

GUIDANCE FICHE
BUILDING PRIORITY AXES
VERSION 1 –29.07.2013

RELEVANT PROVISIONS IN THE DRAFT LEGISLATION

Regulation	Article
Common Provisions Regulation	Article 24: Content of programmes.
	Article 87: Content, adoption and amendment of operational programmes under the investment for growth and jobs goal.
European Territorial Cooperation Regulation	Article 7 : Content, adoption and amendment of cooperation programmes

This document is provisional, without prejudice to the on-going Trilogues between the Council and the European Parliament. Elements on which there is a disagreement between the Council and the European Parliament or have not been accepted by the Commission are set out or referred to in square brackets.

1. INTRODUCTION

The aim of this fiche is to provide internal guidance to desk officers on how Member States should build priority axes in the context of operational programmes under cohesion policy. This guidance fiche should be read together with the fiche on intervention logic.

2. LEGISLATIVE FRAMEWORK

The provisions on the contents of programmes are set out in Article 24 of the Common Provisions Regulation (CPR) applicable to all five ESI Funds and by Article 87 of the CPR, which applies only to the ERDF, the ESF and the Cohesion Fund. However, for contents of European Territorial Cooperation (ETC) programmes, detailed specific rules are set out in Article 7 of the ETC Regulation.

Article 24 CPR
Content of programmes

2. Each programme shall define priorities setting out specific objectives, financial appropriations of support from the CSF Funds and corresponding national co-financing, which may be public or private in accordance with Fund-specific rules.

3. Each priority shall set out indicators and corresponding targets expressed in qualitative or quantitative terms, in accordance with Fund-specific rules, to assess progress of programme implementation towards achievement of objectives as the basis for monitoring, evaluation and review of performance. These shall include:

- (a) financial indicators relating to expenditure allocated;
- (b) output indicators relating to the operations supported;
- (c) result indicators relating to the priority.

For each CSF Fund, the Fund-specific rules shall set out common indicators and may set out provisions related to programme-specific indicators.

Article 87 CPR

Content, adoption and amendment of operational programmes under the investment for growth and jobs goal.

(2)(b) for each priority axis other than technical assistance:

- (i) the investment priorities and corresponding specific objectives;
- (ii) in order to strengthen the result-orientation of the programming, the expected results for the specific objectives, and the corresponding result indicators, with a baseline value and a target value, where appropriate quantified, in accordance with the Fund-specific rules;
- (iii) a description of the type and examples of actions to be supported under each investment priority and their expected contribution to the specific objectives referred to in point (i) including the guiding principles for the selection of operations and where appropriate, the identification of main target groups, specific territories targeted and types of beneficiaries and the planned use of financial instruments and major projects;
- (iv) the output indicators, including the quantified target value, which are expected to contribute to the results, in accordance with Fund-specific rules, for each investment priority;
- (v) identification of implementation steps and financial and output indicators to act as milestones and targets for the performance framework in accordance with Article 19(1) and Annex (xx)¹;
- (vi) the corresponding categories of intervention based on a nomenclature adopted by the Commission by means of implementing acts in accordance with the examination procedure referred to Article 143(3), and an indicative breakdown of the programmed resources;
- (vii) where appropriate, a summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries;

Article 7 ETC

Content, adoption and amendment of cooperation programmes

1. A cooperation programme shall consist of priority axes. A priority axis, shall correspond without prejudice to Article 52 of Regulation No. .../2013 [CPR] to a thematic objective and comprise one or more investment priorities of that thematic objective in line with Articles 5 and 6 of this Regulation. Where appropriate and in order to increase the impact and effectiveness in a thematically coherent integrated approach to pursuing the objectives of the Union strategy for smart, sustainable, and inclusive growth, a priority axis may in duly justified cases, combine one or more complementary investment priorities from different thematic objectives in order to achieve their maximum contribution to a priority axis.

2. A cooperation programme shall contribute to the Union strategy ~~of~~ for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion and shall set out:

[...]

(b) for each priority axis other than technical assistance:

- (i) the investment priorities and corresponding specific objectives;
- (ii) in order to strengthen the result-orientation of the programming, the expected results for the specific objectives, and the corresponding result indicators, with a baseline value and a target value where appropriate quantified, in accordance with Article 15;
- (iii) a description of the type and examples of actions to be supported under each investment priority and their expected contribution to the specific objectives referred to in point (i), including the guiding principles for the selection of operations and, where appropriate, the identification of the

¹ To be reviewed at a later stage in the context of the discussion on the performance framework.

main target groups, specific territories targeted and types of beneficiaries and the planned use of financial instruments and major projects;

(iv) the common and specific output indicators, including the quantified target value, which are expected to contribute to the results, in accordance with Article 15, for each investment priority;

(v) identification of implementation steps and financial and output indicators to act as milestones and targets for the performance framework in accordance with Article 19(1) and Annex (xx) of Regulation (EU) No./2012 [CPR];

(vi) where appropriate a summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and where necessary actions for the enhancement of the administrative capacity of relevant partners to participate in the implementation of the programmes;

(vii) the corresponding categories of intervention based on a nomenclature adopted by the Commission by means of implementing acts in accordance with the examination procedure referred to in Article 30(3) and an indicative breakdown of the programmed resources

(c) For each priority axis concerning technical assistance:

(i) specific objectives;

(ii) the expected results for each specific objective, and, where objectively justified given the content of the actions, the corresponding result indicators, with a baseline value and a target value, in accordance with Art. 15

(iii) a description of actions to be supported and their expected contribution to the specific objectives referred to in point (i);

(iv) the output indicators which are expected to contribute to the results;

(v) the corresponding categories of intervention based on a nomenclature adopted by the Commission by means of implementing acts in accordance with the examination procedure referred to Article 143(3) of Regulation No .../2013 [CPR], and an indicative breakdown of the programmed resources;

Point (ii) shall not apply where the Union contribution to the priority axis or axes concerning technical assistance in an operational programme does not exceed EUR 15 000 000.

3. KEY ISSUES

3.1. Elements of the priority axis

The Commission will adopt an implementing act setting out the structure of the operational programme, including the sections describing the priority axis. As data is entered into the SFC 2014 in a structured format, the structure of the priority axis will be pre-determined.

Each priority axis must contain all the elements required (with the exception of the description of use of technical assistance). The links between different elements and the level at which they are presented is pre-determined.

When the Youth Employment Initiative is implemented as a part of a priority axis it should be treated as a separate investment priority with its own corresponding specific objectives.

A priority axis will comprise the following elements:

- 1) Investment priorities and corresponding specific objectives: Investment priorities are objectives which detail and focus thematic objectives set out in Article 9 of the CPR. Each priority axis will cover one or more investment priorities selected from the list set out in the Fund-specific regulations (Article 5 of the ERDF regulation, Article 3 of the ESF Regulation, Article 6 of the ETC Regulation and Article 3 of the Cohesion Fund regulation). A given investment priority may be included in one or more priority axes. Each investment priority must be linked to at least one specific objective. Unlike investment priorities (which are set out at Union level), specific objectives are defined by Member States to concretely reflect the change they seek to achieve with EU support (for instance 'increase employment of low qualified unemployed and the inactive'). The specific objectives should generally define the investment priority to ensure appropriate targeting for the national and regional context. A specific objective may not be broader than the investment priority it is linked to.
- 2) Expected results and results indicators: each specific objective must be associated with an expected result and at least one result indicator. As a general rule, in case of ERDF and the CF, there should be no more than two result indicators per specific objective. In the case of the ESF, there will in most cases be more than 2 result indicators per specific objective. For the ESF data on result indicators is broken down by category of region, in the case of the ERDF this should be done, where appropriate.
- 3) Type and examples of actions: Member States will provide, for each investment priority, a description of the type and examples of actions to be supported (i.e. an illustrative description, not necessarily details for all actions to be supported).
- 4) Output indicators: outputs are the direct products of actions within operations and programmes (for instance, 'number of enterprises supported'; 'number of unemployed supported', or "Km of road constructed") and the targets set for these indicators are therefore generally directly linked to financial allocations. Member States should

define output indicators for each investment priority and these should reflect the types and examples of actions covered.

- 5) The performance framework: the performance review to be carried out in 2019 and at the end of the programming period will assess progress made against milestones (for 2018) and targets (for 2023²) included in the performance framework. In most cases the core of the performance framework will consist of a sub-set of output indicators already included in the programme. However, for milestones in particular, the Member State may also use "key implementation steps" or financial indicators. In most cases the use of result indicators will not be necessary for ERDF and the Cohesion Fund.
- 6) Categories of intervention: As in 2007-2013³ Member States are required to categorise financial data by using a nomenclature of codes set out at EU level. The data for some of the dimensions is presented in programmes and all dimensions are subject to structured reporting within annual implementation reports.
- 7) Summary of the planned use of the technical assistance - only necessary where the Member State plans specific uses for the technical assistance in connection with the particular priority axes e.g. to specific actions to increase the capacity of the bodies implementing the priority axis. The general description of actions supported from technical assistance will set out under the technical assistance priority axis. It should be clear that the financial support for these specific technical assistance actions will come from the Technical Assistance priority axis.

3.2. Set-up of priority axes which cover multiple Funds, categories of regions or thematic objectives

3.2.1. General principles

As a general rule programmes should set out priority axes which are mono-fund, cover only one thematic objective and a single category of region.

The application of derogations set out in Article 87 (1) of the CPR should be explained and in the case of combination of multiple thematic objectives, justified (entailing making a strong case for the use of the derogation), with a view of achieving better effectiveness and efficiency in a thematically coherent integrated approach.

In all the cases the Member State should pay attention to the consequences of such priority axes as regards financial management and in terms of potential reduction in financial flexibility.

When assessing these priority axes it should be verified that the architecture proposed:

- contributes to more effective delivery of programmes by e.g. simplifying management;**
- preserves the thematic coherence of the priority axis and the clear links with EU**

² Provided that the co-legislators will formally agree on N+3.

³ The system of categorisation is set out in Annex II of the Commission Regulation 1828/2006 for the period 2007-2013 and will be adopted by implementing act for the period 2014-2020.

2020 objectives which are the basis for the strategic programming process.

Before opting to use the derogations under Article 87 (1) Member States should consider using the tools provided by the CPR to facilitate integrated management of funds, such as Integrated Territorial Investment, community-led local development, global grants or integrated operations supported from multiple priority axes or programmes, including Joint Actions Plans, where appropriate

Article 87 (1) CPR sets out that where appropriate and in order to increase the impact and effectiveness in a thematically coherent integrated approach, a priority axis may:

- (a) concern more than one category of region;
- (b) combine one or more complementary investment priorities from the ERDF, CF and ESF under one thematic objective;
- (c) in duly justified cases combine one or more complementary investment priorities from different thematic objectives in order to achieve their maximum contribution to priority axis;
- (d) for the ESF combine investment priorities from different thematic objectives set out in Article 9(8), (9), (10) and (11) in order to facilitate their contribution to other priority axes.

Member States may combine two or more of the options (a) to (d).

Any derogation from the general rule that a priority axis covers one Fund, one category of region and one thematic objective, is allowed only where the set-up of such priority axes:

- 1. is appropriate; and**
- 2. is necessary to increase the impact and effectiveness of Union support; and**
- 3. ensures a thematically coherent integrated approach.**

Where the set-up of a priority axis covering more than one Fund, category of region or thematic objective does not fulfil these conditions it cannot be accepted.

The combination of derogations under Article 87 (1) (i.e. setting up a priority axis covering multiple funds, categories or regions and/or thematic objectives at the same time) is allowed by the CPR. However, this should be subject to particular scrutiny, as it can lead to considerable complexity in financial management and reporting as well as to reduced financial flexibility.

Whether the inclusion of priority axes covering multiple Funds, categories of regions or thematic objective can be justified depends on the specific circumstances of the Member State. Such priority axes can be set-up only where they enhance the thematic coherence of Union support increasing the contribution to thematic objectives concerned and contribute towards effectiveness and impact of Union support.

The following sub-sections provide a non –exclusive set of circumstances to be taken into account.

3.2.1.1. Priority axis covering more than one category of region

A priority axis can cover multiple categories of regions. However, it should be taken into account that where there are significant differences in development needs of different categories of regions, the objectives pursued and the intervention logic put in place are also likely to diverge. In such a case, separate priority axes for the categories of regions should be set up.

Specific attention should also be paid to the efficiency of the proposed structure of the priority axis as the financial allocation to each category of region has to be set out in the financial table and each category of region also has its own co-financing rate. In most cases indicators also have to be broken down by category of regions. Hence from a financial point of view and in terms of reporting, a single priority axes combining two or more categories of regions can be equivalent to two or more separate priority axes.

A priority axis covering multiple categories of regions does not necessarily mean that the operations it will support are financed from the allocation of multiple categories of region. Where operations are clearly linked to one category of region, they are supported from the allocation of that category of region.

At the same time, supporting operations from multiple priority axes or programmes can sometimes be an alternative to priority axes which cover multiple categories of regions.

Example:

A Member State opts to set up a national programme in order to support lifelong learning including a priority axis covering more developed and transition regions. The development needs of these regions are sufficiently similar to provide for a single intervention logic.

While the intervention logic, including objectives and actions supported, are the same, the financial table will include separate allocations for more developed regions and transition regions, with two separate co-financing rates. Each operation will be supported from the allocation of the category of region which they benefit.

3.2.1.2. Priority axis covering multiple Funds

Where a Member State chooses to set up multi -fund priority axes it should be possible to demonstrate that such a grouping of Funds within a priority axis increases the effectiveness and impact of Union support compared to a 'mono -Fund' priority axis. This situation can only arise in cases where complementary and parallel intervention from the ERDF or ESF, or from the ERDF and the Cohesion Fund⁴, is clearly necessary to address the development needs identified and where intervention would be less efficient through a mono- fund setting. In the context of the ERDF and the Cohesion Fund this can entail

⁴ There are likely to be the most common combinations. The combination of the Cohesion Fund and the ESF or all three Funds within a single priority axis is likely to be rare given that they do not correspond to common thematic objectives.

support toward the same investment priorities, joint specific objectives and clearly complementary types of actions.

The set-up of such priority axes cannot be accepted where the objectives or actions set out for each of the Funds are disjointed and clearly not complementary, as there are no gains in terms of effectiveness or impact.

While ERDF and the Cohesion Fund can support the same investment priorities and similar actions, in the case of combination of the ESF and the ERDF such multi-fund priority axes will in principle comprise of two distinct “sub-priority axes” both in programming and reporting, as the investment priorities, indicators and actions supported are different, and financial allocations have to be distinct.

Proportionality should be taken into account particularly where small amounts are concerned and where ESF is used to complement actions supported under the ERDF and the ESF. Member States should avoid trapping small amounts of expenditure into priority axes reducing financial flexibility.

Example:

Including a very small amount of specifically targeted ESF expenditure into a predominantly ERDF priority axis allows for very limited financial flexibility for the ESF concerned. The allocation cannot be used for other purposes without a Commission decision amending the operational programme.

If this small amount of ESF used to complement the ERDF is included in a wider ESF axes which includes other ESF actions, the financial flexibility is likely to be much bigger.

3.2.2. Priority axes covering multiple thematic objectives

The set-up of priority axes covering several thematic objectives must be justified in the operational programme, as this is allowed only in duly justified circumstances.

It should be recalled that thematic objectives and investment priorities set the framework for specific objectives - they are not lists of actions to be supported. Similar actions could be supported under different thematic objectives, depending on the specific objectives defined.

Therefore, in most cases it should not be necessary to combine multiple thematic objectives within a priority axis, because the selection of thematic objectives is determined by the objectives of the Member State/region, not by the types of actions they plan to pursue.

Example:

A Member State wishes to encourage innovation in SMEs in order to enhance their competitiveness and plans various types of support for this purpose – the most likely choice of thematic objective is no 3 “Enhancing the competitiveness of small and medium sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)”. Even though support will be provided for actions

related to innovation, thematic objective no 1 related to research, development and innovation does not need to be selected, as the objective is the competitiveness of SMEs.

A simple combination of thematic objectives (especially a large number of thematic objectives) without an underpinning logic cannot be accepted. A combination of more than 2-3 thematic objectives within a priority axis should be subject to particular scrutiny, in order to ensure that the Member State has taken an objective-driven (not an action-driven) approach to their selection and that the underlying logic for their combination is sound. Such a construct may also be the result of a skewed "intervention logic" that puts actions to be supported before objectives. Such priority axes cannot be accepted.

In practice a combination of thematic objectives is most likely to take place where a priority axis is set up and implemented based on an urban integrated strategy. In such cases the combination of thematic objectives often contributes to integrated planning and delivery and thus to the effective use of Union support. However, the need for combination of thematic objectives within a priority axis should be rare in other cases.

Specific attention should also be paid to the implementation of the principle of proportionality. Proportionality becomes relevant where the amounts involved are very limited e.g. in the case of the up to 20% of the ERDF allocation in more developed regions which falls outside the thematic objectives subject to thematic concentration requirements and in case of Member States and regions which have a very limited overall allocation. In such cases the set-up of a single priority axis instead of a larger number of priority axes with a very small financial allocations in separate axes, may be considered provided that this maximises the contribution of investment priorities to the priority axis concerned.

3.2.3. Combination of ESF investment priorities from different thematic objectives set out in Article 9(8), (9), (10) and (11) within a priority axis in order to facilitate their contribution to other priority axes.

The CPR also highlights a specific additional possibility for the ESF - it is possible to combine the ESF support from different thematic objectives in order to facilitate their contribution to other priority axes. This refers to specific circumstances where limited amounts of support from the ESF are used in the context of multi-fund programmes to complement significant investments from the ERDF or the Cohesion Fund. In practical terms this means that where complementary support from the ESF is needed to complement actions supported under ERDF or CF priority axes, a single priority axis may be set up combining all ESF investment priorities, to ensure a proportionate approach to the use of the ESF.

An example of this may be an operational programme dedicated to climate change objectives, which includes investment from the ERDF towards energy efficiency and renewable energy, but may also include an ESF component dedicated towards skills development in the specific area of energy efficient construction/renovation and creation of green jobs, which can be essential for the overall effectiveness of support under the operational programme

3.2.3.1. Combination of derogations under Article 87 (1)

Each of the derogations made from the general rule that a priority axis covers only one Fund, one category of region and one thematic objective is subject to the conditions set out in Article 87 (1) and outlined above in section 3.2.1. Where the Member State wishes to combine these derogations e.g. to set-up a priority axis covering more than one Fund, more than one category of region and more than one thematic objectives, these conditions apply cumulatively i.e. it must be possible to explain and justify each of the derogations applied.

However, the programming structure and therefore the reporting structure grows significantly more complex as these possibilities are combined, therefore Member States should be discouraged from the set-up of such priority axes.

3.2.4. *Implications as regards financial management and monitoring*

As a general rule information included in the operational programme for priority axes set up using the derogations set out under Article 87 (1) should be broken down by Fund and by category of region

Exceptions could be made in the following cases:

- A joint priority axis is set up for the ERDF and the Cohesion Fund supporting the same investment priorities. In such cases data on output indicators and on categories of intervention should be broken down by Fund (due to the close link with the financial allocation to each Fund). The breakdown (by Fund) of other information included in the description of the priority axis is not required, but may be provided.
- A priority axis is set up which covers more than one category of region and the same investment priorities for all categories of regions concerned. In such a case information on all output indicators and targets (except those for the Cohesion Fund, as this fund is not allocated by category of region) and categories of intervention should be broken down by category of region (due to the close link with the financial allocation of each category of region). The result indicators and targets for the ESF must also be broken down by category of region in all cases due to their close link with output indicators. Information on ERDF result indicators should be broken down, where appropriate. The breakdown (by category of region) of other information included in the description of the priority axis is not required, but may be provided.

As in 2007 – 2013, financial management, including the procedures for payment, will, as a general rule, be based on the priority axes. However, where a priority axis covers more than one category of region or more than one Fund, the financial table must be broken down by Fund and by category of regions. The breakdown will also be reflected in the corresponding payment applications and in the reporting.

Each Fund and each category of region will have a distinct financial allocation and its own co-financing rate. Therefore, where a priority axis combines different Funds or categories of regions, financial management takes place below the level of a priority axis (by Fund and by category of region, and with a split for YEI where YEI is a part of a priority axis).

4. PRIORITY AXES FULLY IMPLEMENTED THROUGH FINANCIAL INSTRUMENTS

The maximum co-financing rate at the level of a priority axis can be increased by ten percentage points, where the whole of a priority axis is delivered exclusively through financial instruments. It can be increased to 100% if a priority axis is implemented solely through financial instruments at EU level.

Article 110 of the CPR, allows for an increase in the co-financing rate for a priority axis delivered solely through financial instruments in order to introduce an incentive for increased use of these instruments.

However, Article 87 (1) of the CPR applies also to priority axes comprising only of financial instruments, therefore, as a general rule, they should cover only one Fund, one category of region and one thematic objective.

Priority axes comprising only financial instruments, while respecting the principles set out in Article 87 (1) can be set up in several ways, including the following options:

- Couples of similar priority axes, with one to be delivered through grants and one through financial instruments. This could work for different thematic objectives – e.g. SME support (thematic objective nr 3), energy efficiency and renewable energy (thematic objective 4), urban regeneration (thematic objective 9).
- Where the individual funding amounts in programmes are smaller the Member States could examine the possibility to have a multi-regional / national operational programme with one priority axis per thematic objective (by Fund and /or category of region) devoted solely to financial instruments thus preserving the thematically coherent approach.

5. TECHNICAL ASSISTANCE PRIORITY AXES⁵

Where technical assistance is not programmed as a self-standing operational programme, it is programmed as a dedicated priority axis (or axes).

Technical assistance does not fall under any of the thematic objectives. Therefore the thematic menu set out in Article 9 of the CPR is not relevant for technical assistance priority axes. Technical assistance also does not have investment priorities.

Article 87 (2) (c) sets out the requirements for the set-up of technical assistance priority axes which are in broad terms similar to that of other priority axes. The description of such axes will need to set out:

⁵ Specific guidance is available on technical assistance

- (i) specific objectives (no reference to investment priorities given that there are no TA investment priorities);
- (ii) the expected results for each specific objective, and, where objectively justified given the content of the actions, the corresponding result indicators, with a baseline value and a target value, in accordance with the Fund-specific rules (except where technical assistance allocation in the operational programmes does not exceed EUR 15 million).;
- (iii) a description of actions to be supported and their expected contribution to the specific objectives referred to in point (i);
- (iv) the output indicators which are expected to contribute to the results.
- (v) the corresponding categories of intervention based on a nomenclature adopted by the Commission by means of implementing acts in accordance with the examination procedure referred to Article 143(3), and an indicative breakdown of the programmed resources.

According to Article 109 of the CPR technical assistance priority axes are always mono-fund, excluding the option of combining multiple Funds within a priority axis.

A technical assistance priority axis may cover multiple categories of regions subject to the same conditions that apply to such arrangements in all other cases (as set out in Article 87 (1) of the CPR and section 3.2.2.1 of this guidance).