authority.
- 108** The proposal maintains the provisions for paying agencies to provide sufficient guarantees that payments are legal, regular and properly accounted for. **However, the regulation should clarify that the “payments” would be those made by the paying agency to the beneficiaries, such as farmers, and that they should be traceable in paying agencies’ accounting systems.** The requirement for paying agencies to be accredited¹⁰⁵ maintains a key feature of the management and control environment that is essential for ensuring the legality and regularity of CAP spending. However, **the proposal neither specifies which authority will be responsible for accrediting the paying agency, nor provides for the Commission to adopt rules on accreditation, such as those set out in Commission Delegated Regulation (EU) 2022/127 for the 2023-2027 CAP.**

Audit authority (Article 53)

- 109** The assurance provided by the audit authorities to the Commission is an essential element of the assurance model under shared management. The proposal puts forward significant changes to the assurance model compared to previous programming periods. Audit authorities will have to audit the fulfilment of milestones and targets, and carry out system audits on the effective functioning of systems to ensure the legality and regularity of underlying transactions and the protection of the EU’s financial interests¹⁰⁶.

¹⁰⁵ *Ibid.*, Article 49(7).

¹⁰⁶ *Ibid.*, Article 53(1).

110 The work of audit authorities must be in accordance with minimum standards to ensure comparable reliability. **The Commission should ensure this through system audits. When significant deficiencies are identified, the Commission should not rely on the work of the audit authority concerned.**

111 Moreover, **the regulation should improve the coherence and clarity regarding the scope and timing of audits to be carried out.** In particular:

- the key requirements in Annex IV do not reflect the responsibilities of the audit authority as established in the main body of the proposal;
- the proposal does not provide safeguards to ensure that audit work will adequately cover the verification of milestones and targets and data reliability;
- the proposal does not specify whether the audit authority will build assurance on compliance with applicable law from auditing underlying transactions, from the fulfilment of milestones and targets, or only from system audits;
- the proposal does not define the key elements of an effective audit strategy or require the use of statistical representative sampling.

112 Furthermore, the proposal does not specify coordination arrangements for member states with more than one audit authority¹⁰⁷. It is therefore unclear how member states are expected to issue their single, consolidated audit opinion covering the entire NRP plan. **The regulation should request audit authorities to issue an audit opinion for each managing authority and each management declaration.**

Verification of underlying costs (Article 50 and 53)

113 The proposal continues to use previous terminology such as “underlying costs” and “underlying transactions”. In a delivery model based on the fulfilment of milestones and targets, **the exact meaning of these terms should be clarified.**

114 The proposal provides that managing and audit authorities will not be “expected to” verify the underlying costs of the operations¹⁰⁸. It is unclear what “underlying costs” means. Moreover, member states’ management and control systems usually do include checks on costs incurred by beneficiaries. Checking underlying cost may still be necessary in order to respect EU and national law. **The Commission, managing authorities and audit authorities**

¹⁰⁷ *Ibid.*, Article 49(5).

¹⁰⁸ *Ibid.*, Articles 51(1)(b) and 53(4).

should verify the underlying costs incurred to ensure compliance with EU and national law, especially as regards public procurement, state aid, and the avoidance of fraud, corruption, conflict of interest and double funding.

Management and financial rules (Title VIII)

General management rules (Article 58-64)

Responsibilities of the member states (Article 58)

- 115** The proposal introduces a principles-based assurance framework, which will give member states extended flexibility in designing their management and control systems. **Well-defined responsibilities between authorities within member states will, therefore, be essential to mitigate the risks of fragmentation and gaps in the assurance chain.**
- 116** In addition to the fulfilment of milestones and targets, the proposal requires member states to protect the EU's financial interests, including compliance with applicable law, defined as EU law and the national law "directly relating" to EU law. **The regulation should refer to "applicable law" as in the CPR, with no qualifier requiring a case-by-case assessment, which creates a risk of different interpretations.**
- 117** In addition, in this proposal, irregularity is defined as any breach of EU or directly related national law that is connected to the fulfilment of milestones and targets¹⁰⁹. This is not in line with the Council Regulation on the protection of the EU's financial interests, which defines irregularity more broadly as any infringement of EU law, by an economic operator, which causes harm to, or could harm the EU budget¹¹⁰. We noted in our special report on financial corrections¹¹¹ the weakness resulting from the definition of irregularity under the CPR, that means only economic operators can commit irregularities, not national authorities. The Council Regulation and the CPR are the same in that respect. However, the definition of irregularity under the proposal implies that only national authorities may commit irregularities but not economic operators (paragraph 136). **We consider that the definition of irregularities should cover any breach of EU and national law, not only those**

¹⁰⁹ *Ibid.*, Article 4(35).

¹¹⁰ Article 1(2) of the Council Regulation (EC, Euratom) 2988/95.

¹¹¹ Special report 22/2025, paragraphs 26 and 53.

connected to the fulfilment of milestones and targets, and also cover breaches of law committed by both national authorities and economic operators.

- 118** Member states will be required to establish management and control systems in line with the key requirements¹¹², which will be redesigned to align with the delivery model and which will focus on the effectiveness of the system as a whole. However, unlike the equivalent Annex XI in the CPR, Annex IV of the proposal does not indicate which national authority is responsible for ensuring the respect of each key requirement. **The regulation should assign responsibilities to the different plan authorities for the fulfilment of the specific key requirements.**
- 119** Member states must report all cases of fraud, corruption and irregularities in the Commission's Irregularity Management System (IMS)¹¹³. Unlike the CPR, the proposal does not define minimum requirements for member states in terms of preventing, detecting, reporting and correcting fraud. As the Commission is empowered to adopt delegated acts in this regard, **it should define minimum requirements for member states in this respect from the start of the period.**
- 120** Moreover, the narrower definition of irregularity in this proposal (paragraphs **117** and **136**) would result in incomplete reporting and the incomplete follow-up of cases in IMS. **The regulation should clarify that member states must report all cases of non-compliance with applicable law, whether or not they affect the fulfilment of milestones and targets.**
- 121** As in the CPR, the regulation should specify the elements that constitute a complete audit trail down to the level of beneficiaries and (final) recipients under the financed operations. This would ensure that all evidence to demonstrate both the fulfilment of milestones and targets and compliance with applicable law will be retained and serve as a safeguard against the risk of gaps in the evidence chain.

Annual assurance package (Article 59)

- 122** The proposed annual assurance package reflects the change from reimbursement of eligible expenditure to payment for the fulfilment of milestones and targets. It no longer includes a residual error rate calculated by audit authorities or any reference to the 2 % materiality threshold. This would reduce transparency and affect the discharge procedure

¹¹² Article 58(2)(a) and Annex IV of the proposal.

¹¹³ *Ibid.*, Article 58(2)(g), Annex IV – key requirement 13.

as the Commission and the discharge authorities will have less information on the legality and regularity of EU spending in member states.

123 The assurance package will include a report on implementation progress of the measures in the NRP plans, including estimates of progress when quantification is not available. This report will list payment applications submitted until 31 October¹¹⁴, while information on progress of the milestones and targets covers implementation until the end of the calendar year. Given that:

- (i) member states will be able to submit payment applications until 31 October, and
- (ii) their implementation progress report must cover the full calendar year until 31 December, and
- (iii) the annual assurance package will have to be submitted to the Commission by 15 February,

an audit authority will only have three-and-a-half months (payment requests) and one-and-a-half months (progress implementation report) to finalise its audit work and to prepare the assurance package. This very tight timeline and the absence of clear requirements for the Commission's audit and testing of the assurance package may expose the EU budget to a high risk of insufficient assurance. **It is important to provide sufficient time for the audit authorities and the Commission to carry out the audit work that will allow them to provide the necessary assurance on the implementation of the EU budget.**

124 As part of the assurance package, member states will also have to submit a **management declaration**. We note several misalignments between the body of the proposal and the template of the management declaration, for example, as regards the scope of checks to determine the use of funds¹¹⁵, compliance with all applicable rules¹¹⁶, the audit trail¹¹⁷, and the application of corrective measures¹¹⁸. As these inconsistencies create uncertainty about the assurance to be provided by member states, **we suggest aligning the provisions on the management declaration in the body of the regulation with the template in Annex XII.**

¹¹⁴ *Ibid.*, Article 65(4).

¹¹⁵ *Ibid.*, Article 58(2)(b) and Annex XII, point 1.

¹¹⁶ *Ibid.*, Article 59(1)(c)(iii) and Annex XII, point 3.

¹¹⁷ *Ibid.*, Article 59(1)(c)(i) and Annex XII, point 2.

¹¹⁸ *Ibid.*, Article 58(2)(d) and Annex XII, paragraph 3.

125 For each measure in their NRP plans, member states will be required to include predefined **output and result indicators**¹¹⁹. However, only the output indicators used as targets are covered by the assurance on the completeness, accuracy and reliability of data in the payment applications. Member states will no longer need to provide assurance on the quality of data for the other performance indicators. To ensure the credibility of EU aggregate monitoring and reporting on progress towards the achievement of objectives, **the regulation should establish member states' responsibilities for the quality and reliability of data relating to performance indicators.**

126 When reporting on implementation progress related to output-based CAP payments, member states will indicate the value of the progress made. **We suggest clarifying that this should correspond to the actual payments made to beneficiaries for the realised output during the period.** Using estimated unit values to calculate reimbursements to member states would add an extra step to the process.

127 As part of the **final assurance package**, member states will be required to confirm that total payments received from the Commission do not exceed the total amount they paid to beneficiaries¹²⁰. This provides a safeguard at the end of the period against member states having received more EU funding than the overall amounts they transferred to beneficiaries. For this safeguard to be effective it will require:

- reliable data on declared aggregated payments made to beneficiaries, to be assured through adequate verification by the member states and the Commission;
- sufficient clarity on how the national contribution is to be taken into account (paragraph 70); and
- clarification of the remedial action in case of non-compliance with this provision.

As beneficiaries may be public bodies¹²¹, such as ministries or agencies, this provision does not prevent situations in which payments received from the EU budget exceed, overall, the amounts paid by these bodies to implement the operations underlying the milestones and targets. For traceability reasons and to facilitate later assessment, **we suggest extending data collection on the use of EU funding within the member states down to the level of those implementing operations in practice** (paragraph 132).

¹¹⁹ Article 63(1)(e)(xiii) of the proposal; Article 14 and Annex I of the of the proposal for a performance regulation.

¹²⁰ Article 59(3) of the proposal.

¹²¹ *Ibid.*, Article 4(3)(a).

Single audit approach (Article 61)

- 128** The proposal stipulates that the single audit approach between the Commission and audit authorities will continue. When the Commission concludes that audit opinions are reliable and member states participate in the enhanced cooperation on the establishment of the European Public Prosecutor's Office, Commission audits will be limited to examining the work of the audit authorities. Commission audits must confirm that audit authorities are operating effectively in order to allow the Commission to rely on their audit opinions (paragraphs 109 to 112). However, the ECA has repeatedly found that the assurance framework is not yet fully effective and that weaknesses in the audit authorities' work reduce the extent to which the Commission can rely on it¹²².
- 129** As the external auditor, the ECA remains outside the single audit arrangements. According to the proposal, the Commission and the audit authorities may decide not to audit milestones and targets that have already been subject to an ECA audit¹²³. **The regulation should specify that assurance should only be drawn from ECA statement of assurance audits with the same scope and objective.**
- 130** The proposed assurance model relies on a single audit approach, under which the Commission builds on the assurance provided by member states' control systems. These consist of risk-based verifications by the managing authorities and the audit authorities' work, which are also likely to be sample-based. Sample-based verifications and audits imply that not all milestones and targets will be checked by the member states. **Without more clarity on how these procedures are to be applied, and in the absence of any provisions on Commission verifications on milestones and targets, there is a risk that the Commission cannot rely on national audit opinions. In this case, the Commission should do a significant amount of its own complementary audit work in order to provide sufficient assurance to the discharge authorities.**

Data collection and transparency (Articles 63 and 64)

- 131** Collecting a single set of data for audit and control, as well as transparency, performance monitoring and evaluation¹²⁴, will streamline requirements for member states. The proposal requires member states to collect data and report on the contribution of each operation to output and result indicators from the [proposal for a performance](#)

¹²² Review 03/2024, paragraphs 50 to 64.

¹²³ Article 61(4) of the proposal.

¹²⁴ *Ibid.*, Article 63(1).

regulation¹²⁵. The information to be published on member states' websites and the Commission's Single Gateway over two years will include data on the beneficiaries, beneficial owners, contractors, sub-contractors and (final) recipients, and the progress of each performance indicator to which the operation contributes¹²⁶. Although member states must in any case keep all relevant audit trail information and documentation for a period of 10 years after the Commission's last payment¹²⁷, **we consider the requirement for data to remain publicly available should be for a period of more than two years, within the limits of personal data protection rules.**

- 132** As regards amounts paid for operations, the proposal requires member states to collect data on beneficiaries¹²⁸ which will improve transparency compared to the RRF. However, as beneficiaries may be public bodies¹²⁹, such as ministries or agencies (paragraph 127), **this data will not ensure the full traceability of the use of EU funding within the member states down to the level of those implementing operations in practice.**

Rules on payments (Articles 65-69)

Submission and assessment of payment applications (Article 65)

- 133** Payments will be based on member states' declarations that milestones and targets have been achieved. Supporting evidence will not be transmitted to the Commission, which – unlike under the RRF – will not assess the fulfilment of milestones and targets before paying. To protect the EU's financial interests at the time of payment, **the regulation should require the Commission to assess based on sufficient documentary evidence the fulfilment of milestones and targets before releasing funds.** This would also help the Commission to better target its system audits.

¹²⁵ Article 63(1)(e)(xiii) of the proposal; Article 14(5) and Annex I of the proposal for a performance regulation.

¹²⁶ Article 63(1), (2) and (4) of the proposal.

¹²⁷ *Ibid.*, Article 58(2)(i).

¹²⁸ *Ibid.*, Article 63(1)(e)(vi).

¹²⁹ *Ibid.*, Article 4(3)(a).

134 It is important that payment conditions be clearly defined and assessed on objectively verifiable criteria to minimise differing interpretations and discretionary assessments¹³⁰. We welcome the fact that there is no repetition of the 5 % tolerance level applied to the fulfilment of targets under the RRF. **The assessment criteria for milestones and targets¹³¹ should be more clearly defined to ensure payment decisions are sufficiently justified:**

- the scope of what “shall be taken into account” goes beyond verifying the requirement set for the milestones and targets and includes their “purpose”, their initial expected result and outcome, the broader context, and even unspecified “other data or information sources”;
- the possibility to use “different methods or procedures” from those set in the plan should be limited, duly justified and agreed with the Commission in advance;
- the criteria allowing deviations from the milestone and target wording is broad and could enable *ex post* reinterpretation.

Interruptions, suspensions and financial corrections (Articles 66-69)

135 The proposal foresees the possibility for the Commission to apply interruptions, suspensions and financial corrections. Member states are required to apply corrective measures where the applicable law is not respected¹³². **The regulation should include rules on the financial corrections to be made by member states including on recoveries of amounts unduly paid**, as is the case in the CPR. In their absence, there is a risk that member states will not apply financial corrections consistently.

136 It is a positive development that the term “irregularity” no longer excludes programme authorities from its scope¹³³. However, legal uncertainty still remains. Firstly, the qualifier “by receiving unjustified reimbursement based on milestones, targets and outputs to that budget” might be understood as implying that only member states, but not beneficiaries, (final) recipients or participants can cause irregularities. Secondly, the reference to “applicable law”¹³⁴ (paragraph 116) raises the question as to which national laws might not

¹³⁰ Review 02/2025, page 10.

¹³¹ Annex VII of the proposal.

¹³² *Ibid.*, Article 58(2)(d).

¹³³ Special report 22/2025, paragraph 26.

¹³⁴ Article 4(2) of the proposal.

be sufficiently directly applicable and may be breached without causing an irregularity. Thirdly, the key terms “serious deficiency” and “serious non-compliance” are not defined, allowing discretion that is too broad when determining whether one of these situations has occurred. **The regulation should clarify the definitions of irregularity and applicable law as well as specify what is a “serious non-compliance” with the law. It should also specify the financial consequences, especially as regards financial correction for member states in the case of irregularities and serious non-compliances, even in the case that the milestones or targets in question have been achieved.**

- 137** The proposal provides the possibility to apply **suspensions** in the event of a risk to the effective implementation of measures¹³⁵, and in the case of “serious non-compliance” with applicable law at the level of operations. The proposal allows the Commission and member states to mutually agree to extend the procedure¹³⁶, which may delay the application of financial corrections.
- 138** The proposal contains two notable improvements compared to the RRF. Firstly, it allows the **recovery of amounts** previously paid for interim steps if the final milestone or target of a given measure is not fulfilled¹³⁷. Secondly, the Commission will also have the means to take action in a case of a **reversal** of a milestone or a target, up to five years after the date of the corresponding Commission payment¹³⁸. Both improvements effectively address weaknesses we have noted under the RRF¹³⁹.
- 139** A major change compared to the CPR and the RRF is that the definitive reduction of EU funding due to a **financial correction by the Commission** is only envisaged if a member state has not corrected the problem by the time of the submission of the final assurance package¹⁴⁰. Therefore, the reduction of EU funding will become definitive only in February 2036. Thus, the deterrent effect of financial corrections is weakened. Moreover, the proposal does not specify whether, when or how extrapolated financial corrections will be applied, despite foreseeing their use¹⁴¹.

¹³⁵ *Ibid.*, Article 67(1)(d).

¹³⁶ *Ibid.*, Article 67(2).

¹³⁷ *Ibid.*, Article 68(2).

¹³⁸ *Ibid.*, Article 69.

¹³⁹ Review 02/2025, paragraphs 55, 56 and 88.

¹⁴⁰ Article 68(1) and (4) of the proposal.

¹⁴¹ *Ibid.*, Article 68(2) and Annex XIV.

Specific type of support (Title IX)

Financial instruments (Articles 71-72)

- 140** In contrast with the past, the proposal does not include any details on the content of the “funding agreements” between managing authorities and bodies implementing the financial instruments. Requirements for transparency and the avoidance of conflict of interest regarding the selection procedure of final recipients do not feature in the proposal either. Moreover, the proposal contains an inconsistency regarding the audits to be carried out as it requires audits “at the level of bodies implementing the financial instruments”¹⁴², but it expressly prohibits system audits “at the level of individual financial instrument operations”¹⁴³.

Ex ante assessed entities as beneficiaries (Article 73)

- 141** Where the budget is executed through indirect management and delegated to entities in third countries and international organisations following their *ex ante* pillar assessment carried out by the Commission¹⁴⁴, the proposal allows managing and audit authorities to rely on the management verifications and audits conducted by these entities. However, we identified recurrent errors in transactions managed by pillar-assessed international organisations and faced restrictions in accessing documents and information¹⁴⁵. **Therefore, the regulation should require that pillar-assessed entities provide the ECA, managing and audit authorities with complete and timely access to relevant data and information. Moreover, the regulation should be clear that managing and audit authorities are able to carry out their functions at the level of (final) recipients.**

¹⁴² *Ibid.*, Articles 53 and 72(2).

¹⁴³ *Ibid.*, Article 72(7).

¹⁴⁴ Article 62(1)(c) of the Financial Regulation.

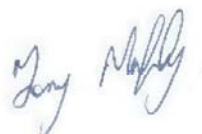
¹⁴⁵ Annual Report 2024, paragraph 8.13 and recommendation 8.1; annual report 2024 on the activities funded by 9th, 10th, 11th EDFs, paragraphs 25 and 26; annual report 2023 on the activities funded by 9th, 10th, 11th EDFs, paragraphs 25 and 29.

Use of simplified forms of support towards the beneficiaries (Article 78)

- 142** Member states will have to use simplified cost options or financing not linked to costs to fund beneficiaries for operations estimated under €400 000 (€100 000 for the CAP), except where support constitutes state aid. This will double the previous threshold and could bring further simplification for both administrations and beneficiaries¹⁴⁶. However, these simplified forms of support may not always be appropriate, especially for complex or innovative operations. We note that these provisions will apply to “beneficiaries” and not (final) recipients and that the Commission would no longer check and approve simplified cost options or financing not linked to costs schemes used by national authorities. Member states should have a solid basis for establishing simplified forms of support, in line with the Commission’s guidance for the previous period.

This opinion was adopted by the Court of Auditors in Luxembourg at its meeting of 12 February 2026.

For the Court of Auditors



Tony Murphy
President

¹⁴⁶ Review 04/2025, Box 3.

Annexes

Annex I – Background information

The proposal for a European Fund brings together the nationally pre-allocated envelopes¹ supporting the delivery of key EU priorities across member states and regions into one fund for the 2028-2034 period.

The funds incorporated into the European Fund are the following:

- European Agriculture Guarantee Fund (EAGF);
- European Agricultural Fund for Rural Development (EAFRD);
- European Maritime, Fisheries and Aquaculture Fund (EMFAF);
- European Regional Development Fund (ERDF);
- Cohesion Fund (CF);
- European Social Fund+ (ESF+);
- Just Transition Fund (JTF);
- Social Climate Fund (SCF);
- Interreg;
- Asylum, Migration and Integration Fund (AMIF);

¹ Explanatory memorandum to [the proposal](#), paragraph 1.

- Border Management and Visa Fund (BMVF);
- Internal Security Fund (ISF);
- European Solidarity Reserve (ESR).

The European Fund is designed to address the Treaty objectives:

- of cohesion policy, to strengthen the economic, social and territorial cohesion of the EU and reduce disparities between member states and regions;
- of the CAP and fisheries policies, to increase agricultural productivity, to ensure a fair standard of living for the agricultural community, to stabilise markets and assure the availability of supplies and that these supplies reach consumers at reasonable prices, and to conserve marine resources;
- of the area of freedom, security and justice based on a common policy on asylum, immigration and external border control, a high level of security and no internal border controls for persons.

Cohesion policy funding promotes integration and cooperation among member states and the overall harmonious development of the EU, including between urban, rural, coastal or sparsely populated areas, and between Europe's mainland and outermost regions and islands.

The common rules linked to CAP funding help ensure a level playing field among member states and farmers in the single market, guaranteeing food security throughout the EU, enhancing the attractiveness of the sector for young farmers and new entrants, and addressing challenges of a cross-border and global nature. Moreover, the conservation of marine resources is an area of exclusive competence for the EU and requires continued support for the evidence base for conservation measures and management of fish stocks.

In the area of home affairs, EU funding helps ensure a common approach when implementing EU *acquis* and standards, while fostering cooperation across borders in the area of freedom, security and justice.

Annex II – List of ECA publications referenced in this opinion

2022 Annual report on the implementation of the EU budget for the 2022 financial year

2022 Annual report on the activities funded by the 9th, 10th and 11th European Development Funds (EDFs) for the 2022 financial year

2023 Annual report on the implementation of the EU budget for the 2023 financial year

2023 Annual report on the activities funded by the 9th, 10th and 11th European Development Funds (EDFs) for the 2023 financial year

2024 Annual report on the implementation of the EU budget for the 2024 financial year

2024 Annual report on the activities funded by the 9th, 10th and 11th European Development Funds (EDFs) for the 2024 financial year

Special report 17/2018: Commission's and Member States' actions in the last years of the 2007-2013 programmes tackled low absorption but had insufficient focus on results

Special report 21/2022: The Commission's assessment of national recovery and resilience plans – Overall appropriate but implementation risks remain

Special report 02/2023: Adapting cohesion policy rules to respond to COVID-19

Special report 05/2023: The EU's financial landscape – A patchwork construction requiring further simplification and accountability

Special report 26/2023: The Recovery and Resilience Facility's performance monitoring framework – Measuring implementation progress but not sufficient to capture performance

Special report 03/2024: The rule of law in the EU – An improved framework to protect the EU's financial interests, but risks remain

Special report 14/2024: Green transition – Unclear contribution from the Recovery and Resilience Facility.

Special report 22/2024: Double funding from the EU budget – Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs

Special report 05/2025: Cohesion's Action for Refugees in Europe – Increased flexibility but insufficient data hinders future assessment of effectiveness

Special report 13/2025: Support from the Recovery and Resilience Facility for the digital transition in EU member states – A missed opportunity for strategic focus in addressing digital needs

Special report 22/2025: Financial corrections in Cohesion policy – A complex framework and only one decision adopted by the Commission so far

Opinion 06/2018: on the Common Provisions Regulation proposal for 2021-2027

Opinion 08/2022: on the Social Climate Fund proposal as revised by the Council

Opinion 02/2025: on the cohesion policy mid-term review proposals

Opinion 03/2026: on the 2028-2034 Multiannual Financial Framework proposal

Opinion 04/2026: on the system of own resources of the European Union

Opinion 05/2026: on the CAP proposals for 2028-2034

Opinion 10/2026: on the performance framework proposal for 2028-2034

Review 05/2019: Outstanding commitments in the EU budget – A closer look (Rapid case review)

Review 01/2023: EU financing through cohesion policy and the Recovery and Resilience Facility: A comparative analysis

Review 03/2024: An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending

Review 02/2025: Performance-orientation, accountability and transparency – Lessons to be learned from the weaknesses of the RRF

Review 03/2025: Opportunities for the post-2027 Multiannual Financial Framework

Review 04/2025: The Future of EU Cohesion Policy

Annex III – Weaknesses identified in Annex I of a proposal for a performance framework regulation

When analysing the Annex I of the proposal for a performance regulation, we found a number of weaknesses. For example:

- the indicators for the intervention field “learning mobility in education” (number 120) illustrate key weaknesses in the current performance framework. Output indicators largely count participation (learners, staff, participants), while result indicators are mainly perception-based and self-reported. Together, they confirm that activities took place and that participants expressed positive views. However, they do not show whether learning outcomes improved, whether the intervention was effective, or whether resources were used efficiently, making effectiveness, efficiency and value for money difficult to assess.
- Annex I includes output indicators such as the “number of participants”, the “number of learners” or the “number of people or enterprises supported”, which allow very different types of activities, duration and intensity of support to be reported under the same indicator and intervention field. In addition, several output indicators focus primarily on procedural or administrative steps, such as the “number of laws adopted or entered into force”, the “number of strategies or action plans adopted”, or the “number of stakeholder consultations finalised”, which demonstrate implementation progress but do not provide evidence of outputs or results. Such indicators leave significant scope for interpretation, undermine comparability across member states and limit the usefulness of performance information for assessing effectiveness and value for money.

The table below provides additional examples as they are formulated in Annex I of the proposal for a performance framework regulation.

Table 1 | Examples of weaknesses in Annex I of a proposal for a performance regulation

Intervention field	Output indicators	Result indicators	Main weakness
Improving access of marginalised communities such as the Roma to education (117)	<ul style="list-style-type: none"> Number of participants – by gender and by age 	<ul style="list-style-type: none"> Number of participants in education or trainings – by gender 	<p>Output focuses on participation without linking it to the type (e.g. formal education vocational education and training, non-formal education, language or integration courses), content (e.g. programme leading to certificate or any national qualification) or duration (reflect minimum duration e.g. number of participants completing programme of at least X hours, days, months) of the supported activity.</p> <p>Result indicator measures participation in education or training but does not capture learning outcomes (e.g. completed exams, certificate, diploma).</p>
Digital policy and regulatory framework (108)	<ul style="list-style-type: none"> Number of laws adopted or entered into force; Number of policy preparations or evaluations finalised; Number of stakeholder consultations finalised; Number of implementing regulation or guidelines in force; Number of strategy or framework adoption finalised; Number of public services or processes developed; 		<p>The output indicators focus on the adoption of regulatory or strategic frameworks and the completion of formal steps, without capturing whether these frameworks are implemented in practice. Result indicators are not defined even though assessing regulatory effectiveness, enforcement, or impacts on market functioning or administrative burden is needed from performance perspective. As a result, performance measurement is limited to formal compliance rather than actual outcomes/results.</p>

Intervention field	Output indicators	Result indicators	Main weakness
	<ul style="list-style-type: none">• Number of TAIEX events organised in support of non-EU countries' public administrations;• Number of TWINNING projects organised in support of non-EU countries' public administrations;• Number of relevant public policies developed/ revised and/or under implementation in third countries.		

Intervention field	Output indicators	Result indicators	Main weakness
Tourism financial support (94)	<ul style="list-style-type: none"> • Number of hospitality tourism sector businesses supported, incl. hospitality businesses, tour operators, travel agencies; • Number of Destination Management Organisations supported in investing in public tourism assets and services or investing in promotion activities; • Number of tourism staff and students supported in upskilling/reskilling. 	<ul style="list-style-type: none"> • Number of visitors; • Number of people reached (including digital audience); • Number of jobs sustained or created in supported entities – by gender. 	<p>The output indicators count supported enterprises, projects or actions. As a result, very different interventions — for example, small-scale promotional actions, limited training activities, or substantial investments in tourism infrastructure — are treated as equivalent at output level. This limits the ability to understand what was actually delivered.</p> <p>The result indicators (visitors/people reached/jobs) are defined at a high level and do not establish a clear causal link with the supported measures and outputs. They are influenced by broader market conditions, seasonality and external economic factors. This limits comparability and reduces the usefulness of performance information for assessing effectiveness and value for money. More meaningful result indicators could be linked to the increase of utilisation rate of supported facilities, reduction in seasonality in supported destination, or changes in revenue or occupancy trends in supported areas.</p>

Intervention field	Output indicators	Result indicators	Main weakness
Early childhood education and care reforms* (123)	<ul style="list-style-type: none"> • Number of laws adopted or entered into force; • Number of policy preparations or evaluations finalised; • Number of stakeholder consultations finalised. 		<p>Indicators are procedural and measure formal steps; absence of result indicators limits assessment of effects on access or quality.</p> <p>The output indicators are procedural and relate to the adoption of laws, strategies or policy documents, without capturing implementation or service delivery. There is no result indicators measuring access, quality or outcomes for children. Consequently, the framework monitors formal progress but does not allow an assessment of whether reforms translate into tangible improvements.</p>

Abbreviations

Abbreviation	Definition/Explanation
AMI	Asylum, migration and integration
BMV	Border management and visa
CAP	Common agricultural policy
CF	Cohesion Fund
CFP	Common fisheries policy
CPR	Common Provisions Regulation
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EMFAF	European Maritime, Fisheries and Aquaculture Fund
ERDF	European Regional Development Fund
ESF+	European Social Fund +
ESR	European Solidarity Reserve
IMS	Irregularity Management System
IS	Internal security
JTF	Just Transition Fund
MFF	Multiannual financial framework
NRP	National and regional partnership
NUTS	Nomenclature of territorial units for statistics
OLAF	European Anti-fraud Office
RRF	Recovery and Resilience Facility
SAFE	Security Action for Europe
SCF	Social Climate Fund
SURE	Support to mitigate unemployment risks in an emergency regulation
TFEU	Treaty on the Functioning of the European Union

Glossary

Term	Definition/Explanation
Decommitment	Cancellation by the Commission of all or part of an unused commitment.
EU added value	Additional value generated by EU action compared with member state action alone.
European Semester	Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.
Financial Regulation	Rules governing how the EU budget is set and used, and the associated processes such as internal control, reporting, audit and discharge.
Headroom	Difference between the own resources required to finance the EU budget and the own resources ceiling.
Multiannual financial framework	The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for seven years. Provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.
Recovery and Resilience Facility	The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and stimulate recovery, and meet the challenges of a greener and more digital future.
Sound financial management	Management of resources in accordance with the principles of economy, efficiency and effectiveness.

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This opinion, issued pursuant to Article 322(1) TFEU, which provides for the European Court of Auditors (ECA) to be consulted on proposals relating to the financial rules for establishing and implementing the budget and for presenting and auditing accounts, concerns the proposal for a Regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034.

The purpose of this opinion is to provide observations on the proposal's design, governance, and financial control arrangements, accountability, and EU added value in this policy.

EUROPEAN COURT OF AUDITORS

12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact

Website: eca.europa.eu

Social media: @EUauditors

