

P-BA in Interreg: the basics

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Interact



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Interreg

Objectives of the workshop

Objective 1

Introduce the basic principles of P-BA, illustrated through a fictional example

Objective 2

Explore how the basic principles of P-BA translate into Interreg reality

What you can expect

What we'll try to cover

- Key principles of P-BA
- Core building blocks of the post-2027 Intervention Logic
- Important considerations to
 - Balance needs of programmes and the Commission
 - Share risk fairly

What we won't cover

- Detailed discussion on:
 - Upper and lower-level P-BA
 - Examples of measures in Interreg
 - How P-BA will be audited
 - Costing and pay-out values
 - Other specific topics

Agenda/ 6/10/2026

09:30 - 09:45

Welcome and
introduction

09:45 - 10:30

Introduction to
basic principles
– fictional
example

10:30 - 10:45

Comfort break

10:45 - 11:30

Applying
principles to
Interreg
reality

11:30- 12:00

Open
discussion,
wrap up

What is P-BA and why are we talking about it?

What is a Performance-based approached (P-BA)?

- This is what we'll be looking at today
- In brief: a system of reimbursement
 - Linked to meeting pre-agreed conditions
 - With pre-defined monetary value

Why are we talking about it?

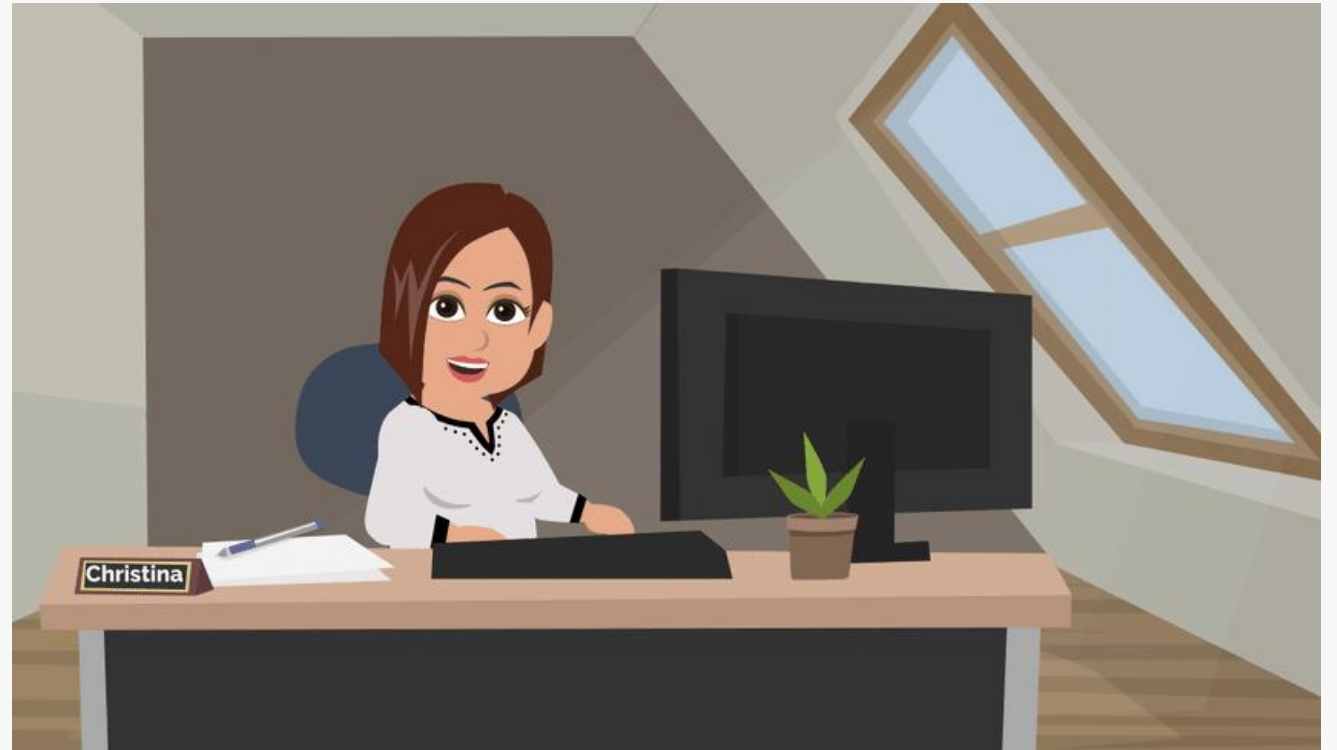
Draft regulatory package*:

- System for payments between the Commission and programmes (upper level) - compulsory
- System for payments between programmes and projects (lower level) - optional

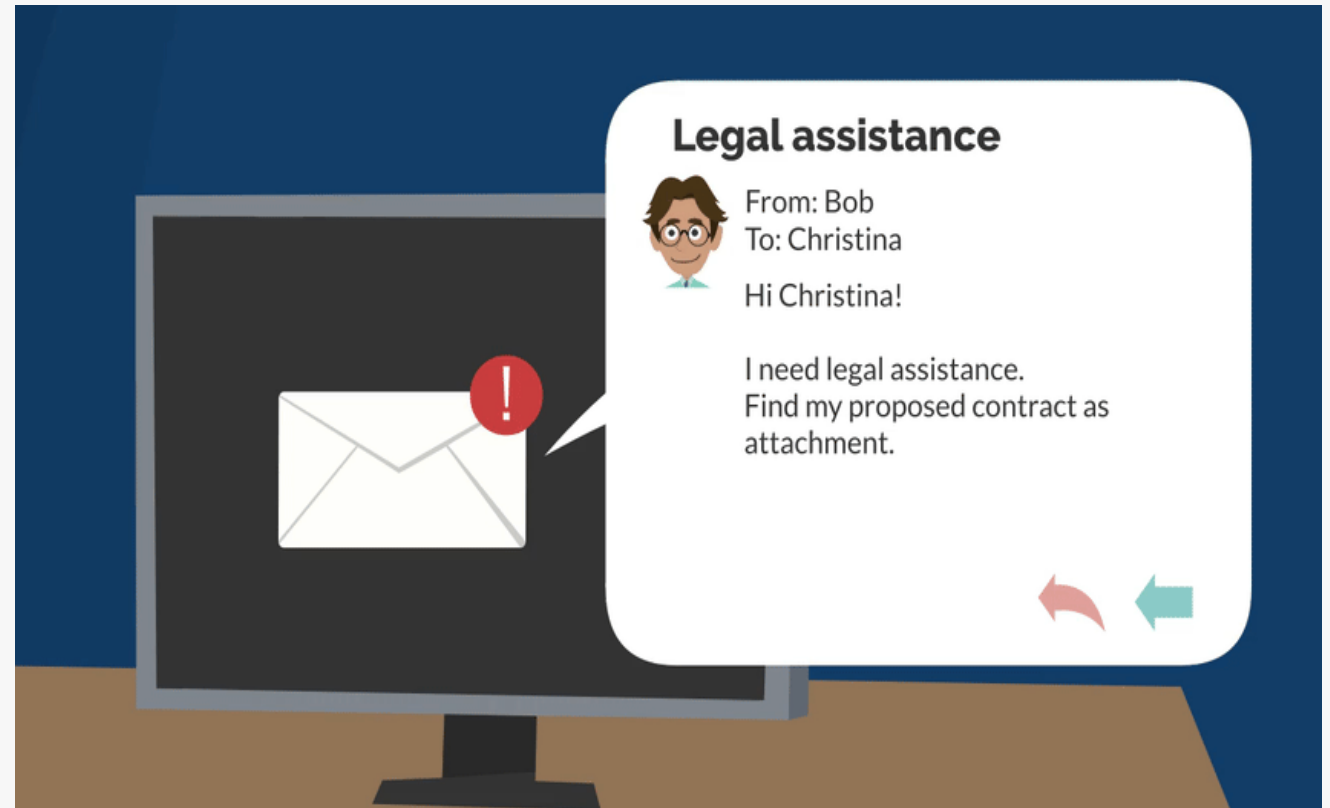
Introducing us to the basic principles...

Meet Christina...

Meet Christina.
Christina is a lawyer.



One day she's contacted by Bob.
He wants her to take on his case.



Christina reviews the case.

On the one hand, she believes that Bob is in the right and that there is a strong case to be made.



On the other hand, the contract he is offering her is different from what she's used to.

The total value of the proposed contract is **€10K** which is similar to what she usually charges.

However...



She would receive €1K up front upon the signing of the contract.

Then she would receive €2K at the start of the trial.



She will only receive the remaining **€7K** if Bob wins the case.

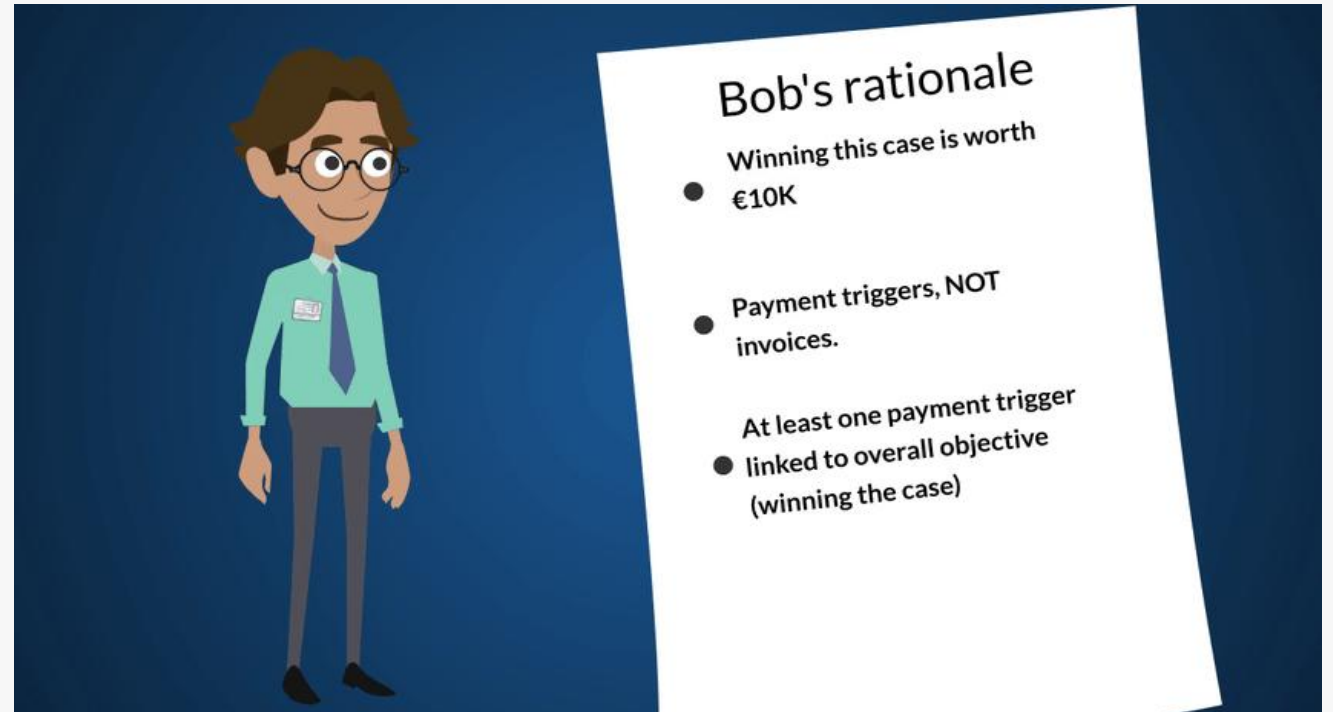


Before Christina accepts...

1. She needs to check if the contract is **fair** - i.e. it balances Bob's requirements with Christina's needs.
2. What are the **risks** and how they can be mitigated.

But first let's hear from Bob about his rationale for offering Christina this type contract.

This is Bob's rationale



Bob's rationale

- Winning this case is worth €10K
- Payment triggers, NOT invoices.
- At least one payment trigger linked to overall objective (winning the case)

P-BA principles

- ✓ Payment value determined ex ante.
- ✓ Payment released upon achievement of certain pre-defined payment triggers.
- ✓ At least one payment trigger linked to overall objective.

Christina has some concerns:

Is it worth it?:

- “Is €10k a fair fee?”
- “How likely is it I’ll be paid?” “Is the reward worth the risk?”

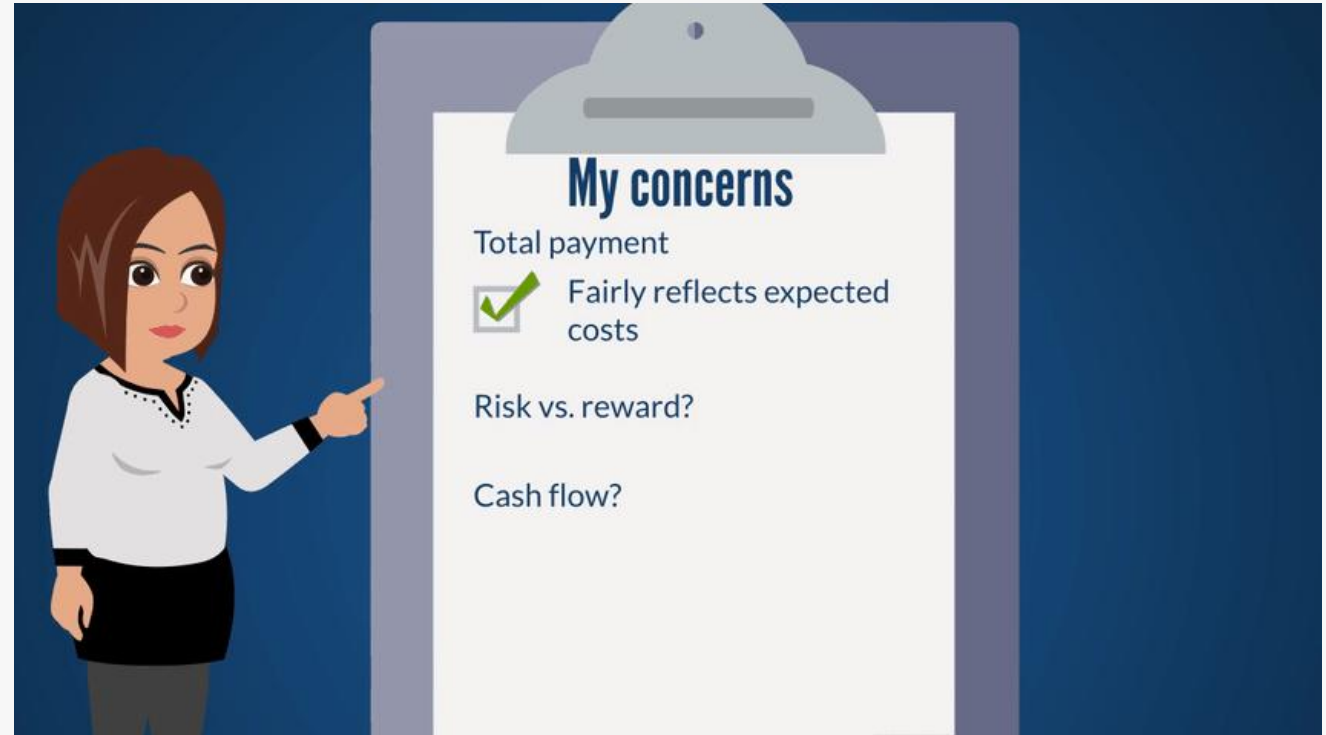
Is it practical?:

- "Will the timing of the payments give me the cashflow I need to implement the contract?"



As already mentioned, the €10K Bob is offering is similar to what she usually charges for these sorts of cases.

Her costs are fairly standard and are unlikely to vary.



Christina then examines the risk of her not being paid.

She does this by comparing this new contract with the contracts she's used to.



Christina's now lists the payment triggers and considers how much they are within her control to deliver.

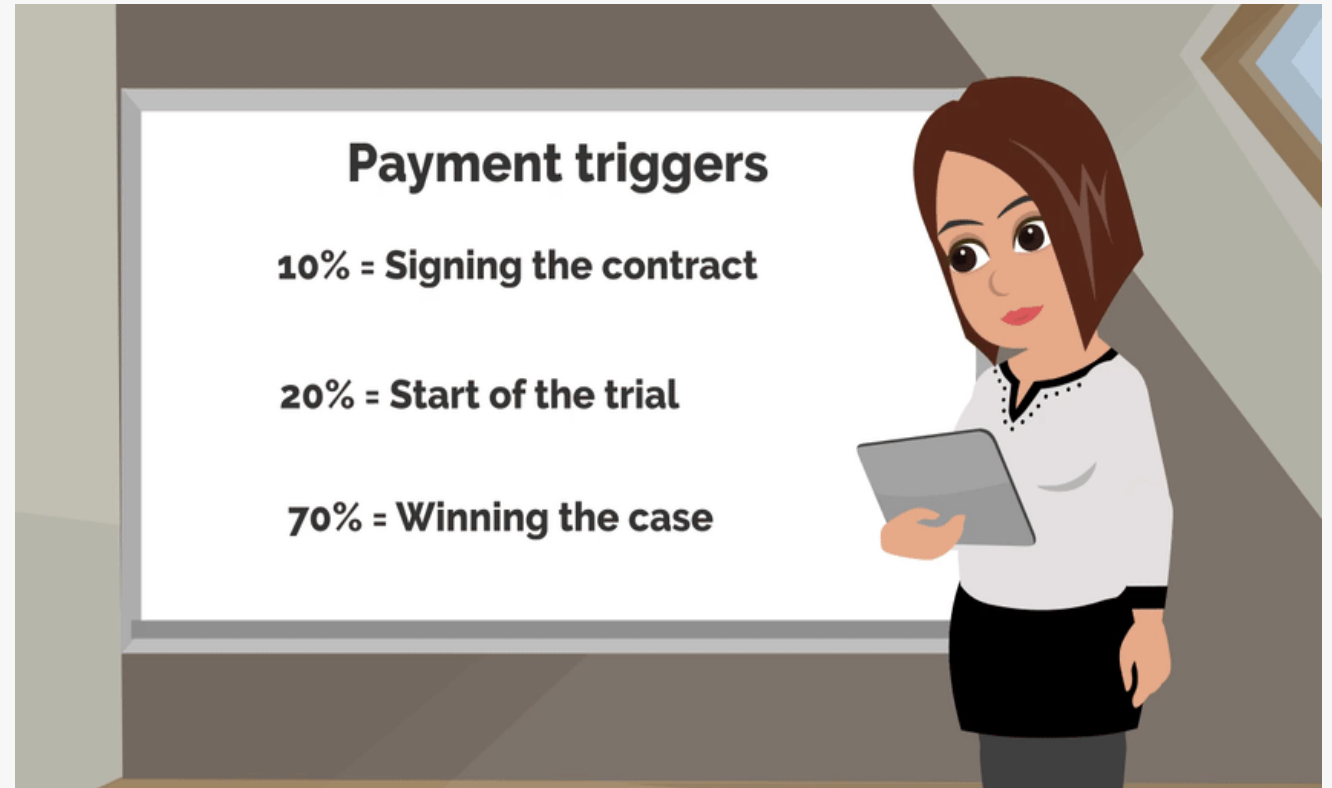


Christina is conflicted...

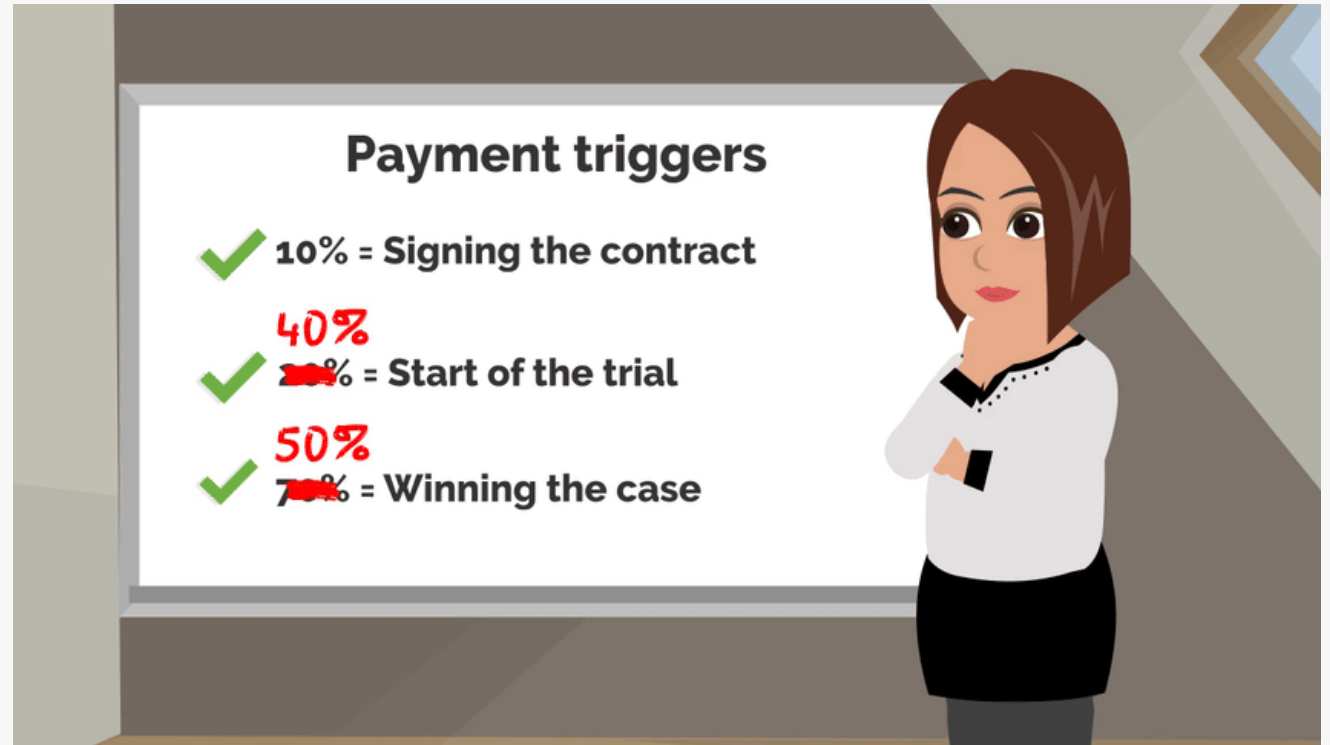


Question

What can she do?



Taking these things into account, this is Christina's proposal.



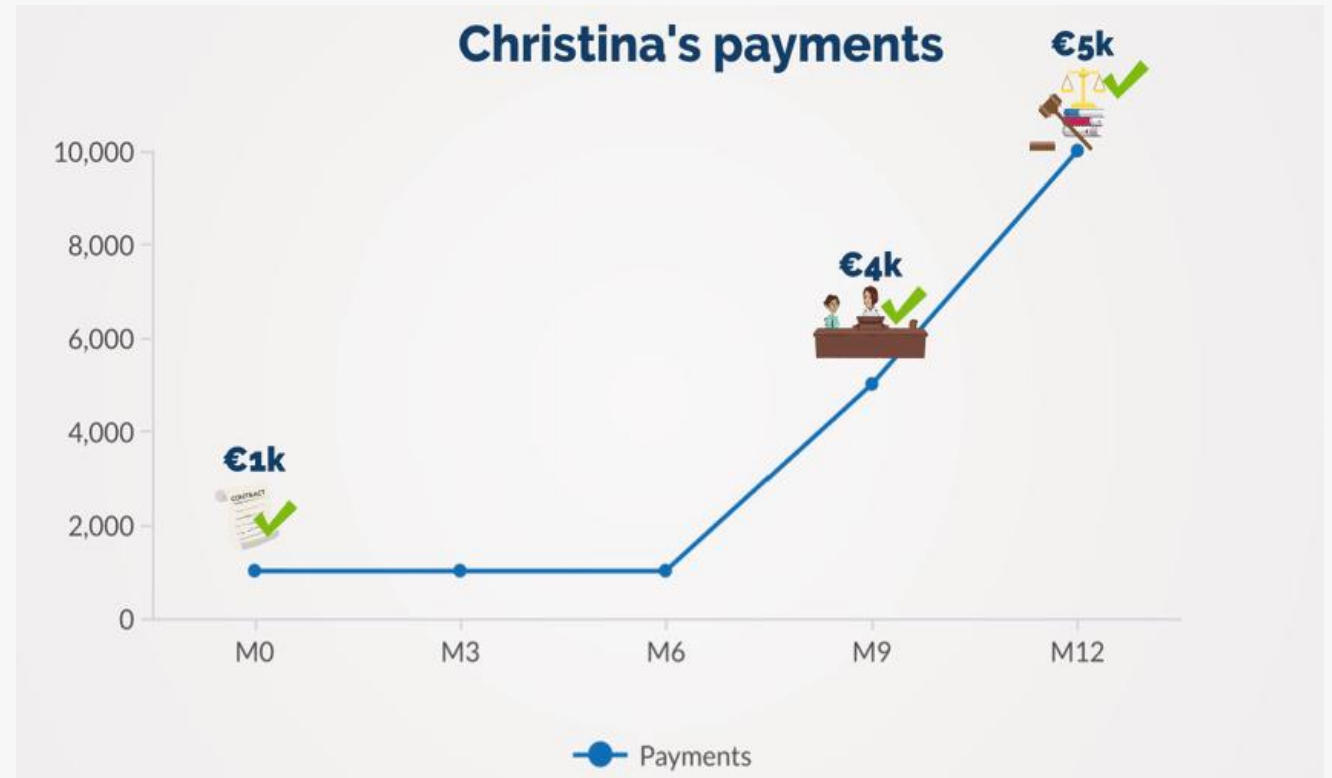
She thinks that, if Bob accepts her proposal, the risk will be now more evenly shared between her and Bob.

However, she still has concerns that with her current cash flow, she may not be able to implement the current contract.

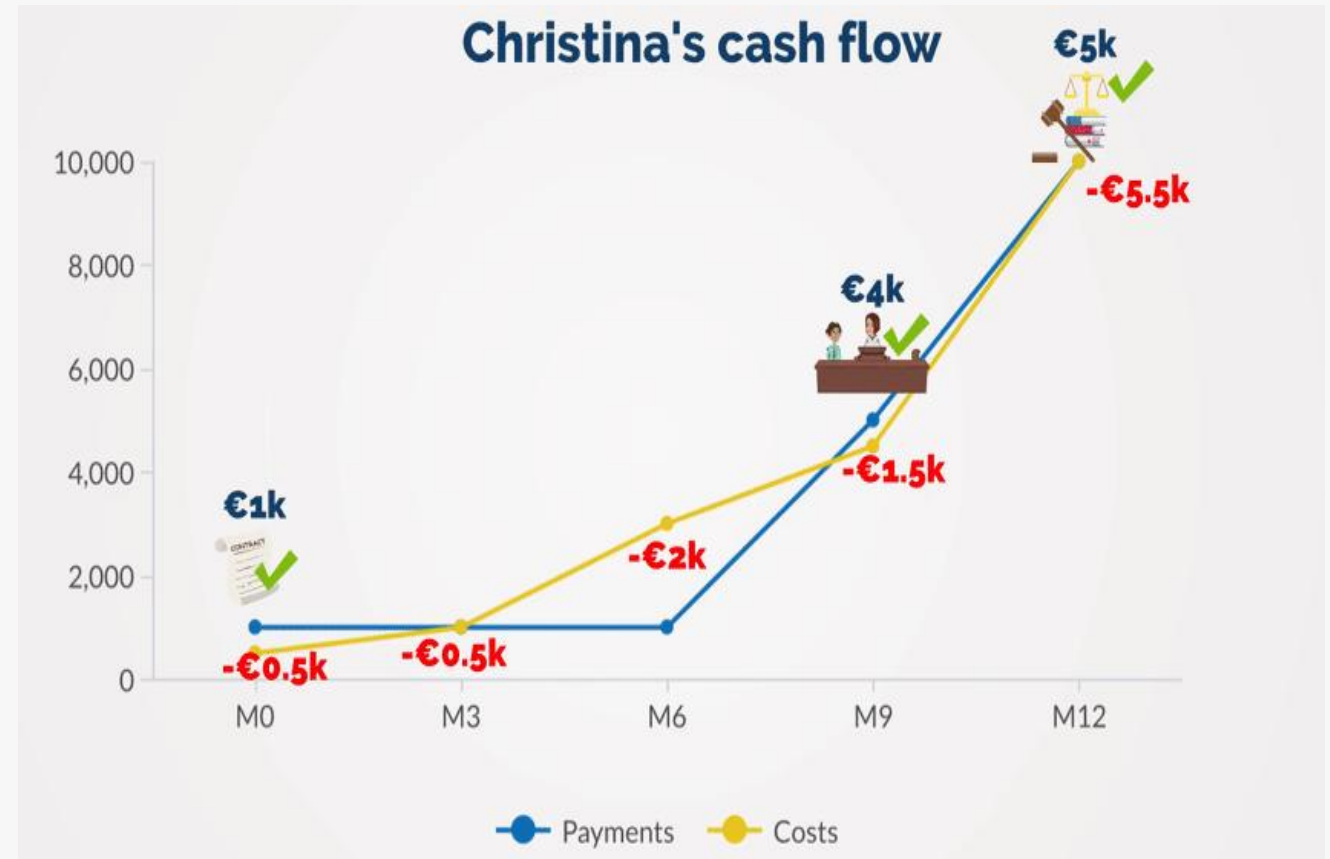


To work out her cash flow needs, she starts by estimating the timing of the payment triggers in the proposed contract.

The timing is based on her experience with previous cases.



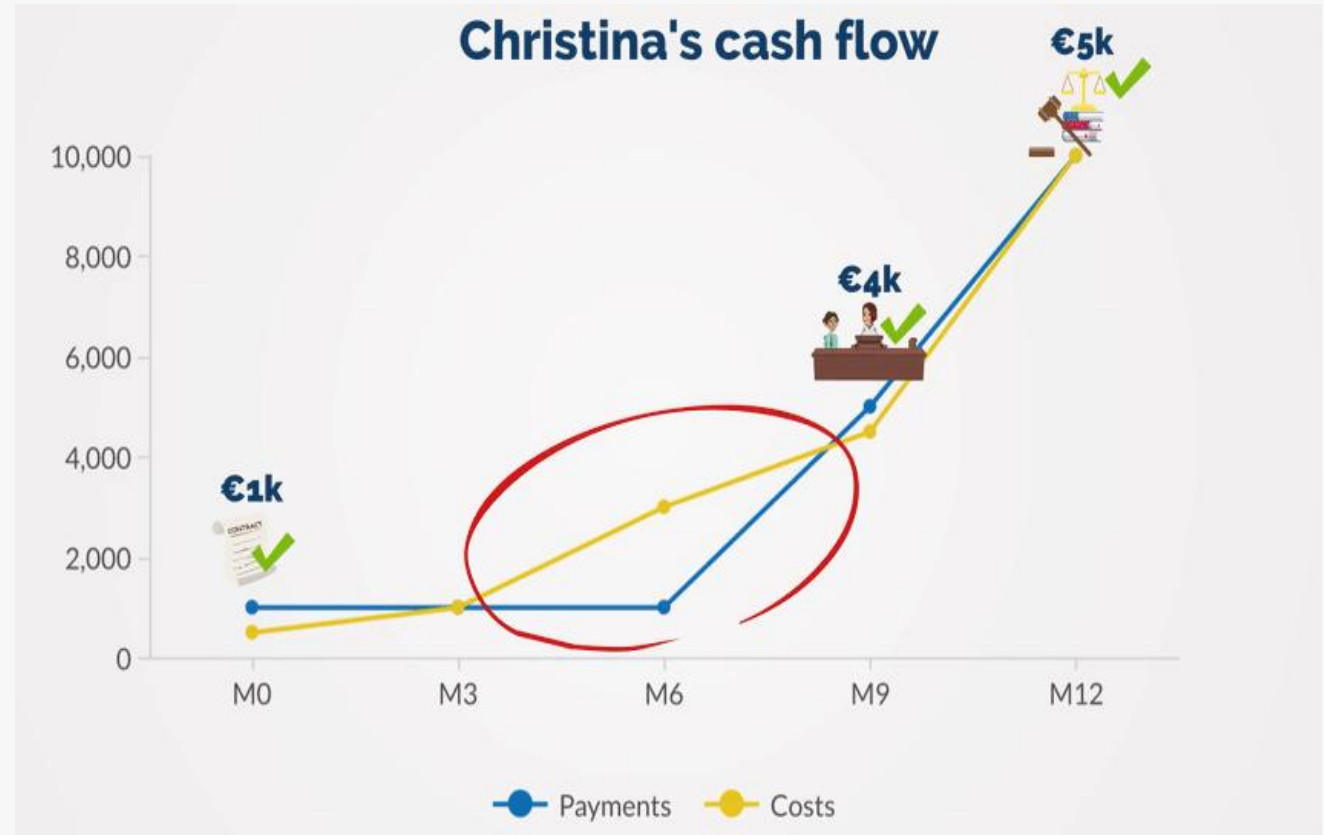
Next, she models her costs during the contract lifetime.



As she compares her payments with all her expenses over time, she realises right away that they do not match.

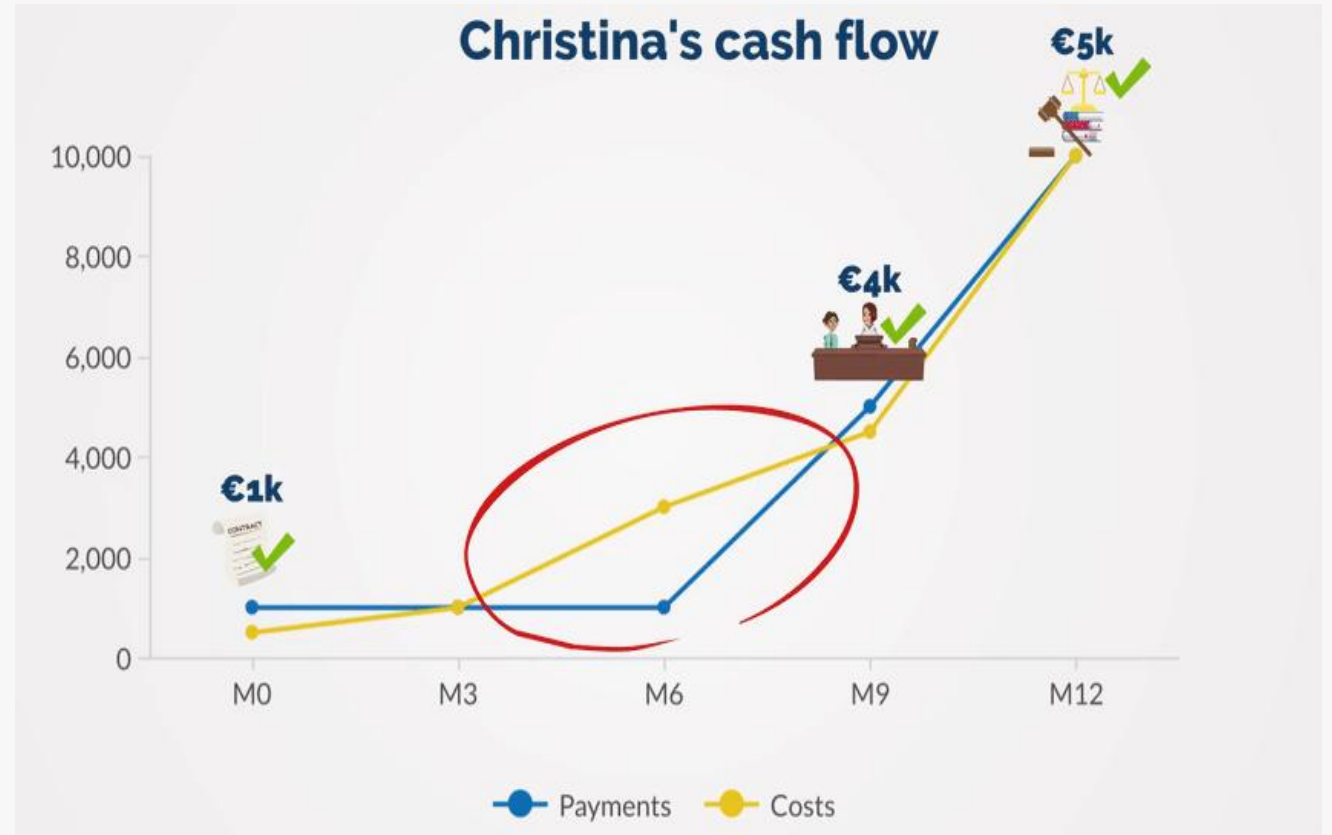
The second payment comes too late for her to meet her costs.

If the contract does not change, she will not be able to go through with the task.



Question

What can she do?



Then she has an idea!

She can receive some of the second payment earlier by asking it to be linked to another step in the contract.

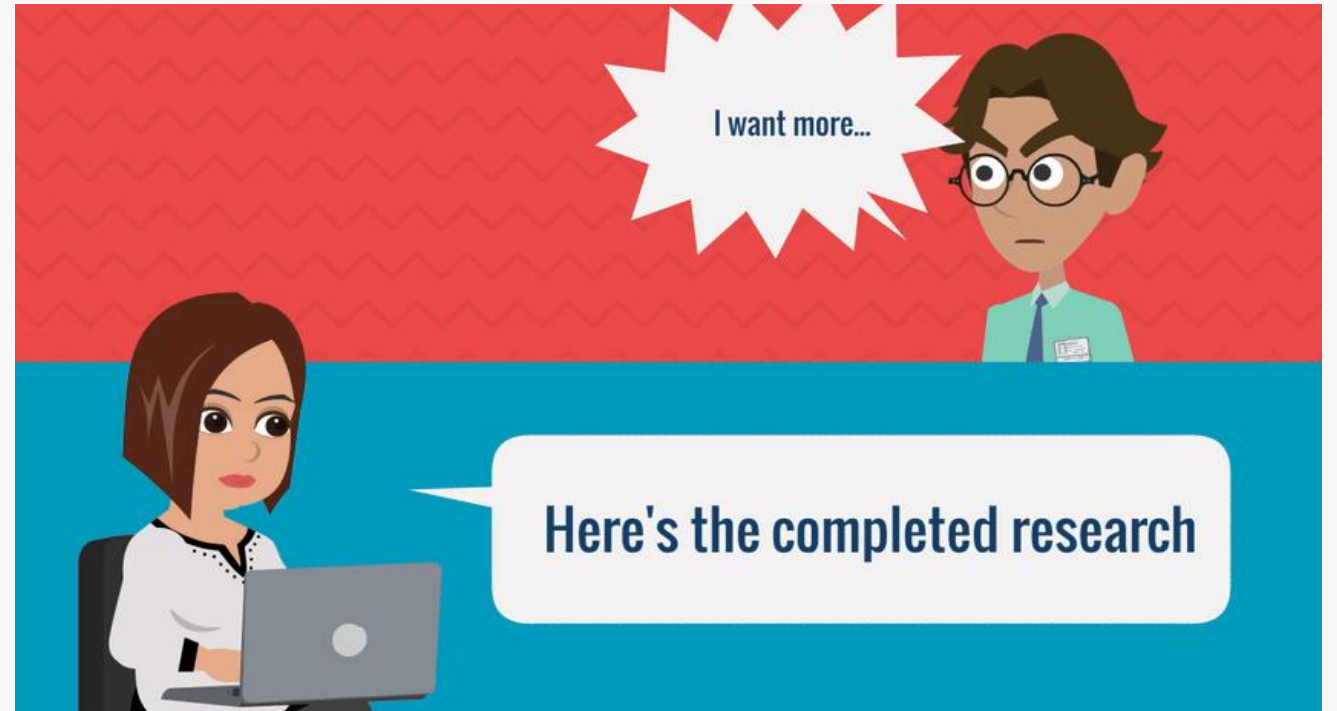


Christina thinks about other steps which could serve as an additional payment trigger.

She thinks that **the completion of the research** could work. She estimates that this will happen around month 5.



However, she soon realises that it will not work because even if the timing is okay, **it's not objectively verifiable**.



Another would be **the submission of the court documents.**

1. She estimates that this will be in month 6 and is not likely to change. Therefore, the timing is right.
2. It's also obvious to everyone whether it has occurred or not. **Therefore, it's objectively verifiable**

That would be perfect!



This is Christina's proposal.



Christina looks at her original concerns and checks them against her new proposals about the balance of risk and her cash flow.

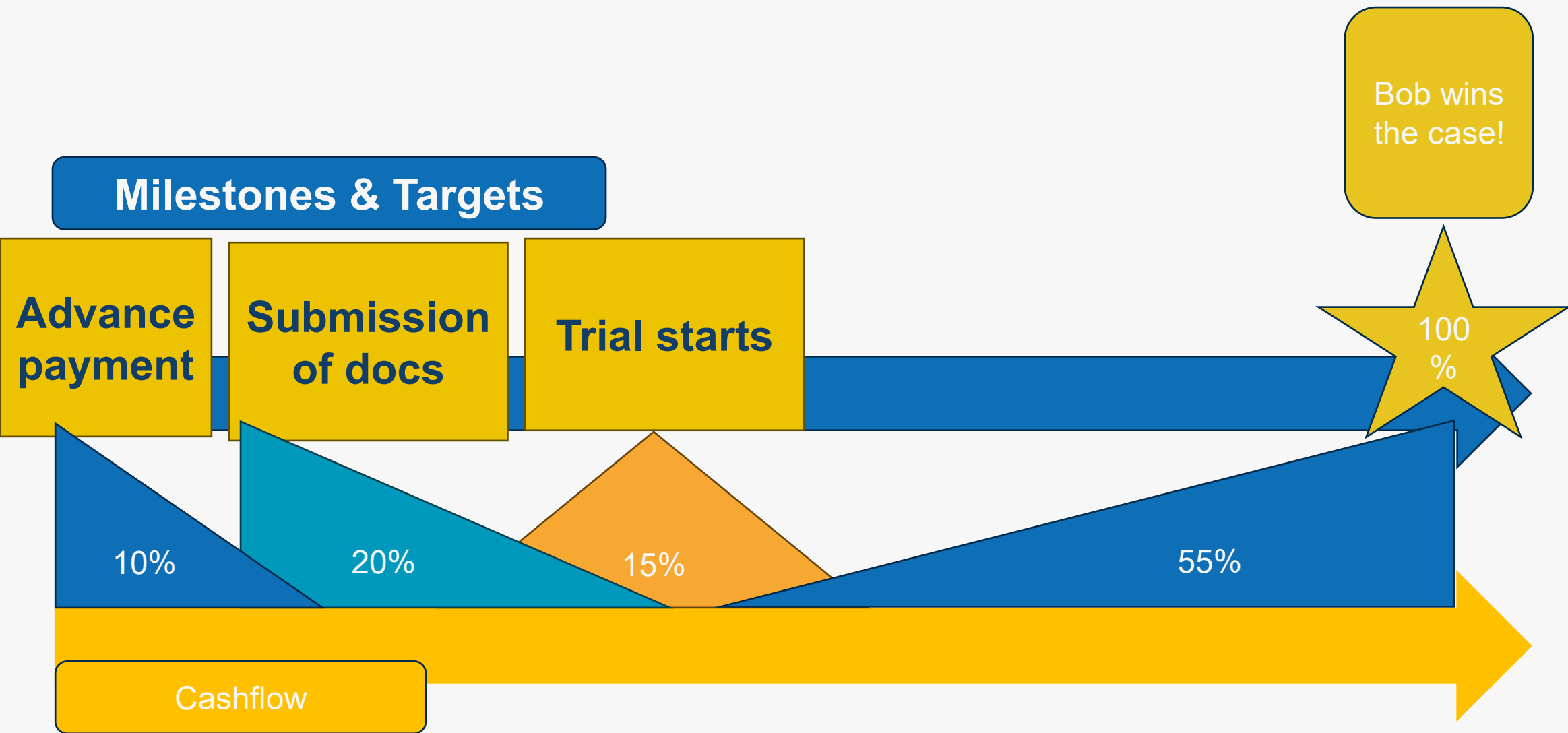
She feels that has addressed all her concerns.



She decides to meet with Bob with her proposed contract amendments.
And after some negotiations...



Christina's final contract



Applying the principles to an Interreg reality

Fundamental principles (recap):

- Payment is based on meeting **pre-agreed conditions** with **pre-defined monetary values**, not real costs
- The purpose of P-BA is:
 - to ensure **value for money**,
 - to focus verification efforts on checking **quality** rather than costs
- An ideal P-BA mechanism **balances**:
 - Focus on **performance**
 - Meeting **cashflow needs**

What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

#2 Shared management

What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

- I. Provides distinctive terminology
- II. Defines certain rules

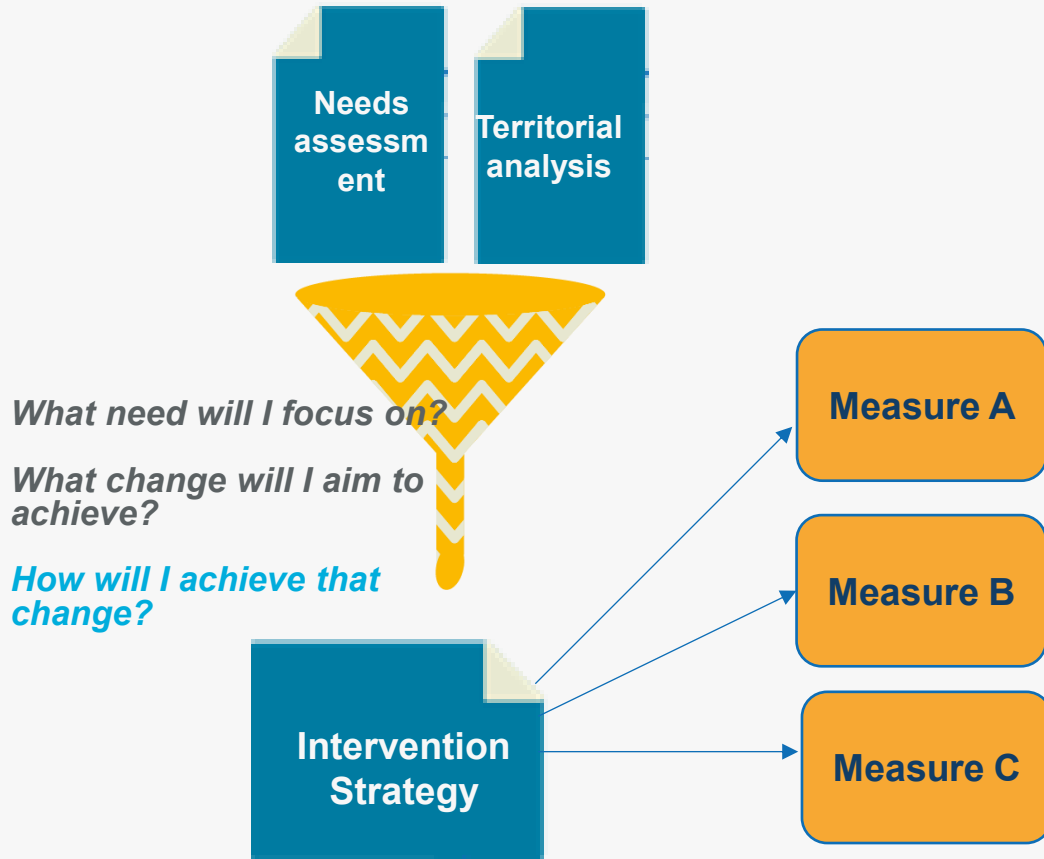
What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

I. Terminology - Measures

1. Based on programme needs assessment and intervention strategy
 - What need will I focus on?
 - What change will I aim to achieve?
 - How will I achieve that change?
2. One or a group of projects which all contribute to the same final product (output indicator) .
3. Measures are defined by programmes - not selected from a list

Intervention logic 2028-34 1/3



What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

I. Terminology - Final target

1. Represents the final product of the measure – and final payment trigger
2. Should be selected from the output indicators set out in **Annex 1** of the draft **Performance Regulation** (unless duly justified)

What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

I. Terminology - Milestones and interim targets

1. Defined by programmes
2. Dual function:
 - Show progress *en route* to delivery of measure's final target
 - Additional payment triggers to provide necessary cash-flow
3. Interim targets (quantitative – i.e. there are more than one)
4. Milestones (qualitative – i.e. only one)

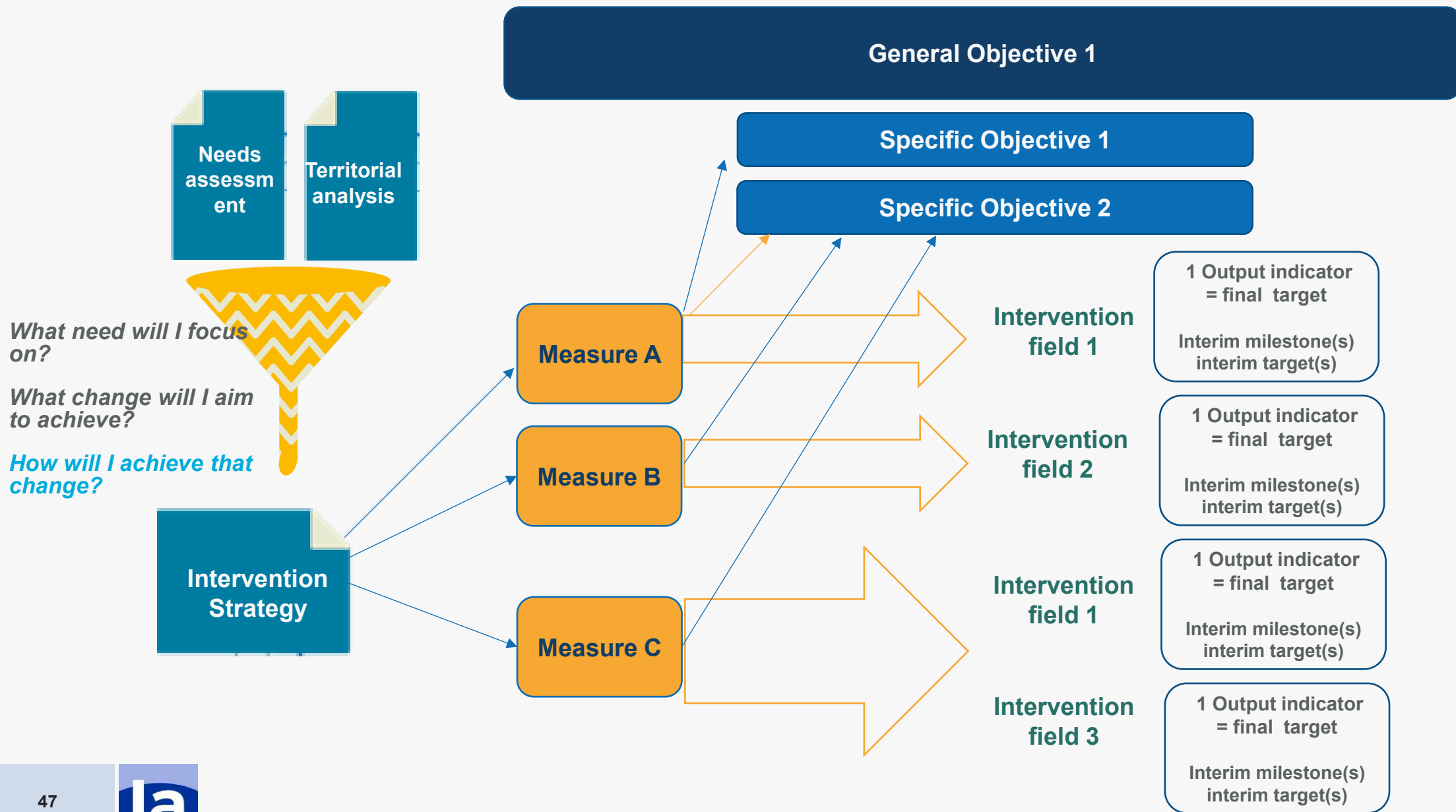
What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

II. Certain rules... 1/2

1. Measures should be categorised as either investments or reforms
2. They should be assigned to general and specific objectives
3. Measures should be assigned to one or more intervention field, which determines the output indicator that can be selected (some exceptions possible). This could lead to a measure being linked to more than one output indicator.

Intervention logic 2028-34



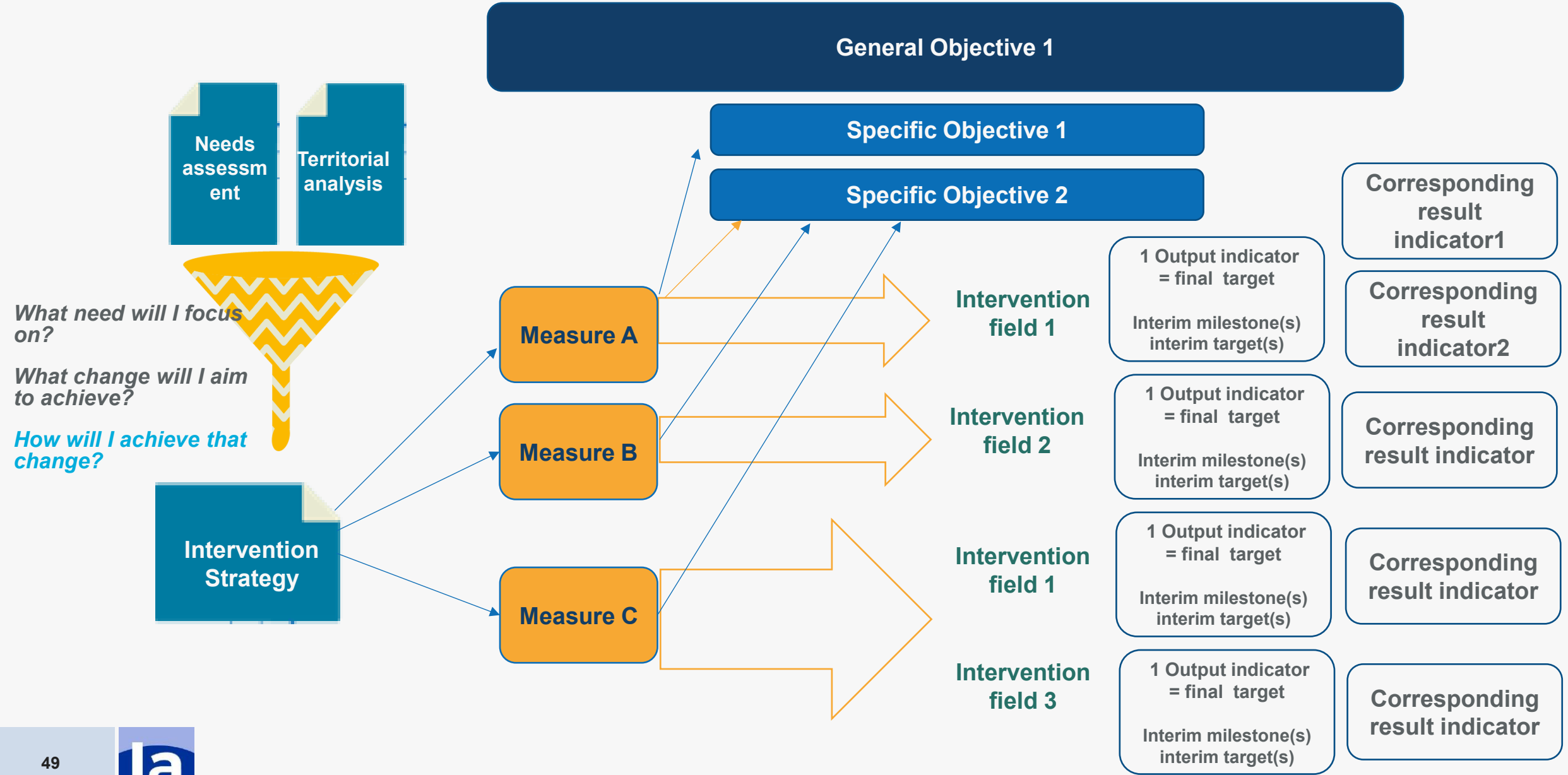
What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

II. Certain rules... 2/2

4. Measures must have one or more result indicator which must be linked to the output indicator selected.
5. It may be possible for measures not to have a final target – but have a final milestone. What this means in practice requires further clarification.

Intervention logic 2028-34



What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

Measures, targets and milestones in the Christina & Bob example...

Measure	Legal advice to support Bob solve his legal issues
Projects	Project 1: Christina's legal advice for Case 1 Project 2: Lawyer Y's legal advice for Case 2 Project 3: Lawyer Z's legal advice for Case 3
Final target	Bob wins all 3 cases
Interim targets	1) Bob wins first case 2) Bob wins second case
Milestones	1) Signing the contract 2) Submission of court documents 3) Start of trial

What makes P-BA in Interreg distinctive

#1 Draft regulatory framework

Measures, targets and milestones in an Interreg example...

Measure	Increase number of sites protected by nature-based solutions
Projects	Project 1: Nature-based solution 1 Project 2: Nature-based solution 2 Project 3: Nature-based solution 3
Final target	10,000 Hectares restored
Interim targets	1) 2,000 hectares restored 2) 5,000 hectares restored
Milestones	1) Call launches 2) Projects selected 3) Mid term reviews completed

Any questions?

Quiz

Break

What makes P-BA in Interreg distinctive

#2 Shared management

- "Client" (i.e. programmes) proposes how much the measure will cost and how much will be delivered.

CONTINUITY

VS

CHANGE



Estimate average cost of output.



Decide allocation for specific objective (now **measure**)



Target = allocation divided by average cost

Payments from Commission directly linked to performance



Stakes of target setting are much higher.



Target is too ambitious = financial penalties



Target is not ambitious enough = poor value for money.



What makes P-BA in Interreg distinctive

#2 Shared management

- Given the high stakes, in post 2027 it's especially important that targets are **accurate** and **realistic**.
- How can we ensure this?

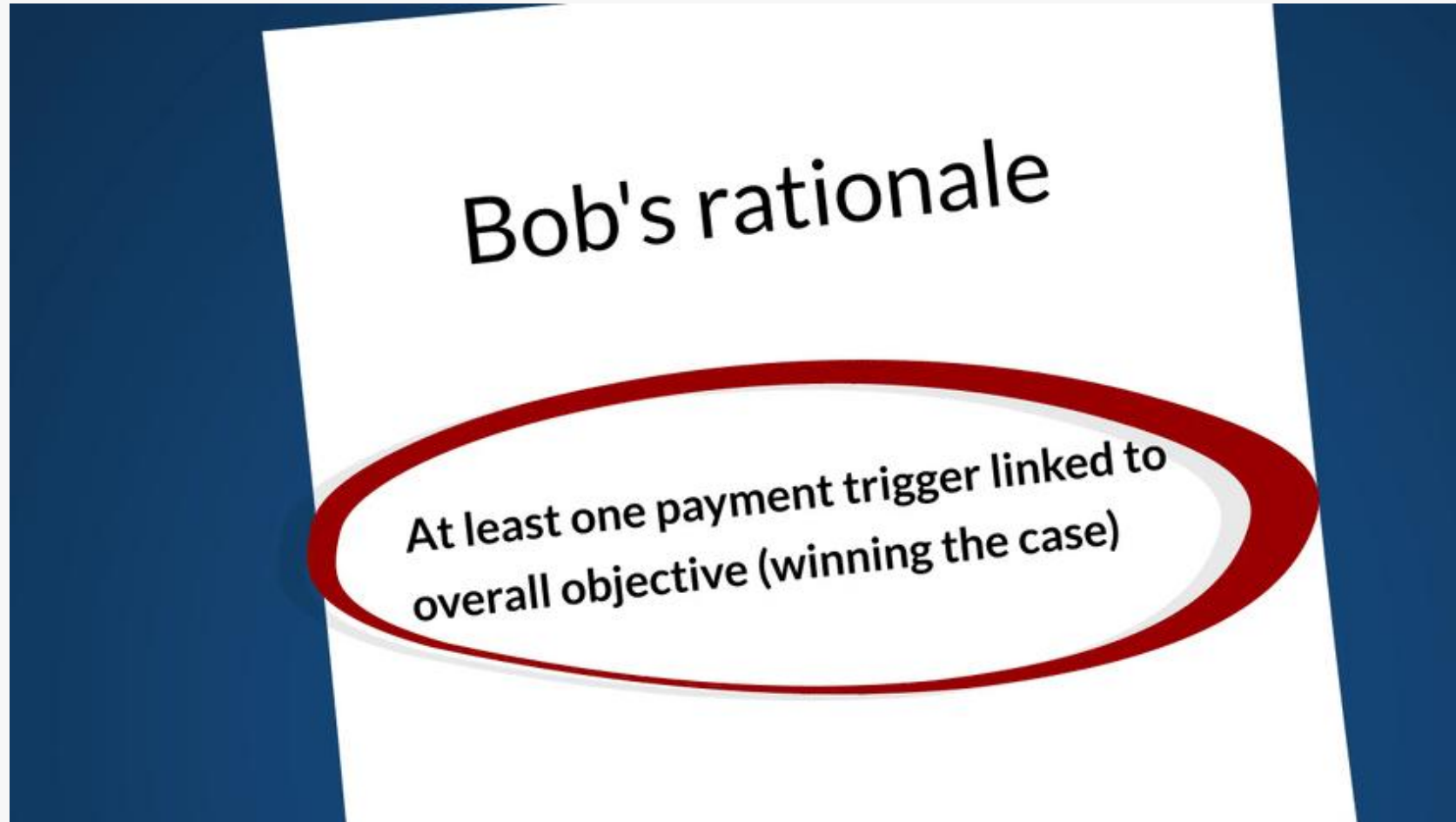
What makes P-BA in Interreg distinctive

#2 Shared management

What programmes can do to have more accurate targets:

- Be specific about what you want
- Good market research (historical data or other means)
- Planning and time

The rest is pretty similar...



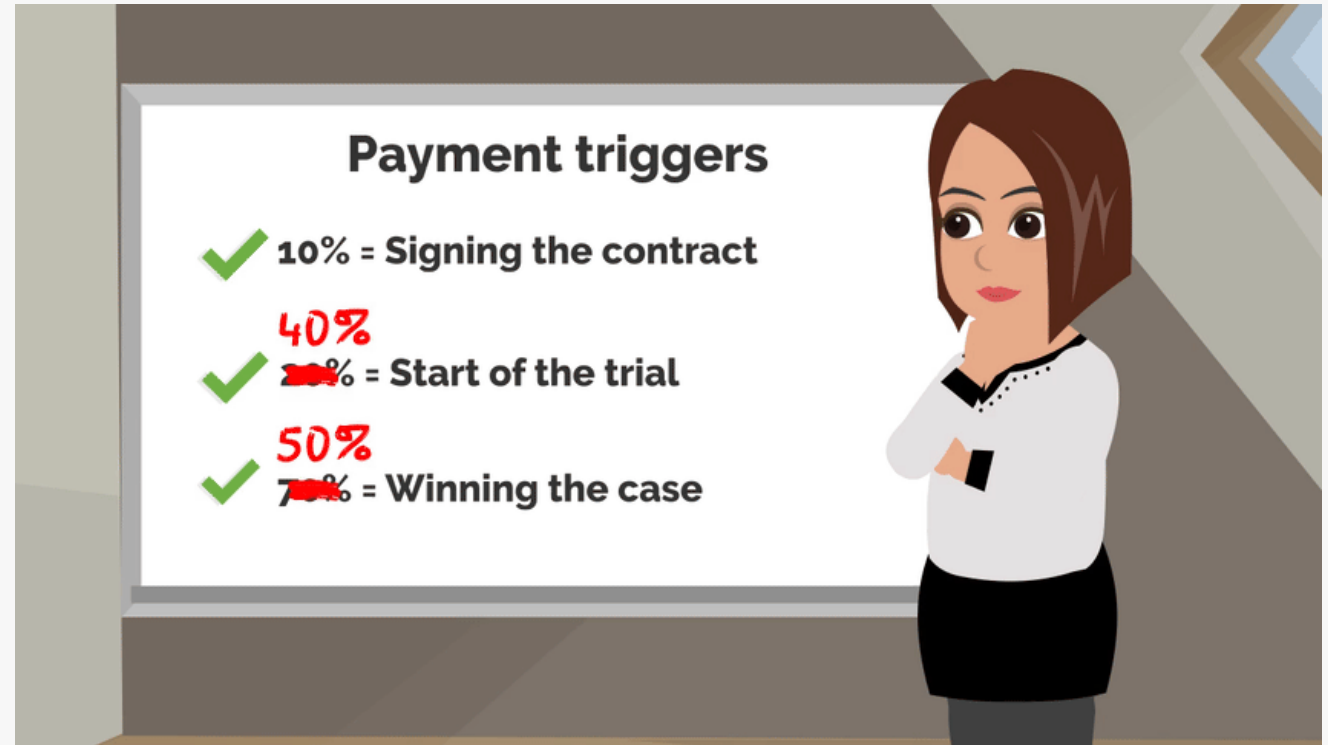
In the Interreg framework, this means programmes must select an output indicator that stands for what the measure wants to deliver (final target or milestone)

The rest is pretty similar...

Allocation of total cost of measure between final target vs milestones.

Interact's understanding is:

- Determined based on the extent final target is **within the programme's control**.



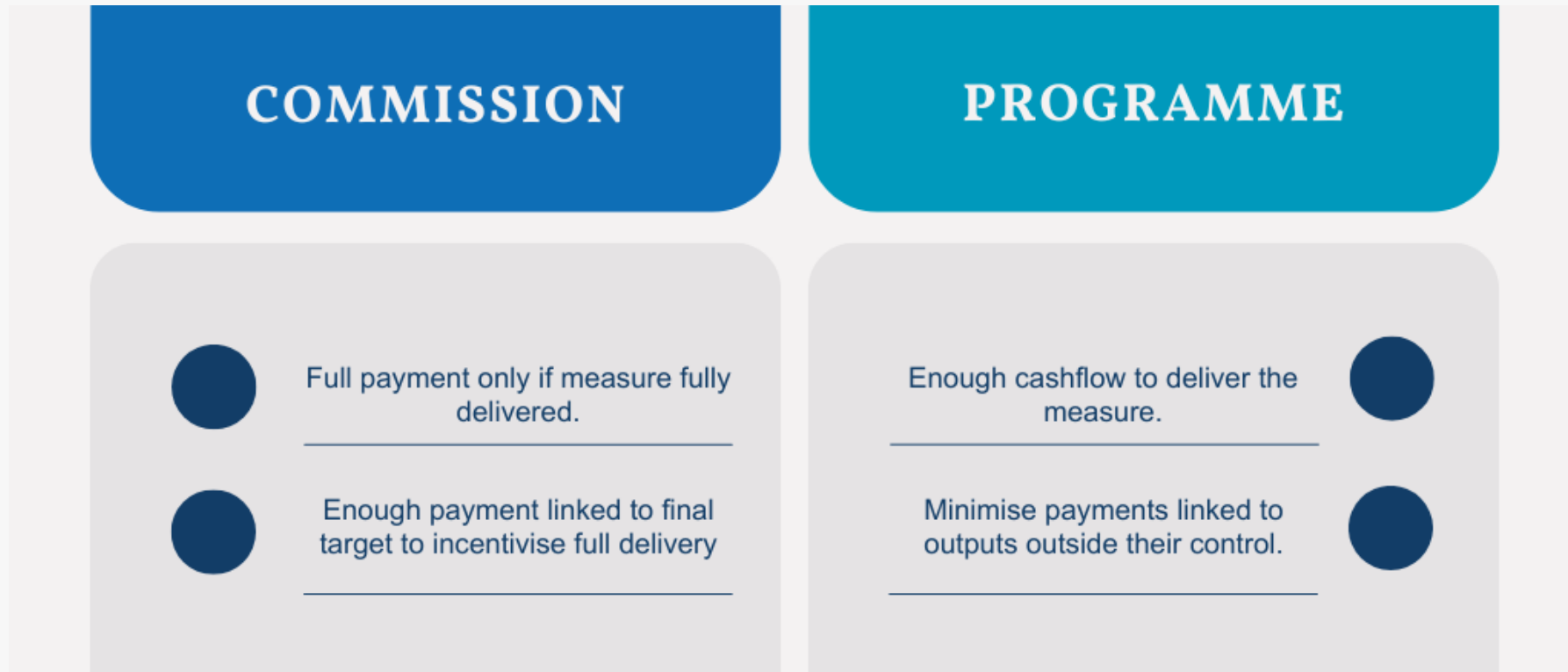
The rest is pretty similar...

Choosing milestones and interim targets:

- Timing + value = meet cashflow needs.
- Measurable, independently verifiable.
- Relate to key steps in delivery of measure.



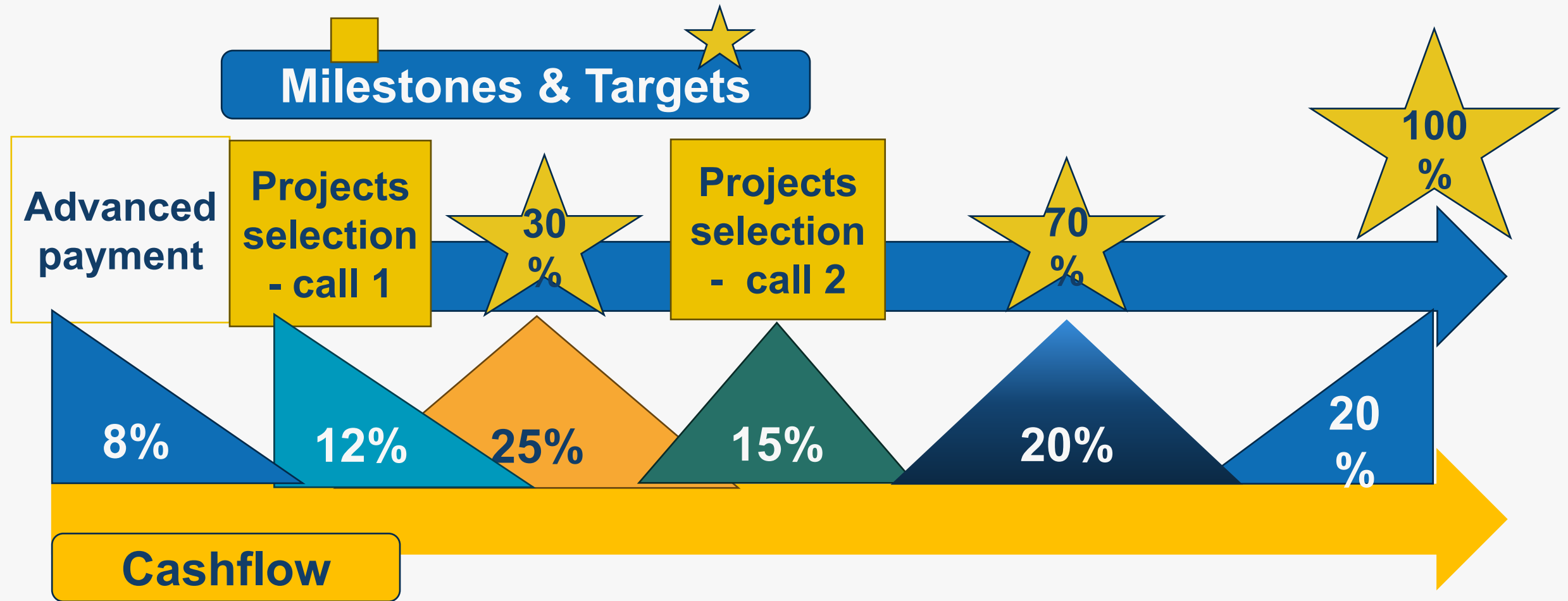
The rest is pretty similar...



Final “package” negotiated between programme and the Commission



Possible P-BA for an Interreg measure



Use this document as reminder of the key takeaways of P-BA in Interreg.

P-BA in Interreg: The Basics

Fundamental principles

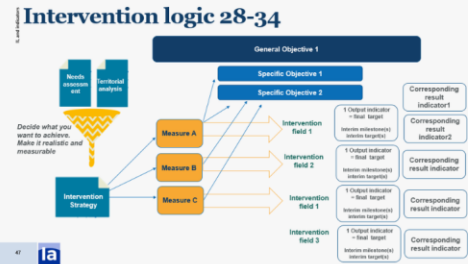
- Payment triggers NOT real costs
- Purpose
 - Ensure value for money
 - Verify QUALITY not expenditure
- Ideal balance:
 - Ensure performance
 - While enabling cashflow

Terminology and rules

Defined in the draft performance regulation

Importance of accurate targets

- Be specific about what you want
- Good market research
- Planning and time



Other considerations

At least one payment trigger (output indicator) linked to overall delivery:

- Amount assigned should reflect degree of programme's control

Milestone and interim targets:

- Ensure cashflow
- Measurable and verifiable
- Relate to key steps for delivery of measure

P-BA events in the second semester of 2026



**P-BA How to...? Measure costing & payout
value workshop | 14-15/10/26, Berlin**



**HIT: Intervention Logic; Synergies &
Capitalisation; Budget | 27-28/10/26, Zagreb**



**60 minutes. 1 measure (South Baltic) |
16/11/26, Online**

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Date updated

Primary knowledge area

Author(s)

Interact Programme

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Performance-based approaches

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