OPINION 08/2026
(pursuant to Article 322(1) TFEU)

concerning the proposal for a Regulation of the European Parliament and of the Council establishing the Single Market and Customs Programme for the period 2028-2034, repealing Regulations (EU) 2021/444, (EU) 2021/690, (EU) 2021/785, (EU) 2021/847 and (EU) 2021/1077

[COM(2025) 590 final]

EUROPEAN COURT OF AUDITORS

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Introduction

Why we provide this opinion

Legal basis

01 This opinion is issued pursuant to Article 322(1) of the Treaty on the Functioning of the European Union (TFEU), which provides the legal basis for the adoption of the EU's financial rules, including those governing the establishment and implementation of the EU budget.

02 The proposal for a regulation of the European Parliament and of the Council establishing the Single Market and Customs Programme for the period 2028-2034 (COM (2025) 590 final) was adopted by the European Commission on 3 September 2025. The European Court of Auditors (ECA) was formally approached to comment on this legislative proposal by the Council of the European Union on 21 October 2025 and by the European Parliament on 6 November 2025.

03 In accordance with our institutional mandate, we are providing this opinion to support the legislative process through observations concerning the design, financial implementation, control environment, and potential risks of the proposed programme. ***Annex I*** lists the ECA publications that are referenced in this opinion.

04 In preparing this opinion, we considered relevant provisions of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council (Financial Regulation), the Commission's impact assessment on the Single Market and Customs Programme (SMCP), accompanying the proposed new regulation, and earlier findings from our audit work.

Context

05 The Commission proposes a unified SMCP for 2028-2034, consolidating strands from five existing instruments (recitals 8 to 11), namely:

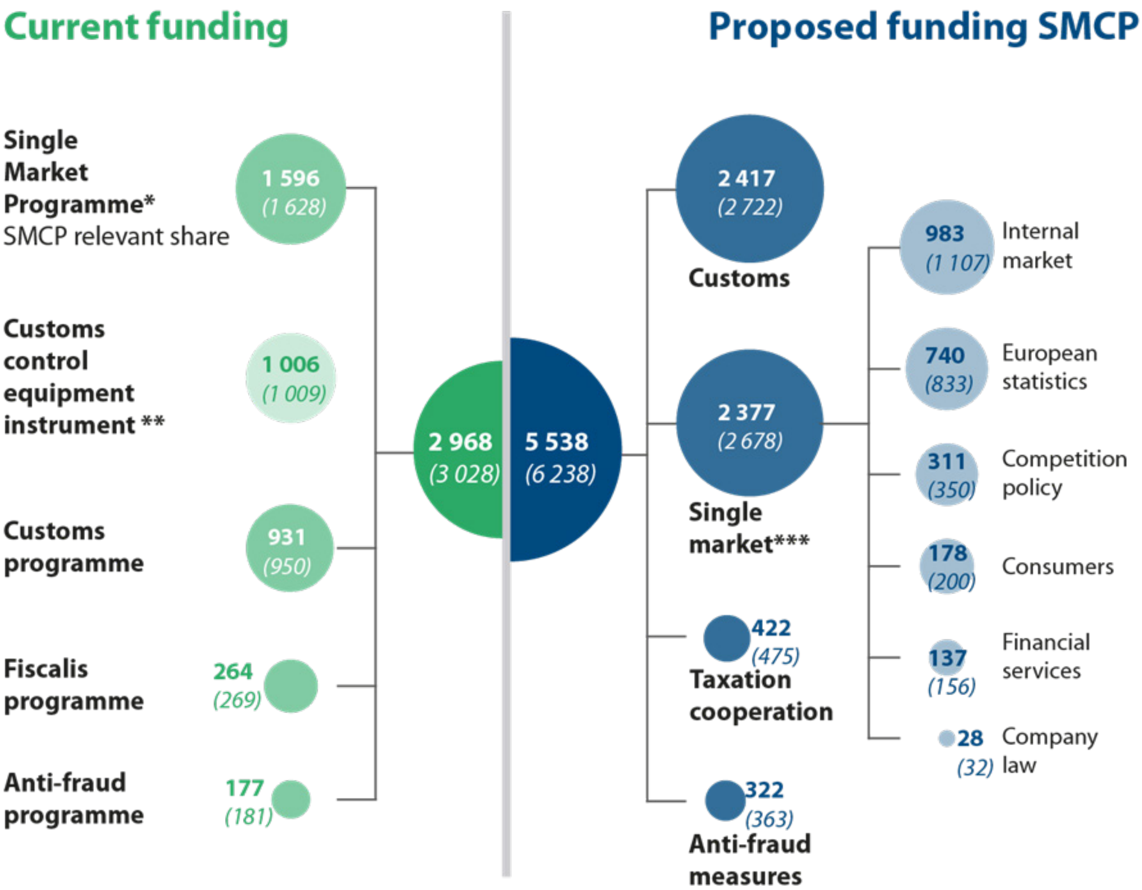
- parts of the Single Market Programme established by Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) 99/2013, (EU) 1287/2013, (EU) 254/2014 and (EU) 652/2014;
- the Customs Programme established by Regulation (EU) 2021/444 of the European Parliament and of the Council of 11 March 2021 establishing the Customs programme for cooperation in the field of customs and repealing Regulation (EU) 1294/2013;
- the Customs Control Equipment Instrument established as part of the Integrated Border Management Fund by Regulation (EU) 2021/1077 of the European Parliament and of the Council of 24 June 2021 establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment;
- the Fiscalis Programme established by Regulation (EU) 2021/847 of the European Parliament and of the Council of 20 May 2021 establishing the "Fiscalis" programme for cooperation in the field of taxation and repealing Regulation (EU) 1286/2013; and
- the Union Anti-Fraud Programme established by Regulation (EU) 2021/785 of the European Parliament and of the Council of 29 April 2021 establishing the Union Anti-Fraud Programme and repealing Regulation (EU) 250/2014.

06 The SMCP is planned to have a budget of €6.2 billion (€5.5 billion in 2025 prices) for 2028-2034 (Article 4). This represents approximately 0.31 % of the total proposed 2028-2034 multiannual financial framework (MFF) budget of €1 984 billion (€1 763 billion in 2025 prices). According to Article 5 of the proposal, member states, EU institutions, bodies and agencies, non-EU countries, international organisations, international financial institutions and other third parties may make additional financial or non-financial contributions to the programme; this provision is common to all proposed basic acts for internal policy funding programmes for the next MFF. When the corresponding parts of the five predecessor programmes are taken into account, the proposed SMCP envelope represents a substantial increase when the corresponding parts of the five predecessor programmes are taken into account.

07 A direct comparison of the proposed SMCP funding with the budgets of the five separate programmes in the current MFF is not possible, as their respective policy areas do not fully coincide. Nevertheless, the following graph illustrates the distribution of funding in the current and the proposed MFF for contextual purposes

Figure 1 | Distribution of funding for single market, customs, taxation and statistics

constant 2025 prices, € million
(current prices, € million)



Note: Amounts are shown in constant 2025 (and current) prices and reflect the estimated policy scope corresponding to the Single Market and Customs Programme (SMCP), for contextual comparison only.
* Only the share of the Single Market Programme relevant to internal market governance and enforcement is included; expenditure related to SME support and food/feed policy is excluded.
** In 2021-2027, the Customs Control Equipment Instrument (CCEI) was financed under the Integrated Border Management Fund and is shown separately.
*** The breakdown of the Single Market component for 2028–2034 follows the Commission proposal.

Source: European Court of Auditors and the Commission.

08 We note that the area covered by the SMCP includes some of the EU's most diverse and operationally complex policy domains. Certain components, such as EU-level customs and taxation IT systems, risk-management platforms and anti-fraud information systems, are essential for the functioning of the customs union and cross-border enforcement. These systems involve long-term development cycles, substantial procurement requirements and legally binding timelines. Other elements, such as administrative cooperation, market-surveillance networks, policy support and horizontal single market instruments, pursue broader and more flexible objectives.

09 The proposed consolidation of several programmes into the SMCP is presented as a response to the persistent fragmentation of the current funding landscape supporting the single market, the customs union, taxation cooperation, anti-fraud coordination and European statistics. According to the Impact Assessment, it introduces a more integrated framework with clear potential benefits in terms of coherence, administrative simplification, streamlined governance, and a more flexible foundation for addressing evolving structural, economic and regulatory challenges

10 While consolidation of the five predecessor instruments offers these potential benefits, it also entails a risk of increased internal complexity. The impact assessment notes this operational complexity, notably in relation to digital systems and enforcement tools that are at different stages of development and maturity.

11 Therefore, given the diversity of the activities covered by the SMCP, consolidation into a single framework will require clear governance arrangements, transparent resource allocation and robust monitoring and evaluation mechanisms. Against this background, our observations in this opinion focus on whether the proposal contains the elements necessary to ensure sound financial management, transparent and accountable implementation, effective performance measurement, protection of the EU's financial interests, and clear governance arrangements, in line with the Treaty and the Financial Regulation.

12 ***Annex II*** provides additional background information on the proposed SMCP.

Main messages

13 We have identified a number of main messages. These are summarised in ***Box 1*** and further developed in the following sub-sections.

Box 1

Main messages at a glance

- **EU added value:** A significant part of the activities to be funded by the SMCP are legally mandated meaning that they are not optional. While the Commission has set out a rationale for EU-level action in the areas covered by the SMCP, EU added value remains difficult to substantiate and compare across the programme's strands, particularly for cooperation activities. We therefore reiterate that public debate and decision-making would benefit from applying a common definition of EU added value for optimal use of EU funds (paragraphs ***14***-***18***).

- **Aligning spending objectives with EU-wide policy priorities:** The proposal refers to EU strategic priorities such as competitiveness, enforcement and digitalisation. However, it does not translate these priorities into binding requirements for work programmes to demonstrate alignment across the programme's strands. It also does not address long-standing weaknesses in the EU anti-fraud architecture identified in previous ECA audits. This includes weaknesses affecting key systems such as the Anti-Fraud Information System and the Irregularities Management System (paragraphs ***19***-***30***).

- **Budget flexibility:** The proposal introduces extensive flexibility tools which may be particularly appropriate in view of the on-going review of the EU's customs code and the EU anti-fraud architecture. However, the proposal does not provide for conditions, safeguards or reporting requirements for their use, which may reduce predictability, and affect continuity of funding for mandatory systems (paragraphs ***31***-***37***).

- **Simplification of the programme and procedures:** Consolidating five programmes into a single framework offers potential for simplification. However, given the diversity of interventions, actions and stakeholders covered, the proposal does not specify at regulatory level how coherent prioritisation, transparent budgeting or disciplined procurement will be ensured across the programme. Neither does it specify the extent to which consolidation will deliver genuine simplification. This will depend on how these arrangements are designed and applied in practice (paragraphs ***38***-***45***).

- **Performance framework:** Reporting, monitoring and evaluation should be supported by indicators, baselines and reporting requirements adapted to the programme's strands in order to generate meaningful and comparable performance information. The planned implementation report and ex post evaluation should be reflected in the regulation itself to provide legal certainty and transparency (paragraphs ***46***-***51***).

- **Compliance, transparency, accountability, and traceability of the funds spent:** As set out above, a significant part of the activities to be funded by the SMCP are legally mandated. Nevertheless, arrangements tailored to the programme's heterogeneous risk profile need to be defined in order to ensure consistent traceability and accountability across its strands, and these requirements should not be left to future implementation or internal control decisions alone (paragraphs ***52***-***56***).

- **ECA audit rights:** The Commission's use of direct and indirect management should ensure that the ECA's full audit mandate is maintained across all strands of the programme, and audit rights for bodies outside the EU legal framework need to be secured through standard clauses in delegation agreements (paragraphs ***57***-***58***).

EU added value

14 The proposal sets out the EU added value of the SMCP in its explanatory memorandum and in the legislative financial and digital framework, in particular section 1.5.2 "Added value of EU involvement". These sections explain that EU action generates added value by providing cross-border and transnational benefits, economies of scale, harmonised digital infrastructures and common tools, which individual member states are unable to achieve alone to the same degree. They highlight, among other things, the role of EU-level funding in supporting the functioning of the single market and the customs union, enforcing EU law, strengthening the EU anti-fraud architecture, and mitigating disparities in administrative and IT capacities between national authorities.

15 A significant part of the activities to be funded by the SMCP are legally mandated. Meanwhile, we note that neither Article 3 (Programme objectives) nor Article 11 (Work programme) requires work programmes to demonstrate that planned SMCP actions provide benefits beyond what could be achieved at national or regional level. Instead, as described in the explanatory memorandum and in the framework's management section, the proposal defers the assessment to the general provisions on the proposed Performance Framework Regulation on which the ECA is providing a separate opinion. As a result, the determination of EU added value will need to be addressed during the preparation of the work programmes (see paragraph ***60***). This is particularly the case for non-mandatory activities financed by the SMCP.

16 While the Commission has set out a rationale for EU-level action in the areas covered by the SMCP, EU added value remains difficult to substantiate and compare across the various strands of the SMCP, particularly regarding cooperation activities involving diverse stakeholders and member states with differing administrative capacities. The Commission's impact assessment also acknowledges limitations in the existing evidence base for assessing EU added value. Some evaluations of the programmes that would be consolidated under the SMCP were not yet available at the time of drafting of the proposed regulation, in part due to the legislative timetable; others suffered from incomplete, non-comparable and uneven data submitted by member states, or a lack of baselines, comparable indicators and clear attribution methodologies (COM(2025) 733; SWD(2025) 385).

17 As already stated in our review 03/2025, we consider that the concept of EU added value should be understood in the same way by all EU institutions, and articulated in an appropriate political declaration or EU legislation to be fully effective. In other words, EU added value can only be measured effectively if it is clearly defined and applied consistently. In February 2025, in its communication on the road to the next MFF, the Commission stated that the future EU budget should focus on common challenges where spending at European level generates the highest EU added value. While, in line with the Better Regulation guidelines and toolbox, EU added value is assessed through impact assessments and evaluations, we note that neither the EU's current legal framework nor the Commission's proposals for the next MFF provide a definition of the concept of EU added value. We also recall that in our review 03/2025, we noted that the Commission had not yet carried out an assessment of the EU added value of the current 2021-2027 programmes.

18 Overall, and as already mentioned in our 2018 briefing paper prepared ahead of the 2021-2027 MFF, we consider that public debate and decision-making on the next MFF would have benefited from an agreed and consistently applied definition of EU added value. The lack of a definition of added value remains a continuing challenge, and we therefore reiterate this point for the current proposal.

Aligning spending objectives with EU-wide policy priorities

Objectives and EU priorities

19 The programme's objectives reflect EU-level policy priorities set out in the Treaty and in sectoral legislation across customs, taxation, market surveillance, anti-fraud and statistical domains. The framework accompanying the proposal (sections 1.3 and 1.4) explains that the programme aims to contribute to EU competitiveness, the digital transformation of customs and tax systems, the enforcement of single market rules and the availability of reliable data for policymaking.

20 However, while the Commission's programming is informed by established policy frameworks, neither Article 3 (Programme objectives) nor Article 11 (Work programme) requires work programmes to demonstrate alignment with policy needs identified through the European Semester or specific strategic EU frameworks, such as competitiveness initiatives, single market enforcement priorities, or the digitalisation agenda for customs and taxation.

21 Our audit work in the area of the single market has highlighted that persistent regulatory and administrative barriers, uneven enforcement and limited cross-border provision of services continue to constrain single market integration and competitiveness. For example, our special report 03/2025 on geo-blocking and special report 19/2025 on critical shortages of medicines confirmed that significant structural barriers persist within the single market demonstrating the continued need for EU-level action to address fragmentation. While the SMCP aims to support the deepening of the single market and competitiveness, these observations underline the importance of ensuring that SMCP actions supporting market surveillance, enforcement cooperation and data availability are clearly prioritised, coordinated and performance-tracked.

Programming and alignment

22 In our review 03/2025 on the post-2027 MFF, we highlighted the need to increase coherence and complementarities between programmes for the next MFF. A structured analysis demonstrating how programme activities will contribute to specific EU-level policy outcomes or how they will complement other spending instruments was also not carried out within the Commission's impact assessment. While the impact assessment identifies some potential synergies across other EU programmes and policies, the absence of such analysis weakens the evidence base for assessing policy alignment at the design stage.

23 The proposed regulation stresses the role of EU-level action for common digital systems, EU-wide platforms, large-scale IT infrastructures for customs and taxation, the anti-fraud information architecture and European statistics. While the SMCP combines budget flexibility with provisions intended to secure continuous funding for EU-level obligation, it does not establish how prioritisation between core EU-specific functions and more discretionary forms of support, would be articulated at regulatory level nor how this would guide resource allocation to actions with clear EU added value.

24 Furthermore, we note that the proposal does not specify how the programme will interact with or complement related EU instruments operating in areas such as structural reforms, digital transformation, market surveillance capacity, or data-governance infrastructure. While the impact assessment highlights the importance of synergies with other EU programmes and instruments, it does not set out any coordination arrangements or delineate responsibilities between the SMCP and other EU funding mechanisms. As a result, given the governance model, there is a risk that coordination will rely largely on assumptions rather than defined governance arrangements, potentially leading to overlaps.

Coherence and prioritisation

25 While the objectives of the SMCP are broadly aligned with EU priorities on competitiveness, single market integration and enforcement, the proposed regulation does not require work programmes to demonstrate how funded actions contribute to these priorities in a measurable and coherent manner. As a result, the extent to which the programme will effectively strengthen EU competitiveness and single market integration will depend largely on discretionary programming choices, work programmes, annual budgetary procedures, and coordination tools, rather than on binding provisions in the legal framework.

26 This absence of explicit alignment or complementarity requirements is particularly problematic because the programme combines mandatory EU-wide infrastructures (such as IT systems for customs and taxation or European statistics) with more flexible cooperation and capacity-building actions. In line with the overall MFF approach, the proposal seeks to balance flexibility with predictability for legally required investments, with alignment ensured through MFF steering and annual programming. Nevertheless, without defined prioritisation principles or alignment criteria in the regulation itself, there is a risk that the work programmes may not sufficiently reflect cross-cutting EU priorities or strategically important areas identified by the Commission and the co-legislators, including in areas such as fair taxation and the prevention of harmful tax practices, as identified in our special report 27/2024 on combating harmful tax regimes.

27 Finally, the proposal provides for the reinforcement and development of anti-fraud and irregularity information systems, notably the Anti-Fraud Information System and the Irregularities Management System, which are essential for administrative cooperation and information exchange. In special report 26/2025 on EU bodies fighting fraud, we highlighted persistent weaknesses in the EU anti-fraud architecture, including deficiencies in information exchange between the European Anti-Fraud Office, the European Public Prosecutor's Office and national authorities, inconsistent national fraud-reporting practices, and gaps in recovery processes on the EU anti-fraud architecture. In this regard, the proposal (Recital 4, Art. 3(2)e) refers broadly to improving administrative cooperation and protecting the EU's financial interests and we note that reflections on strengthening the EU anti-fraud architecture are ongoing at Commission level. However, the proposal does not establish specific objectives or actions aimed at improving the functioning of the EU anti-fraud architecture. As a result, the programme's contribution to improving the EU anti-fraud architecture remains unclear.

28 In particular, we note that the proposal does not address persistent weaknesses in member states' fraud detection and reporting systems, which are also being examined as part of the ongoing review of the EU anti-fraud architecture, and which we have repeatedly identified in our audits. This includes shortcomings in the establishment and implementation of national anti-fraud strategies, the under-reporting of fraud cases to the European Anti-Fraud Office and the European Public Prosecutor's Office, and insufficient protection and support for whistleblowers. The European Parliament's 2025 resolution on the PIF Report also called for improved reporting to criminal investigative bodies and enhanced safeguards for whistleblowers. However, the proposed regulation does not set out any specific objectives, indicators or actions in these areas. This limits the programme's capacity to support member states in improving fraud detection, irregularity reporting and cooperation with investigative authorities.

29 We also note that the regulation does not provide for actions on analytical or data-mining tools that support proactive fraud detection. In several audits on anti-fraud measures in diverse policy environments (special reports 01/2019 on fraud in EU spending, 06/2019 on tackling fraud in EU cohesion spending, 11/2022 on protecting the EU budget, 14/2022 on fraud in the CAP and 07/2023 on the Commission's control systems for the Recovery and Resilience Facility), we highlighted the importance of data-mining systems (), which can significantly increase fraud-prevention and risk-scoring capacities. We understand that the Commission is currently preparing work on a more integrated EU-wide analytical platform (Arachne+). Nevertheless, the programme sets no objectives or targets supporting the use or expansion of data-mining tools, thereby limiting its potential contribution to improved fraud prevention and detection.

30 Overall, the programme's contribution to EU-wide policy priorities will depend on discretionary programming choices rather than on binding provisions in the regulation. This limits both transparency and the predictability of how the programme will contribute to the EU's strategic priorities (see paragraphs ***60***-***63***)

Budget flexibility

31 The proposal introduces several flexibility mechanisms intended to respond to evolving operational needs across its diverse strands. As regards the SMCP, a high level of budgetary flexibility may be particularly appropriate in view of the on-going review of the EU's customs code and anti-fraud architecture. Articles 4 to 6 establish provisions for the breakdown of commitments into annual instalments, the use of external assigned revenue and the cumulative application of different forms of EU funding. The framework accompanying the proposal explains that these mechanisms are essential to accommodate the multiannual nature of customs and taxation IT systems, the operational variability of cooperation actions and the need for responsiveness within the post-2027 budgetary environment.

32 While increased flexibility can facilitate efficient implementation, the proposal does not specify conditions, decision-making criteria or documentation requirements governing the use of these tools, beyond the general provisions of the Financial Regulation. Neither the proposed regulation nor the framework clarifies under what circumstances carry-overs may be applied, how external assigned revenue should be managed or disclosed, or how cumulative funding should be monitored for accountability purposes. The impact assessment also does not analyse how these mechanisms should be prioritised or balanced across strands with differing operational needs.

33 In addition, while the proposal combines increased budget flexibility with provisions intended to secure the continuity of funding for EU-level legal obligations, it does not set out explicit prioritisation principles or safeguards for core systems, which instead will rely heavily on annual programming decisions.

34 Regarding the use of flexibility tools, our special report 18/2025 on EU budget flexibility found that such instruments were often activated without adequate analysis or documentation, that their use reduced the visibility of reallocations and that limitations in the design of the flexibility instruments contributed to their early depletion in the MFF 2021-2027. These findings are directly relevant to the SMCP given its internal heterogeneity. While Recital 2 introduces flexibility as a guiding principle, the safeguards required are not defined under Articles 4 to 6.

35 At the same time, regarding the protection of mandatory programme functions, it is essential that budgetary flexibility does not undermine the continuity of core components. The framework identifies customs IT systems, taxation IT systems, the Anti-Fraud Information System, the Irregularities Management System and European statistics as EU-wide infrastructures requiring long-term sustained investment, for which annual instalments are intended. However, Articles 4–6 do not provide safeguards to protect these functions from internal reallocations with the risk that legally mandated systems may be affected by administrative decisions taken during programming.

36 The absence of detailed rules for the application of flexibility tools is particularly significant because the programme brings together different activities with different cost structures, risk profiles and implementation horizons. Multiannual IT investments require predictable and ring-fenced resources, while the financing needs of cooperation actions are more variable. Without guidance on prioritisation or internal safeguards, flexibility may exacerbate imbalances or delay mandatory components.

37 Finally, the proposal does not outline monitoring or reporting arrangements specific to flexibility-related decisions. While the SMCP will be monitored under the post-2027 horizontal performance framework, there is only one reference to monitoring in the framework and in the general evaluation obligations under the Financial Regulation and it does not provide strand-level visibility on the effects of carry-overs, assigned revenue or cumulative funding. In this context, internal programme governance mechanisms are likely to play an important role in ensuring adequate oversight. Without such measures, oversight bodies may face limitations in assessing the impact of flexibility tools on resource allocation and performance (see paragraphs ***61***-***62***).

Simplification of the programme and procedures

Single rulebook and other procedural simplifications

38 Overall, the proposal provides a strong legal basis for simplification, but accountability will depend on whether the future implementation framework ensures clear audit trails, competitive procurement, and sound internal controls, in line with the principles of the Financial Regulation.

39 The key simplification of the proposal consists in merging existing programmes into a single framework. According to the explanatory memorandum, recitals 11 and 36 and Article 1, this consolidation is aimed at increasing coherence while simplifying access to EU funding and reducing administrative burden. Article 11 introduces a consolidated system of annual and multiannual work programmes for the implementation of the SMCP, replacing four distinct governance structures. Article 12 repeals the existing Regulations, and Article 13 introduces transitional provisions to preserve the continuity of ongoing contracts and systems. While detailed operational arrangements are expected to be defined through work programmes, the proposal provides limited clarity on how these planning processes will operate in practice across policy areas with differing operational requirements.

40 Overall, we consider that these elements demonstrate a coherent intent to rationalise management structures while preserving legal and financial continuity. Nevertheless, as acknowledged in the impact assessment, we have highlighted several discrepancies threatening the Customs Union in previous ECA audits (special reports 13/2023 on Authorised Economic Operators, 04/2021 on customs controls, 20/2019 on EU information systems, 26/2018 on delays in Customs IT systems, 19/2017 on import procedures) and insufficient protection of the EU's financial interests in the field of taxation (special reports 08/2025 on VAT fraud on imports, 12/2019 on e-commerce and 24/2015 on intra-community VAT fraud). Divergent national practices persist despite earlier EU programmes, reinforcing the need for clearer governance and prioritisation mechanisms under the SMCP. Therefore, it remains unclear whether this consolidation will result in tangible simplification and a reduction in the administrative burden and costs for national authorities and beneficiaries.

Management modes

41 The proposed programme will be implemented under direct and indirect management. In this regard, we consider that delegation to executive agencies and, once established, the EU Customs Authority must be underpinned by robust delegation agreements, full audit access rights and clear internal control requirements, as provided for under the applicable legal framework, including the Financial Regulation and the relevant establishment and delegation instruments. The proposal, however, does not specify criteria for determining when actions should be implemented directly or indirectly, or how the Commission will ensure the consistent application of standards across multiple implementing bodies. This creates potential risks to accountability, which could be mitigated by clarifying management-mode criteria and applying common minimum standards across implementing bodies.

Funding mechanisms

42 The proposal allows the use of all funding methods available under the Financial Regulation for grants, including simplified forms of grants (lump sums, unit costs, flat rates) and, where appropriate, financing not linked to costs. These mechanisms are intended to reduce the administrative burden for beneficiaries and implementing bodies and replace the varied grant arrangements of the predecessor programmes. However, we consider that simplified forms of grants or financing not linked to cost may not be the most appropriate funding mechanism in certain cases, especially since the proposal provides no details on how these payment methods will be selected or applied.

43 In this context, we also recall our assessment of the risks and opportunities associated with the use of financing not linked to cost for the sound financial management of the budget (see, for example, our annual report for 2022 and our annual report for 2024). Under the Financial Regulation, the conditions or results triggering financing not linked to cost payments are defined at the level of each action. In view of our previous audit findings on the lessons for the next MFF and the Recovery and Resilience Facility (see, for example, review 03/2025 and review 02/2025 respectively), we suggest that the Commission carefully assesses, on a case-by-case basis, whether this funding option is suitable for the bulk of the proposed spending.

Procurement

44 While the proposal introduces a simplified architecture by legally and operationally consolidating programmes, this simplification will be effective only if the implementing rules, internal budgetary segregation (or equivalent safeguards), procurement controls and transition arrangements are robustly designed and enforced, in accordance with the implementing rules set out in the Financial Regulation. This particularly applies to procurement- and data-intensive components such as the Anti-Fraud Information System, the Irregularities Management System and large-scale IT systems for customs and taxation.

Programme governance

45 As already mentioned, the SMCP replaces previous separate planning cycles with a unified work-programme approach, which in line with the Financial Regulation, in principle should enhance coherence. However, the proposal offers limited insight into how priorities will be set across policy areas with distinct mandates, beneficiary groups and operational timeframes, beyond the general framework set out in recital 2, which combines increased flexibility with reinforced governance. There is also no information on how stakeholder views – especially from customs and tax administrations – will be incorporated, or how the future EU Customs Authority will be involved once operational. While these aspects are expected to be defined at implementation stage through contribution agreements and other arrangements, we consider that this lack of specificity may constrain the programme's ability to maintain strategic focus and transparency.

Performance framework

46 Reporting, monitoring and evaluation of the proposed SMCP will be carried out in accordance with the performance framework for the post-2027 EU budget, based on a common set of indicators. This framework is set out in the Commission proposal for a regulation establishing a budget expenditure tracking and performance framework and other horizontal rules for EU programmes and activities, on which the ECA is providing a separate opinion. The SMCP will therefore rely on a common set of indicators defined at EU level. While the horizontal performance framework is designed to apply to programmes covering highly heterogeneous activities, the proposal provides limited information on how this common system will be adapted to the highly heterogeneous activities funded under the SMCP, which range from large-scale IT systems for customs and taxation to market-surveillance actions and anti-fraud tools such as the Anti-Fraud Information System and the Irregularities Management System. Accordingly, the SMCP should specify clear control and accountability arrangements to address this need.

47 As in the other programme proposals examined by the ECA (opinion 01/2026 on the European Competitiveness Fund and opinion 02/2026 on Horizon Europe), the indicators defined for the post-2027 performance framework are predominantly output-based rather than result- and impact based (e.g. number of systems supported, number of authorities participating, number of actions funded), with a limited number of indicators, as set out in Annex I of the Performance Regulation. However, such indicators may not adequately capture progress towards core SMCP objectives, such as improved interoperability of customs systems, enhanced risk-management capacity, more effective tax cooperation, or improved protection of the EU's financial interests. The SMCP proposal does not include

baselines, milestones or expected trajectories, nor does it set out a methodology for defining them, which would allow Parliament and the Council to assess progress over time.

48 The proposal requires the Commission to report annually on how SMCP expenditure contributes to achieving programme objectives. However, the reliability of performance information will depend largely on data supplied by national customs and tax administrations, market-surveillance authorities and other implementing bodies. The proposal does not include any provisions for independent verification of performance data, nor does it set out harmonised quality-assurance requirements for national reporting. This may lead to inconsistencies in data completeness, comparability, and reliability across member states.

49 Article 33(4) of the Financial Regulation allows the Commission to suspend or reduce payments where there is evidence of insufficient performance. However, the Financial Regulation does not provide a comprehensive methodology for assessing effectiveness (i.e. whether the programme achieves its objectives) or efficiency (i.e. the relationship between resources and results). In the absence of clear criteria for interpreting SMCP performance information—including for activities with long implementation cycles, such as customs IT systems or anti-fraud platforms—the practical application of Article 33(4) may be limited.

50 We note that the Commission plans to conduct an implementation report and an ex-post evaluation under Article 34 of the Financial Regulation. However, these obligations are not codified in the articles of the proposed SMCP regulation, and we would suggest that this is included as part of the proposal. Their absence from the legal text reduces legal certainty and may weaken the accountability framework, particularly given the programme's size, multi-strand structure and long-term investments in digital systems.

51 Overall, although the proposed performance framework is consistent with the horizontal approach for the 2028-2034 MFF, the SMCP proposal would benefit from clearer articulation of strand-specific results, greater emphasis on results rather than outputs, harmonised data-quality requirements, and explicit provisions on the verification of performance information supplied by national authorities. Without these elements, there is a risk that performance reporting may not adequately support evidence-based decision-making, budgetary supervision or the identification of underperforming areas within the programme. Therefore, we recommend that they be included as part of the proposal.

Compliance, sound financial management, transparency, accountability, and traceability of spending

52 The proposed SMCP envelope represents a substantial increase when the corresponding parts of the five predecessor programmes are taken into account. This increase heightens the importance of clear allocation criteria, robust performance measurement and safeguards for sound financial management.

53 Article 11 of the proposal provides for implementation through work programmes, and in accordance with the EU's financial management and control framework established under the Financial Regulation. As stated in recital 3, this requires funds to be traceable on the basis of commitments, payments, and accounting records, as well as through supervision by audit and anti-fraud bodies such as the European Anti-Fraud Office and the European Public Prosecutor's Office.

54 The proposal also enables the recovery of funding where expenditure is disproportionate to achievements or incurred in breach of EU or national rules, by recalling the applicability of the provisions on financial corrections, recovery, and sanctions under Articles 98 to 105 of the Financial Regulation to all implementation modalities.

55 Finally, the proposal refers to the EU's general monitoring and evaluation arrangements, as set out in recital 11 and the accompanying framework, which require the Commission to collect data and report on implementation and results, creating a link between financial inputs and performance outcomes.

56 As set out above, a significant part of the activities to be funded by the SMCP are legally mandated. Nevertheless, and regardless of which delivery and funding options are ultimately used for the different strands of the SMCP, ensuring a satisfactory level of compliance, transparency, accountability, traceability and sound financial management remains particularly important in how the funds are spent. As we have already stated in our review 03/2025, the Commission's intention to simplify the EU's financial management should not come at the expense of accountability. Accordingly, this risk could be mitigated by ensuring that simplified delivery and funding arrangements are subject to common minimum requirements for traceability, reporting and audit access, including a clear link between commitments, payments and results, across all strands of the SMCP.

ECA audit mandate

57 The proposal ensures that the ECA retains a clear and unrestricted mandate to audit all EU instruments financed under the programme, including access to final beneficiaries and recipients. This is achieved through the explicit reference in Article 8(1) which makes clear that the programme may be implemented under direct or indirect management, ensuring that all delegated entities, implementing partners, and recipients remain subject to our audit rights under Article 287 of the TFEU and Articles 63 (2d), 129, 211(6), 223 (4)(c), 261(2) and 263(3)(5)(7) of the Financial Regulation.

58 However, the proposal does not extend the ECA's mandate to entities created outside the EU legal framework. Nor does it provide for interim participation mechanisms such as board representation. Instead, it relies on existing audit-access clauses in delegation and contribution agreements to guarantee transparency and accountability. While we note that the standard general conditions applicable to contribution agreements include clauses ensuring the ECA's audit rights, as previously mentioned in our opinion 02/2024, any delegation agreements signed by the Commission should also uphold our audit rights. Accordingly, audit clauses should be included in the agreements with the entrusted entities.

Specific comments

59 **Recital 4:** Recital 4 recalls the roles of the European Anti-Fraud Office, the European Public Prosecutor's Office and the ECA. The proposed regulation does not define how programme funding will support the functioning of the EU anti-fraud architecture, nor does it set objectives for improving information exchange, detection or reporting. These gaps are notable in light of findings in special report 26/2025 and the European Parliament's 2025 PIF resolution. The legislator should clarify the programme's intended contribution to addressing these structural shortcomings.

60 **Article 3:** Article 3 sets the programme's objectives but does not require the Commission to demonstrate that actions funded under the SMCP generate EU added value or that they are aligned with EU-wide policy priorities. As a result, these assessments are deferred to discretionary programming decisions. While EU added value is to be assessed in programme evaluations in accordance with the Better Regulation guidelines, the legislator should consider introducing an explicit requirement for work programmes to demonstrate EU added value and policy alignment for each strand.

61 **Articles 4-6:** Articles 4 to 6 introduce flexibility mechanisms without defining conditions, safeguards or reporting requirements for their use. While the provisions establish a flexible framework, with annual budgetary allocations, through financing decisions and work programmes, the proposed regulation does not contain provisions to ensure that flexibility will not undermine the continuity of mandatory programme components. The legislator should consider whether additional clarification, at an appropriate level, could strengthen predictability, transparency and effective supervision, while preserving the flexibility required for efficient implementation over the programme period.

62 **Article 5:** Article 5 allows the programme to receive external assigned revenue but does not require publication, strand-level reporting or monitoring arrangements. While the distribution of the SMCP envelope set out in the MFF proposal will become binding once adopted, the proposed regulation does not require transparency on how external assigned revenue is allocated or how it affects the implementation of this distribution. This may limit oversight of whether the binding distribution of the programme envelope is respected in practice. To ensure that the binding allocation is respected in practice and that external contributions do not lead to de facto shifts in internal prioritisation, the legislator should consider whether additional transparency or reporting at programme level, consistent with the Financial Regulation, could enhance oversight of the use of external assigned revenue.

63 **Article 11:** Article 11 establishes a consolidated system of work programmes but does not specify how priorities will be set across strands with different mandates, risk profiles and cost structures, beyond the general framework laid down in the Financial Regulation. Nor does it require transparent justification of resource allocation between mandatory EU-wide infrastructure and more flexible actions. The legislator should consider whether, without undermining flexibility or increasing administrative burden, additional clarification at programme level could support transparency on prioritisation choices within work programmes.

This opinion was adopted by the Court of Auditors in Luxembourg at its meeting of 5 February 2026.

For the Court of Auditors

Tony Murphy
President

Annexes

Annex I – List of ECA publications referenced in this opinion

Annual reports on the implementation of the EU budget – for the 2020-2024 financial years

Special report 24/2015: "Tackling intra-Community VAT fraud: more action needed"

Special report 19/2017: "Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU"

Special report 26/2018: "A series of delays in customs IT systems: what went wrong?"

Special report 01/2019: "Fighting fraud in EU spending: action needed"

Special report 06/2019: "Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination"

Special report 12/2019: "E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved"

Special report 20/2019: "EU information systems supporting border control - a strong tool, but more focus needed on timely and complete data"

Special report 04/2021: "Customs controls: insufficient harmonisation hampers EU financial interests"

Special report 11/2022: "Protecting the EU budget – Better use of blacklisting needed"

Special report 14/2022: "The Commission's response to fraud in the Common Agricultural Policy – Time to dig deeper"

Special report 07/2023: "Design of the Commission's control system for the RRF"

Special report 13/2023: "Authorised Economic Operators – Solid customs programme with untapped potential and uneven implementation"

Special report 27/2024: "Combating harmful tax regimes and corporate tax avoidance – The EU has established a first line of defence, but there are shortcomings in the way measures are implemented and monitored"

Special report 03/2025: "Unjustified geo-blocking in e-commerce – The Regulation provides a balanced framework, but challenges remain in implementation"

Special report 08/2025: "Value Added Tax fraud on imports – The EU's financial interests are insufficiently protected under simplified import customs procedures"

Special report 18/2025: "EU budget flexibility – Allowed unforeseen challenges to be addressed, but the framework is too complex"

Special report 19/2025: "Critical shortages of medicines – EU measures were of added value, but structural problems remain"

Special report 26/2025: "EU bodies fighting fraud – Clear mandates but exchange of information and Commission oversight remain insufficient"

Review 02/2025: "Performance-orientation, accountability and transparency – lessons to be learned from the weaknesses of the RRF"

Review 03/2025: "Opportunities for the post-2027 Multiannual Financial Framework"

Annex II - Background information

01 The legal base in the TFEU for the different activities covered by the SMCP we considered when writing this opinion are

- Article 33, on customs cooperation in the customs union;
- Article 114, on achieving the objectives of the internal market;
- Article 169, on consumer protection;
- Article 197, on administrative cooperation;
- Article 207, on common commercial policy;
- Article 325, on the protection of the EU's financial interests; and
- Article 338, on statistics.

02 EU intervention in the single market, the customs union, taxation cooperation, anti-fraud protection and European statistics has grown progressively since the early 1990s, driven by the need for uniform implementation of EU rules, cross-border cooperation and shared IT systems. Fragmentation, overlapping tools and varying administrative capacities among member states have repeatedly demonstrated the need for a more coherent and integrated framework. The proposed consolidation of five existing programmes into a single instrument reflects the Commission's response to these long-standing structural challenges.

03 Recent years have highlighted the growing need for more coordinated action in areas such as cross-border product surveillance, customs controls, digitalisation of taxation systems, anti-fraud intelligence, and supply chain resilience. The Commission's impact assessment identifies fragmentation, uneven administrative capacities among member states, the slow adaptability of EU rule-making and persistent data and knowledge gaps as key drivers of inefficiency.

Abbreviations

Abbreviation	Definition/Explanation
ECA	European Court of Auditors
MFF	Multiannual financial framework
SMCP	Single Market and Customs Programme
TFEU	Treaty on the Functioning of the European Union

Glossary

Term	Definition/Explanation
Budget flexibility	Mechanism allowing the Commission to reallocate appropriations between programmes, policy windows, or years within the MFF ceilings to respond to changing priorities.
European Anti-Fraud Office (OLAF)	Commission service that conducts administrative investigations into fraud, corruption, and irregularities affecting the EU budget.
European Investment Bank	EU bank, owned by the member states, which provides financing for projects in support of EU policy, mainly in the EU, but also externally.
European Public Prosecutor's Office (EPPO)	Independent EU body responsible for investigating and prosecuting crimes affecting the Union's financial interests (PIF offences).
European Semester	Annual cycle which provides a framework for coordinating the economic policies of EU member states and monitoring progress.
European Structural and Investment Funds	Support mechanism launched by the EIB and the Commission, as part of the Investment Plan for Europe, to mobilise private investment in projects of strategic importance for the EU.
Financial Regulation (FR)	General regulation laying down the principles and procedures governing the implementation of the EU budget.
Fiscalis Programme	An EU cooperation programme enabling national tax administrations to create and exchange information and expertise to improve tax collection and protect the Union and its member states from tax fraud, tax evasion and tax avoidance.
Multiannual financial framework	Seven-year financial plan defining maximum annual amounts for each area of EU expenditure and ensuring budgetary discipline.
Performance	Measure of how well an EU-funded action, project or programme has met its objectives and provides value for money.
Recovery and Resilience Facility	EU instrument under NextGenerationEU providing performance-based financial support to member states for reforms and investments.

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This opinion, issued pursuant to Article 322(1) TFEU, which provides for the European Court of Auditors to be consulted on proposals relating to the EU's financial rules and instruments, concerns the proposed new regulation for the Single Market and Customs Programme for the period 2028-2034 (COM(2025) 590 final).

The purpose of this opinion is to provide observations on the proposal's design, governance, performance framework, and financial control arrangements. It is intended to help ensure that the future programme promotes sound financial management, accountability, and European added value in the EU free movement of goods, capital and services.

EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1

Enquiries: eca.europa.eu/en/contact
Website: eca.europa.eu
Social media: @EUauditors

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