

# Post 2027

Interact 10.12.2025

**Interact**



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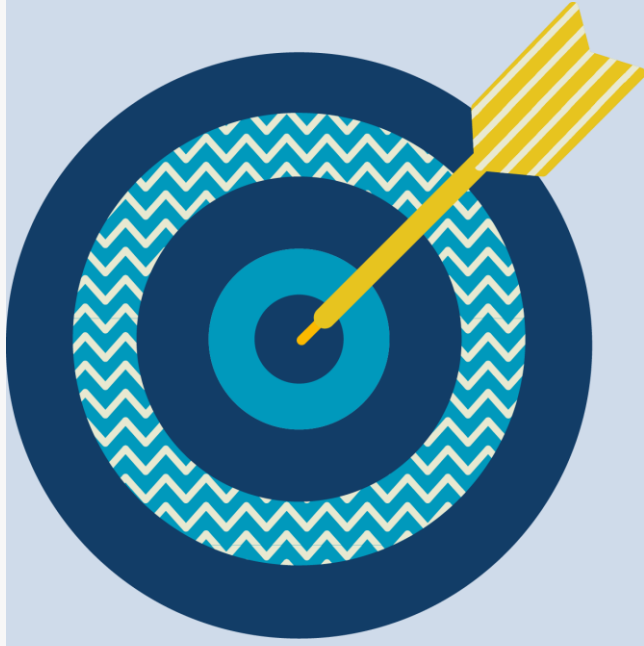
# **IKF 2025** **discussions,** **conclusions &** **concerns**



# Performance-based approach

an elementary experience

- Common understanding (what is its underpinning logic? What does it aim to achieve?)
- Fundamentals of PBA (using a fictional example)
- Further reading and listening
- Performers working group



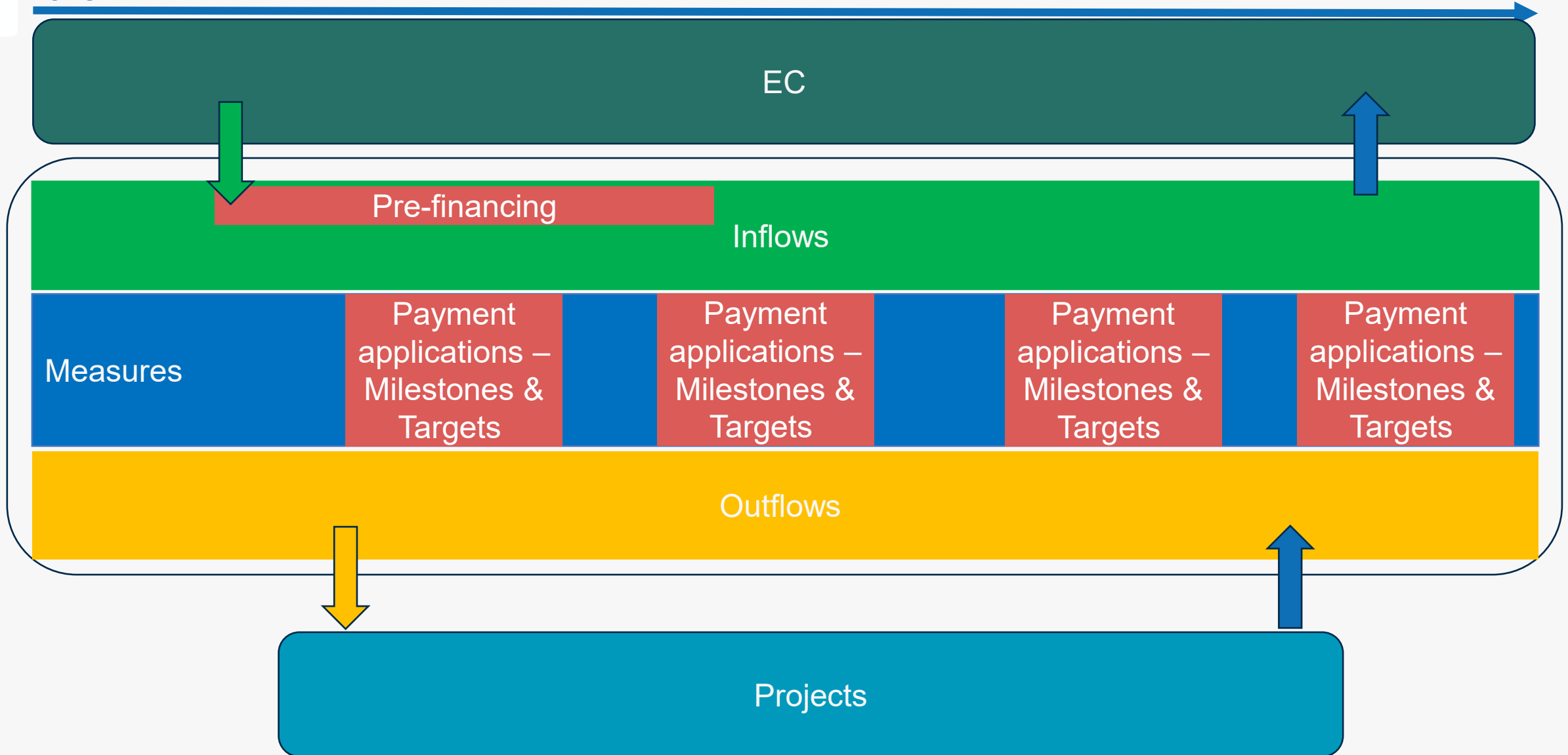
# Post27

## Financial flows – PBA approach

# Financial flows

- **Plan milestones/targets wisely and realistically;** justify choices through territorial impact.
- Example: if number of calls is uncertain, set milestones for Call 1, optional for Call 2, and avoid over-commitment.
- Advance payments for projects may be justified if they support implementation on the ground.
- **TA linked to project** performance increases **unpredictability**.
- Proposal from programmes:  
**define TA as a fixed amount** at allocation level, not dependent on project execution.

# Programme financial flows in 2028-2034



# Inflows in 2028-2034

2028

2035

## Budget (from MFF):

2028	2029	2030	2031	2032	2033	2034
0 %	17 %	17 %	18 %	18 %	15 %	15 %

## Decommitment rules:

- a) N+1 (or N+10 months)
- b) pre-financing and sum of payment applications count

Budget & decommitment



Inflows

## Pre-financing rules

- a) 4% in 3 consecutive years → 12 %
- b) Cleared at closure
- c) Interreg Plan setting the level for Global Europe Instrument

## Payment application rules

- a) Based on fulfilment of milestones and targets
- b) Max 6 times in financial year
- c) Last submission by 31.10.
- d) 60 days to pay by COM
- e) Tied to submission of annual assurance package (from 2<sup>nd</sup> year)
- e) Payment ceiling at 95%

## Irregularities, suspensions, financial corrections

- a) Financial horizontal rules not respected
- b) Unfulfilled M/T
- c) Payments stopped and/or extrapolated or flat-rate corrections applied

# Measures and flows in 2028-2034

Payment for achievement certain milestones & targets (M/T) defined as payment triggers for measures:

- a) Procedural milestones
- b) Interim targets
- c) Final targets

Technical assistance – Flat rate 8% (10%)

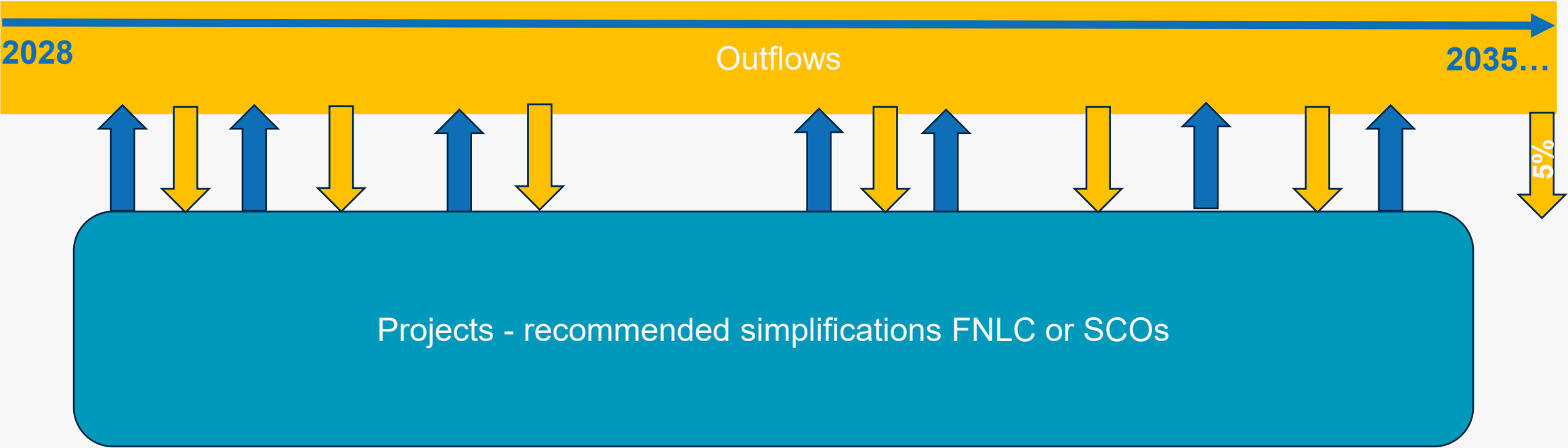
2035



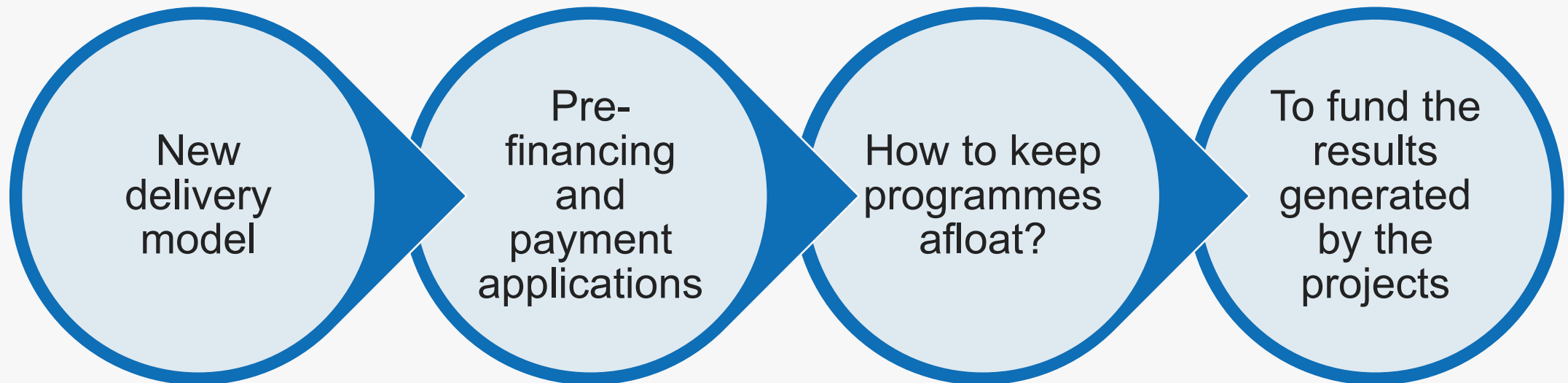
When a milestone or a target is a payment trigger - how to calculate the value of it?



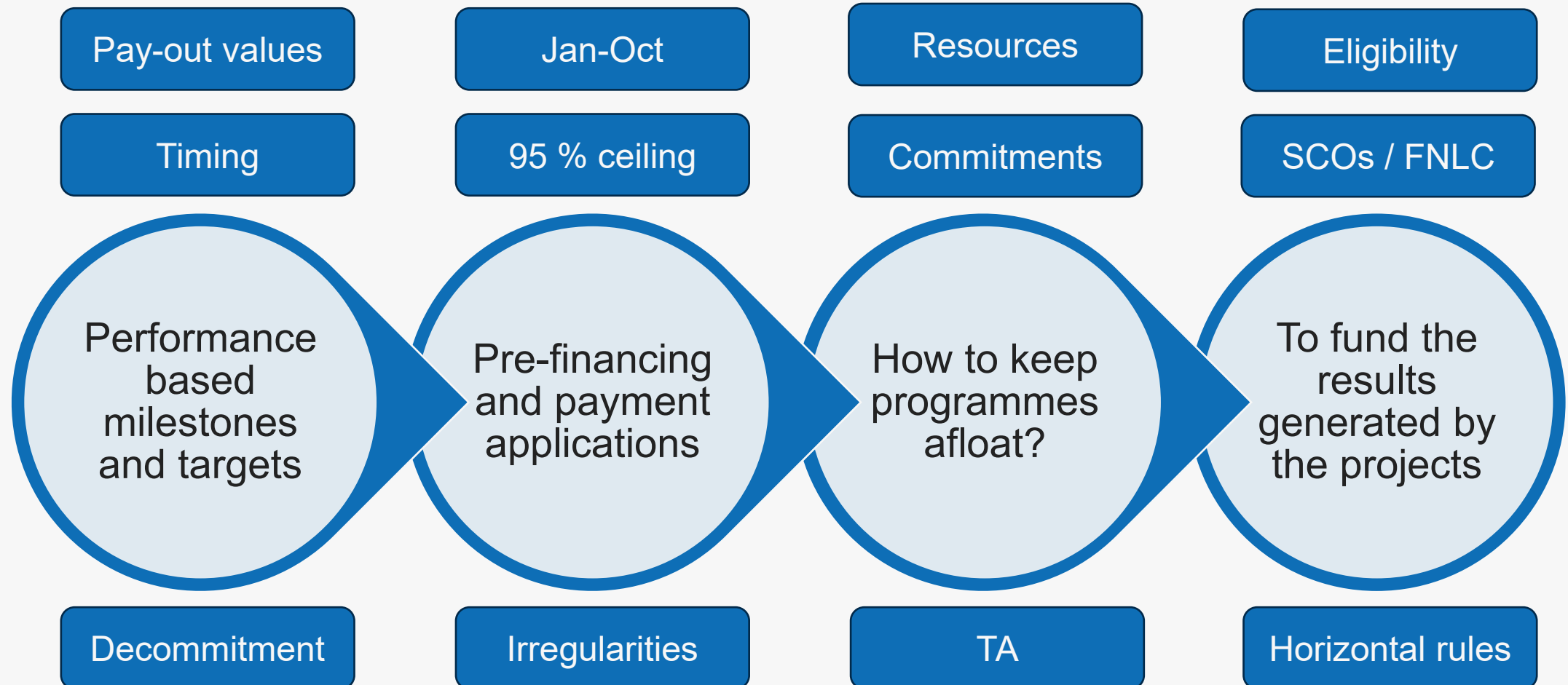
# Outflows in 2028-2034



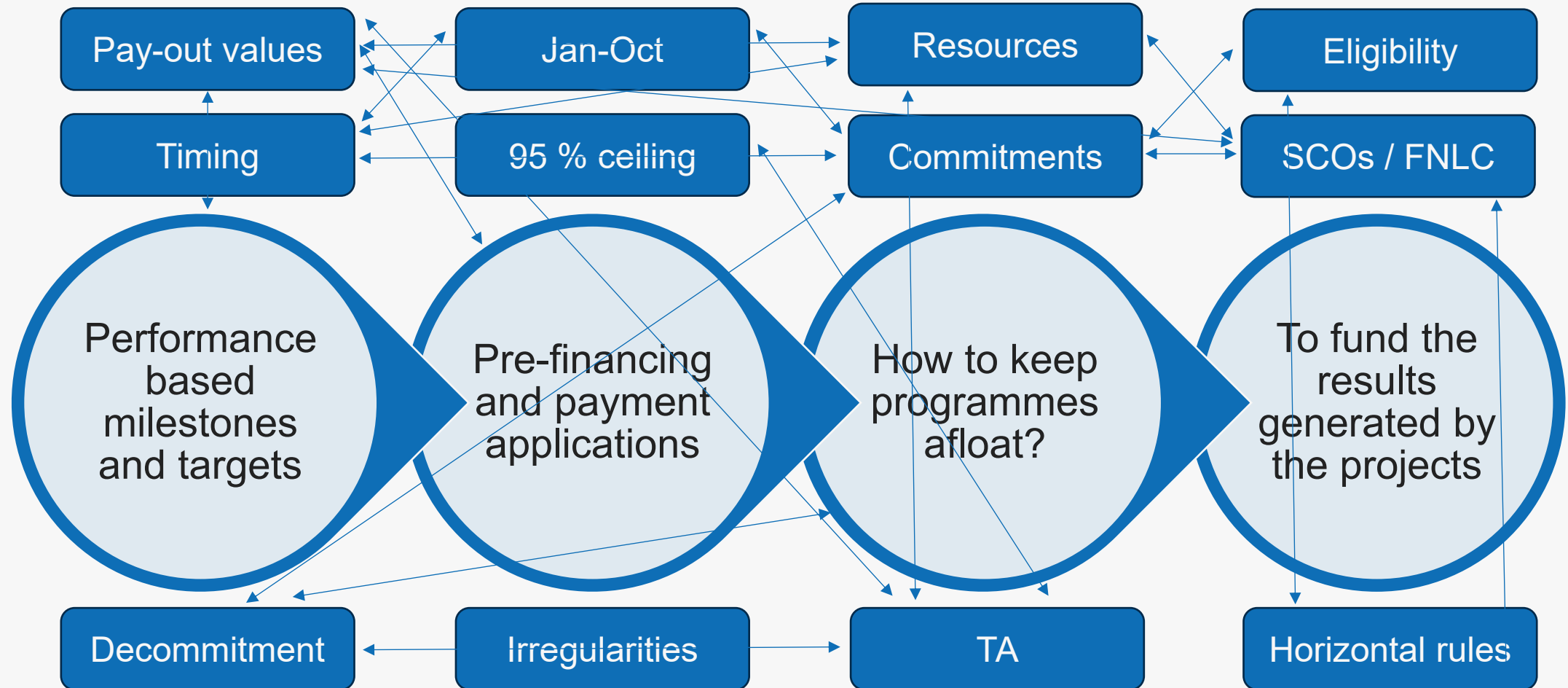
# Programme financial flows in 2028-2034



# Programme financial flows in 2028-2034



# Programme financial flows in 2028-2034



# Programming Process 2028–2034

## Design

**Programmes must start early despite uncertainty**

EC encourages establishing programming task forces already in **2026** and launching preparatory discussions.

New **Border/Transnational Profiles** (ESPON, March–April 2026) will provide core evidence for needs analysis.

Tight deadlines remain: **6 months for submission, 4 months for EC approval, N+10 rule** for starting cash flow.

# Shift towards performance and meaningful change

- PBA emphasises what programmes actually achieve; milestones and targets can have **pay-out values**.
- Programmes should define changes they want to **see in the territory, not just activities they want to fund**.
- Cooperation is seen as an objective in itself – **building trust, governance, and capacity**.

# Simplification, SCOs & Continuity

## Finance

**Need for simplified tools – but with legal certainty**

Programmes want **cost categories + off-the-shelf SCOs** to remain available but **not mandatory**.

Strong call for EC to ensure that **AAs do not request additional audit trail** beyond what SCO rules require.

Difficulty establishing programme-specific SCOs when no historical data exists.

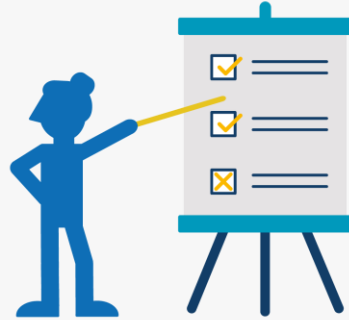
Request to EC: provide OTS unit costs for staff costs per country.

# Roles and responsibilities

- Total change of paradigm from expenditure to performance
- Change of mindset for controller, auditor, managing authority
- Payment application / forecast focused on performance
- No accounts, implementation progress of the measures instead in the assurance package
- Audit focused on underlying transaction (ACF on Wednesday, NRPP, further considerations on assurance requirements)
- uncertainty about liability sharing among Member States, protection of the EU budget without expenditure checks, and defining what constitutes an irregularity under a performance model
- On the other hand, sound financial management, public procurement, State aid, irregularities and fraud prevention, CoI still applicable



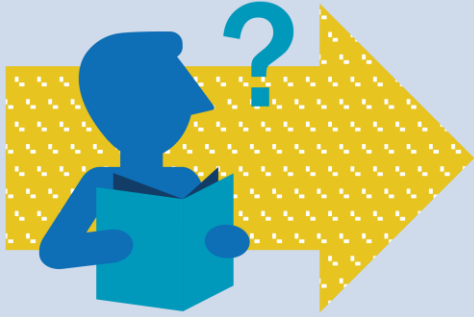
# Event materials



[Presentations](#)



[Session reports](#)



# In the meantime...



# Following news/updates... (DG Regio TN Network on Simplification)



DG REGIO Transnational Network on Simplification

## Panel discussion on 'Performance-based delivery modes in EU funds'



21<sup>st</sup> meeting of the network – Prague, 27 and 28 November 2025



### Panel discussion on performance-based delivery modes in EU funds

## Topic A – Milestones and targets

Looking at the lessons learnt in the current programming period around the use of performance-based delivery modes (Financing Not Linked to Costs, Recovery and Resilience Facility, the Social Climate Fund), and particularly around the **set up of milestones and targets**, and taking into account the state of play of the use of performance-based schemes / plans in your Member State, you are kindly invited to address the following discussion points:

**A.1 Key issues on setting up milestones and targets** – what specific issues should be addressed to facilitate the work of the Member State in setting up milestones and targets (i.e. conditions for reimbursement) within performance-based schemes / plans?

**A.2 Possible solutions for setting up milestones and targets** – what practical solutions could be implemented to overcome the issues you have identified (under question A.1)?



# Following news/updates...



## Panel discussion on performance-based delivery modes in EU funds

### Outcomes of the world café – topic A: Milestones and targets

#### A.1 Key issues for setting up milestones and targets in performance-based schemes

- **Defining clear, measurable, adequate and verifiable indicators**
  - Indicators may be **too vague** (e.g., avoid things like “improve digitalization”).
  - Data sources may be **unreliable, incomplete, or inconsistent** across institutions.
  - Risk of **interpretation disputes** on what counts as “achieved.”
  - Target and milestone not appropriately linked to / addressing sufficiently the overarching measure
- **Achievable but ambitious**
  - Is the target realistically achievable yet sufficiently challenging to drive reform?
- **Double funding concerns** (Impact or target definition)
- **Dependencies** between milestones/targets
- **Targets might become no longer relevant in the mid-term**
  - Technological changes, geopolitical events, market conditions etc.
- **Zero cost targets – do we need them?**

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## Panel discussion on performance-based delivery modes in EU funds

### Outcomes of the world café – topic A: Milestones and targets

#### A.2 Solutions for setting up milestones and targets in performance-based schemes

- **Intensive preparatory work – stakeholder consultations**
  - Targets to be validated with all implementing agencies and ministries (e.g. Social Climate Fund)
- **Relevance**
  - milestone/target directly linked to a core objective of the reform or investment
- **Enhanced data management system**
- **Clarity**
  - milestone/target stated in clear operational terms
- **Risk Assessment**
  - potential risks to achievement identified (political delays, procurement risks, capacity issues)?
  - mitigation measures, contingency plan if implementation conditions change
- **Clear and updated guidance / set of good practices from EC**

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# Following news/updates...



## Panel discussion on performance-based delivery modes in EU funds

### Topic B – Costing

Looking at the lessons learnt in the current programming period on **establishing the amounts to be reimbursed under performance-based delivery modes** (Financing Not Linked to Costs, Recovery and Resilience Facility, the Social Climate Fund), and taking into account the state of play of the use of performance-based schemes / plans in your Member State, you are kindly invited to address the following discussion points:

**B.1 Key issues on determining costing** – what specific issues should be addressed to facilitate the work of the Member State in determining the amounts to be reimbursed within performance-based schemes / plans?

**B.2 Possible solutions for determining costing** – what practical solutions could be implemented to overcome the issues you have identified (under question B.1)?

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## Panel discussion on performance-based delivery modes in EU funds

### Outcomes of the world café – topic B: Costing

#### **B.1 Key issues on determining costing in performance-based schemes**

1. Lack of historical data (especially for new operations) – innovative operations or operations previously implemented using SCOs (no real costs)
2. Issues with statistical data – too old, not updated
3. How to take into account force majeure or unforeseen circumstances
4. Make sure that all operations are eligible (and the costs?)
5. Risk of over estimated budget to avoid pressure on National Budget
6. Risk of underestimated budget to be conservative on compliance with sound financial management
7. Finding a balance between compliance with sound financial management and avoid decommitment
8. How to cost reforms/process indicators
9. How to incorporate “failure” in the costing
10. Lack of specific expertise and common guidance on costing

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## Panel discussion on performance-based delivery modes in EU funds

### Outcomes of the world café – topic B: Costing

#### **B.2 Solutions for determining costing in performance-based schemes**

1. Use other MS or EU historical/statistical data and modify per country by a coefficient/use an expert judgement at national level / EC to determine reliable sources of data
2. Take into account price changes and costs increases. Incorporate an inflation increase when setting up the costing/use an adjustment method
3. Costing should be based on a higher target than the final deliverable (allow for “Buffer”)
4. Ensure proportionality between intermediate deliverables and final results
5. Liaise with market experts of research institutes to set up the amounts for reforms
6. Allow for an amendment of Intermediate deliverables correlated with the costs – “Flexibility”
7. EC to provide summary of common errors/issues identified in other FNLCs
8. TN/EC guidance on how to shift from case by case to general guidance
9. Peer to peer meetings and tools/Technical assistance

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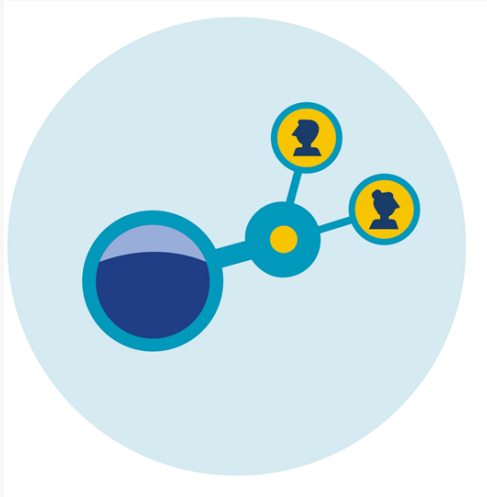
**Next steps,  
wrap-up &  
closure**



# Interact 2026 work plans



Working group on Intervention logic and indicators aligned with Performers working group



P-BA for beginners - webinars



External: ESPON TAIEX project

# Interact Academy



2026

Online only

In-person element

	Jan	Feb	Mar	Apr	May	Jun		Sep	Oct	Nov	Dec
Interreg Programme Management: Strategic Perspectives	9.1.						Summer break				
Video Making in Interreg		2.2.									
<u>Simplified Cost Options: Practitioners</u>		4.2.									
Interreg Evaluation: Foundations		25.2.									
Interreg Management Verifications			2.3.								
Interreg Project Management			6.3.								
<u>Generative AI for Interreg Communication</u>				16.4.							
Storytelling in Interreg				20.4.							
Fundamentals of Programme Communication						15.6.					
Plain Language for Interreg - an Introduction									19.10.		
<u>Interreg Evaluation: Practitioners</u>										5.11.	
<u>Programme set-up and start-up</u>										6.11.	
Interreg Project Assessment, Monitoring and Verification										16.11.	



# Thank you for being here!

CBC Finance Network Meeting



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# Disclaimer

Publisher

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Primary knowledge area

Author(s)

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Finance management

Interact FING team

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