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SWD(2025) 591 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

**establishing a budget expenditure and performance framework and other horizontal
rules for Union programmes and activities**

{COM(2025) 545 final} - {SEC(2025) 590 final} - {SWD(2025) 590 final}

1. WHAT IS THIS INITIATIVE ABOUT?

A strong performance framework is essential to deliver on EU policy priorities and adapt to evolving challenges, while ensuring transparency and accountability. It has the potential to enable a more effective communication towards the Parliament, Member States and stakeholders, demonstrating how the EU budget delivers value and improves citizens' lives. It also has potential to contribute to the Commission targets for reducing administrative burden by at least 25% for all companies and at least 35% for SMEs.

The performance framework of the EU budget refers to the systems and tools designed to ensure that spending delivers the intended results, and to monitor and report on how effectively the EU budget is achieving its objectives.

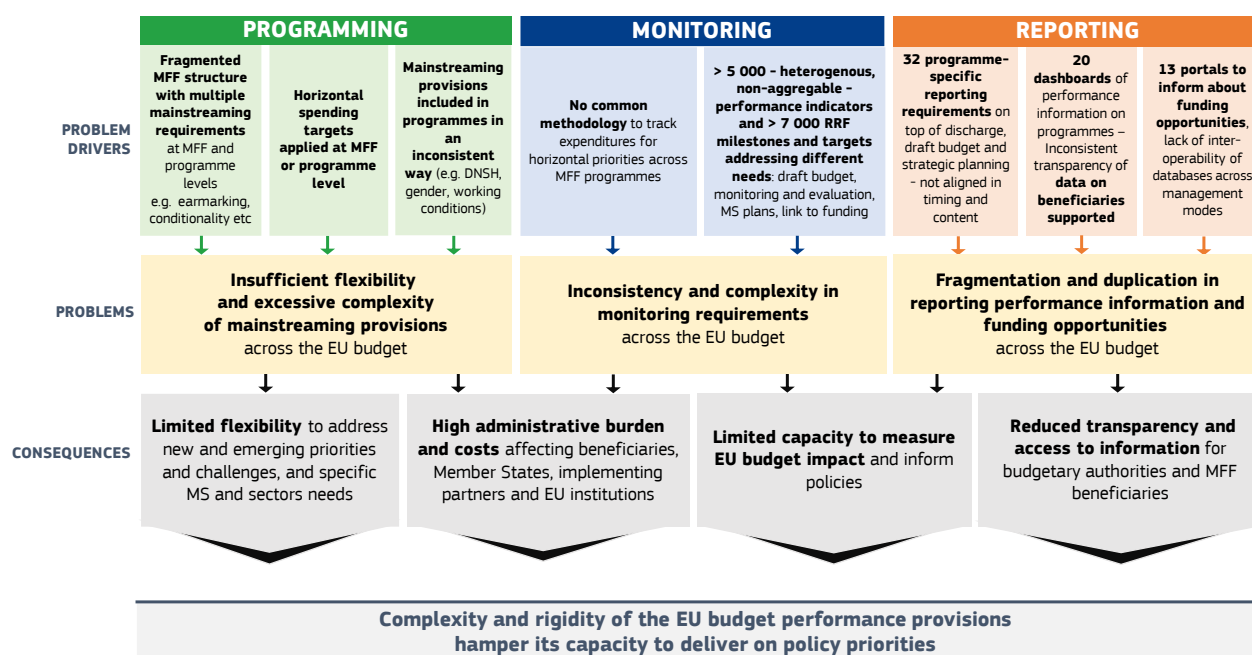
The 2024 Financial Regulation introduces requirements that must be taken into account when designing the new performance framework. It mandates that all programmes and activities be implemented (where relevant and appropriate) without doing significant harm to the environmental objectives and taking into account the principle of gender equality. In addition, it requires that indicators be designed to allow for data aggregation, and requires transparency about the publication of data on beneficiaries supported by the EU budget.

The rules of the 2021-2027 performance framework create administrative burdens for Member States, partner countries and EU institutions, and make it difficult for the Commission to aggregate performance data at EU budget level, and ensure adequate transparency and access to information for budgetary authorities and MFF beneficiaries. The draft impact assessment identifies three problems:

- **Insufficient flexibility and excessive complexity of provisions on the programming and mainstreaming of horizontal priorities:** the 2021-2027 EU budget features a fragmented structure and heterogeneous mainstreaming requirements at MFF and programme levels. The Do No Significant Harm (DNSH) principle is currently inconsistently applied across programmes, with multiple technical guidelines creating complexity for beneficiaries who need to navigate heterogeneous requirements. While progress has been made in integrating gender equality in certain MFF programmes, gender mainstreaming remains uneven across EU programmes, including because of the absence of a common methodology and objectives.
- **Inconsistency and complexity of requirements on the monitoring of performance information:** the EU budget is currently not equipped to effectively monitor, at aggregate level, the financed activities, the volume of expenditure contributing to new horizontal priorities (e.g. competitiveness) and their outcomes across the MFF. This is due to differing monitoring rules across programmes, which do not allow to effectively consolidate and communicate the performance of the EU budget to the budgetary authorities and citizens, nor to effectively inform policy decisions. The current framework includes a vast number of performance indicators and varying expenditure tracking methodologies, creating complexity and administrative burden for beneficiaries, Member States, implementing partners and EU institutions.
- **Fragmentation and duplication in reporting performance information and funding opportunities:** there are multiple legal requirements for performance reporting, including

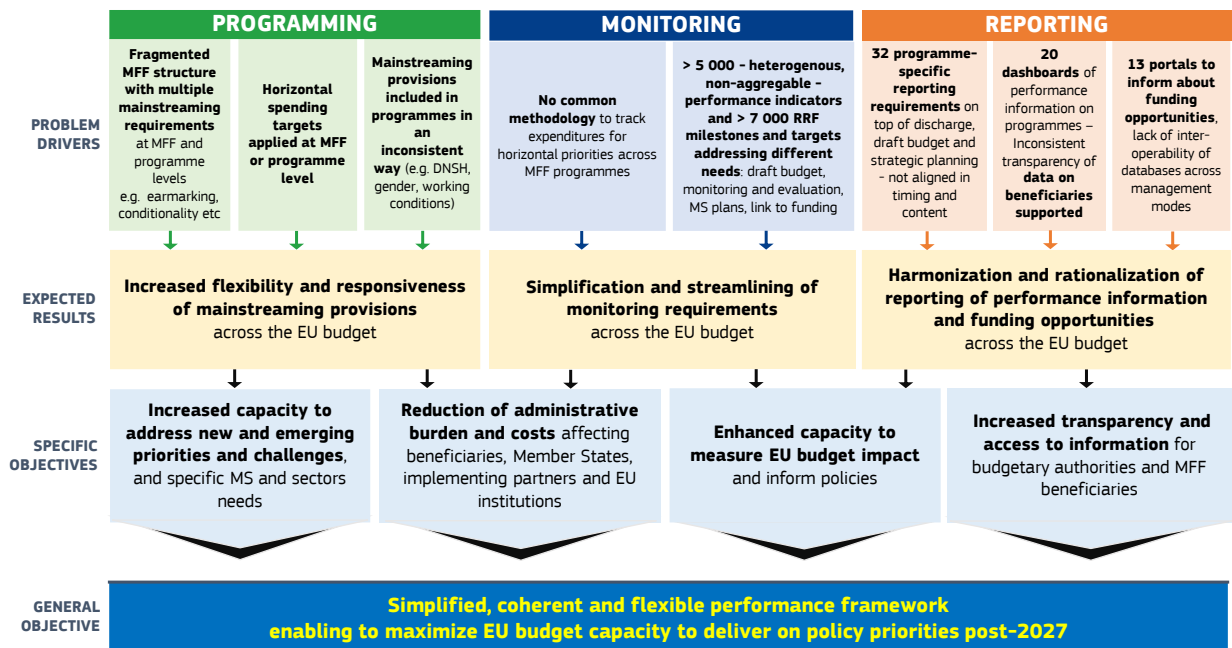
those related to the budget discharge with the Annual Management and Performance Report, the draft budget, and reporting requirements under more than 30 programme regulations. This proliferation of reports results in overlapping content, risk of inconsistency and administrative burden, and makes it difficult to access and present information on what the EU budget delivers. In addition, there are more than 15 different online dashboards presenting information on the performance of programmes, which generates administrative burden and creates confusion as to how the budgetary authorities can access information on the performance of the EU budget. At least 10 different portals (so-called one-stop-shops) display information about available funding opportunities under EU funds, which makes it difficult for beneficiaries to identify suitable funding sources under the EU budget.

Building on the lessons of the 2021-2027 EU budget, the post-2027 MFF should reduce administrative burdens and improve accountability and transparency under **a simplified, single performance framework**.



Problem tree: problem drivers, problems and consequences

2. WHAT IS TO BE ACHIEVED AND WHICH POLICY OPTIONS HAVE BEEN ASSESSED?



Intervention logic: problem drivers, general objective, specific objectives and expected results

The draft impact assessment identifies three policy options corresponding to possible levels of harmonization of performance provisions across the three problems identified:

Policy options	P. Programming and mainstreaming	M. Monitoring	R. Reporting
1	P1: Baseline – Programme-specific rules on DNSH and gender equality	M1: Baseline – Programme-specific rules for defining tracking methodologies and performance indicators	R1: Baseline – Programme-specific reporting requirements, dashboards and portals
2	P2: Activity-specific rules: harmonised provisions across programmes on DNSH and gender equality, with calibrated harmonisation and differentiated operationalisation per management mode	M2: Single methodology to track expenditures through intervention fields and a limited set of common mandatory performance indicators, with flexibility to adopt additional programme-specific performance indicators	R2: Single performance report, single portal on performance information and funding opportunities, with differentiated operationalisation of the single portal per management mode or sector
3	P3: Activity-specific rules: fully harmonised provisions on DNSH and gender equality	M3: Single methodology for the EU budget to track expenditures through intervention fields, and fully harmonised list of performance indicators	R3: Single performance report, single portal on performance information and funding opportunities, with fully harmonised

		across programmes (linked to intervention fields)	operationalisation across management modes
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3. WHAT IS THE PREFERRED OPTION AND WHY?

The table below summarises the comparison of policy options against their ability to achieve effectiveness, efficiency and coherence:

Policy options - Programming/mainstreaming	Policy option P1	Policy option P2	Policy option P3
Effectiveness	(=)	(+++)	(++)
Efficiency	(=)	(+++)	(+)
Coherence	(=)	(+++)	(+)
Policy options - Monitoring	Policy option M1	Policy option M2	Policy option M3
Effectiveness	(=)	(+)	(+++)
Efficiency	(=)	(+)	(+++)
Coherence	(=)	(+)	(+++)
Policy options - Reporting	Policy option R1	Policy option R2	Policy option R3
Effectiveness	(=)	(+++)	(++)
Efficiency	(=)	(+++)	(+)
Coherence	(=)	(++)	(+++)

The preferred combination of policy options is P2+M3+R2. This combination would enable to effectively deliver against horizontal EU policy objectives and principles such as DNSH and gender equality, yet foreseeing calibrated and proportionate implementation of DNSH, enabling to comply with the requirement of the Financial regulation to implement DNSH where feasible and appropriate, while reducing administrative burden and costs for Member States, implementing partners and beneficiaries. This combination also enables a significant upgrade of the monitoring of the performance of the EU budget by enabling the aggregation of indicators across programmes, while achieving significant administrative burden reduction thanks to the simplification of the existing landscape of performance indicators, reducing them from ca. 5 000 to ca. 900. This combination of options also enables improved access to performance information and funding opportunities, while limiting entry costs to develop a single portal by focusing on merging Commission portals only.

The most appropriate vehicle to operationalize this preferred combination of options appears to be the development of a single performance framework through a single legal act. Such a performance regulation would enable to centralize most programming, monitoring and reporting provisions in a self-standing horizontal act for the post-2027 MFF. The regulation will include relevant provisions on implementing the DNSH principle (including a technical guidance setting DNSH criteria for relevant intervention fields), on mainstreaming gender equality across programmes and management modes, as well as on performance monitoring, performance reporting through a single report (AMPR) and the single portal. The regulation will include the single list of intervention fields and associated indicators, replacing e.g. the

several lists of intervention fields and performance indicators currently attached to e.g. the Common Provisions Regulation, the RRF regulation and other programmes' legal bases. The single performance regulation would replace the performance provisions scattered across the legal bases of more than 50 programmes in the 2021-2027 period. The adoption of this single regulation is therefore expected to achieve significant simplification for Member States, implementing partners, partner countries, beneficiaries and EU institutions.

While the proposed regulation does not correspond to a revision of existing legislation in a strict sense, the preferred policy option is fully in line with the REFIT objectives of simplification and reduction of red tape. The initiative is expected to result in a significant reduction of administrative burden and improved efficiency expected from the preferred combination of options enabling to achieve a significant reduction of regulatory costs. The significant decrease in the number of performance indicators and the establishment of a single portal for performance information and funding opportunities significantly reduces administrative burdens, which directly addresses REFIT's objective of cutting red tape and lowering costs for stakeholders, thus encouraging broader participation and engagement. By tailoring DNSH implementation requirements to be both effective and reasonable, the preferred combination of options ensures that policy measures are proportionate to their desired impact. This approach aligns with REFIT's emphasis on effectiveness and efficiency, and increases the likelihood of successful compliance by beneficiaries.

4. WHAT ARE THE IMPACTS OF THE PREFERRED OPTION?

I. Overview of Benefits (total for all provisions) – Preferred Option		
<i>Description</i>	<i>Amount</i>	<i>Comments</i>
Direct benefits		
P2: Reduction of administrative burden resulting from the simplification of DNSH requirements, compared to a programme-specific approach requiring compliance with several different DNSH guidance and systems, sometimes for the same type of projects	EUR 85,5 million	Member States administrations at all levels (reduction of administrative burden linked to operationalization tasks such as: contribution to the design of DNSH guidance at EU level, transposing EU level guidance into national systems, providing guidance and training to national stakeholders and beneficiaries, checks of DNSH compliance, developing national assessment tools, as well as reporting and coordination of implementation at EU level)
M3: Reduction of administrative burden as a result of simplifying expenditure tracking and indicator monitoring requirements, compared to the current programme-specific approach, which relies on a large number of indicators under the various EU budget programmes.	EUR 700,6 million	Member State administrations at all levels (reduction of administrative burden linked to operationalization tasks such as: contributing to the design and management of indicators at EU level, transposing EU level indicators system into national systems, data collection and management at national level, data verification, providing guidance and training to national stakeholders and beneficiaries having to report against such indicators, developing national tools and systems, reporting and coordination of implementation at EU level)
R2: Reduction of costs linked to the development and management of performance dashboards	EUR 24,6 million	Commission (reduction of costs as a result of merging dashboards into a single one, compared to maintaining the current system which relies on approximately 20 performance dashboards)
R2: Reduction of costs linked to the development and management of portals on funding opportunities	EUR 32 million	Commission (reduction of costs as a result of merging existing portals into one compared to maintaining the current system which relies upon ca. 12 portals on funding opportunities)

II. Overview of costs – Preferred option							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
P2: activity-based approach to DNSH	Direct administrative costs	Could not be costed due to lack of available data				EUR 8,5 million	
M3: single expenditure tracking and indicator monitoring		Could not be costed due to lack of available data				EUR 210,2 million	
R2: Single performance portal		Could not be costed due to lack of available data				EUR 1,3 million	
R2: Single portal on funding opportunities		Could not be costed due to lack of available data				EUR 3 million	

Combination P2+M3+R2 is expected to achieve ca. EUR 623 Mio of administrative costs savings for Member States administration and the Commission compared to the baseline scenario. This corresponds to a strong underestimation of expected cost savings, since – as indicated under section 7 – the quantitative analysis of the impacts of policy options did not quantify further impacts due to a lack of data. However significant reductions of administrative and reporting burdens are also expected at the level of EU budget beneficiaries, such as businesses, enabling to support the competitiveness of the sectors supported by EU budget programmes.

The preferred policy option is expected to have a positive impact on cost and price competitiveness, as it is expected to result in significant reductions of compliance and administrative costs at the level of EU budget beneficiaries such as businesses, enabling to support the competitiveness of the economic sectors supported by EU budget programmes, in line with the initiative's specific objective of a reduction of such administrative burden by at least 25% ⁽¹⁾. The initiative foresees a calibrated and proportionate approach to implementing the DNSH principle, which will facilitate compliance by businesses, ultimately supporting cost and price competitiveness of companies supported by EU funds. The simplification of performance monitoring provisions and the reduction of the number of indicators would enable enterprises to face less reporting burden and reduce the costs associated with project monitoring. A single online portal displaying information on available funding opportunities is also expected to help businesses to reduce the costs currently allocated to having to navigate and process multiple portals, ultimately facilitating access to EU funds by

⁽¹⁾ In line with Communication target of reducing burdens associated with reporting requirements by 25%

beneficiaries in key economic sectors. The initiative is similarly expected to have a limited but positive impact on international competitiveness, improving the competitive position of EU firms supported by EU budget programmes compared to non-EU competitors, as EU companies would be facing less administrative burden associated with mainstreaming, monitoring and reporting provisions, improving their position vis-à-vis third countries enterprises.

The initiative will also have a particularly positive impact on SMEs, which often operate with limited staff and resources and can be disproportionately affected by the complexity of existing monitoring and reporting requirements under EU funds, and of EU portals displaying information on funding opportunities, therefore enabling SMEs to become more responsive to new support opportunities under EU budget programmes. The initiative is particularly expected to contribute to the Commission commitment to streamline rules and reduce the administrative burdens by 35% for SMEs by the end of the current mandate.

The preferred policy option is expected to contribute to most SDGs since it is expected to improve the effectiveness, efficiency and EU added-value of all EU budget programmes and their contribution to several SDGs. Specific contributions are also expected towards SDGs 5 (Achieve gender equality and empower all women and girls), 13 (Take urgent action to combat climate change and its impacts) and 15 (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).

5. MEASURING SUCCESS?

A number of actions should be taken to monitor and evaluate the impacts of this initiative:

- The adequacy of the list of intervention fields and performance indicators – to be adopted as part of the performance regulation – should be monitored by the Commission in order to assess any potential gaps or shortcomings. As a mitigation measure, the regulation should contain an empowerment for the Commission to adopt a delegated act enabling to revise the list, as relevant, during the phase of implementation of the post-2027 budget.
- The Commission study on assessing the administrative costs and administrative burden in the management of the Common Provisions Regulation funds (2018 and 2025) should be updated during the phase of implementing the post-2027 budget, enabling to update the values provided in terms of costs of performance monitoring and reporting, in particular for Member States authorities. The results of this study should be used as input for any future impact assessments in view of the following MFF.
- The monitoring and evaluation of this initiative should be carried out based on a number of core monitoring indicators, addressing the following aspects for all EU budget programmes (possibly by expanding the scope of the above study):
 - relevance of new single list of intervention fields and indicators in view of performance monitoring;
 - administrative costs of implementing performance provisions – including at the level of EU budget beneficiaries, such as businesses – regarding monitoring and reporting, as well as implementation of e.g. the DNSH principle, as well as costs of access to information of EU budget performance and funding opportunities, including by beneficiaries, budgetary authorities, implementing partners, partner countries and EU institutions.