



CREATIVE EUROPE

Facilitating Access to Finance

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European Commission

Specificities of the creative industry

3 Difficult Access to Finance

- Hybrid model: industrial and prototype
- Lack of critical mass in terms of demand for financial services
- Lack of investment readiness
- Lack of expertise within banks
- Shortage of reliable market data
- Specificities of the CCS companies
 - Intangible assets and outputs
 - Specific cash flow schemes
 - Longer project life cycle
 - Single project specific vehicles

EU priorities for new Programmes

New actions proposed by the Commission for the 2014-2020 period need to take into account:

- EU 2020 long term strategy of the EU
- EU right to act
- Demonstrated EU added-value
- Simplification and cost-effectiveness
- Impact Assessment

EU Budget Review 2010

- Strong case for financial instruments
- Catalyst of public and private investment resources
- Stronger role in the next MFF
- Multiplier effect

Creative Europe Programme (2014-2020)

General Objective

- Foster the safeguarding and promotion of the European cultural and linguistic diversity
- Strengthen the competitiveness of the CCS with a view to promoting smart, sustainable and inclusive growth

Specific objectives

- Support the capacity of the European CCS to operate transnationally
- Promote the transnational circulation of CC works and operators and reach audiences in Europe and beyond
- **Strengthen the financial capacity of the CCS (SMEs)**
- Support transnational policy cooperation in order to foster policy development, innovation, audience building and revenue streams



Commission proposal

€ 1.8 bn



Creative Europe

2014-2020

Cross-sectoral

15%

Financial Instrument (CCS Guarantee Fund)

Market Intelligence, Cultural and Media Literacy, etc

55%

MEDIA



Cinema, TV, video
games

30%

Culture



Music, publishing,
performing arts, etc

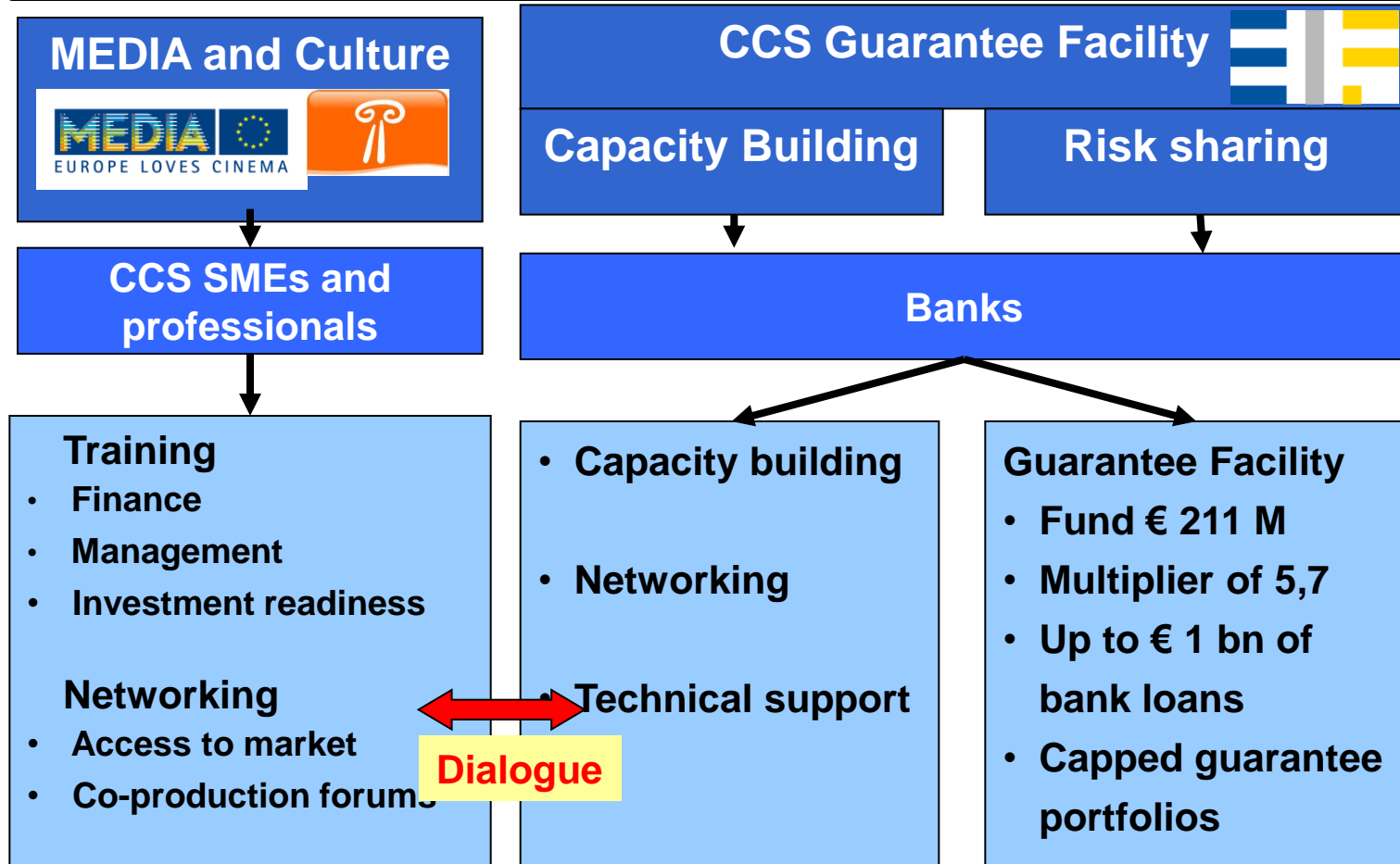
Cultural and Creative Sectors Guarantee Facility

- Guarantee facility to share credit risk (70%)
 - With banks investing in portfolios of loans
 - Loans to organisations operating in the CCS
- Transnational capacity-building / expertise for banks: non-financial leverage
- Managed by the European Investment Fund
- € 211 million fund raising credits for up to € 1 billion to the benefit of SMEs in CCS (as per current Commission proposal)
- Larger scope than current MPGF
 - AV industry: extended to distribution, development, TV, games
 - Extended to all CCS and to a wider range of financial products



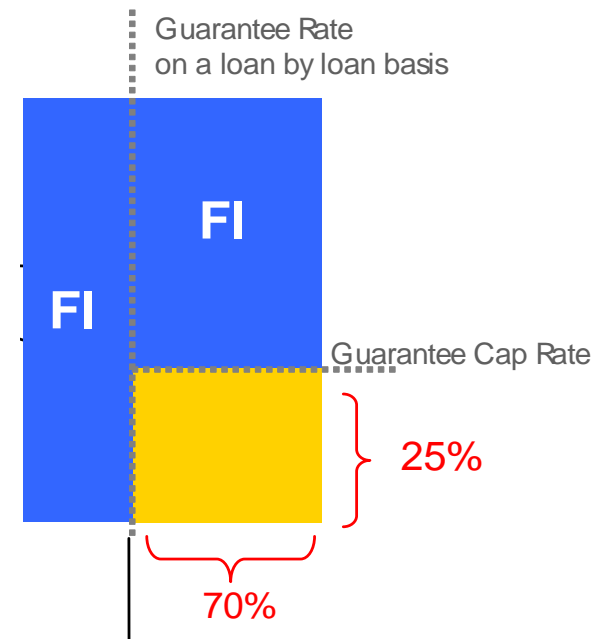
European
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Creative Europe 2014-2020



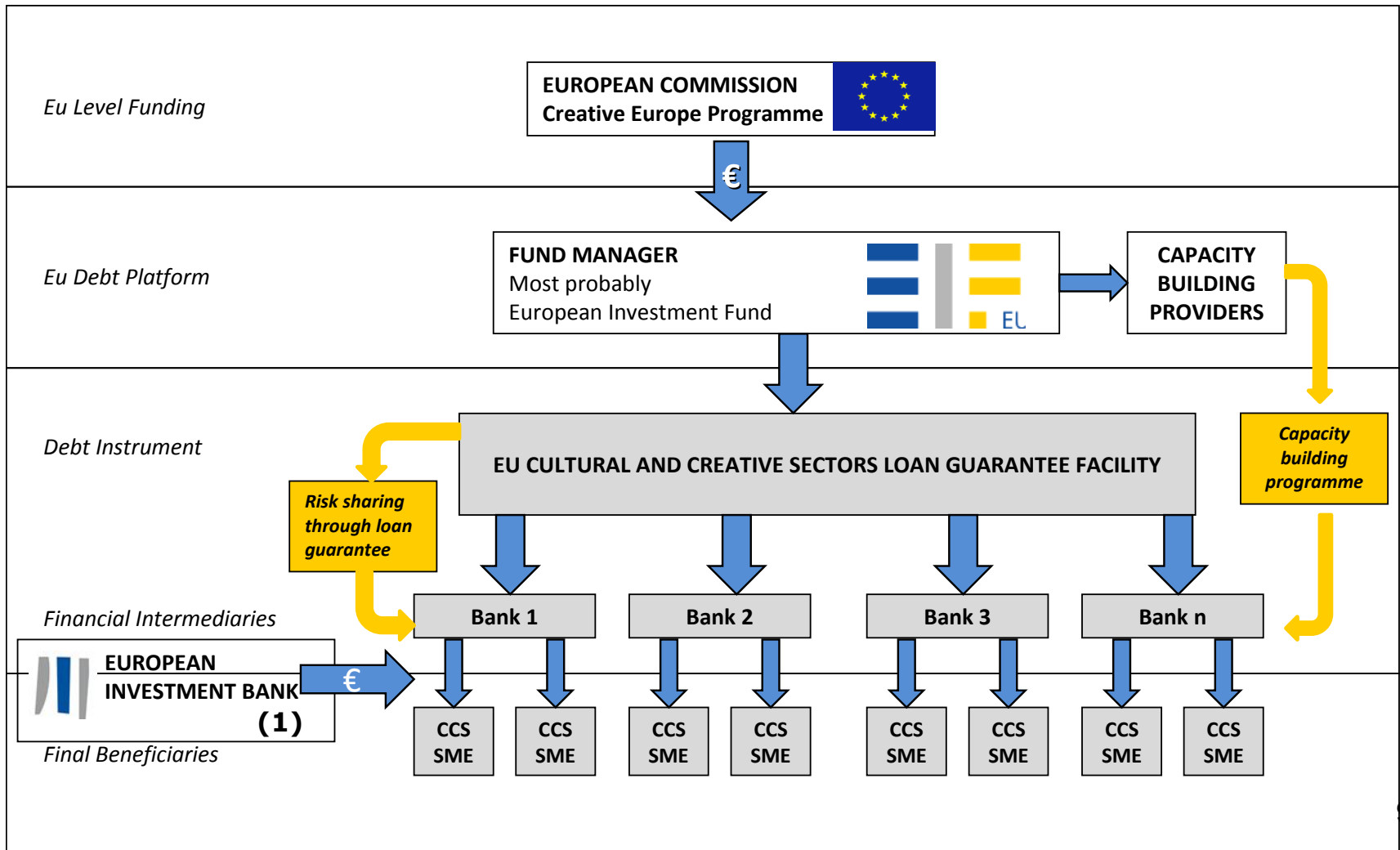
Cultural and Creative Sectors Guarantee Facility

- 70% Guarantee Rate per loan up to a Cap Rate of 25% on each portfolio.
- Represents sum of estimated expected loss, as well as part of unexpected loss.
- Expected loss calculated on basis of existing default rate in the sector (ie. 10% in the CCS)*, unexpected loss is maximum loss under more extreme scenarios.
- IFCIC / Audiovisual SGR losses for domestic operations well below 5% for audiovisual sectors



*A 2012 study giving a statistical overview of the financial needs and situation of European CSS carried out by the Commission will give a more accurate estimate

SET UP OF THE EU CCS GUARANTEE FACILITY



(1) To be confirmed, subject to EIB approval

CCS Guarantee Facility vs MEDIA Production Guarantee Fund

1 Larger scope -> critical mass

- Sectors: audiovisual, publishing, video games, music, performing arts, museums, fashion, design...
- Financial products: project AND corporate finance
- Partners

2 Portfolio approach

- Diversified risks
- Critical mass

3 Capacity building

4 Free guarantee

5 European Investment Fund

Thank you for your attention

Questions & Comments

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