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PROPOSAL

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Subject: Proposal for a Regulation of the European Parliament and of the Council on establishing the Creative Europe Programme

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

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EUROPEAN COMMISSION

Brussels, 23.11.2011
COM(2011) 785 final

2011/0370 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on establishing the Creative Europe Programme**

(Text with EEA relevance)

{SEC(2011) 1399 final}
{SEC(2011) 1400 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 29 June 2011, the Commission adopted a proposal for the next multi-annual financial framework for the period 2014-2020 on a budget for delivering the Europe 2020 strategy. In its proposal, the Commission decided that support for the cultural and creative sectors (CCS) should remain an essential element of the next financial package and proposed a single "Creative Europe" framework programme, bringing together the current Culture, MEDIA and MEDIA Mundus programmes, and including a new financial facility to improve access to finance for small- and medium-sized enterprises (SME) and organisations in the cultural and creative sectors.

This approach recognises the important contribution these sectors make to jobs and growth, representing 4.5% of total European GDP in 2008 and accounting for some 3.8% of the workforce¹. Beyond their direct contribution to GDP, they trigger spill-over in other sectors of the economy such as tourism and fuelling content for ICT. In a broader sense creativity will play an essential role in modern education. It will drive innovation, entrepreneurship, as well as smart and sustainable growth and contribute to social inclusion. Members States support numerous cultural initiatives many of which fall under state aid rules.

However despite witnessing higher than average growth rates in many countries in recent years, these sectors are facing various common challenges and difficulties, and there is a potential for further growth in the future if a coherent strategic approach is followed and the right enablers are put in place.

A Creative Europe framework programme will contribute to Europe 2020 objectives and some of its flagships by responding to challenges the cultural and creative sectors face in terms of fragmentation, globalisation and the digital shift, shortage of data and lack of private investment. It will seek to strengthen competitiveness in the cultural and creative sectors, by strongly focussing on capacity building measures and support for transnational circulation of cultural works. At the same time it will play a key role in respecting the European Union's legal obligations regarding the safeguarding and promotion of cultural and linguistic diversity.

The programme will be a simple, recognisable and easily accessible gateway for European cultural and creative professionals and it will offer scope for activities within and outside of the European Union (EU). A single framework programme will enable synergies and cross-fertilisation across the different cultural and creative sectors.

EU intervention in this area will aim to deliver systemic impact and to support policy development and will be of particular value for the following reasons:

- The transnational character of its activities and their impact which will complement national, international and other EU programmes;

¹ Building a Digital Economy: The importance of saving jobs in the EU's creative industries, TERA Consultants, March 2010. See also the emphasis on the cultural and creative sectors in the European Competitiveness Report 2010, Commission staff working document, COM(2010) 614

- The economies of scale and critical mass which EU support can foster, creating a leverage effect on additional funds;
- Transnational cooperation which can stimulate more comprehensive, rapid and effective responses to global challenges and have long-term systemic effects on the sector;
- Ensuring a more level playing field in the European cultural and creative sectors by taking account of lower production capacity countries and/or countries or regions with a restricted geographical and linguistic area.

By specifically targeting the needs of the cultural and creative sectors aiming to operate beyond national borders, and with a strong link to the promotion of cultural and linguistic diversity, the programme will complement other EU programmes such as structural fund support for investment in the cultural and creative sectors, heritage restoration, cultural infrastructure and services, digitisation funds for cultural heritage and the external relations instruments. Furthermore, it will build on the experience and success of existing brands such as MEDIA and the European Capitals of Culture.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

2.1. Consultation and expert advice

A public consultation on the future of the Culture Programme took place between 15 September and 15 December 2010. A considerable number of organisations also sent in separate position papers. With almost 1,000 responses (589 from individuals, and 376 from organisations and public authorities), this represented a good sample for the future analysis. The online consultation asked a series of questions building on the findings of the interim evaluation. A summary of the results was published in June 2011². The online consultation was followed by a public consultation meeting on 16 February 2011 in Brussels, attended by more than 550 people, many on behalf of representative European cultural organisations³.

In addition to the results of the public consultations, the Commission has taken account of the interim evaluation of the current programme carried out in 2010⁴, feedback to the Commission's Green Paper "Unlocking the potential of cultural and creative industries" (which received some 350 responses), findings of independent studies, as well as recommendations made by experts in the context of the culture open method of coordination (OMC) and structured dialogue with the sector over the period 2008-2010.

These various sources highlighted the many positive benefits of the Culture Programme, but also identified areas for improvement and simplification. One element which emerged in particular was the need to revise the objectives in the light of the Europe 2020 strategy and the

² A summary of the online consultation's results regarding the Culture Programme after 2013 is available at: http://ec.europa.eu/culture/our-programmes-and-actions/consultation-on-the-future-culture-programme_en.htm

³ A summary of this public hearing are available at: http://ec.europa.eu/culture/our-programmes-and-actions/doc/culture/summary-public-meeting-16-02-2011_en.pdf

⁴ The interim evaluation is available at: http://ec.europa.eu/dgs/education_culture/evalreports/culture/2010/progreport_en.pdf

Union's legal and moral obligations to foster the safeguarding and promoting of cultural and linguistic diversity. Furthermore, there was strong support for the role the programme can play in contributing to the strengthening of the cultural sector through professional development and capacity-building of artists/cultural operators in an international context, and promoting the trans-national circulation of cultural works and products, including the mobility of artists, performers and cultural professionals. Priorities of a more social nature were also endorsed, including widening access to culture and participation in culture of disadvantaged groups (social inclusion). Furthermore, problems of access to finance for cultural and creative SME have been repeatedly stressed.

The Commission undertook an online consultation on the future of the MEDIA 2007 Programme from September through November 2010. 2,586 respondents responded to the Commission's public online consultation⁵. They represent a wide range of stakeholders within the European audiovisual sector, from many Member States and other European countries. The online consultation revealed that the main priorities for the future programme as perceived by respondents are mainly: new technologies, gaps in training, fragmentation, support rules, media literacy, and quotas of European works.

A separate online consultation on the future of the MEDIA Mundus Programme took place from March to end of May 2011. The Commission received 367 replies from 51 countries⁶. 86% of the replies were submitted by professionals from Member States. Stakeholders participating in the MEDIA Mundus consultation prioritised actions to facilitate co-productions, i.e. the support of co-production markets and international co-production funds. Continuous training also received particularly high support from stakeholders.

A public hearing on MEDIA and MEDIA Mundus took place on 18 March 2011 in Brussels⁷. gathering together approximately 250 stakeholders such as filmmakers, producers, distributors, film directors, exhibitors, film funds etc., to present their views and debate on the future of the programmes. A further 900 people followed via streamed transmission. The main outcomes of this hearing were the following: In its 20 years of existence MEDIA helped to significantly change the European audiovisual landscape; most European films would not be seen outside their home territories without MEDIA support; the European animation industries now play a very important role on the world markets and MEDIA has a major impact on the development of European co-productions. However, the sector is now facing important challenges and opportunities from digitisation and globalisation and support will be needed to enable the sector to develop new business models and to benefit from the changing market conditions. It will be very important to support projects acting across the value chain and to focus more on audience building, branding and film literacy.

The Commission has also conducted a series of audiovisual stakeholder focus groups to further explore attitudes toward the programme and has organised conferences and meetings with various stakeholders in the context of the Rotterdam, Berlin and Cannes Film festivals 2011.

⁵ A summary of the online consultation's results regarding the MEDIA Programme after 2013 is available at: http://ec.europa.eu/culture/media/programme/docs/overview/online_consultation_summary_en.pdf

⁶ A summary of the online consultation's results regarding the MEDIA Mundus Programme after 2013 is available at: http://ec.europa.eu/culture/media/mundus/public_consultation/index_en.htm

⁷ The conclusions of this public hearing are available at: http://ec.europa.eu/culture/media/mundus/docs/Programme_public_hearing_The_future_of_the_MEDIAs_en.pdf

A number of additional focused consultations took place with respect to the identified problem of access to financing involving numerous groups of diverse stakeholders from the audiovisual, music, publishing and videogame sectors. These consultations also involved the EIB Group (European Investment Bank and European Investment Fund), and financial institutions. On 3 May 2011 a seminar was organised by the Commission on "Facilitating access to funding for cultural and creative SME", bringing together representatives from European financial institutions involved in funding for SME operating in the cultural and creative sectors, companies from these sectors and experts who have been working on the topic of access to finance in this area.

The feedback to all these consultations was thoroughly considered by the Commission and used in the preparation of both the impact assessment reports and the future programme design.

2.2. Impact assessment

Three impact assessments have contributed to this proposal, namely one on the continuation of the current Culture programme, a joint impact assessment on the current MEDIA and MEDIA Mundus programmes, and a separate impact assessment on the creation of a financial facility for the cultural and creative sectors.

The impact assessments for Culture and MEDIA identify **four common problems** facing the cultural and creative sectors which will need to be addressed at EU level in order to reach the desired impacts. The first is the **fragmented market** context stemming from Europe's cultural and linguistic diversity, which results in these sectors being essentially fragmented along national and linguistic lines and lacking critical mass. At present this leads to sub-optimal transnational circulation of works and mobility of artists and professionals, as well as geographical imbalances. It also limits consumer choice and access to European cultural works. The second is the need for the sectors to adapt to the **impact of globalisation and the digital shift**. Globalisation has a tendency to increase the concentration of supply among a limited number of major players, posing a threat to cultural and linguistic diversity. The digital shift is having a massive impact on how cultural goods are made, managed, disseminated, accessed, consumed and monetised, presenting both opportunities and challenges, and the sector would benefit from transnational approaches and solutions. The third is the **shortage of comparable data** on the cultural sector at European and national levels. This has consequences for European policy coordination, which can be a useful driver for national policy developments and systemic change at low cost for the EU budget and in full respect of the principle of subsidiarity. The fourth is the **difficulties faced by cultural and creative SME in accessing finance**. This is due to the intangible nature of many of their assets, such as copyright, which are usually not reflected in accounts (unlike patents). It is also due to the fact that unlike other industrial projects, cultural works are generally not mass-produced, with every book, opera, theatre play, film and videogame being a unique prototype and companies tending to be project-based.

After assessing several options, both conclude that a merger of Culture, MEDIA, MEDIA Mundus and a new financial facility within a single framework programme would have advantages compared to all other options considered in terms of achieving the necessary objectives, efficiency, cost-effectiveness (result per Euro spent), and coherence.

3. LEGAL ELEMENTS OF THE PROPOSAL

The Programme will be based on Articles 166, 167 and 173 of the Treaty on the Functioning of the European Union (TFEU). Article 166 is the base for EU actions in the field of vocational training. Article 167 specifies the EU'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.

Furthermore, Article 3(3) of the Treaty on European Union recognises that the internal market and economic growth must be accompanied by respect for the EU's cultural and linguistic diversity. The EU Charter for Fundamental Rights (Article 22) states that the Union shall respect cultural and linguistic diversity. Finally, the Union's mandate is recognised in international law, in the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which is part of the *acquis communautaire*.

4. BUDGETARY IMPLICATION

The overall budget for the actions (2014-2020) amounts to €1.801 billion (current prices).

5. OPTIONAL ELEMENTS

The proposed programme consists of a framework with three strands:

- A Cross-sectoral Strand addressed to all cultural and creative sectors including a financial facility and support for transnational policy cooperation and innovative cross-sectoral actions;
- A Culture Strand addressed to the cultural and creative sectors;
- A MEDIA Strand addressed to the audiovisual sector.

The indicative budgetary allocation will be 15 % for the Cross-sectoral Strand, 30 % for the Culture Strand and 55% for the MEDIA Strand.

Its **general objectives** will be (i) to safeguard and promote the European cultural and linguistic diversity and (ii) to strengthen the competitiveness of the sector; thereby it will contribute to the EU 2020 strategy and its flagship initiatives.

The **specific objectives** are as follows:

- support the capacity of the European cultural and creative sectors to operate transnationally including by strengthening the relations and networks between operators;

- promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond;
- strengthen the financial capacity of the cultural and creative sectors;
- support transnational policy cooperation in order to foster policy development, innovation, audience building and new business models.

Each strand will specify its own **priorities and measures**, and will prioritise projects with a systemic effect on the sectors for example through support for new business models, network building and exchange of know-how in particular on the digital shift and globalisation of these sectors. Another important and new objective will be raising interest in European works through the support of audience building activities.

The **international dimension** of Creative Europe will be integrated through the following measures:

- possibility for participation of acceding countries, candidate countries and potential candidates benefiting from a pre-accession strategy, EEA, countries of the European neighbourhood area and Switzerland;
- possibility for bilateral cooperation with other third countries and international organisations;
- specific actions targeted at international professionals (integration of MEDIA Mundus).

6. SIMPLIFICATION

A considerable number of simplifications were already introduced for the management of the current Culture and MEDIA programmes. However further improvements will be introduced in Creative Europe.

Greater use will be made in general of flat rates, more grant decisions and framework partnership agreements, electronic application and reporting for all actions, and an electronic portal to reduce paperwork for applicants and beneficiaries.

The number of instruments and calls for proposals managed by the Executive Agency for Education, Audiovisual and Culture (EACEA) under the Culture Strand will be simplified by reducing them from 9 to 4 main categories. Operating grants, which have been confusing for applicants and beneficiaries, will be discontinued in favour of project grants.

The financial facility will lead to improved use of EU funds through the financial leverage it will generate and its re-use of revolving funds, which will offer the Commission greater efficiency than traditional grants to beneficiaries.

Another significant simplification measure will be the merging of the two information networks to reap economies of scale, greater transparency for the public by having only one EU entry point, the Creative Europe desks.

The establishment of a single Programme Committee would also contribute to a more cost-effective and lean management of the programme, not only via savings in implementation costs but also through more effectiveness resulting from stronger synergies among relevant policies and sectors.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on establishing the Creative Europe Programme**

(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 the first indent of Article 167(5) and Article 173(3) and Article 166(4) thereof,

Having regard to the proposal from the European Commission,

After transmission of the proposal to the National Parliaments,

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

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

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Treaty aims at an ever closer union among the peoples of Europe and confers on the Union the task, *inter alia*, of contributing to the flowering of cultures of Member States, while respecting their national and regional diversity and at the same time ensuring that the conditions necessary for the competitiveness of the Union's industry exist. In this respect, the Union, where necessary, supports and supplements Member States' actions to respect cultural and linguistic diversity, strengthen the competitiveness of the European cultural and creative sectors and facilitate adaptation to industrial changes, in particular through vocational training.
- (2) Union support for the cultural and creative sectors is based on the experience acquired with the following programmes and actions: Decision No 1855/2006/EC of the European Parliament and of the Council of 12 December 2006 establishing the Culture Programme (2007 to 2013)⁸, Decision No 1718/2006/EC of the European Parliament and of the Council of 15 November 2006 concerning the implementation of a programme of support for the European audiovisual sector (MEDIA 2007)⁹, Decision No 1041/2009/EC of the European Parliament and of the Council of 21 October 2009 establishing an audiovisual cooperation programme with professionals from third countries (MEDIA Mundus 2011-2013)¹⁰,

⁸ OJ L 372, 27.12.2006, p.1.

⁹ OJ L 327, 24.11.2006, p. 12.

¹⁰ OJ L 288, 4.11.2009, p.10.

Decision No 1622/2006/EC¹¹ of the European Parliament and of the Council of 24 October 2006 establishing a Community action for the European Capital of Culture event for the years 2007 to 2019 and Decision No xy/2011¹² (European Heritage Label).

- (3) The 'European agenda for culture in a globalizing world'¹³, endorsed by the Council in a Resolution of 16 November 2007¹⁴ sets the objectives for future activities of the European Union for the cultural and creative sectors. It aims to promote cultural diversity and intercultural dialogue, to promote culture as a catalyst for creativity in the framework for growth and jobs and to promote culture as a vital element in the Union's international relations.
- (4) With regard to the Charter of Fundamental Rights of the European Union and in particular Articles 11 and 21, the cultural and creative sectors make an important contribution to the fight against all forms of discrimination including racism and xenophobia and are an important platform for freedom of speech. Article 22 imposes an obligation to respect cultural and linguistic diversity.
- (5) The UNESCO Convention on the Protection and the Promotion of the Diversity of Cultural Expressions which entered into force on 18 March 2007, and to which the Union is a party, aims at strengthening international cooperation, including international co-production and co-distribution agreements, and solidarity so as to favour the cultural expression of all countries.
- (6) The Union is a member of World Trade Organisation (WTO) since 1 January 1995 and is therefore under a general obligation to respect the commitments undertaken under WTO Agreements.
- (7) The Communication from the European Commission¹⁵ on the European Strategy for smart, sustainable and inclusive growth (Europe 2020 Strategy) defines a strategy that aims to turn the Union into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. In this strategy, the Commission noted that the Union needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge based firms and greater access to finance for cultural and creative sectors.
- (8) Union support for the cultural and creative sectors is based on the considerable experience acquired with the Culture, MEDIA and MEDIA Mundus programmes. These programmes were the subject of regular monitoring and external evaluations, and public consultations were organised on their future.
- (9) It emerges from these monitoring, evaluation and public consultation exercises that the Culture, MEDIA and MEDIA Mundus programmes play a very important role in protecting and promoting Europe's cultural and linguistic diversity and that they are relevant for the needs of the cultural and creative sectors, but also that the objectives of any new programme should be realigned to the goals of Europe 2020. It also appears from these evaluations and consultations, as well as from various independent studies, in particular the study on the entrepreneurial dimension of cultural and creative industries, that the cultural and creative

¹¹ OJ L 304, 3.11.2006, p. 1.

¹² OJ L

¹³ COM(2007) 242 final

¹⁴ OJ C 287, 29.11.2007, p. 6.

¹⁵ COM(2010)2020, 3.3.2010

sectors are facing common challenges, namely a highly fragmented market context, the impact of the digital shift and globalisation, difficulties in accessing finance and a shortage of comparable data, which all require action at Union level.

- (10) The European cultural and creative sectors are inherently fragmented along national and linguistic lines. On the one hand, fragmentation results in a culturally diverse and highly independent cultural landscape, providing a voice for the different cultural traditions forming the diversity of our European heritage. On the other hand, fragmentation leads to limited and sub-optimal transnational circulation of cultural and creative works and operators within and outside the Union, to geographical imbalances and - subsequently - to a limited choice for the consumer.
- (11) The digital shift is having a massive impact on how cultural and creative goods and services are made, disseminated, accessed, consumed and monetised. These changes offer great opportunities for the European cultural and creative sectors. Lower distribution costs, new distribution channels and new opportunities for niche products can facilitate access and increase circulation worldwide. In order to seize these opportunities and adapt to the context of the digital shift and globalisation, the cultural and creative sectors need to develop new skills and require greater access to finance to upgrade equipment, develop new production and distribution methods and adapt their business models.
- (12) Current distribution practices underpin the film financing system. However, there is an increasing need to promote the emergence of attractive legal online offers and encourage innovation. Therefore, promoting flexibility of new distribution modes in order to allow the emergence of new business models is essential.
- (13) One of the greatest challenges of the cultural and creative sectors, especially small operators including small and medium-sized enterprises (SMEs) and micro-enterprises, is their difficulty accessing the funds they need to finance their activities, grow, maintain their competitiveness or internationalise. While this is a common challenge for SMEs in general, the situation is significantly more difficult in the cultural and creative sectors due to the intangible nature of many of their assets, the prototype profile of their activities, the lack of investment-readiness of the operators in the sectors as well as the insufficient investor-readiness of financial institutions.
- (14) As a pilot project, the European Creative Industries Alliance is a cross-sectoral policy initiative that will primarily support the creative industries at policy level. It aims at leveraging additional funds for creative industries and in stimulating the demand for creative industries' services by other industries and sectors. Testing of new tools for better support for innovation in creative industries will take place and will be leveraged to feed into a policy learning platform composed of European, national and regional stakeholders.
- (15) There is a need to bring together the current individual Union programmes for the cultural and creative sectors within a single comprehensive framework programme in order to more effectively support cultural and creative operators to take advantage of the opportunities the digital shift and globalisation offer and help them to address issues currently leading to market fragmentation. To be effective, the Programme should take account of the specific nature of the sub-sectors, their different target groups and their particular needs through tailor-made approaches within independent strands.
- (16) The European Capital of Culture and the European Heritage Label help to strengthen the feeling of belonging to a common cultural area, and contribute to enhancing the value of cultural heritage. Funding should be provided for these two Union actions.

- (17) Participation in the programme will be open to acceding countries, candidate countries and potential candidates benefiting from a pre-accession strategy, 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, Association Council Decisions or similar agreements; to EFTA countries which are parties to the EEA Agreement and to countries of the European neighbourhood area in accordance with the procedures defined with those countries following the framework agreements providing for their participation in European Union programmes. The participation of the Swiss Confederation is subject to specific arrangements with that country.
- (18) The Programme should further be open for bilateral or multilateral cooperation actions with other non EU Member States on the basis of additional appropriations to be defined.
- (19) Cooperation between the Programme and international organisations in the field of culture and audiovisual such as UNESCO, the Council of Europe and in particular Eurimages, OECD and the World Intellectual Property Organisation (WIPO) needs to be fostered.
- (20) It is necessary to ensure the European added value of all actions carried out within in the framework of the Programme, complementarity to Member State activities and compliance with Article 167 (4) of the Treaty and other Union activities, in particular in the field of education, research and innovation, industrial and cohesion policy, tourism and external relations.
- (21) This Regulation lays down, for the entire duration of the Programme, a financial envelope constituting the prime reference, within the meaning of point [17] of the Interinstitutional Agreement of XX/YY/201Z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, for the budgetary authority during the annual budgetary procedure.
- (22) In accordance with the Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community programmes, the Commission has entrusted the Executive Agency for Education, Audiovisual and Culture with implementation tasks for the management of the Programme of Community Action in the field of Education, Audiovisual and Culture since 2009. The Commission may therefore use, on the basis of a cost-benefit analysis, an existing executive agency for the implementation of the Creative Europe programme 2014-2020, as provided for in Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.
- (23) With regard to the implementation of the Programme, the specific nature of the cultural and creative sectors should be taken into account, and particular care should be taken to ensure that administrative and financial procedures are simplified.
- (24) With regard to the Council Regulation (Euratom, EC) No 2185/96 and Regulation (EC) No 1073/1999 of the European Parliament and the Council and with regard to the European Anti-Fraud Office (OLAF) appropriate measures should be drawn up and implemented to prevent fraud and to recover funds which have been lost or transferred or used improperly.
- (25) As stated in the Commission report on the impact of the European Parliament and Council Decisions modifying the legal bases of the European Programmes in the areas of Lifelong Learning, Culture, Youth and Citizenship of 30 July 2010, the substantial shortening of the

delays in the management procedures has increased the efficiency of programmes. This type of simplification should be continued.

- (26) In order to ensure uniform conditions for the implementation of this programme, implementing powers should be conferred on the Commission which should be exercised in accordance with 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 Member States of the Commission's exercise of implementing powers¹⁶.
- (27) In compliance with the principles for performance related assessment, the procedures for monitoring and evaluating the programme should include detailed annual reports and refer to the specific, measurable, achievable, relevant and time-bound targets and indicators laid down in this Regulation.
- (28) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties.
- (29) Provisions should be made for measures governing the transition from Culture 2007, MEDIA 2007 and MEDIA Mundus Programmes to the Programme established in this Regulation.
- (30) Given the transnational and international character of proposed actions, the objectives of this Regulation cannot be sufficiently achieved by Member States alone. For reasons of scale and the expected effects of those actions, transnational results can be better achieved by action at Union level. The Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. 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 support the achieving of the objectives to safeguard and promote European cultural and linguistic diversity and strengthen the competitiveness of the cultural and creative sectors in the period from 1 January 2014 to 31 December 2020

HAVE ADOPTED THIS REGULATION:

CHAPTER I General provisions

Article 1 Subject matter

This Regulation establishes the Creative Europe Programme for support to the European cultural and creative sectors (hereinafter referred to as 'the Programme') for the period from 1 January 2014 to 31 December 2020.

¹⁶

OJ L 55 28.02.2011 p.13.

Article 2 **Definitions**

For the purpose of this Regulation, the following definitions shall apply:

1. 'cultural and creative sectors' means all sectors whose activities are based on cultural values and/or artistic and creative expressions, whether these activities are market or non-market oriented and whatever the type of structure that carries them out. These activities include the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or creative expressions, as well as related functions such as education, management or regulation. The cultural and creative sectors include in particular architecture, archives and libraries, artistic crafts, audiovisual (including film, television, video games and multimedia), cultural heritage, design, festivals, music, performing arts, publishing, radio and visual arts;
2. 'operator' means a professional, an organisation, a business or an institution active in the cultural and creative sectors;
3. 'financial intermediaries' means financial institutions providing or planning to provide loan facilities or additional expertise regarding the cultural and creative sectors.

Article 3 **European added value**

1. The Programme shall only support those actions and activities presenting a potential European added value and contributing to the achievement of the objectives of the Europe 2020 Strategy and its flagship initiatives.
2. European added value shall be ensured in particular through:
 - (a) the transnational character of its activities and their impact, which will complement national, international and other Union programmes;
 - (b) the economies of scale and critical mass which Union support fosters creating a leverage effect for additional funds;
 - (c) transnational cooperation stimulating more comprehensive, rapid and effective responses to global challenges and creating long-term systemic effects on the sectors;
 - (d) ensuring a more level playing field in the European cultural and creative sectors by taking account of low production capacity countries and/or countries or regions with a restricted geographical and linguistic area.

Article 4 **General objectives of the Programme**

The general objectives of the Programme shall be the following:

- (a) to foster the safeguarding and promotion of European cultural and linguistic diversity;
- (b) to strengthen the competitiveness of the cultural and creative sectors with a view to promoting smart, sustainable and inclusive growth.

Article 5
Specific objectives of the Programme

The specific objectives of the Programme shall be the following:

- (a) to support the capacity of the European cultural and creative sectors to operate transnationally;
- (b) to promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond;
- (c) to strengthen the financial capacity of the cultural and creative sectors, and in particular small and medium-sized enterprises and organisations;
- (d) to support transnational policy cooperation in order to foster policy development, innovation, audience building and new business models.

Article 6
Structure of the Programme

The Programme shall consist of the following strands:

- (a) an Cross-sectoral Strand addressed to all cultural and creative sectors;
- (b) a Culture Strand addressed to the cultural and creative sectors;
- (c) a MEDIA Strand addressed to the audiovisual sector.

CHAPTER II
The Cross-sectoral Strand

Article 7
The Cultural and Creative Sectors Facility

1. The Commission shall establish a Facility targeting the cultural and creative sectors and operated within the context of a Union debt instrument for small and medium-sized enterprises. This facility shall have the following priorities:
 - (a) facilitate access to finance for small- and medium-sized enterprises and organisations in the European cultural and creative sectors;
 - (b) to this end, improve the capacity of financial institutions to assess cultural and creative projects, including technical assistance and networking measures.
2. The priorities shall be implemented as defined in Annex I.

Article 8 **Transnational policy cooperation**

In order to foster policy development, innovation, audience building and business models in the cultural and creative sectors the Commission shall implement the following support measures for transnational policy cooperation:

- (a) transnational exchange of experiences and knowhow on new business models, peer-learning activities and networking among cultural operators and policy makers related to the development of the cultural and creative sectors;
- (b) market data, studies, anticipation skills and jobs' tools, evaluations, policy analysis and support for statistical surveys;
- (c) contribution fee for the membership of the European Audiovisual Observatory to foster data collection and analysis in the cultural and creative sectors;
- (d) testing of new and cross-sectoral business approaches to funding, distributing, and monetising creation;
- (e) conferences, seminars and policy dialogue including in the field of cultural and media literacy;
- (f) support to the national members of the Creative Europe Desks' network to carry out the following tasks:
 - promote the Creative Europe Programme at national level;
 - assist the cultural and creative sectors regarding the Creative Europe Programme and provide information on the various types of aid available under Union policy;
 - stimulate cross-border cooperation between professionals, institutions platforms and networks in the cultural and creative sectors;
 - support the Commission by providing assistance regarding the cultural and creative sectors in the Member States, for example through the provision of data on these sectors;
 - support the Commission in ensuring proper communication and dissemination of the results and impacts of the programme.

CHAPTER III **The Culture Strand**

Article 9 **Priorities of the Culture Strand**

1. The priorities in the field of reinforcing the sector's capacity shall be the following:
 - (a) supporting actions providing operators with skills and knowhow encouraging the adaption to digital technologies, including testing new approaches to audience building and business models;

- (b) supporting actions enabling operators to internationalise their careers in Europe and beyond;
- (c) providing support to strengthen European operators and international cultural networks in order to facilitate access to professional opportunities.

2. The priorities in the field of promoting transnational circulation shall be the following:

- (a) supporting international touring, events and exhibitions;
- (b) supporting the circulation of European literature;
- (c) supporting audience building as a means of stimulating interest in European cultural works.

Article 10
Support measures of the Culture Strand

The Culture Strand shall provide support for the following measures:

- (a) cooperation measures bringing together operators from different countries to undertake sectoral or cross-sectoral activities;
- (b) activities by European bodies comprising networks of operators from different countries;
- (c) activities by organisations providing a promotional European platform for the development of emerging talent and stimulating the circulation of artists and works, with a systemic and large scale effect;
- (d) support for literary translation;
- (e) special actions aiming to achieve greater visibility for the richness and diversity of European cultures, and stimulate intercultural dialogue and mutual understanding, including European cultural prizes, the European Heritage Label, and the European Capitals of Culture.

CHAPTER IV
The MEDIA Strand

Article 11
Priorities of the MEDIA Strand

1. The priorities in the field of reinforcing the sector's capacity shall be the following:

- (a) facilitating the acquisition of skills and the development of networks and in particular encouraging the use of digital technologies to ensure the adaptation to market development;
- (b) increasing the capacity of audiovisual operators to develop audiovisual works with a potential to circulate in Europe and beyond and to facilitate European and international co-production including with TV broadcasters;

- (c) encouraging business to business exchanges by facilitating access to markets and business tools for audiovisual operators to increase the visibility of their projects on European and international markets.

2. The priorities in the field of promoting transnational circulation shall be the following:

- (a) supporting theatrical distribution through transnational marketing, branding, distribution and exhibition of audiovisual projects;
- (b) supporting transnational marketing and distribution on online platforms;
- (c) supporting audience building as means of stimulating interest for audiovisual works in particular through promotion, events, film literacy and festivals;
- (d) Promoting flexibility of new distribution modes in order to allow the emergence of new business models.

Article 12
Support measures of the MEDIA Strand

The MEDIA Strand shall provide support for the following measures:

- (a) support the development of a comprehensive offer of new skills acquisition, knowledge sharing and networking initiatives;
- (b) support audiovisual operators to develop European audiovisual works with enhanced cross-border circulation potential;
- (c) support activities aiming at facilitating European and international co-productions, including television;
- (d) facilitate access to professional audiovisual trade events and markets and the use of online business tools inside and outside Europe;
- (e) establish systems of support for the distribution of non-national European films on all platforms and for international sales activities;
- (f) facilitate circulation of European films worldwide and of international films in Europe on all platforms;
- (g) support of a European cinema owners' network screening a significant proportion of non-national European films, including the integration of digital technologies;
- (h) support initiatives presenting and promoting a diversity of European audiovisual works;
- (i) support activities aiming at increasing knowledge and interest of audiences;
- (j) support innovative actions testing new business models and tools in areas likely to be influenced by the introduction and the use of digital technologies.

CHAPTER V

Performance results and dissemination

Article 13

Consistency and complementarity

1. The Commission, in cooperation with the Member States, shall ensure overall consistency and complementarity with:
 - (a) relevant EU policies, in particular those in the fields of education, employment, health, research and innovation, enterprise, tourism, justice and development;
 - (b) other relevant EU funding sources in the field of culture and media policies, in particular the European Social Fund, the European Regional Development Fund, the Research and Innovation Programmes, as well as the financial instruments relating to justice and citizenship, external cooperation programmes and the pre-accession instruments. In particular, it will be important to ensure synergies at the level of implementation between the Programme and the national and regional strategies for smart specialisation.
2. This Regulation shall apply and be implemented respecting international commitments of the Union.

Article 14

Monitoring and evaluation

1. The Commission shall ensure regular monitoring and external evaluation of the Creative Europe Programme against the following performance indicators. It has to be taken into account that the achievement of performance results depends on the complementary impact of other activities at European and national level affecting the cultural and creative sectors:

- (a) Indicators for the general objectives referred in Article 4:
 - the sectors' share of employment and share of GDP;
 - percentage of people reporting that they access European cultural works.
 - (b) Indicators for the specific objectives referred in Article 5:

With regard to the objective on support for the capacity of the European cultural and creative sectors referred to in point (a) of Article 5:

- internationalisation of cultural operators and the number of transnational partnerships created;
- number of learning experiences created for artists/cultural operators which have increased their skills and employability.

With regard the objective on promotion of transnational circulation of cultural and creative works and operators and the reaching of new audiences in Europe and beyond referred to in point (b) of Article 5:

Culture Strand:

- number of people directly and indirectly reached through projects supported by the Programme.

MEDIA Strand:

- number of admissions for European films in Europe and worldwide (10 most important non-European markets);
- percentage of European audiovisual works in cinemas, TV and digital platforms.

With regard to the objective on strengthening of the financial capacity of cultural and creative sectors referred to in point (c) of Article 5:

- volume of loans granted in the framework of the financial facility;
- number and geographical spread of financial institutions providing access to finance for the cultural and creative sectors;
- number, national origin and sub-sectors of final beneficiaries benefitting from the financial facility.

With regard to the objective on support for transnational policy cooperation referred to in point (d) of Article 5:

- number of Member States making use of the results of the Open Method of Coordination in their national policy development and the number of new initiatives.

2. The results of the monitoring and evaluation process shall be used when implementing the Programme.
3. The evaluation shall have the right scope and will be carried out in a sufficiently timely manner to feed into the decision making process.
 - (a) In addition to the regular monitoring the Commission shall establish an external evaluation report no later than end-2017 in order to assess the effectiveness in achieving the objectives and the efficiency of the Programme and its European added value in view of a decision on the renewal, modification or suspension of the Programme. The evaluation shall address the scope for simplification, its internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of Decision No 1855/2006/EC, Decision No 1718/2006/EC and Decision No 1041/2009/EC of the European Parliament and of the Council.
 - (b) The longer-term impacts and the sustainability of effects of the measures shall be evaluated by the Commission with view to feeding into a decision on a possible renewal, modification or suspension of a subsequent programme.

Article 15 **Communication and dissemination**

1. Beneficiaries of the projects supported by the Programme shall ensure communication and dissemination of information concerning the Union's funding they have received and the results obtained.

2. The Creative Europe Desks network referred to in Article 8 (f) shall ensure communication and dissemination of information concerning the Union funding awarded and results obtained for their country.

CHAPTER VI **Access to the Programme**

Article 16 **Provisions concerning non-EU Member States and international organisations**

1. The Programme shall foster cultural diversity at international level in line with the 2005 UNESCO Convention on the protection and the promotion of the diversity of cultural expressions.
2. The Strands shall be open to the participation of the following countries provided that the conditions are met, including those contained within Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services for the MEDIA strand, and additional appropriations are paid:
 - (a) Acceding countries, candidate countries and potential candidates benefiting from a pre-accession strategy, 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, Association Council Decisions or similar agreements;
 - (b) EFTA countries which are members of the EEA, in accordance with the provisions of the EEA Agreement;
 - (c) The Swiss Confederation, on the basis of a bilateral agreement to be concluded with that country;
 - (d) Countries of the European neighbourhood area in accordance with the procedures defined with those countries following the framework agreements providing for their participation in European Union programmes.
3. The Programme shall be open for bilateral or multilateral cooperation actions targeted at selected countries or regions on the basis of additional appropriations.
4. The Programme shall permit cooperation and joint actions with countries not participating in the Programme and with international organisations active in the cultural and creative sectors such as UNESCO, the Council of Europe, OECD or the World Intellectual Property Organisation on the basis of joint contributions for the realisation of the Programme's objectives.

CHAPTER VII

Implementing provisions

Article 17

Implementation of the Programme

In order to implement the programme, the Commission shall adopt annual work programmes by way of implementing acts in accordance with the advisory procedure referred to in Article 18 (2). The annual work programmes shall set out the objectives pursued, the expected results, the method of implementation and the total amount of the financing plan. They shall also contain a description of the actions to be financed, an indication of the amount allocated to each action and an indicative implementation timetable. For grants they shall include the priorities, the essential evaluation criteria and the maximum rate of co-financing.

Article 18

Committee procedure

1. The Commission shall be assisted by the Creative Europe Programme Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of the Regulation (EU) No 182/2011 shall apply.

Article 19

Financial provisions

1. The financial envelope for implementing this Programme for the period set out in Article 1 (1) is fixed at EUR 1 801 000 000.
2. The financial allocation for the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required directly for the management of the programme and the achievement of its objectives; in particular, studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the European Union as far as they are related to the general objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme.
3. The financial allocation may also cover the technical and administrative assistance expenses necessary to ensure the transition between the Programme and the measures adopted under Decision No 1855/2006/EC, Decision No 1718/2006/EC and Decision No 1041/2009/EC of the European Parliament and of the Council. If necessary, appropriations could be entered in the budget beyond 2020 to cover similar expenses, in order to enable the management of actions not yet completed by 31 December 2020.
4. The Commission shall implement the Union financial support in accordance with Regulation XX/2012 [the Financial Regulation].
5. In duly justified cases the Commission may consider costs directly linked to the implementation of the supported actions as eligible even if those costs are incurred by the beneficiary before the submission of the financing application.

Article 20
Protection of the financial interests of the European Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the restitution of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds. The European Anti-fraud Office (OLAF) may be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in the Regulation (Euratom, EC) No 2185/96 with a view to establishing that there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or decision or a contract concerning Union funding.
3. Without prejudice to the first sub-paragraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Programme shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, verifications or on-the spot checks Regulation XX/2012 [the Financial Regulation].

CHAPTER VIII
Final provisions

Article 21
Repeal and transitional provisions

1. Decision No 1855/2006/EC, Decision No 1718/2006/EC and Decision 1041/2009/EC of the European Parliament and of the Council shall be repealed with effect from 1 January 2014.
2. Activities undertaken before the 31 December 2013 on the basis of the Decision No 1855/2006/EC, Decision No 1718/2006/EC and Decision 1041/2009/EC of the European Parliament and of the Council shall continue to be managed until they are terminated in compliance with the provisions of those Decisions.

Article 22
Entry into force

This Regulation shall enter into force on the twentieth day following 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.

It shall apply from 1 January 2014.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX I

IMPLEMENTATION ARRANGEMENTS FOR THE CULTURAL AND CREATIVE SECTORS FACILITY

The Commission shall establish a facility targeting the cultural and creative sectors and operated within the context of a European Union debt instrument for small and medium-sized enterprises. The financial support thus provided shall be earmarked to small and medium-sized enterprises and organisations operating in the cultural and creative sectors.

1. Tasks

The Cultural and Creative Sectors Facility shall carry out the following tasks:

- (a) Provide guarantees to appropriate financial intermediaries from any country participating in the Creative Europe Programme;
- (b) Provide financial intermediaries with additional expertise and capacity to evaluate risks associated with operators in the cultural and creative sectors;

2. Selection of intermediaries

Intermediaries shall be selected in conformity with best market practice with regard to the effect on:

- the volume of debt financing made available to cultural and creative operator and/or
- cultural and creative operator access to finance, and/or
- risk-taking in cultural and creative operator financing by the intermediary concerned.

3. Duration of the Cultural and Creative Sectors Facility

Individual guarantees may have a maturity of up to 10 years.

In accordance with Article 18.2 of Regulation XX/2012 [the Financial Regulation], revenues and repayments generated by the guarantees shall be assigned to the financial facility. For financial facilities already set up in the previous multiannual financial framework, revenues and repayments generated by operations started in the previous period shall be assigned to the financial facility in the current period.

4. Capacity Building

Capacity building under the Cultural and Creative Sectors Facility is essentially the provision of expert services to the financial intermediaries signing a facility agreement under the Cultural and Creative Sectors Facility, with the objective of providing each financial intermediary with additional expertise and capacity to evaluate risks associated to financing the cultural and creative sectors. Additionally, operators in the cultural and creative sectors could benefit from this capacity building by developing the appropriate skills to elaborate business plans and to prepare accurate information of their projects that would help the financial intermediary evaluate the cultural and creative projects in an efficient way.

5. Budget

The budgetary allocation shall cover the full cost of the Facility, including payment obligations towards financial intermediaries such as losses from guarantees, management fees for the EIF managing the Union's resources, as well as any other eligible costs or expenses.

6. Visibility and awareness-raising

Each intermediary shall provide an appropriate level of visibility and transparency to the support given by the Union, including adequate information on the financial opportunities made available by the Programme.

It shall be ensured that the final beneficiaries are adequately informed of the available financing opportunities.

ANNEX II

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

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

1.2. Policy area(s) concerned in the ABM/ABB structure¹⁷

Title 15 Education and Culture

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action¹⁸**
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

The Programme will contribute to the Europe 2020 Strategy (COM (2010) 2020, 3.3.2010) through

- (a) fostering the safeguarding and promotion of European cultural and linguistic diversity;
- (b) strengthening the competitiveness of the cultural and creative sectors with a view to promoting smart, sustainable and inclusive growth.

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objectives:

- (a) Support the capacity of the European cultural and creative sectors to operate transnationally;
- (b) Promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond;
- (c) Strengthen the financial capacity of the cultural and creative sectors;

¹⁷

ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

¹⁸

As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

(d) Support transnational policy cooperation in order to foster policy development, innovation, audience building and new business models.

ABM/ABB activity(ies) concerned

15.04 Creative Europe

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The programme will strengthen the adaptation of the cultural and creative sectors to globalisation and the digital shift and increase transnational trade of cultural works and touring by artists and other professionals, thereby improving its capacity to operate internationally and contribute to economic growth and employment. This would be done by targeting projects which can promote the knowhow and skills to make full use of the potential the digital shift offers to reach larger audiences, develop new business models and to tap into new revenue streams (thereby also helping to reduce reliance on public funding). By targeting multipliers, an exponential effect will be sought. More targeted support for the transnational circulation of works should help to generate economies of scale by fostering physical networks for artists, professionals and works or wider digital distribution outside of traditional distribution chains and thereby facilitating the recouping of costs through more extended runs and larger audiences.

The structure of a framework programme integrating the previous Culture, MEDIA 2007 and MEDIA Mundus programme will ensure a more fluid flow of information between sectors and help increase knowledge sharing, for example in new business skills. It accommodates networking, collaborations and strategic partnerships between operators more easily than would be the case with two separate programmes.

Furthermore, the inclusion of a financial instrument will help the CCS to achieve financial stability, invest in innovation, reach new growth markets, through digital distribution and sales, thereby reaching new and larger audiences.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

(a) Indicators for general objectives (Article 4 of the Regulation):

- the sectors' share of employment and share of GDP [target for 2020: increase of 5% in share of employment and share of GDP];
- percentage of people reporting that they access non-national European cultural works [target for 2020: increase of 2 percentage points in comparison to the Eurobarometer Survey 2007].

(b) Indicators of specific objectives (Article 5 of the Regulation):

As regards support for the capacity of the European cultural and creative sectors (Article 5 (a)):

- internationalisation of cultural operators and the number of transnational partnerships created [target for 2020: creation of 10.000 transnational partnerships];
- number of learning experiences created for artists/cultural operators which have increased their skills and employability [target for 2020: 300.000 professionals with learning experiences].

As regards the promotion of transnational circulation of cultural and creative works and operators and the reaching of new audiences in Europe and beyond (Article 5 (b)):

Culture Strand:

- number of people directly and indirectly reached through projects supported by the Programme [100 million people];

MEDIA Strand:

- number of admissions for European films in Europe and worldwide (10 most important non-European markets) [target for 2020: 325 million admissions (in Europe) 165 million admissions (worldwide, 10 most relevant markets) (10% increase)];

- percentage of European audiovisual works in cinemas, TV and digital platforms [target for 2020: 60% for cinema, 67% for TV, 67% for digital platforms].

As regards the strengthening of the financial capacity of cultural and creative sectors (Article 5(c)):

- volume of loans granted in the framework of the financial facility [target for 2020: € 1 billion worth of loans];

- number and geographical spread of financial institutions providing access to finance for the cultural and creative sectors [target for 2020: financial institutions from 10 different countries];

- number, national origin and sub-sectors of final beneficiaries benefitting from the financial facility [target for 2020: 15.000 beneficiaries from 5 different sub-sectors].

As regards support for transnational policy cooperation (Article 5 (d)):

- number of Member States making use of the results of the Open Method of Coordination (OMC) in their national policy development and the number of new initiatives [target for 2020: each Member State participating in the OMC makes use of the results and launches at least one initiative].

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The programme will respond to challenges the cultural and creative sectors face in terms of fragmentation, globalisation and the digital shift, shortage of data and lack of private investment and contribute to the delivery of the Europe 2020 objectives by driving innovation, entrepreneurship and smart, sustainable growth and social inclusion.

It increases the sectors' contribution to the share of employment and growth, which currently represents 4.5% of total European GDP in 2008 and some 3.8% of workforce.

1.5.2. Added value of EU involvement

In addition to the complementarities to other EU policies and programmes the new initiative would have the following added value of EU involvement:

- The transnational character of its activities and the impact of their outputs, which will complement national, international and other European Union programmes;
- The economies of scale and critical mass which European Union support can foster creating leverage effect on additional funds;
- Transnational cooperation can stimulate more comprehensive, rapid and effective responses to global challenges and have long-term systemic effects on the sector;
- Ensuring a more level playing field in the European cultural and creative sectors by taking account of low production capacity countries and/or countries or regions with a restricted geographical and linguistic area.

1.5.3. *Lessons learned from similar experiences in the past*

Following the results of several evaluations and public consultations of previous programmes the Creative Europe programme will introduce measures adapted to the current and future needs of the sectors and simplify management and implementation of the programme.

The dramatic changes of the sector in terms of digitisation and globalisation and the continually evolving technology require a massive adjustment by cultural and creative operators. These needs are reflected in the proposed action. The programme facilitates new competences, such as the development of new business models and revenue streams, including marketing and audience-building skills, up-to-date ICT knowhow, and better knowledge of issues such as copyright and also responds to the current shortage of market data. New geographical and product markets will be reached by introducing an international dimension throughout the programme and e.g. an increased focus on video games. The programme will have flexibility for further experimentation through the support of pilot projects. Moreover the programme meets the need for media and cultural literacy measures in order to build up and increase an audience and contribute to a critical understanding for European cultural and creative works.

The programme establishes a recognizable and simple single entry point for cultural and creative operators in Europe. A single Creative Europe Desk will save resources and improve management of the desks, facilitate application and create more visibility for the programme.

Further simplifications will be introduced to accelerate the operational management of the programme. They will include: improvements to the data collection and analysis tools and resources; greater use of lump sums and flat rates funding, framework partnership agreements, grant decisions; reduction in the number of instruments in the case of Culture; beneficiary portals and other ICT tools to reduce paperwork for applicants/beneficiaries; electronic application and final report forms for all actions.

1.5.4. *Coherence and possible synergy with other relevant instruments*

The programme will be entirely complementary to other EU instruments. No other EU programme promotes the transnational mobility of artists/cultural and audiovisual professionals nor the circulation of works. Regarding linguistic diversity the programme will complement EU actions on language learning. However, the programme does not aim at formal or informal learning which is covered by the Erasmus for All Programme, but

focuses on fostering peer and accelerated learning among cultural organisations on topics where the sector faces key challenges.

The programme will complement EU culture policy by reaching cultural operators directly and thereby helping bring about systemic change in terms of EU policy priorities.

In contrast to other EU funding such as the ERDF, ESF, Competitiveness and Innovation Framework Programme (CIP), the programme will specifically target the needs of the cultural and creative sectors with a wish to operate beyond national borders and with a strong link to the promotion of cultural and linguistic diversity. Indeed, the current ERDF/ESF support is for preservation, rehabilitation and development of cultural heritage, development of cultural infrastructure, urban regeneration, support to tourism, promotion of entrepreneurship, support to ICT based cultural services and the improvement of human capital, with a very strong focus on innovation and regional or local development. Furthermore the support for policy development would have benefits for knowledge sharing in the development of regional policies by Member States.

The CIP provides access to funding for SMEs (through guarantee and equity) and the uptake of digital technologies and contents, but these are generic tools, without any dissemination of sector-specific expertise. The financial facility established by the programme to strengthen the financial capacity of Europe's cultural and creative sectors will focus on the specific needs of these sectors, in order to foster greater understanding of assessing risks in these sectors by financial institutions and stimulating networking between them.

Mass digitisation of cultural heritage will not be supported through the culture strand. But it could be funded within the Structural Funds. Additionally, policy and actions related to digitisation and content aggregation around Europeana (the European Digital Library) are implemented within the Digital Agenda for Europe.

International funding under the culture strand will help the European cultural sector to operate internationally and be a projection of the objectives of the internal programme. In contrast to other EU instruments aimed at cultural cooperation with third countries, it is a multilateral, not bilateral tool, and does not target development cooperation in third countries. However, it will create synergies with these programmes once cultural and creative sectors have been built up.

1.6. Duration and financial impact

Proposal/initiative of limited duration

- **Proposal/initiative in effect from 01/01/2014 to 31/12/2020**
- **Financial impact from 2014 to 2020 (and to post-2020 for payments)**

Proposal/initiative of unlimited duration

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

1.7. Management mode(s) envisaged¹⁹

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

- **executive agencies**
- **bodies set up by the Communities²⁰**
- **national public-sector bodies/bodies with public-service mission**
- **persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation**

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations (*as specified below*)

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments

The Programme will be implemented by:

- the Commission for the following action lines: special actions within the Culture Strand (Prizes, ECOC, European Heritage Label etc.), support to co-production fund, support to transnational policy cooperation
- the EACEA for the remaining action lines
- the EIF in respect of the cultural and creative sectors financial facility

¹⁹ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:

http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

²⁰ As referred to in Article 185 of the Financial Regulation.

- European based international co-production funds (article 54 Financial Regulation bodies) for the co-production action line

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The Commission shall ensure regular monitoring and external evaluation of the Creative Europe Programme against the indicators listed in 1.4.4. It has to be taken into account that the assessment of the indicators depends on the complementary impact of other activities on European and national level affecting the cultural and creative sector. The Commission shall submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an evaluation report on the results obtained and on the qualitative and quantitative aspects of the implementation of the Programme not later than 31 December 2017. The evaluation will include the ex post evaluation of the previous programmes.

2.2. Management and control system

2.2.1. Risk(s) identified

A: Key risks and key causes of errors

The following key risks and causes of errors have been identified for the Creative Europe Programme, on the basis of those already reported for the current MEDIA and Culture programmes:

- Specific target public: most participants to the programme are likely to be small and medium-sized organisations operating in the audiovisual and creative sectors. Some of them may not have a strong financial footing or sophisticated management structures. This may have an impact on their financial and operational capacity for managing EU funds;
- Errors regarding the eligibility of expenses in budget-based grants, due to the complexity of rules, the lack of adequate supporting documentation kept by grant beneficiaries or inadequate desk controls: this risk will still exist under the Creative Europe Programme but should be lower than for the current generation of Programmes, due to simplified rules, increased use of flat rates and lump sums and improved and better targeted desk controls (see 2.2.2);
- Limited risk of double funding, as entities may benefit from several grants under different EU Programmes.

It should be noted that most of the actions under the current MEDIA and Culture Programmes and the Creative Europe Programme are/will be managed by the Education, Audiovisual and Culture Executive Agency (EACEA). The mitigation of the risks mentioned above will therefore mainly fall under the responsibility of the Agency.

B: Expected error rates

Figures for 2009 and 2010 show that the error rate for the MEDIA Programme is very low (under 0,50%). This is confirmed by the indicative figures available to date for 2011.

Concerning the Culture Programme, the 2009 error rate was 0.57% and should be also well under 2% in 2011 according to provisional figures, around 0.6-0.7%. The materiality of the value at risk resulting from the error rate was for 2010 above the 2% threshold (4.28%) but the sample of audits represented a smaller amount in terms of budget than in 2009 and 2011. Therefore, for the years 2009 to 2011, the multi-annual error rate is less than 1%.

Concerning the 2010 error rate, the analysis done by EACEA of the errors showed that most of them fell within the key risks identified above. An action plan has been designed, comprising measures to improve the quality of information provided to beneficiaries on their financial obligations, a strategy to improve the efficiency and effectiveness of monitoring visits, a strategy to improve desk controls and a consolidation of the 2011 audit plan.

Based on the error rates for 2009 and 2010 and the estimation of the likely error rates for 2011, it can be concluded that the level of non-compliance for the Creative Europe Programme is expected to be well under the 2% threshold. This assumption is supported by the fact that additional simplification measures and control measures are planned to be implemented compared to the current programmes (see 2.2.2).

2.2.2. *Control method(s) envisaged*

A: Information on the internal control system

The control system for the Creative Europe Programme will be risk-based. It will include the following main controls, to be mostly implemented by the EACEA. The same control system is implemented for the actions directly managed by EAC.

1. At the selection stage:

- Control of the operational and financial capacity of applicants
- Checks of eligibility and exclusion criteria
- Budget and content evaluation and check
- Legal and financial verifications
- Identification of cases of potential double funding using appropriate IT tools

2. During the contract management phase

- Financial circuits based on segregation of duties
- Wider use of flat rates and lump sums to reduce the risk of errors
- For budget-based grants, definition of the desk controls to be applied to final statements based on an assessment of the risks involved and the costs of controls:

* for grants above a threshold, audit certificates to be mandatory at the final payment stage

*for smaller grants, samples of invoices to be provided by beneficiaries; the content of the samples will be determined for each action following a risk-based analysis.

- Simplification of rules as well as improvement of the clarity and transparency of the information provided to the beneficiaries concerning those rules
- Improvement of the efficiency and effectiveness of monitoring visits by using risk-based criteria for the choice of projects to be visited and quality criteria to follow-up their implementation.

3. Ex-post

- Annual ex-post audit plan (risk-based and random selection) based on a comprehensive risk analysis
- Ad-hoc audits to be implemented when there are serious concerns in terms of irregularities and/or suspected fraud.

To conclude, the concrete burden of the controls on the beneficiaries should decrease compared to the current situation, as part of the expected lower risk of non-compliance will result from additional simplifications and better quality of supporting information provided to beneficiaries.

4. Supervision of the EACEA by the Commission

In addition to controls regarding the grant process, the Commission will also apply the control measures required for executive agencies in accordance with Art. 59 of the Financial Regulation. It will monitor and control that the EACEA realises appropriate control objectives for the actions that it will be entrusted to manage. This supervision will be integrated in the terms of cooperation between the parent DG and EACEA and in the half year reporting of the agency.

B: Estimation of costs of control for actions managed by the EACEA and EAC

1. During the selection and the contract management phases

1.1 Staff costs

The estimation is calculated taking into account control activities carried out under the current MEDIA and Culture Programmes:

- by operational and financial staff having initiation and verification
- in all phase of the project life cycle (selection, contracting and payments).

Number of staff carrying out control activities	Standard costs	Total (1 year)
Contractual agents (EACEA): 21,75	64.000€	1.392.000€
Temporary Agents (EACEA): 6,6	127.000€	838.200€

Officials:1,6 (part managed by EAC)	127.000€	212.200€
		Total for the Programme duration: 17.096.800€

1.2. Other costs

	Standard costs	Total (1 year)
On the spot Missions (EACEA)	1.000€	95.000€
Audit certificates to be provided by beneficiaries (EACEA)	1.300€	2.550.000€
On the spot Missions (part managed by EAC)	1.000€	6.000€
Audit certificates to be provided by beneficiaries (part managed by EAC)	1.300€	150.000€
		Total for the Programme duration: 19.607.000€

2. Ex-post controls

2.1 Staff

Number of staff carrying out control activities	Standard costs	Total (1 year)
Contractual agents (EACEA): 1	64.000€	64.000€
Temporary Agents (EACEA): 0,2	127.000€	25.400€
Officials (part managed by EAC): 0,1	127.000€	12.700€
		Total for the Programme duration: 714.700€

1.2. Ex-post audits

Random, risk-based & ad-hoc audits	Standard costs	Total (1 year)
EACEA	10.500€	409.500€

EAC	10.500€	25.000 €
		Total for the Programme duration: 3.041.500€

3. Total costs of controls in EACEA and EAC compared to the operational budget to be managed

Given an operational budget of 1.678,7€ for Creative Europe, the total cost of control for actions managed by EACEA and EAC is approximately 2.40% of the budget.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

A low number of fraud cases in combination with very low error rates, justifies that measures to prevent fraud and irregularities in the new programme will have to be proportional and cost effective.

In addition to the application of all regulatory control mechanisms, DG EAC will devise an anti-fraud strategy in line with the Commission's new anti-fraud strategy (CAFS) adopted on 24 June 2011 to ensure *inter alia* that its internal anti-fraud related controls are aligned with the CAFS and that its fraud risk management approach is geared to identify fraud risk areas and adequate responses. Where necessary, networking groups and adequate IT tools dedicated to analysing fraud cases related to the Erasmus for all programme will be set up.

In order to mitigate potential fraud and irregularities, the following measures are envisaged.

- The prevention of potential fraud and irregularities is considered already at the programme set up, by the simplification of rules and the wider use of flat rates and lump sums.
- Systematic check of potential double funding and identification of beneficiaries of several grants will be done
- Ad hoc audits will be implemented when there are serious concerns in terms of irregularities and/or suspected fraud.
- The Executive Agency will have to report potential fraud and irregularities to the Commission ad hoc as well as in their regular reporting.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			Diff./non-diff ⁽²¹⁾	from EFTA ²² countries	from candidate countries ²³	from third countries
5	15.01 Administrative expenditure of the Education and Culture policy area, articles 1-3	Non diff.	YES	YES	YES	NO
3	15.01.04.31 Education, Audiovisual and Culture Executive Agency – Contribution from programmes under Heading 3	Non diff.	YES	YES	YES	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			Diff./non-diff.	from EFTA countries	from candidate countries	from third countries
3	15.01.04.04 Creative Europe – Expenditure on administrative management	Non diff	YES	YES	YES	NO
3	15.04.01 Creative Europe	Diff	YES	YES	YES	NO

²¹

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

²²

EFTA: European Free Trade Association.

²³

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

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	Number	Heading 3
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DG: EAC			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year post-2020	TOTAL
• Operational appropriations											
Number of budget line	Commitments	(1)	178.670	198.139	218.564	239.022	260.243	280.850	303.212		1678.700
	Payments	(2)	107.197	158.513	174.855	244.503	266.739	288.369	311.700	126.824	1678.700
Appropriations of an administrative nature financed from the envelope for specific programmes ²⁴											
Number of budget line		(3)	14.330	14.861	15.436	16.978	17.757	20.150	22.788		122.3
TOTAL appropriations for DG EAC	Commitments	=1+1a +3	193.000	213.000	234.000	256.000	278.000	301.000	326.000		1801.000
	Payments	=2+2a +3	121.525	173.374	190.291	261.481	284.496	308.519	334.488	126.824	1801.000

²⁴

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.

The Commission envisages (partially) externalising the implementation of this programme to an executive agency. Amounts and breakdown of estimated costs may have to be adjusted according to the degree of externalisation finally retained

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+ 6	193.000	213.000	234.000	256.000	278.000	301.000	326.000	1801.000
	Payments	=5+ 6	121.525	173.374	190.291	261.481	284.496	308.519	334.488	126.824
										1801.000

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6								
	Payments	=5+ 6								

Heading of multiannual financial framework:	5	" Administrative expenditure "
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EUR million (to 3 decimal places)

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
DG: Education and Culture									
• Human resources		5.619	5.619	5.619	5.873	6.127	6.381	6.703	41.946
• Other administrative expenditure		0.505	0.505	0.505	0.505	0.505	0.505	0.505	3.535
TOTAL DG Education and Culture	Appropriations	6.124	6.124	6.124	6.378	6.632	6.886	7.213	45.481

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	6.124	6.124	6.124	6.378	6.632	6.886	7.213	45.481
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EUR million (to 3 decimal places)

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year post-2020	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	198.804	218.804	239.804	262.058	284.312	307.566	332.893		1844.241
	Payments	127.331	179.178	196.095	267.539	290.808	315.085	341.381	170.065	1887.482

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

Indicate objectives and outputs	OUTPUTS of the MEDIA Strand			
	Type of output	Average cost of the output	Total number of outputs (2014-2020)	Total cost
↓				
SPECIFIC OBJECTIVE No 1: Support the capacity of the European cultural and creative sectors to operate transnationally				
- Output	New skills and networking [outputs: number of courses/workshops/events]	0.150	425	63.7
- Output	Development of audiovisual projects (including TV production) [outputs: number of projects,]	0.110	2301	253.1
-Output	Support to co-production funds [output: number of co-production funds supported]	0.300	48	14.3
-Output	Audiovisual markets, promotion tools and stands [output: number of projects]	0.1925	452	87.1
- Output	Innovative projects in the field of ICT applicable to AV industry [output: number of applications of ICT to the industry]	0.500	30	15.2
Sub-total for specific objective N°1				3256
SPECIFIC OBJECTIVE No 2: Promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond				433.4

- Output	Distribution campaigns of European Non National films [output: number of projects .]	0.046	6932	318.9
- Output	International grouping of sales agents, distributors and right holders [outputs: number of groupings]	0.271	40	10.8
-Output	Network of cinemas screening majority of European films [output: number of cinema networks]	13.893	7	97.2
-Output	Film festivals and events [output: number of festivals and events]	0.040	645	26
-Output	Film literacy initiatives [output: number of projects]	0.040	269	10.7
- Output	New marketing and advertising tools [outputs: number of projects establishing e.g. film community platforms]	0.040	213	8.5
Sub-total for specific objective N°2				472.1
TOTAL COST			11.362	905.5

Indicate objectives and outputs	OUTPUTS of the CULTURE Strand			
	Type of output ²⁵	Average cost of the output	Total number of outputs	Total cost
↓				
SPECIFIC OBJECTIVE N° 1: Support the capacity of the European cultural and creative sectors to operate transnationally				

²⁵

Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

- Output	Cooperation measures, such as activities stimulating peer learning	0.360	356	128.1
- Output	European networks, such as those providing capacity building	0.100	132	13.2
- Output	European platforms, such as those providing a structure for	0.340	39	13.2
- Output	Special actions, such as Prizes, ECOC, European Heritage label,...	0.406	48	19.4
Sub-total for specific objective N°1			575	173.9
SPECIFIC OBJECTIVE No 2: Promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond				
- Output	Cooperation measures, such as those supporting international touring	0.360	553	199.2
- Output	European networks, such as those promoting audience building	0.100	205	20.5
- Output	European platforms, such as those fostering international careers	0.340	60	20.5
- Output	Literary translations and promotional support	0.05	859	42.9
- Output	Special actions, such as Prizes, ECOC, European Heritage label, ...	0.406	74	30.2
Sub-total for specific objective N°2			1751	313.3
TOTAL COST			2326	487.2

Indicate objectives and outputs	OUTPUTS of the Cross-sectoral Strand
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Type of output	Average cost of the output	Total number of outputs (2014-2020)	Total cost
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↓

SPECIFIC OBJECTIVE No 1: Strengthen the financial capacity of the cultural and creative sectors

- Output	Establishment of a Cultural and Creative Sectors Facility [outputs: number of loans provided by banks to operators over 7 years]	848 [EIF fee plus expected loss]	14420	211.20
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Sub-total for specific objective N°1

SPECIFIC OBJECTIVE No 2: Support transnational policy cooperation

- Output	Network of Creative Europe desks	0.226	189	42.7
-Output	Studies, evaluations and policy analysis [NB: This also includes the European audiovisual observatory]	0.317	36	11,4
- Output	Transnational exchanges and networking	1.585	4	6.4
- Output	Testing new cross-sectoral approaches	1.132	4	4.5
- Output	Conferences, seminars and policy dialogue	0.232	42	9.8
Sub-total for specific objective N°2			275	74.8
TOTAL COST				286.00

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	5.619	5.619	5.619	5.873	6.127	6.381	6.708	41.946
Other administrative expenditure	0.505	0.505	0.505	0.505	0.505	0.505	0.505	3.535
Subtotal HEADING 5 of the multiannual financial framework	6.124	6.124	6.124	6.378	6.632	6.886	7.213	45.481

Outside HEADING 5²⁶ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature ²⁷	14.330	14.861	15.436	16.978	17.757	20.150	22.788	122.3
Subtotal outside HEADING 5 of the multiannual financial framework								

TOTAL	20.454	20.985	21.560	23.356	24.389	27.036	30.001	167.78
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²⁶ 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.

²⁷ The Commission envisages (partially) externalising the implementation of the Programme to the EACEA. The above mentioned figures will be adjusted if necessary in accordance with the externalisation process envisaged.

3.2.3.2. 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

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
• Establishment plan posts (officials and temporary agents)								
XX 01 01 01 (Headquarters and Commission's Representation Offices)	40	40	40	42	44	46	48	300
XX 01 01 02 (Delegations)								
XX 01 05 01 (Indirect research)								
10 01 05 01 (Direct research)								
• External personnel (in Full Time Equivalent unit: FTE)²⁸								
XX 01 02 01 (CA, INT, SNE from the "global envelope")	8	8	8	8	8	8	9	57
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)								
XX 01 04 <i>yy</i> ²⁹	- at Headquarter s ³⁰							
	- in delegations							
XX 01 05 02 (CA, INT, SNE - Indirect research)								
10 01 05 02 (CA, INT, SNE - Direct research)								
Other budget lines (specify)								
TOTAL	48	48	48	50	52	54	57	357

²⁸ CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délegation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

²⁹ Under the ceiling for external personnel from operational appropriations (former "BA" lines).

³⁰ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

XX is the policy area or budget title concerned.

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. Amounts and imputations will be adjusted depending on the results of the envisaged externalisation process.

Description of tasks to be carried out:

Officials and temporary agents	Implementation of the Programme
External personnel	Implementation of the Programme

3.2.4. Compatibility with the current multiannual financial framework

- Proposal/initiative is compatible with the multiannual financial framework 2014-2020.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework³¹.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. Third-party contributions

- The proposal/initiative does **not** provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)		Total
Specify the co-financing body							
TOTAL appropriations cofinanced							

³¹

See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ³²				
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)
Article						

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

Specify the method for calculating the impact on revenue.

³²

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.