

RETHINKING EU SPENDING:

WHY THE NEXT MFF AND ITS PERFORMANCE REGULATION MATTER

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The European Union is preparing its next long-term budget, the Multiannual Financial Framework (MFF), for the period 2028–2035. While this may sound like a technical exercise reserved for policymakers, the MFF has consequences for people's daily lives: it determines how vast amounts of public money are spent, shaping everything from infrastructure and industry to climate action and social policy across Europe.

This time, the EU is proposing a major shift in how that money is managed. At the centre of the reform is the Performance Regulation proposed by the Commission, which intends to ensure that EU funds deliver tangible results. But [according to the Clean Air Action Group](#) (CAAG), the regulation risks falling short of its own ambitions and, if adopted in its current form, it would certainly lead to serious unintended negative consequences.

What is the MFF, and what is planned to change from 2028?

The MFF is essentially the EU's long-term financial plan, covering a seven year period. It sets spending ceilings and priorities, providing a framework within which annual budgets are agreed at the EU level. Beyond numbers, it also reflects political choices: what values the EU chooses to prioritise, and how it aims to address shared challenges across its Member States.

For the upcoming cycle, the European Commission wants to simplify the system, in order to make it more effective, flexible and resilient. The new long-term EU budget aims to integrate funds managed by Member States and regions into a single, coherent strategy, with cohesion and agricultural policies at its core. This strategy will be delivered through simplified and more tailored National and Regional Partnership Plans, designed to maximise the impact of EU spending. These plans are intended to support economic convergence, reduce regional disparities, and set out both investments and reforms to better prepare Member States and regions for future challenges.

A key part of this structural change is the introduction of the Performance Regulation, which is supposed to shift the focus from how much money is spent to what that money actually achieves. The idea is straightforward: EU spending should be evaluated based on results, with clear and reliable information showing what has been accomplished.

In principle, this represents a welcome evolution. Public funds should indeed be used efficiently and transparently. However, the way this principle is translated into practice is where concerns begin to emerge.

Why civil society should speak out

The Clean Air Action Group (CAAG) has spent decades analysing how EU funds are implemented in practice, and drawing on this experience has developed policy recommendations based on observed shortcomings and best practices. Now, it has [taken a close look](#) at the proposed Performance Regulation, and found it extremely problematic.

The decision to raise the issue publicly is not simply a technical question. It is an attempt to make a highly complex policy debate accessible to a wider audience, so that citizens can better understand how EU funds are used and what is at stake. At the same time, CAAG aims to encourage improvements before the new MFF system is finalised.

In short, the message is that the debate about EU spending should not remain confined to institutions! It should be visible, understandable, and open to scrutiny.

The core issue: measuring activity instead of impact

At the heart of CAAG's critique lies a simple but important observation: the proposed system focuses on what can be easily counted and then promoted as results, and not enough on what actually matters.

Most of the indicators that are proposed to measure performance are **purely quantitative**. They track things like the number of companies supported, jobs created, or laws adopted. While such figures may look impressive on paper, they say nothing about the real impact of the actions behind them. A high number of supported enterprises does not necessarily indicate meaningful economic or

environmental progress. Similarly, counting jobs without considering their quality or long-term sustainability risks encouraging short-term gains over lasting, sustainable improvements.

As CAAG notes, the framework risks capturing “volume” instead of “value,” providing little insight into whether EU funding actually contributes to climate goals, environmental protection, or social wellbeing.



Photo: Ethel Nouis

When funding risks doing harm

Beyond the issue of weak indicators, there is a real concern raised about where EU money might end up. In several policy areas, funding could be directed toward sectors that are already highly polluting the environment.

This creates what CAAG describes as a “paying the polluter” problem. Instead of driving transformation, public funds may end up supporting industries that should already be adapting to stricter climate requirements for reaching EU and national climate targets. In some cases, this type of harmful subsidies could even delay necessary changes by keeping outdated, carbon-intensive business models afloat.

And there is also a broader economic concern. If funding is allocated based on the ability to secure grants rather than actual performance, it may distort competition in an undesirable manner. Companies that are more skilled at navigating administrative processes could benefit over those delivering genuinely better products or services. Meanwhile, businesses that operate without public support may find themselves at a disadvantage.

Limits of control and accountability

Even if the observed performance indicators were improved, CAAG argues that deeper structural issues would remain. The EU budget is implemented across many countries, involving hundreds of thousands of projects and millions of stakeholders. This makes effective oversight by the Commission extremely challenging.

In practice, this can lead to inefficient spending, overpricing, or even misuse of EU funds. There is also the question of additionality: would some of these investments have happened anyway, without EU support? If so, public money is not creating real added value.

Most importantly, individual projects – even successful ones – do not necessarily translate into meaningful national or EU-level progress. A country might showcase EU-funded initiatives while simultaneously pursuing policies that undermine climate or environmental goals.

CAAG proposes a different way forward

Given these challenges above, CAAG suggests looking at an alternative approach already used by the EU in recent years: the model partly applied in the Recovery and Resilience Facility. Instead of focusing primarily on indicators of programs and projects funded by the EU, this system ties funding to the achievement of clearly defined reforms and milestones at the national level and ensuring their strict enforcement by making the disbursement of funds conditional on their fulfilment.

Such an approach shifts attention from counting outputs as simple numbers to delivering a real structural and meaningful change. It also makes it easier to link funding directly to policy objectives, strengthening both accountability and effectiveness.

Why this matters now more than ever before

The debate over the Performance Regulation is not a technical discussion. It is about how Europe invests in its future. The choices made in the next MFF will influence whether public money supports genuine transformation towards a better and sustainable future or merely creates the appearance of progress.

If the system remains focused on easily measurable but low-impact indicators, there is a risk that significant resources will be spent without delivering meaningful and valuable results. On the other hand, a well-designed and carefully implemented framework could help ensure that EU funding genuinely contributes to the most important values of our times – climate goals, economic resilience, and social wellbeing.

By bringing attention to these issues, CAAG aims to encourage a broader conversation about what effective public spending should look like. The real challenge now is to ensure that the final design of the Performance Regulation lives up to its promise.



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