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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

Mid-term evaluation of the Creative Europe programme (2014-2020)

{SWD(2018) 159 final}

INTRODUCTION

Culture and creativity play a crucial role in our societies today and in shaping our European future. Economically, the cultural and creative sectors generate approximately €90 billion in value added to Gross Domestic Product (GDP), representing 5.3% of the EU's total, and employs more than 12 million full-time jobs, equivalent to 7.5% of Europe's workforce¹. They are the third largest employer in the EU, after the construction and food and beverage sectors. They also contribute significantly to investment, innovation and creation of jobs throughout the economy. There are positive spill over effects in particular on the digital sector e.g. content triggers the development of broadband infrastructure, and cultural tourism. Culture and creativity also facilitate European exports around the world by strengthening the image of Europe and the European way of life.

But Europe is more than a single market, it is also a great cultural project. Creative and cultural sectors are a stepping stone to preserve our cultural and linguistic diversity, strengthen our European identities and sustain social cohesion. They transmit European knowledge and values, which are conditions for healthy democracies and inclusive societies. Thus culture has helped to bring Europe closer to its citizens particularly in the current political context.

Cultural and creative sectors build bridges between art, culture, business and technology. They contribute to developing critical thinking and problem solving skills, as well as risk-taking attitudes, which are key competences in tomorrow's society. Through their focus on creativity and early adoption of new technologies e.g. the use by museums of apps to enhance access to collections or by theatres of video or subtitling, they are catalysts for innovation.

"Creative Europe" is the European Union's response to help the cultural and creative sectors unlock their potential for growth. These sectors are inherently diversified along national and linguistic lines, thus enriching our cultural landscape. At the same time, they face obstacles that hinder the transnational circulation of creative works and their ability to operate transnationally and reach new audiences in Europe and beyond.

The programme takes into account the dual nature of cultural and audiovisual activities: on one hand as a driver of diversity and citizens' engagement, and on the other hand, as a driver of growth and jobs, recognising also their broader contribution to creativity, talent generation, entrepreneurship and innovation.

This report is presented in accordance with Article 18 (3) of Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020), which requires the Commission to establish a mid-term evaluation report, based on an external and independent evaluation.

This mid-term evaluation assesses progress in the implementation of Creative Europe programme, outlining its achievements while addressing its main shortcomings, building on the independent evaluation report, direct experience in managing the programme and wide consultations with interested parties. It is accompanied by a staff working document setting out the evidence that has informed this report.

¹ From the study "Boosting the competitiveness of cultural and creative industries for growth and jobs" published by the Commission in 2016 and produced by the Austrian Institute for SMEs/VVA Europe, using data up to 2013. The study, "Creating growth", published by Ernst and Young in 2014 estimates that in 2012, CCIs have revenues of €36 billion, contribute 4.2 % GDP, employing 7 million people or 3.3% of the active population. There is a lack of comparable statistics on the cultural and creative sectors at European level.

BACKGROUND TO THE CREATIVE EUROPE PROGRAMME

Creative Europe is the European Union's framework programme for support to the cultural and creative sectors. In 2014 it brought together three programmes (MEDIA, Culture and MEDIA Mundus) to create a single comprehensive instrument to increase efficiency, more effectively seize the opportunities of the digital shift and address market fragmentation.

The architecture of the programme recognises the heterogeneity of the cultural and creative sectors, their different target groups and the need for tailor made approaches. This is why the programme is structured around two independent sub-programmes and a cross sectoral strand.

Created in 1991 to accompany the Television Without Frontiers Directive, the MEDIA Sub-programme thereafter 'MEDIA', addressed to the audiovisual sector, fosters the creation of audiovisual content (films, TV-series, video games) and its access to European and global audiences, through all distribution channels.

The Culture sub-programme, covers culture sector initiatives, such as those promoting cross-border cooperation, platforms, networking, and literary translation;

A cross-sectoral strand, addressed to all cultural and creative sectors, which includes a Guarantee Facility, supports transnational policy cooperation. This strand also provides support for Creative Europe Desks in all participating countries, in order to reach out to stakeholders

The Programme is complementary to actions at national level in the field of culture and the audiovisual sector, reflecting the policy priorities the EU is following in the cultural and creative field.

Creative Europe is open to cultural and creative organisations from EU Member States, as well as, under certain conditions, to some non-EU Member States. Currently, Creative Europe includes 33 participating countries, from Norway to Tunisia, from Ukraine to the Balkan region. In particular, participation to MEDIA is subject to alignment with Directive 2010/13/EU (Audiovisual Media Services Directive – AVMSD).

The programme is established for the period from 1 January 2014 to 31 December 2020. This report covers all the programme's strands (with the exception of the European Capitals of Culture, which are covered by separate evaluations) and its entire geographical scope during the first three years of the programme's implementation.

MAIN FINDINGS FROM THE EVALUATION REPORT²

The purpose of the evaluation is to:

- Assess the effectiveness of the measures taken to achieve the Programme's objectives, the efficiency of the programme and its European added value.
- Address the Programme's internal and external coherence, the continued relevance of all of its objectives, and the scope for simplification.
- Address the contribution of Creative Europe to the policy priorities of the EU.
- Assess the long-term impact of the predecessor programmes.

In accordance with the Better regulation guidelines³, this assessment addresses the relevance, coherence, effectiveness, efficiency, sustainability and EU added value of the Programme.

² These findings are reported in SWD (2018) 159

³ https://ec.europa.eu/info/better-regulation-guidelines-and-toolbox_en

Relevance

Overall, the programme's rationale for intervention and objectives remain relevant to EU policy priorities and **key challenges of the cultural and creative sectors**, namely fragmented markets, global competition and digital disruption as well as access to finance.

Creative Europe has addressed these challenges and has continuously adapted its support in a context characterised by changing consumption patterns to the needs of beneficiaries in sectors which are rapidly transforming themselves.

However, despite positive achievements, more needs to be done to fully reap the opportunities that the digital shift presents, taking into account new audience and consumption patterns and how cultural and creative works are made, produced, accessed and monetised in the digital economy.

MEDIA has enhanced the cross-border circulation of European films and audiovisual productions and opened or widened the possibilities of access to such European works by European citizens. This is highly relevant as, of the more than 1 500 films produced in Europe each year, less than half travel outside their national territory. **MEDIA** has also supported development of works before production to increase their potential cross-border appeal.

MEDIA has adapted to new market trends, including through the promotion of European works online. However, greater collaboration across the value chain and across borders would help professionals work together in response to the digital shift and globalisation.

The **Culture** sub-programme invests in culture to stimulate social cohesion, job creation and economic growth in regions and cities. The schemes under Creative Europe continue to be relevant to the objective of **preserving cultural heritage and diversity in Europe** as well as promoting artistic creativity and European values.

Under the **Cross-sectoral strand**, the Guarantee Facility responds directly to the needs of cultural and creative SMEs, which have difficulties accessing loans due to the intangible nature of their assets. The strong market response to its launch in 2016, with three guarantee agreements signed in January 2017, shows the relevance of this instrument to the needs of the market. A top-up of €60 million (from the European Fund for Strategic Investment), equivalent to 50% of the total budget, will be provided already in 2017 allowing a quicker deployment of guarantee support, reaching more countries and sectors and enhancing the geographic and sectoral balance.

Coherence

Creative Europe provides a set of actions to support the audiovisual and cultural sectors and is internally coherent across the **MEDIA** and the **Culture** sub-programmes. The **MEDIA** Sub-programme delivers coherent coverage of the different stages of the value chain; the **Culture** Sub-programme provides a largely coherent response to the wide range of needs across the cultural sector.

The coherence of Creative Europe as a whole could be improved through greater support for cross-sectoral work under the **Cross-sectoral strand**.

Creative Europe's objectives and priorities are overall coherent and complementary with those of national policies and programmes, thus respecting the principle of subsidiarity.

Creative Europe is coherent with Europe 2020's objectives of smart, sustainable, and inclusive growth and its flagship, the Digital Single Market strategy launched in 2015.

MEDIA has contributed to the Digital Single Market (DSM) strategy. By encouraging the circulation of EU works internationally, **MEDIA** supports cross-border access of content and plays a pivotal role in the implementation of the support measures accompanying the copyright

reform. It also complements the promotion and prominence requirements for EU works, set out by the proposal for the revision of the Audiovisual Media Services Directive (AVMSD).

MEDIA impact would be further strengthened through greater coherence with national film support programmes, which provide the bulk of the support to the audiovisual sector (approximately €2 billion per annum compared to approximately €115 million for MEDIA). To this end, a dialogue was launched in 2015 with the European Film Agency Directors (EFADs) in order to develop a common, strategic vision for the industry. Furthermore, the Open Method of Coordination Group of Member States' Experts on Improving the Circulation of European Films was established in July 2017.

There is a strong coherence between Creative Europe and the European Agenda for Culture's objective of promoting culture as a catalyst for creativity. This is evidenced through the programme support for capacity-building and skills development for Cultural and Creative Sectors (CCS) operators. In particular capacity building and skills development is embedded across Culture sub-programme schemes, most notably Cooperation Projects and Networks.

Creative Europe is broadly coherent with other international programmes for the cultural sector, which come mostly from trusts and foundations, whose funds are relatively small-scale and ad-hoc. The Culture sub-programme complements other international support by providing a comparatively large-scale and consistent level of funding for transnational work.

Effectiveness

Creative Europe has made an important contribution towards the **EU2020 employment objective and the priorities of the current Commission**: stimulating investment for the purpose of job creation; and a deeper and fairer internal market with a strengthened industrial base. From 2014 to 2016, Creative Europe channelled €544 million in funding to 2,580 entities in the cultural and creative sectors. Creative Europe generated an estimated 3,000 jobs over the period.

MEDIA provides support from training and development to distribution and exhibition. In particular, it has sustained an internal market for non-national European films, by supporting the cross border distribution of over 400 films per year, equivalent to 25% of Europe's annual film production. Films receiving MEDIA distribution support reached over 65 million total admissions per year⁴. This support has also helped to increase the availability of legal content across the Union. Also, the Europa Cinema's network, MEDIA's biggest single beneficiary, focuses on exhibition of non-national European films in 33 countries that would otherwise have found it more difficult to travel.

However, while cinema admissions in Europe have increased to record levels since 2014, the overall audience for European films has not significantly increased. Thus US films have been a driver for the growth of the European admission numbers⁵.

Also, Video On Demand (VOD) services supported by the programme today are primarily national VOD services with a rich catalogue of European films, including non-national ones, but with a limited audience.

MEDIA must further work on the demand side to connect those films with broader audiences and in particular the new generations, the digital natives representing the future of the audiovisual markets. Moreover, MEDIA has grown in scope over the years without an equivalent increase in budget and as a result, the funding is spread too thinly among many beneficiaries. There are currently 14 schemes addressing different segments of the audiovisual industry. This calls for greater focus in support to scaling up activities and fostering industry

⁴ Not including admissions on the national market.

⁵ In 2016, US films have 67,4% of the market share of the European box office

collaboration across Europe, notably in the context of a more open and competitive digital market.

Culture Sub-programme has been supporting most sub-sectors in a balanced way, but concerns are raised about the prioritisation of economic objectives over artistic and social considerations. The average size of projects supported more than doubled, the number of operators reduced by one-third with increasing the orientation of the programme towards competitiveness. The Sub-programme was nevertheless able to attract a range of different cultural sectors, including those with and without a marked industrial dimension. Lastly, activities supported by the Culture programmes contribute to creation of a 'European cultural space' and thus helped promoting cultural diversity.

Under the **Cross-sectoral strand**, the Guarantee Facility was launched as soon as the budget became available in 2016. The Commission has topped up its budget by 50%, with help from the European Fund for Strategic Investment, in order to respond to a strong market response. Beyond the Guarantee Facility, the limited budget of the cross-sectoral strand has restricted the capacity to develop more cross-sectoral activities in practice.

Efficiency

Considering the huge size and range of the audiovisual and cultural sectors at European level and the geographical areas covered by the programmes evaluated, the budget of Creative Europe is not sufficient to bring about a major impact at European scale and /or sectoral level.

The cost effectiveness of the programmes has been satisfactory and overall improved from one programming period to another. The efficiency of most of the schemes has improved and or remained stable. The success rate declined from one programming period to another, reflecting that the schemes are insufficiently funded compared to the potential interest they generate; a large number of good applications are rejected.

For MEDIA, significant efficiency gains have been made by E-Applications, the introduction of Lump Sum payments for three schemes (festivals, development and distribution) and the packaging of grants into single contracts. However, the growth in the number of small transactions creates administrative overheads.

The efficiency of schemes under the Culture sub-programme was on the whole higher than under predecessor programmes. The increase in the cost per projects was usually compensated for either by a higher level of outputs and or contributions to higher levels of outcomes and or impacts. For instance, "platforms" were cost-effective especially in being relatively direct ways of reaching artists and "literary translation projects" delivered more translations than those supported under the predecessor programme.

Under the Cross-sectoral strand, the biggest action was the Guarantee Facility and this was implemented very efficiently following its launch mid-2016. Progress in implementation surpassed expectations as in 2017 eight Guarantee Agreements were signed in six territories whereas the target for 2020 envisaged 10 Guarantee Agreements in eight territories.

The Commission and the Education, Audiovisual and Culture Executive Agency (EACEA) have monitored the implementation of the support schemes and the delivery of the outputs. Nonetheless, there has not been a systematic analysis and reporting of the results and impacts obtained at programme level. This is partly due to a focus on implementation in the first phase of the Programme and partly due to the absence of performance indicators sufficiently robust and linked to the activities of the Programme. This leads to a weaker documentation of the achievements of the programme and hampers the evaluation of results.

Sustainability

The sustainability of the results lies primarily in the continuation of partnerships started under Creative Europe and the predecessor programmes. Under both MEDIA and Culture, collaboration between project partners is continued in some form beyond the projects' lifecycle. Under MEDIA, sustainability is also found in the intention and capability of organisations to continue collaboration, i.e. a sustained interest in (co)producing or distributing works with a European dimension.

The sustainability of the impacts is materialised through the exchange of learning during the implementation of projects and the dissemination of such learning. This in turn leads to professionalization of the sector via higher capacity to work internationally and the development of new skills and competences or exploitation of project results across the sector. This was the case across programmes but especially for the Culture Sub-programme and predecessor programme.

EU added value

Creative Europe has delivered EU added value, in particular by focusing on transnational cooperation while building on national support programmes. Only a few international funds support transnational cooperation and those that do are of significantly smaller scale. Most supported activities would have been significantly reduced in scope and size or would not have happened, without the funding provided by Creative Europe and the predecessor programmes.

MEDIA has helped to bring together different players from different Member States, creating value for the whole audiovisual sector. Specialised transnational networks, such as Europa Distribution or Europa International, have allowed distributors and sales agents respectively to join up their efforts to promote and distribute European works. Thanks to MEDIA support, a significant number of European works have travelled and been watched beyond their national borders, thereby contributing to promoting the diversity of the European culture. MEDIA has also contributed to the achievement of the DSM objective of wider access to content online. At the same time, there is room for further improving the circulation of European works through a better selection process, promotion and marketing of European works.

No two countries are confronted with the same challenges in developing their audiovisual industries. Therefore MEDIA has also striven to address the issue of the level playing field between countries with different capacities, through a number of positive discrimination measures, in favour of low audiovisual capacity countries and this has widened the participation of professionals from across the Union.

For Culture, the activities funded are less closely embedded in existing processes, although they can generally be closely aligned with the general activities of the organisation. For most part of the activities is very unlikely to have taken place without the EU funding.

Under the Cross-sectoral strand, the Guarantee Facility is expected to have a leverage effect of 6, which is a very effective way of increasing access to finance. From an initial budget of €21 million, over €700 million in loans are expected to be passed on to SMEs and cultural operators across Europe.

MAIN RECOMMENDATIONS OF THE EXTERNAL EVALUATION AND COMMISSION ACTIONS PROPOSED

Relevance

The success of Creative Europe will, to a large extent, be based on the capacity to connect culturally diverse content with audiences. Therefore the external study has underlined the need to strengthen the focus on audiences.

European culture needs to embrace the digital revolution to retain its diversity but also create quality content that can travel globally. Indeed the evaluation has shown the need to adapt to the changing landscape. Digitalisation can fuel a virtuous circle of greater access to cultural and creative works, entrepreneurship and new investment opportunities.

In the context of its annual monitoring activities, the Commission will report on the way in which the programme is reaping the opportunities offered by the digital transformation, from the creation of high value content to new distribution channels.

The evaluation points to the need in a successor programme, for MEDIA to sharpen the focus of its support on content that has the potential to travel across borders. The future MEDIA could privilege development and co-productions with potential for cross-border success. As the audiovisual sector continues to change, experimentation of new types of storytelling may also be supported at the European level.

Distribution and promotion will play a strategic role in connecting with audiences. Content needs to be made available where the audience is, for example through wider possibilities of access online. Therefore, post-2020 MEDIA could consider innovative models for content promotion and distribution which bring together authors producers, sales agents, distributors and platform services. Also, MEDIA support to online distribution may become more strategic. For example, players having the ambition to scale up could be encouraged to collaborate and develop genuine cross-border strategies and business models enabling them to compete with global platforms.

From 2018-2020 the Commission will launch a dialogue on content, in particular to see how support to television could be made more effective in the light of changing audiovisual formats (TV series, online, transmedia). The Commission will also launch a dialogue on how best to support promotion and marketing. It will in this context launch a small scale pilot experimentation using big data to match content with audiences.

Even if the Culture Sub-programme is proving relevant in supporting the capacity-building needs of cultural organisations and in contributing towards cultural diversity in Europe, there is a need to take better in consideration the ambitions of small cultural operators. To this end the Commission will assess whether small operators have access to financial support that matches the ambitions of growing outside their national markets. At the same time it will reconsider whether the distinction between small and large cooperation projects is relevant for the development and growth of cultural operators.

While projects funded under European Networks potentially generate positive effects, their initial design has not given beneficiaries the flexibility they would like, to adapt their activities to wider sectoral or market evolutions. Even if new aspects and other similar adjustments can be accommodated on the basis of the work programmes they submit annually. Therefore it is necessary to: - enable European Networks beneficiaries to modify aspects of their project activities in response to new technological or market trends; - ensure continued thematic relevance for Cooperation Projects by enabling beneficiaries to more easily change or modify their activities.

In spite of the broad relevance of the Literary Translation scheme, it needs to further support to linguistic diversity by encouraging the translation of literature works from the smaller countries

into English, French, German and Spanish; and by considering better recognition of smaller genres like children's books, plays and poetry.

As regards the Cross-sectoral Strand, the successor programme will build on the experience and understanding gained with the Guarantee Facility about the financing needs of cultural operators and companies. The experience shows that financial instruments leverage private investment into projects by sharing the risk burden and increasing their market potential. A variety of instruments could be considered, blending public and private funding and including an equity instrument for higher risk, larger projects.

In the period up to 2020, the flagship initiative of the Guarantee Facility will respond to strong market demand by pursuing additional Guarantee Agreements up to the ceiling of the top up provided by the European Fund for Strategic Investments (EFSI). This will widen the geographical participation of financial intermediaries in lending to the cultural and creative sectors.

Other types of cross- sectoral projects also need to be boosted. The Commission will aim to increase collaboration and synergies in implementing cross-sectoral projects and actions, for example, the Refugee Integration Projects and the Modules for Master Degrees in Arts and Sciences.

Coherence

Further efforts will be made to strengthen the coherence of Creative Europe with EU policy objectives such as the European Agenda for Culture and the Digital Single Market strategy by "mainstreaming" said policy objectives in the programme.

The Creative Europe programme complements other EU funding programmes, notably Erasmus +, H2020 as well as programmes in the areas of migration and citizenship. To address the need for more information on complementary opportunities from other EU funding sources the Commission will consider any solution including the publication of a booklet in order to enhance stakeholders' awareness of available general business and economic support as well as funding for culture in different contexts (e.g. education, training, research, infrastructure).

In order to strengthen coherence with international and national funding sources the Commission will share more information with sector bodies from Member States to foster alignment with Creative Europe. Dialogue with international funding organisations such as for example EURIMAGES could be promoted to facilitate complementarity.

MEDIA will continue to accompany the efforts to foster availability of European content online, as envisaged in the reformed copyright framework. It will support the strengthened promotion of European works envisaged by the Audiovisual Media Services Directive.

In its relations with Member State funds, increased coherence, alignment and complementarity with MEDIA will be ensured. For this purpose, MEDIA could earmark support to policy dialogue fostering cooperation and synergies among Member States towards the achievement of the EU policy objectives in the area.

In the meantime, the dialogue will be taken forward with the European Film Agency Directors Association (EFAD) in 2018. By the end of 2018, the Open Method of Coordination Group on circulation of European films gathering representatives of Member States will provide useful insights on cross border circulation and promotion of European works as well as on complementarity between national and EU funding.

The Commission will continue to engage with the audiovisual stakeholders through the European Film Forum. The main conclusions from this dialogue will be produced every two years. Also, the studies and analysis of the European Audiovisual Observatory will be more systematically used for policy making and steering the implementation of MEDIA.

Effectiveness

Creative Europe will address in a balanced manner the two general objectives of the programme i.e. cultural diversity and competitiveness, taking account of the multifaceted dimension of the programme as well as its cultural, social and economic objectives.

The evaluation shows that innovation and experimentation may be more effectively supported to boost innovative forms of collaboration and cross-over projects between creative sectors (e.g. film and fashion, architecture and virtual reality) to take advantage of the digital shift.

Concerning MEDIA, in the successor programme flexibility could be strengthened to allow swift adaptation to emerging needs while at the same time increasing focus on a limited number of actions and on key priorities will incentivise collaboration to overcome industry silos.

In the meantime, in the period 2018-20, MEDIA will further support the scaling up of audiovisual companies by promoting new models of collaboration and joint-up distribution strategies and by reviewing the selective distribution scheme to incentivise a more sustained collaboration across borders.

Following the adoption of the European Animation Plan by the industry in 2017, the Commission will help implement the identified actions in order to scale-up the European Animation Industry, a sector that has a good potential to develop and compete internationally.

Efficiency

Under the successor programme, the future MEDIA and Music Moves Europe may seek ways to reward good results and success.

The evaluation pointed to the need to develop a comprehensive performance monitoring framework consisting of a set of indicators which are closely related to the objectives of the programme, both in terms of the outputs and benefits for beneficiaries as well as the wider, more long-term cultural, economic and social impacts.

Meanwhile, the Commission services will propose to strengthen the monitoring framework systems, processes and indicators for the Creative Europe Programme during 2018. It will adopt supplementary qualitative and quantitative performance indicators in accordance with the procedure set out in, in line with Article 20 of the Creative Europe Regulation (Delegated Act). The Commission will address the challenges associated with the current monitoring framework, namely the nature of the indicators and data currently reported on and the roles and responsibilities with regard to Programme monitoring.

Also, application procedures will be further streamlined and timely information to beneficiaries about selection results will be ensured. For MEDIA, the system of lump sums will be monitored to ensure alignment with the evolution of real costs in the sector, thus continuing to provide simplified, speedier grant support. Implementation of MEDIA will be simplified and streamlined, for example, by grouping together beneficiaries and reducing the number of underlying grant contracts and payment transactions. In particular in the Distribution schemes, which represent 30 % of the MEDIA budget, it is intended to reduce the transactions by 30% thus lowering administrative overheads.

Sustainability

Creative Europe reaches citizens through the supported works and activities, enriching their European identities. However, citizens are not always aware of the role played by Creative Europe. Building on recent experiences, such as online competitions, communication through social media will be increased to reach larger audiences. On the ground, the Commission will

organise conferences and showcase events to disseminate results, with an emphasis on cross-sectoral issues and collaboration.

Creative Europe Desks will be encouraged to develop their role, by sharing success stories not just from their own country but rather on a pan-European level, to raise the visibility of co-productions and collaborative distribution strategies.

As the projects supported by Creative Europe potentially reach large audiences and present a good communication potential vis a vis citizens, the Commission will strengthen and closely monitor the compliance with appropriate visibility requirements. The Commission will also continue to showcase success stories and provide beneficiaries with suitable tools and guidelines enabling them to share their stories online.

Creative and culture works supported by Creative Europe constitute a portfolio of content with a European dimension. On the other hand stakeholders recognised that there is a potential for greater exploitation of programme outputs. The Commission will consider a new award criterion to develop a sustainable exploitation plan of project outputs. Furthermore it should be considered to set-up new mechanisms for ensuring the exploitation of project outputs in the Culture Sub-programme.

EU added value

To capitalise on the existing partnerships and networks, the Commission will monitor the development of new partnerships e.g. between high and low capacity countries.

As regards MEDIA, the Commission has extensively engaged in discussion with Member States on how to provide a level playing field between countries with a different audiovisual capacity while ensuring that the overarching selection criterion remains the excellence of the projects. Accordingly, a new definition of 'capacity' based on a set of measurable indicators will be developed in the successor programme.

Recent developments show the importance of creativity and culture in sustaining healthy democracies, diversity and a shared sense of European identity. Culture plays a unique role in strengthening awareness on common social challenges and, through good storytelling, can bring people together across Europe. Creative Europe has a strong yet untapped potential to support new forms of citizens' engagement across borders which should be fully exploited.

The successor programme may play a valuable role in responding to populism by reinforcing cultural diversity and increasing tolerance and mutual understanding. Therefore the programme will intensify the citizens' dimension of its activities.