



EUROPEAN COMMISSION

Brussels, XXX
COM(2011) 785/2

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}

{SEC(2011) 1400}

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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)¹, 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)², 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)³, Decision

¹ OJ L 372, 27.12.2006, p.1.

² OJ L 327, 24.11.2006, p. 12.

³ OJ L 288, 4.11.2009, p.10.

No 1622/2006/EC⁴ 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/2011⁵ (European Heritage Label).

- (3) The 'European agenda for culture in a globalizing world'⁶, endorsed by the Council in a Resolution of 16 November 2007⁷ 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 Commission⁸ 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

⁴ OJ L 304, 3.11.2006, p. 1.

⁵ OJ L

⁶ COM(2007) 242 final

⁷ OJ C 287, 29.11.2007, p. 6.

⁸ 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 powers⁹.
- (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.

⁹ 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) Accessing 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.