

STUDY

Requested by the CULT committee

Research for CULT Committee - Creative Europe: Towards the Next Programme Generation



Culture and Education



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Abstract

Creative Europe is a unique programme in Europe, tailored to the needs of the cultural and creative sectors. It is the main programme that contributes to the cultural policy objectives of the EU. The programme targets the right priorities, but its modest budget prevents it from making a substantial impact. The report provides recommendations for a more ambitious future programme, reflecting the richness of European cultural diversity.

This document was requested by the European Parliament's Committee on Culture and Education.

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LINGUISTIC VERSIONS

Original: EN

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Manuscript completed in June 2018

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Print ISBN 978-92-846-3113-1 doi:10.2861/079399 QA-01-18-620-EN-C

PDF ISBN 978-92-846-3114-8 doi:10.2861/709669 QA-01-18-620-EN-N

This document is available on the internet in summary with option to download the full text at: <http://bit.ly/2JD2y60>

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Please use the following reference to cite this study:

KEA 2018, Research for the CULT Committee – Creative Europe: Towards the Next Programme Generation, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

Please use the following reference for in-text citations:

KEA (2018)

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LIST OF ABBREVIATIONS

AFET	European Parliament Committee on Foreign Affairs
AV	Audiovisual sector
AVMSD	Audiovisual Media Services Directive
CCS	Culture and Creative Sectors
CCI	Culture and Creative Industries
CJEU	Court of Justice of the European Union
CULT	European Parliament Committee on Culture and Education
DG CNCT	Directorate-General for Communications Networks, Content and Technology
DG EAC	Directorate-General for Education and Culture
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
DIAs	Delegated and Implementing Acts
DSM	Digital Single Market
EaP	The Eastern Partnership
EAO	European Audiovisual Observatory
EC	European Commission
ECOC	European Capital of Culture
EEAS	European External Action Service
EFADS	European Film Agency Directors
EIF	European Investment Fund
ENP	European Neighbourhood Policy
EP	European Parliament
ERDF	European Regional Development Fund

- ESIF** European Structural and Investment Funds
- EUNIC** European Union National Institutes for Culture
- EYCH** European Year of Cultural Heritage
- IMCO** European Parliament Committee on Internal Market and Consumer Protection
- ITRE** European Parliament Committee on Industry, Research and Energy
- SME** Small and Medium Enterprise
- SVoD** Subscription Video on Demand
- VoD** Video on Demand
- TVoD** Transactional Video on Demand
- UNIC** The International Union of Cinemas

EXECUTIVE SUMMARY

Cultural initiatives have become one of the main agents for change in society. Cultural investment and cultural workers influence the attractiveness of places (cities), economic development, the spirit and morale of people, as well as social cohesion, entrepreneurship, and wellbeing. The Cultural and Creative Sectors equally make a significant economic contribution, with more than 12 million full-time jobs (7,5% of the EU workforce), and €509 billion in value added to EU GDP.¹

The manifold impacts of culture for Europe's society and economy are more and more broadly acknowledged across EU policy documents. This is reflected in the New European Agenda for Culture, and Creative Europe is the main EU instrument to deliver on these ambitious goals. The paper aims at providing an analysis of the Creative Europe programme, including its objectives, structure, aspects related to decision-making and the impact of its implementation.

The Creative Europe programme has identified the right objectives and policy tools across the value chains to address the CCS' weaknesses and help them to benefit more from the Single Market. Creative Europe actions that support the circulation of EU works and audience development in culture and audiovisual sectors contribute to the EU objective of promoting cultural diversity across Europe.

However, the EU has yet to make the most of its extraordinary cultural resources. Creative Europe is still a small programme of the European Union. Its budget is too slim considering the importance and the contribution of the CCS to EU's economy and society. Too much is required from a € 1,46 billion budget (over 7 years) whose actions is to be scattered throughout 27 countries for geographical balance.

Our main findings are the following:

- Creative Europe is a popular programme considering the amount of applications and the very low success rate ratio (in particular for the Culture sub-programme). This indicates the thirst of artists and cultural workers to engage at European level and to transform the Single Market into a space for creative expressions that values imagination and cultural exchanges.
- Creative Europe tries to overcome the difficulty for cultural operators to benefit from the Single Market whilst they operate in different linguistic and cultural market.
- Creative Europe is excellent in networking CCS and especially audiovisual professionals and helps them apprehend the European challenge.
- Creative Europe ambitions to develop an international strategy but has yet to acquire the human and financial resources to implement this ambition.

Creative Europe will have to adapt to new realities linked to:

- Changes in cultural consumption patterns (especially amongst youth audience).
- The role taken by cities and local authorities in supporting cultural investment as part of economic and social development strategies.

¹ Christian Ehler, Luigi Morgano, European Parliament Own-Initiative Report on a coherent EU policy for CCIs, 2016. 2016/2072(INI).

- The role taken by CCS in developing new forms of working practices (more collaborative, grassroots and cross sectorial).
- The power of digital platforms (Netflix, Google, Amazon, Tencent, Apple, Facebook) that will influence business models, financing and distribution of “content”.
- The willingness and interest of third countries to engage with EU’s CCS as part of trade, diplomatic and cultural exchanges.

The discussion on the future Creative Europe programme is the opportunity to inspire the European project with alternative values and objectives to statistical as well as productive ends. Art and culture make a vital contribution to the achievement of objectives that reconcile the creation of wealth with sustainability and transcend purely economic or utilitarian constraints.

We have entered a period characterised by enormous economic, social, technological and environmental challenges. The development of a genuinely ambitious policy for creativity associating art and culture can help us to address many of those challenges.

Existing support mechanisms need to adapt to favour sustainable and collaborative outcomes such as experimentation and cross-disciplinary activities mixing technology, artistic and business skills. This is why we would like to formulate recommendations for an ambitious future for Creative Europe and equip the programme with the adequate resources and tools to achieve its objectives:

Objective	Policy recommendations
An ambitious and high-profile Creative Europe programme	<ul style="list-style-type: none"> - Significantly increase the Creative Europe programme budget for the period (2021-2027), in line with the call from 70 organisations from the CCS.² - Develop synergies with other EU programmes (Structural Funds, COSME Development and cooperation, social, education) to ensure that the Cultural Agenda is mainstreamed in other policy areas not only in terms of priorities but also in terms of earmarked funding lines. - Improve coordination or review the management of the programme by two different DGs (EAC and CNECT). It is important to give cultural policy a higher political profile across European Institutions to avoid marginalisation in the EU Structure. - Boost Creative Europe’s visibility by establishing an advisory board composed of prominent personalities from the world of art, cultural institutions, major investors and creative businesses. - The evolution of the programme between 2014 and 2018 is positive and well adapted to new needs of the sector. The future programme should endeavour to strike a balance between flexibility and democratic debates on new political priorities.

² Open letter to the European Commission. *Boosting the EU culture budget – A call from Europe’s cultural & creative sectors*. Brussels, 9 April 2018. http://impalamusic.org/sites/default/files/pictures/attachedfiles/Boosting%20the%20EU%20culture%20budget%20-%20A%20call%20from%20Europe%27s%20cultural%20%26%20creative%20sectors_0.pdf

	<ul style="list-style-type: none"> - The future Creative Europe Regulation should provide a clear legal framework to achieve this balance and notably foresee where delegated acts could be used to adapt the programme to new policy priorities.
Building scale and enabling experimentations	<ul style="list-style-type: none"> - Support large scale initiatives aimed at promoting cross sectorial collaborations with a view to innovate (technology, social and economic innovation). - Encourage the labelling ("With the support of Creative Europe") of "best" initiatives to contribute to their sustainability (independently of whether they receive additional funding). - Attract large private donors to invest in Creative Europe's label and notably EU prizes to give them an international dimension. - Support initiatives from national public bodies or cultural institutions which work together on large scale popular pan European events or projects (for instance, national film institutes to set up a VOD portal on cinema with media literacy objectives).
Strengthening Creative Europe's international dimension	<ul style="list-style-type: none"> - Reinstate a clear international component as part of Creative Europe (akin to MEDIA Mundus). - Include CCS representatives in trade missions (EU-South Korea cultural cooperation protocol) led by Creative Europe units at DG EAC and CNECT. - Ensure that technical assistance programme with neighbouring countries notably the Balkans include the cultural dimension, in line with Creative Europe objectives (or channel funding of these programmes through Creative Europe) - Support the setting up of a cultural expert task force to advise third countries on cultural policies.
Better measurement of Creative Europe social and cultural impacts	<ul style="list-style-type: none"> - Set up a cultural observatory responsible for collecting data missing from national statistic bodies and EUROSTAT to better measure the CCS' economic, trade and social contribution. - Establish a clear set of indicators to measure impact of policies on cultural diversity, training and audience development.
Strengthening Creative Europe's impact for social innovation	<ul style="list-style-type: none"> - Encourage and support networks of social innovators, reward link to cultural networks, organisations and practitioners, especially where these are working on the key themes of the social agenda: young people, skills, migration, older people etc. - A sponsored prize for social creativity, to highlight and promote good practices. - Set up a 'creative corps' – a trans-national database of creative workers with the skills and abilities to work in particular areas of social innovation.

1. CURRENT POLICY CONTEXT

KEY FINDINGS

- The manifold impacts of culture for Europe's society and economy are more and more broadly acknowledged (including by the Creative Europe programme itself). As a result, culture is increasingly mainstreamed across other policy areas, including notably education, societal issues, international relations as well as urban and regional development. This is reflected in the New European Agenda for Culture, published in May 2018.
- The Creative Europe programme has identified the right priorities and objectives to deliver on this mainstreaming of culture. The programme has slightly evolved through its annual work programmes to address new policy areas and priorities (see also chapter 6 on delegated and implementing acts).
- The Cultural and Creative Sectors are also impacted by initiatives related to the Digital Single Market, including the modernisation of the European Copyright Framework or the review of the Audiovisual Media Services Directive. Besides support programmes such as Creative Europe, a strong CCS cannot flourish without the right enabling legal environment.

Europe is a very creative place with the most talented cultural and creative professionals. The world is envying the continent's capacity to churn out so many talents and its expertise in cultural management. Cultural initiatives have become one of the main agents for change in society. Cultural investment and cultural workers influence the attractiveness of places (cities), economic development, the spirit and morale of people, as well as being the focus of policies whether social cohesion, entrepreneurship, wellbeing, or investment. Cultural agents are a central force in reflecting and addressing societal challenges of the 21st century (climate change, poverty, migration, discrimination, social cohesion or sustainability), and they contribute significantly to the EU economy:

Cultural and creative sector - key figures in 2016*:

- More than 12 million full-time jobs
- 7,5% of the EU work force
- CCS contribute to youth employment more than any other sector
- €509 billion in value added to GDP

**Source: Christian Ehler, Luigi Morgano, European Parliament Report on a coherent EU policy for CCIs, 2016*

The paper aims at providing an analysis of the Creative Europe programme, including its objectives, structure, aspects related to decision-making and the impact of its implementation. The overall goal is to provide expert input and recommendations to the CULT Committee in order to feed its deliberations on the next multiannual programme in support of cultural and creative sectors.

Culture is an integral part of the European project. The EU Treaties enshrines the EU's cultural action around the following principles:³

- Bringing Europe's common cultural heritage to the fore while respecting the national and regional diversity of the Member States
- Encouraging co-operation between Member States and supporting their action in this field
- Fostering cooperation with third countries and with relevant international organisations
- Taking into account the cultural dimension of all the actions the EU carries out under all the provisions of the EU Treaty.

Policy makers recognise that Europe's true identity is made up of different heritages, multiple languages and diverse artistic traditions. They recognise the importance of culture to forge a "common destiny" and to reconcile identity and openness, dialogue and respect. Europe's multiculturalism is a chance to stimulate creativity. Europe's diverse cultures, its history and geography are a significant source of its creativity. It is Europe's diversity and its patchwork heritage that has shaped its destiny and will determine its future. Pluralism and openness to influences are distinct features of the European model. The additional challenge for Europe is to make the best of its cultural diversity in the context of globalisation. To a large extent, Europe's future is dependent on its ability to transcend local identities to harness creativity but also to ensure the presence of diverse local identities in an international context.

The Creative Europe programme is designed to support the activities of the Cultural and Creative Sectors to help them benefit from the Single Market and to support its competitiveness in the face of globalisation and digital transformation.

The evaluation of Creative Europe is requested in a crucial period in which the EU is rethinking its cultural policy and negotiations have started for the next multiannual financial period (2020-2027). This provides an important opportunity to review the resources dedicated to the implementation of Creative Europe.

One important development in advancing the EU cultural policy is the 2017 Communication on Strengthening European Identity through Education and Culture⁴ which highlights the importance of Europe's social dimension through the important role education and culture play in opening intercultural dialogue and fostering a sense of belonging to a common European space, in the context of increased Euroscepticism, nationalism and xenophobia. The Communication paved the way for the development of a New European Agenda for Culture (which was published in May 2018⁵) which aims to promote the cultural dimension of the EU and to address a series of key societal and economic challenges via more integrated cultural policies. As such, the New Agenda will focus on advancement on three main levels:

³ As set out in article 167 of the Treaty on the functioning of the EU. Consolidated version of the Treaty on the Functioning of the European Union Official Journal C 326, 26/10/2012 P. 0001 - 0390.

⁴ European Commission, *Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Strengthening European Identity through Education and Culture*, 17 November 2017, Brussels.

⁵ Communication from the European Commission to the European Parliament, the European Council, the European Social Committee and the Committee of the Regions, *A New European Agenda for Culture*, COM(2018) 267 final, Brussels, 22.05.2018.

- Social: address the issue of social inequalities, foster social inclusion and cohesion by promoting cultural participation, mobility of artists and protection of heritage;
- Economic: support the creative sector by facilitating mobility for cultural operators, by reinforcing the Guarantee Facility, by developing skills and encouraging innovation;
- External relations: increase cooperation with international institutions such as UNESCO, Cultural Institutes, in follow-up of the joint EC-EEAS 'Towards an EU strategy for international cultural relations'.

Another important contextual aspect for the development of the EU cultural policy is the launch of 2018 European Year of Cultural Heritage, which aims to promote cultural diversity, to encourage people to discover Europe's cultural heritage and to reinforce a sense of belonging to a common European space.

The 2018 European Year of Cultural Heritage provides increased opportunities to streamline culture in other policy areas like regional development, social cohesion, education and skills development. As such, the EU's initiative to fund projects supporting cultural heritage extends under the programmes like Creative Europe (which itself launched a dedicate call for the Year)⁶, Erasmus+, Europe for Citizens, Horizon 2020 or European Structural and Investment Funds.

In many instances the CCS are still grappling with the changes introduced by digital technologies, increasing pressure on artists and cultural workers towards licensing agreements. In this context, another important recent policy development is the review of the EU copyright framework⁷ which is the main source of remuneration across the CCS. The ongoing review especially discusses how the legislative framework should adapt to the digital age. Creative Europe has supported projects linked to that agenda through European catalogues of films for VoD platforms or Licensing hubs solutions.⁸

The current EU Cohesion Policy's Structural and Investment Funds (ESIF) for the period 2014-2020 offers very interesting opportunities for the cultural sector. It dedicates €9 billion for the CCS including € 6 billion from the European Regional Development Fund (ERDF)⁹, almost 6 times more than the budget of the Creative Europe programme 2014-2020 (€ 1,46 billion). ESIF supports cultural projects in a variety of sectors, providing that they are aligned to its thematic objectives. Examples are very much linked to Creative Europe objectives and include support to clusters and creative hubs; e-culture (digitisation of cultural heritage, access to cultural content); protection of cultural heritage in urban and rural context; promotion of intercultural activities; skills development for cultural entrepreneurs.

Highlighting the importance taken by cities in supporting culture, the Cultural and Creative City Monitor is a tool developed by the European Commission's Joint Research Centre to monitor and assess the performance of 'Cultural and Creative Cities' in Europe and how this performance relates to jobs, wealth and economic growth. Using comparable quantitative and qualitative data, the Monitor is based on 29 indicators classified in 9 dimensions that

⁶ 'Support for cooperation projects related to the European Year of Cultural Heritage 2018': https://eacea.ec.europa.eu/creative-europe/funding/support-european-cooperation-projects-2018_en

⁷ European Commission. Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market, COM (2016) 593 final. Brussels, 2016.

⁸ European Commission. Fact Sheet 25 years of the EU's MEDIA programme: questions and answers. Brussels, 1 December 2016.

⁹ <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2016-006982&language=EN>

reflect 3 facets of cultural and creative cities: Cultural vibrancy, Creative economy and Enabling environment. The 2017 edition of the Monitor covers 168 cities in 30 European countries (the EU-28 with Norway and Switzerland)¹⁰. The importance of cities and regions for the CCS is echoed in Creative Europe through ad hoc calls for tenders and calls for proposals financed under the cross-sectorial strand.¹¹ There are also numerous projects under the Culture sub-programme that directly work on the interfaces between cities, culture and creativity.¹²

Another important development in the EU cultural policy has been the increasing role given to culture in Europe's international relations. The EU strategy for International Cultural Relations released in 2016¹³ aims to put cultural cooperation at the centre of the EU's diplomatic relations with countries around the world and to promote a global order based on peace, rule of law, freedom of expression, mutual understanding and respect for fundamental values. In April 2017 the Council endorsed the Joint Communication, emphasising that culture "is an essential part of the EU's international relations".¹⁴ This Communication is since then part of the policy priorities cited in Creative Europe's annual work Programmes.¹⁵

DG NEAR is currently supporting several initiatives to develop the potential of CCS. The EaP Culture and Creativity Programme¹⁶ provides important support to capacity building for the development and professionalisation of the cultural sector in the EaP countries while the Med Culture¹⁷ accompanies Southern Neighbourhood countries in the development and improvement of cultural policies and practices related to the culture sector. It is also worth to mention that 5 neighbouring countries (Georgia, Moldova, Ukraine, Tunisia and, as of March 20th, 2018, Armenia) participate in the Creative Europe programme.

Culture has an important place in the EU's development cooperation policy¹⁸, since it contributes to promote social and human development, fosters economic growth and social cohesion. For example, in 2017 the call for proposals "Intercultural dialogue and Culture" (DCI-HUM/2016/038-864) financed under the Development Cooperation Instrument dedicated € 9,7 million to projects i) enhancing cultural pluralism and intercultural understanding and ii) enhancing social inclusion and social cohesion. This was also reflected in the 2017 and 2018 work programmes of Creative Europe, which made explicit references to intercultural dialogue as a policy objective of the programme.¹⁹

These recent important political initiatives aimed at strengthening culture in external relations are the result of a 2011 call from the European Parliament requesting such a

¹⁰ <https://composite-indicators.jrc.ec.europa.eu/cultural-creative-cities-monitor/>

¹¹ This included a call on Culture for Cities and Regions (EAC/20/2014), one on a European Network of Creative Hubs (EAC/S08/2015), and one on cultural and creative spaces in cities (EAC/S23/2017).

¹² e.g. Future Divercities (www.futuredivercities.eu), Human Cities (<http://humancities.eu/>). Both are large-scale cooperation projects.

¹³ Joint Communication EC-EEAS to the European Parliament and to the Council, *Towards an EU Strategy for International Cultural Relations*, 8.6.2016, JOIN(2016) 29 Brussels <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2016%3A29%3AFIN>

¹⁴ Council of the EU, *Draft conclusions on an EU strategic approach to international cultural relations*, 5 April 2017, Brussels

¹⁵ 2018 annual work programme for the implementation of the Creative Europe Programme - C(2017)6002 of 6 September 2017 and 2017 annual work programme for the implementation of the Creative Europe Programme - C(2016)5822 of 16 September 2016.

¹⁶ <https://www.culturepartnership.eu/en>

¹⁷ <https://www.medculture.eu/about/overview>

¹⁸ https://ec.europa.eu/europeaid/sectors/human-development/culture_en

¹⁹ 2016 annual work programme for the implementation of the Creative Europe Programme - C(2015)5490 of 5 August 2015.

strategy and the vote for a 'Preparatory Action' in the field Culture in EU's external relations²⁰. An EU Cultural Diplomacy Platform²¹ has been set up to assist in the implementation of the strategy. It should be noted that there is no dedicated budget at DG EAC and in Creative Europe in relation to External Relations.

Creative Europe has a central place in delivering on these policy developments, within the wider EU policy objectives related to culture (i.e. promoting cultural diversity²² and developing trade in cultural goods and services²³).

Therefore, we propose to evaluate the impact of Creative Europe in accordance to the following three key EU policy objectives regarding CCS²⁴:

- 1. Promotion of cultural diversity**
- 2. Supporting capacity building**
- 3. Integrating culture in external relations**

The next chapter of the present report introduces a discussion on the programme's organisation and management. Chapter 3 highlights the impact of Creative Europe on cultural diversity (with a focus on the circulation of EU works and on audience development). Chapter 4 discusses the programme's impact on capacity building (in particular on skills development, international networking, access to finance and on cultural statistics). Chapter 5 highlights the contribution of Creative Europe to external cultural relations. The next chapters (6, 7 and 8) concentrate on the accessibility of the programme, the functionality of the decision-making process and respectively on the synergies with other EU programmes. Chapter 9 analyses the Commission's mid-term report on Creative Europe and finally, Chapter 10 provides policy recommendations and final remarks.

²⁰ European Parliament resolution on the cultural dimensions of the EU's external actions 2010/2161(INI), 12 May 2011, Strasbourg.

²¹ <https://www.cultureinexternalrelations.eu/>

²² Article 167, Treaty on the Functioning of the European Union 2008/C 115/01 Article 167 (OJ C 115/1 9.5.2008) and UNESCO, *Convention on the Protection and Promotion of the Diversity of Cultural Expressions*, 2005, Paris.

²³ European Commission, *Communication to the European parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Promoting CCS for growth and jobs in the EU*, 26 September 2012, Brussels.

²⁴ See the New European Agenda for Culture (2018), the Council's draft conclusions on an EU strategic approach to international cultural relations (2017).

2. CREATIVE EUROPE ORGANISATION AND MANAGEMENT

KEY FINDINGS

- The merger of the Culture programme and the MEDIA programme into a single Creative Europe programme did not have a huge impact as the two sub-programmes largely retained their specificities.
- The initial goal of boosting cross-sectorial actions was hampered by a limited budget, except for the Guarantee Facility.
- The dual management by DG EAC and DG CNECT did not lead to any major issue but limited synergies for joint policy projects, overall. However, it helped to raise the profile of the programme by leveraging political support from two Commissioners.

Creative Europe unites under a single EU cultural policy framework two distinct streams of activity which were in place during the 2007-2013 period: the Culture programme and the MEDIA programme. The European Commission justifies the merger of the two existing programmes into a single framework as a response to the fact that the sectors, however different operationally, are facing the same challenges and thus, they must serve the same policy objectives. The merger of the 2007-2013 Culture and MEDIA programmes into a single Creative Europe programme was originally designed as a more cross-sectorial and holistic approach where the CCS are considered as a whole.²⁵ Ultimately this approach was significantly amended to keep separate sub-programmes with specific budgets and pipelines of calls for proposals. As a result, the merger had little impact in terms of content of the programme, save for a few aspects:

- The two sub-programmes now share the same general objectives. However, this had limited impact as more detailed objectives are specified for each sub-programme.
- The MEDIA MUNDUS was effectively discontinued. Although Creative Europe includes internationalisation as part of its objectives, in practice the actions supported under MEDIA MUNDUS are not included in any specific call for proposals under Creative Europe.
- While the MEDIA and Culture programme were already well-known, the Creative Europe programme's shared umbrella is helpful for communication and dissemination purposes. The programme is now well-known across the European CCS.

The cross-sectorial strand is the main novelty of the programme. It includes a self-standing financial instrument aimed at facilitating access to finance²⁶ for the CCS (and managed by the European Investment Fund) and the commissioning of research and data collection. There are also Creative Europe Desks in each of the Member States of the European Union

²⁵ See for example the Regulation EU No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014-2020), (OJ L347 20.12.2013) and KEA, the Media Strand of the Creative Europe Programme 2014-2020. A study for the European Parliament. Directorate-General for Internal Policies. Policy Department B: Structural and Cohesion Policies: Culture and Education. Brussels, August 2012.

²⁶ http://www.eif.org/what_we_do/guarantees/cultural_creative_sectors_guarantee_facility/index.htm

and the 13 participating countries²⁷. The main function of these desks is to support local applicants and disseminate knowledge on the programme. The number of participating countries is another indication of the success of the Creative Europe programme in supporting international networking of CCS.

However, it is important to note that, even though they serve the same policy objectives under Creative Europe, the Culture and MEDIA sub-programmes are separate, having different support actions and indicative budgets. They are also managed by two different Directorates-General. Directorate-General for Education and Culture (DG EAC) manages the Culture sub-programme, while Directorate-General for Communication, Networks, Content and Technology (DG CNECT) manages the MEDIA sub-programme. The calls system and granting is overviewed by the Education, Culture and Audiovisual Executive Agency (EACEA).

Table 1: Creative Europe structure overview

Creative Europe Framework Programme	Sub-programmes	Earmarked budget 2014-2020
	Culture sub-programme (<i>following the previous Culture programme 2007-2013</i>)	€ 455 million (33%)
	MEDIA sub-programme (<i>following the previous MEDIA and MEDIA Mundus programmes 2007-2013</i>)	€ 824 million (58%)
	Cross-sectorial strand (<i>addressing transversal aspects between the two sub-programmes</i>)	€ 121 million (9%)
Total budget		€ 1,46 billion

This dual management had two main effects, according to the research and interviews we carried out:

1. A positive outcome was the strengthened political support for Creative Europe, as two Commissioners would promote the programme through their respective mandates. It also strengthens synergies between the sub-programmes and the policy priorities of the DGs managing them.
2. While the dual management has not caused any implementation issues, it does not optimise synergies between the two Creative Europe units, e.g. to develop joint tenders or policy projects under the cross-sectorial strand.²⁸ Due to the low budget affected to each DGs for the cross-sectorial strand, the overall impact on Creative Europe is still very limited. In case a dual management is maintained in the future, earmarking a clear budget envelope for such joint projects linked to broad policy objectives could ease the process.

²⁷ We counted 95 Creative Europe Desks throughout the EU and participating countries. There is a separate desk for each sub-programme. The value of maintaining such a high density of desks should be questioned in particular in countries where the programme has been implemented for some time.

²⁸ Creative Europe Mid-term Review.

Overall, no stakeholders express any complaints on the current management structure which would limit synergy opportunities. Similarly, no significant evidence was found in terms of increased or decreased efficiency for the management of the programme.

The impact of the merger was overall much more limited than anticipated (both in terms of positive and negative impacts). In the context of the negotiations on the future multiannual financial framework where EU-funded programmes are increasingly regrouped, splitting the Creative Europe programme to return to the previous situation seems highly unlikely.

3. IMPACT OF CREATIVE EUROPE ON CULTURAL DIVERSITY

KEY FINDINGS

- Creative Europe actions that support the circulation of EU works and audience development in culture and audiovisual sectors are complementary and contribute to the EU objective of promoting cultural diversity across Europe.
- Creative Europe has identified useful tools to promote EU works and artists outside their country of origin (i.e. the European Prizes) but lack of resources does not give these marketing actions sufficient visibility.
- The programme has had little impact on addressing the lack of pan European distribution infrastructure and the overall structure of the market which remains fragmented. However, the MEDIA sub-programme has enabled EU films to maintain their market share in relation to US films.
- The European cinema remains weak in the export market (3% of theatrical admissions in key export markets). The international dimension of the MEDIA programme is underdeveloped, especially with the suppression of the MEDIA Mundus programme.
- The MEDIA sub-programme is very much focused on the traditional business model of Audiovisual distribution and exploitation.
- Strengthening prominence of European works on VoD platforms is the best way to promote their circulation. However, the audiovisual regulatory framework needs to be better adapted in this perspective.
- There are successful recorded audience development practices contributing to increased participation in cultural events across Europe, which however require knowledge-sharing efforts and increased sustainability.

Creative Europe mainly contributes to the objective of promoting cultural diversity in two ways:

- By promoting European cultural and audiovisual works across Europe (referred to as increasing the circulation of works).
- By increasing and diversifying access to and experience with cultural and audiovisual content across Europe (referred to as audience development strategies).

Increasing the circulation of works implies supporting distribution (including marketing and the promotion of cultural products and services), namely getting the final product to reach the highest possible number of citizens across Europe. Increasing circulation makes the EU Single Market a reality for the CCS and, as a result, exposes European citizens to a more diverse cultural offer reflecting Europe's cultural diversity. Audience development support aims to make culture more widely available and appealing in the context of emerging digital technologies and experiences (digitisation). The two actions are complementary,

contributing to the objective of promoting cultural diversity at both offer and demand levels.

The next two subsections consider the ways Creative Europe addresses the CCS challenges related to circulation of and access to EU cultural works and how the programme achieves its objective of promoting cultural diversity.

3.1. Improving the circulation of European cultural and audiovisual works

The low circulation of cultural and audiovisual works is mainly caused by market fragmentation which prevents the cultural and audiovisual sectors from fully exploiting the advantages of the Single Market. The highly-diversified geography of languages and cultural traditions decrease foreign market access opportunities for creators and producers are often unable to meet the additional distribution and marketing costs associated. Few cultural operators in Europe have the capacity to distribute across national frontiers, whilst a large number of cultural productions targets only national audience. As a result, cultural products and services are usually made and distributed in local language markets.

Moreover, weak international marketing and financial scale limit territorial reach outside the country of production. The challenge is even more important for smaller territories with limited language market.

The programme is spending a significant share of its budget to address this market challenge (around 60% of the total Creative Europe budget for 2014-2017, considering all the actions directly related to circulation – see table 2 below). Creative Europe's funding is structured to offer support for circulation in the following main areas:

- distribution and sale agent companies in the film sector,
- cinema exhibitors showing non-national European films,
- digital distribution of films on national platforms,
- transnational collaboration in the cultural sector (at production and distribution levels),
- translation of literary works,
- European prizes to celebrate best European talents in cinema, architecture, music, literature and heritage

Table 2 below shows the available actions and budgets in both the Culture and MEDIA sub-programmes in the period 2014 – 2017 dedicated to the above-mentioned types of support.

Table 2: Creative Europe support actions – circulation of EU works

Sub-programme	Support action	Budget (2014 – 2017)
Culture	Support to Literary translations	€12 million
	Support to Cooperation projects aiming to promote the circulation of EU works and the mobility of cultural players	€155 million
	Support to European platforms aiming to showcase and promote young artists and their works	€17,5 million
	Organization of EU Prizes in the field of culture (for literature, architecture, music and heritage)	€5,2 million
MEDIA	Support to TV programming	€ 49 million
	Support to selective and automatic distribution	€ 100 million
	Support to sale agents	€ 8,5 million
	Support to development of single projects + slate funding (as development determines to a very large extent the future marketability of a film)	€ 38 million
	Support to cinema networks	€ 21 million
	Support to film festivals	€ 8,4 million
	Support to online distribution	€ 11 million
	Co-production funds (co-productions boost the circulation of works)	€ 4,7 million

Source: Creative Europe Annual Work Programmes & EACEA

a. Culture

Circulation of artists and works

Overall, it is difficult to measure how the Culture sub-programme impacts the circulation of different cultural products, as there is no available data on the activities, specificities and results of the projects financed under the actions of the sub-programme. For example, there is little information available on the projects that were financed under the Cooperation action and on their impact on the circulation of works. It is difficult to know if these projects have a clear focus on cultural diversity. Creative Europe statistics for culture

only gives information on the total number of supported Cooperation projects for each main sector (i.e. Performing Arts, Visual arts, Cultural heritage, Books, Design and Architecture). Moreover, there is little or no data in the cultural sector regarding the pan-European circulation of EU works. There is a general need of improving and harmonising data collection at EU level, which is detailed in section 4.4. There are however some good examples where Cooperation projects had a significant impact on the circulation of European culture. The Opera Platform is one of them: making use of digital tools it reached more than 2,5 million views across Europe.

The Opera Platform - Europe²⁹

Along with 16 partners and with the support of the Creative Europe programme, ARTE launched the project The Opera Platform (TOP). From May 2015 to September 2017, the platform provided each year a European opera season in six languages (French, German, English, Spanish, Polish and Italian). The project was awarded €1.86 million from the first call for cooperation project (large-scale) launched under Creative Europe.

The partners included the network Opera Europa and 15 prestigious opera houses in Europe (Vienna State Opera, Teatro Real Madrid, Komische Oper in Berlin, etc.). 2.5 million video views were recorded in total. TOP is a good example of a successful cross-sectoral project between media and culture, making classic culture available to a large audience through new digital tools.

As a follow-up to this experience a European opera season will soon be launched on ARTE Concert in partnership with numerous opera houses in Europe. This is one of the few cooperation projects with such a large outreach and a clear sustainability strategy delivered without additional European funding (in-house ARTE project). Interestingly it is also one of the few cases where cross-sectorial synergies can be observed: an audiovisual company leading a Culture project, with a clear added-value for digital delivery of cultural content.

The case of literary works is different, as they benefit from the Support to literary translations action which specifically encourages the translation and promotion of books on the European markets. As such, the impact of this action on the circulation of books can be clearly measured, based on the number of supported projects, the source and the target languages. For instance, the research carried out by the Budapest Observatory on the literary translations projects financed during 2014 and 2015 revealed that the dedicated grant was focused on translating mainly works originated in a few western languages (mostly English) into mainly Eastern languages (mostly Bulgarian and Hungarian) and thus reinforcing historic intellectual and economic imbalances.³⁰ Conversely, the translation of works published in the Eastern countries into the Western languages (mostly English) reached an overwhelming number of 1011 translations in 2014 and 2015.³¹

In what concerns other support actions in the Culture sub-programme, EU platforms have reported interesting results on transnational collaborations between operators to showcase emerging EU artists and their works. They definitely contribute to enabling artists and productions to travel and meet an enlarged audience. There is however no way of

²⁹ <http://www.creativeeuropeuk.eu/funded-projects/european-opera-digital-project2>

³⁰ The Budapest Observatory, *1011 Translations*, April 2016.

³¹ *idem*.

measuring the impact of such promotional actions. Platforms financed under Creative Europe are able to provide information on the types of supported activities and statistics on these activities, thus highlighting Creative Europe's contribution to increasing circulation in the sectors. Liveurope – the first EU platform dedicated to live music acts – is such an example.

LIVEUROPE – EUROPE ³²

Liveurope is an initiative supporting concert venues in their efforts to promote up-and-coming European artists. The platform works as a quality label awarded to live music venues committed to European diversity. Its objective is thus to boost the showcasing of young European acts across the countries and to help them reach new audiences. Liveurope platform is the first initiative of its kind in Europe and among the first platforms to be supported by Creative Europe.

The members of the platform are carefully selected on the criteria for their dedication to book European talent, as well as their professional infrastructure and international reputation. Currently the platform has 14 members from 14 countries.

Functioning mechanism

Liveurope provides support to its members in the form of a financial bonus proportionally to their booking of emerging, non-national European acts. The purpose is to give the concert venues the opportunity to programme emerging acts every year, regardless of the respective acts' audience numbers. The final aim is to showcase these emerging artists and to generate audience for them, thus supporting the establishment of a common European musical space.

Results

During the first two years of activity, 2014-2015, Liveurope has contributed to the organisation of 837 concerts. The figures in the years 2015-2016 demonstrate the rapid growth of the platform, which registered a 20% increase in the number of member venues from 2014. The results of 2017 have not yet been officially presented, however Liveurope argues that the total number of acts has raised to approximately 1300 in 14 different music venues, with up to 36 nationalities represented.

An important contribution provided by Liveurope could be also observed in relation to the average number of European emerging artists booked per venue: a 60% increase in the first two years of activity. The 2015 results show that the United Kingdom was represented by almost 30% of the total booked acts in all the venues, while artists from the rest of the Europe represented the majority of acts booked with 70%. The most represented countries after the UK are: Germany (10%), France (8%), Belgium (7%), Denmark (7%) and Sweden (4%).

³² See <http://liveurope.eu/> <https://www.abconcerts.be/en/>

International promotion and marketing

The Culture sub-programme equally organises four EU prizes with the aim to highlight excellence in the respective fields, to promote the artists and their works beyond national borders. These prizes are:

- The European Union Prize for Literature (EUPL)
- The European Union Prize for Contemporary Architecture (Mies van der Rohe Award)
- The European Music Award for Emerging Artists (Border Breakers Award)
- The European Union Prize for Cultural Heritage (Europa Nostra Award).

Our consultation shows that all prizes are deemed relevant by the sectors for international promotion purpose. The Architecture and the Cultural Heritage prizes enjoy the highest prestige in their fields according to a recent study.³³

Prizes are aimed at increasing the European notoriety of winners. The most straightforward example being offered by the literature prize: winning authors have their works translated into 10-12 European languages. The Architecture prize exhibits a clear strategic view by highlighting a distinct European approach to architecture on foreign markets, driven by innovation and diversity. Winning cultural heritage projects experience a wide range of benefits, including securing follow-on funding and increased visitor numbers from around the world. It is still challenging for European musicians to sell their records internationally, but the younger Border Breakers award is steadily becoming a more media-driven event.³⁴ In the cinema sector, the Lux prize³⁵ from the European Parliament is an attempt to increase the profile of European talents across cultural frontiers. Creative Europe MEDIA sub-programme develops partnerships (e.g. MEDIA stands, joint communications) with those prizes rather than supporting new ones.

Despite their high potential to promote emerging artists and their work, the EU prizes remain largely unknown by the general public and thus give limited visibility to talents. Their impact and visibility could be increased with a larger dedicated budget and with the development of more professional marketing strategies notably in social media. Today, winners of EU prizes – representatives of Europe's talent base – are not given the profile they deserve.

There are geographical imbalances in the visibility of the Prizes as a result of contextual factors like market realities, languages and traditions, resources and capacity. The cultural heritage prize is much better known in Western rather than Eastern Europe, the literature prize has much recognition in Northern countries and it is struggling to achieve notoriety in the West as well. Also, there is a dominance of the Northern and Western acts over Eastern ones in Border Breakers Awards. The architecture prize is largely free of any concerns around geographical imbalances and the issue is considered much less important than promoting excellence in the field.³⁶

³³ Ecorys, *Study on the impact of the EU Prizes for culture*. A report for the European Commission, Directorate-General for Education and Culture. Final Report, March 2013.

³⁴ *idem*.

³⁵ <https://luxprize.eu/>

³⁶ Ecorys, *op.cit.* 2013.

b. Audiovisual sector

The MEDIA strand is designed to support distribution of audiovisual works as a matter of priority. It also offers support at development level, insofar as some support actions aim at reinforcing the development capacity of production companies.

Thanks to the European Audiovisual Observatory (EAO), the leading public research institution in the audiovisual field, supported partly by Creative Europe, it is possible to measure the impact of MEDIA programme on the distribution of feature films and other audiovisual content. Digitisation, which heavily restructured the audiovisual value chain especially at distribution level, is taken into consideration in the orientation of the MEDIA sub-programme, which provides several actions to support distribution on both classic and emergent channels that developed with the wide spreading of streaming solutions works.

The three following sub-sections present an assessment of the circulation of works on three main channels: TV, cinema and VoD platforms. The fourth sub-section comments on co-productions as tools for increased circulation. We propose a more detailed market analysis to 1) show the relevance of the actions supported under the MEDIA sub-programme; and 2) provide explanatory factors to the limited impact of the programme and current issues due to the limited budget of the programme compared to market figures.

Circulation of EU works on TV in Europe

The box below shows the latest key figures recorded (in 2016 and 2017) on film distribution on TV, which is supported by the MEDIA sub-programme:

2016 Key figures on the distribution of films on TV in Europe*:

- European films accounted for 28% of all films broadcasted by TV channels in Europe: 14% national films, 14% non-national films
- 47% US films, 47% EU films, 6% other – out of the unique title broadcast
- Only 28% EU films – out of the cumulated film broadcast
- EU-5 countries represent 88% of all exports of EU non-national films
- A EU film was exported on average to 1,8 EU countries
- Share of EU films by country: 20% or less in Denmark, UK, Croatia, Hungary, Ireland, Sweden, Slovenia; 40% or more in Czech Republic, Finland, France, Italy
- Share of national films: 20% or less in Belgium, Croatia, Hungary, Ireland, Slovenia; 50% or more in Czech Republic, Finland, UK, Italy, Sweden.

**source: European Audiovisual Observatory, The circulation of EU non-national films: Cinema, television and transactional video on-demand 2017*

The numbers above indicate improved circulation of European films on TV in 2016, as the average share of broadcasted non-national films reached the average share of broadcast national films across territories in Europe.

US films still outmatch EU films in TV broadcasting (be they national or non-national). It should be noted that in terms of audiovisual content (including not only films but also TV shows, series, documentaries) however, European works also make up an average of

69,85% of the total viewer hours (a comparable percentage to previous years, with 69% in 2010 and 74% in 2007) across European television channels in 2016.³⁷

Such figures are mainly due to regulatory obligations: the Audiovisual Media Services Directive (AVMSD) is the only legally-binding instrument promoting European cultural diversity, by setting up minimum requirements of European works on TV channels (a least 50%) and promotion obligations on VoD platforms (either as a share of catalogue, through dedicated promotional and marketing actions or via investing in the production of European content). The MEDIA sub-programme is strongly complementary to AVMSD, in terms of promoting a better circulation of EU audiovisual works³⁸. However, reporting made by Member States on the compliance to these obligations remains challenging and often cannot be evaluated, as shown by a recent study.³⁹ Strong coordination with existing Creative Europe-funded projects (such as the MEDIA funding for licensing hubs, which seeks to automate some licensing processes online, and include reporting data altogether⁴⁰) could help to address such issues and facilitate data collection.

To encourage the distribution of EU works across TV channels, the MEDIA sub-programme provides a TV programming action to support TV productions at development level (dramas, animation or creative documentaries). It requires the participation of at least three broadcasters from different countries, thus ensuring significant level of territorial coverage at distribution level. The dedicated budget of € 49 million supported 156 projects in the 2014-2017 period.

Circulation of EU films in cinemas across and outside Europe

The following box shows the latest key figures on film exhibition across Europe. Exhibition of EU films is a key aspect in the MEDIA support.

2015-2016 Key figures on the distribution of films in cinemas in Europe*:

- EU films accounted for 64% of all new film titles on release in the EU...
- ...but only for 26% of overall admissions to films in the EU (7% of overall admissions to EU non-national films, 19% to national films)
- US films represent a market share of 67,4%
- EU non-national films accounted for 31% of all films on a first release
- EU non-national films are correlated to the level of film production of each country: EU-5** countries represent 74% of all exports
- French and British films have the lion's share of EU non-national films with 51% of all EU non-national film exports. They represent more than 90% of the European films' market share in the USA or China.
- Only films produced in EU-5 countries and Sweden were exported to all other 24 EU markets
- An EU film was exported on average to 2,9 EU countries

**source: The European Audiovisual Observatory, The circulation of EU non-national films: Cinema, television and transactional video on-demand, 2017*

*** EU-5 countries: France, Germany, Italy, Spain, UK*

³⁷ VVA and KEA (2018) Study on the Promotion of European Works in Audiovisual Media Services. A study for the European Commission, DG CNECT.

³⁸ In fact, the Media programme and the AVMSD (then the Television Without Frontiers Directive) were conceived together as complementary initiatives: while AVMSD introduced requirements for broadcasting European content, the MEDIA programme provided support to deliver this.

³⁹ VVA and KEA (2018) Study on the Promotion of European Works in Audiovisual Media Services. A study for the European Commission, DG CNECT.

⁴⁰ European Commission, Fact Sheet 25 years of the EU's MEDIA programme: questions and answers. Brussels, 2016.

Overall, EU films were successful in their home markets, significantly increasing box office revenues across Europe in 2016 (€ 8,4 billion, representing 24% of the global theatrical market for films).⁴¹ The circulation of non-national EU films highlights a concentration of export from EU-5 countries across Europe. Despite the fact that in 2016 EU non-national films accounted for 31% of all films on a first release in cinemas⁴², they accounted for only 7% of overall cinema admissions.

As table 3 below shows, the box office dominance of US films over EU films has remained stable over the last 5 years. The market share of EU films slightly dropped in 2016 compared to 2015. National films continued to perform well on several markets, particularly in France (35,3%), the Czech Republic (29,5%), Italy (29,1%), Finland (28,9%) and Italy (28,7%).

Table 3: EU cinema market share in Europe by origin 2012-2016

Origin	2012	2013	2014	2015	2016
US	62,3%	69,5%	63,2%	63,1%	67,4%
Europe	29,3%	26,2%	33,2%	27,0%	26,7%
Other	1,5%	3,2%	3,2%	2,8%	2,3%

Source: European Audiovisual Observatory, LUMIERE database, 2017

The following box shows the key figures on theatrical exploitation of European films outside Europe.

2016 Key figures on theatrical exploitation of European films outside Europe*

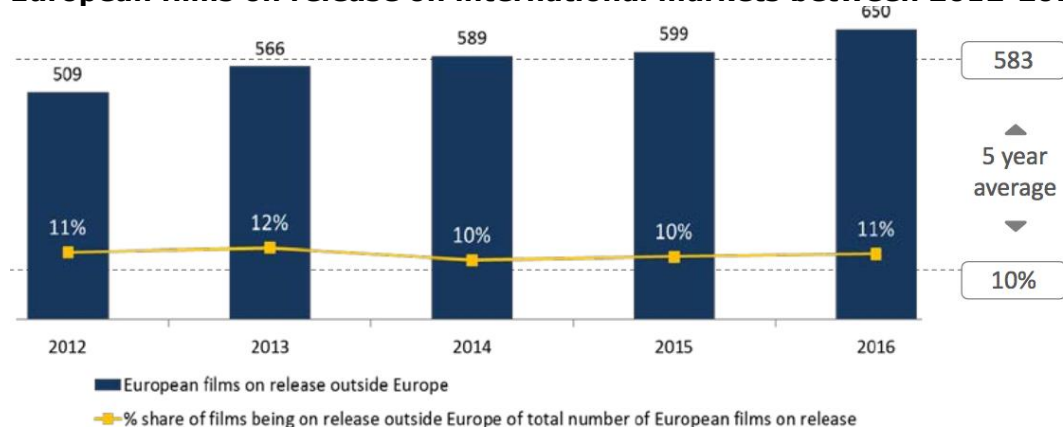
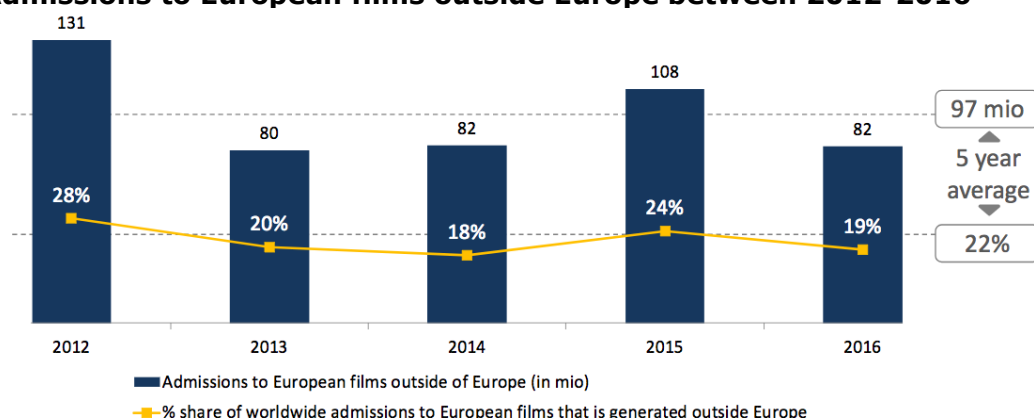
- Approx. 650 EU film were on theatrical release in at least one of the 12 non-European markets analysed
- The 650 EU films generated about 82 million admissions outside Europe which corresponds with approx. € 475 million box office revenues (representing 19% of their overall revenues).
- EU films accounted for an average 3% market share on key non-European markets

**source: European Audiovisual Observatory, The circulation of EU non-national films: Cinema, television and transactional video on-demand 2017*

The two following graphs show the key market tendencies regarding European films on release and admissions to European films outside Europe between 2012-2016.

⁴¹ UNIC, EU Cinema admissions, 2017.

⁴² European Audiovisual Observatory, *The circulation of EU non-national films: Cinema, television and transactional video on-demand*, 2017.

European films on release on international markets between 2012-2016**Admissions to European films outside Europe between 2012-2016**

Source: European Audiovisual Observatory, *The Circulation of EU films outside Europe – key figures 2016, 2017*

The above graphs show that although 2016 saw the release of the largest number of EU films on overall non-European markets in the past five years, they accounted for the lowest market share on admissions in the same period. This shows a very low competitiveness of EU films outside Europe.

By market, the US market represents the single largest market for EU films, accounting for 35% of total admissions to EU films outside Europe, while the Canadian market accounted for 4%. Despite the very limited number of European releases, China came in as the second largest market for EU films in terms of admissions accounting for 21% of total admission, followed by Mexico (14%), Brazil (8%) and South Korea (5%).⁴³

The market share of European films abroad is very limited, with an average of 3% of total theatrical admissions, according to an EAO study on the twelve main non-EU markets. These figures are relatively stable over the period studied (2010-2015).⁴⁴ The box office of European films in the USA and the fastest expanding market China remained stable at respectively 3 and 2 percent. These figures are important as they show the weakness of European cinema in export market. Unless measures are taken at trade and diplomatic levels, EU cinematography, considering its fragmented structure, has little chances to circulate in the world. In that regard, the stakeholders interviewed pointed out that the

⁴³ European Audiovisual Observatory, *The Circulation of EU films outside Europe – key figures 2016, 2017*.

⁴⁴ European Audiovisual Observatory, *The Circulation of European Films Outside Europe: Key Figures 2015, 2016*.

suppression of the MEDIA Mundus programme (2011-2013) in Creative Europe is a step backwards, which was not really compensated by opening up a few Creative Europe calls to international actions (MEDIA training, access to markets, and support to international coproduction funds).⁴⁵

Creative Europe provides wide support for theatrical distribution with a number of actions benefiting from a total budget of more than € 135 million for the 2014-2017 period which represents around 30% of the total MEDIA budget for the same period. A positive example of Creative Europe support in this area is Europa Cinemas – the network of cinema exhibitors catering for the availability of non-national European films. With the support from Creative Europe, the network has expanded and has increasingly contributed to offer a window to a diverse EU cinema. At the end of 2016 the network was established in 611 towns in 33 MEDIA countries and represented 1024 cinemas with 2463 screens.⁴⁶ This is an important development from 1992 (the year the network was born) when it counted only 45 cinemas and 106 screens in 12 countries of the EU.⁴⁷ Creative Europe had a structural impact on this topic, by investing substantially into the network (around € 10 million per year). While the initiative is generally praised for its impact,⁴⁸ the sustainability of the network beyond EU funding and the possibility to develop similar initiatives in other CCS could be assessed.

Creative Europe support at development level (via development of single projects + slate funding action) is aimed at encouraging the emergence and growth of European media production companies capable of investing in more projects at development stages with a view to spread their financial risk and develop a catalogue of rights. Support for slate funding aimed at supporting the industry achieving scale. While the measure is sound, its impact is limited probably because of the limited funding available. Creative Europe has failed to encourage the growth of European film companies capable of developing slate of films. It is important to put the Creative Europe budget in perspective considering the value of the audiovisual market worldwide. A quick comparison between the EU and the US shows a stark contrast. While the average EU production budget ranges from some € 11 million in the UK, €5 million in Germany and France to €300,000 in Hungary and Estonia, the average budget for US-produced films amounts to €12 million and exceeds €85 million for films produced by majors and their affiliates. Total investment in EU film production has more than doubled between 2001 and 2008⁴⁹ (from €2,4 billion to €5,6 billion), but it appears to be used in making more films instead of following a more selective approach.⁵⁰

The average cost of marketing a Hollywood movie only on the US market was around Euro 32 million for a medium-sized film in 2014.⁵¹ Warner Bros. Pictures – one of the 7 Hollywood Studios – has an annual media spend of around Euro 472 million⁵² (which is more than the total MEDIA support for distribution and development for the entire period analysed). It is anticipated the Netflix (118 million subscribers in the world) will invest more than \$8 billion in film production in the coming year⁵³.

⁴⁵ EFADS, *Export of European films outside Europe*. Factsheet published on 21 May 2017.

⁴⁶ Claude-Eric Poiroux, Director of Europa Cinemas in *Cinemas on the move; Statistical Yearbook 2016*.

⁴⁷ idem.

⁴⁸ Interviews.

⁴⁹ European Parliament, Briefing, An overview of Europe's film industry, December 2014.

⁵⁰ VVA and KEA (2018) *op.cit.*

⁵¹ <https://www.hollywoodreporter.com/news/200-million-rising-hollywood-struggles-721818>

⁵² <http://www.adweek.com/brand-marketing/numbers-look-hollywood-s-marketing-machine-155895/>

⁵³ <https://www.ft.com/content/d2c80a44-1e13-11e8-956a-43db76e69936>

It is thus evident that Creative Europe cannot substitute for structural issues linked to market fragmentation and financial scale. The programme plays its role in maintaining a presence of European stories on various screens and enable audience not to lose sights of the incredible creativity of European directors, screenwriters, cinematographers etc. The MEDIA sub-programme has enabled EU films to maintain their market share in relation to US films. MEDIA complements significant national resources supporting local audiovisual industries (it is estimated that more than € 2,5 billion is spent each year by Member States to support their local cinematography). In addition, numerous national tax incentive schemes support the audiovisual production sector (around € 1 billion per year)⁵⁴.

Circulation of EU works on VoD platforms in Europe

The following two boxes show key trends on the VoD market in Europe and on the online distribution of films across the continent.

2017 Key figures on the online distribution market in Europe*:

- The VoD market in Europe is currently worth € 4,2 billion and it is estimated that it will continue to grow, reaching a revenue of € 6,7 billion in 2020
- TVoD will see its market share reduced from 37% in 2017 to 27% in 2020
- SVoD market is predicted to increase due to the success of Netflix, Amazon, Apple or Google
- In 2015 - 92% market share pay-TV, 8% market share VOD – but given the rapid growth of VoD market, the AV market will drastically change by 2020

**source: ITMedia Consulting, 2017*

2016 Key figures on the online distribution of films in Europe*:

- Only 47% EU films made it to TVOD, compared to 87% US films between 2005-2015
- 27% EU films compared to 59% US films - counting each occurrence of a film in all TVOD catalogues between 2005-2015
- EU films were allocated only 1/3 of promotional spaces on TVOD between 2005-2015
- In 2016 slight increase: 38% EU films compared to 46% US films – unique occurrence in TVOD catalogues
- In 2016 31% EU films compared to 57% US films – unique occurrence in SVOD catalogues

**source: European Audiovisual Observatory, The circulation of EU non-national films: Cinema, television and transactional video on-demand, 2017*

Given the success of Netflix in Europe and the development of digital distribution, together with the ability of technology to overcome distribution infrastructure bottlenecks it is important to consider how best envisage the presence of European programmes on new media platforms. However, as the figures on the online distribution of films in Europe show, European Works currently have a smaller presence on international VoD platforms than on

⁵⁴ VVA and KEA (2018) *op.cit.*

TV: 28,86% of total VoD hours and 29,75% of total titles are European.⁵⁵ Non-European audio-visual works dominate the preference of the audience. However, there are few exceptions: some non-linear service providers display higher percentages of “consumption” of European works (such as: BBC, ITV, All4, Now TV) and this greater demand appears to be mainly driven by the investment in original productions of these players or by domestic audio-visual productions.

However, the AVMS Directive is currently undergoing a reform, in order to establish a legal environment more conducive to the circulation of EU audiovisual works, particularly on VoD platforms (including a 30% mandatory share of European works in VoD catalogues⁵⁶). This legal effort creates a good opportunity for the EU to increase the financial support for online distribution projects via Creative Europe, in order to substantially improve the circulation of EU films across Europe in the near future. Importantly, a recent study found out that strengthening prominence (marketing, findability and visibility of European content) of European works on VoD platforms was the best way to promote the circulation of such content, yet it remains challenging to develop adequate solutions from audiovisual regulatory authorities.⁵⁷ Synergies with Creative Europe can help to address this and ensure European content is not only available but also accessed, promoted and actually seen.

Co-productions as tools to increase the circulation of EU works

The following box shows the key figures on film co-productions in Europe in the last years.

2016 Key figures on film co-production in Europe*:

- Film production boomed in Europe by 47% between 2007-2016 (both national productions and co-productions)
- A total of 3236 co-production films shot in Europe with a theatrical release, involving 150 countries between 2010-2015
- 105 countries as major co-producers and 142 as minor co-producers between 2010-2015
- Only 3 EU countries participated in EU co-production with more than 25 countries: Germany, France, UK.
- Only 36 of 142 involved as minor co-producers participated in projects with more than 10 countries
- Increase in the average number of co-production partners from 1,48 in 2010 to 1,65 in 2015

**source: European Audiovisual Observatory, Film production in Europe: production volume, co-production and worldwide circulation, 2017*

The European Audiovisual Observatory report⁵⁸ shows that European co-productions generated three times as many admissions as purely European national films. Moreover, on

⁵⁵ Ibid.

⁵⁶ European Commission, Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services in view of changing market realities. COM/2016/0287 final - 2016/0151 (COD). Brussels, 25.5.2016.

⁵⁷ VVA and KEA (2018) *op.cit.*

⁵⁸ European Audiovisual Observatory, *Film production in Europe: production volume, co-production and worldwide circulation*, 2017.

average, European co-productions circulate almost twice as widely as purely national productions. The overall foreign release territories average for European co-productions was 6,43, which shows that supporting co-productions can have a positive impact on the circulation of EU works in national and non-national territories. The MEDIA sub-programme encourages film co-productions across Europe via an action that supports the operation of European entities managing co-production funds. The eligible activities of production funds relate to feature films, animations and documentaries intended for cinema release. However, the dedicated budget is not significant (€ 4,7 million for the analysed period, and an average grant of €300.000 per fund) and the effectiveness of the support action is difficult to measure as the results achieved by coproduction funds are not solely linked to Creative Europe funding. The case of FilmLab Torino (see case study in section 4.1) provides an example of how this funding can be used in complementarity of other support schemes (film development, training) to achieve success at renowned festivals such as Cannes or the Berlinale.

c. European Capitals of Culture

The European Capitals of Culture action is a flagship cultural initiative of the European Union, possibly the best known by European citizens. The European Capitals of Culture reflect EU's commitment to cultural diversity, aiming to bring Europeans together, to provide learning opportunities on common history and engaging cultural experiences, as well as showcasing European talents. It provides in its rules for applicant city to develop a cultural programme that showcases Europe's diverse cultures.

Over the years, the initiative has increased public's interest and participation with a relatively small budget (€ 1,5 million is awarded to each city that wins the title via Creative Europe funds). The European Capital of Culture label can leverage considerable additional funding as well as political ambition for a culture based urban development. For example, the city of Mons (Belgium) managed to leverage € 70 million of funding (private and public funding (2015)). This cultural investment in turn generated more than € 400 million in the city's local economy (direct and indirect impacts)⁵⁹. This shows the positive influence of Creative Europe's label, which promotes high quality of European projects and attracts additional funding.

The European Capitals of Culture initiative is widely praised as a catalyst for (positive) change and for territorial development across title-holders. Landmark examples of successes showed how the ECoC title could contribute inter alia to social cohesion (Liverpool 2008), bringing local communities together (Matera 2019), bolstering territorial attractiveness (Lille 2004) and triggering large-scale urban regeneration (Glasgow 1990, Mons 2015).⁶⁰

3.2. Supporting audience development

Audience development for culture is another way to increase and promote cultural diversity across Europe, by increasing and diversifying the demand for culture.

⁵⁹ KEA. *Mons 2015 – European Capital of Culture – Demystifying the risk of cultural investment*. Brussels, April 2016.

⁶⁰ Numerous studies have delved into this topic, including the study in the previous footnote, or Beatriz Garcia and Tamsin Cox. *European Capitals of Culture: Success Strategies and Long-Term Effects*, Study for the European Parliament. Brussels, November 2013.

External factors such as changing demographics, ageing population, economic insecurity, increased competition for leisure time and pervasive digital ecosystems have made it harder for the cultural sectors to maintain their audience. These wide social and economic transformations impact the way people produce and participate in culture, having them claiming more authentic personalised and collaborative experiences. While there are disparities between different EU regions (north-west to south-east) and socio-demographic groups (level of education, income etc.), audience numbers have generally decreased all over Europe, as evidenced by the 2013 EU barometer on cultural access and participation, in comparison to data from 2007.⁶¹

Audience development can be defined as a strategic and interactive process of making the arts more widely accessible. It aims at engaging individuals and communities in fully experiencing, enjoying, participating and valuing the arts. The European Commission distinguishes between three strategic ways to engage in audience development in relation to target groups:

1. **Developing or increasing audiences:** attracting new audiences with the same socio-demographic profile as the current audiences
2. **Deepening relationships with existing audiences:** enhancing their experiences of the cultural event and/or encouraging them to discover related or even non-related, more complex art forms
3. **Diversifying audiences:** attracting people with a different socio-demographic profile to the current audience, including non-audiences, those with no previous contact with the arts.

Table 4 below shows the support actions in the Creative Europe programme dedicated to audience development strategies for both cultural and audiovisual sectors.

Table 4: Creative Europe support actions – audience development

Sub-programme	Support action	Budget (2014 – 2017)
Culture	All support actions have an audience development component: Cooperation projects (extend their reach to new larger audiences) European networks (test innovative approaches to audience development) Literary translations (expand readership) European platforms (increase consumers' choice and cultural participation)	€ 202 million (note: these calls have a broader scope than audience development)
MEDIA	Support to audience development	€ 6,7 million
	Support to film education	€ 2 million
	Support to film festivals	€ 8,4 million

Source: Creative Europe Annual Work Programmes & EACEA

⁶¹ Special Eurobarometer 399, *Cultural access and participation*, 2013 highlighted that there was a general decline in participation in most activities, the steepest being recorded in watching or listening to a cultural programme on the TV or radio, and the least affected activity was cinema going. The two main reasons for not participating or not participating more in cultural activities were 'lack of interest' and 'lack of time'. Cost issue was also an obstacle for many Europeans, especially for those in Eastern European countries (Romania, Bulgaria, Hungary) and in some of those affected by the economic crisis (Greece, Spain, Portugal).

a. Culture

Currently, there is little or no quantitative data that would allow to assess the contribution of Creative Europe to develop audience strategies across Europe.

A 2017 research commissioned by the European Commission⁶² mapped for the first time successful practices in the area of audience development using a qualitative approach: 30 cultural SMEs from 17 EU countries from the sectors of music, theatre, dance, museums, libraries and art centres which have recently undergone a transition towards a more audience-centric approach were interviewed and analysed. The overview resulted in an analytical catalogue, aiming to equip cultural leaders with the means to develop more audience-centric organisations across Europe.

The large majority of the analysed SMEs are supported by Creative Europe. The support is used to develop different activities that make cultural works available to larger audiences and, conversely, to attract various types of audiences to experience the respective works.

For instance, support from Creative Europe allows for the development and testing of innovative business models aiming to attract new categories of public to cultural spaces and enhance cultural diversity. We provide below a descriptive example of such an innovative business model, linked to education and the development of alternative ways of financing.

BUNKER – LJUBLJANA, SLOVENIA⁶³

Bunker is a non-profit institute aiming to promote young performing artists. Bunker's commitment to performing arts is reflecting in the areas of production, festivals, international cooperation through networks and collaboration projects, educational programmes. The hosting venue is an old power station converted into a performing arts centre.

Building new audiences – Bunker organises kindergarten session for visitors with children, provides sub-titles for foreign visitors. Moreover, due to the economic crisis, Bunker has decided to invest more time in fund-raising and not to charge for festival tickets. This way Bunker gathers new visitors who otherwise would never come to see any performances and they are beginning to feel part of the community.

Educational programmes

Bunker is aware of the necessity of education of audience, which can help increase the number of visitors and deepen the relationship with audiences. As such, the organisation creates educational programmes for the public and provides spaces for debates on different cultural issues. The need for such educational programmes also stems from the lack in audience in contemporary arts and in the out-dated and insufficiently developed school and higher-education curricula in culture in Slovenia.

Bunker's activities are supported with funding from Creative Europe - Culture sub-programme – larger scale cooperation projects.

⁶² Fondazione Fitzcarraldo et al., *Study on Audience Development. How to place audiences at the centre of cultural organisations*, 2017.

⁶³ idem.

b. Audiovisual sector

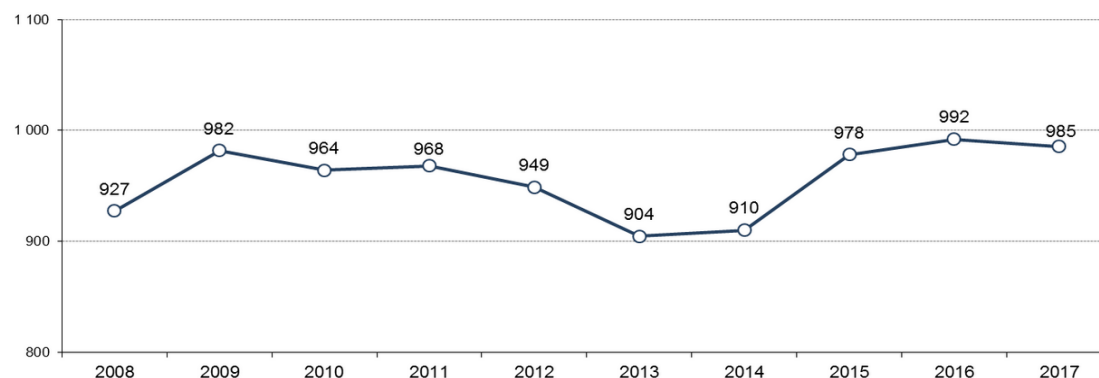
The audience development actions developed via the MEDIA sub-programme are, just like in the case of the support to distribution, focused on the film industry, namely the cinema sector. Smaller actions like Support to audience development and Support for film education focus on film literacy initiatives and promotion of events particularly for non-national films. The aim is to educate (especially) younger generations of Europeans on the cinema culture and the learning opportunities that come with watching films and stories from other countries.

2017 Key figures on cinema audiences across Europe*:

- Total cinema admissions in EU decreased slightly from 2016 by 0,7% to 985 million tickets sold.
- Cinema attendance increased in 13 and decreased in 7 EU markets, while remaining stable in 5 of the 25 EU markets for which data was available
- Out of the EU-5 countries, only the UK and Germany registered increases in cinema attendance (+1,4% and +1%)
- Italian and French admissions dropped (-12,9% and -1,8%)
- Admissions reached record levels in Poland (+8,7%), the Netherlands (+5,3%), Romania (+11,3%) and Slovakia (+18,1%)

**source: European Audiovisual Observatory, 2018*

Audience development initiatives come also with bigger actions like Support to cinema networks (Europa Cinemas also supports audience development activities). For instance, in addition to the main support it gives to cinema exhibitors to screen EU films, Europa Cinemas supported learning activities like workshops and conferences to debate and present innovative approaches to audience development and emergent communication strategies and technologies. Europa Cinemas is one of the actions widely acknowledged across the CCS as having a structural impact on access to European arthouse films. The box below shows the latest key figures (provisional for 2017) related to cinema audiences across Europe, to which the MEDIA sub-programme dedicates most of its support.

Cinema attendance in millions in the European Union 2008-2017

Source: European Audiovisual Observatory

Even if cinema attendance slightly decreased in 2017, it is in line with the high levels observed in the previous two years. 2016 marked the highest level registered in EU since 2004 (over 991 million cinema tickets sold in the 28 EU member states).⁶⁴ The last three years thus confirm the regained strength of the European theatrical market which had been declining from 2010 to 2014.

Below we show an example of a cultural organisation which successfully contributes to reinforcing EU cinema attendance in Europe, by organising innovative film festivals to attract younger audiences and to promote education in the EU film culture.

ASOCIAȚIA CULTURALĂ METROPOLIS – BUCHAREST, ROMANIA⁶⁵

Asociația Culturală Metropolis is an NGO association based in Bucharest active in promoting quality national and European cinema and Balkan music via established festivals focused on different targets like KINOdissea, Metropolis Caravan and Balkanic Festival.

KINOdissea is an international media festival addressed to local young audiences (3-18 years old) focused on film projections and media literacy activities. The festival provides a wide variety of multidisciplinary workshops (focusing on directing, photography, storytelling). The programme includes different types of films (features and shorts, produced in various countries, with different techniques).

Caravana Metropolis – outdoor cinema – promotes best quality productions from various EU countries in green spaces, stadiums, or parks, offering the audiences to watch films in a warm atmosphere in an open space.

Audience development goals

KINOdissea aims to enlarge and increase the audience of youngsters in cinema and other media activities. It deepens the relationship involving them directly in the selection process of the best film in the programme, providing them skills and competences to better understand film making, giving them skills in term of personal growth.

⁶⁴ European Audiovisual Observatory, *The circulation of EU non-national films: Cinema, television and transactional video on-demand*, 2017.

⁶⁵ Information taken from the Fondazione Fitzcarraldo *et.al., op.cit.* and from <http://asociatiametropolis.ro/>

Caravana Metropolis aims at enlarging audiences by intense promotional campaigns on local and national levels, including partnership with local authorities, by organising the project in several towns and villages in Romania, ensuring free access to projections. It deepens relationship with audiences by social media activities, working with volunteers, returning to locations with greater affluence of spectators.

Results

KINODissea was recognized as the most important project of audiovisual education in Romania, with over 105 000 spectators at previous editions (2010-2017).

Caravana Metropolis was recognized as most attractive Romanian event for European art film. Between 2012-2017, over 370 000 persons viewed the projections all over Romania. Each programmed projection is seen by an average of 800 persons during 9 weeks.

Both KINODissea and Caravana Metropolis are supported with Creative Europe funds (MEDIA sub-programme, Support to film festivals).

Creative Europe is right to emphasise support for audience development, as cultural consumption is changing in particular amongst the youth. Access to cultural goods and services remains a challenge for less well-off population. Overall, the programme offers wide support for actions meant to develop and improve audience strategies.

Conclusions to the chapter

The actions that support the circulation of EU works and audience development in culture and audiovisual sectors are complementary and can successfully contribute to the EU objective of promoting cultural diversity across Europe. However, there is a general lack of quantitative data and information that show the exact extent of Creative Europe's contribution to cultural diversity. Overall, there is much more data available for the European audiovisual market than there is for the cultural sectors, due mainly to the work of European Audiovisual Observatory, a high capacity research body, or the work of Europa Cinemas network.

The Culture sub-programme has developed useful tools to promote EU artists and their work outside the country of origin, like the EU prizes for culture. However, the limited budget dedicated to the Culture sub-programme (much smaller than the one dedicated to MEDIA) fails to give international visibility and depth to these promotional tools. The Cooperation and Platforms actions within the sub-programme support projects that contribute to the internationalisation of artists and their works, however, overall, there is too little information on the exact impact of these actions on the circulation of EU works.

The MEDIA sub-programme has identified the right objective, to encourage the pan-European distribution of audiovisual works, however, its earmarked budget is insufficient to address the lack of distribution infrastructure across Europe and the overall structure of the market, which remains fragmented. Hollywood films continue to dominate the European market, with a market share rather constant at around 68% (compared to 7% - the market share of non-national EU films).

MEDIA is widely focused on supporting traditional distribution and exploitation models (like cinema). In the light of market and technological developments, the programme needs to better exploit digital distribution and to better integrate emerging technologies, such as virtual reality, in its support strategies.

Overall, Creative Europe offers wide support for the development strategies to enhance and diversify audiences for cultural works across Europe. In the cultural sectors there are examples of projects supported by Creative Europe which developed good practices to increase their audiences, but they need to be tested on larger scales and integrated into cultural policies at EU level.

4. IMPACT ON CAPACITY BUILDING

KEY FINDINGS

- The strongest contribution of Creative Europe to capacity building in the CCS is in supporting internationalisation of cultural and audiovisual operators and networking.
- Through international networking, Creative Europe supports careers' internationalisation, skills development and knowledge sharing. It also fosters intercultural dialogues and help structure the CCS in their interactions with policy makers in particular at EU Level.
- However, Creative Europe support actions in the area of capacity building do not overcome market fragmentation in particular in the audiovisual sector. There is a strong need to help SMEs from the CCS to access markets. Support to promote interdisciplinary collaboration and creative spillovers should be increased.
- Considerable efforts are being made to improve access to finance for the CCS, through the implementation of the Guarantee Facility. Efforts will be required to promote the scheme and its benefits amongst CCS operators as well as the financial sector.

In addition to the promotion of EU cultural diversity, the Creative Europe programme commits to strengthen the contribution of the cultural and audiovisual sectors to the EU smart, sustainable and inclusive growth, in line with the 2020 Strategy and the New European Agenda for Culture. This chapter evaluates the contribution of the programme in making Europe's CCS competitive in the context of rapid social and economic changes, induced by technology and globalisation.

We propose to analyse the contribution of the programme in relation to:

- **Skills and knowledge development**
- **Internationalisation**
- **Access to finance**
- **Improving statistics on the CCS**

4.1. Impact on skills and knowledge development

Creative Europe aims to support skills in the CCS with a view to help the sector, whether individuals, SMEs and micro-entrepreneurs, to make the most of the EU Single Market and to prepare for the digital market and international competition.

The digital shift had a dramatic impact on the cultural and audiovisual sectors, creating the need for the players in these sectors to constantly develop and adapt their craft and technical skills to the rapid pace and broad scope of the digital evolution. Moreover, the cultural and audiovisual operators also need to develop financial and managerial skills in order to be able to create robust business plans and unlock funding for their businesses (see more details in section 4.3 on access to finance).

Creative Europe offers support to address these skills gaps mainly via the funding of training activities at European and international level. Table 5 below shows the main support actions of the programme in relation to the acquisition of skills.

Table 5: Creative Europe support actions – training and skills development

Sub-programme	Support action	Budget (2014 – 2017)
Culture	Support to European networks (partly used to develop skills and know-how, facilitate access to professional opportunities)	€ 20 million
	Support to Cooperation projects (to develop skills and competences including how to adapt to digital technologies)	€ 155 million
MEDIA	Training Actions (to facilitate the learning of new skills, develop business models, share knowledge)	€ 30 million
	Access to Markets (develop audiovisual-specific skills and networking skills)	€ 30 million

Source: Creative Europe Annual Work Programmes & EACEA

a. Culture

The Culture sub-programme of Creative Europe aims to develop skills via the actions mentioned in Table 5, to the extent to which new skills would facilitate access to new markets, enable international cooperation and generate innovative ways to audience development. There is not a specific support action dedicated to training activities under the Culture sub-programme. At the moment, there is not much information on the types of activities concerning training and skills development that are organised with support from actions under the Culture sub-programme, except for a 2016 report from the European Commission⁶⁶ which mentions that different training sessions and workshops were organised by several of the 23 cultural networks financed by the Networks action.

As such, according to the above-mentioned report, in 2016, the EU cultural networks financed under Creative Europe developed training and learning sessions aimed at:

- **Developing strategies in audience development** (*European Forum on Music Education* held by European Music Council in the Netherlands, *CS AUDIENCE* – a study programme to increase exchange of information and resources on audience development and to identify best practices – organised by Circostrada, *The Learning Museum* – exploring topics on museum education held by Network of European Museum Organisations);
- **Improving marketing and communication skills** (*Capacity Building Days* – presenting communication strategies and tools – held by Europa Nostra in Brussels);
- **Improving leadership and management skills** (*The Lonely Dance of Leadership* – focusing on skill management and leadership – organised by European Dancehouse Network in London, *Trainings for Production Managers* – organised by the European Festivals Association, *Cultural Leadership and the Place of the Artist* – seminar organised by European Network on Cultural Management and Policy,

⁶⁶ European Commission, *Creative Europe Networks*, 2016.

Monitoring and Evaluation trainings – organised by Jeunesses Musicales International);

- **Developing digital skills** (*Webinar on digital tools* for museum operators – organised by the Network of European Museum Organisations);
- **Developing creative thinking** (*Creative Express* – a three-day workshop that brings together EU's best young art directors and copywriters to explore together new methods of learning and design thinking – organised by the Art Directors Club of Europe in Rome).

The training actions organised by cultural networks aim at enabling international cooperation and attract new audiences for the cultural sectors. The development of skills is listed as a priority activity by Creative Europe for European networks.⁶⁷ Some cultural networks' members however highlighted that activities aiming to foster intercultural dialogue, networking and dialogue with policy makers⁶⁸ should be the core focus of Creative Europe funding to networks. In this respect, stronger synergies with ERASMUS+ programme could be a way to best allocate resources for the acquisition of skills (including digital and managerial ones - see also section 9 on synergies with other EU programmes, especially ERASMUS+).

b. Audiovisual sector

The MEDIA sub-programme is more focused on tackling the skills gaps than the Culture sub-programme, as it provides a specific Training action, with a view to promote the acquisition and improvement of digital skills and competences in the audiovisual sector, knowledge-sharing, the development of innovative business models and to enable access to international markets.⁶⁹ The Training action is destined to support:

- European training activities aimed at the acquisition and improvement of skills and competences for professionals to operate mainly in Europe and
- International training activities aimed at building expertise, knowledge and capacities for European professionals to network and collaborate with non-European professionals.⁷⁰

Close to 70 training initiatives received funding during the 2014-2017 period⁷¹. Training takes the form of workshops, post-graduate programmes and residencies. It is difficult to comment on the needs for the funding of so many initiatives in particular at production level. The number of funded initiatives must also be linked with imperatives of geographical spread. Some schemes last for 3 days and others for a full year. They all have their legitimacy.

A research was already commissioned by the European Commission with the purpose of examining the impact of the MEDIA sub-programme to skills development in the audiovisual sector. The study investigated 58 training projects that were financed in 2014 and 2015 (out of 114 applications received), led by organisations from 17 different

⁶⁷ https://eacea.ec.europa.eu/creative-europe/actions/culture/european-networks_en

⁶⁸ Interviews; see also Culture Action Europe, *Creative Europe – programme analysis and recommendations*, 2017.

⁶⁹ https://eacea.ec.europa.eu/creative-europe/actions/media/training_en

⁷⁰ idem.

⁷¹ 17 training initiatives are funded in the field of project development, 3 for company development, 6 to support production, 4 co-productions, 2 in post productions and 4 related to the production of TV series, 6 on marketing and distribution, 7 in digital and the same number for animation, 9 in documentaries and only two on finance and law.

countries (most of them based in countries with the largest audiovisual sectors, such as: France, UK, Germany, Italy) and developed in 33 countries, including 23 Member States and 10 other countries (e.g. Argentina, Canada, USA).⁷²

The analysis of the funded training activities revealed a high diversity in terms of content, addressing a wide range of sector skill needs, such as craft skills, skills to operate in a fast-changing digital environment, business, leadership and management skills or cross-cultural skills. There is equally a good selection of participants in the Training action, active audiovisual professionals with at least few years of experience or institutions, from a diversity of sectors (e.g. film, multimedia, video games, virtual reality). The total number of participants is low, due to the modest available funding, but the demand to participate in the programme is high, almost double.

The diversity of nationalities and countries across all Training projects and within each project is highly valued, as it offered the possibility to exchange knowledge among participants from low, medium or high capacity countries and with different cultural backgrounds. The analysed training activities delivered the intended impact on participants in the following priority areas, as reported by the participants:

- acquisition or improvement of skills in the above-mentioned categories
- greater capacity to operate internationally
- improved access to markets, including real opportunities to pitch new works and new contracts
- improved contacts and networks that endure beyond participation in the training activities⁷³.

Training actions are mostly based on residential and face-to-face forms of training, which is essential to delivering in-depth, personalised support, as well as to the facilitation of networking. Electronic and online learning is also used, but as a complement or follow-up to face-to-face presentations. The innovative element of Training actions relates thus to the support in relation to current developments in the industry, rather than to testing new pedagogies.⁷⁴

The interviews with participants revealed that the training activities stimulated cross-overs into other cultural sectors, such as: cooperation between multimedia operators and museums on visual installations, cooperation with performing arts and design combining virtual reality and cross-media projects.⁷⁵

Dissemination of results proved to be an important part of the Training actions and took place in several forms: brochures, websites or social media. The training projects have also presented results at festivals and disseminated tangible outputs, such as audiovisual works and training tools developed during the activities.

The case example below reveals a project with interesting results in developing skills and promoting internationalisation in the audiovisual sector.

⁷² IDEA Consult, *CSES Contribution of the Creative Europe programme to fostering creativity and skills development in the audiovisual sector*. A study for the European Commission, DG EAC, 2017.

⁷³ *idem.*

⁷⁴ *idem.*

⁷⁵ *idem.*

TORINO FILM LAB (ITALY)⁷⁶

TorinoFilmLab is a year-round, international laboratory that supports emerging talents in the film sector from all over the world – with a special attention to those working on their first and second fiction feature films. Support to young talents comes through training, development, funding and distribution activities.

Training activities

TorinoFilmLab runs several training activities throughout the year, such as ScriptLab, FeatureLab and SeriesLab.

ScriptLab trains scriptwriters and directors developing a script for a feature film, as well as story editors. It explores different ways to develop a script: an original story or an adaptation of a pre-existing work.

FeatureLab is the project branch of the programme to train creative teams of scriptwriters, directors and producers from all over the world in working on their first or second feature film projects at an advanced stage of development. Through 2 residential workshops taking place over a period of 6 months, the teams focus on artistic and creative aspects, as well as on production and promotion stages of their projects.

SeriesLab is aimed at professional scriptwriters and directors wishing to develop innovative international TV series projects.

ScriptLab and FeatureLab reach their conclusive moment at the TorinoFilmLab Meeting Event in November, as part of the Torino Film Festival. At the event, projects are presented to a selected group of producers, sales agents, distributors and other professionals from over the world working in independent film making. During the event, awards for production and co-production are assigned to best projects coming from FeatureLab.

Results

With support from the MEDIA programme, the TorinoFilmLab obtained nominations and awards at prestigious film festivals (Cannes, Rotterdam, and Berlinale to name a few). More importantly Creative Europe funding helped the organisation to develop a coherent ecosystem of support measures, from pre-production to promotion and marketing.

There is a need to make the training actions sustainable, by making the MEDIA approach to training more widely available. As highlighted by the above-mentioned study, the MEDIA approach is effective and relevant for the needs of the sector, but only a very small number of professionals can benefit from it. As such, further thinking is needed on how to sustain and mainstream the MEDIA training approach in national education, in national/private training systems, in order to increase its impact beyond the benefit of the scarce number of direct participants.

It would be important in the future to give preference to training schemes that promote cross-collaboration with other cultural sectors and industries with a view to promote other forms of story-telling, in order to strengthen innovation in such training. Non-technological forms of innovation and cross-sectorial actions have not been strongly integrated in the

⁷⁶ <http://www.torinofilmlab.it/>

current calls for proposals under MEDIA⁷⁷ (while specific calls address digital innovation). Training actions could additionally focus on the management of rights with digital platforms or the use of national tax incentives to maximise distribution potential.

The research mentioned above revealed that there are synergies, but also the risk of overlaps between the training action and the access to markets' action, as both share similar objectives, although with different degrees of emphasis.⁷⁸ There are instances where participants in Training actions are supported to pitch at Access to Markets events and where beneficiaries receive funding for Training and Access to Markets activities to implement them in a synergetic way.

4.2. Impact on internationalisation and international networking

International networking is an important way to strengthen capacity building in the cultural and audiovisual sectors, as it can foster knowledge-sharing, career internationalisation, access to new markets, or acquisition of skills. Creative Europe commits to support international networking via several actions, some of them already discussed throughout this report. Table 6 presents the overall existing support.

Table 6: Creative Europe support actions – internationalisation

Sub-programme	Support action	Budget (2014 – 2017)
Culture	Support to European networks (part used to reinforce the CCS capacity to operate transitionally and internationally - 23 EU cultural networks are currently financed via this action)	€ 20 million
MEDIA	Access to Markets	€ 30 million
	Training actions (internationalisation component)	€ 30 million
	Co-production funds	€ 4,7 million

Source: Creative Europe Annual Work Programmes & EACEA

Overall, Creative Europe is yielding its most interesting results in fostering networking and internationalisation in the CCS. The cultural sector has dedicated support to EU networks, but also activities related to networking operators and fostering collaborations are financed via the larger Cooperation projects action. The MEDIA programme largely contributes to internationalisation and networking via the Training and Access to Markets actions analysed in the previous section. Via the Culture sub-programme, Creative Europe currently finances 23 EU cultural networks, which represent around 4000 organisations across Europe and beyond, active in sectors including performing arts, design, heritage, music or education.

The most common activities the networks carried out in the 2014-2017 period were chiefly in the fields of advocacy (namely fostering dialogue between players in the represented sectors and policymakers), audience development and training (see section 4.1). Stakeholders reveal that cultural networks are especially valued according to their ability to foster intercultural dialogue on the background of changing socio-political realities across

⁷⁷ Interviews.

⁷⁸ IDEA Consult, CSES, *op.cit.*, 2017.

the EU and to foster dialogue with policymakers.⁷⁹ Members of cultural networks acknowledged that the support received from Creative Europe was essential to develop these kinds of networking activities.⁸⁰ Moreover, EU cultural networks are known to contribute to the internationalisation of artists' careers, to collect and promote good practices in the sectors, as well as new business and management models.⁸¹ The European networks offer important support in finding collaboration partners to develop cultural projects across EU, but they also constitute access points to markets outside Europe. As such, supporting EU networks becomes a way in which Creative Europe successfully contributes to strengthening Europe's international cultural relations (more details in chapter 5).

Creative Europe further supports international networking in the CCS by funding a wide variety of Cooperation projects. The case study below presents one example – among many – of such projects:

WE ARE EUROPE (FRANCE)⁸²

We are Europe is the association of 8 major European events joining forces to produce and promote innovative cultural practices defined by creative diversity and exchanges. The project aims to develop a prospective vision of electronic culture, technology and entrepreneurship, while contributing to new social and political developments through an interdisciplinary approach. The project started in 2016 and will end in 2018.

During the three years of activity, a wide series of meetings, workshops, conferences, think tanks and other formats are foreseen in order to present a common vision on the electronic culture, to connect cultural operators and to exchange experience and knowledge. Each year presents a different main thematic as follows:

2016 – Cultural entrepreneurship

2017 – The role of culture in the city of the future

2018 – New activists of European culture

On stage

For three years, We are Europe presents 56 artistic stages and journeys on the 8 European territories. Each year a couple of partners are invited to present their ideas on culture and the arts and artists from their cultural ecosystem.

Think Tanks

In the activity period, We are Europe encourages the mobility of ideas and value resources, proposals, best practices and innovative models for a new generation of cultural change-makers. Artists, creative entrepreneurs, cultural researchers participate in the exchanges.

We are Europe is financed with funds from Creative Europe – Culture sub-programme - larger scale cooperation projects.

⁷⁹ See Culture Action Europe *Creative Europe: Programme analysis and recommendations 2017*, IETM *Position paper on the mid-term evaluation of Creative Europe 2017*

⁸⁰ interviews

⁸¹ European Commission, *Creative Europe Networks*, Brochure prepared by DG EAC. Brussels, 2016.

⁸² <https://weare-europe.eu/en/home>

While we cannot evaluate the results of such individual projects in this document, interviewees from both the EC and cultural organisations pointed towards the importance of this international networking to develop a European cultural ecosystem, as well as project management skills and exchanges of knowledge.

Overall, Creative Europe provides important support for the international networking of cultural and audiovisual operators, for exchange of knowledge and best practices. This type of support is widely acknowledged by all the stakeholders in the sector. However, the limited support provided (limited to the duration of the winning projects or to certain geographical areas) doesn't lead to structural changes in the sectors. There is little or no evidence of developing sustainable solutions for projects after they end, in order to continue their activities and deepen results in the sectors.

Critics take the view that the impact of Creative Europe is limited to projects' implementation and to improving operators' contacts lists. Permanent collaborations have yet to materialise and lead to the emergence of more pan-European infrastructure. Moreover, networking or twinning/merging between winning projects within the Creative Europe programme should be encouraged, in order to help organisations to gain more visibility across Europe and beyond.

4.3. Impact on access to finance

Due to the prevalence of small and micro-businesses in the sector, the difficulty of accessing finances in the CCS resembles to a certain extent to the more general challenge of attracting external finance faced by SMEs. However, specific sector characteristics make the problem of accessing to finance in the CCS more complex.

Businesses in the CCS are generally unable to access longer term larger debt finances because they have little tangible assets to offer to financial institutions as collateral. On the other hand, banks are generally reluctant to use the intangible assets that CCS organisations usually have (e.g. copyright, licences) as collateral, mainly due to a lack of knowledge about how to assess their economic value.

A 2013 study on access to finance for the cultural sectors⁸³ shows that cultural organisations and, to some extent, audiovisual operators consider other types of financing than bank loans, like subsidies or informal financing such as loans from private individuals or crowdfunding. However, longer term loans remain critical instruments to boost growth in the sector.

Another important characteristic of the CCS is its reliance on public support, a large number of artistic activities not being supported by market-led mechanisms. Public policy contributes to R&D in the creative sector, as it does in the science and technology.

Creative Europe contributes to the funding of CCS through its grant programmes focusing on pan-European collaboration projects. The funding granted varies between 50% and 80% of the eligible costs, depending on the support action and scope of the financed projects. The remaining costs must be covered by the applicant, which is often challenging, given the above-mentioned issues for the sector.

⁸³ IDEA Consult, Ecorys NL, *Survey on access to finance for cultural and creative sectors*, 2013.

As such, in 2016 Creative Europe launched a new financial loans mechanism targeting cultural and audiovisual sectors, in order to overcome the access to finance issue. The new mechanism (Guarantee Facility) is managed via the cross-sectorial strand. The table below presents the budgetary considerations for this instrument.

Table 7: The Guarantee Facility instrument

Sub-programme	Support action	Budget (2016 – 2020)	Managed by
Cross-sectorial strand	Guarantee Facility (for both cultural and audiovisual sectors)	€ 121 million (expected to create € 600 million in loans and other financial products)	European Investment Fund (EIF)

Source: Creative Europe Annual Work Programmes

The Guarantee Facility builds upon the experience of the Media Production Guarantee Fund (a loan Guarantee mechanism in the framework of the previous MEDIA programme launched in 2010), seeking to address the challenge of access to finance for the CCS. The Guarantee Facility reflects an increasing market-led approach of the European Commission in supporting the cultural sector, with a view to mobilise investment in CCS beyond public money.

The new Guarantee Facility scheme launched in 2016 to support the scaling up of the CCS is managed by the European Investment Fund (EIF). It aims to address a financing gap estimated to amount from € 1,1 to 1,9 billion per year. It is estimated that more than 450 000 SMEs in the CCS were to miss on loans due to a lack of collateral only. € 121 million have been set aside by the Creative Europe programme to provide the Guarantee Facility to financial intermediaries⁸⁴. The EIF has set up a programme aimed at supporting financial intermediaries in understanding the CCS. This programme will be launched in the course of 2018 and it should help the dialogue between the CCS and the financial sector.

Impact of the Guarantee Facility

Since 2016, the Guarantee Facility has already been implemented in 5 countries: Spain (via Compañía Española de Reafianzamiento), France (via Bpifrance, and Institut Français pour le Financement du Cinéma et des Industries Culturelles), Romania (via Libra Internet Bank), Belgium (via PMV and St'Art) and Czech Republic (via Komerční banka).

Those 9 guarantee contracts signed have unlocked a total guarantee amount of EUR 50.2m and are expecting to provide over € 630,4 million of financing to SMEs. The latest data available indicate the scheme is currently enabling the support of 230 SMEs and 2,355 jobs.⁸⁵

Out of the first three companies which implemented the instrument and which we contacted for this study (Compañía Española de Reafianzamiento, Bpifrance and Libra Internet Bank) only the first replied and provided preliminary figures on the beneficiaries, as seen in the box below. Given that overall figures regarding the impact of the mechanism

⁸⁴ <https://ec.europa.eu/digital-single-market/en/financial-guarantee-facility-culture-creative>

⁸⁵ European Investment Fund, *Cultural and Creative Sectors Guarantee Facility - Implementation Update*. Reporting date: 31/12/2017, 2018.

in the sector are not yet available due to its novelty, we can only comment based on the information provided by the Spanish intermediary. It should be noted that it is by far the most active operator so far, as 82,7% of the loans benefitting from the guarantee scheme are requested in Spain.⁸⁶

The first year of implementation witnessed a generally high demand for the Guarantee Facility loans in Spain. As expected, the audiovisual sector (represented chiefly by cinema and other audiovisual production companies) distinguished itself from the cultural and creative sectors (like editing, theatre or design) mainly in terms of the size of loans being granted (see details in the box below): the media sector generally benefited from larger amounts, while the other cultural and creative sectors from smaller loans, which correspond to the specificities of the different sub-sectors, with different sizes of companies and cultural or creative projects across the CCS.⁸⁷ However, it is reported that the loans across the CCS have overall increased considerably through the new financial instrument set in place.

November 2017 figures on the benefitting sectors in Spain*:

- € 40 million – total value of granted loans
- 304 total transactions registered
- 104 transactions in the audiovisual sector
- publishing of newspapers - 22 transactions
- architectural activities - 20 transactions
- performing arts - 15 transactions
- photographic activities - 12 transactions
- book publishing - 9 transactions
- music recordings - 2 transactions

**source: Compañía Española de Reafianzamiento, 2018*

There is currently little information on how the Guarantee Facility will be assessed and on what types of indicators will be used to measure its impact. As the financial institutions which signed to implement the facility are not allowed to divulge their monitoring activities, except for some general numbers as seen above, there is little transparency on what exactly was financed, in terms of types of activities, projects and operators within the sectors, or on criteria used for assessing equities and granting loans. However, the potential of the scheme is recognised by the majority of stakeholders in the cultural and creative sectors. It is seen highly relevant to address the chronic issue of underfinancing in the CCS, although the adequacy of the instrument to all operators across the CCS is still questioned.⁸⁸ While it is too early to properly assess this, we take note that achieving a fair balance across sectors is a priority of the Commission and the EIF.

⁸⁶ idem.

⁸⁷ Interviews.

⁸⁸ Interviews.

4.4. Improving statistics on the CCS

In the last twenty years, efforts have been made to improve the volume, range and quality of statistics in the cultural and creative sectors at European levels.⁸⁹ Despite the visible progress in this direction, the economic and social value of CCS remains largely unknown due to the sector's specificities and other external challenges:

- culture and creativity are often embedded in manufactured products (design in a garment or in a car), or in popular new media services (digital platforms making available content such as music or films),
- capturing the activities of a large number of SMEs and micro-enterprises is statistically problematic,
- the output of non-industrial services offered by institutions such as museums or galleries is notoriously difficult to measure,
- copyright and neighbouring rights royalty collection and other intangible assets (including brand value) are not clearly identifiable in official statistics,
- CCS' estimates are rarely comparable as EU Member States are still using different definitions of CCS or interpretations of statistical classifications (e.g. NACE classification),
- European statistics do not provide a way to measure cultural diversity (whether in production, distribution or consumption),
- statistical bodies have yet to make the most of exploiting 'big data' from internet activities in order to better map the sector and fully comprehend the value of the creative economy.⁹⁰

Creative Europe commits to improve data collection in the sectors, mainly in relation to the impact that the programme has on the cultural and audiovisual markets. However, as shown throughout this report, data on the specific impact of Creative Europe is not always available, or it is available in isolated commissioned studies which mostly take a qualitative descriptive approach when analysing the programme's contribution in the sector.⁹¹ The table below shows the available Creative Europe support in collecting better data on the CCS, essentially through studies, via the cross-sectorial strand.

Table 8: Creative Europe support actions – data collection

Benefited sector	Support action	Budget (2014 – 2017)
Culture	Studies and evaluations action (to support feasibility studies and impact evaluations of Creative Europe, and also to collect data for the sector)	€ 2,7 million
Audiovisual	Contribution to the European Audiovisual Observatory	€ 1,9 million

Source: Creative Europe Annual Work Programmes & EACEA

Table 8 does not show a significant imbalance in the way the programme tackles the statistics issues in the cultural and audiovisual sectors. Today serious data collection is only

⁸⁹ See especially the work of the ESSNetwork on Culture who developed the European Framework for Cultural Statistics in 2012: <http://ec.europa.eu/eurostat/documents/341465/3199631/essnet-culture.pdf/a6518128-69b3-4d89-82b8-060a3ad0d1d5> An updated version will be published towards the end of 2018.

⁹⁰ KEA, *Feasibility study on data collection and analysis in the cultural and creative sectors in the EU*, European Commission, 2015.

⁹¹ See above-mentioned studies on audience development, on 'access to finance' gap or on impact of the training actions in the audiovisual sectors.

taking place in the audiovisual field through the work of the European Audiovisual Observatory. In 2016, the scope of the Observatory was enlarged within Creative Europe as to provide additional briefings and reports on data collected in the audiovisual sector, in order for the Commission to assess more efficiently the impact and achievement of priorities of the MEDIA sub-programme and, at the same time, to improve the data collection in the sector at EU level.

Data collection for CCS is the responsibility of Eurostat. In 2014, Eurostat started a four-year work plan aimed at the development and regular dissemination of cultural statistics, as a cross-sectorial priority of the Work Plan for Culture (2015-2018).⁹² In 2015 a study for DG EAC highlighted the shortcomings of the current statistical approach.⁹³ The report put forward two categories of proposals:

- Measures to get more detailed statistical data and data relevant to market development;
- Measures to gather alternative data and develop indicators to serve the implementation of cultural policy priorities.

For the second set of measures, two policy priorities are used as a way of illustrating how policy objectives would help prioritise and limit data collection. The priorities would be, on the one hand, the increase in cultural participation and, on the other hand, the promotion of cultural diversity. The setting of priority policy objectives is a convenient way to limit and prioritise resources invested in data collection.

The study proposes three scenarios intended as a plan of action to improve collection, analysis and delivery of CCS data. Scenario 3 is particularly interesting in the context of Creative Europe as it proposes the setting up of a dedicated CCS Observatory to improve data collection and comparability from alternative data sources as well as make use of 'big data' for the development of new methodologies to improve the mapping of the creative economy and measure new forms of cultural participation (e.g. through social media). Such solutions would allow scraping data from Creative Europe projects with very little additional burden for the CCS operators managing them.

The European Commission could bring an important contribution to Eurostat's work and, more generally to address the main European statistics challenges, by developing a solid monitoring and evaluation methodology to help measure the impact of Creative Europe across the CCS. The development of robust impact indicators is a crucial aspect of this process. The recent proposal of indicators accompanying the mid-term review of Creative Europe is discussed in Chapter 9. Another interesting initiative in that regard is the recently published call for tender to assess the feasibility of a European Music observatory, inspired by the European Audiovisual Observatory.⁹⁴ However, it should be highlighted that the Creative Europe programme provides no measurable objectives, and thus no intensity of the support can be established, in relation to which a proper, realist budget could be allocated. Furthermore, this aspect makes it difficult to measure the extent to which the programme reaches its goals, as its goals are only descriptive in relation to higher EU political objectives and the overall needs of the sector.

⁹² See Eurostat work on http://ec.europa.eu/eurostat/statistics-explained/index.php/Culture_statistics_-_cultural_enterprises

⁹³ See KEA *Feasibility study on data collection and analysis in the cultural and creative sectors in the EU*. A study prepared for the European Commission, DG EAC. Brussels, 2015.

⁹⁴ <https://etendering.ted.europa.eu/cft/cft-documents.html?cftId=3533>

Conclusions to the chapter

Overall, Creative Europe brings an important contribution to capacity building in the CCS, in particular through the support offered to the internationalisation of cultural and audiovisual operators and networking. To this end, cultural networks supported by the programme foster careers' internationalisation, skills development and knowledge sharing, but they also support intercultural dialogues and help structure the creative sectors in their interactions with policy makers. However, the impact of networking activities is limited to project's implementation, with no sustainable strategies being developed after funding ends.

Creative Europe provides a positive contribution to the acquisition of relevant skills (craft, digital, leadership and cross-cultural skills) and internationalisation of operators, especially in the audiovisual sector. MEDIA has a valued and unique approach to training, contributing to professionalisation of the sector and networking amongst European professionals. The MEDIA Training actions should be made more widely available and sustainable.

The programme's support actions do not overcome market fragmentation, in particular in the audiovisual sector. However, considerable efforts are made to improve access to finance for the CCS, via the Guarantee Facility mechanism. Despite the current lack of information on the impact of the Guarantee Facility, a strong interest in the tool has been observed from the cultural and audiovisual operators. Further efforts are required to promote the Guarantee instrument among the CCS and the financial operators.

There is a cross-sectorial priority for better, more comprehensive cultural statistics, in order to effectively measure the progress being made in building capacity for the sectors and strengthening their contribution to the cultural and economic EU objectives. Creative Europe can contribute by encouraging harmonised data collection across sectors. Moreover, there is a strong need to set up regular comprehensive monitoring activities and to develop a robust evaluation methodology, in order to effectively measure the impact of the programme in the cultural and audiovisual sectors.

5. CONTRIBUTION OF CREATIVE EUROPE TO EXTERNAL RELATIONS

KEY FINDINGS

- Overall, Europe has a very attractive cultural and creative ecosystem, with a huge potential for cultural cooperation. However, there are not enough human and financial resources to enable fruitful cooperation between Europe and third countries.
- There are important untapped funding opportunities in strengthening cultural collaboration with third countries. Creative Europe includes this objective as one of its priorities but does not earmark funding lines for this.
- The European Parliament's pilot projects implemented through Creative Europe should be better monitored by MEPs to ensure sustainability of such high-profile initiatives.

The number of participating countries to Creative Europe is an indicator of success of the programme. 13 countries have joined the programme keen to benefit from EU funding but more importantly to network with fellow cultural workers throughout Europe to develop projects or to share knowledge.

The European Union should endeavour to use its cultural and creative assets to improve its image abroad and promote its values and priorities. In May 2017, the Council adopted conclusions on Culture in the EU's external relations, by welcoming the Joint Communication Towards an EU Strategy for international cultural relations presented by the European Commission in June 2016.⁹⁵ To take forward this work, the Council has agreed that a working group will be established to assist in drawing up a comprehensive EU strategic approach to international cultural relations, which should be built upon EU's experience in intercultural dialogue and capacity building.

Creative Europe's ambition is to contribute to the strengthening of the external cultural relations. Nevertheless, the current structure of the programme has no dedicated strategy in support to this policy action. The discontinuation of the dedicated MEDIA MUNDUS programme is strongly criticised by the audiovisual industry, which highlights the added value of such a programme in a context where the European audiovisual companies are competing on a global scale.⁹⁶

The reason is that DG EAC and DG CNECT have limited resources (human and financial) to implement a coherent strategy at international level. It is estimated that currently only 3 full time personnel are tasked with dealing with cultural collaboration with third countries.

External relations projects are dependent on additional funding initiated by the European Parliament through pilot projects, to top up the limited funding available under the Creative Europe programme (such as for instance Creative Tracks, a pilot project implemented via Creative Europe, which aimed at setting up a worldwide network of young creative entrepreneurs⁹⁷), or the Foreign Policy Instrument (in relation to funding the Cultural Diplomacy Platform⁹⁸).

⁹⁵ Council conclusions on an EU strategic approach to international cultural relations, Brussels, 24 May 2017 <http://data.consilium.europa.eu/doc/document/ST-9635-2017-INIT/en/pdf>

⁹⁶ Interviews

There are several reasons why additional support from Creative Europe is required to tap into various opportunities and better deliver on the EU strategy for Culture in External Relations. This is also part of the policy objectives of Creative Europe's annual work programmes for 2017 and 2018.

- Since 2012, the EU and China developed a third pillar of their collaboration titled 'EU-China High Level People to People Dialogue'⁹⁹ which integrates activities in the areas of education & training, culture, multilingualism and youth. This cooperation consists of regular policy dialogues at government level, as well as concrete outputs in terms of joint projects. However, this dialogue is taking place without any dedicated budget. In general, there is no dedicated budget to implement cultural actions with strategic partners such as India, Brazil, Russia, Mexico or South Korea.
- The EU is losing the opportunity to respond to the high level of interest of numerous countries to engage with the EU and its CCS on the topic of cultural management, cultural and trade exchanges and creative entrepreneurship. There are important opportunities of co-funding Creative Europe projects with partners that would benefit the European CCS.
- Moreover, Cultural Institutes (in the framework of EUNIC)¹⁰⁰ are keen to collaborate with EU institutions, offering increased opportunities to develop cultural projects in third countries. The potential of Cultural Institutes to align with the EU strategy for cultural diplomacy should be promoted. There are also potential risks for the EU institutions in cooperating (exclusively or predominately) with Cultural Institutes. Their main weaknesses are that they have no mandate in their statutes or mission statements to carry out EU-relevant activities. They are national organisations whose main mission is still to represent and promote their national interests. European issues and diplomatic priorities are rarely integrated in the overall strategies and work programmes of each individual Cultural Institute. Cultural Institutes are already participating in several EU projects on cultural relations in third countries. However, pooling their expertise and resources would therefore work in the interests of the EU as well as individual EU Member State. More joint activities would contribute to leveraging scale and increasing the visibility of the EU around the globe.¹⁰¹

The EU should encourage the development of a specific task force of European Cultural Experts that would be available to carry out missions in third countries to advise on cultural policy and strategies.

EU Delegations have also an important role to play. Cinema's potential to communicate about Europe and its creativity has been recognised by a number EU Delegations in third countries that regularly organise European film festivals.¹⁰² Such festivals are often one of the EU Delegations most effective tools in reaching out and making Europe and its values, stories and creativity known. Unfortunately, European Film Festivals often lack

⁹⁹ http://ec.europa.eu/education/policy/international-cooperation/china_en

¹⁰⁰ <https://www.eunicglobal.eu/>

¹⁰¹ KEA, *European Cultural Institutes Abroad*. A study for the European Parliament. Brussels, 2016. http://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU%282016%29563418

¹⁰² More than half of the 139 EUDs (i.e. 76 EUDs) around the world are involved in the organisation of film festivals and other film events with a view to promote the European Union, showcase European culture and use film as a cultural diplomacy tool. <http://www.keanet.eu/feasibility-study-exploring-different-possible-modus-operandi-for-making-available-a-package-of-european-films/>

professionalism and are organised on tight budgets thus giving a wrong image on the quality and breath of EU's culture and creative industries. EU Delegations need adequate support, in particular, assistance to strengthen their actions and ensure that cultural events become effective diplomatic, cultural and trade tools.¹⁰³

The European Parliament (which may unlock funds for pilot projects related to external relations) should be more involved in the implementation of those pilot projects. Further involvement through a monitoring panel could be envisioned to strengthen long-term sustainability of such pilot schemes and avoid that valuable funded projects are not followed up on.

All these initiatives and stakeholders could benefit from a clearer strategy for Creative Europe on external relations, which would incentivise stronger cooperation and synergies under shared objectives.

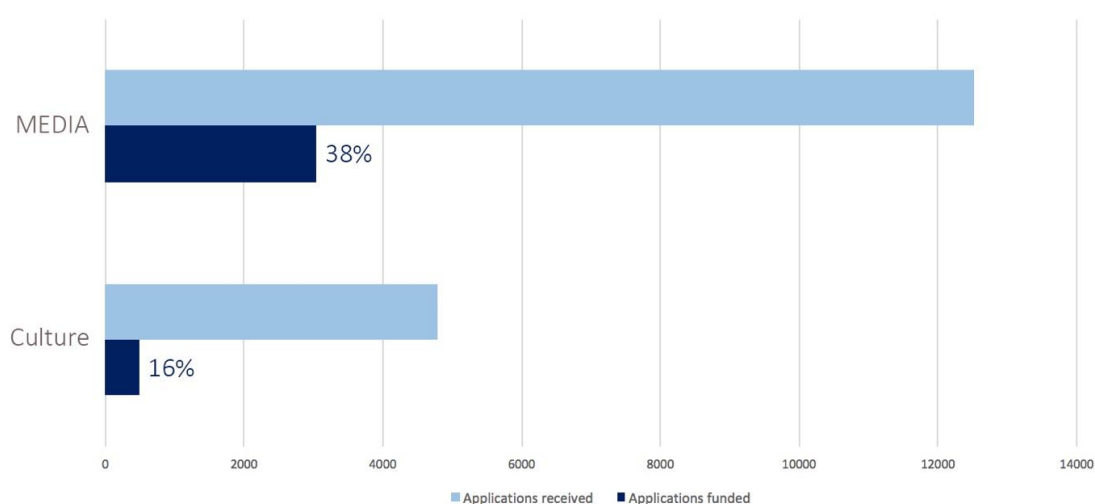
¹⁰³ European Commission (2015), Film Festivals at EU Delegations-Feasibility study exploring different possible modus operandi for making available a package of European films; Brussels.

6. ACCESSIBILITY OF THE PROGRAMME

KEY FINDINGS

- Overall Creative Europe is in high demand across the CCS and is under-resourced to address this demand, as shown by the high number of applications and the low success rate, especially in the Culture sub-sector (16%). The MEDIA sub-programme displays a higher success rate (38%) due to its more focused approach (and higher budget).
- There are imbalances between countries in terms of success rates but no conclusive evidence on systemic discrepancies between Eastern/Western or smaller/larger countries. The size of countries and the strength of their cultural policies are overall reflected in terms of number of projects submitted.
- Apart from the audiovisual sector, the Performing Arts, visual arts and cultural heritage sectors represent more than 80% of supported projects. Creative sectors like Architecture or Design are underrepresented in the programme. The Music Moves Europe initiative is a good way to develop a more targeted approach based on robust evidence and consultation.
- Co-financing rates are an issue, especially for smaller operators. Own contributions (i.e. partners' staffs costs) and public funding are most often used to co-finance Creative Europe projects. Accessing private funding is not often mobilised nor incentivised.

The forth key area examined in the present evaluation of Creative Europe is the programme's accessibility from the perspective of cultural and audiovisual organisations. This aspect is of great importance for the future orientation of Creative Europe, considering the high popularity of the programme at EU level, the low budget it disposes of for the 2014-2020 period and the complex structure and diversity of the cultural and creative sectors. The combination of these factors generated a rather low overall success rate of the programme during its years of implementation. Chart 1 below offers a perspective on Creative Europe's success rate between 2014-2017.

Chart 1: Creative Europe success rate of applications over the period 2014-2017. Source: EACEA database¹⁰⁴

It is important to emphasise that in the EACEA database, the applications are classified by the origin of the applicant (i.e. the leader of the project).

From a geographical perspective, the average success rate is generally the same as the average overall success rate (showed in Chart 1), but the number of received applications per country differs considerably between the Western and Eastern countries – from around 1400 from France to 250-300 from Estonia or Romania over the period 2014-2017 (for details see Annex 6).¹⁰⁵

In a way this reflects the size of the countries and the capacity of their cultural operators to develop the right partnerships and projects. The received applications also show the capacity of the countries' CCS to develop projects, pool resources, find partners across Europe and write the application for funding. Currently the UK, France, Germany, Spain, Italy and Belgium represent around 45% of organisations involved in the Creative Europe Culture sub-programme (as partners or leaders), which more or less equates to their share of the EU's population.

Perhaps more importantly, the success rate of operators is much higher in Western Europe compared to Eastern European countries for the Culture sub-programme, as shown in the table below.¹⁰⁶ While Romania and Czech Republic respectively have a 6% and 9% success rate, Belgium and its numerous pan-EU associations obtains 37,3% of its Culture grant applications, while France and Spain's success rate are at respectively 24% and 18%. Interestingly, Slovenia has one of the best success rates with 27%, although no obvious factor can explain this exception.

¹⁰⁴ The chart shows estimated values, as the number of applications received for some support actions are not updated for 2017 in the EACEA database.

¹⁰⁵ EACEA statistics for Culture and MEDIA sub-programmes.

¹⁰⁶ EACEA statistics for Culture and MEDIA sub-programmes.

Table 9: Success rate of Creative Europe applications in focus countries

Country	Success rate - Culture	Success rate - MEDIA
Belgium	37,3%	45,5%
Czech Republic	9%	46,8%
Estonia	15,8%	36,7%
France	24%	35%
Greece	13,3%	46,8%
Hungary	21,6%	41,5%
Italy	10,9%	23,8%
Romania	6%	41,7%
Slovenia	27,3%	40%
Spain	18%	26%
UK	19,3%	25,9%

However, the table above shows there is no conclusive rule when looking at success rates for both sub-programmes (e.g. the UK has the lowest success rate for MEDIA whereas it performs well on Culture). Imbalances exist but they are not sufficiently coherent to put forward pan-European solutions. This also means that capacity-building efforts could be focused on specific countries to address imbalances (without penalising operators from more successful countries).

The current chapter approaches the accessibility issue from three perspectives established in relation with the above-mentioned realities which will be discussed in the next sub-sections. The perspectives of analysis are:

- **Co-funding options**
- **The application process**
- **Sectors' representation**

6.1. Co-funding

Creative Europe's low budget not only has implications on the overall low success rate of the funded applications, but it also influences the amount of co-funding supported by Creative Europe. As such, it covers between 50 and 80% of the total eligible costs of a project, depending on the total expenditure and on the type of call that will support the project. Generally speaking, calls supporting the audiovisual sector tend to benefit from higher co-financing rates (often at 60% for MEDIA: support to sales agents, online distribution or TV programming, Film festivals are one of the few support schemes benefitting from a lump sum system, based on the number of European films shown). whereas cooperation projects, which represent the bulk of Creative Europe funding for culture, are co-financed at 50% or 60% (in case the EU grant is below €200.000). The remaining amount shall be secured via external funding bodies or, in most cases, it is covered by project partners' own contributions. The EU co-financing rate is much lower than in other programmes (such as Horizon 2020, COSME, ERASMUS+ or URBACT to name a few), whereas the CCS are highly-fragmented and chiefly composed by a myriad of smaller organisations which have very limited capacity to access the programme. Alternatives could be tested based on the nature of the applicant, the purpose of the project (e.g. social impact) or introducing additional options to the current small scale and large-scale projects. Ideally a dedicated feasibility study should explore such alternatives and their impacts.

Co-funding is a good way to attract more funding in the programme and support more projects with a lower programme budget. However, co-funding rules should be adapted for some expenses to qualify as co-funding (in-kind contributions, such as providing spaces, catering or even services for free), at least for a portion of the co-funding required.

The programme should be able to attract more co-funding by enabling large public or private donors to be associated with a project. EU funding should reward the ability of project partners to raise additional funding (through extra matching fund), thus ensuring that given initiatives are given adequate scale (for instance in the realm of promotion and marketing). Creative Europe does not incentivise access to private funding whereas developing new business models for the CCS is stated as a priority. Developing partnerships with private foundations or large companies with corporate social responsibility plans focused on arts and culture may help to leverage additional resources.

Experience shows that the ability to use Creative Europe's label would help raise funding in third countries, that are happy to be associated with an EU programme. However, there is currently no process that enables the use of the label independently of a project grant. This should be reviewed (see also section 9.1 on policy recommendations).¹⁰⁷

6.2. The application process

There is general consent among the cultural and audiovisual operators that the procedure is still too burdensome at the administrative level and regarding the digital user experience when uploading the files on the Creative Europe's server.¹⁰⁸

One solution would be the design of a two-stage application process, in which only pre-selected projects (on the basis of idea and foreseen actions) should continue with the step of providing further administrative documents and additional details on the project. This would save time for organisations so they could focus more on project design.

The funding of Creative Europe desks might be reviewed in countries where the programme is well established and for a long time ("older" EU Member States which have been part of the Creative Europe predecessor programmes since their inception). The advisory role of the desks could be reviewed where CCS operators are familiar with the programme in many countries. As a priority, Creative Europe budget should go to the CCS and not to operational management of the Programme (which currently represents between 5% and 7% of the programme budget).¹⁰⁹

6.3. Sector representation

Creative Europe has a slightly inconsistent structure, which alternates from sectorial (prioritising certain cultural and audiovisual sub-sectors via dedicated support actions) to actions open to all sectors. Some sectors like cinema or books are better represented with calls for proposals earmarked to specific functions of their value chain (e.g. film distribution, support to literary translations). These approaches generate imbalances in terms of sector representation within the Creative Europe programme and in the way the

¹⁰⁷ Interviews.

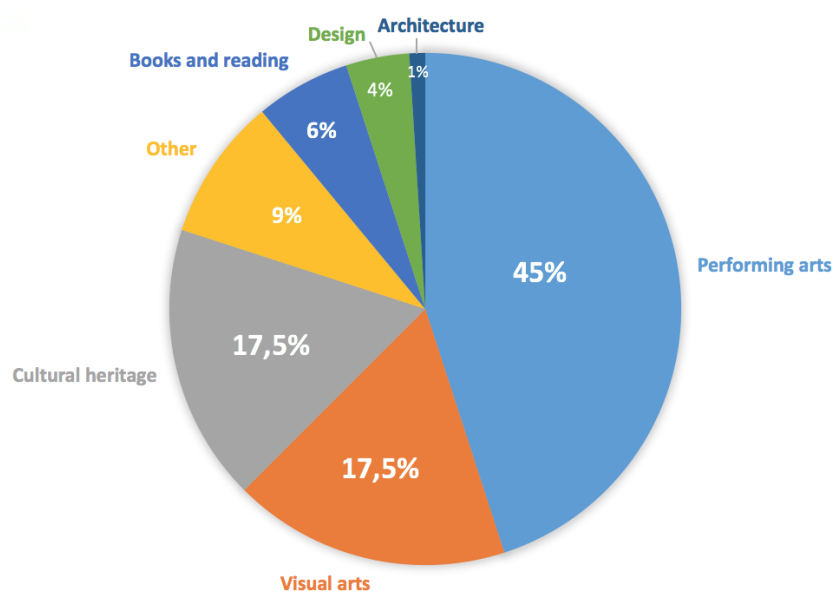
¹⁰⁸ Interviews.

¹⁰⁹ EACEA statistical data on Culture and MEDIA sub-programmes 2014-2017. The exact figure does not clearly appear from these datasets (up to 7%). Interviewees stated the administrative costs are likely to amount to a bit less (around 5%).

different challenges of the CCS are addressed by the programme (distribution and circulation of works specifically supported for films and to some extent for books). It would be important to review the impact of the programme in supporting cross sectorial collaboration and multi-disciplinary initiatives, also involving distribution companies and the technology sector.

These imbalances in representation lead to disproportionate access to the programme. For instance, the support action for Film Festivals alone has financed 192 projects between 2014 and 2017, while the total number of projects involving music (included in Performing Arts) financed under the support actions for Cooperation, Platforms and Networks was 52, in the same period.¹¹⁰

Chart 2: Cooperation action – successful applications by sector



¹¹⁰ EACEA statistical data on Culture and MEDIA sub-programmes 2014-2017.

Chart 3: Platforms action – successful applications by sector

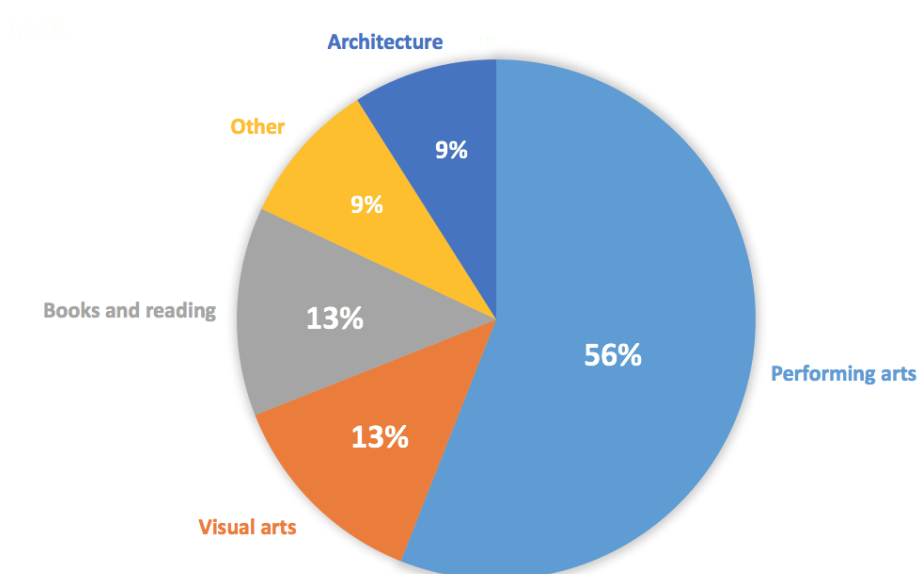
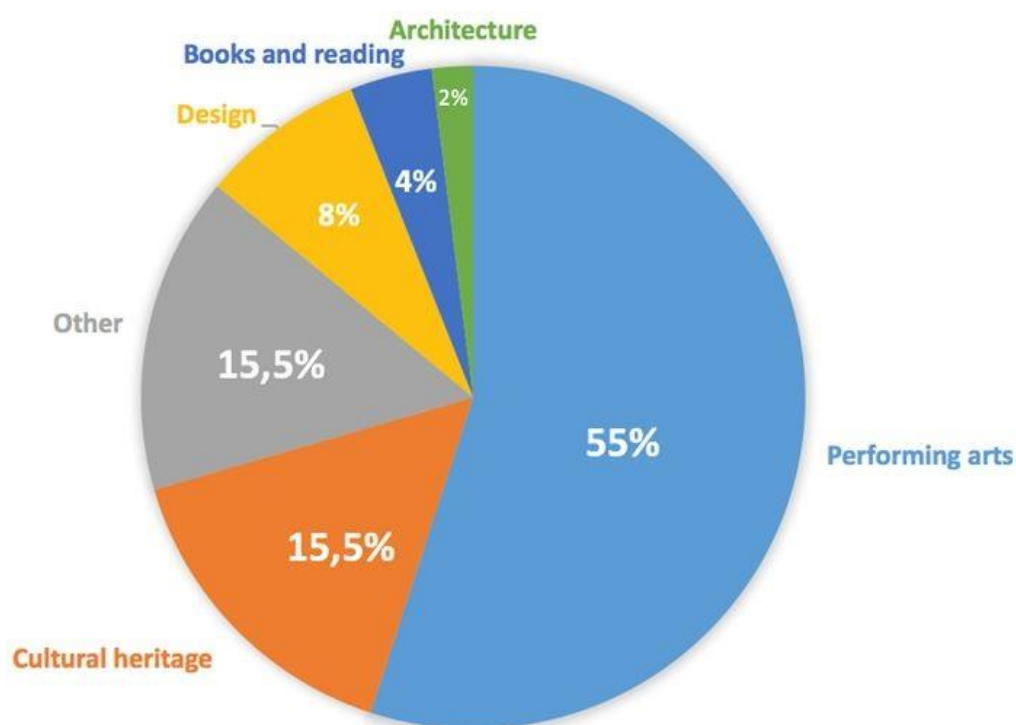


Chart 4: Networks action – successful applications by sector



The current research reveals that overall, the cultural side of the sector is better represented in the 2014-2017 successful applications within the Culture sub-programme than the industry side. The Performing Arts, Visual Arts and cultural heritage sectors have the lion share of supported projects versus industry's sectors like Architecture or Design. See details in the above charts.¹¹¹ The cultural and creative industry operators like record

¹¹¹ Source: EACEA statistical data on Culture sub-programme.

companies, game or book publishers (apart from the cinema sector) have not shown great interests in the Creative Europe programme. In this regard, the development of the Music Moves Europe is an interesting initiative to address a clear gap.¹¹² The objective is to 1) better address the need of the music sector in Creative Europe and 2) test the feasibility of a music sub-programme. Interestingly, the first actions launched in 2018 are supported by the European Parliament through pilot projects. Creative Europe has had more success engaging with creative hubs and incubators that gathers cultural and creative entrepreneurs.¹¹³

Conclusions to the chapter

Creative Europe is a very appealing programme for both cultural and audiovisual sectors. However, the high demand across CCS is not well served by the low budget the programme benefits from. This is seen in the low success rate of the programme **especially in the** Culture sub-sector (16%). The MEDIA sub-programme displays a higher success rate (38%) due to its more focused approach.

Co-funding represents a good way to attract additional funding in the programme, however, Creative Europe does not incentivise access to private or other public funding. The use of Creative Europe's label could help raise funding in third countries, which would be happy to be associated with an EU programme, symbol of quality. This would strengthen the sustainability of projects (which often rather seek ways of reapplying for EU funding).

Creative Europe is still perceived as having a burdensome application procedure, especially at administrative level. This could be lightened via the development of a two-stage application process, in which only pre-selected projects should further provide administrative documents.

Currently Creative Europe via the Culture sub-programme seems more appealing to cultural operators than to the industry side of the CCS, as the Performing Arts, Visual Arts and Cultural Heritage represent more than 80% of supported projects, within the Culture sub-programme. Creative industries such as Architecture or Design are underrepresented in the programme. The development of specific calls for the music sector (Music Moves Europe) is a praiseworthy initiative. It could pave the way for a mixed approach with targeted actions based on identified needs, together with more open calls that favour experimentation and cross-sectorial cooperation.

¹¹² https://ec.europa.eu/programmes/creative-europe/actions/music-moves-europe_en

¹¹³ <https://www.creativehubs.eu/> and <http://www.creativetracks.org/>

7. DECISION MAKING PROCESS WITHIN CREATIVE EUROPE

KEY FINDINGS

- The reform of the decision-making process with the Lisbon Treaty distinguishes between delegated and implementing acts, in order to strengthen democracy, transparency and efficiency in the EU legislative and executive processes. However, there is still a grey zone in the application of DIAs, making the debate on the topic rather difficult. Some elements introduced in the Creative Europe annual work programmes could arguably require that they are adopted via delegated acts.
- Following the ruling of CJEU in the Biocides case (see annex 2), the co-legislators (the European Parliament and the Council) have freedom of choice to some extent in delineating between delegated or implementing powers while conferring them to the Commission.
- A balance must be sought by the co-legislators in laying down the regulation of the future Creative Europe programme, in order to ensure at the same time democratic scrutiny over the Commission's actions and enough flexibility for the programme's implementation.

The reform of non-legislative acts introduced by Articles 290 and 291 of the TFEU was guided by concerns regarding the democratic legitimacy of implementing European law. As such, the distinction between delegated and implementing acts (DIAs) highlights the separation of EU legislative and executive tasks in a transparent and democratic manner. Understanding how DIAs work is crucial for the broader understanding of the decision-making process at EU level and, consequently, makes it possible to discuss its application within the Creative Europe programme, highlighting ways to improve it.

The present study is not meant to be a comprehensive legal analysis of the mechanism of delegated and implementing acts. However, annex 2 provides a brief clarification on the delimitation and scope of DIAs based on relevant precedent case laws. The document is intended as an insightful background for the current analysis of the decision-making process under which the Creative Europe programme currently functions.

The legal framework of Creative Europe is constituted in primary law by Article 167(5) of TFEU, providing support to Member States to preserve and promote their cultures while respecting their national and regional diversity¹¹⁴, and in secondary law by Regulation 1295/2013 on the Creative Europe Programme¹¹⁵, as well as the Commission's implementing Decisions laying down the annual work programmes for the implementation of Creative Europe.

In order to implement the programme according to the primary and secondary law, the Council and the European Parliament have invested the European Commission with delegated and implementing powers. The following two sections analyse the foreseen DIAs

¹¹⁴ Treaty on the Functioning of the European Union 2008/C 115/01 Article 167 (OJ C 115/1 9.5.2008).

¹¹⁵ Regulation EU No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014-2020), (OJ L347 20.12.2013).

in the Creative Europe programme, in order to establish which decisions are taken through both delegated and implementing acts and whether some other mechanisms would be more suitable for taking those decisions.

7.1. The delegation of supplementing the list of indicators

Article 20 of the Regulation 1295/2013 allows the Commission to adopt delegated acts in order to '*supplement the qualitative and quantitative performance indicators*' (including indicators for the general and specific objectives of the programme).¹¹⁶

The current system of indicators has not yet become operational. Moreover, a partial misalignment between the programme's objectives and the list of indicators is currently being considered¹¹⁷. As such, it is essential that a review of the set of indicators be conducted, which may legitimate the Commission to make use of its delegated powers in order to supplement the currently-deemed insufficient list of indicators. This should happen, according to the legislation in place, in light of the results of regular monitoring activities and of the mid-term review of the programme (for further details see Chapter 9).

The decision to confer on the Commission delegated powers for the specific task of supplementing the current list of indicators is not questioned from a legal perspective, as the task refers to the adoption of non-essential elements of general application to complete the legislative framework of the programme (in accordance with Article 290 TFEU). Moreover, during the review procedure, delegated acts are submitted to reviews during expert group meetings in the preparatory phase, to which the European Parliament and the Council have full access. This interinstitutional approach ensures full cooperation between the Parliament and the Council, which, in this particular case, could ease the process of adopting a sound and robust list of indicators. From a research perspective, developing relevant indicators can be ensured by improving and harmonising cultural statistics across Europe (see section 4.4).

7.2. Implementation of the programme: evolution of the annual work programmes and new priorities

Article 22 of the Regulation 1295/2013 lays down the conditions for the implementation of the programme '*in accordance with the Financial Regulation*' by the Commission who is responsible for the adoption, '*by means of implementing acts, of an annual work programme concerning the sub-programmes and the Cross-sectorial strand*', in relation to the programme's objectives and priorities.¹¹⁸

The Annual Work Programmes are documents outlining the policy framework, the objectives, priorities and the actions implementing the programme each year, as well as the budget breakdown for the respective year, in accordance with Creative Europe's main objectives. However, according to the so-called Szajer report¹¹⁹, the EP takes the view that elements such as measures leading to a choice of priorities, objectives or expected results

¹¹⁶ *idem*.

¹¹⁷ European Parliamentary Research Service, *The Creative Europe Programme – European Implementation Assessment*, 2016.

¹¹⁸ Regulation EU No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014-2020), (OJ L347 20.12.2013).

¹¹⁹ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2014-0127+0+DOC+XML+V0//EN>

should be adopted by means of delegated acts and therefore should not be decided by means of implementing acts.

In this context, it seems relevant to assess the Commission's exercise of delegated competences in implementing the Creative Europe programme and to review the annual work programmes in terms of objectives and priorities, chiefly against the initial general and specific objectives of Creative Europe. An investigation of the annual work programmes from 2014 to 2018 reveals that there is a gradual increase in flexibility and autonomy in the Commission's implementation of the programme. As such, in 2014 and 2015, no particular change was introduced in the annual work programmes. The next years, however, register significant amendments in the work programmes, which can be considered as enlargements of the scope of activities initially foreseen in the Creative Europe Regulation. In particular, references to some key policy priorities were added to the annual work programmes. The table below summarises what we consider the most important additions. We briefly discuss some key additions in the following sub-sections.

Table 10: Annual work programmes amendments and key policy priorities

Year	Amendment	Key policy priorities
2016	<ul style="list-style-type: none"> • Enlargement of the participation scope of the European Audiovisual Observatory • New support action for refugees 	<ul style="list-style-type: none"> • Reinforce Europe's role and profile in a global world, as cultural diplomacy and cooperation is an effective tool for the EU's public diplomacy and outreach • Fight against all forms of discrimination, including racism and xenophobia, and stimulate the respect for cultural and linguistic diversity (and reference to EU values and European Security Agenda)
2017	<ul style="list-style-type: none"> • Stronger focus under Cooperation projects to activities concerning migrants • Additional focus on MEDIA activities linked to the DSM (licensing hubs, catalogues for VoD) 	<ul style="list-style-type: none"> • Digital Single Market (DSM) Strategy • Commission Communication on Copyright • Communication on Culture in External Relations
2018	<ul style="list-style-type: none"> • The European Year of Cultural Heritage • Introduction of Music Moves Europe – the framework for actions in support of the European music sector 	<ul style="list-style-type: none"> • An agenda for Europe based on positive values (cultural diversity, civic engagement and responsibility, public space to engage, international dimension)

7.2.1. Enlarging the scope of the participation of the European Audiovisual Observatory in the Creative Europe programme

The first amendment of the 2016 work programme enlarged the scope of the European Audiovisual Observatory within Creative Europe.

The Regulation of the programme states that the EU should be a member of the Observatory for the duration of the programme, contributing as such to the achievements of the priorities of the MEDIA strand. As a member of the Observatory, the Union, represented by the Commission, contributes to its operating costs through an annual membership fee.

The amendment of the 2016 work programme lays down the provisions for a grant agreement for basic services with EAO, in the basis of Article 190(1)(d) of the Commission Delegated Regulation 1268/2012, which states that a grant may be offered without a call for proposals to bodies identified by a basic act.¹²⁰ As part of this agreement, the Observatory provides briefings, reports and access to data in the audiovisual sector to cater the needs of the Commission.

The use of this measure could be questioned on the basis of the choice of procedure, as an implementing act was used to amend a non-essential legislative element from a basic act (i.e. the scope of involvement of the Observatory within the Creative Europe programme). The additional grant for the Observatory was continued in 2017 and in 2018 under the same conditions, which were laid down in the respective amendments of the 2017 and 2018 work programmes.

As such, due to the lack of clarity in the basic act concerning the scope of involvement of the EAO in the programme, a delegated act might have been foreseen in order for the Commission to complete the legislative framework of Creative Europe with respect to this institution. This points out to the appropriateness to consider delegated acts for these kinds of amendments in the future regulation of the programme.

7.2.2. Reacting to the actual political and social context

The amendment of the 2016 annual work programme established a new action under the Culture sub-programme, namely the Support for refugees' integration, in the context of the unprecedented migratory wave which started in 2015. The action would seek to support cultural, audiovisual and cross-sectorial projects aiming at facilitating the integration of refugees in the European environment, by enhancing mutual cultural understanding. The 2016 annual work programme had also identified intercultural dialogue and more generally the social impacts of culture as one of the key policy priorities for Creative Europe.

The political and economic context in which Creative Europe operates is constantly evolving, thus creating new challenges and opportunities in the ways the programme can optimise its support to the European cultural and creative sectors. They may be reflected in new priorities defined in the annual work programmes for the implementation of Creative Europe, which nevertheless must remain subordinated to the main policy objectives of the programme. The new action for refugees' integration (introduced in the 2016 annual work

¹²⁰ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, (OJ L 362/1 31.12.2012).

programme) is a good example of such cultural policy development against the background of socio-political changes at EU level reflected in the priority of an annual work programme, priority which follows Creative Europe's main objective (i.e. to foster cultural and linguistic diversity in Europe).

From a decision-making perspective, the question to be addressed is whether the above-mentioned policy developments represent the implementation stage of the programme, merely ensuring uniform conditions for implementation (and thus be decided via implementing acts) or, by contrast, they require further legislative amendments, which the Commission is unable to provide simply by exercising its implementing powers (in which case, a delegated act would be more suitable to adopt these policy measures). It could be legitimately argued that the introduction of an action for refugees' integration gives scope for the exercise of a semi-normative function going beyond the implementation stage of the programme, as the basic regulation does not provide sufficient details for the implementation of such measures, on the background of unforeseen social and economic challenges. As such, this policy development is arguably more of a political nature than a purely technical one and cannot be reduced to an activity which ensures uniform conditions for implementation.

Another important development, which was laid down in the amendment of the 2017 annual work programme, is the establishment of a new action '2018 as the European Year of Cultural Heritage (EYCH)'. This action had an earmarked budget of € 1 million for 2017 to start the preparations for EYCH. The budget was made available through the existing framework contracts for communication activities, support and coordination activities and for unforeseen expenses.

The action will be supported through the 2018 annual work programme, which considers the EYCH as an overarching priority. In order to support this priority, the Cooperation projects scheme will be reinforced with an additional amount of € 5 million compared to 2017, which will allow for an increased number of supported heritage cooperation projects, beyond the annual level of support for the heritage sector. The EYCH's activities will continue to be backed by a communication strategy (including a multilingual website, a social media campaign, films and videos and a number of events), which will be supported by a budget of € 800.000.

The European Year of Cultural Heritage is equally designed as a response to the wider challenges that Europe is faced with today, such as the rising Euroscepticism, populism and xenophobia among the European citizens which erode the European values. Recognising the contribution of culture to the European integration project, the 2018 work programme document makes the case for culture as the 'saviour of Europe'. Through culture new narratives should be created, along with spaces for dialogue and solidarity which could bring citizens together. The EYCH is expected to have such impacts. Moreover, the 2018 annual work programme has introduced two new priorities in relation to these issues, intercultural dialogue and social inclusion, along its set priorities (mobility, capacity building or audience development).

Similar to the action for refugees' integration, the EYCH could have arguably been adopted via a delegated act, on the basis of the semi-political nature of such decision related to non-essential aspects of the regulation of Creative Europe. The adoption of EYCH is a non-essential element which requires flexibility in its implementation. Moreover, the underlying secondary political dimension of the decision (as it refers to a policy priority which arguably encapsulates the objectives of Creative Europe but was not directly foreseen in the basic

act) does not comply with purely technical nature of implementing acts. Therefore, a delegated act would have been appropriate for the adoption of such measure. The Commission would have finally taken the responsibility to ensure uniform conditions for its implementation.

Overall, the evolution of the programme and the addition of policy priorities do correspond to the sector needs and key societal issues. However, given the political nature of such decisions, it would be more coherent to apply delegated acts.

It should finally be noted that the additional policy priorities listed in the annual work programmes do not necessarily result in new funding lines. However, they often have an impact on evaluation criteria (e.g. new criteria in the Culture sub-programme to favour migrants-related projects as of 2017). Conversely, no additional budget or criteria was allocated to Culture in External Relations, despite the frequent reference to this policy priority. As such, in the future the legislators could consider to lay down in the basic act a key framework establishing additional conditions for funding in case of new policy priorities and give the option to the Commission to further amend or supplement them via a delegated act. Next, the Commission will have the responsibility to implement them by ensuring uniform conditions in the annual work programmes. This resolution would provide a clear legal framework for the much-needed flexibility of the decision-making process in the context of a dynamic social and economic landscape.

Conclusions to the chapter

Although the reform of the decision-making process introduces a judicial framework to distinguish between delegated and implementing acts, as a way to strengthen the democracy, transparency and efficiency between the EU legislative and executive powers, there is still a grey zone in the application of DIAs, which makes the debate on the topic a very difficult one. However, it is important to stress that, following the ruling of CJEU in the Biocides case (see annex 2 for further discussion), the legislators have, to some extent, freedom of choice in conferring to the Commission delegated or implementing powers, based on the legislature's intention to lay down rules that require further development or amendments or that are ready to be implemented.

In laying down the regulation for the future Creative Europe programme, it is important that a balance is reached between the need for flexibility in implementing the programme (in order to ensure the needs of the cultural and creative operators and to successfully respond to socio-economic challenges) and the need for political and democratic scrutiny of how the programme is managed and implemented.

Policy priorities, amendments of non-essential elements and selection criteria could arguably be subject to delegated acts as they introduce new elements of a semi-political nature and could exceed purely implementing prerogatives of the Commission. Implementing acts should be used solely to ensure uniform conditions for implementation for essential elements already decided in the basic act or for non-essential elements introduced via a delegated act. Ultimately, the question comes down to the level of detail that the legislature might want to lay down in the basic act in the future, so that a balance is struck between the democratic need for scrutiny of the Commission's measures and the need to provide the executive with reasonable discretion in order to ensure enough flexibility in supplementing or amending non-essential elements and in pure implementation of the programme. Ultimately, achieving this balance is also a way to ensure legal soundness, coherence and consistency, together with transparency, democratic legitimacy and workability of implementation of the Creative Europe programme. .

8. INCREASING SYNERGIES WITH OTHER EU PROGRAMMES

KEY FINDINGS

- More and more EU-funded programmes (cohesion funds, COSME, ERASMUS+) are including the CCS either in their funding priorities or in specific calls for proposals. However, Creative Europe is the only programme where funding can be accessed directly by artists and cultural operators.
- There is no strong coordination across the different programmes. Stronger synergies could be achieved through joint communication and possibility for joint calls.
- The 2018 Year of European Cultural Heritage is an excellent example of how synergies can be developed around a shared European umbrella, and what can be achieved when culture is given a higher political priority.
- It is worth noting that the MEDIA sub-programme has strong synergies with national funding and Eurimages. It acts as a quality seal and significantly helps selected projects to leverage additional funding across film funds and even to secure pre-sales with distributors.
- Creative Europe should work more closely with cities and local authorities that have considerable experience in nurturing creative ecosystems and supporting cultural and creative entrepreneurship¹²¹.

Synergies refer to joint or coordinated efforts to achieve greater impact and efficiency of research and innovation investments combining different forms of innovation.¹²² It is noticeable that the EU priority in achieving synergies is chiefly focused on the Research and Innovation policy area and orientated towards bringing together large programmes like the European Structural Investment Funds (ESIF) and Horizon 2020. Smaller initiatives like Creative Europe, Erasmus+ or COSME are left out of the focus of the Commission strategic guides for synergies.¹²³

However, the potential of the cultural and audiovisual sectors in different EU priority policy areas and the small budget dedicated for CCS support make the argument for considering synergies between Creative Europe and other bigger EU framework programmes like ESIF, Horizon2020 or COSME to ensure long-lasting effects. This is why our approach in the sections below is chiefly to analyse how Creative Europe's objectives could be better embedded across other programmes and potential actions to deliver on these, while the scope of this paper rather deals with how Creative Europe should be amended to facilitate synergies. At this stage and given the budget constraints, the future basic act of Creative Europe could contain a clause highlighting the contribution of the CCS across policy areas relevant to other programmes and open the possibility for joint calls, where funding from other programmes would be channelled and implemented via Creative Europe.

¹²¹ See for instance the Culture for Cities and Regions projects managed by Eurocities <http://www.cultureforcitiesandregions.eu/>

¹²² European Commission. *Enabling synergies between ESIF, Horizon 2020 and other research, innovation and competitiveness-related Union programmes – Guidance for policy-makers and implementing bodies*. Guidance document. Brussels, 2014.

¹²³ Ibid.

Beyond EU programmes, it is worth noting that the MEDIA sub-programme has strong synergies with national and international funding sources: it acts as a quality seal and significantly helps selected projects to leverage additional funding across (national) film funds or co-production funds (especially Eurimages). In many cases, this chain of funding also helps film producers to secure pre-sales deals with distributors.¹²⁴

8.1. Cohesion Policy and structural funds: culture and regional development

Cohesion Policy is the EU's second largest budget item, benefiting from an amount of € 351 billion for the 2014-2020 period.

As important catalysts for innovation, transferable skills and social cohesion, the CCS can be successfully integrated in smart specialisation strategies funded under the European Structural and Investment Funds (ESIF), in order to reduce economic and social disparities between regions. The CCS have already been given broadened support under the Cohesion Policy 2014-2020, being referenced under several supported actions across its investment priorities, such as strengthening the competitiveness of cultural SMEs, developing cultural and sustainable tourism infrastructure, cultural resources, transforming the declining industrial regions, developing information and communication technologies or improving access to cultural services. This is highly complementary to Creative Europe, which does not (and cannot) support infrastructures for the CCS, or large-scale investment in culture-driven local and regional development. However Creative Europe does connect and network those projects and strengthen their international dimension.

In addition, the action '2018 Year of European Cultural Heritage' represents an additional opportunity to streamline culture in the investment priorities of the European Regional Development Fund (ERDF), which include the protection, promotion and development of cultural heritage. Moreover, its investment priorities provide other funding opportunities such as: research and innovation, SME competitiveness, development of endogenous potential, social inclusion, education and training. Investments in small-scale cultural heritage should contribute both to the development of endogenous potential and to the promotion of social inclusion, particularly among marginalised communities, by improving access to cultural and recreational services in both urban and rural areas.

Creative Europe support action for European Capitals of Culture could also benefit from a clearer support from ESIF. ECoCs are increasingly valued as laboratories for citizens' engagement, local development and opportunities for investment in cities regeneration. Smaller cities and their rural surroundings are increasingly applying for the title, which is thus becoming more and more regional. For instance, Mons 2015 European Capital of Culture leveraged more than 90% of its total funding via the Structural Funds.¹²⁵

Overall, Creative Europe should work more closely with cities and local authorities that have considerable experience in nurturing creative ecosystems and supporting cultural and creative entrepreneurship.¹²⁶ This can be leveraged by encouraging clear pathways between ECoCs and INTERREG or URBACT programmes, for example by linking thematic

¹²⁴ Interviews.

¹²⁵ See KEA, *Mons 2015 European Capital of Culture: Demystifying the risk of cultural investment*, final report, 2016.

¹²⁶ See for instance the Culture for Cities and Regions projects managed by Eurocities <http://www.cultureforcitiesandregions.eu/>

objectives of such programmes to Creative Europe's, and/or by launching joint calls linking urban/regional development and the CCS.

8.2. COSME programme and Horizon 2020

The COSME programme is dedicated to entrepreneurship and support to SMEs, with an overall budget of €2,3 billion. While the CCS are not listed across its priority sectors, support was provided to some flagship projects in creative sectors like fashion (Worth Partnership project) and design (Design for Europe) through dedicated calls for proposals. However little synergies have emerged with Creative Europe, despite the fact that the objectives of these calls strongly echo Creative Europe's goals to strengthen entrepreneurship and create jobs across the CCS.

The COSME programme also develops many instruments linked to SME development (such as the SME instrument, a joint instrument with Horizon 2020). This could inspire a similar partnership with Creative Europe for Creative SME instrument. Similarly, Creative Europe actions are not strongly linked to COSME instruments promoting clustering and capacity building across the sectors, whereas such trends can already be observed in many cities and regions across Europe (especially in cultural and creative spaces, creative hubs and incubators).¹²⁷ COSME calls relevant for the CCS are also not relayed on Creative Europe's online platform.

Horizon 2020 is the EU programme for research, development and innovation (with an overall budget of €2,3 billion). It shares a similar approach as COSME, with several calls linked to the CCS and especially Cultural Heritage.¹²⁸ Such calls are inter alia linked to industrial innovation (e.g. call NMBP 35-2017: Innovative solutions for the conservation of 20th century), societal challenges (e.g. SC5-21-2016/2017: Cultural heritage as a driver for sustainable growth: heritage-led urban regeneration (2016) and heritage-led rural regeneration (2017) - large scale demonstration projects – innovation actions). It should be noted that boosting the innovation capacity of the CCS is an objective of Creative Europe (a novelty compared to predecessor programmes), yet no reference or link is established between relevant Horizon calls and Creative Europe programmes.

This funding is however chiefly accessed by universities and research or technology institutes rather than the target beneficiaries of Creative Europe. CCS operators are usually secondary beneficiaries of such calls for proposals.

8.3. Skills development for the CCS through ERASMUS+

ERASMUS + is a good example where culture is actually mainstreamed in some of the programme. The CCS are explicitly mentioned as part of some key actions supported by the programme (Sector Skills Alliance and Knowledge Alliance, especially).¹²⁹ They address objectives identified in Creative Europe, chiefly linked to capacity-building and skills development.

¹²⁷ See for example the 70 case studies from www.cultureforcitiesandregions.eu

¹²⁸ European Commission, Mapping of Cultural Heritage actions in European Union policies, programmes and activities. DG Education and Culture report. Brussels, August 2017.

¹²⁹ See for example the ERASMUS + programme guide, available at: http://ec.europa.eu/programmes/erasmus-plus/resources/programme-guide_en

This has been helpful in setting up a number of projects accessing funds ranging from €500.000 to € 1 million: Circular Design;¹³⁰ or Connecting Audiences¹³¹ for knowledge alliances, and "Live Skills"¹³² or "Museum Sector Alliance"¹³³ for sector skills alliances. These actions aim at developing new vocational training curricula, equipping the CCS with new skills (especially digital skills) and strengthen the understanding of skill needs across sectors.

Synergies with Creative Europe are however limited at individual project level: there is no common portal or event to support networking between these initiatives and Creative Europe projects. Additionally, the programme is currently geared towards formal learning institutions, and creative spaces providing training and skills development programmes to SMEs in the CCS are not taken into account.

Conclusions to the chapter

Overall existing EU programmes are gradually integrating the CCS as part of their calls for proposals. A quick analysis of these calls or funding priorities show that the objectives pursued are aligned with Creative Europe, or highly complementary. However, there is no joint strategy, implementation model or single information point. Stronger synergies could be achieved through joint communication and ideally joint management of such calls, in order to better deliver on those shared objectives. This would also facilitate the participation from Creative Europe target beneficiaries to other relevant EU programmes.

¹³⁰ <http://circulardesigneurope.eu/>

¹³¹ <http://connectingaudiences.eu/>

¹³² <https://www.live-skills.eu/about>

¹³³ <http://www.project-musa.eu/fr/>

9. COMMENTS ON THE MID-TERM REVIEW OF THE CREATIVE EUROPE PROGRAMME

KEY FINDINGS

- The Mid-term review and our analysis confirm that Creative Europe is a unique programme that strongly complements existing policies and schemes at national levels and is largely aligned with EU policy objectives.
- The impact of Creative Europe on the CCS is positive yet limited when compared to the size of sector: Creative Europe budget represents 0.03% of the value of the CCS.
- Strengthening coordination with other programmes, as well as open and innovative calls for proposals would add further value to Creative Europe.

This section provides a short analysis of the mid-term review of the Creative Europe programme and its staff working document which provides more detailed factual information. It compares the key findings of these documents with our report and provides comments and short analyses when discrepancies are found.¹³⁴

The overall results and main findings are largely similar: Creative Europe had positive impacts in terms of networking and creating linkages across the European CCS. The objectives and measures of the programme are generally well-adapted to the sector and the programme is well-conceived. However, it is difficult to analyse broader cultural, social and economic impacts of the programme. Finally, both the mid-term and our analysis show the programme is simply too small (0.03% of the value of the CCS sector) to overcome key market trends, such as, for instance, the prevalence of US films in the audiovisual market.

In terms of **relevance**, the mid-term review points out the complementarity between national policies and funding schemes, and also identifies Creative Europe as a relevant instrument to deliver on EU policy priorities in the field of culture and audiovisual. Creative Europe's objectives are also adapted to the CCS needs, which was confirmed as part of our research and notably interviews. In terms of structure, the Review notes that the 14 different schemes of the MEDIA sub-programme limit industry collaboration. While we do point out the lack of cross-sectorial cooperation in the MEDIA sub-programme, the schemes do address specific market needs and are often linked to complementary funding schemes at national level (or Eurimages at European level). However, this segmentation of the sub-programme weakens its ability to deliver market impacts, especially when combined with the overall small budget of Creative Europe.

In terms of **coherence**, the mid-term review echoes our concerns on the lack of real integration of Creative Europe in the EU's strategy for culture in external relations, especially compared to the priorities of the agenda for Culture. The review notes also that stronger cooperation between the two DGs responsible for Creative Europe and the Executive Agency (EACEA) could be strengthened. The work on cross-sectorial projects was

¹³⁴ It should be noted that the scale of the mid-term review is much wider than our assignment as it is based on a two-years study. The evaluation is based on six criteria: relevance, coherence, effectiveness, efficiency, sustainability and EU added value.

hampered by the low budget available, but points to the call for Refugee-Integration projects as an example of future cross-sectoral work. We also flag the possibility to include more open and innovative calls through a topic-oriented approach. This could be included as part of a 'flexibility clause' in the future programme, which could be activated via delegated acts.

The review points out that limited synergies exist with EU programmes (in terms of coordination), and we largely share that analysis. Using Creative Europe as a communication platform for all CCS-related calls and beefing up the cooperation across DGs would partially address the issue.

As regards **effectiveness**, the mid-term review provides some useful additional data. For example, it estimates 3000 jobs were created thanks to Creative Europe (2014-2016), and that the Guarantee Facility will cover around 15-20% of the estimated finance gap for the CCS. It is however unclear how such results were obtained, as the study underpinning these results is not available at the time of drafting our analysis. The review notes positive developments on data collection thanks to the cooperation with the European Audiovisual observatory. While this is true, the other CCS have not benefitted yet from similar progress. The Music Moves Europe initiative launched under Creative Europe is seeking to address the issue for the music sector through a feasibility study for a music observatory. The diversity of applicants is also welcome in the mid-term review. We would like to point out that the Culture sub-programme remains largely allocated to public and non-profit organisations (85%), while the MEDIA sub-programme is largely accessed by companies (78%). This is a very similar situation to predecessor programmes, whereas the merger could have been perceived as more open to companies under the Culture sub-programme. So far it does not seem to be the case.

In terms of **efficiency**, the review welcomes simplification processes for applicants. While efforts have been made, this still remains an issue for many stakeholders and further experimentation should be tested to ease the application process.

Importantly, the mid-term review notes the lack of appropriate indicators and thus the challenges for monitoring and evaluating the programme. A proposal should be issued in the form of a delegated act. We argue that a basic set of key indicators should be defined already in the legal basis, with the possibility to add on to these through delegated acts. The review makes interesting proposals to this end, by proposing to regroup some priorities and sub-priorities which largely overlap across the programmes. Our analysis would tend to align with this argument and suggest focusing on structuring effects of the programme on the European CCS.

Sustainability is very difficult to assess at this stage, and the review notes the willingness to continue projects through new Creative Europe applications. Our analysis rather suggests looking into strengthening the ability to leverage co-financing and private sponsorships, as well as identifying good examples of sustainable projects to disseminate good practices. However, we do agree that networking and peer-learning have a lasting impact in forming (open) European communities across the CCS.

On **EU added-value**, the review identifies that there are no instruments of a similar scale as Creative Europe at European and international level, and an overall shortage of international funding for the CCS. We argue this is yet another reason for an increased budget of Creative Europe and provides an additional explanation for the high demand/low success rate of applicants.

Conclusions to the chapter

The main findings do not differ vastly from our analysis, in spite of the different methodologies and scope of the respective documents. Creative Europe is a unique programme that strongly complements existing policies and schemes at national levels and is largely aligned with EU policy objectives. It is also widely demanded by CCS operators, albeit with an insufficient budget to adequately address the sector needs. The programme has identified the right objectives and is overall well-designed, yet further integration of these objectives across other EU programmes (with a clear communication) seems required to address the chronic underfinancing of CCS by Creative Europe.

10. POLICY RECOMMENDATIONS AND FINAL REMARKS

10.1. Recommendations

We would like to make the following general remarks:

- Creative Europe is a popular programme considering the amount of applications and the very low success rate ratio (in particular for the culture sub-programme). This indicates the thirst of artists and cultural workers to engage at European level and to transform the Single Market into a space for creative expressions that values imagination and cultural exchanges.
- Creative Europe has achieved recognition amongst third countries as 13 States have joined the programme thus indicating a strong envy to network with cultural workers in the EU.
- Creative Europe is chiefly geared towards supporting the EU cinema sector. This is for historical reasons as MEDIA was the first EU programme devoted to a cultural industry (1991) at the time the USA was pressing the EU to liberalise its audiovisual market and Member States were keen to promote a strategic industry linked to broadcasting, information technology and digital networks.
- Creative Europe tries to overcome the difficulty for cultural operators to benefit from the Single Market whilst they operate in different linguistic and cultural market. Europe lacks pan European distribution infrastructure in numerous CCS, notably in audiovisual. Creative Europe priority is rightly addressing this structural challenge. Tools deployed and supported actions are well thought. Funding is however too limited to really impact market structures. Creative Europe is excellent in networking AV professionals and help them apprehend the European challenge. It also helps a lot to leverage additional funding for films as MEDIA acts as a quality label (national funding, Eurimages and even pre-sales). Support to film development is instrumental in that regard as few film funds support this pre-production stage.
- Creative Europe's ambitions to develop an international strategy; it has yet to acquire the human and financial resources to implement this ambition and engage with third countries looking to Europe's expertise in managing cultural institutions and in nurturing creation.

Moreover, the programme will have to adapt to new realities linked to:

- changes in cultural consumption patterns (especially amongst youth audience);
- role taken by cities and local authorities in supporting cultural investment as part of economic and social development strategies;
- the role taken by CCS in developing new forms of working practices (more collaborative, grassroots and cross sectorial);
- the power of digital platforms (Netflix, Google, Amazon, Tencent, Apple, Facebook) that will influence business models, financing and distribution of "content";
- the need to encourage collaboration between the CCS and Europe's technology and business sectors to promote cross sectorial innovation and creative spillovers;
- the fact that cultural workers are connected internationally via social media and that the world's sustainability is the general objective;
- the willingness and interest of third countries (notably China) to engage with EU's CCS as part of trade, diplomatic and cultural exchanges.

The report's recommendations are made with a view to enable the programme to adapt to the social and economic realities mentioned above. With this purpose, the proposal advances 8 sets of recommendations which target the core elements of Creative Europe:

1. Funding of the Creative Europe programme:

- a. Increase the Creative Europe programme budget for the period (2021-2027), in line with the call from 70 organisations from the CCS.¹³⁵
- b. Develop synergies with other EU programmes (Structural Funds, COSME Development and cooperation, social, education) to ensure that the Cultural Agenda is mainstreamed in other policy areas not only in terms of priorities but also in terms of earmarked funding lines.
- c. Attract large private donors to invest in Creative Europe's label and notably EU prizes to give them an international dimension.
- d. Invite third countries to co-fund joint international initiatives.
- e. Provide matching fund to significant investment (private or public) aimed at impacting significantly the structure of the market or at promoting artistic achievements. Ultimately this could help the CCS to gain better access to the European Fund for Strategic Investments (EFSI).

2. Visibility of the programme:

- a. Strengthen the political profile of Creative Europe and cultural policy at the European Parliament, for example through joint events with other relevant committees (AFET, ITRE, IMCO) or intergroups (on culture and creative industries, on tourism and cultural heritage, or on the digital agenda).
- b. Creative Europe to establish an advisory board composed of prominent personalities from the world of art, cultural institutions, major investors and creative businesses. Creative Europe to find influential spokesperson and opinion influencers.
- c. Creative Europe to pro-actively mediate in highlighting best practices (according to pre-defined objective criteria) and publicise key outcomes in orchestrated media campaign.
- d. Encourage the labelling ("With the support of Creative Europe") of "best" initiatives to contribute to their sustainability (independently of whether they receive additional funding).

3. Funding priorities:

- a. Increase cross-sectorial collaboration opportunity within and outside the CCS. Creative Europe is the only programme enabling experimentation stemming from the CCS.
- b. Support large scale initiatives aimed at promoting cross sectorial collaborations with a view to innovate (technology, social and economic innovation).
- c. Work with countries, regions and cities as well as universities to link up creative ecosystems throughout the EU.
- d. Favour support to schemes that are scaling up the CCS and promote long term collaboration between individuals, organizations and companies.
- e. Give more resources to programmes that promote talents at pan European level (EU Prizes).
- f. Support training programmes that are addressing technology, trade and business challenges across the CCS.
- g. Access to finance via constant monitoring of the impact of the Guarantee Facility.

¹³⁵ Open letter to the European Commission. Boosting the EU culture budget – A call from Europe's cultural & creative sectors. Brussels, 9 April 2018.
http://impalamusic.org/sites/default/files/pictures/attachedfiles/Boosting%20the%20EU%20culture%20budget%20-%20A%20call%20from%20Europe%27s%20cultural%20%26%20creative%20sectors_0.pdf

- h. Help the cultural and creative sectors to adapt to the digital challenges (and especially the audiovisual sector).
- i. Encourage collective responses to market development with a view to create economies of scale.

4. Strengthening Creative Europe's impact for social innovation:

- a. Disseminate and support best practices in social inclusion and in education that are based on art and culture and which stimulate creativity.
- b. Encourage and support networks of social innovators, reward link to networks or cultural organisations and practitioners, especially where these are working on the key themes of the social agenda: young people, skills, migration, older people etc.
- c. A sponsored prize for social creativity, to highlight and promote good practices: one for projects, one for outstanding individuals.
- d. Set up a 'creative corps' – a trans-national database of creative workers with the skills and abilities to work in particular areas of social innovation.
- e. Identify and encourage support for key clusters or incubators of culture-based social innovation, by providing advice, support, mentoring and funding.

5. Develop a comprehensive external relations programme:

- a. Reinstate a clear international component as part of MEDIA or Creative Europe as a whole (akin to MEDIA Mundus).
- b. Develop tools and guidelines for EU Delegation to team up with European companies to promote EU's CCS and to ensure the EU Delegation help develop market access in third countries. This could be directly supported by a 'Creative Europe Mundus' as suggested above.

The following recommendations could be implemented either via specific calls under the future Creative Europe or through external relations programmes (Eastern Partnership, ACP Cultures + or the European Development Fund):

- c. Support setting up of a cultural expert task force to advise third countries on cultural policies.
- d. Include CCS representatives in trade missions (such as the EU-South Korea Protocol on Cultural Cooperation) led by Creative Europe units at DG EAC and DG CNECT.
- e. Ensure that technical assistance programme with neighbouring countries notably the Balkans include the cultural dimension, in line with the Creative Europe objectives.

6. Transparency and management:

- a. Establish indicators to measure impact of policies on cultural diversity, training and audience development.
- b. Review the budget allocated to the administration and management of the Creative Europe programme. Resources should go in priority to the CCS. Review funding of Creative Europe desks in large countries familiar with the programme.
- c. Set up a cultural observatory responsible for collecting data missing from national statistic bodies and EUROSTAT to better measure the true extent of the CCS' economic, trade and social contribution.
- d. Develop a two-steps application process to address the issue of low success rate vs the relative complexity of the applications.

- e. Improve coordination or review the management of the programme by two different DGs (EAC and CNECT). It is important to give cultural policy a higher political profile to avoid marginalisation in EU policy priorities.
- f. Strengthen synergies and coordination with other EU programmes. A first step could consist in sharing all calls relevant for the CCS on Creative Europe's website. As part of the mid-term reviews of the different programmes, a full analysis of complementarities, synergies and relevance of the different initiatives should be undertaken to best match the needs of the CCS.

7. Ensuring coherence and flexibility of the future programme:

- a. The evolution of the programme between 2014 and 2018 is positive and adapted well to new needs of the sector. The future programme should endeavour to strike a balance between flexibility and democratic debates on new political priorities. The future Creative Europe Regulation should provide a clear legal framework to achieve this balance, and notably foresee where delegated acts could be used to include new policy priorities.
- b. The indicators to monitor Creative Europe (currently based on delegated acts) should be subject to a study in order to integrate a list of evidence-based core indicators in the basic act. Additional indicators could then supplement this list via delegated acts to adapt to the Programme evolution, as in the current Programme.
- c. The European Parliament should proactively monitor the impact of the pilot projects which are implemented through Creative Europe.
- d. The co-legislator should also proactively monitor and influence the legislation that impacts the CCS (copyright, development, trade, competition, single market) to ensure synergies with Creative Europe objectives.

8. Upscaling emblematic cultural initiatives based on Europe's unique strengths:

Partly because of its rich and long history, Europe has an image as an 'old place'. This can sometimes detract from the realities of the contemporary society. Efforts should be made to brand Europe as the place to create, to imagine, to express talent; a place that nurtures and values originality and difference. Creative Europe could earmark funding for large-scale/highly visible initiatives to support this approach. Some calls should include encouraging existing strong local cultural organisations to team up:

- a. Support joint initiatives from museums (or other cultural institutions) to develop international exhibitions (or performances) celebrating European cultures and sciences.
- b. Support cultural projects with a Pan-European outreach promote "European creativity" across the general public. The aim of such projects should be to celebrate the common aspects of European cultures but also to contribute to create social links and solidarity amongst citizens of Europe (e.g. by celebrating the death anniversary of famous artists).
- c. Support larger-scale initiatives from national public bodies or cultural institutions which work together on pan-European events or projects (for instance, national film institutes could be supported in setting up a VoD portal on European cinema with media literacy objectives).

10.2. Concluding remarks

Creative Europe is a small programme of the European Union. Its budget is minuscule considering the importance and the contribution of the CCS to EU's economy and social well-being. Too much is required from a € 1,46 billion budget (for a period of 7 years) whose actions are to be scattered throughout 27 countries for geographical balance.

Europe is a very creative place with the most talented cultural and creative professionals. The world is envying the continent's capacity to churn out so many talents and its expertise in cultural management. EU policy has yet to make the most of its extraordinary cultural resources.

Today culture is everywhere. It infiltrates our daily life and reaches out well beyond museums, heritage sites or traditional cultural institutions. It can be found in technology hubs, in media clusters to nourish innovation, on city walls (graffiti and murals), local community centres and street festivals which trigger social interactions. It serves to create an aesthetic, an atmosphere of conviviality and ultimately forms the attractiveness of places. It is the main resource to generate traffic and data exchanges on digital networks (music, fashion, sport). Cultural agents are called upon to challenge scientific and technological progress by questioning their impact on humanity and highlighting its essence. "Art is necessary to build the emotional framework to make senses of the dialogue" with technology¹³⁶. In its future dimension Creative Europe will have to take into consideration the new functions of culture as well as new forms of cultural consumption especially amongst the millennials.

Cultural initiatives have become one of the main agents for change in society. Cultural investment and cultural workers influence the attractiveness of places (cities), economic development, the spirit and morale of people, and social cohesion. However, this influence is largely unknown because such initiatives are rarely branded as cultural.

The European Union, a political project that is about integration and mutual understanding of 27 nationalities and more than 80¹³⁷ different languages, currently spends 0,15 % of its budget on culture (€ 1,46 billion for the period 2014-2020). This 0,15% is mainly focused on enabling the emergence of pan-European cultural networks or on promoting cross border circulation of European films. This is right as without a strong CCS, including a strong industry, it will be impossible for the EU to maintain a strong creative ecosystem.

However, the limited resources of Creative Europe also show how little consideration is given to cultural policy as an instrument to build the European community, to nurture empathy and solidarity amongst European citizens or to foster intercultural dialogue in the Balkans or with China, for instance.

Cultural policy is no longer only about the management of the arts, the promotion of nationals or culture industries abroad, the survival of art in a consumerist society or its dependency on state patronage. Culture policy is more than ever a tool to address global challenges (sustainability, cultural diversity), to connect artists and creative entrepreneurs, to innovate, to acquire knowledge or to generate intercultural dialogues and collaboration, ultimately leading to a more peaceful and united world. Cultural policy is about ensuring that the arts and humanities are fully engaged in the debate that shapes the future of our

¹³⁶ Andrea Bandelli, *4 ways art is sculpting the 4th Industrial Revolution*, March 2018, World Economic Forum.

¹³⁷ https://europa.eu/european-union/topics/multilingualism_en

societies and to make sure that empathy, imagination and beauty are mobilised in this process. Cultural policy is also about considering the impact of biotechnology and computer algorithms for the production of cultural goods and services.

The discussion on the future Creative Europe programme is the opportunity to contemplate how to associate the irrational, imagination, poetic, abstraction with the “rational”, scientific, administrated and materialist set up of our societies. It is about inspiring the European project with alternative values and objectives to statistical as well as productive ends. Art and culture make a vital contribution to the achievement of objectives that reconcile the creation of wealth with sustainability. Art and culture help to transcend purely economic or utilitarian constraints. We all have a role to play, both as citizens and consumers in drawing on the power of culture and creativity to help deliver new, more sustainable ways of living and working. We have entered a period characterised by enormous economic, social, technological and environmental challenges. The development of a genuinely ambitious policy for creativity associating art and culture can help us to address many of those challenges.

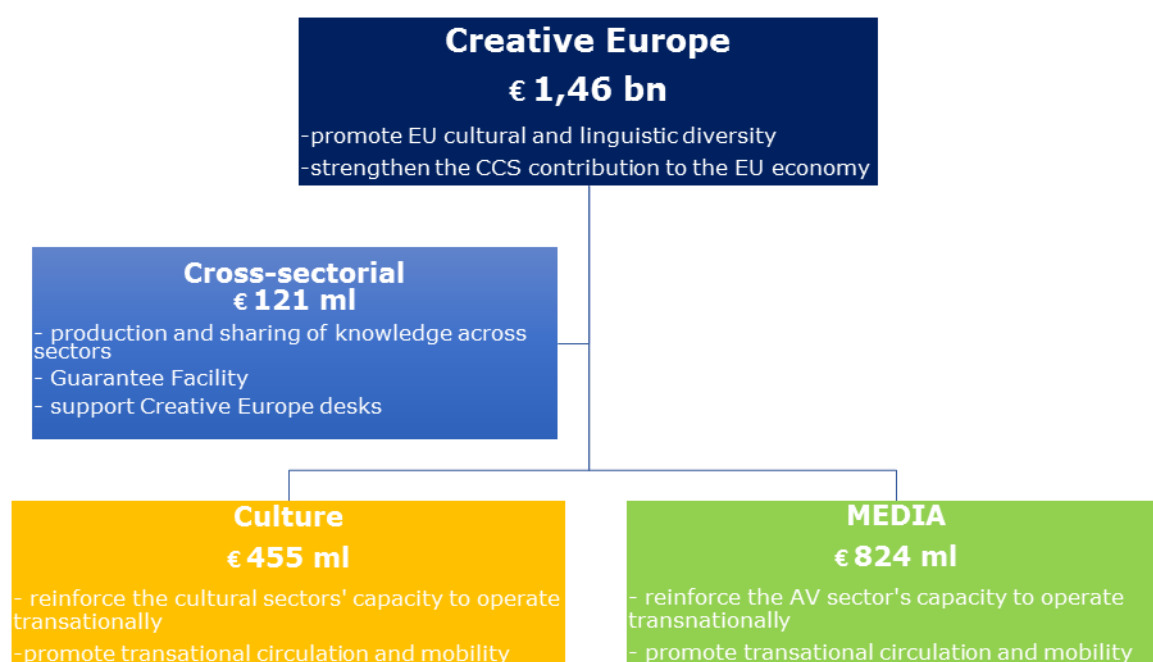
Can political leaders show creativity by taking the risk of valuing imagination, the poetic, the symbolic, the aesthetic or the spiritual (features of culture-based creativity) as factor of innovation and social progress?

ANNEXES

The first annex provides an overview of the two sub-programmes and the cross-sectorial strand of the programme, outlining the supported actions, their objectives and the rationale behind their existence. Annex 2 provides a closer look into the delegated rule-making system, emphasising the controversial judicial aspects and some key precedents in the ruling of the Court of Justice that impacted the today's understanding of DIAs. Furthermore, Annex 3 provides the bibliography and the list of key persons that were interviewed for this study. Annex 4 offers an overview of the success rate of applications by country (within the geographical scope for this study) for both the Culture and MEDIA sub-programme during the period 2014-2017.

Annex 1. Creative Europe objectives and structure

Creative Europe: structure, objectives and budgetary considerations



Culture sub-programme: main actions and objectives

TYPES OF ACTIONS	OBJECTIVES	RATIONALE (KEY CHALLENGES)
Support to European cooperation projects	<ul style="list-style-type: none"> • improve access to European culture • improve the circulation of European creative works • promote innovation and creativity • contribute to audience development in the cultural sector 	<ul style="list-style-type: none"> • the need to support the richness of European cultural diversity • market fragmentation in the CCS
Support to European networks	<ul style="list-style-type: none"> • improve networking and capacity-building • advocacy for the CCS 	<ul style="list-style-type: none"> • lack of capacity and finance to develop transnational projects
Support to European platforms	<ul style="list-style-type: none"> • improve networking and capacity-building • encourage the emergence of new business models 	
Support to literary translations	<ul style="list-style-type: none"> • contribute to audience development in the cultural sector • improve the circulation of European creative works 	<ul style="list-style-type: none"> • decreasing audience numbers for CCS • limited circulation of European creative works
Special actions: <ul style="list-style-type: none"> • Organisation of EU prizes in the fields of music, literature, architecture and heritage • European Capitals of Culture • Cooperation with international organisations • European Heritage Label 	<ul style="list-style-type: none"> • intercultural dialogue • visibility of the sector • awareness-raising • sense of belonging to a common cultural space 	<ul style="list-style-type: none"> • the need to support and promote the European cultural diversity

MEDIA sub-programme: main actions and objectives

TYPES OF ACTIONS	OBJECTIVES	RATIONALE (KEY CHALLENGES)
Support to training	<ul style="list-style-type: none"> • acquisition of skills and competences in the use of digital technologies by audio-visual professionals, knowledge sharing 	<ul style="list-style-type: none"> • the digital shift and the rapid technological developments
Support to European video games development	<ul style="list-style-type: none"> • improve the competitiveness of the European video games industry • improve the circulation of European creative works at EU level and beyond • improve access to European culture through audiovisual works • increase the visibility and circulation of European creative works 	<ul style="list-style-type: none"> • market fragmentation in the audiovisual sector • the sector's lack of competitiveness compared to international competition • the need to support the richness of European cultural diversity • limited circulation of European creative works
Support to television programming of audiovisual European works		
Support to distribution		
Support to development of single projects and slate funding		
Support to market access		
Support to audience development	<ul style="list-style-type: none"> • improve audience numbers in the audiovisual sector 	<ul style="list-style-type: none"> • decreasing audience numbers for the audiovisual sector
Support to film festivals	<ul style="list-style-type: none"> • improve audience numbers for European cinema • improve access to European culture 	<ul style="list-style-type: none"> • decreasing audience numbers for the audiovisual sector • the need to support the European cultural diversity
Support to cinema networks	<ul style="list-style-type: none"> • improve the circulation of European works • encourage the emergence of new business models • improve capacity building 	<ul style="list-style-type: none"> • lack of capacity and finance to develop transnational projects • market fragmentation in the audiovisual sector
Support to international co-production funds		

Cross-sectorial strand: main actions and objectives

TYPES OF ACTIONS	OBJECTIVES	RATIONALE (KEY CHALLENGES)
Financial Facility Guarantee	<ul style="list-style-type: none"> • increase access to finance for cultural and audio-visual operators 	<ul style="list-style-type: none"> • difficulties for the CCS in accessing finance
Support to Creative Europe Desks	<ul style="list-style-type: none"> • promote Creative Europe in each country • support to Creative Europe programme implementation 	<ul style="list-style-type: none"> • programme management decentralisation
European Audiovisual Observatory fee	<ul style="list-style-type: none"> • Comparable data collection across the audiovisual sector • Provide data and market analysis for the evaluation of the impact of the MEDIA sub-programme 	<ul style="list-style-type: none"> • lack of comparable and relevant data in the audiovisual sector to help evidence-based policy making
Support to transnational policy cooperation	<ul style="list-style-type: none"> • Support to peer-learning and exchange of experiences • Harmonise data collection for the CCS 	<ul style="list-style-type: none"> • lack of capacity to develop transnational projects and digital networking

Annex 2. Brief overview of the EU decision-making system

According to the EU legislature, during the decision-making process, the executive (i.e. the European Commission) may receive delegated powers in order to complete or amend a normative act, or to execute the legislative acts adopted in co-decision (i.e. by the Council and the European Parliament). The Lisbon Treaty reforms the decision-making system, by introducing two types of non-legislative measures, delegated and implementing acts (DIAs), in order to strengthen transparency and democracy in the decision-making process.¹³⁸ The legislators must also define in the basic act the precise terms of delegation (i.e. objectives, content, scope, duration).

Delegated acts

Article 290 of TFEU allows the EU co-legislators (the European Parliament and the Council) to delegate to the Commission the power to adopt non-legislative acts of general application (delegated acts), in order to '*supplement or amend certain non-essential elements of the legislative act*'.¹³⁹

In the case of delegated acts, the Parliament and the Council have strong powers in their scrutiny, as they can veto a measure or even actually revoke the power of delegation. The Parliament has parity with the Council in terms of scrutinizing and overseeing what the Commission does. As such, the two legislative bodies are involved in the preparatory phase on delegated acts, during which they can signal any contentious issue which has to be subsequently addressed by the Commission. In the rare cases where this does not happen, the co-legislators can use their veto right to object to a delegated act. The power to veto and revoke acts as a *Nuclear Option*¹⁴⁰, whereby the co-legislators cannot amend the measure, they can only accept it, veto it or take away the Commission's power. Big majorities are needed to veto or revoke and the option is seldom used: in the Parliament, an absolute majority of all MEPs is needed, and in the Council, a qualified majority (255 votes out of 345). The Parliament and the Council can adopt a binding objection to a delegated act within a period defined in the legislative act (usually two months).

Implementing acts

Article 291 of TFEU¹⁴¹ empowers the Commission to adopt implementing acts which are of a technical and administrative nature in situations when '*uniform conditions for implementing legally binding Union acts are needed*'.

Implementing acts require involvement of formal committees of national experts chaired by the Commission, similar to the *comitology system* before the Lisbon Treaty, as set out in Regulation 182/2011, where the role of the committee can be purely advisory or of a more binding nature.¹⁴² This implies weaker powers for the co-legislators who only have the right of scrutiny. The legislators have the right to receive detailed information during the

¹³⁸ Corina Stratulat, Elisa Molino, 'Implementing Lisbon: what's new in comitology?' In *European Policy Centre Policy Brief*, April 2011.

¹³⁹ Treaty on the Functioning of the European Union 2008/C 115/01 Article 290 (OJ C 115/1 9.5.2008).

¹⁴⁰ European Training Academy, *EU Regulatory Affairs: What you should know about implementing and delegated acts webinar*, consulted online: <https://www.eu-academy.eu/free-resources/webinars/eu-regulatory-affairs-what-you-should-know-about-implementing-and-delegated-acts/>

¹⁴¹ *ibidem*, Article 291.

preparatory phase for implementing acts and can urge the Commission to review the act via a resolution which is however non-binding for the Commission. The legislators cannot veto an implementing act like in the case of delegated acts, nor revoke the Commission's empowerment.

Both delegated and implementing acts can be adopted by means of an urgent procedure (i.e. an accelerated procedure), as decided and specified in the basic act, thereby providing for a fast track mechanism for both instruments where necessary.

The European Parliament's power and responsibilities

The new system of delegation was conceived with a view to increase the democratic legitimacy, transparency and efficiency of the decision-making process, in coherence with the boost of control and involvement the Parliament received in the co-decision procedure, which after the Lisbon Treaty became known as the ordinary legislative procedure.¹⁴³ This allows for a more democratic exercise in which the Parliament, the Council, the Commission and the Member States have to share rather than seize political power.

In reality, given that Member States' interests and those of the Council largely coincide, the latter continues to have an indirect powerful influence on implementing acts through the important role Member States benefit of. At the same time, the Parliament has no say in the process, which gives the Council a *de facto* advantage in opposition with *de jure* full parity.

Regarding the efficiency of the new delegating system, the fact that the Parliament has had more responsibility should have generated a constrained learning process in which it might develop superior expertise and capacity for prompt reaction, with obvious benefits for the functioning of EU decision-making.¹⁴⁴

Delimitations between delegated and implementing acts

However, in the new EU delegated rule-making, there is still a grey zone in determining which decisional regime to apply in order to control the powers delegated to the executive. The Biocides case C-427/12¹⁴⁵ constitute an important precedent in the case law of the European Court of Justice concerning the decision by the legislators to use an implementing act rather than a delegated act. The Commission brought an action of annulment against the European Parliament and the Council in respect of their allegedly incorrect application of Article 291(2) TFEU in reference to the Commission adopting an implementing act to set up a system of fees in order to fund the European Chemicals Agency. The Commission claimed that the legislators should have conferred the power to adopt the measure via a delegated act and not an implementing one.

The judgment of the European Court of Justice in the Biocides case represents the first attempt to provide a workable dividing line between the two categories of non-legislative

¹⁴² See the Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission (OJ L184 17.07.1999).

¹⁴³ Peers & Costa, 'Accountability for Delegated and Implementing Acts after the Treaty of Lisbon', in *European Law Journal*, 18(3), pp. 427-460, 2012.

¹⁴⁴ Corina Stratulat, Elisa Molino, *op.cit.* 2011.

¹⁴⁵ See the Biocides case C-427/12 of 18 March 2014, European Commission v. European Parliament and Council, consulted online: <http://curia.europa.eu/juris/document/document.jsf?text=&docid=149385&doclang=EN>

acts.¹⁴⁶ In this case, the Court noted that in the absence of a definition of 'implementing act' in Article 291 TFEU, such definition must be determined in relation to the concept of a 'delegated act', as derived from Article 290 TFEU. As such, while the purpose of a delegated act is '*to achieve the adoption of rules coming within the regulatory framework of the basic act, that of implementing acts is to provide further details in relation to the content of a legislative act, in order to ensure it is implemented under uniform conditions in all Member States*'. In other words, the Court specified what cannot be done by means of an implementing act and moreover that for implementing acts, the power needs to be well framed in the basic act. The Court also held that there is a certain discretion for the legislator to choose between delegated and implementing acts and that oversight by the Court is limited to "manifest errors of assessment" but that this should not be understood as a completely free choice for the legislators.

The distinction between delegated and implementing acts is not always clear in practice however.¹⁴⁷ The European Parliament in an effort to shed some light on the distinction between delegated and implementing acts adopted a resolution in February 2014 which enumerated a number of criteria which could guide the co-legislators when faced with a choice during legislative negotiations, the so-called Szajer report.¹⁴⁸

Negotiations are ongoing between Parliament, Council and Commission in order to solve the issue of the delineation criteria for the application of Articles 290 and 291 TFEU.¹⁴⁹

¹⁴⁶ Alberto Alemanno, 'The Biocides Judgment: In Search of a New Chemistry for the Principle of EU Institutional Balance' in *European Law Blog*, 1 May 2014, consulted online: <https://europeanlawblog.eu/2014/05/01/the-biocides-judgment-in-search-of-a-new-chemistry-for-the-principle-of-eu-institutional-balance/>

¹⁴⁷ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2014-0127>

¹⁴⁸ *idem*.

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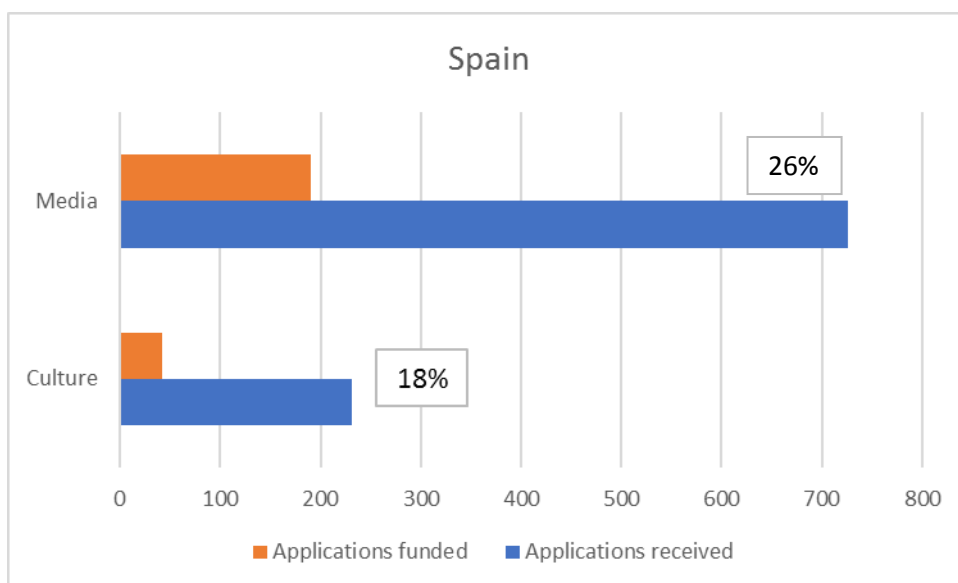
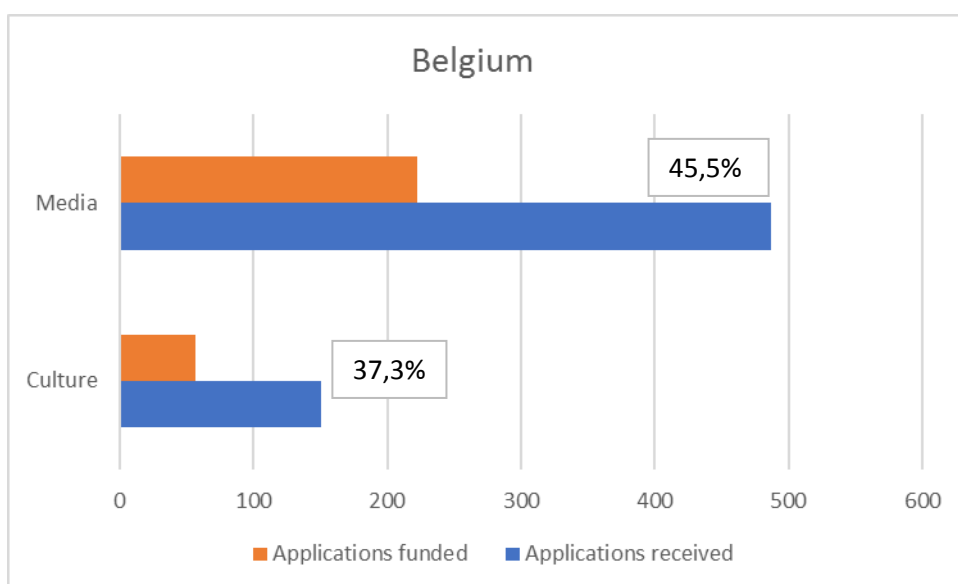
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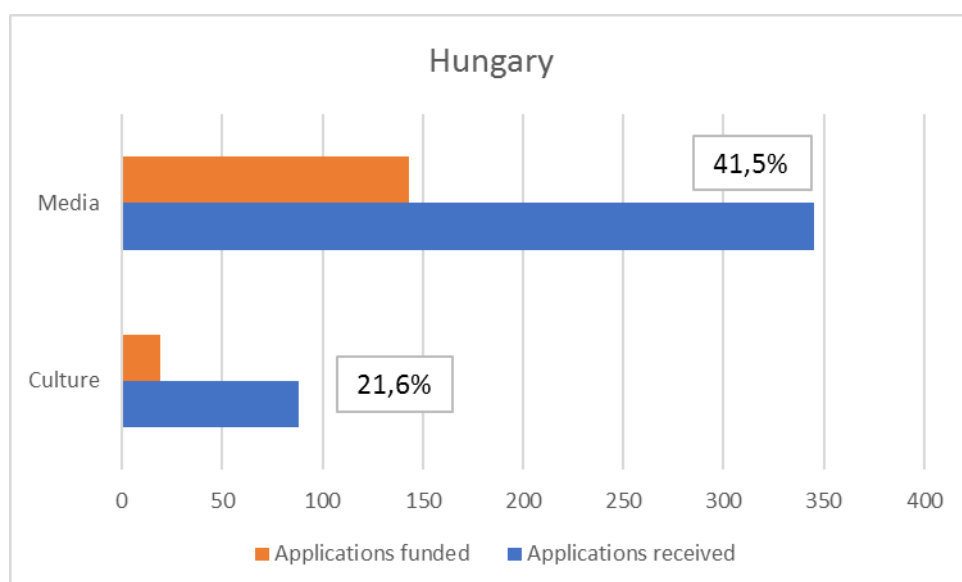
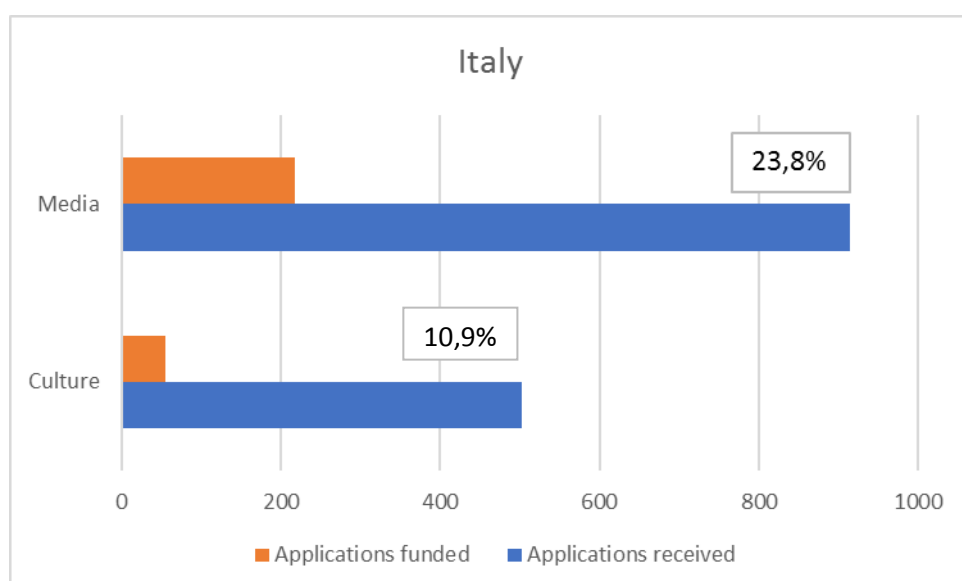
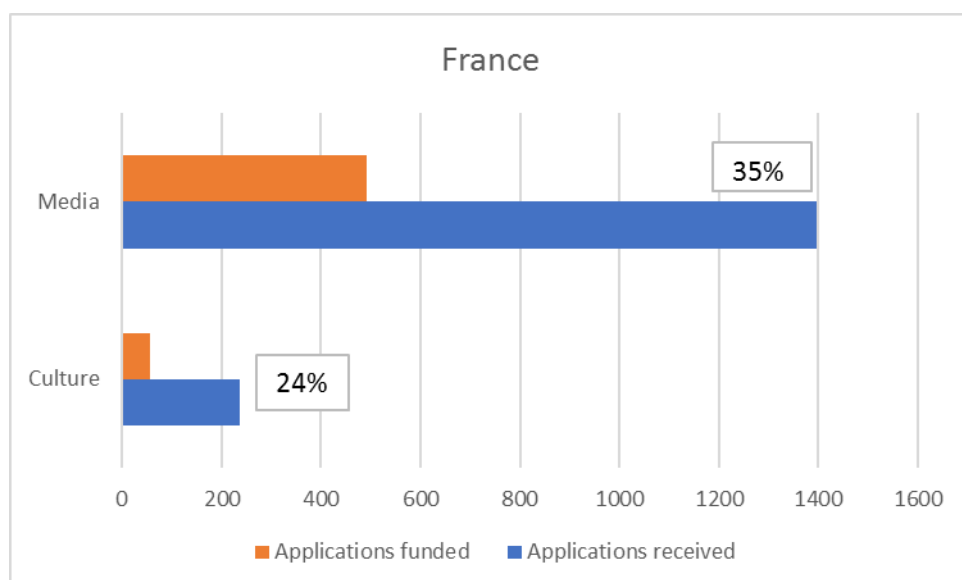
1. Rosa Pérez Monclús, Senior Policy Officer, Culture Action Europe
2. Nan van Houte, Secretary General, International Network for Contemporary Performing Arts (IETM)
3. Elena Polivtseva, Communication and Policy Manager, International Network for Contemporary Performing Arts (IETM)
4. Helen Smith, Executive Chair, Matthieu Philibert, Public Affairs Manager, IMPALA Music
5. Peter Inkei, Director, The Budapest Observatory
6. Bernd Fesel, ECBN director
7. Marc Dumoulin, Secretary, European Film Agency Directors (EFADs)
8. Carol Comley, International affairs Director, British Film Institute
9. Els Hendrix, Ministry of Culture and Media, Germany
10. Julie-Jeanne Régnault, European Affairs Manager, Centre National du Cinéma, France
11. Ana Vizcaino, CEO, Compañía Española de Reafianzamiento
12. Karel Bartak, Creative Europe Head of Culture Unit, EACEA
13. Barbara Gessler, Creative Europe Head of Unit, DG EAC
14. Monica Urian, Programme Manager Audience Development and External Relations, Creative Europe, DG EAC

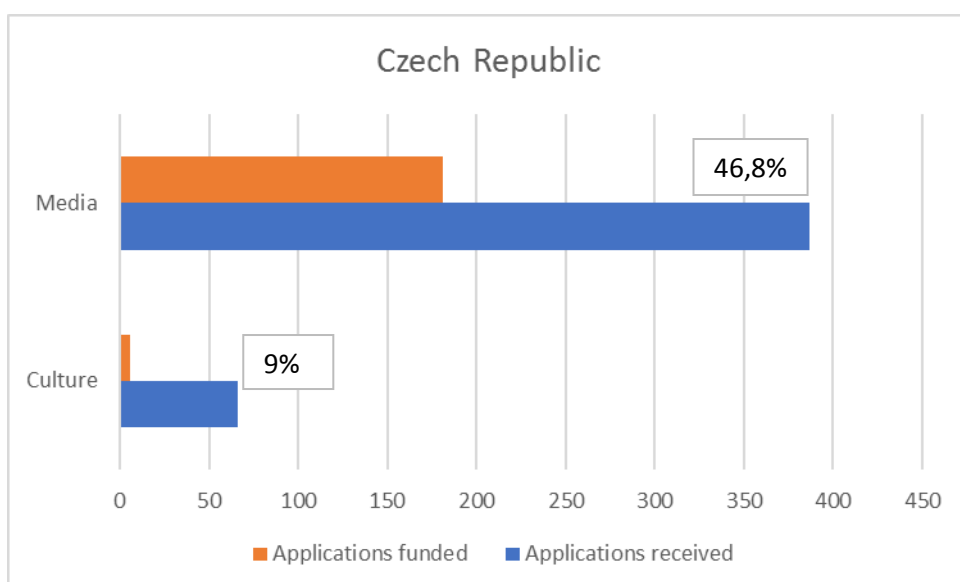
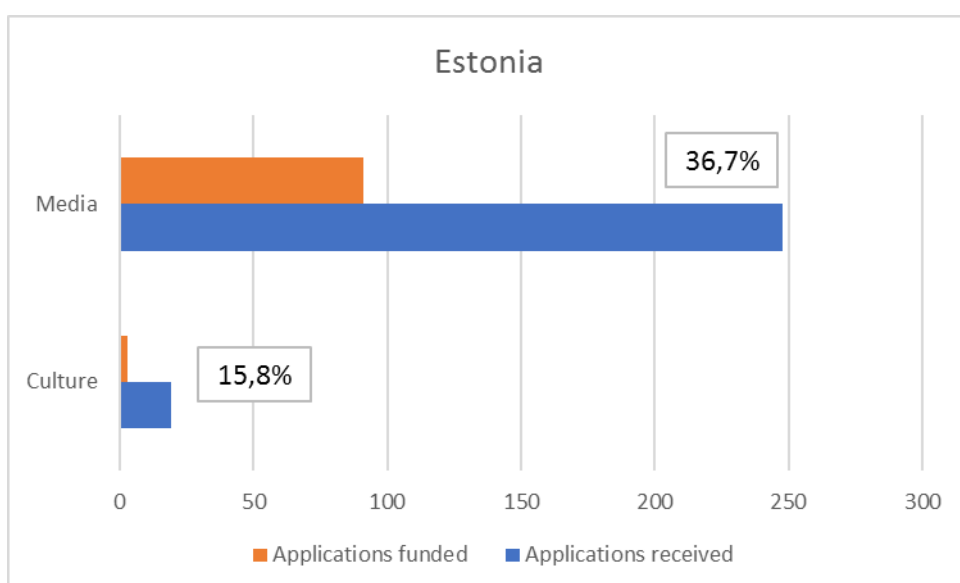
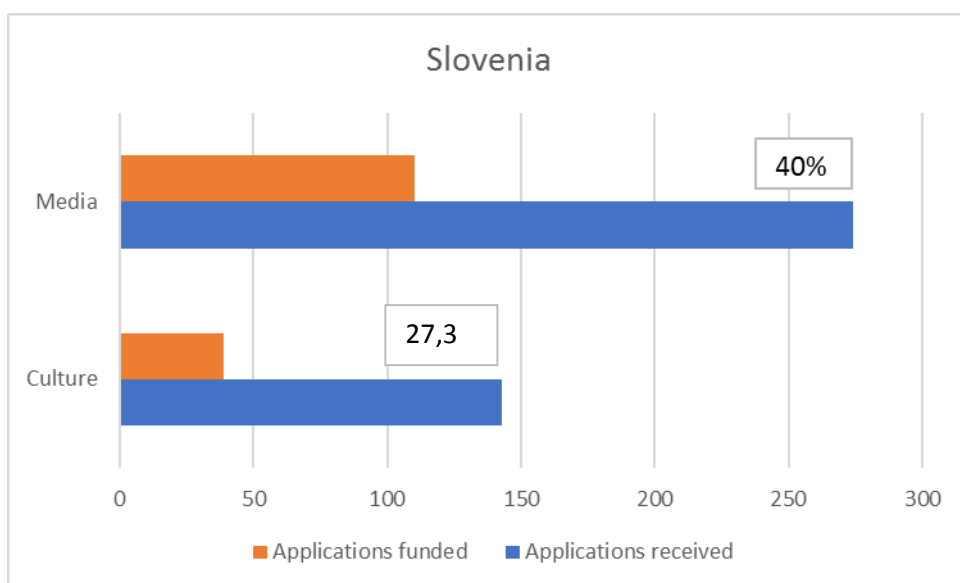
Annex 4. Success rates of applications per country 2014-2017

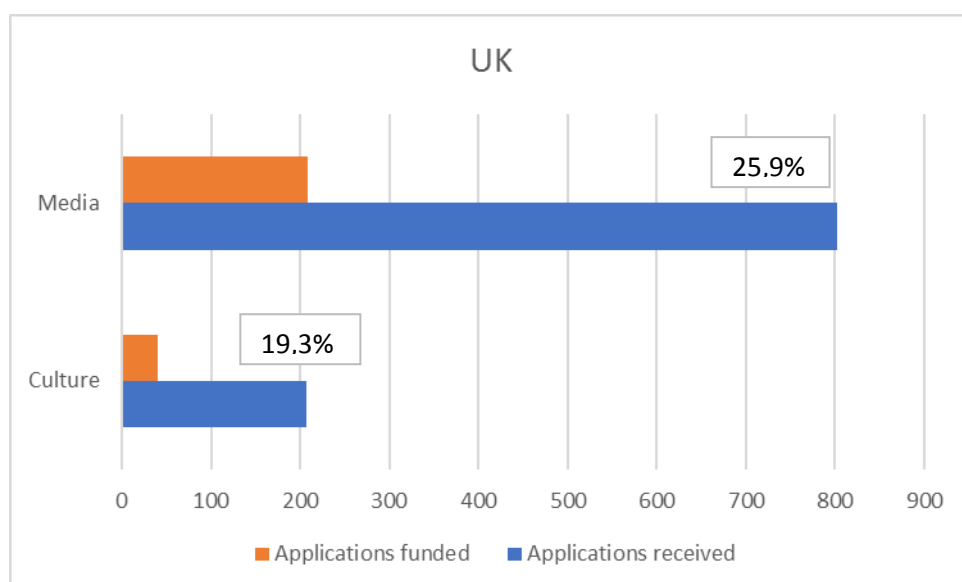
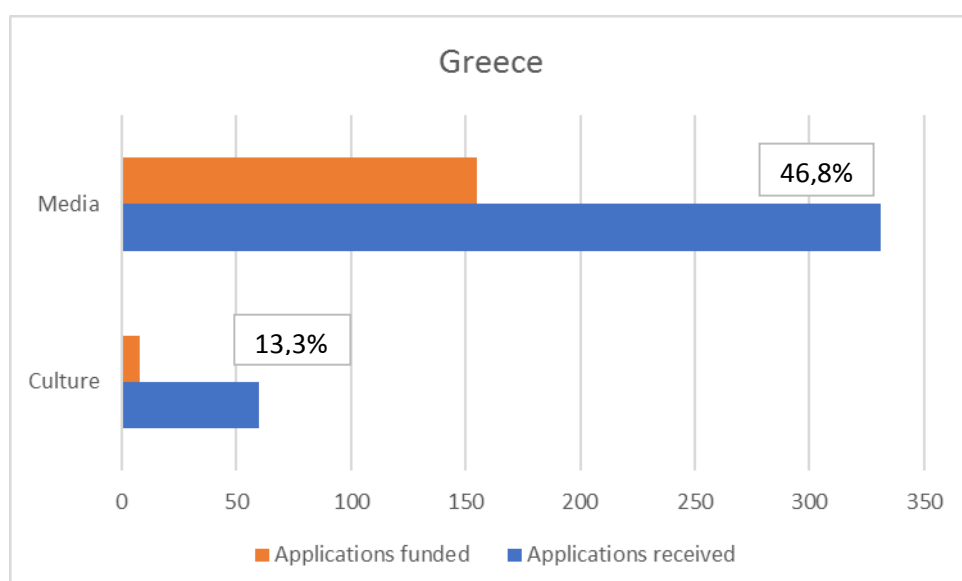
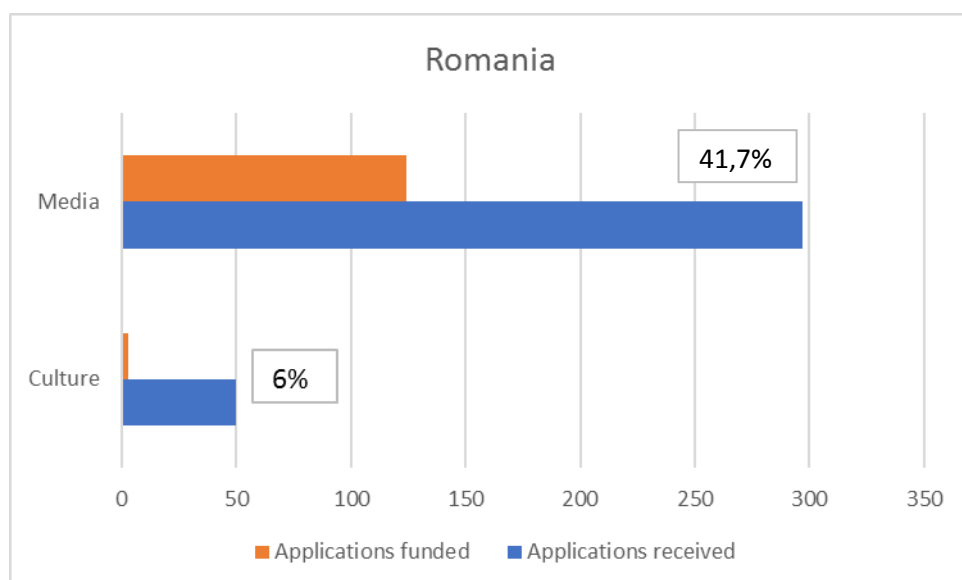
The following graphs show the total number of applications for Creative Europe funding and their success rates per country for the analysed period. The success rate was calculated by comparing the total number of received applications against the total number of funded applications for each Culture and the MEDIA sub-programmes, for all support actions.

Important observation: All data is taken from the EACEA database related to the calls for actions and submitted projects. The graphs show approximate results, as the EACEA database is not updated for all available calls for actions in all precedent years.









Creative Europe is a unique programme in Europe, tailored to the needs of the cultural and creative sectors. It is the main programme that contributes to the cultural policy objectives of the EU. The programme targets the right priorities, but its modest budget prevents it from making a substantial impact. The report provides recommendations for a more ambitious future programme, reflecting the richness of European cultural diversity.

PE 617.479

IP/B/CULT/IC/2017-084

Print	ISBN	978-92-846-3113-1		doi:10.2861/079399		QA-01-18-620-EN-C
PDF	ISBN	978-92-846-3114-8		doi:10.2861/709669		QA-01-18-620-EN-N