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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing the Creative Europe programme (2021 to 2027) and repealing Regulation
(EU) No 1295/2013

(Text with EEA relevance)

{SEC(2018) 274 final} - {SWD(2018) 290 final} - {SWD(2018) 291 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Reasons and objectives

Europe's rich cultural heritage and dynamic cultural and creative sectors are a part of European identity. Culture and cultural expressions manifest themselves strongly in the daily life of the Union's citizens and can contribute to wellbeing, active citizenship, common values, social inclusion and the development of intercultural dialogues as well as of a free, pluralistic and diverse media environment. The cultural and creative sectors fully contribute to the Union's economic development, generating jobs and growth, and are thus key for Europe's future.

These sectors have also the power to shape our aspirations and relations to others and to the world, as well as the places and landscapes where we live or the lifestyles we develop. They promote European excellence on the world stage, reinforcing the Union's global position.

European support to culture and the audiovisual sector has been provided through various funding programmes for many years. The Creative Europe programme 2014-2020 constitutes a unique platform for coordinated and constructive support to them across the continent. The current proposal builds on this experience and sets out to continue and strengthen well working elements, including via a reinforced budget which reflects the European Union's commitment to the sectors and the recognition of their essential role in our Union. Through the many activities and projects it will fund, the proposal will be a key enabler to reinforce European cultural and creative sectors, and to unlock their full potential in an economic, social and international perspective.

Article 3 of the Treaty on European Union states that the "*Union's aim is to promote peace, its values and the well-being of its people*" and, among others, "*it shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced*". Along these lines, the Commission's reflection paper on the future of EU finances states that "*the EU budget supports this aim, working together with national budgets and complementing other efforts at European and national level*".

To promote the competitiveness and cultural and linguistic diversity of the audiovisual industry, the EU has used several instruments combining legislation, policy support and funding. The Digital Single Market strategy for Europe calls for a modernisation of the legal framework which in turn requires the adaptation of the EU financial support to the audiovisual industry, to reflect new market trends, changing consumers' patterns and the increasing convergence between linear and non-linear services.

However, the cultural and creative sectors are facing a number of challenges.

First, the cultural and creative sectors in Europe have to face increased competition from new and strong global players such as search engines and web based social platforms. This has led to the need to develop new business models and realise the potential for growth by taking advantage of digital technologies in order to be competitive in a global market.

Second, the digital shift is bringing about a change in paradigm, having a massive impact on how cultural goods are created, managed, disseminated, accessed, consumed and monetised, changing the value propositions which prevailed in the analogue era. Digitisation has facilitated the distribution of cultural and creative content and services, but it has also intensified competition of content across borders on a global scale.

Third, there is a highly fragmented market for cultural and creative works stemming largely from Europe's cultural and linguistic diversity, which results in the cultural and creative sectors being essentially fragmented along national and linguistic lines and lacking critical mass. This diversity is part of Europe's cultural richness.

At the same time, the transnational circulation of works remains limited. It is therefore important to stimulate the transnational circulation and co-production of works across borders and to develop more effective solutions to reach audiences across borders.

Fourth, market concentration is a growing concern. In certain cultural and creative fields, a trend is emerging where a limited number of major players account for a large part of global sales.

Fifth, Europe's audiovisual industry is internationally recognised but it is not competitive enough within the Digital Single Market. 80% of European films are national productions but co-productions travel better than national films. In some countries, audio-visual professionals need to strengthen their capacity to operate.

Finally, there is a growing phenomenon of disinformation. Content industries, in particular the news media sector, are at the core of the fight to maintain a culture of healthy democratic debate. Artistic freedom and diverse and free media environment are central to conveying diverging opinions and perspectives. They contribute to pluralistic societies where citizens are able to make informed choices, including in the context of political elections.

These challenges of a trans-national nature require a targeted European approach to optimise the potential of the sectors to contribute to jobs, growth and social inclusion, including for the most disadvantaged and hard-to-reach groups. They are common to all EU Member States and have cross-border dimensions. Indeed, while action at national level is important, the single Member States on their own do not have enough leverage to fully address them.

The aim of this initiative is to build on the Creative Europe Programme's achievements and scale up efforts with a view to meeting the objectives set in relation to more recent policy developments. The new Creative Europe programme intends to offer opportunities for operators to develop technologically and artistically innovative European trans-border initiatives to exchange, co-create, co-produce and distribute European works and make them accessible to a wide and diverse audience. It will intensify testing new business models enabling creators to make best use of digital technology for creation and audience development.

In order to face increasingly competitive international markets, the new Programme will support cross-border partnerships and networks as well as new collaboration models, to encourage the scaling up of Europe's cultural and creative sectors. This will strengthen the position of European actors in the European and global markets for instance by supporting their international presence, marketing and branding. The programme will invest in developing creative capacities of artists and industry professionals by allowing them to collaborate across borders. It will support initiatives that allow more people to participate in culture and thus contribute to a socially more inclusive European society.

The revised Audiovisual Media Services Directive will provide further opportunities for the promotion of European works, but accompanying support measures are needed to help make European non-national works more widely available across Europe and beyond. The new Programme will tackle the challenges that the audiovisual sector is facing – including the digital shift – by fostering cooperation across the value chain – from the early stages of production to distribution and exhibition. It will specifically support projects with high circulation potential and a global market approach and access to content across all platforms.

The new Programme will also support actions aiming at reinforcing Europe's news media sector, journalistic freedom, diversity and pluralism of journalistic content, as well as a critical approach to media content through media literacy.

This proposal provides for a date of application as of 1 January 2021 and is presented for a Union of 27 Member States, in line with the notification by the United Kingdom of its intention to withdraw from the European Union and Euratom based on Article 50 of the Treaty on European Union received by the European Council on 29 March 2017.

Consistency with existing policy provisions

This initiative contributes to the ambition expressed in Rome in March 2017 by the 27 Member States and EU institutions for a Union *"where citizens have new opportunities for cultural and social development and economic growth [...]; a Union which preserves our cultural heritage and promotes cultural diversity"*¹. This ambition was confirmed at the Gothenburg Leaders' Summit in November 2017 and by the European Council in December 2017, which highlighted the 2018 European Year of Cultural Heritage² as a pivotal opportunity to increase awareness of the social and economic importance of culture and heritage.

It is consistent with the Communication on Strengthening European Identity through Education and Culture³, where the Commission stated that it is *"in the shared interest of all Member States to harness the full potential of education and culture as drivers for jobs, economic growth, social fairness, active citizenship as well as a means to experience European identity in all its diversity"*.

The initiative is in line with the 2018 Commission Communication on a New European Agenda for Culture⁴, the 2016 Joint EEAS/Commission Communication "Towards an EU strategy for international cultural relations"⁵ and the 2014 Commission Communication "Towards an integrated approach to cultural heritage for Europe"⁶, which all plead for a stronger role for culture in the further social, economic and international development of our Union.

The initiative is consistent with the 2018 Commission Communication "Tackling online disinformation: a European Approach"⁷, in particular with its overarching objective of promoting "diversity of information, in order to enable citizens to make informed decisions based on critical thinking, through support to high quality journalism, media literacy, and the rebalancing of the relation between information creators and distributors".

Finally, the initiative takes into account the renewed EU Industrial Policy strategy, adopted in September 2017⁸, which highlighted the need to upgrade European industry for the digital age by supporting innovation and creativity, supporting skills development and providing a favourable environment for entrepreneurship and the scale-up of dynamic small and medium-sized enterprises.

Concerning more particularly the audiovisual sector, the MEDIA strand will accompany EU Digital Single Market policies. These include in particular the proposals to modernise the copyright framework as well as the revised Audiovisual Media Services Directive. The latter will strengthen the capacity of European audiovisual players to finance, produce and disseminate works that can be sufficiently visible on the different media available (such as TV, cinema or Video on Demand) and are attractive to audiences in an increasingly open and competitive market within Europe and beyond. Support must be scaled up in order to address recent market developments, including the stronger position of global distribution platforms in comparison to national broadcasters traditionally investing in the production of European works.

¹ Rome Declaration, March 2017

² EYCH 2018: <https://europa.eu/cultural-heritage/>

³ COM(2017) 673 final

⁴ COM(2018) 267 final.

⁵ JOIN/2016/029

⁶ COM/2014/0477 final

⁷ COM(2018) 236 final

⁸ COM(2017) 479 final

The Commission proposal for the 2021-2027 Multiannual Financial Framework set a more ambitious goal for climate mainstreaming across all EU programmes, with an overall target of 25% of EU expenditure contributing to climate objectives. The contribution of this programme to the achievement of this overall target will be tracked through an EU climate marker system at an appropriate level of disaggregation, including the use of more precise methodologies where these are available. The Commission will continue to present the information annually in terms of commitment appropriations in the context of the annual draft budget.

To support the full utilisation of the potential of the programme to contribute to climate objectives, the Commission will seek to identify relevant actions throughout the programme preparation, implementation, review and evaluation processes.

The Programme will promote gender equality and contribute to achieving a more balanced gender participation in the cultural and creative industries.

Consistency with other Union policies and programmes

The Programme will be consistent and complementary to other Union instruments, in particular Erasmus+, the Funds covered by Regulation (...) [the Common Provisions Regulation], including the European Social Fund and the European Regional Development Fund, the Horizon Europe Programme as well as the external financing instruments. Based on the Treaty's mainstreaming provision and the new political approach based on cultural crossovers, as set out in the New European Agenda for Culture, the programme aims at developing synergies with the following policy areas.

(1) Synergies with education and youth policies

The future Erasmus programme will be an important complement to the Creative Europe programme. Cooperation between institutions and organisations active in education, training and youth, supported by Erasmus+, will help equip individuals with the knowledge, skills and competences needed to face social and economic challenges as well as fulfil their potential for innovation, creativity and entrepreneurship, in particular within the digital economy. Activities linked to reinforcing all aspects of creativity in education and enhancing individual key competencies, will constitute a major link between both programmes. In addition, within the framework of the European Solidarity Corps, there will be increased opportunities to attract young people dedicated to restoring or preserving cultural heritage sites.

(2) Synergies with the Rights and Values programme

There are strong links – notably in the fields of media pluralism, European identity, values and cultural heritage – between the Creative Europe programme and the Rights and Values programme that will empower citizens through the promotion and protection of rights, values and equality and through creating opportunities for engagement, participation and remembrance.

(3) Synergies with employment and social policies

The future European Social Fund + will be a major building block of the "Investing in People, Social Cohesion and Values" cluster. It will provide support to citizens by investing in human capital, supporting (youth) employment, social innovation, the acquisition of basic digital skills and the integration of migrants, and by supporting the most deprived (social inclusion). As such, there are strong links with the objectives of the Creative Europe programme. Cultural and linguistic diversity – which Creative Europe aims at reinforcing, for example through enhancing the circulation of European cultural and audiovisual works across borders – are important aspects of inclusive societies as they contribute to intercultural dialogue. Furthermore, by reinforcing the competitiveness of cultural and creative sectors, the programme favours the creation of jobs in these sectors.

(4) Synergies with **regional, urban and rural** policies

The EU's regional, urban and rural development policies are instrumental in promoting the restoration of cultural heritage and supporting cultural and creative industries. Potential synergies will be ensured to reinforce the complementarity between these instruments and Creative Europe, which can support peer learning on meaningful long-term cultural investment plans for creative industries, tourism, social inclusion, cultural heritage restoration based on quality standards of renovation of cultural heritage and increasing their contribution to the objectives of the regional and urban development and financial self-sustainability of cultural projects.

(5) Synergies with the **Single Market**

Creative Europe will complement the actions funded by the future Single Market Programme where the aspects of empowering people and fostering creative talent in the respective sectors are concerned. Synergies can also be found with tourism which has a cultural dimension and can be seen as a way of enhancing mutual understanding among people. Creative Europe will focus its interventions, where adequate, on the creativity and cultural elements of certain creative industries (such as design and fashion) by concentrating on promotion or skills development, cross-border cooperation and mobility. Complementarity will be also ensured with actions supporting the tourism industry.

(6) Synergies with **Digital** programme

Within the Digital Europe programme two leadership projects will assure the continuation of deployment activities linked to the #Digital4Culture strategy. The leadership project on digital transformation of the cultural heritage sector will continue to support European initiative launched during the European Year on Cultural Heritage 2018. The part of the programme focusing on digital skills has synergies with issues such as media literacy and film education.

(7) Synergies with the EU **research and innovation** programme

Pooling resources in order to apply the latest technologies and stimulate new scientific approaches can greatly improve the understanding, preservation and dissemination of cultural heritage and in the cultural and creative sector in general. Potential synergies will need to be strengthened to reinforce the complementarity between these instruments and Creative Europe, so that the cultural and creative sectors fully benefit from the advances of European research.

In the Horizon Europe programme, the cluster on "Inclusive, Resilient and Secure Societies" includes support research and innovation activities for the development of ICT technologies for the digitisation and preservation of tangible and intangible cultural heritage.

The "Digital Industry" cluster foresees, within the Next Generation Internet area of interventions, research activities which are closely linked to the cultural and creative industries - e.g. Augmented reality/Virtual reality, immersive environments, human computer interfaces, new (social) media. It is also foreseen to continue efforts to achieve crossovers between the creative sectors, in particular the arts, and innovation in industry and society via the S+T+ARTS programme.

(8) Synergies with the **external action** policies

Creative Europe and the international collaboration actions financed through the Union external programmes will complement each other.

The CULTURE strand intends to test shadowing schemes and other exchange initiatives with third countries for the European Capitals of Culture initiative or to open the Networks and Platforms schemes or the competition for the EU cultural Prizes to a limited extent to non-EU countries, to develop incentives to foster the inclusion of third country partners in projects where organisations in

the EU are in the lead and to support promotional efforts in strategically important markets and festivals outside the EU Member States for which there is currently no specific budget.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

Legal basis

The initiative will be based on Articles 167 and 173 of TFEU. Article 167 TFEU specifies the Union's competences in the cultural field and calls for action by the European Union to contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore and, if necessary, to support and supplement Member State action in the area listed by this provision. Article 173 TFEU states that the Union and the Member States shall ensure that the conditions necessary for the competitiveness of the Union's industry exist, including taking action to encourage an environment favourable to initiative and to the development of undertakings.

Subsidiarity (for non-exclusive competence)

The main EU added value comes from the strong transnational dimension of the programme as already demonstrated in the Creative Europe programme 2014-2020. The mid-term evaluation found the objectives and priorities of the programme to be overall coherent and complementary with those of national policies and programmes, thus respecting the principle of subsidiarity.

In particular, the multilateral transnational nature of Creative Europe provides a distinctive offer that is rarely matched by national funding, which tends to focus more on domestic activities and – to a lesser extent – on bilateral transnational cooperation. This multilateral transnational focus is highly valued by stakeholders and beneficiaries as a unique element of Creative Europe. Only a few other existing international funds support transnational cooperation in the cultural and creative sectors at all and those that do are of significantly smaller scale.

Elements of EU added value of the programme are:

- The cross-border circulation of cultural and creative works, in particular audiovisual works reaching out to larger and more diverse audiences within the Union and beyond, to reflect European diversity;
- Economies of scale and critical mass which EU support can foster, creating a leverage effect on additional funds; the reputational effect for programmes' beneficiaries increases the potential interest of partners and financial intermediaries and their trust in supported projects, facilitating access to additional funding; The creation of European networks and cross-border partnerships, which constitute the main and the most durable structuring elements of Creative Europe and support the overall capability of operators;
- Transnational networks also increase the capability of the culture and creative operators overall and especially for those working in niche fields and in the Member States where such capabilities are less developed;
- Result-oriented cross-border mobility for culture and creative operators leads to skills development and increased sectors' capacity;
- The mitigation of risks for cultural and creative organisations, which allows them to engage in projects with a European dimension and thus contributing to their overall economic strength;
- The programme has a strong societal focus; by supporting cultural and linguistic diversity, artistic and creative freedom as well as the development of a free, pluralistic and diverse

media environment, it thus contributes to European social well-being and a shared European identity;

- While film support schemes at national level focus primarily on the production of works, EU support intervenes primarily on actions upstream (training, development) and downstream (distribution, promotion, exhibition) in order to ensure that European works circulate better across borders. As such, it promotes the free circulation of audiovisual media services enhanced by the Audiovisual Media Services Directive.

Proportionality

The proposal complies with the proportionality principle in that it does not go beyond the minimum required in order to achieve the stated objective at European level and what is necessary for that purpose.

Choice of the instrument

The new Creative Europe 2021-2027 builds on the current Creative Europe Programme (2014-2020), which brought together two independent sub-programmes (MEDIA and Culture) within a single framework. This takes into account the specific features of the different sectors, their different target groups, and their particular needs. This concerns in particular the opportunities of a common, cross-sectoral strand where innovation and experimentation will be in the focus.

Maintaining the well-established brand of the Creative Europe programme, including the MEDIA brand, will help to ensure continued engagement as well as the visibility of EU support.

3. RESULTS OF RETROSPECTIVE EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

Retrospective evaluations/fitness checks of existing legislation

The interim evaluation of the Creative Europe Programme and an ex-post evaluation of the three predecessor programmes – Culture, MEDIA 2007 and MEDIA Mundus – were commissioned by the European Commission in 2016 and delivered in the period May 2016 to August 2017. The evaluations of the Creative Europe and predecessor programmes pursued the following objectives:

- To assess the relevance, coherence, effectiveness, efficiency, sustainability and EU added value (hereafter the evaluation criteria) of Creative Europe and predecessor programmes;
- To assess the contribution of Creative Europe to smart, sustainable and inclusive growth, to the new Commission priorities and sector strategies;
- To assess the long-term results and impact of the predecessor programmes.

According to the evaluation, Creative Europe was found to address both the ongoing and emerging needs of the cultural and creative sectors. With adequate support from the programme, the beneficiaries from the cultural and creative sectors across Europe can take action in response to the digital shift to display their work internationally in the spirit of cultural diversity, in particular through innovation and the development of new business models enhancing their competitiveness.

Creative Europe is also largely coherent with other EU priorities, funding and support mechanisms relevant to the cultural and creative sectors, including both sector-specific opportunities and generic financing, business, and economic support for SMEs.

The Creative Europe Programme was also found to deliver on the strategic EU priorities: the Programme is making an important contribution towards the EU2020 employment target and the

priorities of the current Commission – stimulating investment for the purpose of job creation, and a deeper and fairer internal market with a strengthened industrial base, and also to sectoral strategies at EU-level, such as the objectives of the Digital Single Market.

The evaluation concluded that considering the size and range of the cultural and creative sectors at European level and the geographical areas covered by the evaluated Programmes, the size of the budgets of Creative Europe and its predecessor programmes were not sufficient to create major impact of a European scale and/or at sectoral level.

The evaluation showed further that the MEDIA sub-programme has effectively contributed to deepening the internal market. At the same time, MEDIA has grown in scope over the years without an equivalent increase in budget. Thus, the funding is spread too thinly across many priorities, weakening its potential impact.

Stakeholder consultations

THE OPEN PUBLIC CONSULTATION ON EU FUNDS IN THE AREA OF VALUES AND MOBILITY

The purpose of the public consultation on EU funds in the area of values and mobility was to collect the views of all interested parties on how to make the most of every euro of the EU budget. Consultations have taken place in the context of evaluations of existing EU financial programmes covering several policy areas, including on current performance and future challenges.

Hereafter some of the main results:

- (1) According to the respondents, "Promoting European identity and common values" as well as "promoting rights and equality" are important common policy challenges to be addressed in those programmes. For the Creative Europe programme, economic challenges and cultural diversity are more important than "Promoting social inclusion and fairness".
- (2) "Supporting innovation", "Fostering European cultural diversity and cultural heritage", "Promoting European identity and common values" are considered as policies that fully or fairly well address the challenges by half or more of the respondents. Additionally 52 % of the respondents⁹ experienced in the Creative Europe programme consider that the policy to "Support competitiveness of European cultural and creative sectors" addresses the challenges fully or fairly well.
- (3) Around 80% of the respondents with some kind of experience in the above mentioned EU Programmes agree that these programmes add value to a large extent or to a fairly good extent to what Member States could achieve at national, regional and/or local levels.
- (4) The main obstacles identified by the respondents that could prevent the current programmes/funds from achieving their objectives are very similar regardless of the programme concerned: "Lack of budget of the programmes to satisfy demand"; "Insufficient support provided to small-scale stakeholders"; "Lack of support to first-time applicants" are identified as the main three obstacles.
- (5) Respondents with some kind of experience in one or more of the EU Programmes, agree that "the use of more simplified application forms", "facilitating structured network and partnerships", "facilitating funding for actions cutting across the sectors of action" as well as "better coordination between different programmes/funds" are the main steps to be taken to simplify and reduce the administrative burdens for beneficiaries.

⁹ 1839 replies were received from all over Europe.

OTHER OPEN PUBLIC CONSULTATIONS

As part of the interim evaluation of the Creative Europe Programme, an open public consultation took place from 23 January to 24 April 2017. It included forward-looking questions regarding a possible successor programme to Creative Europe after 2020. Regarding the Creative Europe Culture and MEDIA sub-programmes, 90% and 80 % respectively of the respondents said that most of its priorities were still relevant or extremely relevant and more than a half agreed that the support provided by the Culture Sub-programme was either fully or partially complementary to national, EU or international funding. The most important opportunities mentioned by the survey respondents include shared cultural values, supporting cultural education, promoting cultural diversity, supporting internationalisation and promoting the significance of culture in society.

External expertise

In addition to the results of the public consultation, the Commission has taken into account the results of the interim evaluation of the current Creative Europe programme carried out in 2017-2018, feedback from various stakeholders, in particular in the context of the European Film Forum¹⁰ and a series of music stakeholder thematic meetings, findings of independent studies, as well as recommendations made by experts from Member States in the context of the Open Method of Coordination on culture and on the circulation of European films, and the structured dialogue with the sector over the period 2014-2018.

These various sources highlighted the many positive benefits of Creative Europe, but also identified areas for improvement and simplification. Whereas the current programme's overarching objectives (promotion of cultural and linguistic diversity, reinforcement of the competitiveness of the cultural and creative sectors) remain broadly valid, there is a need for some further integration and expansion in order to better respond to the needs and shortfalls identified, which have only been exacerbated in recent years:

- (1) Increasing pressure on European cultural diversity and heritage, combined with growing dominance and circulation works from third countries, in particular the US,
- (2) Insufficient circulation and audience reach of European works,
- (3) Insufficient and fragile competitiveness of the cultural and creative sectors,
- (4) Lack of training and mobility opportunities for artists and creative professionals,
- (5) Lack of internationalisation of European culture,
- (6) Difficulties in reaching audiences and in ensuring social inclusion,
- (7) Limited adaptation and preparedness for the digital shift,
- (8) Lack of capacity building of professionals and the professionalization of individuals,
- (9) Specific challenges for the audiovisual industry in the context of an increasingly integrated Digital Single Market,
- (10) Specific sectorial challenges, in particular for the music sector, the book and publishing sector and the architecture & heritage sector.

Impact assessment

An impact assessment was prepared to support the "Creative Europe", "Rights and Values" and "Justice" programmes. Although the Commission has decided that it is more appropriate to take

¹⁰ <https://ec.europa.eu/digital-single-market/en/european-film-forum>

forward this work through two separate programmes, the findings of the combined impact assessment remain relevant and are applicable to both the culture and MEDIA sub-programmes.

The Regulatory Scrutiny Board gave a positive opinion to such impact assessment on 20 April 2018. At the same time, it highlighted that the links among the evaluations' findings, the input from stakeholders, the various objectives, and the rationale for the structure of the programme should be better explained. It also mentioned the need for additional guarantees that the monitoring and evaluation framework will allow for a robust and objective assessment of the level of success of the programme.

This initiative takes into account the Board's comments. It builds on the structure of the existing Creative Europe programme and better reflects the feedback from stakeholders. For example, in response to a demand for more scalability, the new MEDIA strand will ensure the possibility to develop coordinated actions bringing together different parts of the audiovisual value chain.

Furthermore, the monitoring and evaluation system for the whole programme will be reinforced with appropriate impact and output indicators.

Simplification

In order to simplify the future programme compared with the current Creative Europe programme:

- Greater flexibility will be imbedded within the programme in order to adapt work programmes to unforeseen circumstances or new technological or societal developments, and reward performance;
- Greater effectiveness and efficiency will be sought by an increased use of framework partnership agreements and cascading grants to provide financial stability and facilitate access to smaller players. The already successful exchange of learning during the implementation of projects and the dissemination of results of this learning will be further enhanced;
- MEDIA will introduce incentives to reward results, related in particular to the capacity of reaching out to large audiences (e.g., audiovisual projects that achieve good box office results);
- The future music sectorial actions, as well as the translation scheme will include award criteria rewarding market success and efforts to reach audiences;
- Effective transitions arrangements will be designed to facilitate the association to the new programme of the third countries which were previously associated to Creative Europe 2014/2020;
- Greater clarity will be provided within its guidelines, and processes and procedures will involve systematic use of e-forms and e-reports and lighter reporting requirements. A coherent set of rules (single rulebook) will be introduced, while leaving room for differentiated approaches when needed.

Substantial simplification measures such as lump sums, unit costs and flat rates have already been successfully introduced by other programmes and could be introduced in the new Creative Europe. The specificity of the cultural sector and the individual character of the supported actions have made the calculation and application of lump sum and flat-rates challenging (outside the literary translation scheme) but where the calculation basis can be lightened it would constitute a welcome reduction of administrative burden for beneficiaries. Lump sums will continue to be used in MEDIA in order to simplify financial management, when appropriate. The methodology for calculating the lump sums will foresee a regular monitoring to ensure alignment with real costs.

The complexity of funding rules of the current programmes, as well as their heterogeneity represents an obstacle for applicants. The use of a single entry point for external users to participate in the grants

life cycle (i.e. a participant portal), including an overall grant management system has an important role to play in simplifying the access to the programme. MEDIA support will be made more effective by streamlining actions and their corresponding financial transactions; while CULTURE will continue focussing on the successful actions and tackle newly emerging market failures by specifically targeted sectoral action. Overall, stakeholders from the culture and creative sectors will be able to benefit of a "one-stop-shop" approach.

Fundamental rights

This proposal is fully consistent with the Charter of fundamental rights of the EU. In particular, this proposal takes full account of Article 11 (freedom of expression), 13 (freedom of the arts and science), 15 (freedom to choose an occupation and right to engage in work), 21 (non-discrimination), 22 (cultural diversity), 23 (equality between women and men), 31 (fair and just working conditions) of the Charter.

4. BUDGETARY IMPLICATIONS

The financial envelope for the implementation of the Creative Europe Programme for the period 1 January 2021 to 31 December 2027 will amount to EUR 1 850 000 000 (current prices).

Further details on the budgetary implications and the human and administrative resources required are provided in the Legislative and Financial Statement attached to this proposal.

5. OTHER ELEMENTS

Implementation plans and monitoring, evaluation and reporting arrangements

The existing funding programmes, with the exception of activities in the field of news media, are mainly implemented through direct management through the Executive Agency for Education, Audiovisual and Culture (EACEA) because this is cost-effective, as confirmed by the mid-term evaluation. According to the existing evaluations, there is no need to change management mode.

- Implementation of MEDIA will be simplified and streamlined, for example, by grouping together beneficiaries and reducing the number of underlying grant contracts and payment transactions. Building on the on-going streamlining of the Distribution schemes, which represent 30% of the MEDIA budget, the objective will be to reduce the overall MEDIA transactions by 30%, thus lowering administrative overheads and increasing the efficiency of the programme.
- Financial instruments providing guarantee and where needed equity type support to SMEs in the cultural and creative sectors will be implemented through the Invest EU Fund in indirect management mode by delegation agreements with implementing partners in line with the Financial Regulation.

Evaluations will be carried out in line with paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016¹¹, where the three institutions confirmed that evaluations of existing legislation and policy should provide the basis for impact assessments of options for further action. The evaluations will assess the programme's effects on the ground based on the programme indicators/targets and a detailed analysis of the degree to which the programme can be deemed relevant, effective, efficient, provides enough EU added value and is coherent with other EU policies. They will include lessons

¹¹ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016 (OJ L 123, 12.5.2016, p. 1).

learnt to identify any lacks/problems or any potential to further improve the actions or their results and to help maximise their exploitation/impact. Work on monitoring and evaluation will build on the revised performance monitoring framework developed for Creative Europe 2014/2020. It will bring together project and beneficiary data (collected via e-forms and e-reports) with additional contextual information from the European Audiovisual Observatory or targeted studies. Indicators will reflect realistically available information for each of the strands. Programme monitoring will take place both continuously (to respond timely to any unforeseen events or exceptional needs) and on a regularly planned basis (to report on key events such as calls for proposals, project reviews, coordination or dissemination events). The monitoring will subsequently feed into:

- An annual monitoring report giving an overview of the progress achieved in meeting the objectives of the programme;
- A mid-term evaluation (to be performed no later than four years after the start of programme implementation);
- A final evaluation to be performed no later than two years after the end of the programming period.

These retrospective evaluations will be carried out in compliance with the latest applicable version of the Better Regulation guidelines (drawing also on its toolbox guidance and best practice), assess the programme's performance based on the key programme indicators/targets and a detailed analysis of the degree to which the programme can be deemed relevant, effective, efficient, provides enough EU added value and is coherent with other EU policies. They will include recommendations to address any lacks/problems identified or any potential to further improve the actions or their results and to help maximise their exploitation/impact.

Reporting to the European Parliament, Council and all other relevant EU institutions will take place regularly, through main monitoring and evaluation reports and a public scoreboard of the key programme indicators.

Subject to the result of the Cost Benefit Analysis that will be performed centrally for the next programming period, a significant part of the programme will likely be implemented by the Executive Agency for Education, Audiovisual and Culture under the supervision of the DGs responsible for the programme.

Detailed explanation of the specific provisions of the proposal

This proposal will build on and continue the existing structure of the Creative Europe Programme with Culture, MEDIA and a reinforced cross-sectoral strand, which will allow for innovative action where cross-over activity provides added value. The architecture and objectives of Creative Europe were confirmed by the mid-term evaluation¹² and other relevant feed-back. However, adaptations are needed to mirror economic, technological, societal and political developments as explained above.

For example, the new programme includes more focussed approaches for existing actions, but also newly developed elements.

The CULTURE strand will continue supporting transnational partnerships, networks and platforms and will develop sector specific initiatives, it will support cultural and creative operators in their efforts to reach audiences in Europe and beyond and it will develop elements which bring to the specific social benefits of culture for individuals and society to the fore. It will enhance existing special actions such as the European Capital of Culture and the European Heritage Label.

¹² COM(2018) 248 final.

The MEDIA strand will aim at stimulating collaboration, and innovation in the creation and production of European audiovisual works, including through the nurturing of Europe's talents. It will seek to enhance theatrical and online distribution and provide wider access across borders to European audiovisual works, including through innovative business models. It will promote European audiovisual works and support audience development across Europe and beyond. These priorities will be addressed through support to the creation, promotion, access, and dissemination of European works with the potential to reach large audiences within Europe and beyond, thereby supporting the implementation of the Audiovisual Media Services Directive. Furthermore, the MEDIA strand will provide for a more flexible approach, allowing for more cooperation across the different parts of the value-chain. It will also further promote the establishment of structured partnerships and networks to strengthen the overall competitiveness of Europe's audiovisual sector and to reduce the administrative costs related to the managing of the programme.

The CROSS SECTORAL strand will promote cross-cutting activities spanning across audiovisual and other cultural and creative sectors. It will promote the knowledge of the programme and support the transferability of results. It will also encourage innovative approaches to content creation, access, distribution and promotion across cultural and creative sectors. It will promote cross cutting activities covering several sectors aiming at adjusting to the structural changes faced by the media sector, in particular as regards the free and pluralistic nature of the media environment, quality journalism and media literacy. Finally, it will set up and support programme desks to provide information about, and promote, the Programme in their country and to stimulate cross-border cooperation within the cultural and creative sectors.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular, Article 167(5), and Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹³,

Having regard to the opinion of the Committee of the Regions¹⁴,

Acting in accordance with the ordinary legislative procedure

Whereas:

- (1) Culture, cultural heritage and cultural diversity are of great value to European society from a cultural, environmental, social and economic point of view and should be promoted and supported. The Rome Declaration of 25 March 2017 as well as the European Council in December 2017 stated that education and culture are key to building inclusive and cohesive societies for all, and to sustaining European competitiveness.
- (2) According to Article 2 of the Treaty on European Union (TEU), the Union is founded on the values of respect for human dignity, freedom democracy, equality, the rule of law and the respect for human rights, including the rights of the persons belonging to minorities. These values are common to the Member States in a society where pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail. These values are further reaffirmed and articulated in the rights, freedoms and principles enshrined in the Charter of Fundamental Rights of the European Union, which has the same legal value as the Treaties, as referred to in Article 6 of the TEU.
- (3) Article 3 of the TEU further specifies that the Union's aim is to promote peace, its values and the well-being of its people and that, among others, it shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced.
- (4) The Commission Communication on a New European Agenda for Culture¹⁵ further sets out the objectives of the Union for the cultural and creative sectors. It aims to harness the power of

¹³ OJ C [...], [...], p. [...].

¹⁴ OJ C [...], [...], p. [...].

¹⁵ COM(2018) 267 final.

culture and cultural diversity for social cohesion and societal well-being, fostering the cross-border dimension of cultural and creative sectors, supporting their capacity to grow, encouraging culture-based creativity in education and innovation, and for jobs and growth as well as strengthening international cultural relations. Creative Europe, together with other Union programmes, should support the implementation of this New European Agenda for Culture. This is also in line with the 2005 UNESCO Convention for the Protection and Promotion of the Diversity of Cultural Expressions, which entered into force on 18 March 2007 and to which the Union is a party.

- (5) The promotion of European cultural diversity depends on the existence of flourishing and resilient cultural and creative sectors, able to create, produce and distribute their works to a large and diverse European audience. This thereby enlarges their business potential and contributes to sustainable growth and jobs creation. In addition, promotion of creativity contributes to boosting competitiveness and sparkling innovation in the industrial value chains. In spite of recent progress, the European cultural and creative market continues to be fragmented along national and linguistic lines, which do not allow the cultural and creative sectors to fully benefit from the European single market and the digital single market in particular.
- (6) The Programme should take into account the dual nature of the cultural and creative sectors, recognising, on the one hand, the intrinsic and artistic value of culture and, on the other, the economic value of those sectors, including their broader contribution to growth and competitiveness, creativity and innovation. This requires strong European cultural and creative sectors, in particular a vibrant European audiovisual industry, taking into account its capacity to reach large audiences and its economic importance, including for other creative sectors as well as cultural tourism. However, competition in global audiovisual markets has been further intensified by the deepening digital disruption e.g. changes in media production, consumption and the growing position of global platforms in the distribution of content. Therefore, there is a need to step-up the support to the European industry.
- (7) To be effective, the Programme should take into account the specific nature of the different sectors, their different target groups and their particular needs through tailor-made approaches within a strand dedicated to the audiovisual sector, a strand dedicated to the other cultural and creative sectors and a cross-sectoral strand.
- (8) The cross-sectoral strand aims at exploiting the potential of collaboration among different cultural and creative sectors. There are benefits in terms of knowledge-transfer and administrative efficiencies to be gained from a joint transversal approach.
- (9) Union intervention is needed in the audiovisual sector to accompany the Union's Digital Single Market policies. This concerns notably the modernisation of the copyright framework and the proposed Regulation on online transmissions of broadcasting organisations¹⁶, as well as the proposal to amend Directive 2010/13/EU of the European Parliament and of the Council¹⁷. They seek to strengthen the capacity of European audiovisual players to finance, produce and disseminate works that can be sufficiently visible on the different media of communication available (e.g. TV, cinema or Video On Demand) and attractive to audiences in a more open and competitive market within Europe and beyond. Support should be scaled up in order to address recent market developments and notably the stronger position of global platforms of distribution in comparison to national broadcasters traditionally investing in the production of European works.

¹⁶ [COM\(2016\) 594 final](#)

¹⁷ [COM/2016/0287 final](#)

- (10) The special actions under Creative Europe such as the European Heritage Label, the European Heritage Days, the European prizes in the areas of contemporary, rock and pop music, literature, heritage and architecture and the European Capitals of Culture have directly reached millions of European citizens, have demonstrated the social and economic benefits of European cultural policies, and should therefore be continued and whenever possible expanded.
- (11) Culture is key to strengthen inclusive and cohesive communities. In the context of migration pressure, culture has an important role in the integration of migrants to help them feel part of host societies and develop good relations between migrants and new communities.
- (12) Artistic freedom is at the core of vibrant cultural and creative industries, including the news media sector. The programme should promote cross-overs and collaboration between the audiovisual sector and the publishing sector to promote a pluralistic media environment.
- (13) In line with Articles 8 and 10 of the Treaty on the Functioning of the European Union (TFEU), the Programme in all its activities should support gender mainstreaming and the mainstreaming of non-discrimination objectives and, where applicable, should define appropriate gender balance criteria.
- (14) In line with the Joint Communication "Towards an EU strategy for international cultural relations", endorsed by the European Parliament's resolution of 5 July 2017¹⁸, European funding instruments and in particular this programme should recognize the relevance of culture in international relations and its role in promoting European values by dedicated and targeted actions designed to have a clear Union impact on the global scene.
- (15) In line with the Commission Communication "Towards an integrated approach to cultural heritage for Europe" of 22 July 2014¹⁹, relevant policies and instruments should draw out the long term and sustainability value of Europe's cultural heritage and develop a more integrated approach to its preservation and valorisation and support.
- (16) In line with the Commission Communication "Investing in a smart, innovative and sustainable Industry – A renewed Industrial Policy strategy" of 13 September 2017²⁰, future actions should contribute to the integration of creativity, design and cutting-edge technologies to generate new industrial value chains and revitalise competitiveness of traditional industries.
- (17) The Programme should be open, subject to certain conditions, to the participation of European Free Trade Association members, acceding countries, candidate countries and potential candidates benefiting from a pre-accession strategy as well as countries covered by the European Neighbourhood Policy and Union's strategic partners.
- (18) Third countries which are members of the European Economic Area (EEA) may participate in Union programmes in the framework of the cooperation established under the EEA agreement, which provides for the implementation of the programmes by a decision under that agreement. Third countries may also participate on the basis of other legal instruments. A specific provision should be introduced in this Regulation to grant the necessary rights for and access to the authorizing officer responsible, the European Anti-Fraud Office (OLAF) as well as the European Court of Auditors to comprehensively exert their respective competences.
- (19) The Programme should foster the cooperation between the Union and international organisations such as the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the Council of Europe, including Eurimages and the European Audiovisual

¹⁸ [JOIN/2016/029](#)

¹⁹ [COM/2014/0477 final](#)

²⁰ [COM \(2017\)479 final](#)

Observatory ("the Observatory"), the Organisation for Economic Co-operation and Development and the World Intellectual Property Organisation. This programme should also support the Union commitments relating to the Sustainable Development Goals, in particular its cultural dimension²¹. As regards the audiovisual sector, the programme should ensure the Union's contribution to the work of the European Audiovisual Observatory.

- (20) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Programme will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the Union budget expenditures supporting climate objectives. Relevant actions will be identified during the Programme's preparation and implementation, and reassessed in the context of the relevant evaluations and review processes.
- (21) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the TFEU apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the member States, as the respect for the rule of law is an essential precondition for sound financial management and effective Union funding.
- (22) Since its creation, the European Film Academy has developed a unique expertise and is in a unique position to create a pan-European community of film creators and professionals, promoting and disseminating European films beyond their national borders and developing truly European audiences. Therefore, it should be eligible for direct Union support.
- (23) Since its creation, the European Union Youth Orchestra has developed a unique expertise in promoting intercultural dialogue, mutual respect and understanding through culture. The particularity of the European Union Youth Orchestra lies in the fact that it is a European orchestra that transcends cultural boundaries and is composed of young musicians selected in accordance with demanding artistic criteria through a rigorous annual audition process in all Member States. Therefore, it should be eligible for direct Union support.
- (24) Organisations from the cultural and creative sectors with a large European geographical coverage and whose activities entail delivering cultural services directly to the Union's citizens and that thus have the potential to have direct impact on European identity should be eligible for Union support.
- (25) In order to ensure efficient allocation of funds from the general budget of the Union, it is necessary to ensure the European added value of all actions and activities carried out with the Programme, their complementarity to Member States' activities, while consistency, complementarity and synergies should be sought with funding programmes supporting policy areas with close links to each other as well as with horizontal policies such as Union competition policy.
- (26) Financial support should be used to address market failures or sub-optimal investment situations, in a proportionate manner and actions should not duplicate or crowd out private financing or distort competition in the Internal market. Actions should have a clear European added value.

²¹ 2030 Agenda for Sustainable Development, adopted by the United Nations in September 2015, A/RES/70/1

- (27) One of the greatest challenges of the cultural and creative sectors is their access to finance allowing their activities to grow maintain or increase their competitiveness or internationalise their activities. The policy objectives of this Programme should also be addressed through financial instruments and budgetary guarantee under the policy window(s) of the Invest EU Fund.
- (28) Taking into account the technical expertise required to assess proposals under specific actions of the Programme it should be provided that, where relevant, evaluation committees may be composed of external experts.
- (29) The Programme should include a realistic and manageable system of performance indicators to accompany its actions and monitor its performance on a continuous basis. This monitoring as well as information and communication actions relating to the Programme and its actions should build on the three strands of the programme.
- (30) This Regulation lays down a financial envelope for the Creative Europe programme which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management²², for the European Parliament and the Council during the annual budgetary procedure.
- (31) Regulation (EU, Euratom) No [...] (the ‘Financial Regulation’) applies to this Programme. It lays down rules on the implementation of the Union budget, including the rules on grants including those to third parties, prizes, procurement, financial instruments and budgetary guarantees.
- (32) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article 125(1) of the Financial Regulation.
- (33) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council²³, Council Regulation (Euratom, EC) No 2988/95²⁴, Council Regulation (Euratom, EC) No 2185/96²⁵ and Council Regulation (EU) 2017/1939²⁶, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF)

²² OJ C 373, 20.12.2013, p. 1.

²³ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L248, 18.9.2013, p. 1).

²⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p.1).

²⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L292, 15.11.1996, p.2).

²⁶ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L283, 31.10.2017, p.1).

may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council²⁷. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors (ECA) and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

- (34) Pursuant to Article 94 of Council Decision 2013/755/EU²⁸, persons and entities established in overseas countries and territories are eligible for funding subject to the rules and objectives of the Programme and possible arrangements applicable to the Member State to which the relevant overseas country or territory is linked.
- (35) In order to amend non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of indicators laid down in Article 15 and in Annex II. The Commission should carry out appropriate consultations during its preparatory work, including at expert level. Those consultations should be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (36) In order to ensure smooth implementation of the Programme, the costs incurred by the beneficiary before the grant application is submitted, in particular costs related to intellectual property rights, may be considered as eligible, provided that they are directly linked to the implementation of the supported actions.
- (37) Pursuant to paragraph 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016, there is a need to evaluate this Programme on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, can include measurable indicators, as a basis for evaluating the effects of the Programme on the ground.
- (38) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to adopt the work programmes. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council²⁹. It is necessary to ensure the correct closure of the predecessor programme, in particular as regards the continuation of multi-annual arrangements for its management, such as the financing of technical and administrative assistance. As from [1 January 2021], the technical and administrative assistance should ensure, if necessary, the

²⁷ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

²⁸ Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision) (OJ L 344, 19.12.2013, p. 1).

²⁹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

management of actions that have not yet been finalised under the predecessor programme by [31 December 2020].

- (39) This Regulation respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Regulation seeks to ensure full respect for the right to equality between men and women and the right to non-discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and to promote the application of Articles 21 and 23 of the Charter of Fundamental Rights of the European Union. It is also in line with the United Nations Convention on the Rights of Persons with Disabilities.
- (40) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, by reason of their transnational character, the high volume and wide geographical scope of the mobility and cooperation activities funded, their effects on access to learning mobility and more generally on Union integration, as well as their reinforced international dimension, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (41) Regulation (EU) No 1295/2013 should therefore be repealed with effect from [1 January 2021].
- (42) In order to ensure continuity in the funding support provided under the Programme, this Regulation should apply from [1 January 2021].

HAVE ADOPTED THIS REGULATION:

Chapter I

General Provisions

Article 1

Subject matter

This Regulation establishes the Creative Europe programme (the 'Programme').

It lays down the objectives of the Programme, the budget for the period 2021 – 2027, the forms of Union funding and the rules for providing such funding.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) 'blending operation' means actions supported by the EU budget, including within blending facilities pursuant to Article 2(6) of the Financial Regulation, combining non-repayable forms of support and financial instruments from the EU budget with repayable forms of support from development or other public finance institutions, as well as from commercial finance institutions and investors;
- (2) 'cultural and creative sectors' means all sectors whose activities are based on cultural values or artistic and other individual or collective creative expressions. The activities may include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. They will have a potential to generate innovation and jobs in particular from intellectual property. The sectors include architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design (including fashion design), festivals, music, literature, performing arts, books and publishing, radio, and visual arts;
- (3) 'small and medium enterprises (SMEs)' means micro, small and medium-sized enterprises, as defined in Commission Recommendation 2003/361/EC³⁰
- (4) 'legal entity' means any natural or legal person created and recognised as such under national law, Union law or international law, which has legal personality and which may, acting in its own name, exercise rights and be subject to obligations, or an entity without a legal personality in accordance with [Article 197(2)(c)] of the Financial Regulation;
- (5) 'the Seal of Excellence' is the high-quality label awarded to projects submitted to Creative Europe which are deemed to deserve funding but do not receive it due to budget limits. It recognises the value of the proposal and supports the search for alternative funding.

Article 3

Programme objectives

- (1) The general objectives of the Programme are:
 - (a) to promote European cooperation on cultural and linguistic diversity and heritage;

³⁰

OJ L 124, 20.5.2003

- (b) to increase the competitiveness of the cultural and creative sectors, in particular the audiovisual sector.
- (2) The programme has the following specific objectives:
 - (a) enhancing the economic, social and external dimension of European level cooperation to develop and promote European cultural diversity and Europe's cultural heritage and strengthening the competitiveness of the European cultural and creative sectors and reinforcing international cultural relations;
 - (b) promoting the competitiveness and scalability of the European audiovisual industry;
 - (c) promoting policy cooperation and innovative actions supporting all strands of the programme, including the promotion of a diverse and pluralistic media environment, media literacy and social inclusion.
- (3) The Programme shall cover the following strands:
 - (a) "CULTURE" covers cultural and creative sectors with the exception of the audiovisual sector;
 - (b) "MEDIA" covers the audiovisual sector;
 - (c) "CROSS SECTORAL strand" covers activities across all cultural and creative sectors.

Article 4
Strand CULTURE

In line with the objectives referred to in Article 3, the strand "CULTURE" shall have the following priorities:

- (a) to strengthen the cross-border dimension and circulation of European cultural and creative operators and works;
- (b) to increase cultural participation across Europe;
- (c) to promote societal resilience and social inclusion through culture and cultural heritage;
- (d) to enhance the capacity of European cultural and creative sectors to prosper and to generate jobs and growth;
- (e) to strengthen European identity and values through cultural awareness, arts education and culture-based creativity in education;
- (f) to promote international capacity building of European cultural and creative sectors to be active at the international level;
- (g) to contribute to the Union 's global strategy for international relations through cultural diplomacy.

The priorities are further detailed in Annex I.

Article 5
Strand MEDIA

In line with the objectives referred to in Article 3, the strand "MEDIA" shall have the following priorities:

- (a) to nurture talents and skills and to stimulate collaboration, and innovation in the creation and production of European audiovisual works;

- (b) to enhance theatrical and online distribution and provide wider access across borders to European audiovisual works, including through innovative business models and the use of new technologies;
- (c) to promote European audiovisual works and support audience development across Europe and beyond.

These priorities shall be addressed through support to the creation, promotion, access, and dissemination of European works with the potential to reach large audiences within Europe and beyond, thereby adapting to new market developments and accompanying the Audiovisual Media Services Directive.

The priorities are further detailed in Annex I.

Article 6

CROSS SECTORAL strand

In line with the objectives of the Programme referred to in Article 3, the "CROSS SECTORAL strand" shall have the following priorities:

- (a) to support cross-sectoral transnational policy cooperation including on the role of culture for social inclusion and promote the knowledge of the programme and support the transferability of results;
- (b) to promote innovative approaches to content creation, access, distribution and promotion across cultural and creative sectors;
- (c) to promote cross cutting activities covering several sectors aiming at adjusting to the structural changes faced by the media sector, including enhancing a free, diverse, and pluralistic media environment, quality journalism and media literacy;
- (d) to set up and support programme desks to promote, the Programme in their country and to stimulate cross-border cooperation within the cultural and creative sectors.

The priorities are further detailed in Annex I.

Article 7

Budget

1. The financial envelope for the implementation of the Programme for the period 2021 – 2027 shall be EUR 1 850 000 000 in current prices.
The programme shall be implemented according to the following indicative financial distribution:
 - up to EUR 609 000 000 for the objective referred to in Article 3 (2)(a) (strand CULTURE);
 - up to EUR 1 081 000 000 for the objective referred to in Article 3(2)(b) (strand MEDIA);
 - up to EUR 160 000 000 for the activities referred to in Article 3(2)(c) (CROSS SECTORAL strand).
2. The amount referred to in paragraph 1 may be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.
3. In addition to the financial envelope as indicated in paragraph 1, and in order to promote the international dimension of the Programme, additional financial contributions may be made available from the external financing instruments [Neighbourhood, Development and

International Cooperation Instrument, the Instrument for Pre-accession Assistance (IPA III)], to support actions implemented and managed in accordance with this Regulation. This contribution shall be financed in accordance with the Regulations establishing those instruments.

4. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with [Article 62(1)(a)] of the Financial Regulation or indirectly in accordance with [Article 62(1)(c)] of that Regulation. Where possible those resources shall be used for the benefit of the Member State concerned.

Article 8

Third countries associated to the Programme

1. The Programme shall be open to the following third countries:
 - (a) European Free Trade Association (EFTA) members which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA agreement;
 - (b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;
 - (c) countries covered by the European Neighbourhood Policy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and association Council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;
 - (d) other countries, in accordance with the conditions laid down in a specific single agreement covering the participation of the third country to any Union programme, provided that the agreement:
 - (a) ensures a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;
 - (b) lays down the conditions of participation in the programmes, including the calculation of financial contributions to individual programmes and their administrative costs. These contributions shall constitute assigned revenues in accordance with Article [21(5)] of [the new Financial Regulation];
 - (c) does not confer to the third country a decisional power on the programme;
 - (d) guarantees the rights of the Union to ensure sound financial management and to protect its financial interests.
2. The participation to the MEDIA and CROSS SECTORAL strands by the countries referred to in points (a), (b) and (c) of paragraph 1 shall be subject to fulfilment of the conditions set out in Directive 2010/13/EU.
3. The agreements concluded with countries specified in point (c) of paragraph 1 may derogate from the obligations set out in paragraph 2 in duly justified cases.

Article 8 bis

Other third countries

The Programme may support cooperation with third countries other than those referred to in Article 8 with regard to actions financed through additional contributions from the external financing instruments according to Article 7(3) if it is in the Union's interest.

Article 9

Cooperation with international organisations and the European Audiovisual Observatory

1. Access to the Programme shall be open to international organisations active in the areas covered by the Programme in accordance with the Financial Regulation.
2. The Union shall be a member of the European Audiovisual Observatory for the duration of the Programme. The Union's participation in the Observatory shall contribute to the achievement of the priorities of the MEDIA strand. The Commission shall represent the Union in its dealings with the Observatory. The MEDIA strand shall support the payment of the contribution fee for Union membership of the Observatory to foster data collection and analysis in the audiovisual sector.

Article 10

Implementation and forms of EU funding

1. The Programme shall be implemented in direct management in accordance with the Financial Regulation or in indirect management with bodies referred to in Article 61(1)(c) of the Financial Regulation.
2. The Programme may provide funding in any of the forms laid down in the Financial Regulation, in particular grants, prizes, and procurement. It may also provide financing in the form of financial instruments within blending operations.
3. Blending operations under this Programme shall be implemented in accordance with the [InvestEU regulation] and Title X of the Financial Regulation.
4. Contributions to a mutual insurance mechanism may cover the risk associated with the recovery of funds due by recipients and shall be considered a sufficient guarantee under the Financial Regulation. The provisions laid down in [Article X of] Regulation XXX [*successor of the Regulation on the Guarantee Fund*] shall apply.

Article 11

Protection of Financial Interest of the Union

Where a third country participates in the programme by a decision under an international agreement or by virtue of any other legal instrument, the third country shall grant the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF), the European Court of Auditors to comprehensively exert their respective competences. In the case of OLAF, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, provided for in Regulation (EU, Euratom) No 883/2013.

Article 12
Work programmes

1. The Programme shall be implemented by work programmes referred to in Article 110 of the Financial Regulation. Work programmes shall set out, where applicable, the overall amount reserved for blending operations.
2. The work programme shall be adopted by the Commission by means of an implementing act.

Chapter II
Grants and eligible entities

Article 13
Grants

1. Grants under the Programme shall be awarded and managed in accordance with Title VIII of the Financial Regulation.
2. The evaluation committee may be composed of external experts.
3. By way of derogation from Article [130(2)] of the Financial Regulation, and in duly justified cases, costs incurred by the beneficiary before the submission of the grant application, may be considered eligible, provided that they are directly linked to the implementation of the supported actions and activities.
4. Where applicable, the actions of the Programme shall define appropriate non-discrimination criteria, including on gender balance.

Article 14
Eligible entities

1. The eligibility criteria set out in paragraphs 2 to 4 shall apply in addition to the criteria set out in [Article 197] of the Financial Regulation.
2. The following entities are eligible:
 - (a) legal entities established in any of the following countries:
 - (1) a Member State or an overseas country or territory linked to it;
 - (2) third countries associated to the Programme;
 - (3) third country listed in the work programme under the conditions specified in paragraphs 3 and 4;
 - (b) any legal entity created under Union law or any international organisation.
3. Legal entities established in a third country, which is not associated to the Programme are exceptionally eligible to participate where this is necessary for the achievement of the objectives of a given action.
4. Legal entities established in a third country, which is not associated to the programme should in principle bear the cost of their participation. Additional contributions from the external financing instruments according to Article 7(3) may cover the costs of their participation if it is in the Union's interest.
5. The following entities may be awarded grants without a call for proposal:

- (a) The European Film Academy;
- (b) The European Union Youth Orchestra.

Chapter III

Synergies and complementarity

Article 15

Complementarity

The Commission, in cooperation with the Member States, shall ensure the overall consistency and complementarity of the Programme with the relevant policies and programmes, in particular those relating to gender balance, education, youth and solidarity, employment and social inclusion, research and innovation, industry and enterprise, agriculture and rural development, environment and climate action, cohesion, regional and urban policy, State aid and international cooperation and development.

Article 16

Cumulative and combined funding

1. An action that has received a contribution under the Programme may also receive a contribution from any other Union programme, including Funds under Regulation (EU) No XX/XXXX [CPR], provided that the contributions do not cover the same costs. The cumulative financing shall not exceed the total eligible costs of the action and the support from different Union programmes may be calculated on a pro-rata basis.
2. A proposal eligible under the Programme may be awarded a Seal of Excellence provided that it complies with the following cumulative conditions:
 - (a) it has been assessed in a call for proposals under the Programme;
 - (b) it complies with the minimum quality requirements of that call for proposals;
 - (c) it may not be financed under that call for proposals due to budgetary constraints.

Chapter IV

Monitoring, Evaluation and Control

Article 17

Monitoring and reporting

1. Indicators to report on progress of the Programme towards the achievement of the objectives laid down in Article 3 are set in Annex II.
2. To ensure effective assessment of progress of the programme towards the achievement of its objectives, the Commission is empowered to adopt delegated acts in accordance with Article 19 to develop the provisions for a monitoring and evaluation framework, including amendments to Annex II in order to review or supplement the indicators where necessary for monitoring and evaluation.
3. The performance reporting system shall ensure that data for monitoring programme implementation and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funds and, where relevant, Member States.

Article 18
Evaluation

1. Evaluations shall be carried out in a timely manner to feed into the decision-making process.
2. The interim evaluation of the Programme shall be performed once there is sufficient information available about the implementation of the Programme, but no later than four years after the start of the programme implementation.
3. At the end of the implementation of the Programme, but no later than two years after the end of the period specified in Article 1, a final evaluation of the Programme shall be carried out by the Commission.
4. The Commission shall communicate the conclusions of the evaluations accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.
5. The evaluation reporting system shall ensure that data for programme evaluation are collected efficiently, effectively, in a timely manner and at the appropriate level of granularity. Such data and information shall be communicated to the Commission, in a way that complies with other legal provisions; for instance, when necessary, personal data shall be made anonymous. To that end, proportionate reporting requirements shall be imposed on recipients of Union funds.

Article 19
Exercise of the delegation

1. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 17 shall be conferred on the Commission until 31 December 2028.
3. The delegation of power referred to in Article 17 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal* of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 17 shall enter into force if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Chapter V

Transitional and Final Provisions

Article 20

Information, communication and publicity

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding (in particular when promoting the actions and their results) by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to the Programme, and its actions and results supported through its strands. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 3.

Article 21

Repeal

Regulation (EU) No 1295/2013 is repealed with effect from 1 January 2021.

Article 22

Transitional provisions

1. This Regulation shall not affect the continuation or modification of the actions concerned, until their closure, under Regulation (EU) No 1295/2013 which shall continue to apply to the actions concerned until their closure.
2. The financial envelope for the Programme may also cover technical and administrative assistance expenses necessary to ensure the transition between the Programme and the measures adopted under Regulation (EU) No 1295/2013.
3. If necessary, appropriations may be entered in the budget beyond 2027 to cover the expenses provided for in Article 7(4), to enable the management of actions not completed by 31 December 2027.

Article 23

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned (*programme cluster*)
- 1.3. Nature of the proposal/initiative
- 1.4. Grounds for the proposal/initiative
- 1.5. Duration and financial impact
- 1.6. Management mode(s) planned

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on appropriations of an administrative nature*
 - 3.2.3. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Creative Europe programme and repealing Regulation (EU) No 1295/2013

1.2. Policy area(s) concerned (*Programme cluster*)

Investing in People, Social Cohesion and Values, Creative Europe (Culture and audiovisual (MEDIA))

1.3. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project/preparatory action³¹

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.4. Grounds for the proposal/initiative

1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative.

The new Creative Europe 2021-2027 will allow further exploiting and bring to the fore the potential to tackle common challenges and creating common opportunities as built up in the first generation (2014-2020) of a joint programme for the cultural and creative sectors. This concerns in particular the opportunities of a common, cross-sectoral strand where innovation will be in the focus. Maintaining the well-established brand of the Creative Europe programme will help to ensure continued engagement as well as the visibility of EU support.

1.4.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at European level (ex-ante)

The mid-term evaluation of the predecessor programme showed that its objectives and priorities were overall coherent and complementary with those of national policies and programmes, thus respecting the principle of subsidiarity. In particular, the multilateral transnational nature of Creative Europe provides a distinctive offer that is rarely matched by national funding. It also showed that the programme addresses the major challenges for these sectors, notably the access to finance, the market fragmentation for cultural works as well as digitization and globalization. The Creative Europe Programme was also found to deliver on the strategic EU priorities such as the EU2020 employment targets, stimulating job creation and a fairer internal market with a strengthened industrial base and sectoral strategies at EU-level such as

³¹

As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

the Digital Single Market. An open public consultation accompanying the mid-term review as well as a more encompassing one implemented from January to March 2018 confirmed that a substantial majority of respondents agreed that the respective challenges were fairly well addressed by Creative Europe. These findings were confirmed by other external expertise and feed-back collected, inter alia, via the Open Method of Coordination, the structured dialogue with the sector and other fora such as the European Film Forum.

Expected generated Union added value (ex-post)

The cross-border circulation of works, including audiovisual works;

The creation of international networks and cross-border partnerships, which constitute the main and the most durable structuring elements of Creative Europe;

Transnational networks also increase the capability of the cultural and creative operators overall and especially for those working in niche fields and in the Member States where such capabilities are less developed;

Cross-border mobility for cultural and creative operators in a project and result-oriented approach leads to skills development and will reinforce the sectors' capacity;

The support of organisations in taking (calculated) risks, which allows them to focus on operating with a European dimension;

The reputational effect for programmes' beneficiaries that increases the potential interest of partners and financial intermediaries and their trust in supported projects. This reputational aspect was also reported to facilitate access to additional funding;

The programme has a strong societal focus as by supporting cultural and linguistic diversity, as well as artistic and creative freedom, the EU sends and receives meaningful and relevant messages to and from the European citizens, thus contributing to European social well-being;

At the same time, Creative Europe also has a positive impact on the economy of the Union as a whole by supporting creation, promotion and circulation of cultural goods and access to cultural services as well as the competitiveness of Europe's cultural and creative sectors. While film support schemes at national level focus primarily on the production of works, EU support intervenes on actions upstream (training, development) and downstream (distribution, promotion, exhibition) with the exception of TV co-productions in order to ensure that European works circulate better across borders, are visible and thrive in all distribution channels including online;

EU support accompanies the free circulation of audiovisual media services enhanced by the Audiovisual Media Services Directive and in particular, the prominence of European works in catalogues of Video on Demand services.

1.4.3. Lessons learned from similar experiences in the past

According to both the mid-term evaluation and the open public consultations, the main obstacles identified by the respondents that could prevent the current programmes/funds from achieving their objectives are "Lack of budget of the programmes to satisfy demand"; "Insufficient support provided to small-scale stakeholders"; "Lack of support to first-time applicants" are identified as the main three obstacles.

Respondents with experience in one or more of the EU Programmes, agree that "the use of more simplified application forms", "facilitating structured network and partnerships", "facilitating funding for actions cutting across the sectors of action" as well as "better coordination between different programmes/funds" are the main steps to be taken to simplify and reduce the administrative burdens for beneficiaries.

In terms of simplification, the following elements shall be introduced:

Greater flexibility will be imbedded within the programme in order to adapt work programmes to unforeseen circumstances or new technological or societal developments, and reward performance.

Greater effectiveness and efficiency is required, including increased use of framework partnership agreements and cascading grants to provide financial stability and facilitate access to smaller players. The already successful exchange of learning during the implementation of projects and the dissemination of results of this learning will be further enhanced.

The future music sectorial actions, as well as the translation scheme will include award criteria rewarding market success and past performance.

Effective transitions arrangements will be designed to facilitate the association to the new programme of the third countries which were previously associated to Creative Europe 2014/2020.

Greater clarity will be provided within its guidelines, and processes and procedures will involve systematic use of e-forms and e-reports and lighter reporting requirements. A coherent set of rules (single rulebook) will be introduced, while leaving room for differentiated approaches when needed.

Substantial simplification measures such as lump sums, unit costs and flat rates have already been successfully introduced by other programmes and could be introduced in the new Creative Europe.

The complexity of funding rules of the current programmes, as well as their heterogeneity represents an obstacle for applicants. The use of a single entry point for external users to participate in the grants life cycle (i.e. a participant portal), including an overall grant management system has an important role to play in simplifying the access to the programme.

1.4.4. Compatibility and possible synergy with other appropriate instruments

The Programme will be consistent and complementary to other Union instruments, in particular Erasmus+, the European Structural and Investment Funds (ESIF), including the European Social Fund and the European Regional Development Funds, the next Research and Innovation Framework Programme as well as the external cooperation instruments (NDICI, IPA III and OCT's). Based on the Treaty's mainstreaming provision and the new political approach based on cultural crossovers, as set out in the New European Agenda for Culture, the programme aims at developing synergies with the following policy areas: Education and Youth Policies, Employment and Social Policies, Cohesion and Rural Policies, the Single Market Programme, Strategic Infrastructure such as Digital Europe, Horizon Europe, the Research Programmes as well as External and Development Cooperation Policies.

1.5. Duration and financial impact

☒ **limited duration**

- ☒ in effect from [01/01/2021] to [31/12/2027]
- ☒ Financial impact from 2021 to 2027 for commitment appropriations and from 2021 to 2027 for payment appropriations and to post-2027 for payments.

☐ **unlimited duration**

Implementation with a start-up period from YYYY to YYYY, followed by full-scale operation.

1.6. Management mode(s) planned³²

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☒ by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☒ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;
- ☒ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

[...]
[...]

³²

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

A set of indicators which report on progress of the Programme towards the achievements of the general objectives is set out in the Legal Base. These will be reported upon regularly.

A mid-term evaluation will take place by 31 December 2024. A final evaluation shall be implemented by 31 December 2029.

Monitoring will take place in accordance with the requirements agreed in the Memorandum of understanding with EACEA.

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The majority of the programme's actions will probably continue to be implemented by EACEA for cost-efficiency reasons. The current implementing mode so far has also proven to be effective, and the error rates are currently less than 2%, based on preliminary results for the current MFF. The majority of funding will be implemented in particular through grants. These grants will usually be in the form of actual costs but may also be in the form of lump sums, flat rates, unit costs or a combination of these.

The use of scales of unit costs and other simplified measures will reduce the scope for error in cost claims. Several measures to allow better access for example for smaller organisations, simplification of guidelines and procedures on the basis of the Financial Regulation will be applied (see above). MEDIA will streamline its relatively high number of different actions for better focus.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Creative Europe faces the same risks as other Commission programmes which target smaller beneficiaries which are diverse in nature. In particular, many beneficiaries are not recurring or do not have extensive administrative structures.

The majority of Creative Europe will probably continue to be implemented by the EACEA. In 2018 an Internal Audit Service audit of the EACEA on grant management – phase I (from the call to the signature of contracts), demonstrated internal control system weaknesses, especially in the component III "Control Activities" and IV "Information and Communication". In particular, the role of the evaluation committees as well as the management of external experts in the award of grants needed to be strengthened.

In response, the Agency has set up an action plan focusing on the revision of procedures, guidelines and templates. It contains immediate actions (e.g. proper documentation of procedures and immediate changes of procedures applied immediately for the first calls of 2018) and other changes in the EACEA way of working to be implemented by 2018. In particular, adapted procedures regarding the evaluation of calls for proposals were put in place the consequences of which in terms of cost of control are yet to be assessed.

The action plan is the responsibility of EACEA, with the support of the parent DGs. Nonetheless, supervision of the EACEA by the parent DGs was reinforced.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

Following the IAS audit on the EACEA in 2017/18, adapted procedures regarding the evaluation of calls for proposals were put in place the consequences of which in terms of cost of control are yet to be assessed. Monitoring between the parent DGs and EACEA was increased in order to allow for reinforced supervision on behalf of the Commission.

2.3. **Measures to prevent fraud and irregularities**

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

Anti-fraud strategies of both EACEA (updated 2018) and the Commission will enable fraud risk to be addressed, mainly via measures to prevent irregularity which are then escalated in the event of fraud detection.

The following measures will continue to be implemented, both at the parent DG as in EACEA: Desk monitoring, monitoring missions in accordance with a defined monitoring strategy, clear reporting requirements in the grant agreements with beneficiaries, kick-off meetings with new beneficiaries, possibility to cut grants upon non-delivery of results or non-compliance with certain funding conditions such as those linked to communication.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading of the multiannual financial framework and new expenditure budget line(s) proposed

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Heading 2 ‘Cohesion and Values’ Title 07 ‘Investing in People, Social Cohesion & Values’ Chapter 05 ‘Creative Europe’	Diff./Non-diff. ³³	from EFTA countries ³⁴	from candidate countries ³⁵	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
2	07 01 04 XX Administrative expenditure – Creative Europe	Non diff.	YES	YES	YES	NO
2	07 05 01 – CULTURE	Diff.	YES	YES	YES	NO
2	07 05 02 – MEDIA	Diff.	YES	YES	YES	NO
2	07 05 03 – CROSS SECTORAL STRAND	Diff.	YES	YES	YES	NO

3.2. Indicative Allocation Within the Cross-sectoral Strand for the financial period 2021-2027

A) Cross-sectoral transnational policy cooperation, promotion of the knowledge of the programme and support the transferability of results: EUR 5 million

B) Promotion of innovative approaches to content creation, access, distribution and promotion across cultural and creative sectors: EUR 52 million

C) Promotion of cross cutting activities covering several sectors aiming at adjusting to the structural changes faced by the media sector, including enhancing a free, diverse, and pluralistic media environment, quality journalism and media literacy: EUR 61 million

D) Setting up and support of programme desks to provide information about, and promote, the Programme in their country and stimulation of cross-border cooperation within the cultural and creative sectors: EUR 42 million

³³ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

³⁴ EFTA: European Free Trade Association.

³⁵ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.3. Estimated impact on expenditure

3.3.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework			2	Cohesion & Values							
			2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
Operational appropriations³⁶	Commitments	(1)									
	Payments	(2)									
07 05 01 – CULTURE	Commitments	(1)	75,862	77,382	78,929	80,505	82,120	83,756	84,947		563,500
	Payments	(2)	40,558	54,101	68,138	72,858	75,386	77,563	79,217	95,678	563,500
07 05 02 – MEDIA	Commitments	(1)	134,221	136,912	139,640	142,439	145,287	148,188	150,313		997,000
	Payments	(2)	70,740	94,534	119,185	127,480	131,902	135,723	138,639	178,798	997,000
07 05 03 – CROSS SECTORAL STRAND	Commitments	(1)	21,539	21,970	22,409	22,857	23,314	23,781	24,131		160,000
	Payments	(2)	12,730	16,457	20,319	21,642	22,365	22,997	23,487	20,003	160,000
Appropriations of an administrative nature financed from the envelope of the programme	Commitments = Payments	(3)									
07 01 04 XX - Administrative support to Creative Europe	Commitments = Payments	(3)	17,420	17,760	18,125	18,485	18,850	19,239	19,621		129,500
TOTAL appropriations for the envelope of the programme³⁷	Commitments	=1+3	249,042	254,023	259,103	264,286	269,571	274,963	279,012		1.850,000
	Payments	=2+3	141,448	182,852	225,767	240,465	248,504	255,522	260,963	294,479	1.850,000

³⁶ Totals do not tally due to rounding

³⁷ The programme might be (partially) delegated to an executive agency, subject to the outcome of the cost-benefit analysis and related decisions to be taken.

Heading of multiannual financial framework	7	‘Administrative expenditure’
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This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the Annex to the Legislative Financial Statement , which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
Human resources ³⁸		14,301	15,601	16,745	16,745	16,745	16,745	16,745		113,627
Other administrative expenditure		0,888	0,888	0,888	0,888	0,888	0,888	0,888		6,213
TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	15,189	16,489	17,633	17,633	17,633	17,633	17,633		119,840

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
TOTAL appropriations across HEADINGS of the multiannual financial framework	Commitments	264,231	270,512	276,736	281,919	287,204	292,596	296,645		1,969,840
	Payments	156,637	199,341	243,4	258,098	266,137	273,155	278,596	294,479	1,969,840

³⁸ Staff estimates based on 2018 level of staff the Commission (Executive Agency excluded) with progressive phasing in. Amounts based on average costs annually increased as of 2019 by 2 % for the indexation and by 1.5 % for the impact of career evolution (FP+TA). Does not include the estimated necessary staff that will be needed for decentralised bodies, not including additional staff paid from the contributions of the future associated countries.

3.3.2. Summary of estimated impact on appropriations of an administrative nature

☐ The proposal/initiative does not require the use of appropriations of an administrative nature

☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
-------	------	------	------	------	------	------	------	-------

HEADING 7 of the multiannual financial framework								
Human resources	14,301	15,601	16,745	16,745	16,745	16,745	16,745	113,627
Other administrative expenditure	0,888	0,888	0,888	0,888	0,888	0,888	0,888	6,213
Subtotal HEADING 7 of the multiannual financial framework	15,189	16,489	17,633	17,633	17,633	17,633	17,633	119,840

Outside HEADING 7 ³⁹ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature	17,420	17,760	18,125	18,485	18,850	19,239	19,621	129,500
Subtotal outside HEADING 7 of the multiannual financial framework	17,420	17,760	18,125	18,485	18,850	19,239	19,621	129,500

TOTAL	32,609	34,249	35,758	36,118	36,483	36,872	37,254	249,340
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³⁹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.3.2.1. Estimated requirements of human resources

☐ The proposal/initiative does not require the use of human resources.

☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

Years	2021	2022	2023	2024	2025	2026	2027
• Establishment plan posts (officials and temporary staff)							
Headquarters and Commission's Representation Offices	93	101	109	109	109	109	109
Delegations							
Research							
• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED ⁴⁰							
Heading 7							
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters	13	15	15	15	15	15
	- in Delegations						
Financed from the envelope of the programme ⁴¹	- at Headquarters						
	- in Delegations						
Research							
Other (specify)							
TOTAL	106	116	124	124	124	124	124

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

⁴⁰ AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

⁴¹ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.3.3. Third-party contributions

The proposal/initiative:

☐ does not provide for co-financing by third parties

☒ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
Specify the co-financing body	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
TOTAL appropriations co-financed	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

3.4. Estimated impact on revenue

☒ The proposal/initiative has no financial impact on revenue.

☐ The proposal/initiative has the following financial impact:

– ☐ on own resources

– ☐ on other revenue

please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative ⁴²						
	2021	2022	2023	2024	2025	2026	2027
Article							

For assigned revenue, specify the budget expenditure line(s) affected.

[...]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[...]

⁴²

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.