

# Performance and mainstreaming framework for the EU budget



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The [original full study](#)<sup>1</sup> examines performance-based budgeting (PB) and mainstreaming, two relatively novel approaches to the governance of public expenditure which have become increasingly used in EU spending programmes. The two approaches have certain common features but differ in focus. To inform debate around the next multi-annual financial framework (MFF), this study assesses how the two have functioned in practice, seeking to identify shortcomings and recommend possible remedies.

## Background

In both the 2014-20 and the 2021-27 multi-annual financial frameworks (MFF), as well as in the Recovery and Resilience Facility (RRF), PB has been used to shift the emphasis from how money is spent to the direct outputs of policy programmes and, to some extent, their broader results. Mainstreaming is used to set a number of key thematic goals (countering climate change, biodiversity, gender equality and the pursuit of the UN's sustainable development goals in the 2020 Inter-Institutional Agreement) alongside digital and climate action in the RRF. In the RRF, disbursement of funds is triggered by the achievement of 'milestones' and 'targets', rather than on the basis of costs incurred.

For mainstreaming, a further key concept is 'do no significant harm' (DNSH), obliging programmes financed by the EU to ensure that there are no negative effects on the goals pursued. For climate change, programmes are judged on whether they contribute fully or partly to climate aims, or have no impact, but the methodology does not currently allow for the possibility that a programme will have damaging impacts. Recently a similar approach has been adopted for gender equality, but evidence on its effectiveness is limited.

Reliable and timely data on the achievements of EU funded programmes are crucial for the PB approach, not least if the aim is to correct non-performing initiatives or to feed into future policy. The latter is seen by the OECD and other proponents of the PB approach as a vital part of the rationale for it. These broader aims of PB are not yet much developed in EU programmes and, in the evaluation terminology, the RRF mainly yields information on 'outputs' while Cohesion Policy goes further to include some 'results'. Neither generates much information on societal impacts – the longer term goals of policy intervention. However, regulatory and other influences often play more of a role than budgetary policies in the achievement of mainstreamed goals.

## Key findings and conclusions

Unsurprisingly for approaches that are still developing (and in the case of the RRF, put together on a tight timetable) the research for this study offers a mixed verdict on how well PB and mainstreaming have worked. It is not a panacea and translating mainstreaming into clearcut budgetary actions can be difficult, but both concepts can be valuable means of improving the quality of public expenditure and fulfilling political priorities. There is, inevitably, a substantial reliance on 'learning-by-doing' in making optimal use of the two approaches.

Because data and other performance information are central to the PB and mainstreaming approaches, there needs to be a careful examination of what can be done to achieve more efficient data collection and use, including how information is visualised. Implementing authorities also report significant administrative burdens in providing satisfactory performance information. There is an evident tension here between seeking more extensive data and the costs of collecting and processing data.



**Comparison of alternative to conventional cost-based funding**

	SCOs	FNLC
<b>Meaning</b>	SCOs are based on estimates of actual costs rather than comprehensive recording of invoices	Reimbursement does not depend on actual or estimated costs, but on attainment, for example, milestones and targets agreed for the spending programme
<b>Advantages</b>	Eases the burden on implementing bodies, but retains some link to actual costs	Performance becomes the primary criterion for triggering funding
<b>Disadvantages</b>	Relies on methods that may differ among programmes	Works best where a programme or project has measurable targets; less suited to qualitative aims
<b>Scrutiny by the EP</b>	Estimation can make scrutiny of whether EU funds are 'properly' spent harder.	Delinking from costs requires changes in how budgetary control is undertaken

Source: own elaboration, drawing on Santin (2022)<sup>2</sup>

The notion of 'financing not linked to costs' (FNLC) is expected to be used more extensively in the next MFF, due to run from 2028, and would represent a significant shift away from the traditional approach in the EU budget of reimbursing costs. There is a third option which has hitherto been adopted for only a relative small proportion of EU spending: the simplified costs option (SCO). As the accompanying table shows, SCO could be a solution that retains some of the conventional approach, while simplifying procedures.

For the European Parliament (as for other legislatures) making effective use of performance information is found in the study to be tricky. They have to devote (scarce) time and resources to the task, suggesting that greater transparency and better presentation of performance information by the Commission would be valuable.

## Recommendations

Expectations for both mainstreaming and performance budgeting need to remain realistic, and avoid adding to administrative burdens. The next MFF should refine effective practices while avoiding unnecessary complexity.

Mainstreaming should align with broader political objectives beyond budgetary concerns and the addition of themes should be approached with caution to avoid overloading the governance framework. Quantifiable targets should be embedded into sectoral regulations, while mainstreaming of less quantifiable goals should be reconsidered.

Simplified and standardised indicators are needed for consistency and reduced redundancy. Visualisations should shift from inputs and outputs to results-oriented insights. EU-level platforms should provide clear, actionable data for better decision-making.

Reporting requirements should align with national systems to minimise redundancy and repeated demands. Tailored access arrangements should address legal constraints on data sharing. Automated reporting tools, including AI, would streamline processes, improve the accuracy of reporting and reduce administrative burdens.

The European Parliament's role is vital, but needs to be rethought. Performance reviews should be institutionalised within the EP through a dedicated committee/sub-committee, paying particular attention to scrutinising AMPRs. Democratic accountability should be strengthened by involving national and regional parliaments in performance reviews. The EP should develop expertise in PB and mainstreaming, possibly via a Parliamentary Budget Office.

<sup>1</sup> Begg, I, Corti, F, Liscai, A, Darvas, Zs, Krystianczuk, M, Sekut, K, Fiore, A, Bachtler, J, Kah, S, Mendez, C, Van Der Valk, O, 2024, *Performance and mainstreaming framework for the EU budget*, Publication for the Committee on Budgets, Policy Department for Budgetary Affairs, European Parliament.

<sup>2</sup> Santin, L, (2022) 'Recommendation paper on Financing Not Linked to Costs', ESF Transnational Cooperation Platform Community of Practice on Results-based Management, European Commission Directorate-General for Employment, Social Affairs and Inclusion, available at [https://european-social-fund-plus.ec.europa.eu/system/files/2022-06/KE0722459ENN.en\\_.pdf](https://european-social-fund-plus.ec.europa.eu/system/files/2022-06/KE0722459ENN.en_.pdf)

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