EN

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.4.2003
COM(2003) 191 final

2003/0067 (COD)

-

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

modifying Council Decision 2000/821/EC of 20 December 2000 on the implementation of a programme to encourage the development, distribution and promotion of European audiovisual works (MEDIA Plus - Development, Distribtuion and Promotion)

(presented by the Commission)

EXPLANATORY MEMORANDUM

The MEDIA Plus programme was adopted by the Council on December 20th 2000 to run from 1 January 2001 to 31 December 2005, with a budget of 350 million Euro.

This programme results from a proposal made by the European Commission on the basis of Article 157, intended to continue Community action in this sector. The Commission had initially implemented an "Action programme to promote the development of the European audiovisual industry (MEDIA) (1991-1995)", adopted by Council Decision 90/ 685/EEC, and which comprised in particular measures designed to support the development and distribution of European audiovisual works. This was followed by the MEDIA II Programme (1996-2000), adopted by Council Decision 95/563/EC and by Council Decision 95/564/EC, which confirmed the Community strategy for developing and strengthening the European audiovisual industry.

The MEDIA Plus proposal aimed to achieve the following objectives:

- an improvement in the competitiveness of the European audiovisual sector — including small and medium-sized enterprises — on the European and international markets, by supporting the development, distribution and promotion of European audiovisual works, taking account of the development of new technologies;

- strengthening the sectors which help improve the transnational movement of European works;

- respect for and promotion of linguistic and cultural diversity in Europe;

- enhancing the European audiovisual heritage, in particular by digitisation and networking;

- development of the audiovisual sector in countries or regions with a low audiovisual production capacity and/or a restricted linguistic or geographical area and strengthening networking and transnational co-operation between small and medium-sized enterprises;

- the dissemination of new types of audiovisual content using new technologies.

The MEDIA Plus programme aims of strengthening the competitiveness of the European audiovisual industry with a series support measures dealing with: the development of production projects and companies; the distribution of cinematographic works and audiovisual programmes; the promotion of cinematographic works and audiovisual programmes. The programme has now existed since 1991. During this period, the programme has enabled many thousands of films to be distributed within the European Union, as well as the development of many others or their promotion etc. In addition, the Programme has supported various events to facilitate market access and to improve public access to the European audiovisual heritage.

This programme comes to an end at a time when there will be major changes for the future structure and functioning of the European Union. A number of important elements will certainly entail changes to Community action in this field: the European Union will welcome ten new Member States, the Intergovernmental Conference will produce results based on the Convention for the future of Europe, the European Parliament elections and the appointment of a new European Commission. It is clear that the audiovisual sector will also be affected by these changes, changes that the programme will need to adapt to. However, it is not possible at the current time to predict accurately the extent of shape of these future modifications.

Despite this situation, it is essential to ensure continuity of Community support for the sector, and to avoid any disruption of these mechanisms in support of Community objectives laid down in the Treaty. In addition, such actions involve a large number of operators from the audiovisual sector. In view of these circumstances, the European Commission proposes that the existing programme should be prolonged unchanged for 2006.

It is necessary to assure a legal basis to enable the programme to be prolonged by one year. At the same time, the Commission will continue to explore all existing possibilities for action in this field, through preparatory actions, such as the i2i Audiovisual "growth and audiovisual" action, and through the pilot projects foreseen under the MEDIA plus decision itself.

This approach will enable the Commission to prepare, on the basis of the insight gained, together with the results of the mid-term evaluation foreseen in Article 12 of the Decision establishing the programme and the results of the public consultation, a proposal for a new programme for Community support for the audiovisual sector.

The European Commission intends to present a proposal for the establishment of a new European Community programme for support of the European audio-visual sector, before the end of 2003. This programme would begin in 2007. Whilst it is clear that the other European Institutions and the operators concerned consider that the MEDIA programmes have been a success, the European Commission aims to further improve its action in this field.

The European Commission therefore proposes:

- to prolong MEDIA Plus for 2006;
- to adjust the overall budget of the MEDIA plus programme as prolonged to 435.60 million EURO.

2003/0067 (COD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

modifying Council Decision 2000/821/EC of 20 December 2000 on the implementation of a programme to encourage the development, distribution and promotion of European audiovisual works (MEDIA Plus - Development, Distribtuion and Promotion)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 157(3) thereof,

Having regard to the proposal from the Commission[1],

Having regard to the opinion of the Economic and Social Committee[2],

Having regard to the opinion of the Committee of the Regions[3],

Acting in accordance with the procedure laid down in Article 251 of the Treaty[4],

Whereas:

(1) The Council by Decision 2000/821/EC established the programme MEDIA Plus, a programme to encourage the development, distribution and promotion of European audiovisual works, to run from 1 January 2001 to 31 December 2005.

(2) It is essential to ensure the continuity of Community policy for the support of the European audiovisual sector in view of the objectives followed by the Community under Article 157 of the Treaty,

HAVE ADOPTED THIS DECISION:

Article 1

Decision 2000/821/EC is hereby amended as follows:

(1) In Article 1(1), the date of 31 December 2005 is replaced by that of 31 December 2006

(2) In Article 5(2), the financial reference amount of EUR 350 million is replaced by EUR 435.60 million.

---

1 OJ C , , p. .
2 OJ C , , p. .
3 OJ C , , p. .
4 OJ C , , p. .

Article 2

This Decision shall enter into force on the day of its publication in the Official Journal of the European Communities.

Article3

This Decision is addressed to the Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Culture - Industrial Policy

Activit(y/ies): Support to the audiovisual industry

Title of action:
DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL modifying Council Decision 2000/821/EC of 20 December 2000 on the implementation of a programme to encourage the development, distribution and promotion of European audiovisual works (MEDIA Plus - Development, Distribution and Promotion)

1. BUDGET LINE(S) + HEADING(S)

B3-2010 MEDIA Plus (15.05.01.01)

B3-2010A (15.01.04.08)

2. OVERALL FIGURES

2.1. Total allocation for action (Part B):

85.600 € million for commitment

This amount represents the budgetary impact of the proposal to prolong the programme, which is due to end on 31 December 2005, for the additional year concerned, 2006.

This amount relates to EU25. An amount corresponding to the impact of enlargement in 2004 will be added to the programme's overall budget, as modified by the current prolongation proposal.

2.2. Period of application:

1 January 2006 - 31 December 2006

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million (*to three decimal places)*

	2006	2007	2008	2009	Total
Commitments	79,600				
Payments	38,300	24,100	14,900	2,300	79,600

(b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments	6,000				

Payments	4,200	1,800			6,000

Subtotal a+b					
Commitments	85,600				
Payments	42,500	25,900	14,900	2,400	85,600

(c) Overall financial impact of human resources and other administrative expenditure *(see points 7.2 and 7.3)*

Commitments/ payments	3,553				3,553

TOTAL a+b+c					
Commitments	89,153				
Payments	46,153	25,900	14,900	2,300	89,153

2.4. Compatibility with financial programming and financial perspective

[X] Proposal is compatible with existing financial programming.

2.5. Financial impact on revenue:[5]

[X] Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

Type of expenditure		**New**	**EFTA contribution**	**Contributions form applicant countries**	**Heading in financial perspective**
Comp/ Non-comp	Diff/ Non-diff	NO/ YES	YES/NO	YES/NO	**No 3**

4. LEGAL BASIS

Art. 251 EC treaty

Art. 157 EC treaty

[5] For further information, see separate explanatory note.

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention [6]

5.1.1. Objectives pursued

The objective of the prolongation is to ensure the continuation of the MEDIA Plus Programme for support of the European audiovisual industry during the year 2006. The present programme will expire on the 31 December 2005. The prolongation is deemed necessary to ensure continuity of the Community action in the transition period, which will be characterised by very important institutional changes (enlargement of the Union, a new European Parliament and a new Commission). Moreover, the prolongation will allow the MEDIA Programme to comply with the financial perspectives, which have been established for the whole Commission until 2006.

The present request for prolongation does not include any amendment to Council Decision 2000/821/EC of 20 December 2000 establishing the MEDIA Plus Programme, except for the duration of the programme. As a consequence an additional year of budget allocation will be established.

The objective of the decision remains unchanged; to provide support to the European audiovisual industry in terms of growth and employment, the enhancement of its competitiveness at European and global level, the strengthening of a single market in the Union whilst ensuring the preservation and promotion of cultural diversities.

5.1.2. Measures taken in connection with ex ante *evaluation*

The MEDIA Plus Programme is the continuation of the MEDIA I and MEDIA II Programmes, which were initiated in 1991 and 1995 respectively. These programmes are meant to provide continuous support to the audiovisual industry in Europe and are regularly revised and consequently readapted to the emerging needs of the industry. The evaluation exercise consists of ex-ante, mid term and ex-post evaluation that in some cases overlap. The MEDIA Plus Programme has been designed after a careful ex ante evaluation as well as after consultation of all interested parties. The evaluation ex ante has built upon the results of the MEDIA II Programme which finished in 2000. Whilst a Community programme to support the European audio-visual industry has proved its importance in terms of positively impacting on the European audiovisual market, the implementation of the MEDIA II Programme has helped in better targeting the Community intervention.

5.1.3. Measures taken following ex post *evaluation*

At present the Commission's services are embarking on a mid term evaluation of the MEDIA Plus Programme, the results of which are likely to provide a better definition of the scope and modalities of the Community intervention. The evaluation will focus on the first two years of implementation of the programme. It will identify indicators of performance and implementational shortcomings that will then be corrected for the continuation of the MEDIA Plus Programme.

---

[6] For further information, see separate explanatory note.

5.2. Action envisaged and budget intervention arrangements

The MEDIA Plus Programme foresees action preceeding and following the production of audiovisual projects. The actual production process does not benefit from Community support as, following the subsidiarity principle, this is the scope of the existing national programmes supporting audiovisual productions. The action concentrates on the development phases of the project, ensuring that relevant actors, namely directors, producers and screenwriters, are enabled to develop creative projects with a coherent business plan. This development component ensures both at individual and group level, access to soft loans for the elaboration of fully-fledged projects both from the artistic and the commercial point of view.

Post-production, the largest part of the Community contribution aims at supporting the distribution costs of European audiovisual products. This is done in the form of grants and automatic returns to European distributors. The grant of award for support depends on the commercial viability of the distribution plan as well as the European and cultural value of the project distributed. The distribution component focuses on the support for the transnational circulation of European audiovisual products. It addresses theatrical distribution as well as TV distribution with a particular focus on the use of new technologies in the distribution process. This action involves grants and returns related grants to cover the distribution costs of European films and audiovisual products.

With a view to enhancing the competitiveness of European audiovisual industry and consolidating a European market for the audiovisual sector, the MEDIA Programme supports action for the promotion of the European films in Europe and outside Europe. Under the heading “promotion” the MEDIA Plus Programme supports European film, documentary and animation festivals, as well as promotion actions all over the world. This action foresees financing by means of subsidies to festivals for up to fifty percent of their total budget and by service contracts of the promotion actions.

5.3. Methods of implementation

The implementation mechanism will follow the general regulation for Community actions. It includes grants, loans and co-financing schemes, based on detailed financial requests. The Community is fully financing services such as the organisation of expert panels, market studies, evaluation of projects and technical assistance. The financing will be awarded following calls for tender and calls for proposals.

The MEDIA Plus Programme is centrally managed by the Commission services. A technical Assistance Office located in Brussels supports the Commission services in management related issues. This office is financed on budgetary line B3-2010A (15.01.04.08) (covering both MEDIA Plus and MEDIA Training). At national level and in co-operation with national authorities MEDIA desks ensure the interface with the beneficiaries of the Programme. It should be noted that a study has been launched to examine the possibility of replaceing the existing technical assistance office with an Executive Agency.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	2006	Total
Action 1 Development	16,480	16,480
Action 2 Distribution	44,300	44,300
Action 3 Promotion	7,200	7,200
Action 4 Pilot Projects	5,620	5,620
Action 5 Horizontal issues	6,000	6,000
TOTAL	79,600	79,600

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

It should be noted that the technical assistance costs for the MEDIA Traning programme are covered by budgetary line B3-2010A (15.01.04.08) that covers the Technical Assistance Office for both MEDIA Training and MEDIA Plus.

	2006	Total
1) Technical and administrative assistance		
a) Technical assistance offices	5,030	5,030
b) Other technical and administrative assistance: - intra muros: - extra muros: *of which for construction and maintenance of computerised management systems*		
Subtotal 1	5,030	5,030
2) Support expenditure	0,240	0,240
a) Studies	0,330	0,330
b) Meetings of experts	0,200	0,200
c) Information and publications	0,200	0,200
Subtotal 2	0,970	0,970
TOTAL	6,000	6,000

The nature of these expenses could be altered if the results of a study on costs and effectiveness that will be launched in 2003 prove that it would be advantageous to set up an Executive Agency to manage the programme.

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)[7]

Commitments (in € million to three decimal places)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1…n)	Average unit cost	Total cost (total for years 1…n)
	1	2	3	4=(2X3)
Action 1 - Development				***16,480***
- Measure 1: Single Projects		*183*	*0,033*	*6,000*
- Measure 2: Slate Funding		*118*	*0,089*	*10,480*
Action 2 - Distribution		-	-	***44,300***
- Measure 1: Selective scheme		*280*	*0,043*	*12,000*
- Measure 2: Automatic scheme		-	-	*18,000*
- Measure 3: Sales Agents		*24*	*0,054*	*1,300*
- Measure 4: TV distribution		*83*	*0,157*	*13,000*
Action 3 - Promotion		-	-	***7,200***
- Measure 1: Promotion		*48*	*0,100*	*4,800*
- Measure 2: Festivals		*96*	*0,025*	*2,400*
Action 4 - Pilot Projects		*6*	*0,937*	*5,620*
Action 5 - Horizontal Issues				*6,000*
TOTAL COST				79,600

If necessary explain the method of calculation

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

The officials currently managing the existing programme will also be in charge of the management of the prolongation of the MEDIA Plus Programme.

The Budget line B3-2010A (15.01.04.08) covers the staff and administrative expenditure for both programmes, MEDIA Plus and MEDIA-Training.

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	8	2	10	*If necessary, a fuller description of the tasks may be annexed.*
	B	5	1	6	

[7] For further information, see separate explanatory note.

C	5	1	6	
Other human resources		1 5	6	1 DNE+5 Aux.
Total	18	10	28	

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials: 18 Temporary staff: 4	1.944.000 300.600	108.000 x 18 108.000 x 1(TA) 99.404 x 1 (AA) 55.488 x 1 (AB) 37.728 x 1 (AC)
Other human resources (budget line:B3-2010 A)	240.000 43.668	
Total	2.528.288	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7) A0701 – Missions A07030 – Meetings A07031 – Compulsory committees [1] A07040 – Conferences A0705 – Studies and consultations Other expenditure (specify)	 43.000 332.000 300.000 100.000 250.000	 - - 25 Member State representatives for 1000€ for 6 meetings per year.
Information systems (A-5001/A-4300)		
Other expenditure - Part A (specify)		
Total	1.025.000	

The amounts are total expenditure for twelve months.

[1] Specify the type of committee and the group to which it belongs.

I.	Annual total (7.2 + 7.3)	3.553.288 €
II.	Duration of action	1 year
III.	Total cost of action (I x II)	3.553.288 €

The requirements for human and administrative resources expenditure will be met within the budget allocated to the Direction General responsible within the context of the annual allocation procedure.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

In terms of implementation of the programme, the prolongation will continue on the system built up under MEDIA Plus. It will involve the participation in selection panels of the various calls for proposals, the monitoring of ongoing service contracts and the financial control of all transactions between the Commission and the beneficiaries.

8.2. Arrangements and schedule for the planned evaluation

A mid term evaluation of the MEDIA Plus Programme is currently being initiated by the Commission's services with the assistance of an external independent consultant. The results of such an evaluation will help in correcting, if needed, implementational shortcomings and structural deficiencies of the current programme. At the end of the MEDIA Plus Programme, an independent evaluator will carry out an evaluation of the impact of the programme. The results of the ex-post evaluation will be transmitted to the Parliament, the Council, the Committee of the Regions and the European Economic and Social Committee.

9. ANTI-FRAUD MEASURES

All the contracts, conventions and legal undertakings concluded between the Commission and the beneficiaries under the programme foresee the possibility of an audit at the premises of the beneficiary by the Commission's services or by the Court of Auditors, as well as the possibility of requiring the beneficiaries to provide all relevant documents and data concerning expenses relating to such contracts, conventions or legal undertakings up to 5 years after the contractual period. Beneficiaries are subject to the requirement to provide reports and financial accounts, which are analysed as to the eligibility of the costs and the content, in line with the rules on Community financing and taking account of contractual obligations, economic principles and good financial management.