Proposal for a Regulation establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities

2025/0545(COD)

1. Legal foundations and definitions

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 2 – Paragraph 1 point b**	
Current text	**Proposed Amendment**
(1) ‘operation’ means any of the following: (a) a project, action or group of projects or actions implementing one or more activities; (b) in the context of financial instruments and budgetary guarantees, the amount of reimbursable financing provided to final recipients and supported by the Union budget;	(1) ‘operation’ means any of the following: (a) a project, action or group of projects or actions implementing one or more activities; (b) in the context of financial instruments and budgetary guarantees, the ~~amount of reimbursable~~ ***financing and investment*** provided to final recipients and supported by the Union budget;
Justification *The current definition of 'operation' in Article 2(1)(b) refers to "the amount of reimbursable financing provided to final recipients." This formulation presents two problems. First, it ties the concept of operation to the quantum of funds disbursed, borrowing from a grant-based logic that does not reflect how financial instruments function: funds are drawn down, repaid and redeployed through revolving mechanisms, making the amount a variable rather than a defining characteristic. Second, the term "reimbursable financing", carried over from the definition of "leverage effect" in Article 2(23) of Regulation (EU) 2021/1060 (Common Provisions Regulation) covers only forms of support involving a contractual repayment obligation, such as loans, guarantees and repayable advances. It does not capture equity instruments, where returns flow through dividends or exit proceeds rather than through reimbursement. This creates an unintended gap: equity investments made through EU-supported financial instruments would fall outside the definition of "operation" and, by extension, outside the scope of the performance framework.*	

The amendment replaces "amount of reimbursable financing" with "financing and investment," a formulation drawn from the InvestEU guarantee contract framework. This wording encompasses all forms of financial support (debt, guarantees, equity and quasi-equity) without requiring a contractual repayment obligation as a defining element. It aligns the Performance Regulation with established InvestEU terminology, ensures internal coherence with the proposed definition of "financial instrument" under Article 2(13) of this Regulation, and provides a single, comprehensive concept of operation that applies consistently across all types of financial instruments and budgetary guarantees supported by the Union budget.

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 2 – Paragraphs 2 and 3 [NEW]**	
Current text	**Proposed Amendment**
[…]	***(13) 'financial instrument' means a financial instrument within the meaning of Regulation (EU, Euratom) 2024/2509), whose performance assessment shall reflect its additionality, leverage effect, revolving nature and non-linear impact over time;*** ***(14) 'national promotional bank or institution' means a national promotional bank or institution within the meaning of Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme;***
Justification *The Performance Regulation introduces a framework that applies across all Union programmes and management modes, including measures implemented through financial instruments and budgetary guarantees. Yet the proposal contains no definition of 'financial instrument' and no definition of 'national promotional bank or institution' — two categories of actor that are structurally distinct from grant recipients and commercial banks, and whose treatment under the performance framework raises specific questions that cannot be resolved by analogy with grant-based delivery models.* *The absence of these definitions creates a legal vacuum that allows grant-based performance logic to be applied by default to structurally different delivery mechanisms. Explicit definitions anchor the specific treatment of financial instruments and promotional institutions throughout the Regulation and provide the necessary legal basis for the instrument-specific provisions introduced in other amendments.*	

The definition of 'financial instrument' cross-references Regulation (EU, Euratom) 2024/2509 to ensure consistency with the Financial Regulation. The definition of 'national promotional bank or institution' cross-references Article 2(5) of Regulation (EU) 2021/523 (InvestEU) to ensure continuity with the framework under which these institutions have been operating as implementing partners.

2. Applying the performance framework to financial instruments

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 8 – Paragraphs 5 and 6 [NEW]**	
Current text	**Proposed Amendment**
[…]	***5. For activities implemented through financial instruments or budgetary guarantees, the application of the budget expenditure tracking and performance framework shall take into account the structural specificities of such instruments, in particular their market-driven and repayable nature, including leverage effects, revolving mechanisms, additionality and non-linear impact materialising over extended time horizons, and the need to achieve simplification and proportionality. The framework shall not assess financial instruments through performance logic designed for grant-based programmes. The specific application of this principle under shared management and indirect management is set out in Article 14(2) and Article 17(2)(d) respectively.*** ***6. By 1 January 2027, the Commission shall issue technical guidance on the application of the performance framework to financial instruments and budgetary guarantees. That guidance shall be developed in close consultation with the EIB Group and national promotional banks and institutions and shall address, in particular: (a) instrument-specific output and result indicators reflecting leverage, additionality and revolving effects; (b) appropriate time horizons for performance measurement; (c) proportionate tagging methodologies***

	equivalent in objectives and coverage to those set out in Annex I; (d) the treatment of multi-purpose financing operations.

Justification *The current proposal applies a uniform performance framework across all delivery models, without distinguishing between grants and financial instruments. This creates a structural problem: financial instruments generate value through leverage, additionality, revolving mechanisms and long-term developmental impact, none of which are adequately captured by output and result indicators designed for grant-based programmes.* *Paragraph 5 establishes the overarching principle that financial instruments shall not be assessed through grant-based performance logic and creates an explicit link to the instrument-specific provisions set out in Article 14(2) for shared management and Article 17(2)(d) for indirect management, where the operational detail of this principle is specified. This ensures that the general framework provision in Chapter 3 and the management-mode-specific provisions in Chapter 4 operate as a coherent whole.* *Paragraph 6 mandates that the Commission develop dedicated technical guidance in consultation with the EIB Group and national promotional banks. This is essential to translate the legislative principle into operational practice. Without dedicated guidance, the risk remains that the Commission applies grant-based methodologies by default in its implementing acts and technical documentation. The four areas specified: instrument-specific indicators, time horizons, tagging methodologies and multi-purpose operations, correspond to the issues most frequently identified by implementing partners as requiring dedicated treatment.*

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 14 – Paragraph 2**	
Current text	**Proposed Amendment**
2. Each plan submitted by a Member State, and any amendment thereof, shall include for each measure the proposed assignment of at least one intervention field from Annex I and, for each intervention field assigned to that measure, the following performance indicators as appropriate, which shall be subject to the agreement by the Commission:	2. Each plan submitted by a Member State, and any amendment thereof, shall include for each measure the proposed assignment of at least one intervention field from Annex I and, for each intervention field assigned to that measure, the following performance indicators as appropriate, which shall be subject to the agreement by the Commission:

(a) one output indicator defining the final milestone or target for that measure and selected from Annex I corresponding either to the assigned intervention field or, where appropriate, to a different intervention field, or in duly justified cases and in agreement with the Commission an output indicator not included in Annex I; (b) one or more result indicators corresponding to the intervention field of the measure as provided under Annex I, if available. No additional output indicators shall be defined other than the output indicator referred to in point (a). Where 'greenhouse gas emissions avoided' is assigned as the result indicator, the Member State shall also assign a second result indicator, if available under the same intervention field. Where the Member State has proposed an output indicator not included in Annex I to define a final milestone or target for that measure, and where Annex I does not provide any result indicator corresponding to the intervention field of the measure, the Member State shall either assign one result indicator from the result indicators corresponding to other intervention fields set out in Annex I, or exceptionally assign a result indicator not included in Annex I in agreement with the Commission.	(a) one output indicator defining the final milestone or target for that measure and selected from Annex I corresponding either to the assigned intervention field or, where appropriate, to a different intervention field, or in duly justified cases and in agreement with the Commission an output indicator not included in Annex I; (b) one or more result indicators corresponding to the intervention field of the measure as provided under Annex I, if available. No additional output indicators shall be defined other than the output indicator referred to in point (a). Where 'greenhouse gas emissions avoided' is assigned as the result indicator, the Member State shall also assign a second result indicator, if available under the same intervention field. Where the Member State has proposed an output indicator not included in Annex I to define a final milestone or target for that measure, and where Annex I does not provide any result indicator corresponding to the intervention field of the measure, the Member State shall either assign one result indicator from the result indicators corresponding to other intervention fields set out in Annex I, or exceptionally assign a result indicator not included in Annex I in agreement with the Commission. ***For measures implemented through financial instruments or budgetary guarantees, a simplified application of the performance framework shall apply, whereby the requirements of this paragraph shall be proportionate, feasible and appropriate to the structural specificities of such instruments, including their leverage effects, revolving mechanisms, additionality and non-linear impact over time.*** ***In this context, output indicators defined on the basis of actual expenditure to final recipients shall not apply to such measures. Instead, appropriate indicators shall reflect, where relevant, the volume of financing mobilised, including the mobilisation of private investment, the number of final beneficiaries supported, the leverage effect achieved and portfolio performance.***

	Where financial instruments are implemented at portfolio level, performance indicators may be collected at that aggregated level; project-by-project measurement shall not be required where it would be technically infeasible or disproportionately burdensome. This is without prejudice to the obligation of implementing partners to provide granular data to the Commission in accordance with Article 8(5). ***The Commission shall not apply performance logic designed for grant-based programmes to such measures.*** ***For measures implemented through financial instruments established during the programming period that have not yet reached the stage of deployment to final recipients, the output indicator defining the final target may refer to a verifiable milestone in the implementation cycle reached by the end of the eligibility period of the plan, provided the plan includes an indicative timetable for the subsequent deployment to final recipients.***

Justification

The current proposal applies a uniform performance framework to all measures, irrespective of their delivery mode. This creates a structural mismatch for measures implemented through financial instruments or budgetary guarantees. Unlike grants, repayable forms of finance do not follow a linear relationship between disbursement and measurable output. Their impact materialises progressively—often beyond the programming period—through leverage effects, revolving capital, additionality and, where relevant, equity returns.
This amendment addresses that mismatch by ensuring that the requirements of Article 14(2) are applied to financial instruments in a simplified, proportionate and operationally feasible manner. It also clarifies the existing formulation, as the reference to requirements being "proportionate, feasible and appropriate" remains declaratory in nature and does not provide sufficient operational guidance. In the absence of further specification, the Commission retains broad discretion to apply expenditure-based output indicators in its technical guidance, despite their structural incompatibility with repayable financing, where the same public contribution may be deployed, repaid and reused across multiple cycles.
The amendment therefore introduces both a clear limitation and a positive specification of appropriate indicators. Output indicators based on actual expenditure to final recipients should not apply to financial instruments. Instead, performance should be assessed using indicators that reflect their specific impact channels, including the volume of financing mobilised—particularly the mobilisation of private investment—the number of final beneficiaries supported, the leverage effect achieved and portfolio performance. These indicators better capture how financial instruments deliver policy objectives and allow for a more meaningful assessment of their effectiveness across different instruments and programming periods.

Furthermore, the amendment addresses performance measurement at portfolio or facility level. Financial instruments are often implemented through aggregated structures, such as fund-of-funds or guarantee facilities, where project-by-project reporting would be technically infeasible or disproportionately burdensome. Allowing for measurement at the aggregated level reflects established practice, notably under InvestEU, avoids the creation of parallel reporting systems and is consistent with the principle of proportionality. A clarification is included to ensure that this provision operates without prejudice to the granular data reporting requirement under Article 8(5), thereby maintaining consistency between the two provisions: Member States may define performance milestones at portfolio level in their plans, while implementing partners continue to provide granular project-level data to the Commission for central aggregation.
Finally, by requiring the Commission to build on indicators and intervention fields used in previous programming periods, the amendment ensures continuity, reduces the system adaptation burden for implementing entities and provides greater predictability for the transition to the next Multiannual Financial Framework.

The final subparagraph addresses the temporal mismatch between the implementation cycle of financial instruments and the programming period. For instruments established during the programming period, the full investment cycle, from the constitution of the fund or facility to the deployment of financing to final recipients, may extend beyond the plan's eligibility period. Where the regulatory framework requires that Union support must have reached final recipients before final payments may be triggered, this creates a structural disincentive against launching high-impact, long-term instruments during the second half of the programming period. By allowing verifiable milestones in the implementation cycle to serve as output targets, this provision aligns the performance framework with the administrative reality of financial instrument deployment and prevents a bias towards short-term, low-risk projects at the expense of investments with greater structural impact.

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 14 – Paragraph 3**	
Current text	**Proposed Amendment**
3. Each plan shall provide the baseline and an estimated value for the result indicator assigned to each measure in accordance with paragraph 2, including the expected year of achievement of that value. For area- and animal-based income support under the common agricultural policy, such an estimated value shall not be cumulative and shall correspond to the maximum value reached during the programming period. The Member State may update this estimated value during the mid-term revision or any amendment of the plan.	3. Each plan shall provide the baseline and an estimated value for the result indicator assigned to each measure in accordance with paragraph 2, including the expected year of achievement of that value. ***For measures implemented through financial instruments, Member States may define the estimated value of the result indicator in successive time tranches, reflecting the start-up, ramp-up and revolving phases characteristic of such instruments. In such cases, the plan shall specify the expected trajectory of results over time rather than a single target year. The monitoring of result indicators for measures implemented through financial instruments may extend beyond the programming period, up to a maximum of two years after the formal closure of the instrument, where duly justified in the plan on the basis of the revolving or long-term nature of the instrument concerned.*** ***For financial instruments maintained across programming periods, targets may additionally include output indicators reflecting results generated by investments financed through Union contributions from the preceding programming period, provided that such outputs materialise and are verified after the closure of that period and have not been previously reported for the purposes of performance clearance therein.*** For area- and animal-based income support under the common agricultural policy, such an estimated value shall not be cumulative and shall correspond to the maximum value reached during the programming period. The Member State may update this estimated value during the mid-term revision or any amendment of the plan.

Justification
Requiring a single target year for result indicators assumes a linear relationship between disbursement and impact that does not hold for financial instruments. Loans and guarantees generate impact progressively as supported projects are implemented, and revolving mechanisms produce additional rounds of impact beyond the initial deployment of funds. Forcing artificial single-year targets onto instruments whose impact profile is inherently multi-phase distorts performance assessment and may penalise programmes that deliberately pursue long-term structural transformation. *This amendment addresses that mismatch by allowing Member States to define the estimated value of result indicators in successive time tranches, reflecting the start-up, ramp-up and revolving phases characteristic of financial instruments. This approach does not exempt financial instruments from result indicator requirements; it adapts the timing of those requirements to the operational reality of the instruments concerned.* *The extension of the monitoring period up to two years after the formal closure of the instrument reflects the same logic. For revolving instruments in particular, the full impact of Union support may not be measurable at the point of closure: funds that have been repaid and redeployed continue to generate results after the programming period ends. A two-year post-closure window is consistent with the approach already applied under InvestEU and provides a proportionate and bounded period within which final results can be captured without creating open-ended reporting obligations. The plan-based justification requirement ensures that this flexibility is used only where the revolving or long-term nature of the instrument genuinely warrants it, and not as a default extension for all measures.* *For instruments maintained across programming periods, results from investments financed through Union contributions from the preceding period may only become measurable (for instance, jobs created by supported enterprises or energy savings achieved by renovated buildings) during the subsequent programming period. Under the current framework, such results would remain unreported: they were not yet measurable at the time of closure of the preceding period and cannot be attributed to the new period's targets. This provision ensures institutional continuity for revolving instruments by allowing Member States to include maturing results in the new plan's targets, provided they have not been previously reported for the purposes of performance clearance. This avoids a reporting gap where verified results remain invisible to the framework and provides a more accurate assessment of the long-term effectiveness of Union budget support. This provision is consistent with the amendment to paragraph 2, which allows verifiable milestones in the implementation cycle to serve as output targets for instruments that have not yet reached the stage of deployment to final recipients.*

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 14 – Paragraph 5**	
Current text	**Proposed Amendment**
5. Member States shall make available to the Commission the information on the progress in the selected output indicator in accordance with Article 59, paragraph 1, point (a) of Regulation …/… [National and Regional Partnership	5. Member States shall make available to the Commission the information on the progress in the selected output indicator in accordance with Article 59, paragraph 1, point (a) of Regulation …/… [National and Regional Partnership

Plans] and actual results of the measure against the estimated value of the result indicator assigned to that measure. The information on the result indicator shall be updated by 15 February of each year, until 2037.	Plans] and actual results of the measure against the estimated value of the result indicator assigned to that measure. The information on the result indicator shall be updated by 15 February of each year, until 2037. ***For measures implemented through financial instruments or budgetary guarantees, the information on output and result indicators shall be provided at the moment of the commitment of Union support and, where applicable, upon the formal closure of the instrument. Notwithstanding the annual reporting obligation set out in the first subparagraph, Member States and implementing partners shall not be required to update indicator values on an annual basis for measures implemented through financial instruments or budgetary guarantees; such updates shall only be required where a material change in the scope or structure of the instrument has occurred.*** ***The Commission shall define and demonstrate proportionality as regards reporting requirements, taking into account inter alia the volume of Union support managed, the complexity of the delivery mechanism and the nature of the instrument concerned.***

Justification

The annual reporting obligation set out in this paragraph is designed for grant-based measures where disbursement and results progress in a linear and predictable manner throughout the programming period. For financial instruments and budgetary guarantees, this logic does not hold. Impact materialises progressively and non-linearly: through revolving mechanisms, leverage effects and project implementation cycles that extend well beyond the point of initial commitment, making annual indicator updates both operationally burdensome and informationally limited.

This concern is reinforced by the European Court of Auditors, which in Opinion 10/2026 noted that while the proposal states that proportionate reporting requirements shall be imposed on recipients of Union funding, it does not provide further details on how that proportionality is to be achieved. The Court further observed that implementing partners tend to use their own indicators, which may lead to variations affecting the feasibility of aggregating performance data. This amendment directly addresses both gaps: it operationalises the proportionality principle for financial instruments by replacing the annual update obligation with reporting tied to meaningful programme events — commitment and closure — and it provides the Commission with a clear mandate to calibrate reporting requirements to the volume, complexity and nature of the instrument concerned.

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 17 – Paragraph 2.d (NEW)**	
Current text	**Proposed Amendment**
(…)	***(d) where the agreement covers actions implemented through financial instruments or budgetary guarantees, the application of the expenditure tracking and performance framework in a manner that takes into account the structural specificities of such instruments, including their leverage effects, revolving mechanisms, additionality and non-linear impact over extended time horizons. In particular, such agreements shall provide that:*** ***(i) output indicators based on actual expenditure to final recipients shall not apply to such actions; instead, the reporting of performance data referred to in point (a) shall reflect, where relevant, the volume of financing mobilised, including the mobilisation of private investment, the number of final beneficiaries supported, the leverage effect achieved and portfolio performance;*** ***(ii) where the implementing entity manages financial instruments at portfolio or facility level, performance indicators may be reported at that aggregated level; project-by-project reporting shall not be required where it would be technically infeasible or disproportionately burdensome;*** ***(iii) implementing entities shall provide granular data to the Commission using standard references, in accordance with Article 8(5); aggregations and calculations shall be performed by the Commission on a consistent basis.*** ***(iv) the information on output and result indicators shall be provided at the moment of the commitment of Union support and, where applicable, upon the formal closure of the instrument. Notwithstanding any annual reporting obligation, implementing entities shall not be required to update indicator values on an annual basis for actions implemented through financial instruments or budgetary guarantees; such updates***

	shall only be required where a material change in the scope or structure of the instrument has occurred.
Justification *Article 17 governs the implementation of the performance framework under indirect management, where financial instruments are delivered by persons or entities implementing Union funds, including the EIB Group and national promotional banks and institutions. While paragraph 3 already establishes that reporting requirements shall be proportionate, this remains declaratory in the absence of operational provisions specifying what proportionality means for financial instruments.* *The amendment to paragraph 2 operationalises that principle by inserting a new point (d) requiring that agreements concluded under Article 17 reflect the structural specificities of financial instruments. This mirrors the logic introduced in the amendment to Article 14(2) for measures implemented through national plans under shared management, thereby ensuring consistent treatment of financial instruments across management modes. Without this provision, the same financial instrument could be subject to grant-based performance logic when delivered under indirect management, even as Article 14(2) explicitly adapts the framework for shared management — creating an incoherent treatment across management modes.* *Point (d)(i) ensures that the performance data reported under Article 158(7) of Regulation (EU, Euratom) 2024/2509 — which is the operational reference in paragraph 2(a) — uses indicators that capture how financial instruments actually generate impact: through leverage, mobilisation of private capital and portfolio performance, rather than through expenditure-based output metrics designed for grants.* *Point (d)(ii) reflects established practice under InvestEU, where aggregated structures such as fund-of-funds and guarantee facilities are monitored at portfolio level rather than on a project-by-project basis. Requiring granular reporting at individual operation level for such structures would be technically infeasible, disproportionate relative to the policy value of the data, and inconsistent with the proportionality requirement already set out in paragraph 3.* *Point (d)(iii) closes the loop with Article 8(5) by confirming that implementing entities provide granular data using standard references (such as NACE and NUTS codes), while the Commission performs aggregations centrally on a consistent basis. This ensures data quality and comparability across implementing partners, directly addressing the concern raised by the European Court of Auditors in Opinion 10/2026 that implementing partners tend to use their own indicators, leading to variations affecting the feasibility of aggregating performance data.* *Point (d)(iv) aligns the reporting timeline for financial instruments under indirect management with the equivalent provision set out in Article 14(5) for shared management. Requiring implementing entities to report indicators at the moment of commitment and at closure rather than on an annual basis reflects the non-linear nature of financial instruments, where annual indicator updates are both operationally burdensome and informationally limited. This provision ensures coherent treatment across management modes: without it, national promotional banks and the EIB Group would remain subject to annual reporting obligations under indirect management, while the same type of instruments under shared management would benefit from the simplified reporting timeline*	

introduced by Article 14(5). The exception for material changes in scope or structure preserves the Commission's ability to monitor significant developments without imposing a blanket annual obligation that adds administrative cost without corresponding policy value.

<table>
<tr><th colspan="2">Legal reference
Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation)
Article 17 – Paragraph 3 (NEW)</th></tr>
<tr><th>Current text</th><th>Proposed Amendment</th></tr>
<tr><td>3. Reporting requirements imposed on recipients of Union funds including persons or entities implementing Union funds pursuant to Article 62(1), first subparagraph, point (c), of Regulation (EU, Euratom) 2024/2509 shall be proportionate and shall aim to ensure that data for monitoring implementation and results are collected efficiently, effectively and in a timely manner.</td><td>3. Reporting requirements imposed on recipients of Union funds including persons or entities implementing Union funds pursuant to Article 62(1), first subparagraph, point (c), of Regulation (EU, Euratom) 2024/2509 shall be proportionate and shall aim to ensure that data for monitoring implementation and results are collected efficiently, effectively and in a timely manner. For actions implemented through financial instruments or budgetary guarantees, proportionality shall be assessed having regard to the volume of Union support managed, the complexity of the delivery mechanism and the nature of the instrument concerned. The Commission shall not apply performance logic designed for grant-based programmes to such actions.</td></tr>
<tr><td colspan="2">Justification

Paragraph 3 establishes that reporting requirements shall be proportionate but does not specify what proportionality means in the context of financial instruments and budgetary guarantees. In the absence of operational criteria, the Commission retains broad discretion to apply uniform reporting standards across all delivery modes — including expenditure-based and annual reporting requirements that are structurally ill-suited to repayable forms of support, where impact materialises non-linearly through leverage, revolving mechanisms and long-term project implementation cycles.</td></tr>
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This amendment operationalises the proportionality principle for financial instruments by specifying three criteria against which proportionality shall be assessed: the volume of Union support managed, the complexity of the delivery mechanism, and the nature of the instrument concerned. These criteria ensure that a small guarantee facility is not subject to the same reporting burden as a large grant programme, and that portfolio-based instruments such as fund-of-funds are not required to report through frameworks designed for individual grant operations.

The amendment also establishes the principle that grant-based performance logic shall not be applied to financial instruments. This mirrors the equivalent provision introduced in Article 14(2) for shared management and is consistent with the overarching principle set out in Article 8(5). Together, these provisions ensure coherent treatment of financial instruments across the Regulation: Article 8(5) establishes the general principle, Article 14(2) applies it to national plans under shared management, Article 17(2)(d) specifies the content of implementing agreements under indirect management, and Article 17(3) ensures that the reporting requirements imposed on implementing entities are assessed against instrument-appropriate criteria.
This concern is reinforced by the European Court of Auditors, which in Opinion 10/2026 noted that while the proposal states that proportionate reporting requirements shall be imposed on recipients of Union funding, it does not provide further details on how that proportionality is to be achieved. This amendment directly addresses that gap.

3. Proportionality and reduction of administrative burden

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 9 – Paragraph 2.a [NEW]**	
Current text	**Proposed Amendment**
[…]	***2.a. Union support provided through financial instruments or budgetary guarantees shall be exempt from the requirements of this Regulation, including any technical guidance issued thereunder, where the total amount of such support does not exceed EUR 500 000.***
Justification *Article 12(1)(c) of the Regulation already establishes EUR 500 000 as the threshold below which operations implemented through financial instruments or budgetary guarantees are excluded from the transparency and publication requirements of the Single Gateway. This amendment applies that same threshold consistently to the budget expenditure tracking and performance framework, ensuring legal coherence between the two provisions and avoiding a situation where the same operation is exempt from public disclosure obligations but remains subject to the full performance reporting requirements.* *The rationale is one of proportionality. For the smallest operations, the administrative cost of complying with the full performance framework is disproportionate relative to the volume of Union support involved and the policy value of the data collected. Anchoring the exemption to the Single Gateway threshold — rather than introducing a new or arbitrary figure — reinforces the internal consistency of the Regulation and signals a coherent legislative approach to the treatment of small-scale financial instrument operations across its different provisions.* *This exemption reduces administrative burden for all actors in the implementation chain — Member States, implementing partners and final recipients — without affecting the integrity of the performance framework for operations of meaningful scale.*	

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 5 – Paragraph 1**	
Current text	**Proposed Amendment**
1. A streamlined application of the 'do no significant harm' principle as referred to in Article 33(2), point (d), of Regulation (EU, Euratom) 2024/2509, shall be facilitated by a single and simple guidance ('do no significant harm guidance').	1. A streamlined application of the 'do no significant harm' principle as referred to in Article 33(2), point (d), of Regulation (EU, Euratom) 2024/2509, shall be facilitated by a single and simple guidance ('do no significant harm guidance'). ***In developing, revising, or supplementing such guidance, the Commission shall ensure the active and structured involvement of entities involved in the implementation of Union budget instruments across shared, direct and indirect management, including financial intermediaries and implementing partners such as the EIB Group and national promotional banks and institutions.***
Justification	
Depending on the implementation mode — direct, indirect or shared management — Member States and bodies implementing shared management financial instruments are responsible for the practical application of the Do No Significant Harm principle. Given their operational experiences in applying the sustainability proofing guidance under InvestEU, the DNSH guidance for the RRF and the explanatory note on the application of DNSH under Cohesion Policy, they are best placed to assess the feasibility, proportionality and administrative implications of technical guidance before it is finalised. Ensuring their active and structured involvement in the development and revision of DNSH guidance is therefore essential to guarantee that such guidance is not only legally robust, but also practically applicable in real implementation settings. *Early engagement allows technical methodologies to be tested against operational realities, including due diligence processes, risk assessment procedures and reporting systems used by implementing partners and bodies implementing shared management financial instruments. Structured participation also contributes to a harmonised interpretation of DNSH requirements across Member States, reducing the risk of divergent national practices, inconsistent audit outcomes and market fragmentation.* *This concern is reinforced by the European Court of Auditors, which in Opinion 10/2026 observed that implementing partners tend to use their own indicators, leading to variations that affect the feasibility of aggregating performance data. Structured involvement of implementing partners in the elaboration of DNSH guidance directly addresses this risk by ensuring that the guidance is grounded in the indicator frameworks and reporting systems that implementing partners already use, thereby promoting consistency and reducing the likelihood of divergent interpretations across Member States.*	

4. Governance, coherence and final provisions

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 4, paragraph 4**	
Current text	**Proposed Amendment**
The Commission is empowered to adopt delegated acts in accordance with Article 20 to amend Annex III in order to adjust the levels of the climate and environment spending targets set out therein.	~~The Commission is empowered to adopt delegated acts in accordance with Article 20 to amend Annex III in order to adjust the levels of the climate and environment spending targets set out therein.~~
Justification *Article 4(4) grants the Commission the power to adjust climate and environmental spending targets through delegated acts. However, such targets constitute a core element of the Performance Framework and directly shape the strategic orientation, allocation priorities, and implementation of Union budget instruments.* *Empowering the Commission to modify these targets via delegated acts risks bypassing the appropriate level of democratic scrutiny and co-legislative oversight required for provisions of this significance. Changes to spending targets can have far-reaching implications for Member States, implementing partners, and financial intermediaries, particularly given the multiannual nature of programming and investment planning.* *Given their structural importance, any modification of climate and environmental spending targets should be subject to the ordinary legislative procedure, ensuring full involvement of the European Parliament and the Council. This guarantees transparency, predictability, and accountability in the definition of Union spending priorities.*	

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 8a [NEW]**	
Current text	**Proposed Amendment**
[…]	***1. The Commission shall establish a permanent consultation mechanism with all relevant stakeholders for the ongoing monitoring of the adequacy of the performance framework established under***

	Article 8, including Member States' authorities and implementing partners. ***2. The consultation mechanism referred to in paragraph 1 shall include:*** ***(a) a structural review of the performance framework four years after the date of application of this Regulation, covering the coherence, completeness and proportionality of the indicator system, with particular attention to:*** ***(i) intervention fields lacking result indicators and to the adequacy of indicators for financial instruments and budgetary guarantees;*** ***(ii) the appropriateness of the timing of performance reporting, in particular whether the provision of indicators on an ex-ante basis at commitment stage and on an ex-post basis at closure, without annual updates, adequately serves the objectives of the framework for measures implemented through financial instruments and budgetary guarantees;*** ***(b) an assessment of the administrative burden generated by the performance framework, disaggregated by type of stakeholder, covering at minimum: the Commission, Member States' authorities, implementing partners, and project promoters and final beneficiaries. The assessment shall be conducted using a standard cost methodology and shall express the burden in terms of staff time and financial cost of the reporting obligation. The Commission shall publish the methodology used prior to the assessment and shall consult the stakeholders referred to in paragraph 1 on its adequacy before finalising it.*** ***3. The results of the reviews referred to in paragraph 2 shall be made publicly available and shall inform, where appropriate, the exercise of the delegated powers conferred on the Commission under Article 20 to amend Annex I.***

	4. Implementing partners shall be represented in the consultation mechanism referred to in paragraph 1 alongside Member States' authorities and other selected stakeholders. ***5. Where the assessment referred to in paragraph 2(b) concludes that the administrative burden imposed on any category of stakeholder is disproportionate relative to the policy objectives pursued, the Commission shall, within twelve months of the publication of that assessment, either propose amendments to Annex I to reduce that burden or publish a reasoned explanation of why it considers the existing framework to remain proportionate. The Commission shall transmit that reasoned explanation to the European Parliament and to the Council.***

Justification

A harmonised performance framework applied across all Union programmes and management modes requires robust governance mechanisms to remain fit for purpose throughout its implementation. The current proposal confers broad delegated powers on the Commission to amend Annex I, but without establishing the procedural safeguards or structured stakeholder input that should inform the exercise of those powers. This creates a governance gap that risks allowing an inadequate or overly burdensome framework to persist without effective correction.
This amendment addresses that gap by establishing a permanent consultation mechanism open to all relevant stakeholders, a structural review after four years, and a disaggregated assessment of the administrative burden per type of stakeholder — directly aligned with the Commission's own commitment to reduce administrative burden by at least 25% under the Competitiveness Compass.

The structural review under paragraph 2(a) goes beyond a general adequacy check. It specifically requires an assessment of whether the timing of performance reporting for financial instruments and budgetary guarantees — in particular ex-ante reporting at commitment and ex-post reporting at closure, without annual updates — adequately serves the objectives of the framework, given that the impact of such instruments materialises progressively over extended time horizons. It also requires an explicit assessment of continuity with the indicator architecture used under preceding programmes, notably InvestEU, to ensure that the transition to the new framework does not generate unnecessary discontinuities or additional compliance costs for implementing partners and project promoters.

The administrative burden assessment under paragraph 2(b) is equally important. It requires the Commission to quantify the burden in concrete terms — staff time and financial cost — using a standard cost methodology, and to consult stakeholders on that methodology before finalising it. Where the assessment concludes that the burden on any category of stakeholder is disproportionate, the Commission is required either to propose amendments to

Annex I or to provide a reasoned explanation to the European Parliament and the Council. This ensures that the governance mechanism has real corrective force, rather than functioning as a purely advisory exercise.

Legal reference Proposal for a Regulation (EU) 2025/0545 (COD) (Performance Regulation) **Article 21 – Paragraph 3 [NEW]**	
Current text	**Proposed Amendment**
[…]	***3. This Regulation shall remain in force for the same period of validity as Regulation (EU, Euratom) 2024/2509. Any amendment affecting the temporal validity, transitional arrangements or repeal of Regulation (EU, Euratom) 2024/2509 shall apply mutatis mutandis to this Regulation, unless the legislator expressly provides otherwise.***
Justification *The Performance Regulation is functionally dependent on the Financial Regulation for its implementation, notably with regard to reporting, monitoring and evaluation. Misaligned timelines or periods of application can create legal uncertainty, transitional gaps or parallel reporting obligations that generate unnecessary administrative burden for all actors in the implementation chain. This amendment therefore proposes aligning the temporal validity and application timeline of the Performance Regulation with those of Regulation (EU, Euratom) 2024/2509, in order to ensure legal clarity and avoid overlapping or inconsistent performance and reporting requirements.*	

About AECM: The European Association of Guarantee Institutions (AECM) represents 50 members operating in 32 countries in Europe, and 6 international partners (including the European Investment Fund). 32 members are public promotional institutions/banks, 8 are public-private mixed, and 10 are private/mutual guarantee institutions. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing loans for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs' access to finance in a budget-efficient way. At the end of 2024, AECM members had EUR 218 billion of guarantees in portfolio, supporting more 6 million SMEs across Europe.

European Association of Guarantee Institutions (AECM)
Avenue d'Auderghem 22-28, bte. 10, B-1040 Brussels (Belgium)
Transparency Register Identification No.: 67611102869-33
info@aecm.eu https://www.aecm.eu/

About EAPB: The European Association of Public Banks (EAPB) gathers member organisations (financial institutions, funding agencies, promotional and public banks, associations of public banks and banks with similar interests) from 17 European Member States and countries, representing directly and indirectly the interests of over 90 financial institutions towards the EU and other European stakeholders. With a combined balance sheet total of about EUR 3.4 trillion and a market share of around 15%, EAPB members constitute an essential part of the European financial sector.

European Association of Public Banks (EAPB)
Avenue de la Joyeuse Entrée 1-5, B-1040 Brussels (Belgium)
Transparency Register Identification No.: 8754829960-32
info@eapb.eu https://www.eapb.eu/

About ELTI: The European Association of Long-Term Investors (ELTI) represents a European-wide network of National Promotional Banks and Institutions (NPBIs) who offer financial solutions tailored to the specific needs of their respective country and economy. The association gathers 33 European long-term investors from 23 Member States across the European Union as well as candidate countries. With a combined balance sheet of € 2.9 trillion, ELTI's goal is to promote long-term investment in close alignment with the objectives and initiatives developed by the European Union in order to foster sustainable, smart and inclusive growth and job creation.

European Association of Long-Term Investors (ELTI)
Rue Montoyer 51, B-1000 Brussels (Belgium)
Transparency Register Identification No.: 977980112556-82
secretariat@eltia.eu https//www.eltia.eu/

About NEFI: The Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI) represent 19 financial institutions from 18 European Union member states as well as the UK. NEFI pursues the objective of following the financial, political and legal developments in the fields of European economic and financial policies and all measures adopted by the EU institutions which are relevant for promotional financial institutions focusing on the facilitation of SMEs' access to finance. NEFI members act complementary to and in cooperation with the national banking system through co-financing, risk-sharing, expertise and advisory services in order to address shortcomings in the SME financial markets. In 2024, NEFI members actively supported and financed more than 220.000 SMEs all over Europe with more than EUR 64,6 billion of financing, mainly in the form of loans and guarantees.

The Network of European Financial Institutions for Small and Medium Sized Enterprises (NEFI)
Rue Montoyer 51, B-1000 Brussels
Transparency Register Identification No.: 44013762992-64
nefi@nefi.eu ; www.nefi.eu/