



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
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Opinion

Title **DG EAC – Three impact assessments supporting the proposal establishing a Creative Europe Framework (Culture sub-programme, Media sub-programme and Financial instrument)**
(draft versions of 6 September 2011)

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending on 29 June 2011, fixing the overall budget allocations across high-level headings and key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. To support one such proposal relating to the Creative Europe Framework Programme for the period 2014-2020, DG EAC has prepared a package of three impact assessments related to (i) the Culture sub-programme, including the transversal strand of the Creative Europe Framework, (ii) the Media sub-programme and (iii) the cultural and creative sector (CCS) financial instrument.

The IAB has focused on the policy choices not yet fixed in the MFF package.

(B) Overall assessment

The IA reports need to be significantly improved in several important aspects. The reports accompanying the Culture and Media sub-programmes should better focus the problem definitions on concrete evaluation results from the current programmes and relevant stakeholder input. The reports should also clearly present the structure, substance, geographical coverage and the implementation aspects of the new Culture and Media sub-programmes, and should discuss how the overall budget of €1,6 billion for the Creative Europe Framework will be distributed between and within the different policy strands of the framework programme. All realistic alternatives – in terms of policy content of Culture and Media sub-programmes and in terms of budget allocation - should be thoroughly assessed. The assessment of impacts should be strengthened, by clearly indicating how different measures of the revised Culture and Media sub-programmes will lead to the expected impacts, and by systematically basing qualitative judgements on experience from previous programmes as well as evidence from studies or stakeholder feedback. As regards the IA report related to the cultural and creative sector financial instrument, it should provide a more thorough description of the specificities of the cultural and creative sectors and should analyse the financing needs and profitability of different CCS sub-sectors. It should then develop and assess the sub-options proposing different parameters and implementation modes for the new instrument.

(C) Main recommendations for improvements

(1) Better focus the problem definition and strengthen the intervention logic. Rather than focusing on the broader issues that the European cultural and creative sectors are facing, the problem definitions of the reports accompanying the Culture and Media sub-programmes should focus on issues with the performance and implementation of the current programmes. They should build on concrete evaluation results and should clearly reflect stakeholder views. On that basis, the reports should indicate which actions of the current programmes have been most/least successful and should clearly indicate the scope for improvement of the new programmes. The reports should then establish a clear link between the measures envisaged under different policy options and the objectives and identified problems. The problem definitions should also describe the specificities and different value chains of the cultural and creative sectors, including the different business models, and should clearly indicate to which parts of the value chain the identified problems (and the suggested measures) relate. It should further clarify, and where relevant correct, the current inconsistencies across the different reports regarding the economic and employment dimensions of the sectors.

(2) Strengthen the policy options and assess all the available alternatives. The reports should clearly present the structure, substance, geographical coverage and the implementation aspects of the new Culture and Media sub-programmes. In this context, the reports should clarify whether alternative choices exist within the preferred policy options (for instance in terms of policy content or sub-programme priorities). The reports should also discuss how the overall budget of €1,6 billion for Creative Europe Framework will be distributed between and within the different policy strands of the framework programme, and should explain whether alternative allocations of the budget were considered. All realistic alternatives – in terms of policy content of the Culture and Media sub-programmes and in terms of budget allocation - should be thoroughly assessed. The aspects related to the 'transversal element' of the Creative Europe Framework should be analysed in greater detail, and it should be clarified which of the identified problems will be addressed by this strand of the framework programme. The merger of Media and Media Mundus should also be discussed in greater detail and it should be better explained how the WTO compatibility questions, which have been so far an obstacle to the merger, would now be overcome. Finally, the difference between the discarded option of merging the Culture, Media and Media Mundus into a single transversal programme and the preferred option of merging these programmes under a common Creative Europe Framework should be better spelled out.

(3) Improve the assessment of impacts. The reports should strengthen the assessment of impacts by clearly indicating how different measures of the revised Culture and Media sub-programmes will lead to the expected impacts. They should also be clearer about the structuring and systemic effects that the new Creative Europe Framework is seeking to achieve. The qualitative judgements should be systematically based on previous programme experience or on evidence from studies or stakeholder feedback. The simplification benefits stemming from bringing together the Culture, Media and CCS financial instrument under a single framework, as well as from the merger of Media and Media Mundus should be more thoroughly analysed.

(4) Better describe the market context of the cultural and creative sectors. The IA report accompanying the financial instrument proposal should provide a more thorough

overview of the cultural and creative sectors. It should analyse the financing needs and profitability of different CCS sub-sectors, and should clarify to what extent support in the form of grants could be actually replaced by financing instruments, given that some projects might not be profitable. It should explain the reasons for the low uptake of existing financing instruments that are not sector-specific. The report should be clearer about the groups to be targeted by the initiative, and should explain whether all CCS SMEs/organisations, or only those involved in cross-border operations could benefit from the new instrument. In the case that all CCS SMEs/organisations are targeted, the report should explain why purely national projects should benefit from EU funds and should assess whether there is a risk of crowding out the existing national support.

(5) Assess the different parameters of the financial instrument. The report should strengthen the analysis of options by developing and assessing the sub-options which propose different parameters and implementation modes for the new instrument. It should conduct a sensitivity analysis in terms of different guarantee and cap rates to demonstrate how the choice of these parameters would affect the leverage ratio/total funding generated and the potential losses to be borne by the proposed EU guarantee fund.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The different views of stakeholders should be presented in greater detail and should be better reflected throughout the three reports. The presentation of monitoring and evaluation arrangements should be improved.

(E) IAB scrutiny process

Reference number	2011/EAC/006
External expertise used	No
Date of Board Meeting	5 October 2011