

IMPALA

*-How important is EU funding to the UK Cultural sector?*

EU funding is very important and beneficial to the UK: as mentioned in the balance of competences 'call for evidence', some of the most successful UK films over the past decade, as well as some of the UK cinemas and festivals, have been supported by the EU MEDIA programme. In 2010 alone, UK companies received €8.7million to support the production, distribution and screening of films in the UK, and €6.7 million was invested to boost the European cinema releases of over 40 British films. In 2011, 43 UK cultural organisations participating in transnational projects and 5 UK based European cultural organisations received €5.7 million in grants from the EU Culture programme.

Recently, an article in the Guardian highlighted the high success rates of UK applications for EU funding for the cultural and creative sectors (46%, almost double the overall average success rate of 24%). The same article deplored the low number of applications put in by the UK, much lower per capita than other EU countries.

<http://www.guardian.co.uk/culture-professionals-network/culture-professionals-blog/2013/may/01/european-arts-funding-uk-applications>

In light of its high success rates in applying for EU funding and the reduction in UK funding available for culture, we believe it is worth for the UK cultural and creative sectors to turn their attention more to the EU for complementary funding.

As also mentioned in the Guardian article, the new EU Creative Europe programme 2014-2020 will focus on areas where the UK is leading.

The UK's cultural and creative sectors are one of its strongest assets, and EU funding, which already benefits the UK, could further contribute to its growth. Simultaneously, as some applications for EU funding require partnering up with other countries, this process helps build bridges and further expand across various EU markets, outside the UK.

*-Are EU cultural programmes effective and how can they be improved?*

As indicated on the European Commission's page dedicated to EU funding for culture, a total amount of €400 million was made available for the EU culture programme between 2007 and 2013.

[http://ec.europa.eu/culture/journalists/what-to-know-about-eu-funding\\_en.htm](http://ec.europa.eu/culture/journalists/what-to-know-about-eu-funding_en.htm)

You will find more information on the impact of the 2007-2013 EU culture programmes in this interim evaluation of the programme published in 2010.

[http://ec.europa.eu/dgs/education\\_culture/evalreports/culture/2010/progreport\\_en.pdf](http://ec.europa.eu/dgs/education_culture/evalreports/culture/2010/progreport_en.pdf)

Here is a focus on certain UK projects funded through the EU programmes.

[http://ec.europa.eu/culture/journalists/what-s-happening-in-the-uk\\_en.htm](http://ec.europa.eu/culture/journalists/what-s-happening-in-the-uk_en.htm)

Creative Europe – According to the European Commission, through Creative Europe 300 000 artists and cultural professionals, more than 1000 European films, more than 2500 cinemas and more than 5500 books will benefit from EU funding.

<http://ec.europa.eu/culture/creative-europe/>

EU cultural programmes could be improved by broadening the scope of sectors supported: for example, while the audiovisual sector benefits from a massive support through the MEDIA programme (expected to represent as much as 55% of the Creative Europe programme's budget), some cultural actors such as record labels are not supported at all.

The absence of grants available for the production, promotion and distribution of sound recordings, combined with the increasing difficulties for record labels to get access to bank loans, creates a critical lack of funding which can be partially addressed through the Creative Europe programme.

An interesting instrument in this respect is the new Cultural and Creative Sectors Facility, the most innovative instrument of the new Creative Europe programme. By providing financial guarantees to banks lending to cultural and creative actors (a fund of €200 million is expected to be able to generate up to €1 billion worth of loans) and simultaneously improving the technical capacity of financial intermediaries to assess projects and evaluate risks associated with investing in the cultural and creative sectors (lack of expertise is one of the main barriers to investment), this instrument will i) help fill the expertise gap among banks and cultural and creative operators, ii) address an existing market failure in terms of the sectors' access to finance (the current funding gap in Europe for the cultural and creative sectors in terms of bank loans is estimated to be between €2.8 and €4.8 billion); iii) trigger much-needed investment in the sectors and, through well-documented spillover effects on other industries, boost the economy generally.

It was recently announced that only €120 million would be allocated to the facility (instead of €210 initially proposed by the European Commission) and we hear that an agreement between member states proposes postponing the introduction of the instrument to 2016 instead of 2014. As mentioned above, there is a market failure to address, and cultural and creative operators need help getting loans now, not in 2016. If anything, we believe the €120 million should be front loaded to 2014 and we kindly urge all relevant parties to support introducing the instrument in 2014, as initially planned. Cultural and creative operators and financial institutions are ready and were expecting this instrument to be available next year – such a last-minute postponement would be a great disappointment to all and could have a negative impact on their future implication in this programme.

This instrument will be particularly beneficial to the UK's cultural and creative sectors, and consequently to the entire UK economy through well-documented 'spillover' effects on other sectors. Indeed, the UK's cultural and creative sectors, among the most recognised and most influential in the world, are a massive asset for the UK and the EU in terms of jobs, growth and soft power. The UK is also very advanced compared to other EU countries when it comes to providing banking services such as lending to businesses in music, film, television, theatre, the arts and entertainment. For these reasons, the UK should be supportive of innovative instruments such as the Cultural and Creative Sectors Facility, which would help the UK increase its leadership in these areas.