

Synthesis

Ex post evaluation of the preparatory action MEDIA International (2008-2010) DG EAC

MEDIA International was a preparatory action¹ adopted and launched by the European Parliament on 13 December 2007, to strengthen cooperation between the audiovisual industries of the Member States of the European Union and those of third countries, and to encourage the circulation of cinematographic works between them.

The objectives were:

- to reinforce artistic and industrial cooperation between professionals of the audiovisual markets of the European Union and those of third countries;
- to reinforce the exchange of information, the level of knowledge on foreign audiovisual markets, and the international competencies of audiovisual professionals;
- to improve the visibility and circulation of third-country audiovisual works on European markets, as well as European audiovisual works in those third countries.

The actions implemented were to benefit the participants and works of European countries and those of third countries in a balanced way. In accordance with the rules of international trade and specifically WTO regulations ("most favoured nation" principle), MEDIA International did not target any particular country; everyone had access, without discrimination.

MEDIA International put out 3 calls for proposals, in 2008, 2009 and 2010, with respective budgets of 2, 5 and 1 million Euros. It supported a total of 71 projects and prepared the ground for the implementation of the MEDIA Mundus programme.

The evaluation

The evaluation of the programme took place in 2011. It was based on: the collection of context data; the creation and analysis of databases on the projects, the beneficiaries (organizations funded by MEDIA) and the participants (the final beneficiaries of the actions, that is, the professionals trained, taken to markets, to festivals, etc.); the in-depth analysis of 5 projects; a survey on beneficiaries; and interviews with the programme managers and experts.

The main limits to take into account when reading this report primarily concern the weaknesses of the monitoring system with regard to the participants, who could consequently not be contacted, and the fact that the survey was not sufficiently representative of the beneficiaries.

¹ Preparatory actions are provided for in Article 49(6) of the Financial Regulation, which authorizes the allocation of expenditures without a basic act.

The audiovisual market in Europe and in third countries

The first finding on the global audiovisual market was the high level of fragmentation and heterogeneity of available data on certain countries and sectors, even large ones, which made comparisons difficult and in some cases impossible.

The study nevertheless identified the major challenges of the global audiovisual market. Some were specifically related to the logic of exportation (numerous technical, tariff and non-tariff barriers), while others were more general but affected the audiovisual industry: changes in economic models and especially the value chain (appearance of new actors, disintermediation) and instability of technological models, in particular.

The opportunity to target the markets of the rest of the world was also assessed, by distinguishing notably between the large mature markets, in which just one additional market share point for European films would mean substantial earnings (North America, Japan, South Korea), and high-potential areas but for which the difficulties to overcome are huge: India, Brazil, Russia and China.

Answers to evaluative questions

To what extent was the preparatory action MEDIA International adapted to the needs of the European audiovisual sector and its professionals?

To assess the adaptation of the preparatory action to the needs of the sector, it is useful to consider the problem that this intervention was designed to solve: the European audiovisual sector's increasing difficulty in deriving profits from its works in the national and European markets only.

The response to this public problem has been to support and promote the dissemination of European works in third countries by offering those countries reciprocity, and in encouraging co-productions to stimulate the inter-penetration of markets.

This strategy could solve the public problem under consideration, at least partially, and has also been opted for (albeit without the reciprocity part) by countries such as the USA, Korea and France. It is however not the only possible response, nor necessarily the one most likely to adequately meet the needs, for several reasons: the difficulty of gaining access to third-country markets; the limited development potential, the weak guarantees of returns on investments; competition from other exporting countries; etc.

It is moreover important to note that even though television and direct selling (DVD, VOD) were not excluded from the preparatory action, they remained marginal despite their utility on certain markets.

Our conclusions:

- CC1. The strategy of the preparatory action to reinforce the dissemination of European works in third countries adequately meets the challenge of opening new outlets for the European audiovisual industry.*
- CC2. Certain third-country markets are too unstructured or too closely protected to be short-term outlets for the European industry, or even to allow for the effective implementation of the principle of reciprocity.*
- CC3. The choice of targeting works intended for cinemas, rather than for other channels such as television, reduced the capability of MEDIA International to increase the circulation of works, especially in the less structured markets.*

The tools used (continuing and initial training², market access, and, for 2009, support for distribution and public education) corresponded well to the general objective of MEDIA International, within the limits of what it was possible to do with a relatively small budget. The European beneficiaries, in particular, considered that the actions had adequately met their needs and those of the participants, and that the modalities of implementation were also adapted to their possibilities. The preparatory action was indeed fairly flexible in its eligibility criteria, with a minimum requirement that projects be presented by a grouping consisting of at least one European leader and a partner from a third country (in fact, two thirds of the projects had only one or two partners).

Our conclusion:

CC4. Through its various tools and its functioning, MEDIA International fulfilled the expectations of European organizations (most of which were already beneficiaries of the MEDIA programme), as well as those of third country organizations and of the participants of the funded actions.

The last point on relevance concerned the principle of reciprocity, introduced with reference to the UNESCO convention on the protection and promotion of the diversity of cultural expressions, of 2005. This consisted in ensuring that the distribution between beneficiaries and participants was balanced between European and third countries, and that the actions implemented benefited the participants of European and third countries in a balanced way.

While this principle is totally relevant to the objectives of cultural diversity, it is more difficult to say whether that is the case for the objective of improving the competitiveness of the sector – unless this is achieved via the establishment of balanced relations which are viable in the long term, between European professionals and those of third countries, which would be a potential factor of additional exchange.

The principle of reciprocity was implemented very differently from one line to another. Three situations appear: in the first (promotion, distribution and audience), it was binding on the partners and the works; in the second (training), on the end beneficiaries; and in the third (networks of cinemas), on the film sessions.

It was indeed effective: close to half the beneficiaries and probably over half the participants were from third countries. This was despite the difficulty of translating this principle into concrete terms for certain actions (markets for co-production, distribution), in addition to more serious complications relating to imbalances often found between European countries and third countries. For instance, the necessity for cross-funding, even of a low level, is a strong barrier to the participation of organizations in countries where the audiovisual sector receives little support from the State. The fact of considering the needs of European participants and those of third countries (training, access to market, etc.) as equivalent is sometimes hardly realistic.

Overall, even though the stakeholders often qualified it as fuzzy or artificial, the principle of reciprocity was accepted by the beneficiaries and even considered as a real value added to the preparatory action.

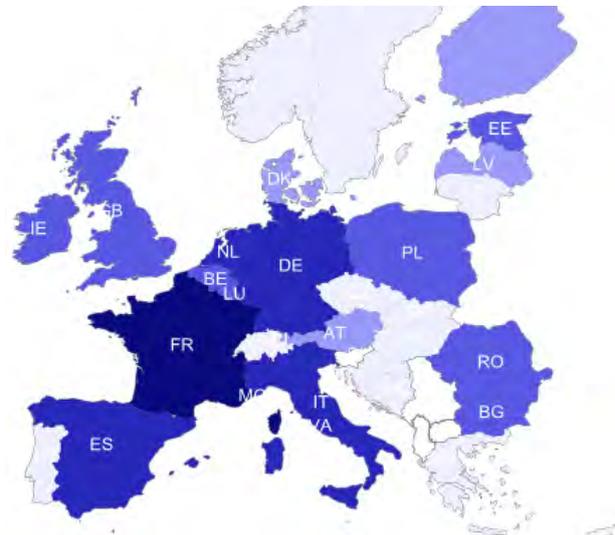
Our conclusion:

CC5. Although difficult and sometimes artificial, the implementation of the principle of reciprocity was successfully applied, and was the only truly significant source of value added of the programme, in comparison with other existing programmes (MEDIA programmes, ACP Films, and Euromed Audiovisuel).

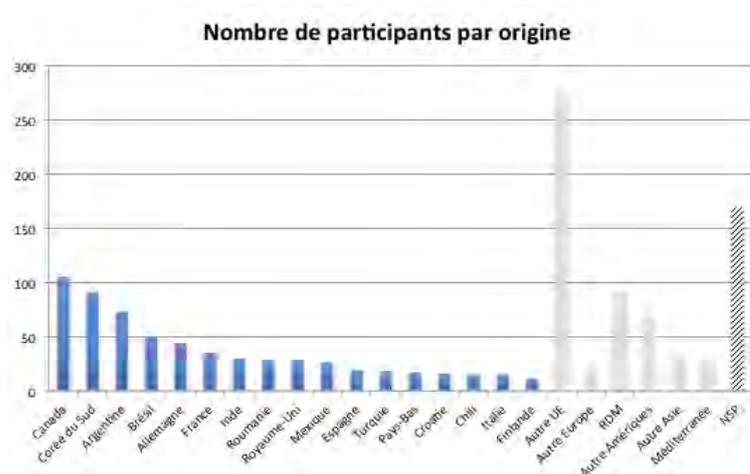
² Including, in 2008-2009, extension of MEDIA 2007 training to participants from third countries.

What actions of the programme contributed the most to producing the expected effects? Why?

Coverage by the preparatory action was wide: the beneficiaries of MEDIA International were from 48 countries, of which 31 were third countries and 17 European countries (see map on the right: the darker the colour, the higher the number of beneficiaries; in light blue: no beneficiaries). In Europe, France had the most beneficiaries, followed by Germany, Spain and Italy, and their combined weight was greater in MEDIA International than in the MEDIA programme. The UK and the northern European countries were represented far less. Note also the involvement of several European networks, over half of which are based in France.



The 63 partners from third countries came from across the globe, but mainly from Latin America (especially Argentina), Eastern Europe (Russia, as well as the Balkans and Caucasia), Asia and the Mediterranean basin. It was often countries with specific cultural and linguistic ties (e.g. Spain with Latin America) that served as bridges between Europe and third countries. In North America, Canada was represented more than the USA.



³As regards the participants in training programmes (just over 1,300), approximately 60% were from third countries (especially Canada, Korea and Argentina). The European countries most strongly represented were France and Germany, followed by Romania and the UK.

Two-thirds of them were producers, and three-quarters were involved in the production phase of audiovisual works.

Our conclusion:

CC6. MEDIA International has shown that it is possible to massively involve organizations from third countries in a European programme. This is evidenced in the wide coverage of the programme (beneficiary organizations were from 48 countries, 31 of which were third countries).

³ Title of the graph : Number of participants per country

As regards the **effects on the beneficiaries**, the preparatory action enabled them to increase the range or volume of their activities, or to make them more attractive by adding an international dimension. It is also probable that the action had effects on them in terms of improvement of competencies and the acquisition of new knowledge (implementation of new actions, exploration of new geographic zones), as well as the development of networks. This was especially true for the Europeans, particularly with regard to training, as the organizations concerned often had little international experience. The preparatory action also enabled certain beneficiary organizations (in Europe and in third countries) to acquire more legitimacy.

Our conclusion:

CC7. Even though it was on an insufficiently large scale to really change the markets, the preparatory action enabled the beneficiary organizations to improve their international competencies and to form networks.

As regards **the effects on participants (the end beneficiaries)**, we need to be more cautious in our conclusions, first because certain expected effects are long-term and are therefore difficult to estimate a year after the end of the actions, and second because the monitoring data were insufficient to enable us to question the beneficiaries through a survey.

Nevertheless, the participants to the training and promotion actions did certainly acquire generic knowledge and competencies (related for example to the production phase, as well as to communication, sales, networking, etc.), as well as specific knowledge on foreign markets and contacts in those markets. The fact that training, in particular, was taken up by participants from Europe and from third countries, and was offered elsewhere than in Europe, probably facilitated this acquisition of knowledge and competencies, along with professionally useful contacts.

It is however difficult to know the extent to which this knowledge and these competencies and contracts were subsequently used. The progress reports of the projects supported regularly include anecdotes on business opportunities that materialized, or partnerships that were created, but it is often difficult to say whether these results would not have been obtained anyway in other, more usual, contexts (existing markets, festivals, training in Europe, etc.).

As regards the other lines: the distribution actions, organized in 2009 only, remained too occasional to have a perceptible effect. The public education actions, also organized in 2009 only, cumulated a number of shortcomings which prevented them from having the expected effects. Only the support for the Europa Cinémas network (continued from 2010 in MEDIA Mundus) was really effective, especially in Latin America where two-thirds of the member cinemas outside Europe are situated. In Europe, in 2009 the film shows generated accounted for slightly less than 10% of the box-office takings of third-country films.

Our conclusions:

CC8. The training and promotion actions enabled the participants of the funded actions (the end beneficiaries) to acquire competencies, as well as specific knowledge on foreign markets and contacts in those countries. The beneficiaries were also able to strengthen their professional networks. However, without of a system for monitoring participants, it was not possible to know the extent to which they were able to use that knowledge and those contacts, and with what results.

CC9. Apart from the training and promotion actions, only the support for the network of cinemas (Europa Cinemas International) really had the scope and duration needed to have an impact on the circulation of works.

In the longer term, the effects were more uncertain. For co-productions, procurement or partnerships, for example, one can rightly say that the actions funded by MEDIA International created the necessary conditions for their implementation, but it is difficult to directly ascribe these outputs to it.

The preparatory action contributed to strengthening and structuring professional networks at three levels: between the participants of actions, as mentioned above; between the professionals of the country in which the action took place (or the region of the world, especially Latin America); and between professionals from Europe and from third countries, but to a lesser degree because the actions were ad hoc and the participants could not necessarily count on the beneficiary structures to act as a hub in these networks, as this is a role that develops with time. These hubs are however necessary to ensure that the networks last and are sound, especially internationally where contacts tend to be looser. Ultimately, the consolidation of these networks will depend on the continuation of the programme.

Our conclusions:

CC10. Because it could concern only a limited number of areas or publics, the exploratory approach opted for did not have the resources to generate visible impacts at the macro-economic level.

CC11. MEDIA International probably made it possible to lay the foundations of sustainable and equitable relations between the European market and certain third markets, but maintaining the dynamic thus created will depend on the programme being continued.

Compared to the other European programmes (MEDIA 2007, Euromed, ACP Film), MEDIA International presents a variable **added value**:

- compared to MEDIA, it presents mostly an added value for the beneficiary organizations from third countries (which would not otherwise have obtained European funding) and for the participants in non-European actions from countries where the national or regional offer in training or promotion is weak or expensive;
- compared to ACP Films, it was the principle of reciprocity, and therefore the contact fostered between European and African professionals, that constituted the main added value, along with a geographic dimension, for MEDIA International made it possible to reach West Africa, with a project in Burkina Faso;
- compared to Euromed Audiovisuel, MEDIA International had the advantage of being present when Euromed was stopped (for a year and a half). It also enabled professionals from Mediterranean countries to have contact with other professionals from around the world, rather than only with Europeans.

Our conclusion:

CC12. MEDIA International had the greatest added value for organizations and participants from third countries where national support for training and export did often not exist.

(See also our Conclusion 5)

To what extent was the implementation of the programme effective in relation to the available resources?

As regards the efficiency of the preparatory action, it is important to note that the budget allocated was particularly small, especially in Year 3, and was therefore not adapted to the level of ambition of the objectives set for this preparatory action.

This also applies at project level. The average budget allocated to training and promotion projects was lower than those allocated under the MEDIA programme. This was a problem for training in particular, where transport costs absorbed a substantial part of the funds granted. These actions did nevertheless generate positive, albeit limited, effects for the participants.

The table below shows the average costs of projects for each intervention theme, between 2008 and 2010.

Theme	2008	2009	2010	Average per theme
Training	70,727	88,640	62,325	79,766 ⁴
Network of cinemas	700,000	900,000	-	800,000
Promotion of cinematographic works	83,607	68,753	88,008	78,488
Audiences	-	134,058	-	134,058
Distribution	-	266,413	-	266,413
Average per year	109,980	124,000	76,154	111,685

Our conclusion:

CC13. *The budget of this preparatory action was too limited (€8m) for its objectives to be met, especially since no targeting (markets, actors, modes of action) was implemented to concentrate funds.*

⁴ *By nature, training extensions have a smaller budget (on average just under €38,000). The average budget of training, excluding extensions, was just over €90,000.*

Recommendations

The strategic recommendations below are intended for the European Commission and focus on two specific subjects:

- the conditions of a future preparatory action;
- the modalities of an international MEDIA programme, given that the MEDIA Mundus programme already exists and is not concerned by the present evaluation.

For a future preparatory action

The Commission is developing preparatory actions to test possible interventions in relation to a need. For them to be useful, they have to allow for the collection of valuable data concerning the public problem to solve, possible intervention strategies, and effectiveness compared to different types of intervention. Monitoring and evaluation must therefore be at the heart of a preparatory action, and concern both the operators of the action and project holders. In particular, we recommend:

- The establishment of an ongoing evaluation process, starting with an ex ante evaluation in Year 1 to define the public problem to solve, followed by a thorough collection of data on the beneficiaries of the action and the participants, and then a final evaluation in Year 3;
- The integration of monitoring and evaluation in each project, for a budget corresponding to 20% to 30% of the total. Project budgets would of course have to be increased to allow for that (see below). The independent evaluation of projects would have to focus on the effects obtained for the final beneficiaries;
- The Commission could therefore specify the information that has to be made available for monitoring and evaluation, by the beneficiaries and in particular on the participants (contact address, nationality, type of organization, support obtained elsewhere, etc.). These data could be used to compile a complete database based, for example, on the model of the database constituted by the EACEA for the MEDIA programme. In particular, this would allow for a comparison of the data collected.

More broadly, with regard to the available budgets, it is essential for future preparatory actions to be targeted (on a given territory, theme or target public) so that the parameters of the experiment can be controlled better and the macro-economic impacts can be observed.

Within the framework of this targeting, it would nevertheless be good to open the field of possibilities for the stakeholders. In MEDIA International the lines largely correspond to those of MEDIA, yet the purpose of an experiment is also to explore new options, including those that the Unit had not initially thought of. By setting up a programme similar to MEDIA, the answers were also the same as those in MEDIA. To remedy this, we propose:

- In the framework of a future preparatory action, to organize a call for proposals aimed at developing projects that directly enable the objectives of the programme to be met (e.g. "reinforcing the circulation of works between two specific territories"). The advantage would be to open the programme to actors other than those who usually work for MEDIA and who are not necessarily the only relevant ones, and also to integrate modes of action or organization that have not been provided for in advance;
- To concentrate funding on a far more limited number of projects, for 2 to 3 years, the last year of which should be devoted to evaluation. A longer duration also makes it possible to envisage more ambitious actions which, unlike those today, do not focus on only one modality of action or a single event. It furthermore increases the chances of seeing results (in one year, a project manager cannot assess the results of the actions on the participants).

For the prolongation of the programme

Our first recommendation is general: the programme should take existing opportunities in the European audiovisual sector into account more fully, in particular by more systematically promoting the circulation of works via television, direct sales on DVDs, video-on-demand, etc. Even though projection in a cinema is effectively crucial in the life of certain works, this is not the case of all works, and it is not the only possible source of profit. In France, for example, the production of fiction is equivalent to about half of the entire production of full-length films (**€677m against €1,439m, in 2010**), but international earnings accounted for less than 6% of their budget, against 12% for full-length films.

A second recommendation concerns the conditions of effectiveness of the programme. If the objectives of both competitiveness and reciprocity are to be met, without tilting over into development aid or support for foreign industry, it is important to target as a priority those markets in which the conditions for equitable exchange are met: a structured production industry, a distribution network, commercial opportunities for European films, and the absence of overly restrictive tariff and non-tariff barriers.

For other markets, it is important to give preference to:

- either an exploratory approach, aimed in particular at mutually improving knowledge: training on third-country markets, organized in Europe and vice-versa, and the funding of market studies;
- or a more political approach aimed at highlighting the relationship: exchange of delegations of producers and distributors, drawing up and signing of joint declarations on the conditions of exchange;
- or, finally, an approach aimed at creating the conditions for future collaboration, with use of the MEDIA Unit's expertise to assist in setting up a system conducive to the production and distribution of audiovisual works in third countries that are interested.

As alternative solutions to the public problem, we suggest that the following options be explored:

- Switching from an approach focused on works to one focused on firms, with projects designed to assist groups of firms that agree to prospect or develop a specific market (collective actions). In order to do so, it could be envisaged to open the programme to other types of beneficiary (other than those already known under MEDIA 2007), perhaps more general interest (e.g. chambers of commerce and industry, or structures promoting clusters), but that have more influence. This would require the modes and targets of communication on the programme to be reconsidered.
- Switching from a regional or national approach to a global one through the large-scale use of digital distribution programmes;
- Subsidizing a part of the risk that European works represent for buyers in third countries (and vice versa), for instance via a mechanism along the lines of MEDIA Distribution – selective support. A difficulty to take into account in this case is the current impossibility of contracting with non-European organizations;
- Acting on barriers to sales, especially on prices, by subsidizing the dubbing or sub-titling of works, depending on the case. First, sub-titling in English is a prerequisite for selling a work on the international market. Second, the cost of dubbing or sub-titling is often prohibitive in the purchase of a work for television. Covering this cost would make it possible to take better advantage of TV channels' demand for original but inexpensive works. There are two ways of going about this: by focusing the intervention on sales agents, to encourage them to contribute to the development of European works in third countries, and vice-versa; or by systems similar or integrated into MEDIA-Selective Distribution, which can already finance that (a film dubbed into Spanish with the support of MEDIA Distribution will have better chances on the Latin American market, for example), but currently only for European languages.

For further information, please contact the team that drew up this report:

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