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► **B** 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) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC

(Text with EEA relevance)

(OJ L 347, 20.12.2013, p. 221)

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**REGULATION (EU) No 1295/2013 OF THE EUROPEAN
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CHAPTER I

General provisions

Article 1

Establishment and duration

1. This Regulation establishes the Creative Europe Programme for support to the European cultural and creative sectors (the "Programme").
2. The Programme shall be implemented for the period from 1 January 2014 to 31 December 2020.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

- (1) 'cultural and creative sectors' means all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. The cultural and creative sectors include inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts;
- (2) 'SMEs' means micro, small and medium-sized enterprises, as defined in Commission Recommendation 2003/361/EC ⁽¹⁾;
- (3) 'participating financial intermediaries' means financial intermediaries within the meaning of the second subparagraph of Article 139(4) of the Financial Regulation, selected under the Guarantee Facility in accordance with the Financial Regulation and with Annex I to this Regulation, providing or planning to provide:

⁽¹⁾ Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

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- (a) loans to SMEs and to micro, small and medium-sized organisations in the cultural and creative sectors (guarantees from the European Investment Fund ("EIF")); or
- (b) loan guarantees to other financial intermediaries providing loans to SMEs and to micro, small and medium-sized organisations in the cultural and creative sectors (counter-guarantees from the EIF);
- (4) 'capacity-building providers' means entities capable of providing expertise in accordance with Annex I in order to enable participating financial intermediaries to assess effectively the specificities and risks associated with SMEs and micro, small and medium-sized organisations in the cultural and creative sectors and with their projects.

*Article 3***General objectives**

The general objectives of the Programme shall be:

- (a) to safeguard, develop and promote European cultural and linguistic diversity and to promote Europe's cultural heritage;
- (b) to strengthen the competitiveness of the European cultural and creative sectors, in particular of the audiovisual sector, with a view to promoting smart, sustainable and inclusive growth.

*Article 4***Specific objectives**

The specific objectives of the Programme shall be:

- (a) to support the capacity of the European cultural and creative sectors to operate transnationally and internationally;
- (b) to promote the transnational circulation of cultural and creative works and transnational mobility of cultural and creative players, in particular artists, as well as to reach new and enlarged audiences and improve access to cultural and creative works in the Union and beyond, with a particular focus on children, young people, people with disabilities and under-represented groups;
- (c) to strengthen the financial capacity of SMEs and micro, small and medium-sized organisations in the cultural and creative sectors in a sustainable way, while endeavouring to ensure a balanced geographical coverage and sector representation;
- (d) to foster policy development, innovation, creativity, audience development and new business and management models through support for transnational policy cooperation.

▼B*Article 5***European added value**

1. Recognising the intrinsic and economic value of culture, the Programme shall support actions and activities with a European added value in the cultural and creative sectors. It shall contribute to the achievement of the objectives of the Europe 2020 Strategy and its flagship initiatives.
2. European added value shall be ensured through one or more of the following:
 - (a) the transnational character of actions and activities which complement regional, national, international and other Union programmes and policies, and the impact of such actions and activities on the cultural and creative sectors as well as on citizens and on their knowledge of cultures other than their own;
 - (b) the development and promotion of transnational cooperation between cultural and creative players, including artists, audiovisual professionals, cultural and creative organisations and audiovisual operators, focused on stimulating more comprehensive, rapid, effective and long-term responses to global challenges;
 - (c) the economies of scale and critical mass which Union support fosters, creating a leverage effect for additional funds;
 - (d) ensuring a more level playing field in the European cultural and creative sectors by taking account of low production capacity countries and/or countries or regions with a restricted geographical and/or linguistic area.

*Article 6***Structure of the Programme**

The Programme shall consist of:

- (a) a MEDIA Sub-programme;
- (b) a Culture Sub-programme;
- (c) a Cross-sectoral Strand.

*Article 7***Logos of the Sub-programmes**

1. The Commission shall ensure the visibility of the Programme through the use of logos, which shall be specific to each of the Sub-programmes.
2. The beneficiaries of the MEDIA Sub-programme shall use the logo set out in Annex II. The Commission shall establish details for the use of that logo and shall communicate them to the beneficiaries.
3. The beneficiaries of the Culture Sub-programme shall use a logo which shall be established by the Commission. The Commission shall establish details for the use of that logo and shall communicate them to the beneficiaries.

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4. The Commission and the Creative Europe Desks referred to in Article 16 shall also be entitled to use the logos of the Sub-programmes.

*Article 8***Access to the Programme**

1. The Programme shall foster cultural diversity at international level in line with the 2005 Unesco Convention.

2. The Programme shall be open to the participation of the Member States.

3. Without prejudice to paragraph 4, the Programme shall be open to the participation of the following countries provided that they pay additional appropriations and that, for the MEDIA Sub-programme, they meet the conditions set out in Directive 2010/13/EU of the European Parliament and of the Council ⁽¹⁾:

- (a) acceding countries, candidate countries and potential candidate countries benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, Association Council decisions or similar agreements;
- (b) EFTA countries that are party to the EEA Agreement, in accordance with that Agreement;
- (c) the Swiss Confederation, on the basis of a bilateral agreement with that country;
- (d) countries covered by the European Neighbourhood Policy, in accordance with the procedures established with those countries following the framework agreements providing for their participation in Union programmes.

4. The countries referred to in points (a) and (d) of paragraph 3 shall be precluded from participating in the Guarantee Facility.

5. The Programme shall be open for bilateral or multilateral cooperation actions targeted at selected countries or regions on the basis of additional appropriations paid by, and specific arrangements to be agreed upon with, those countries or regions.

6. The Programme shall permit cooperation and joint actions with countries not participating in the Programme and with international organisations which are active in the cultural and creative sectors such as Unesco, the Council of Europe, the OECD or the WIPO on the basis of joint contributions for the realisation of the Programme's objectives.

⁽¹⁾ Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) (OJ L 95, 15.4.2010, p. 1).

*CHAPTER II****MEDIA Sub-programme****Article 9***Priorities of the MEDIA Sub-programme**

1. The priorities in the field of reinforcing the European audiovisual sector's capacity to operate transnationally shall be the following:

- (a) facilitating the acquisition and improvement of skills and competences of audiovisual professionals and the development of networks, including the use of digital technologies to ensure adaptation to market development, testing new approaches to audience development and testing new business models;
- (b) increasing the capacity of audiovisual operators to develop European audiovisual works with a potential to circulate in the Union and beyond and to facilitate European and international co-production, including with television broadcasters;
- (c) encouraging business-to-business exchanges by facilitating access to markets and business tools enabling audiovisual operators to increase the visibility of their projects on Union and international markets.

2. The priorities in the field of promoting transnational circulation shall be the following:

- (a) supporting theatrical distribution through transnational marketing, branding, distribution and exhibition of audiovisual works;
- (b) promoting transnational marketing, branding and distribution of audiovisual works on all other non-theatrical platforms;
- (c) supporting audience development as a means of stimulating interest in, and improving access to, European audiovisual works, in particular through promotion, events, film literacy and festivals;
- (d) promoting new distribution modes in order to allow the emergence of new business models.

*Article 10***Support measures of the MEDIA Sub-programme**

In order to implement the priorities set out in Article 9, the MEDIA Sub-programme shall provide support for:

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- (a) the development of a comprehensive range of training measures promoting the acquisition and improvement of skills and competences by audiovisual professionals, knowledge-sharing and networking initiatives, including the integration of digital technologies;
- (b) the development of European audiovisual works, in particular films and television works such as fiction, documentaries and children's and animated films, as well as interactive works such as video games and multimedia with enhanced cross-border circulation potential;
- (c) activities aiming to support European audiovisual production companies, in particular independent production companies, with a view to facilitating European and international co-productions of audiovisual works including television works;
- (d) activities helping European and international co-production partners to come together and/or providing indirect support for audiovisual works co-produced by international co-production funds based in a country participating in the Programme;
- (e) facilitating access to professional audiovisual trade events and markets and the use of online business tools inside and outside the Union;
- (f) establishing systems of support for the distribution of non-national European films through theatrical distribution and on other platforms, as well as for international sales activities, in particular the subtitling, dubbing and audio description of audiovisual works;
- (g) facilitating the circulation of European films worldwide and of international films in the Union on all distribution platforms, via international cooperation projects in the audiovisual sector;
- (h) a European cinema operators' network screening a significant proportion of non-national European films;
- (i) initiatives presenting and promoting a diversity of European audiovisual works, including short films, such as festivals and other promotional events;
- (j) activities aimed at promoting film literacy and at increasing audiences' knowledge of, and interest in, European audiovisual works, including the audiovisual and cinematographic heritage, in particular among young audiences;
- (k) innovative actions testing new business models and tools in areas likely to be influenced by the introduction and use of digital technologies.

*Article 11***European Audiovisual Observatory**

1. The Union shall be a member of the Observatory for the duration of the Programme.
2. The Union's participation in the Observatory shall contribute to the achievement of the priorities of the MEDIA Sub-programme by:
 - (a) encouraging transparency and the establishment of a level playing field as regards the accessibility of legal and financial/market information, and contributing to the comparability of legal and statistical information;
 - (b) providing data and market analysis useful for the elaboration of the action lines of the MEDIA Sub-programme and for the evaluation of their impact on the market.
3. The Commission shall represent the Union in its dealings with the Observatory.

*CHAPTER III****Culture Sub-programme****Article 12***Priorities of the Culture Sub-programme**

1. The priorities in the field of reinforcing the cultural and creative sectors' capacity to operate transnationally shall be the following:
 - (a) supporting actions providing cultural and creative players with skills, competences and know-how that contribute to strengthening the cultural and creative sectors, including encouraging adaptation to digital technologies, testing innovative approaches to audience development and testing new business and management models;
 - (b) supporting actions enabling cultural and creative players to cooperate internationally and to internationalise their careers and activities in the Union and beyond, where possible on the basis of long-term strategies;
 - (c) providing support to strengthen European cultural and creative organisations and international networking in order to facilitate access to professional opportunities.
2. The priorities in the field of promoting transnational circulation and mobility shall be the following:

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- (a) supporting international touring, events, exhibitions and festivals;
- (b) supporting the circulation of European literature with a view to ensuring its widest possible accessibility;
- (c) supporting audience development as a means of stimulating interest in, and improving access to, European cultural and creative works and tangible and intangible cultural heritage.

*Article 13***Support measures of the Culture Sub-programme**

1. In order to implement the priorities set out in Article 12, the Culture Sub-programme shall provide support for:

- (a) transnational cooperation projects bringing together cultural and creative organisations from different countries to undertake sectoral or cross-sectoral activities;
- (b) activities by European networks of cultural and creative organisations from different countries;
- (c) activities by organisations with a European vocation fostering the development of emerging talent and stimulating the transnational mobility of cultural and creative players and circulation of works, with the potential to exert a broad influence on the cultural and creative sectors and to provide for lasting effects;
- (d) literary translation and its further promotion;
- (e) special actions designed to make the richness and diversity of European cultures more visible and to stimulate intercultural dialogue and mutual understanding, including Union cultural prizes, the European Capitals of Culture action and the European Heritage Label action;

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- (f) costs related to the activities of the European Union Youth Orchestra that contribute to the mobility of musicians, the circulation of European works across borders and to the internationalisation of the careers of young musicians.

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2. The measures set out in paragraph 1 shall support, in particular, not-for-profit projects.

*CHAPTER IV****Cross-sectoral Strand****Article 14***Cultural and Creative Sectors Guarantee Facility**

1. The Commission shall establish a Guarantee Facility targeting the cultural and creative sectors.

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The Guarantee Facility shall operate as a self-standing instrument and shall be set up and managed in accordance with Title VIII of the Financial Regulation.

2. The Guarantee Facility shall have the following priorities:

- (a) to facilitate access to finance for SMEs and micro, small and medium-sized organisations in the cultural and creative sectors;
- (b) to improve the capacity of participating financial intermediaries to assess the risks associated with SMEs and micro, small and medium-sized organisations in the cultural and creative sectors and with their projects, including through technical assistance, knowledge-building and networking measures.

The priorities shall be implemented in accordance with Annex I.

3. In accordance with Article 139(4) of the Financial Regulation, the Commission shall implement the Guarantee Facility in an indirect management mode by entrusting tasks to the EIF as referred to in point (iii) of Article 58(1)(c) of that Regulation, subject to the terms of an agreement between the Commission and the EIF.

*Article 15***Transnational policy cooperation**

1. In order to promote transnational policy cooperation, the Cross-sectoral Strand shall support:

- (a) transnational exchange of experiences and know-how in relation to new business and management models, peer-learning activities and networking among cultural and creative organisations and policy-makers related to the development of the cultural and creative sectors, promoting digital networking where appropriate;
- (b) the collection of market data, studies, analysis of labour market and skills needs, European and national cultural policies analysis and support for statistical surveys based on instruments and criteria specific to each sector and evaluations, including measurement of all aspects of the impact of the Programme;
- (c) payment of the contribution fee for Union membership of the Observatory to foster data collection and analysis in the audiovisual sector;
- (d) testing of new and cross-sectoral business approaches to funding, distributing and monetising creation;

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- (e) conferences, seminars and policy dialogue, including in the field of cultural and media literacy, promoting digital networking where appropriate;
- (f) the Creative Europe Desks referred to in Article 16 and the performance of their tasks;

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- (g) the European Union Youth Orchestra, for the costs that are not supported under point (f) of Article 13(1).

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2. By 30 June 2014, the Commission shall carry out a feasibility study exploring the possibility of collecting and analysing data in the cultural and creative sectors other than the audiovisual sector, and shall present the results of that study to the European Parliament and to the Council.

Depending on the results of the feasibility study, the Commission may submit a proposal to amend this Regulation accordingly.

*Article 16***Creative Europe Desks**

1. The countries participating in the Programme, acting together with the Commission, shall establish Creative Europe Desks in accordance with their national law and practice (the "Creative Europe Desks").
2. The Commission shall support a network of Creative Europe Desks.
3. The Creative Europe Desks shall carry out the following tasks, while taking into account the specific characteristics of each sector:
 - (a) provide information about, and promote, the Programme in their country;
 - (b) assist the cultural and creative sectors in relation to the Programme and provide basic information on other relevant support opportunities available under Union policy;
 - (c) stimulate cross-border cooperation within the cultural and creative sectors;
 - (d) support the Commission by providing assistance regarding the cultural and creative sectors in the countries participating in the Programme, for example through the provision of available data on those sectors;
 - (e) support the Commission in ensuring proper communication and dissemination of the results and impacts of the Programme;

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- (f) ensure the communication and dissemination of information concerning the Union funding awarded and the results obtained for their country.

4. The Commission, acting together with the Member States, shall ensure the quality and results of the service provided by the Creative Europe Desks through regular and independent monitoring and evaluation.

*CHAPTER V****Performance results and dissemination****Article 17***Consistency and complementarity**

1. The Commission, in cooperation with the Member States, shall ensure the overall consistency and complementarity of the Programme with:

- (a) relevant Union policies, such as those in the fields of education, employment, health, the internal market, the digital agenda, youth, citizenship, external relations, trade, research and innovation, enterprise, tourism, justice, enlargement and development;
- (b) other relevant Union funding sources in the field of culture and media policies, in particular the European Social Fund, the European Regional Development Fund and the research and innovation programmes, as well as the financial instruments relating to justice and citizenship, external cooperation programmes and the pre-accession instruments.

2. This Regulation shall apply and be implemented without prejudice to the international commitments of the Union.

*Article 18***Monitoring and evaluation**

1. The Commission shall ensure regular monitoring and external evaluation of the Programme against the qualitative and quantitative performance indicators set out below:

- (a) indicators for the general objectives referred to in Article 3:
 - (i) the cultural and creative sectors' level, change in and share of employment and share of gross domestic product;
 - (ii) the number of people accessing European cultural and creative works, including, where possible, works from countries other than their own;
- (b) indicators for the specific objective referred to in point (a) of Article 4:

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- (i) the scale of international activities of cultural and creative organisations and the number of transnational partnerships created;
 - (ii) the number of learning experiences and activities supported by the Programme which have improved the competences and increased the employability of cultural and creative players, including audiovisual professionals;
- (c) indicators for the specific objective referred to in point (b) of Article 4 as regards the MEDIA Sub-programme:
- (i) the number of admissions for non-national European films in Europe and European films worldwide (10 most important non-European markets) in cinemas;
 - (ii) the percentage of European audiovisual works in cinemas, on television and on digital platforms;
 - (iii) the number of people in the Member States accessing non-national European audiovisual works and the number of people in the countries participating in the Programme accessing European audiovisual works;
 - (iv) the number of European video games produced in the Union as well as in the countries participating in the Programme;
- (d) indicators for the specific objective referred to in point (b) of Article 4 as regards the Culture Sub-programme:
- (i) the number of people directly and indirectly reached through projects supported by the Programme;
 - (ii) the number of projects addressed to children, young people and under-represented groups and the estimated number of people reached;
- (e) indicators for the specific objective referred to in point (c) of Article 4:
- (i) the volume of loans guaranteed in the framework of the Guarantee Facility, categorised by national origin, size and sectors of SMEs and micro, small and medium-sized organisations;
 - (ii) the volume of loans granted by participating financial intermediaries, categorised by national origin;
 - (iii) the number and geographical spread of participating financial intermediaries;

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- (iv) the number of SMEs and micro, small and medium-sized organisations benefiting from the Guarantee Facility, categorised by national origin, size and sectors;
 - (v) the average default rate of loans;
 - (vi) the achieved leverage effect of guaranteed loans in relation to the indicative leverage effect (1:5,7);
- (f) indicators for the specific objective referred to in point (d) of Article 4:
- (i) the number of Member States making use of the results of the open method of coordination in their national policy development;
 - (ii) the number of new initiatives and policy outcomes.
2. The results of the monitoring and evaluation process shall be taken into account in the implementation of the Programme.
3. In addition to regularly monitoring the Programme, the Commission shall establish a mid-term evaluation report, based on an external and independent evaluation, which:
- (a) includes qualitative and quantitative elements, in order to assess the effectiveness of the Programme in achieving its objectives, the efficiency of the Programme, and its European added value;
 - (b) addresses the scope for simplification of the Programme, its internal and external coherence, the continued relevance of all its objectives and the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth;
 - (c) takes into account evaluation results concerning the long-term impact of Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC.
4. The Commission shall submit the mid-term evaluation report referred to in paragraph 3 to the European Parliament and the Council by 31 December 2017.
5. On the basis of a final external and independent evaluation, the Commission shall establish a final evaluation report which assesses the longer-term impacts and the sustainability of the Programme on the basis of the selected quantitative and qualitative indicators. With regard to the specific objective referred to in point (c) of Article 4, the Commission shall also evaluate the effects of the Guarantee Facility on access to bank loans and the associated costs for SMEs and micro, small and medium-sized organisations in the cultural and creative sectors.
6. The Commission shall submit the final evaluation report referred to in paragraph 5 to the European Parliament and the Council by 30 June 2022.



Article 19

Communication and dissemination

1. The Commission shall provide the countries participating in the Programme with information concerning the projects which have received the Union's funding, by transmitting the selection decisions within two weeks of their adoption.
2. Beneficiaries of the projects supported by the Programme shall ensure the communication and dissemination of information concerning the Union's funding they have received and the results obtained.
3. The Commission shall ensure the dissemination of relevant information to the Creative Europe Desks.

CHAPTER VI

Delegated acts

Article 20

Delegation of powers to the Commission

The Commission shall be empowered to adopt delegated acts in accordance with Article 21 in order to supplement the qualitative and quantitative performance indicators laid down in Article 18(1).

Article 21

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 20 shall be conferred on the Commission for the duration of the Programme.
3. The delegation of power referred to in Article 20 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Article 20 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

*CHAPTER VII****Implementing provisions****Article 22***Implementation of the Programme**

1. The Commission shall implement the Programme in accordance with the Financial Regulation.

2. The Commission shall adopt by means of implementing acts an annual work programme concerning the Sub-programmes and the Cross-sectoral Strand. The Commission shall ensure in the annual work programme that the general and specific objectives set out in Articles 3 and 4 as well as the priorities set out in Articles 9 and 12 are implemented annually in a consistent manner, and shall outline the expected results, the method of implementation and the total amount of the financing plan. The annual work programme shall also contain a description of the measures to be financed, an indication of the amount allocated to each measure and an indicative implementation timetable.

For grants, the annual work programme shall include the priorities, the eligibility, selection and award criteria, and the maximum rate of co-financing. The financial contribution from the Programme shall be a maximum of 80 % of the costs of the operations supported.

For the Guarantee Facility, the annual work programme shall include the eligibility and selection criteria for financial intermediaries, the exclusion criteria in respect of the content of projects submitted to the participating financial intermediaries, the annual allocation to the EIF and the eligibility, selection and award criteria for capacity-building providers.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 23(4).

3. The Commission shall adopt the general guidelines for the implementation of the Programme in accordance with the advisory procedure referred to in Article 23(3).

*Article 23***Committee procedure**

1. The Commission shall be assisted by a committee (the "Creative Europe Committee"). That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. The Creative Europe Committee may meet in specific configurations to deal with concrete issues relating to the Sub-programmes and the Cross-sectoral Strand.

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3. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

4. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

*Article 24***Financial provisions**

1. The financial envelope for the implementation of the Programme for the period from 1 January 2014 to 31 December 2020 is set at EUR 1 462 724 000 in current prices.

The annual appropriations shall be authorised by the European Parliament and the Council within the limits of the multiannual financial framework.

2. The financial envelope referred to in paragraph 1 shall be allocated as follows:

(a) at least 56 % for the MEDIA Sub-programme;

(b) at least 31 % for the Culture Sub-programme;

(c) a maximum of 13 % for the Cross-sectoral Strand, with at least 4 % being allocated for the transnational cooperation measures listed in Article 15 and for the Creative Europe Desks.

3. The administrative costs in respect of the implementation of the Programme shall form part of the allocation set out in paragraph 2 and the total amount of those costs shall not exceed 7 % of the Programme's budget, of which 5 % shall be allocated to the implementation of the MEDIA Sub-programme and 2 % to the implementation of the Culture Sub-programme.

4. The financial envelope referred to in paragraph 1 may cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are directly necessary for the management of the Programme and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including institutional communication of the political priorities of the Union in so far as they are related to the general objectives of the Programme, and expenses connected with IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission in managing the Programme.

5. The financial envelope referred to in paragraph 1 may cover the technical and administrative assistance expenses necessary to ensure the transition between the measures adopted under Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC and this Regulation.

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If necessary, appropriations may be entered in the budget beyond 2020 to cover similar expenses, in order to allow for the management of actions not yet completed by 31 December 2020.

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6. In accordance with Article 130(1) of the Financial Regulation, and in duly justified cases, the Commission may consider costs directly linked to the implementation of the supported actions and activities as eligible even if they are incurred by the beneficiary before the submission of the grant application.

▼B*Article 25***Protection of the financial interests of the Union**

1. The Commission shall take appropriate measures to ensure that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and inspections and, if irregularities are detected, by recovery of the amounts unduly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks and inspections, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.

3. OLAF may carry out investigations, including on-the-spot checks and inspections in accordance with the provisions and procedures laid down in Regulation (Euratom, EC) No 2185/96 and Regulation (EU, Euratom) No 883/2013, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under the Programme.

4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and international organisations, contracts, grant agreements and grant decisions resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct audits and investigations, according to their respective competences.

*CHAPTER VIII****Final provisions****Article 26***Repeal and transitional provision**

1. Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC are hereby repealed with effect from 1 January 2014.

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2. Activities undertaken by 31 December 2013 on the basis of the Decisions referred to in paragraph 1 shall, until they are terminated, continue to be managed in compliance with those Decisions.

Article 27

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

*ANNEX I***IMPLEMENTATION ARRANGEMENTS FOR THE CULTURAL AND CREATIVE SECTORS GUARANTEE FACILITY**

The financial support provided by the Guarantee Facility shall be earmarked to SMEs and micro, small and medium-sized organisations in the cultural and creative sectors, adapted to the specific needs of the sectors and branded as such.

1. Tasks

The Guarantee Facility shall provide:

- (a) guarantees to participating financial intermediaries from any country participating in the Guarantee Facility;
- (b) participating financial intermediaries with additional expertise to evaluate risks associated with SMEs and micro, small and medium-sized organisations and with their cultural and creative projects.

2. Selection of participating financial intermediaries

The EIF shall select participating financial intermediaries in conformity with best market practice and with the specific objective referred to in point (c) of Article 4. The selection criteria shall include in particular:

- (a) the volume of debt financing made available to SMEs and micro, small and medium-sized organisations;
- (b) the risk management policy for lending operations, in particular in relation to cultural and creative projects;
- (c) the ability to build a diversified loan portfolio and to propose a marketing and promotion plan to SMEs and micro, small and medium-sized organisations across regions and sectors.

3. Duration of the Guarantee Facility

Individual guarantees may have a maturity of up to 10 years.

In accordance with point (i) of Article 21(3) of the Financial Regulation, repayments generated by the guarantees shall be assigned to the Guarantee Facility for a period not exceeding the period of commitment plus 10 years. Repayments generated in accordance with the provisions of relevant delegation agreements by the operations of the MEDIA Production Guarantee Fund set up before 2014 shall be assigned to the Guarantee Facility in the period 2014-2020. The Commission shall inform the Member States of such assignments through the Creative Europe Committee.

4. Capacity-building

Capacity-building under the Guarantee Facility is the provision of expertise to participating financial intermediaries in order to increase their understanding of the cultural and creative sectors (in aspects such as the intangible nature of collateral assets, the size of the market lacking critical mass, and the prototype nature of products and services) and the provision to each participating financial intermediary of additional expertise in building portfolios and evaluating risks associated with cultural and creative projects.

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The resources allocated to capacity-building shall be limited to 10 % of the budget for the Guarantee Facility.

The EIF shall select the capacity-building providers on behalf of the Guarantee Facility and under the supervision of the Commission through a public and open procurement procedure, on the basis of criteria such as experience in financing the cultural and creative sectors, expertise, geographical reach, delivery capacity and market knowledge.

5. Budget

The budgetary allocation shall cover the full cost of the Guarantee Facility, including payment obligations towards participating financial intermediaries such as losses from guarantees, management fees for the EIF managing the Union's resources, and any other eligible costs or expenses.

6. Visibility and awareness-raising

The EIF shall contribute to the promotion of the Guarantee Facility vis-à-vis the European banking sector. Additionally, each participating financial intermediary and the EIF shall ensure that an appropriate level of visibility and transparency is given to the support under the Guarantee Facility, by providing information on the financial opportunities to the target SMEs and micro, small and medium-sized organisations.

To that end, the Commission shall, inter alia, provide the network of Creative Europe Desks with the necessary information to enable them to carry out their tasks.

7. Types of loan

Types of loan covered by the Guarantee Facility shall include, in particular:

- (a) investment in tangible or intangible assets;
- (b) business transfers;
- (c) working capital (such as interim finance, gap finance, cash flow, credit lines).

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ANNEX II

LOGO OF THE MEDIA SUB PROGRAMME

The MEDIA Sub programme logo shall be as follows:

