

Audiovisual sector: implementation of a programme of support for this European sector, MEDIA 2007

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The aim of this report is to provide an interim evaluation of the MEDIA 2007 programme in accordance with Decision No 1718/2006/EC (MEDIA 2007). The Decision also requires that evaluation of the EU's participation in the European Audiovisual Observatory be carried out within the framework of monitoring and evaluation of the MEDIA programme. The report sets out the main results obtained over the past three years of implementation and the recommendations for possible adjustments. It covers the period from 1 January 2007 to 31 December 2009 and is based on the conclusions of the interim evaluation by an external consulting group.

The report notes that over **5 000 projects were supported by MEDIA 2007** over the first three years of implementation. European co-financing for these projects amounts to around EUR 296 million, i.e. 39% of the programme budget over the entire period. More than 3 000 organisations applied for support from the MEDIA 2007 programme over the first three years (compared with less than 2 000 over the entire MEDIA Plus programme period) and more than 1 400 organisations were selected. The number of applications for support from organisations in the new Member States increased slightly under the MEDIA 2007 programme. The organisations selected by MEDIA 2007 are producers (56%), distributors (31%) and promoters (11%). They are usually very small companies (66% have a turnover of less than EUR 1.5 million, 80% have a turnover of less than EUR 4 million). Beneficiaries of MEDIA 2007 are located all over Europe (98 out of 105 regions).

The five largest countries (Germany, Spain, France, Italy, and United Kingdom) receive almost two thirds of the amounts committed by MEDIA, in proportion to the relative importance of these markets in Europe. The ten other EU-15 countries together with Switzerland, Iceland and Norway receive on average 25% of the amounts committed, but this share is diminishing. The share of the "new" Member States is stable, at around 8%.

Conclusions of the evaluation: MEDIA 2007 is well equipped to meet the sector's needs because, among other things, it is internally coherent, is firmly grounded in the European audiovisual scene and is designed to support change in the sector. In the vast majority of cases, MEDIA is considered to be complementary to existing national provisions, as it supports work which receives little or no national subsidisation. It also offers significant added value due to the strong European dimension which it gives to the projects it supports, and also allows them to be more ambitious. Lastly, the programme seems to inspire national policies. A certain number of developments have been noted in various countries. For instance, new legislative provisions are in the drafting stage or have just entered into force in Hungary, Italy, Lithuania, Norway and Slovenia.

However, the evaluator identified avenues for improving certain lines of action:

- support for interactive works could become more effective, in particular through achieving greater clarity as to their target audiences;
- support from MEDIA 2007 for TV distribution is important because it responds to a pronounced sectoral need. It makes a significant contribution to securing producers' rights in some countries. However, its effectiveness is impaired by a number of factors: discrepancy between the type of works supported and the programming needs of European channels; contradiction between the

required large number of broadcasters and the existence of a minimum guarantee provided by a distributor; discrepancy between developments in market prices and the investments required by MEDIA; imbalances in the geographical distribution of support.

Furthermore, the effect of certain actions remains marginal for reasons external to the programme and linked to the market in which they are taken:

- i2i support helps to effectively reduce financial costs, but it is not wide-ranging enough to generate visible effects in terms of access to financing;
- support for video-on-demand (VOD) does not yet sufficiently foster the circulation of European works as the market remains very weak;
- as regards the objectives of preserving and promoting cultural diversity and the positive discrimination mechanisms mentioned in point 6.2, the restricted scope of the programme does not allow for a significant impact in terms of reducing the disparities between countries with low and high audiovisual production capacities. While the allocations to organisations from the "new" Member States are increasing, the budget share remains the same (around 8%). The average budget per organisation in these countries is therefore progressively decreasing.

Position of the Commission: although the interim evaluation of the MEDIA 2007 programme was conducted at an early stage in implementation, it confirms the positive results of the programme actions in favour of the European audiovisual sector. It reaffirms the relevance of its objectives and the effectiveness of its actions, particularly as regards making the sector more competitive. Furthermore, it confirms the added value it brings to national interventions. The market data also indicate that the **European audiovisual sector continues to suffer from its traditional weaknesses**, namely market fragmentation and the poor circulation of European works outside their country of origin.

Action should therefore continue to be taken in line with changes in market needs. The Commission will make adjustments to the MEDIA 2007 programme for the remaining period in order to improve its efficiency and effectiveness and ensure it is better adapted to market needs, within the limits of the existing legal basis, and in line with the evaluator's recommendations. Other adjustments are being developed and will be in place for the second half of the programme's implementation period. These will be examined in the next Communication on the continuation of the programme.

Furthermore, the Commission will integrate the more long-term strategic recommendations made by the evaluator into the preparation of the next programme, to be launched in 2013. Lines of action will be examined as part of the impact study to be carried out in preparation for this programme.