

The Creative Europe Programme

'Culture is the petrol of countries that are rich in history and talent', declared Irina Bokova, UNESCO Director-General, at its World Forum on Culture and Cultural Industries in Florence in October 2013. Indeed, culture and creativity are integral to a wide variety of economic activities. These aspects are addressed in the Creative Europe Programme which explores their potential in achieving the EU's goals of smart growth and job creation as set out in the Europe 2020 Strategy.

Culture and creativity: risks and potential

The European Commission (EC) defines the 'cultural and creative sectors' (CCS) as market and non-market oriented activities based on cultural or artistic values. It considered that cultural and creative undertakings, as well as education and management in this domain, can be a powerful catalyst for growth and jobs. Culture is a crucial part of European identity. However, the essence of this identity – linguistic and cultural diversity – leads to a fragmented European market, a factor influencing the sector's full development.

Other challenges that the creative and cultural sectors currently face include globalisation, the digital shift and an overall lack of reliable and comparable data on the industry. A shortage of the necessary expertise to assess risks associated with such undertakings results in banks' reluctance to grant loans for activities in this domain. Consequently, firms do not have sufficient access to financing. The resulting financial gap ranges from [€2.8 billion to €4.8 billion](#); and that in a sector which accounts for 4.5% of European GDP and 3.8% of the EU workforce ([8.5 million jobs](#)).

The EU framework

Competence for culture policy lies with the Member States. EU actions in the domain are based upon [Articles 6](#) and [167 of the Treaty on the Functioning of the European Union](#) (TFEU), which gives the Union a role in supporting (allocating financial means), supplementing and coordinating Member States' efforts in this field. The [Creative Europe Programme](#) builds upon and brings together previous culture, MEDIA and MEDIA mundus [programmes](#) (2007-2013). It addresses the above-mentioned challenges and explores the sector's potential to make a positive impact on the economy as well as to bring spill-over effects in tourism, education and other sectors.

The regulation establishing the programme for the period 2014-2020 was adopted by a large [majority](#) in the European Parliament in November 2013, although at a 2012 parliamentary hearing on the proposal, some [experts](#) claimed the economic focus of the Creative Europe Programme left aside the intrinsic value of culture.

The programme aims to encourage non-national approaches to cultural and creative activities as well as their international development, focusing on micro, small and medium-sized enterprises (SMEs) from creative, cultural and related sectors. The Creative Europe Programme is divided into three parts: the Media sub-programme, the Culture sub-programme and the Cross-sectoral strand.

Media

EU actions in this field will support the EU film and audiovisual industry, with a focus on distribution and promotion support for non-national productions in both EU and global markets.

In 2014, the French film *Samba* made by the directors of *Intouchables* was awarded distribution support and screened at the [San Sebastian Film Festival](#), and €2.5 million was granted to the development of European [video games](#) (maximum 50% of costs).

Culture

The focus in this domain is mainly on non-profit cross-border cultural activities which take the form of exhibitions, festivals and artists' tours. Cultural and creative organisations are encouraged to operate transnationally and share cultural content. Various cultural and heritage prizes are awarded and funds are allocated for co-financing the preservation and renovation of cultural sites.

Every year 20 million people visit historic and cultural sites free of charge during [the European Heritage Days](#). In 2014, the EU Prize for Cultural Heritage was granted to the [Horta Museum](#) in Brussels, and the music platform [Liveurope](#), which promotes artists outside their home countries on 13 different stages across the EU won a yearly grant of €500 000 over a three-year period. Both of the [European Capitals of Culture 2016](#) (Wrocław and Donostia-San Sebastian) shall be granted €1.5 million.

Cross-sectoral strand

This element includes: Creative Europe Desks in participating countries, to provide information on the programme; transnational policy cooperation aimed at facilitating exchanges of experience and knowledge of market, management and funding practices; the collection of data; EU membership of the [European Audiovisual Observatory](#), a public body gathering and analysing audiovisual information and data; and the Cultural and Creative Sectors Guarantee Facility (see below).

The European Commission should carry out a study on the possibility of collecting and analysing data on the cultural and creative sectors (other than audiovisual) with a view to amending the programme accordingly if necessary. A mid-term review based on defined sector indicators will be carried out by the end of 2017.

Financial aspects

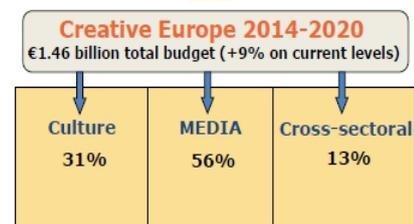
Projects funded through the programme are based on co-financing between the EU and Member States. The [financial contribution](#) from the programme (see also budget levels in figure 1) cannot exceed 80% of the total eligible costs. No funding is awarded to individuals. It mostly takes the form of grants (which, contrary to loans, do not need to be paid back) which may, for example, fund translations of literary works, subtitling and dubbing of films, development of video games, television and audiovisual productions or cinema networks. Funding is awarded through calls for proposals managed by the [Education, Audiovisual and Cultural Executive Agency](#), and evaluated by a committee of independent experts in the domains of arts, culture, creativity and heritage. The programme also finances the [European Capitals of Culture](#) initiative and European prizes: the [European Border Breakers' Awards](#) (for pop, rock and dance music), and EU Prizes for [Literature](#), [contemporary architecture](#) and [cultural heritage](#).

The Guarantee Facility is a self-standing financial instrument which will operate as of 2016 under the indirect management of the [European Investment Fund](#). It provides a guarantee to financial intermediaries who take risks in granting loans for cultural and creative activities, and offers expert knowledge for banks that assess those risks. Thanks to €210 million [allocated](#) to this guarantee, firms will have access to up to €1 billion in loans. Banks will get no financial transfers, unless there is a default on repayment; the [money remaining](#) from this instrument will go back to the EU budget at the end of the seven years' period in 2020. It is [hoped](#) that the Guarantee will help CCS firms switch from a model depending on grants to a more economically viable business model.

Participation

The programme is open to firms and organisations from all EU countries. Under certain conditions (with the exception of the Guarantee Facility) European Free Trade Association countries can participate, as can candidate and potential candidate countries, and countries supported under the [European Neighbourhood Policy](#). Organisations from third countries included in bilateral and multilateral cooperation need specific arrangements with concerned parties and additional financing, if they wish to take part.

Figure 1 - The budget



Data source: [European Commission](#), 2014.