

STUDY ON BROADENING PARTICIPATION UNDER THE CREATIVE EUROPE MEDIA PROGRAMME

Final report

Disclaimer:

The consultants gathered the information with due diligence. Once the study was finalized, in Autumn 2024, DG CNECT reached out to the countries which were subject of the case studies for an additional, ex-post validation of the numbers summarizing their support measures. The revised numbers by the Member States showed some discrepancies with the numbers identified by the consultants. Despite these small discrepancies, the main findings of the study remain valid. However the precise numbers relating to number and value of measures should be taken with caution.

This document should not be considered as representative of the European Commission's official position.

Luxembourg: Publications Office of the European Union, 2025

© European Union, 2025



The Commission's reuse policy is implemented under Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39, ELI: <http://data.europa.eu/eli/dec/2011/833/oj>).

Unless otherwise noted, the reuse of this document is authorised under the Creative Commons Attribution 4.0 International (CC BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed, provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

Study on broadening participation under the Creative Europe MEDIA programme

EAC-01-2019 / Internal number 22-03

IN THE CONTEXT OF EAC-01-2019 MULTIPLE
FRAMEWORK SERVICE CONTRACT TO CARRY OUT
STUDIES SUPPORTING EUROPEAN COOPERATION
IN EDUCATION, YOUTH, SPORT AND CULTURE

Final Report

Contents

Executive Summary	1
1.0 Introduction	9
1.1 Objectives.....	9
1.2 Scope.....	10
1.3 Structure of the report	10
2.0 Methodology	11
2.1 Overview of the method.....	11
2.2 Limitations of the method	12
3.0 Main findings and conclusions	13
3.1 Support measures and their context	13
3.1.1 Types of national and regional support measures reviewed	13
3.1.2 Overview of national and regional AV sector support measures	14
3.1.3 Overview of regulatory measures introduced in line with the AVMSD	18
3.1.4 Links between national support measures and the capacity to access MEDIA funding	20
3.1.5 Availability of support measures by AV product lifecycle stage.....	24
3.1.6 Measures' contribution to strengthening the capacity of AV operators.....	25
3.1.7 Support measures promoting internationalisation of European AV sector	35
3.2 Clustering and correlations with MEDIA.....	42
3.2.1 Country clustering by type and size of support measures.....	42
3.2.2 Correlations between support measures and MEDIA access.....	58
3.3 MEDIA contribution to AV capacity and more LPF	66
3.3.1 MEDIA contribution to increasing capacity of AV operators.....	66
3.3.2 European added value of MEDIA and its contribution to more LPF	74
3.4 Focus and balance of the LPF measures	85
3.4.1 Relevance of the current MEDIA measures towards more LPF	85
3.4.2 Proportionality of MEDIA measures and their elements for more LPF ..	90
3.5 Development of LCC indicators.....	101
3.5.1 Indicators for selecting Group A and B LCCs	101
3.5.2 Methodologies for updating the LCC selection during the current Programme period.....	110

Annex II: Case studies.....111**Czechia case study.....112**

1.0 Introduction	113
2.0 Audiovisual market overview	113
3.0 Governance arrangements	119
4.0 Support measures.....	120
4.1 Funds and subsidies.....	120
4.2 Regulatory measures.....	123

Iceland case study.....126

1.0 Introduction	127
2.0 Audiovisual Market Overview.....	127
3.0 Governance arrangements	132
4.0 Support measures.....	135
4.1 Funds and subsidies.....	135
4.2 Regulatory measures.....	137
4.3 Other types of measures.....	138

Nordic case study.....139

1.0 Introduction	140
2.0 Audiovisual market overview	140
3.0 Governance arrangements	148
4.0 Support measures.....	151
4.1 Funds and Subsidies	151
4.2 Regulatory measures.....	154
Annex 1: Data tables.....	156

Portugal case study.....158

1.0 Introduction	159
2.0 Audiovisual market overview	159
Linear AVMS providers: an evolving landscape.....	161
Independent television producers.....	162
Portuguese Film Industry: a closer look at trends and challenges.....	162
Video on Demand in Portugal.....	165
3.0 Governance arrangements	165
4.0 Support measures.....	166

4.1 Funds and subsidies.....	166
4.2 Regulatory measures.....	167
4.3 Other types of measures.....	168
Annex 1: Data tables.....	169
Poland case study.....	171
1.0 Introduction	172
2.0 Audiovisual market overview	172
3.0 Governance arrangements	177
4.0 Support measures.....	178
4.1 Funds and subsidies.....	178
4.2 Regulatory measures.....	180
Annex 1: Data tables.....	182
Romania case study.....	183
1.0 Introduction	184
2.0 Audiovisual market overview	184
3.0 Governance arrangements	189
4.0 Support measures.....	189
4.1 Funds and subsidies.....	189
4.2 Regulatory measures.....	191
4.3 Other types of measures.....	192
Croatia case study.....	193
1.0 Introduction	194
2.0 Audiovisual market overview	194
3.0 Governance arrangements	198
4.0 Support measures.....	199
4.1 Funds and subsidies.....	199
4.2 Regulatory measures.....	202
Estonia case study.....	203
1.0 Introduction	204
2.0 Audiovisual market overview	204
3.0 Governance arrangements	210
4.0 Support measures.....	211
4.1 Funds and subsidies.....	211

4.2 Regulatory measures..... 215

Annex 1: Data tables..... 216

Tables and figures

Table 1:	Overview of support and regulatory measures in the scope of the study.....	13
Table 2:	Estimated volume of grants, cash rebate and tax incentives schemes and broadcasters' investments, per capita	15
Table 3:	Overview of estimated volume of support measures, public broadcasters investment in fiction, employment and public funding context, per country	21
Table 4:	Overview of estimated volume of available support measures, MEDIA applications and projects awarded, per country	23
Table 5:	Overview of the availability of support for development and production, per country	27
Table 6:	Number of co-productions (including minority co-productions)	41
Table 7:	Overview of national and regional support available for the AV sector, per country, sorted by funding for the public AV sector, per capita.....	43
Table 8:	Obligations in line with the AVMSD, per country.....	44
Table 9:	National grants and outputs in the production of AV works, per country, sorted by the volume of grants dedicated to production, per capita	51
Table 10:	National grants and outputs in the distribution and consumption of AV works, per country, sorted by the volume of grants dedicated to distribution and consumption per 1M people	56
Table 11:	MEDIA funding, composite indicator of total volume of funding for the AV sector, estimated volume of grants, tax incentives and rebates, funding for the public AV sector, and public broadcasters' investments per person employed in AV enterprises	60
Table 12:	MEDIA funding and funding for the public AV sector per capita and per person employed in AV enterprises, and share of MEDIA funding in funding for public AV sector	63
Table 13:	MEDIA funding, share of broadcasters in European works investments, funding for public AV sector and assessment of regulatory measures	64
Table 14:	To what extent your MEDIA funded project provided European added value? (LCC responses only, LPF provisions added from the Technical Specifications, colour coded according to similarities).....	75
Table 15:	MEDIA actions and support to digitalisation	89
Table 16:	MEDIA actions perceived as generating very high or high European added value (MEDIA Beneficiary survey) and associated LPF provisions	91
Table 17:	Success rates (MEDIA, 2021 and 2022, by country of project coordinator)	93
Table 18:	Budget allocations (MEDIA, 2021-2023)	94

Table 19:	Recommendations for improving the balance of MEDIA actions with associated considerations for programme objectives and budgetary implications	98
Table 20:	Indicators proposed in the 2018 study 'Towards a definition of level playing field for Creative Europe MEDIA	101
Table 21:	Indicators for selecting Group A and Group B LCCs.....	103
Table 22:	Overview of proposed country capacity indicators, per country, sorted by current capacity category	108

Figure 1:	How would you assess the overall availability national and/or regional support for your sector in your country/region?	18
Figure 2:	Overview of identified support measures and MEDIA funding, by type of lifecycle stage targeted	25
Figure 3:	Annual funding of tax incentives and cash rebates per person employed in AV enterprises.....	39
Figure 4:	Beneficiary survey responses on availability of national or regional support for the AV sector, per country	46
Figure 5:	Beneficiary survey responses <i>from AV producers</i> on availability of national or regional support for the AV sector, per country	50
Figure 6:	Beneficiary survey responses <i>from AV distributors</i> on availability of national or regional support for the AV sector, per country	55
Figure 7:	Total MEDIA funding (2021 and 2022) by country and funding for public AV sector (2021), m EUR, by country.....	58
Figure 8:	Total MEDIA funding (2021 and 2022) and Feature film production budgets on average, m EUR, by country	59
Figure 9:	In your opinion, are there any particular types of national and regional support measures that could increase your organisations' capacity for European operations?	62
Figure 10:	MEDIA programme funded projects in 2021-2022, on average.....	66
Figure 11:	Would you say that MEDIA funding strengthened the capacity of your company or organisation, by all countries?.....	67
Figure 12:	Would you say that MEDIA funding strengthened the capacity of your company or organisation?, by LCC country	68
Figure 13:	Did the MEDIA funding allow your organisation / company to: Increase the competitiveness of your organisation through digitalisation? By type of stakeholder:	71
Figure 14:	Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support? (total)	73
Figure 15:	Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support? (only LCC respondents).....	74
Figure 16:	What other funding (or financing) sources did you use to complement MEDIA funding?	74
Figure 17:	To what extent, your MEDIA funded project provided European added value? – Project promoted shared European identity	78
Figure 18:	To what extent, your MEDIA funded project provided European added value? Project promoted cultural diversity	79
Figure 19:	To what extent, your MEDIA funded project provided European added value? Project promoted access and use of European audiovisual works.....	80
Figure 20:	To what extent, your MEDIA funded project provided European added value? Supporting companies to scale-up their European operations.....	81

Figure 21:	To what extent, your MEDIA funded project provided European added value? Project addressed common European challenges.....	82
Figure 22:	To what extent, your MEDIA funded project provided European added value? Project created permanent and temporary jobs.....	83
Figure 23:	To what extent, your MEDIA funded project provided European added value? Project helped secure funding from other sources.....	84
Figure 24:	Number of non-national markets in which reported national titles were distributed, per country	86
Figure 25:	Share of permanent or temporary jobs created by each action and their related share of MEDIA funding.....	88

Executive Summary

Aims, objectives and scope

The overall aim of the study was to identify the key national and regional support measures aimed at increasing the capacity of the European audiovisual (AV) industries and to review the impact of these measures on facilitating the AV operators' access to MEDIA funding. The study also assessed the European added value of MEDIA measures and proposed how to maximise it during the remainder of the programme to promote a more level playing field in the European AV ecosystem.

More specifically, the study had the following objectives:

- ▶ Identify and map national and regional support measures that aim to strengthen the AV industry's capacity.
- ▶ Cluster countries according to the type and size of the available measures and identify actual or potential correlations between the availability of national support measures and AV sector capacity.
- ▶ Assess the extent to which MEDIA measures have strengthened the AV capacity of supported operators and enabled them to upscale their activities alone or in combination with national support measures.
- ▶ Provide recommendations on MEDIA measures that are the most relevant to promoting a more level playing field while maintaining a high quality of applications, balanced access to MEDIA funds and achieving the general and specific programme's objectives.
- ▶ Propose feasible, relevant and robust indicators for categorising MEDIA-participating countries in groups A or B of the so-called low-capacity counties (LCCs).
- ▶ The scope of the study covered MEDIA measures of the current Creative Europe Programme (2021-2027), primarily focusing on data collection and analysis in the first two years of programme implementation. The study covered all the AV sub-sectors supported by the MEDIA strand falling within the main stages of the AV product lifecycle, namely the development, production and distribution of AV works. The measures considered included grants, tax incentives, rebates, levies, direct investment obligations, quota obligations, as well as broadcaster and streamer investments.

Methodology overview

The methodology for this study included three phases and the following data collection steps:

- ▶ A comprehensive desk research was conducted to identify and review academic publications, EU official documents and policy frameworks, EU and industry reports, and external evaluations.
- ▶ A group scoping interview with DG CONNECT and the EACEA was conducted to refine the study methodology and identify relevant stakeholders to consult and inform the development of research tools.
- ▶ A mapping of national and regional support measures was conducted to collect comparable and quality data on national and regional measures supporting AV operators in each EU Member State, and it led to the identification of 447 support and regulatory measures available across the EU.
- ▶ The MEDIA programme data review was conducted to identify potential correlations between AV capacity and access to MEDIA funding and inform the assessment of MEDIA contribution to this capacity.
- ▶ The statistical data review contributed to the assessment of the European AV capacity and enabled contextualisation of the findings emerging from support measures mapping.
- ▶ A MEDIA Beneficiary survey was promoted among project coordinators and partners that received MEDIA funding in the period 2021-2022 and collected 598 complete responses (33% response rate).

- A total of 69 Key stakeholder interviews were conducted with European and national AV sector organisations, European and national associations, national and regional film funds and their respective umbrella organisations, and with current MEDIA beneficiaries and other experts.

The main limitations of the research conducted and how these were addressed are outlined below:

- The statistical data review was mainly based on specific datasets available at the EU level (i.e., Eurostat and EAO data). However, a few indicators were discontinued, were not available for specific types of AV products or for specific AV sub-sectors. To address this, the Research team used proxy indicators.
- It has not been possible to assess the volumes of investments in European AV works made by private broadcasters and streaming platforms due to the overall lack of available comprehensive data on their expenditures for the production or acquisition of AV works in the EU Member States. For what concerns the public broadcasters' data, the available data included expenditure in fiction titles only and covered 19 EU countries. The mapping delivered in the context of this study covered a number of indicators for AV investment that were carefully selected and combined to inform conclusions about AV capacity by country and sub-sector, including publicly available data on the volume of grants, rebates and tax incentives made available to the AV industries in the EU.¹
- In the context of the mapping exercise, the Research team identified a large number of support measures targeting AV sector operators in the EU. However, only 14% of the measures identified had publicly available information on the results and impacts of these interventions. The research team addressed this data gap by using AV sector statistical data to assess the potential impact of grants, tax incentives and rebates on production, distribution or consumption levels, but it has not been possible to assess the impact of other types of measures, such as measures promoting training or internationalisation of the European AV sector operators as well as the information points and the more recent infrastructural development projects initiated in some countries that would require their own respective evaluations.

Key findings

Support measures and their context

The study estimated the volume of funding available for the AV sector through support measures, such as grants, cash rebate schemes, tax incentives, broadcasters' investments, and other types of measures (loans, guarantees, etc.) at approximately EUR 6.7 billion per year between 2021 and 2023. The study estimated that the funding available through grant schemes alone amounted to around EUR 3.1 billion on a yearly basis for the same period between 2021 and 2023. The estimated volume of tax incentives and rebate schemes was around EUR 2 billion, while the estimated volume of public broadcasters' investments in fiction expenditures in 2022 was EUR 1.4 billion.

The study found that support provided through grants and subsidies at national and regional levels is not equally distributed throughout the AV sector and various AV product lifecycle stages:

- Most of the measures target more than one AV sub-sector, with the film and TV sub-sectors being those primarily targeted through grants, while the video games sub-sector, festivals and training were least targeted by support measures identified;
- Most of the available support measures were aimed at supporting the production or development of AV works, while a more limited support was dedicated to the distribution of AV works and audience development for the European AV sector.

¹ Further work needs to be done to systematically collect data on private broadcasters' and streamers investments in European AV works and make this data publicly accessible. Closing this data gap would be crucial in the assessment of the impact of regulatory measures introduced in line with the AVMSD.

In line with the Audiovisual Media Services Directive, regulatory measures targeting public or private broadcasters and video-on-demand (VOD) services have been put in all the EU countries, but noteworthy differences could be observed in terms of the type and nature of the obligations introduced. The high-capacity countries (HCCs) tended to impose higher obligations on broadcasters and VOD service providers than LCCs. For example, the levies imposed by Denmark and France on VOD service providers were 6% and 15-25% of annual turnover, respectively. In contrast, the levies imposed by Poland and Romania were 1.5% and 3% of specific revenue sources, respectively. Similarly, Belgium (NL), France and Italy have all imposed direct investment obligations on public or private broadcasters that are higher than 12.5% of their annual turnover or revenues, while lower percentages of the yearly turnovers or revenues were introduced in Greece (only for public broadcasters), Portugal and Spain.

Clustering and correlations with MEDIA

The study found a high level of fragmentation of the European AV sector, with a large variation across the Member States regarding the availability and scale of national or regional measures, broadcasters' investments in the AV sector, and the capacity of the AV sector. Overall, countries with both a high level of support through public funding and grants available for the AV sector and more comprehensive regulatory measures implementing the AVMSD include Austria, Belgium, Denmark, France, and Germany. Countries with lower-than-average support available through public funding or grants and less comprehensive regulatory measures include Bulgaria, Estonia, Latvia, Lithuania, Luxembourg, Malta, and Slovenia.

For what concerns the correlations between support measures and MEDIA access, the findings are as follows:

- There is a strong positive correlation between the available public funding for the AV sector and the countries' AV operators' ability to access MEDIA actions.

The broadcasters' investments and more expansive and stringent regulatory measures in line with the Audiovisual Media Services Directive are likely to support the AV sector and facilitate access to MEDIA funding. The analysis conducted identified a positive correlation between the total MEDIA funding and the share of public broadcasters' investments in total investments in European original works. In this context, the top countries in terms of shares of public broadcasters' investment and the total amount of investments in European original works per capita were all also among the top countries in terms of access to MEDIA funding (i.e., France, Germany, Italy, the Netherlands, Belgium, Denmark, Spain, Czech Republic, Poland, Sweden and Austria).

MEDIA contribution to AV capacity and more level playing field

The MEDIA programme data shows that more than 1,400 projects were funded during 2021-2022, with 976 projects in HCCs and almost 450 in LCCs. On average, LCC Group A countries received more funding per AV project than LCC B countries, indicating an increasing capacity to deliver projects with higher budgets. According to the beneficiaries' survey, the MEDIA measures have strengthened the AV capacity of supported operators in HCCs and LCCs by enabling them to increase the scale of their operations and improve their market position at European and international levels.

Most actions of the MEDIA strand were perceived by the beneficiaries to have a high European added value by AV sector operators consulted for the purposes of this study and hence are contributing to providing a more level playing field for stakeholders benefiting from MEDIA funding. Considering that MEDIA investment in 2021-2022 is estimated to be around 2% of the funding to the public AV sector in the EU² and that MEDIA supported 0,8% of all AV sector companies in the EU-27 in 2021-2022³, it was perceived by consulted stakeholders to have a disproportionately positive impact in relation to its size in the European AV ecosystem.

² This estimate is based on the EAO Funding for the public AV sector data, which was the closest proxy for general public investment in the AV sector in the EU.

³ This estimate is based on the Eurostat 'Number of AV sector enterprises in the EU in 2021' database and the number of unique AV sector operators (1,250) included as project lead coordinators and partners in the MEDIA programme data (2021-2022).

The Fostering European media talents and skills action emerges from the analysis as having the highest perceived European added value for LCC beneficiaries. The mapping highlighted that only 12% of the national support measures identified were aimed at providing training and skills development. This finding shows that the MEDIA strand responds to a real need for LCC operators to have access to training focused on internationalising their skills and talents. This is particularly evident based on the survey responses from participants in Group B countries and from countries that are not providing scholarships for this kind of training, which further highlights the high European added value of this MEDIA action. The MEDIA stands was the only action with a medium level of European added value according to the LCC beneficiaries surveyed.

Focus and balance of the level playing field measures

The MEDIA programme support for the distribution of AV works contributes to providing for a more level playing field within the EU AV ecosystem. The European film sales and European film distribution actions between 2021 and 2023 played an important role in the circulation of high-quality titles produced by LCCs in non-national markets due to additional support needed by LCCs for international distribution. While AV works from some LCCs, such as Poland, Hungary and Czechia, were distributed in a relatively high number of non-national markets on average, the majority of LCCs lagged behind in terms of the average number of distribution markets reached by HCCs.

The level playing field provisions of the Markets and networking and the Networks of European Festivals actions were also relevant to enhance the circulation and promotion of LCC's AV works. The MEDIA programme data shows that over half of the Networks of European Festivals and one-fourth of the Markets and networking actions' beneficiaries were from LCCs. Given that 68% of festivals in the EU were organised in HCCs, these two actions have a high potential to support AV operators in LCCs by providing opportunities for internationalisation and upskilling, as well as for the circulation of their AV works in non-national European markets.

The MEDIA funding allocated to training and capacity building⁴ was crucial for the skills development of European AV operators due to the comparatively lower levels of funding available at the national level to support upskilling and internationalisation of their operations. Overall, the two training-related MEDIA actions (i.e., Fostering European media talents and skills and Innovative tools and business models) allocated around EUR 52 million between 2021 and 2022, while the estimated funding dedicated to training and talent skills development through the national and regional support measures amounted to EUR 175 million.⁵ However, the share of MEDIA funding supporting training awarded to LCCs was somewhat lower⁶ than the share of funding awarded to HCCs.⁷

TV and online content, European slate development and European co-development actions contributed to creating around half of all the jobs reported by the MEDIA beneficiary surveyed, while these three actions accounted for only around 23% of the total MEDIA funding allocated between 2021 and 2022. However, a large share of the jobs created were temporary, except for the European slate development that also contributed to a relatively large proportion (13%) of permanent jobs created. The European film distribution (with 15%) and

⁴ I.e., Fostering European media talents and skills and Innovative tools and business models

⁵ However, it shall be noted that most of the measures supporting talent skills and development and training at national or regional level are also generally aimed at supporting other AV products' lifecycle stage (i.e., production or distribution). Therefore, it could be argued that a considerable share of the volume of these measures are not solely allocated to training.

⁶ The LCC and HCC investment figures in training must be seen in light of the number of people employed in AV enterprises in the HCCs and LCCs. According to our calculations, 81% of the MEDIA training budget went to HCCs, with 78% of sector workers employed in these countries, while LCC operators were able to benefit from 18% of MEDIA funding while employing 22% of the EU's AV workforce. Similarly, the results of the mapping delivered shows that 85% of the investment in support measures was provided in HCCs with the remaining 15% allocated in LCCs, confirming that LCCs overall invest less in training their AV sector professionals, proportionate to the size of their sector workforce.

⁷ These calculations are based on the amount of funding received by coordinator, partner or affiliated entity organisations, based on their nationality. However, it has not been possible to assess based on the data collected whether the funding allocated to training providers from these countries has been used for the training of AV operators from other countries.

Innovative tools and business models (with 12%) were the other two MEDIA actions with the highest proportion of permanent posts created as reported by their beneficiaries.

The evidence collected during this study shows that the various types of current MEDIA level playing field provisions do not appear to be a determining factor for the perceived European added value of MEDIA actions. The evidence collected indicates that the determining factor is what the MEDIA financial support allows the supported operators to do with the funds, particularly regarding their specific needs as LCC operators.

Development of LCC indicators

While the current indicator shows a country's capacity to develop new projects, it does not provide a satisfactory representation of its AV capacity and can disproportionately favour smaller countries.⁸ The study recommended additional indicators for assessing AV capacity, which are summarised in the table below.

Proposed indicators for AV capacity
General indicators
<ul style="list-style-type: none"> ▶ No. of people employed in AV enterprises per 1M people ▶ Funding of the public AV sector⁹ per person employed in AV enterprises
Production capacity
<ul style="list-style-type: none"> ▶ No. of films, co-productions (majority and minority),¹⁰ TV series, and video games produced per 100 persons employed in AV enterprises ▶ No. of applications to and projects awarded under MEDIA European slate funding action
Distribution capacity
<ul style="list-style-type: none"> ▶ Average no. of non-national markets where national titles are distributed ▶ Average no. of VOD markets where national titles are served ▶ Average cinema admissions in national market per capita from previous three years
Consumption trends
<ul style="list-style-type: none"> ▶ Average share of admissions to European non-national films ▶ Average no. of households subscribing to VOD services by the no. of SVOD services available.

The country groupings should be updated for the whole seven-year programme period to ensure clarity and stability for the AV operators applying for funding. However, the interim evaluation provides an opportunity to review if the grouping remains relevant based on the most recent data and to provide recommendations for the remainder of the programme.

⁸ The perspective was shared by stakeholders from EACEA, European associations, and national MEDIA desks.

⁹ The EAO Funding of the public AV sector data to be used for this indicator.

¹⁰ Alternatively, it might also be useful to separately consider the number of 100% national productions and co-productions to assess the extent the level playing field provision effectively contributed to increased collaborations between different countries. However, it shall be noted that this indicator would be only relevant for the production or co-production of films, since data on co-productions of TV series or video games is currently not publicly available.

Recommendations

Recommendations for policy dialogue with the Member States

The Commission and the Member States should engage in a dialogue and work together towards a stronger European audiovisual ecosystem where we suggest that:

- ▶ Member States increase the use of the EU Structural Funds and other EU funding distributed nationally to support training, internationalisation, upskilling, digitalisation of AV operators, infrastructure, access to finance among others building on the experience of the countries that have already used these EU funds to support their AV industries¹¹. More extensive use of EU funds for AV sector support will contribute to European AV capacity.
- ▶ Member States increase support for skills development, especially in relation to the storytelling techniques, script writing, making the most of technological innovations, financing and business models. The study identified a high demand for this type of support in European AV ecosystem.
- ▶ Additional efforts at the national and EU levels are made in order to strengthen digital innovation. While important steps have been taken to increase the digital circulation and distribution of AV works, efforts could focus in particular on the use of opportunities provided by digital technologies such as AI, XR, virtual production across AV operators and AV lifecycle stages to enhance production (and post-production) processes for European AV works as well as their promotion and distribution strategies.
- ▶ The Commission works with Member States to assess whether support measures are congruent with consumer preferences, focusing on AV subsectors that have the highest potential to contribute to the AV sector' competitiveness in Europe, including the largest and growing AV sub-sectors (i.e. broadcasting, VoD and video games), as well as across AV lifecycle stages, investing more in distribution and promotion in the AV subsectors that are growing (VoD and video games) or already have ample production support (film).
- ▶ The Commission and the Member States working together through ERGA and the Contact Committee of the AVMSD, monitor the challenges of AVMSD implementation in LCCs to assess if LCCs have the required leverage to apply the provisions of the AVMSD to VOD providers.
- ▶ Via the policy exchanges with the Member States, the Commission should raise awareness of the positive correlation between broadcasters' investments and European AV capacity as well as work with Member States to review the effectiveness of regulatory measures introduced with the transposition of the AVMSD that stimulate broadcasters' investments.
- ▶ The study found that tax incentives (incl. tax deductions and cash rebates) were also a type of support measure contributing to strengthening the capacity of the targeted AV operators involved in film production and development in a few EU countries. The Members States should consider incorporating such measures among the complex set of support available to AV operators, including those aimed at upskilling the workforce.

Recommendations on the balance of MEDIA actions to generate more European added value and provide for a more level playing field:

- ▶ **Training:** the scope of LPF provisions included in the Fostering European media talents and skills action could potentially be expanded and include LCCs Group A as specific beneficiaries of scholarships and training opportunities. Our mapping research indicates that a limited share and volume of support measures in both groups of LCCs were aimed at promoting training, upskilling and internationalisation of AV operators, suggesting that this type of MEDIA funding is crucial for AV operators from these countries, as it contributes to addressing a gap in terms of training opportunities between LCCs and HCCs.

¹¹ For example, France, Italy and Belgium used RRF to support the training and upskilling of AV operators, and Romania and Spain used it to digitalise the AV sector. Moreover, some training and upskilling measures in Czechia, Belgium and Sweden were co-funded by the EU through the European Regional Development Fund (ERDF) and other funding instruments.

- ▶ **Co-development:** there is a very high potential EU added value in promoting co-development collaboration between AV operators from LCCs and HCCs. Provided the importance of the development phase in the overall success of a production as well as the benefits of European co-production¹², increased support for European co-development on high-quality projects, involving LCCs and HCCs in genuine collaboration, has the potential to increase both the competitiveness and diversity of European AV offer. This collaboration could take the form, for example, of LCC above and below the line professionals involved in a project in substantial capacity or LCC producers retaining and exploiting intellectual property rights for additional revenues.¹³
- ▶ **Co-production:** a number of case studies produced (e.g. the Czech, Romanian and Polish cases) in the context of this study have highlighted the role that co-production plays in developing European AV capacity as well as providing structural stability, including via access to MEDIA funding, to national AV market performance in LCCs during times of recession and periods of lower demand for national AV products. Furthermore, the European Media Industry Outlook¹⁴ shows that there is a demand for co-production of high-quality TV content in Europe. It is, therefore, recommended to provide additional support to co-production projects through guidance, awareness raising, good practice exchange, particularly to foster substantial partnerships between AV operators from LCCs and HCCs, within the existing TV and online content action.
- ▶ **The role of AI and innovation:** AI will play a key role in the European AV sector, especially in terms of AI technology and copyright regulation, bringing new challenges, but at the same time providing the sector with opportunities for new solutions and the potential for greater European added value. Therefore, it would be crucial to support technological innovations throughout the MEDIA strand as a transversal objective, covering as many AV sub-sectors as possible, focusing on AI opportunities, employing the vast and unique AV legacy, talent and diversity that Europe offers. In addition, the currently ongoing evaluation of the Creative Europe programme can provide an opportunity to explore concrete opportunities and challenges provided by AI that could be addressed by current MEDIA actions.
- ▶ **Adaptation to the changing needs of the AV sector:** as mentioned in the report, the AV sector has been going through a significant transformation in recent years. The ongoing interim evaluation of the Creative Europe programme provides an opportunity to re-examine the extent to which MEDIA funding needs to be aligned with some of the trends observed during recent years, including increasing prominence of broadcasters' investment, growing video game sub-sector, shifting TV audiences online and growing VOD sector. Ensuring increased visibility and accessibility of quality European works online will also be the key to ensure their European and global success.¹⁵
- ▶ **Fostering collaboration among public service broadcasters:** The existing collaboration arrangements among the public service broadcasters, as illustrated by the Nordic case study provided with this report, have shown to benefit this key AV sub-sector in dealing with some of the challenges it has been facing in terms of retaining audiences and responding to increasing international competition with streaming platforms. The examples of collaboration reviewed indicate that similar models could support this AV sub-sector across the EU. This collaboration could include sharing good practices and strategies in retaining and developing audiences, cooperation in development and distribution of content, as well as development of institutional frameworks for this collaboration and potentially working towards a common innovation agenda. If there is demand, the

¹² Coproductions circulate better than national films. Please see the EAO's 'The circulation of European co-productions and entirely national films in Europe 2001 to 2007', available at: <https://rm.coe.int/16807835ef>

¹³ This recommendation could be addressed through additional guidance, awareness raising, good practice exchange and other types of support fostering genuine cooperation between LCCs and HCCs and promoting retention and exploitation of IP rights. The genuine collaboration between LCCs and HCCs could be considered when the applications receive the same quality score.

¹⁴ The European Media Industry Outlook, May 2023, available at: <https://digital-strategy.ec.europa.eu/en/library/european-media-industry-outlook>

¹⁵ The MEDIA measures that produce most European added value and the right balance of these measures are presented in Section 3.4.

cooperation could also expand to other technological aspects all broadcasters are facing in the context of the competition with global platforms.

- **Fostering the availability of data on investments generated due to the AVMSD funding obligations.** Finally, the study also found that regulatory measures and financial obligations introduced in line with the AVMSD are increasingly important in the AV sector funding landscape, including for determining the areas where MEDIA support would have most EU added value. However, there is a lack of data available on the funding generated from these measures. The European Commission could explore with the Member States opportunities to collect broadcasters' and VOD platform's investment data generated as a result of the AVMSD transposition in terms of compliance with direct investment obligations and indirect contributions to the national film fund budgets.

1.0 Introduction

The report provides findings for a *Study on the level playing field in the European audiovisual sector industry*. The study was commissioned by DG Communications Networks, Content and Technology (DG CNECT) of the European Commission and was undertaken by Ecorys and Technopolis between December 2022 and January 2024.

1.1 Objectives

The overall aim of the study was to assess the key support and regulatory measures put in place by the Member States (MSs) to support their AV industries as well as to review their impact on access to MEDIA funding, assess the European added value of MEDIA measures as well as to propose how to maximise this added value during the remainder of the current programme period with the objective of promoting a more level playing field (LPF) in the European AV ecosystem. More specifically, this study had the following objectives:

- ▶ Identify and map MSs' **national and regional support measures** strengthening their AV capacity. The mapping covered public funding and subsidies, use of the Recovery and Resilience Facility (RRF), Cohesion and other funds, financial obligations in line with Article 13 of the Audiovisual Media Services Directive (AVSMD) and other measures. The analysis examined the impact of national and regional measures on building AV capacity and enabling national / regional AV industries to benefit more from MEDIA measures.
- ▶ **Cluster countries** according to the type and size of the measures that they have put in place to support their AV industries as well as to identify actual or potential correlations between availability (or lack of) national and regional support measures, their impact on developing and maintaining AV capacity, including access to MEDIA funding. These correlations were illustrated with case studies, highlighting examples of models for building AV ecosystem capacity.
- ▶ Assess the **extent MEDIA measures** have strengthened the AV capacity of supported operators and enabled them to upscale their activities and achieve their intended effects alone or in combination with national or regional support measures. Qualitative assessment is further provided of the MEDIA measures that produce the most European added value to inform recommendations on how to achieve the objective of promoting more LPF in the European AV ecosystem.
- ▶ Provide **recommendations on MEDIA measures that are the most relevant in terms of promoting more LPF** while maintaining high quality of applications and balanced access to MEDIA funds, at the same time maximising the strand's achievements against the general and specific programme objectives. In line with the Technical Specifications for this study, these recommendations must consider the available resources¹⁶ and the proportion of these that can be devoted to this goal.
- ▶ Propose **feasible, relevant and robust indicators** for categorising MEDIA participating countries in the groups A or B of the so-called LCCs. This analysis was required to provide a review of the indicators covered by the 2018 study¹⁷, and to propose indicators for the selection of LCCs, including their categorisation in Group A and Group B of LCCs. It also examines how the proposed indicators, including composite indicators, could be combined, simplified and streamlined for this purpose as well as recommendations on how data on the proposed indicators could be collected and categorisation of LCCs reviewed in the future.

¹⁶ As the 2021-2027 MEDIA budget has been already defined, the recommended balance between the MEDIA measures and their LPF provisions must have net-zero or positive impact on MEDIA budget.

¹⁷ Towards a definition of level playing field for Creative Europe MEDIA – ex ante evaluation in support of the Impact Assessment of the successor of the Creative Europe Programme, Final report, Ecorys & Centre for Strategy & Evaluation Services for DG CNECT, 2018.

1.2 Scope

The scope of the study covered MEDIA measures of the current Creative Europe Programme (2021-2027), primarily focusing data collection and analysis on the first two years of programme implementation. The analysis of data relating to the LPF provisions of the predecessor MEDIA Sub-programme was limited to providing historical context for the development of the current MEDIA measures. The assessment of the LPF provisions during the predecessor programme was outside of the scope of the study.

The study covered all the AV sub-sectors covered by the MEDIA strand and falling within the main stages of the AV product lifecycle namely development, production and distribution of AV works. In the context of this report, the AV sector was further sub-divided into sub-sectors e.g., film production (animation, documentary or fiction), TV and online production (drama, animation and documentary), distribution of AV works, festivals, video games development, training and access to markets that reflect the main areas covered by MEDIA strand.

Secondary data collection for this study was limited to the scope of MEDIA participating countries covered by the respective datasets. However, the primary focus of the secondary data analyses was placed on the EU MSs. The third countries benefiting from MEDIA support were also considered, especially where these¹⁸ have developed successful models for developing capacity of their AV ecosystems.

The primary data collection exercises of this study included mapping and analyses of support, and regulatory measures implemented at national and regional levels aiming to support the capacity of the AV industries in the EU Member States, a survey among beneficiaries of the current¹⁹ MEDIA programme and an extensive interview programme with key European and national AV sector stakeholders as well as MEDIA strand beneficiaries in a carefully selected sample of MSs.

1.3 Structure of the report

The report is structured as follows:

- ▶ Chapter 1 provides an **introduction** to the research, its objectives and scope;
- ▶ Chapter 2 introduces the **methodology** used and its limitations; and
- ▶ Chapter 3 details the **main findings and conclusions** organised by the research objectives and questions.
- ▶ This report is accompanied by a number of technical annexes:
 - ▶ **Annex I** provides a list of the literature reviewed;
 - ▶ **Annex II** includes the draft case studies produced in the context of this study;
 - ▶ **Annex III** presents the results of the support measures mapping;
 - ▶ **Annex IV** includes the anonymised Beneficiary survey results;
 - ▶ **Annex V** provides the draft anonymised list of consulted stakeholders;
 - ▶ **Annex VI** includes the Analytical Framework; and,
 - ▶ **Annex VII** includes the Intervention logic.

¹⁸ As discussed with DG CNECT during the Kick-off meeting, the Scoping meeting, and the Inception report meeting.

¹⁹ I.e. coordinators and partners of projects supported during 2021 and 2022.

2.0 Methodology

2.1 Overview of the method

The method for this study combined a number of data collection and assessment methods. The approach was structured around three project phases and 16 distinct research steps. The key tasks delivered during this study are briefly summarised below.

A **comprehensive desk research** was conducted throughout the study to identify and review academic publications, EU official documents and policy frameworks, EU and industry reports, as well as external evaluations. In addition to this, the literature review was aimed at reviewing data collected from other research steps (i.e., mapping of national and regional support measures, MEDIA programme documentation, statistical datasets). The findings of the desk research were triangulated with those of the other main data collection tasks to produce the findings and conclusions presented in this report. Annex I provides the list of literature reviewed during this study.

A group **scoping meeting** was held with representatives of DG CONNECT and the EACEA to collect contextual information relevant for this study that informed the Inception report, was used to explore data availability for specific tasks of this assignment and to identify relevant stakeholders to be consulted during the Interim and Final stages of the project. Moreover, the insights from this research step, as well as from the other research steps delivered during the Inception phase of this study, were used to refine the methodology and develop the research tools for this study.

The **mapping of national and regional support measures** was aimed at providing the Research team with comparable and quality data on national and regional measures supporting the AV operators in each EU Member State. The mapping research was conducted by native speakers within the Research team and contributed to the identification of 447 support and regulatory measures, including grants, tax incentives and rebates, direct and indirect financial and quota obligations in line with the AVMSD, as well as other types of support measures (e.g., measures supporting training and upskilling of AV operators, infrastructural projects, information points, etc.). This research step contributed to the clustering of countries and provided data on the investment levels in the EU AV industries that was further used to assess their access to MEDIA funding, as well as to provide contextual information for the assessment of the relevance and proportionality of the MEDIA measures. The support and regulatory measures identified were further subject to **mapping** presented in Annex III of this report.

A collection and thorough review of the MEDIA monitoring data was conducted in collaboration with the EACEA to ensure that up-to-date and comprehensive programme data was used to inform this study. The **MEDIA programme** data was used to illustrate potential correlations between AV capacity and access to MEDIA funding, to inform the assessment of MEDIA contribution to this capacity as well as for calculations linked to the strand's contribution to job creation among supported AV operators. Moreover, the MEDIA programme data review and analyses were used to inform the recommendations on the relevance and proportionality of MEDIA measures towards the more LPF goal of the strand. Finally, this research step informed the review and identification of relevant, feasible and robust indicators for categorising LCCs.

The **statistical data review** contributed to the assessment of the European AV capacity and contextualised the above-mentioned mapping of support measures and programme data review. As part of this task, the Research team identified and reviewed relevant datasets and sources from the European Audiovisual Observatory (EAO), Eurostat and European Broadcasting Union (EBU) to collect data on the production, distribution and consumption of European AV works, as well as on the employment and funding for the AV industries across the EU. This research task was crucial for illustrating links between AV market size, sector performance, main AV consumption patterns and related revenues.

During the Interim phase of the study, a **MEDIA Beneficiary survey** was promoted among project coordinators and partners that received MEDIA funding in the period 2021-2022. The survey was launched on 11 July 2023,

and closed for analysis on 28 August 2023. A total of 598 complete responses were collected, representing one third of the survey population (i.e., 33% response rate)²⁰. Anonymised survey results are enclosed in Annex IV.

69 **Key stakeholders' interviews** were conducted during the Interim and Final phases of the project. The interviews targeted European and national AV sector organisations, European and national associations, national and regional film funds and their respective umbrella organisations e.g., European Film Agency Directors Association (EFAD) and CineRegio as well as current MEDIA beneficiaries and other experts from the EAO, EBU, EFAD, etc. The interviews provided additional insights into various research topics covered by this study, including the availability of support measures, impacts of these measures on particular parts of European, national or regional AV ecosystems, examples of effective models for combining European, national and regional measures that facilitate access to MEDIA funds and maximise their European added value. Annex V includes an overview of the interviews delivered in the context of this study.

2.2 Limitations of the method

This sub-section provides an overview of the main limitations of the research conducted and how these were addressed.

- ▶ **Statistical data indicators:** the statistical data review was mainly based on specific datasets available at the EU level (i.e., Eurostat and EAO data). However, a few indicators were discontinued across the various years considered (i.e., 'People employed per AV enterprise', 'Households accessing main multichannel platforms') or were not available for specific types of AV products (i.e., the 'TV series produced' indicator did not include non-fiction TV titles) or for specific sub-sectors (i.e., lack of available data on consumption of videogames or on consumer expenditure on Pay-TV). The Research team used proxy indicators or similar indicators used by Eurostat or EAO to assess the number of people employed in the AV sector, the number of Pay-TV subscribers or volumes of Pay-TV revenues.
- ▶ **Broadcasters' and streamers' investment data:** it has not been possible to assess the volumes of investments in European AV works made by private broadcasters and streaming platforms due to the overall lack of available comprehensive data on their expenditures for the production or acquisition of AV works in the EU countries. For what concerns the public broadcasters' data, the available data included expenditure in fiction titles only and covered 19 EU countries. The mapping delivered in the context of this study covered a number of indicators for AV investment that were carefully selected and combined to inform conclusions AV capacity by country and sub-sector, including publicly available data on the volume of grants, rebates and tax incentives made available to the AV industries in the EU.²¹
- ▶ **Lack of evaluation evidence on the results and impacts of support measures:** in the context of the mapping exercise, the Research team identified a large number of support measures targeting AV sector operators in the EU. However, only 14% of the measures identified had publicly available information on the results and impacts of these interventions. The research team addressed this data gap by using AV sector statistical data to assess the potential impact of grants, tax incentives and rebates on production, distribution or consumption levels, but it has not been possible to assess the impact of other types of measures, such as measures promoting training or internationalisation of the European AV sector operators as well as the information points and the more recent infrastructural development projects initiated in some countries that would require their own respective evaluations.

²⁰ The mailing list included multiple contact details of individuals from the same organisation. This potentially affected the response rate, as it was expected to receive only one contribution per organisation.

²¹ Further work needs to be done to systematically collect data on private broadcasters' and streamers investments in European AV works and make this data publicly accessible. Closing this data gap would be crucial in the assessment of the impact of regulatory measures introduced in line with the AVMSD.

3.0 Main findings and conclusions

3.1 Support measures and their context

3.1.1 Types of national and regional support measures reviewed

This section provides an overview of the national and regional support measures identified in the different EU MSs and of the related AV industry context in which these measures have been implemented at national level (Sections 3.1.1, 3.1.2, 3.1.3 and 3.1.4). The following sub-sections provide an assessment of the available national or regional support measures and outline the extent these have contributed to strengthening the capacity of the AV operators in the EU (Section 3.1.5) and facilitated their access to MEDIA funding (Section 3.1.6). A more in-depth assessment and country-level comparison of the national measures in their AV context is included in Section 3.2.1. The table below provides an overview of the types of measures reviewed in this study.

Table 1: Overview of support and regulatory measures in the scope of the study

Types of measures	Description
Support measures	
Grants	Non-refundable funds supporting the development, production, distribution and promotion of AV works, as well as the talent development and training.
Tax incentives	Measures aimed at providing tax exemptions, tax credits or shelters to the AV operators delivering activities in a certain country or region.
Rebates	Schemes supporting AV operators by reimbursement of certain, pre-determined eligible production and salary costs.
Regulatory measures	
Levies	Indirect financial obligations that can be imposed on broadcasters and VOD services, in line with the EU's Audiovisual Media Services Directive (AVMSD), and generally defined as a percentage of their turnover or specific types of revenues that needs to be allocated as a contribution to a national film/AV fund.
Direct Investment obligations	Direct financial investment obligations that are imposed on broadcasters and VOD services, in line with the AVMSD, and generally defined as a percentage of their turnover or specific types of revenues that needs to be allocated to production of European content.
Quota obligations	In line with Article 16 of the AVMSD, quota obligations refer to the minimum share of transmission time that broadcasters (50%) and catalogues that VOD services (30%) should reserve for European works, 'excluding the time allotted to news, sports events, games, advertising, teletext services and teleshopping'.
Broadcasters / VOD services investment	It includes the estimated amount of funds invested by public or private broadcasters and VOD services in the production of European content either voluntarily or because of an investment obligation.
Prominence obligations	Regulatory measures aimed at ensuring that VOD services promote European works in their catalogues, in line with the AVMSD.

Types of measures	Description
Other types of measures	Support or regulatory measures, including prominent measures supporting AV infrastructure development (i.e., creation of studios, film schools, etc.), as well as investment (e.g. guarantee facility to better access debt finance).

Source: Ecorys, Own elaboration based on typology provided by DG CONNECT, 2023.

Our findings indicate that a wide range of support measures have been put in place by national and regional authorities in the EU, but important differences could be noted across MSs in terms of type and volume of available support measures put in place. Moreover, in line with the AVMS Directive, MSs have implemented various regulatory measures aimed at supporting the production and distribution of European AV content through direct financial and quota obligations as well as at supporting the national AV funds through indirect financial obligations.²²

Overall, a large majority of the measures identified were support measures (75%)²³ such as grants or subsidies, tax incentives, cash rebate schemes, training programmes, information points or infrastructural projects, while 25% of the identified measures were regulatory measures such as direct or indirect financial obligations, quota or prominence obligations. This finding based on the mapping of support measures was also validated by the results of the Key stakeholder interviews and MEDIA Beneficiary survey. In particular, the majority of MEDIA beneficiaries and national associations interviewed, reporting that measures were available in their countries, mentioned that these types of measures were mainly aimed at providing grants, loans or subsidies or at putting in place tax incentives or cash rebate schemes. Only around 8% of the survey respondents reported that they have not used support measures such as project grants or subsidies.²⁴

3.1.2 Overview of national and regional AV sector support measures

Overall, the desk research conducted in the context of this study indicates that the volume of funding available for the AV sector operators through support measures amounted to approximately EUR 6.7 billion per year between 2021-2023, originating from grants, cash rebate schemes, tax incentives, other types of support measures (e.g. information points and scholarships) and broadcasters' investments²⁵, while the amount of annual financing available to the European AV sector is estimated to have exceeded EUR 675 million.²⁶ Based on our mapping results, it has been estimated that the funding available through grant schemes amounted to around 3.1 billion EUR on a yearly basis between 2021 and 2023.²⁷ In addition to this, the estimated volume of tax incentives and rebate schemes was of around 2 billion EUR, while the estimated volume of public broadcasters

²² It shall be however noted that data on the available investments from private broadcasters and streaming platforms in European content is generally scarce and not publicly available. Moreover, the lack of historical data does not provide the opportunity to assess the potential impact of regulatory measures.

²³ This estimate is based on the results of the desk research and mapping exercise aimed at identifying relevant measures supporting the AV sector of all the EU Member States. Based on our mapping tool (please see Annex III), of the 447 measures identified, 334 were either grants, tax incentives and rebates or other types of support measures (e.g., big infrastructural projects, loans / guarantees, information points). Through the mapping exercise, we have also identified 111 regulatory measures that were implemented, in line with the AVMSD, in all the EU countries.

²⁴ While the MEDIA Beneficiary survey did not explicitly explore the other sources of funding these respondents would have used, analysis under Section 3.3.1 on beneficiary capacity to access other types of funding mentions other potential funding sources, including private funding sources, tax incentives / rebates, crowdsourcing or personal investments.

²⁵ This estimate is based on publicly available data and relating to yearly budgets available for either 2021, 2022 or 2023.

²⁶ This estimate is based on the EIF data provided in relation to the CCS GF investment and public sector investment schemes identified via mapping. The mapping of public sector financing schemes was not the primary focus of this study. Hence, this estimate may underrepresent the volume of financing available for the European AV industry annually.

²⁷ This estimate takes into account the yearly budgets of support measures identified through the mapping exercise. While some measures were recurrent and providing the grants on a yearly basis, some other measures were available in only one of the three years considered for this analysis (i.e., 2021, 2022 or 2023).

investments in fiction expenditures in 2022 was EUR 1.4 billion²⁸. Recent research has found the share production incentives contribute to film financing has been increasing, with an increase of 8% between 2016 and 2020, whereas the share of public funding has decreased by 5% during the same period.²⁹

The mapping research highlighted that grants schemes were available in all the EU countries, but it has not been possible to collect information on the volume of funding available through grants' schemes in three EU countries (i.e., Bulgaria, Cyprus and Luxembourg). Similarly, the mapping research has not identified specific tax incentives or rebates schemes available in Denmark. Finally, public broadcasters' investment data on the production and distribution of fiction titles was not available for the following countries: Cyprus, Denmark, Finland, Germany, Luxembourg, Malta, Romania and Slovakia, while information on the levels of private broadcasters and streamers investments for the production, acquisition or distribution of AV works was generally not publicly available. The table below provides the estimated volume³⁰ of grant schemes, tax incentives and rebates and broadcasters investments in fiction titles per capita.

Table 2: Estimated volume of grants, cash rebate and tax incentives schemes and broadcasters' investments, per capita

Country	Population (N, 2022)	Estimated volume of grants per capita (EUR, yearly funding between 2021-2023)	Estimated volume of cash rebate schemes and tax incentives per capita (EUR, yearly funding between 2021-2023)	Estimated volume of broadcaster investment in fiction titles per capita (EUR, 2022)
Austria	8,978,929	8.82	1.23	7.79
Belgium	11,617,623	5.27	1.29	5.66
Bulgaria	68,383,937	N/A	0.07	0.08
Croatia	3,862,305	4.12	0.99	3.17
Cyprus	904,705	N/A	27.63	N/A
Czech Republic	10,516,707	1.36	2.99	2.30
Denmark	5,873,420	1.32	N/A	N/A
Estonia	1,331,796	1.58	0.26	2.60
Finland	5,548,241	7.21	1.71	N/A
France	67,871,241	20.45	8.55	5.83
Germany	83,237,124	0.15	1.99	N/A
Greece	10,459,782	5.98	7.17	3.08
Hungary	9,689,010	0.23	18.99	0.68
Ireland	5,060,004	1.66	24.70	3.56
Italy	59,030,133	3.49	9.23	7.58
Latvia	1,875,757	1.09	1.07	0.86

²⁸ This estimated is based on the data provided by the European Broadcasters Union and relating to the 2022 broadcasters' investments in expenditures for the production or distribution of fiction titles from 19 EU countries. Broadcasters' investment data was not available for the following countries: Cyprus, Denmark, Finland, Germany, Luxembourg, Malta, Romania and Slovakia.

²⁹ European Audiovisual Observatory, (2023). Fiction film financing in Europe: Overview and trends 2016-2020. Available at: <https://rm.coe.int/fiction-film-financing-in-europe-overview-and-trends-2016-2020-decembe/1680ae1d37>.

³⁰ When assessing the number of available support measures in each EU country, it is important to consider the differences between countries characterised by federal governmental systems. For example, the count of measures in countries such as Belgium, France, Germany or Italy include both grant and cash rebate schemes available at national level or at the different regional levels.

Lithuania	2,805,998	2.21	17.82	1.02
Luxembourg	645,397	60.08	N/A	N/A
Malta	520,971	3.89	9.60	N/A
Netherlands	17,590,672	3.96	3.69	3.61
Poland	37,654,247	1.07	0.68	1.25
Portugal	10,352,042	2.00	0.72	1.12
Romania	19,042,455	0.04	0.22	N/A
Slovakia	5,434,712	3.10	0.46	N/A
Slovenia	2,107,180	0.45	0.47	2.95
Spain	47,432,893	8.70	1.66	2.95
Sweden	10,452,326	74.37	0.88	6.04

Source: Ecorys, Mapping of support measures, 2023; European Broadcasters Union, 2023.

The large availability of support measures in the various EU countries was also confirmed by the MEDIA beneficiaries survey respondents, which generally indicated that support measures were either comprehensive (40%) or fragmented (30%) in their countries. Only 4% of survey respondents indicated that support measures were not available in their countries and one fifth of respondents reported that only limited national or regional support measures were available in their countries. As suggested by a couple of consulted stakeholders at the EU level and by the analysis of responses provided by the national level stakeholders interviewed, larger EU MSS tend to have several measures in place targeting the different AV product lifecycle stages, while more gaps in terms of available support measures could be observed in smaller countries.

Based on the responses to the MEDIA Beneficiary survey question on the typology of support measures used, the survey results indicate that a large majority of respondents do not seem to be aware of all the various types of measures available in their own countries. Only a minority of respondents (7%) reported using tax incentives and rebates as complementary sources of funding, and these respondents largely consisted of AV producers. Comparatively, grants or subsidies were much more commonly used as complementary sources of funding by MEDIA beneficiaries across the AV sector. However, this can be explained by the fact that MEDIA beneficiaries may be more used to accessing financial support provided in the form of grants and subsidies as opposed to tax incentives and rebates schemes, and that tax incentives may focus primarily on the production and development of works rather than their distribution. Nevertheless, the findings suggest there is room for more capacity building and awareness raising efforts to ensure MEDIA beneficiaries are aware of the support measures available to them at national level that could help them to increase their capacity and grow.

Loan guarantees are an emerging form of support measure for the production and distribution of AV works alongside grants and tax incentives. These schemes are used to leverage private investments by reducing the risks to lenders. The Cultural and Creative Sector Guarantee Facility (CCS GF), first introduced in 2016 and now covering 21 countries,³¹ provides EU-supported financing to SMEs or small public enterprises active in AV sectors, with an estimated annual amount of support for SMEs in the AV sector expected at 102.1 million EUR of financing.³² For example, the Institute for Financing Cinema and Cultural Industries in France provides loans guaranteed by the CCS GF for European SME film producers located outside of France, with 484 million EUR worth

³¹ Austria, Belgium, Bulgaria, Czechia, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, and the United Kingdom.

³² Based on data provided by the European Investment Fund, covering the amount committed under the CCS GF until September 2023. This figure includes the amount committed for motion picture, video and television programme activities (NACE Rev. 2 Section J Division 59.1), the publishing of computer games (Section J Division 58.2), and television programming and broadcasting activities (Section J Division 60.2). The annual estimate has been calculated based on the total funding available (714.8 million EUR), divided by the seven years since the CCS GF was introduced.

of loans guaranteed for the distribution and production of AV works in 2022.³³ Since the establishment of the CCS GF, there have also been a number of similar schemes introduced by the MSs. For example, Spain passed a Royal Decree in 2023 granting 2 million EUR in annual funding for a mutual guarantee company that provides guarantees for the AV sector, which will be available until 2024.³⁴ The Hellenic Development Bank in Greece has an annual loan portfolio of approximately 15.5 million EUR that supports SMEs in producing AV works, with a guarantee of 80% of each loan.³⁵

The mapping of support measures also highlighted that a large majority of measures were funded through national or regional funds, while only a small proportion of the support measures identified were funded through EU-national co-financing or through EU funding. Based on the findings emerging from our mapping of support measures, only 10% of the measures identified were funded or co-funded by the EU, while the majority of measures were funded by national (61%) or regional authorities (29%). In this context, the European Regulators Group for Audiovisual Services (ERGA) report on the economic impact of COVID-19 on the AV sector³⁶ highlights that only a limited number of countries used funds from the European Recovery and Resilience Plan to support their AV sectors.³⁷ This finding was also corroborated by a couple of interviewees working in EU level organisations, suggesting that the Recovery and Resilience Facility (RRF) funds could have been more extensively used to support the AV industry across the EU.³⁸

A few notable examples of countries successfully using the RRF funding to support the AV industry include the measures introduced in Belgium, France, Italy, Portugal, Romania and Spain. Most of these countries have used the RRF funding to support: i) AV infrastructural projects (i.e., creation of theatres or production studios in France and Italy); ii) training and upskilling of AV operators (i.e., funding of film schools and of specific training programmes in France, Italy and Belgium); iii) digitalisation of the AV sector and works produced (i.e., digitalisation of films archives in Portugal and digitalisation and modernisation of film production and distribution processes in Romania and Spain); and, iv) the development of information hubs and platforms facilitating access to funds or the identification of potential partners, etc. (i.e., [Spain Audiovisual Hub](#)³⁹).⁴⁰

The findings suggest that most of the identified support measures (i.e., grants, loans, tax incentives and rebates) targeted more than one specific AV sub-sector, with the film and TV sub-sectors being those primarily targeted by these types of measures. In this context, the mapping of support measures indicated that most of the measures intended for the film sub-sector (77%), followed by measures targeting the TV (45%) or VOD service (23%) sub-sectors, while only a few of the support measures identified target the video games (14%⁴¹) or festival

³³ Institute for Financing Cinema and Cultural Industries, (2023). Activity Report 2022. Available at: <https://www.ifcic.fr/wp-content/uploads/2023/12/IFCIC-Ra22-BD.pdf>.

³⁴ Ministry for Economic Affairs and Digital Transformation, (2023). Royal Decree 672/2023, July 18, which regulates the direct granting of a subsidy to the Audiovisual Reciprocal Guarantee Society Fianzas SGR. Available at: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2023-16735.

³⁵ Hellenic Development Bank, (Accessed March 2024), Loan Guarantee Fund for Audiovisual Works Production Enterprises. Available at: <https://hdb.gr/tameio-eggiodosias-daneion-epixeiriseon-paragogis-optikoakoustikon-ergon/>.

³⁶ ERGA (2021). *Economic Impact of the COVID-19 crisis on the media and audiovisual sectors*. Accessed from: <https://erga-online.eu/wp-content/uploads/2021/12/ERGA-AG2-2021-Report-Economic-impact-of-the-COVID-19-crisis-on-the-media-and-audiovisual-sectors.pdf>

³⁷ The 2021 survey among National Regulatory Authorities conducted by ERGA found out that support to the audiovisual sector through the Recovery and Resilience Plan was provided in only five countries, i.e., Greece, Belgium (Flemish government), Italy, Spain and France.

³⁸ One of the two interviewee highlighted that the RRF funds could have been better used in Eastern European countries, due to the overall lack of support through national funds.

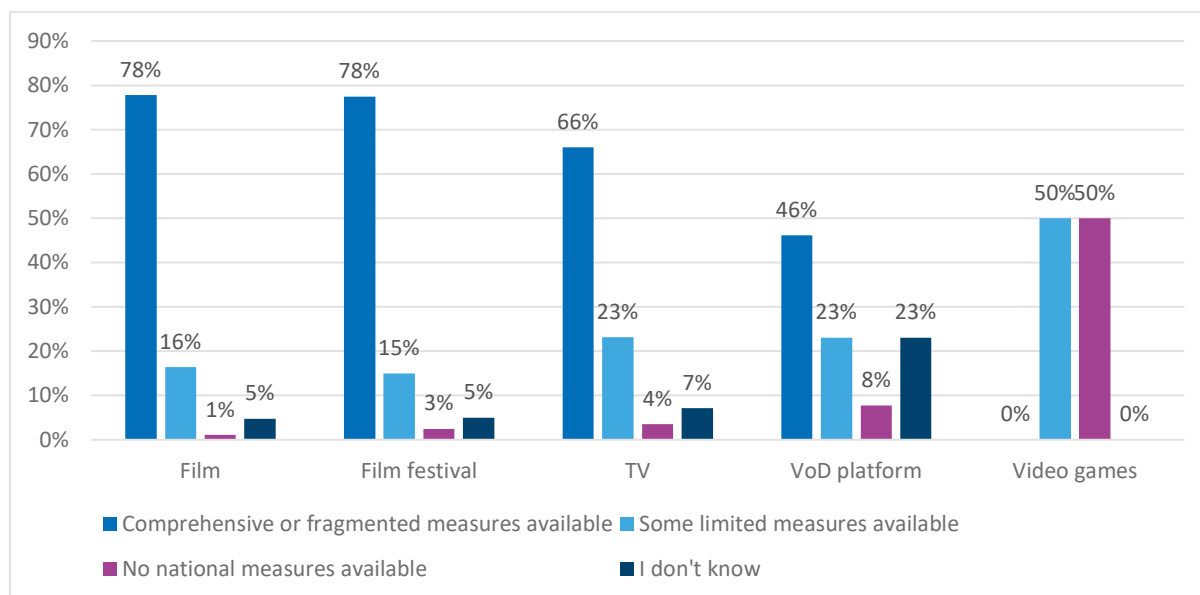
³⁹ <https://spinaudiovisualhub.mineco.gob.es/en/home>

⁴⁰ This type of one-stop-shops for accessing AV support measures seems particularly relevant in the light of low sector awareness of the various types of support available to them.

⁴¹ As suggested by a couple of interviewed stakeholders, the fact that the video games sub-sector can be considered as a 'younger' industry than the cinema and audiovisual industry might explain the more limited availability of national or regional support measures for this sub-sector.

sub-sectors (13%⁴²), as well as training or talent skills and development (13%).⁴³ As shown in the figure below, this finding is also partially corroborated by the MEDIA Beneficiary survey results. According to respondents working in the relevant AV sub-sectors (i.e., Film, TV, VoD platform, Video games or Film festival) comprehensive or fragmented measures were available mainly for the film and film festivals sub-sectors (78%), followed by the TV (66%) and VoD platform (46%) sub-sectors. As highlighted above, the perception of MEDIA respondents might not reflect the reality of the available schemes, due to the limited awareness of various types of support measures that were not widely used or found less useful by respondents (i.e., tax incentives and rebates).

Figure 1: How would you assess the overall availability national and/or regional support for your sector in your country/region?⁴⁴



Source: Ecorys MEDIA Beneficiary Survey, N=386, 2023.

3.1.3 Overview of regulatory measures introduced in line with the AVMSD

The findings indicate that, in line with the AVMSD, regulatory measures targeting public or private broadcasters and VOD services have been put in all the EU countries, but noteworthy differences could be observed in terms of type and nature of the obligations introduced. Most of the EU countries have introduced either direct investment obligations or levies for public or private broadcasters, while these were not introduced in only four countries (i.e., Lithuania, Latvia, Luxembourg and Estonia).⁴⁵ Moreover, direct investment obligations or levies were more often targeting public broadcasters than private ones. For example, in a few countries neither direct investment obligations nor levies have been imposed on private broadcasters,⁴⁶ which were instead only subject to quota obligations, i.e., devoting a certain amount of their transmission time to European works.

⁴² Despite the limited number of support measures identified, the Beneficiary survey results indicated that stakeholders generally perceived that there were either comprehensive or fragmented measures targeting this specific sub-sector.

⁴³ This estimate is based on the mapping tool results (please see Annex III), in which more than one sub-sector per identified support measure could be selected, due to the fact that in a large majority of cases, the same measure was aimed at providing support to more than one AV sub-sector (e.g., the same measure was intended to support both the TV and VOD service sub-sectors, etc.). For this reason, the sum of the shares of measures targeting all the sub-sectors is higher than 100%.

⁴⁴ The responses to this question were filtered by the responses to the question: Please indicate what your organisation / company does in the audio-visual sector:

⁴⁵ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table. Available at: <https://www.obs.coe.int/en/web/observatoire/avmsd-tracking>.

⁴⁶ Belgium (NL), Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Malta, the Netherlands and Slovenia.

For what concerns the direct investment obligations, the calculation of the share of broadcasters' investments to be devoted to independent European works differs substantially among Member States, both in terms of rates and base used for this calculation.⁴⁷ For example, Belgium (NL), France and Italy have all imposed direct investment obligations on public or private broadcasters that are higher than 12.5% of their annual turnover or revenues, while lower percentages of the yearly turnovers or revenues were introduced in Greece (only for public broadcasters), Portugal and Spain. Moreover, only a few countries have indicated a fixed monetary amount that should be allocated by (only) public broadcasters to European works (i.e., Belgium FR, Ireland and the Netherlands⁴⁸), while some other countries have indicated a specific percentage of the broadcasters' programming budget that needs to be devoted to the production of European works (up to 10% in Austria, Czech Republic, Denmark, Finland, Malta, and Sweden, and above 10% in the Netherlands and Slovakia). In addition to this, only two countries have instead opted for direct investment obligations calculated as a percentage of the advertising revenues of public or private broadcasters (e.g., private broadcasters in Greece, both types of broadcasters in Hungary).

In addition to the potential contribution of direct investment obligations of public and private broadcasters, a high number of countries has also introduced other financial obligations such as levies for broadcasters. The research shows that levies were more often imposed as a percentage of the broadcasters' yearly turnover or advertising revenues, with only three countries including a share of the broadcasters' turnover or revenues set at 5% or higher (i.e., Austria, France, and Slovakia) and to be allocated to a national film / audiovisual fund, which is further expected to contribute to supporting the AV sector through grants, cash rebate schemes or tax incentives.

Quota obligations have been introduced in all the EU countries, ensuring that a specific share of the broadcasters' transmission time is devoted to European works. Countries that have introduced comparatively higher percentages of their broadcasters' transmission times to European works or introduced sub-quotas for content produced in their official languages include Croatia (25% for national works), France (40%), Hungary (30%), Italy (25%), Latvia (20%), Poland (16.5%), Portugal (5%), and Spain (25%). All the remaining countries have instead opted for quota obligations aimed at devoting at least half of broadcasters' transmission time to European works.

There is a lot of variation between the Member States on how the AVMSD provision on financial obligations for VOD services operating within the Member States is transposed into the national context.⁴⁹ **A higher share of HCCs than LCCs imposed financial obligations on VOD service providers, and the obligations imposed were generally higher for HCCs.**⁵⁰ While the type of financial obligations varies significantly across Member States, both in terms of direct investment obligations versus levies, as well as the rates and bases used for calculation, HCCs tended to have higher rates than LCCs in terms of levies on annual turnover. For example, the levies imposed by Denmark and France on VOD service providers are 6% and 15-25% of annual turnover, respectively. In contrast the levies imposed by Poland and Romania were 1.5% and 3% of specific revenue sources, respectively. The findings from the case study on Croatia, which has an obligation for streaming platforms to invest 2% of their revenues in local production or acquisition, suggest that this has had a limited impact on local production by the platforms. An overview of the regulatory measures implemented by Member States in line with the AVMSD is shown in Table 8 in Section 3.2.1.

The importance of regulatory measures imposed on broadcasters is particularly evident when examining the broadcasters' investment data. As briefly mentioned above, the total yearly amount of public broadcasters' investments in the production and distribution of fiction titles was around EUR 1.4 billion in 19 different

⁴⁷ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

⁴⁸ In the Netherlands, the public broadcaster can decide whether to allocate 16% of their programming budget or a fixed amount (i.e., EUR 16.6 million) to the production of European works.

⁴⁹ EAO (2022), *Investing in European works: the obligations on VOD providers*. Available at: <https://rm.coe.int/iris-plus-2022en2-financial-obligations-for-vod-services/1680a6889c>

⁵⁰ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

countries.⁵¹ This figure indicates that broadcasters' investments represent an important source of funding for AV operators, since additional funding to the AV sector is also provided by private broadcasters and streaming platforms, which are not accounted in the 1.4 billion EUR mentioned above, due to the limited available data on the fiction expenditures of broadcasters operating in the private sector. Countries with comparatively higher amount of public broadcasters' investments include Italy, France, Austria, Belgium, the Netherlands, Ireland and Sweden. A more in-depth assessment of the impact of broadcasters' investments on strengthening the capacity of AV operators and on their ability to access MEDIA funding has been provided in Sections 3.2.1 and 3.2.2.

The findings suggest that regulatory measures, such as direct financial obligations or levies were mainly targeted at public or private broadcasters, while only 12 EU Member States had imposed these types of measures on VOD services.⁵² Only a limited number of countries had imposed levies on VOD service providers, stemming from 1.5% of the price paid by the users in Poland to 15-25% of the VOD turnover in France. In addition to this, the mapping of regulatory measures for VOD services suggests that quota obligations were applied to VOD services in all the EU Member States, but only Austria, Belgium (FR), and France imposed stricter quotas for European works than the 30% indicated in the AVMSD.⁵³

3.1.4 Links between national support measures and the capacity to access MEDIA funding

The findings indicate that countries with higher levels of public funding per capita for the AV sector were generally those with higher shares of broadcasters' investments in European works,⁵⁴ or with higher levels of funding available through support measures.⁵⁵ Moreover, a similar positive correlation was also found between the share of broadcasters' investments in European works and the average annual turnover by AV company across the EU, suggesting the potential impact of broadcasting investments, in addition to grants, tax incentives and rebate schemes, in supporting the wider European AV ecosystem and its operators, as witnessed by the high share of broadcasters investments in original content and the increased turnover of the AV sector in various EU Member States.⁵⁶

The analysis of the funding to the public AV sector also highlights that countries with higher turnover of AV enterprises are generally those with higher levels of funding to the public AV sector⁵⁷ (i.e., Germany, France, Italy, Spain, Netherlands and Sweden). Moreover, a report from the EBU⁵⁸ estimated that in 2021 the operating revenues of EU public broadcasters amounted to nearly EUR 27 billion. The relatively high volume of funding available through public support to the public AV sector and through their investments in production and distribution of fiction titles has therefore been crucial in supporting the EU AV ecosystem, as result of the transposition of the AVMSD.

For example, France, Belgium, the Netherlands and Italy have all introduced comparatively higher shares of broadcasters' revenues or turnovers to be allocated to the production of European content.⁵⁹ Similarly, France, Belgium and Italy have also introduced stricter quota obligations for European content (i.e., between 51% and 70% of their transmission time).⁵⁹ As discussed in greater detail in the following sections, a more stringent

⁵¹ In some of these countries data was available only for certain public or private broadcasters, in some other countries, publicly available data related only to the investments of public broadcasters in production of original content or in acquisition of rights, while in France data was available only for the investment in films and not in other AV products.

⁵² European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

⁵³ For example, France, Belgium, Denmark, Germany and Sweden.

⁵⁴ For example, Austria, Finland, France, Netherlands and Sweden.

⁵⁵ For example, Germany, France, Netherlands, Sweden, Denmark and Belgium.

⁵⁶ The data relating to this indicator is collected by the European Audiovisual Observatory in their Yearbook. This indicator is named 'Funding of the public audiovisual sector in Europe' and it refers to the level of public funding allocated to public broadcasters. In the sections of this report, we refer to this indicator as 'funding for the public AV sector'.

⁵⁷ EBU (2023). Funding of public service media. Accessed from: <https://www.ebu.ch/resources?publicationType=research>

⁵⁸ European Audiovisual Observatory (2022). Investments in original European content A 2011-2021 analysis. Accessed from: <https://rm.coe.int/investments-in-european-original-content-2011-2021-analysis-september-/1680a75db4>

⁵⁹ Ibid.

transposition of the AVMSD provisions through these regulatory measures could have also contributed to or be linked with the comparatively higher levels of AV enterprises turnover on average in these countries.

The table below provides an overview of the volume of grants, tax incentives and rebates per person employed in the AV sector, the volume of public broadcasters' investments in fiction, as well as the employment and funding related indicators (i.e., number of people employed in AV enterprises, the annual turnover by AV company on average and the level of public funding in broadcasting services).

Table 3: Overview of estimated volume of support measures, public broadcasters' investment in fiction, employment and public funding context, per country

Country	People employed in AV enterprises (N, 2021)	Annual turnover by AV company on average (EUR, 2019-2021)	Funding to public AV sector (m EUR, 2021)	Estimated volume of grants per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of public broadcasters' fiction expenditure per person employed in AV enterprise (EUR, 2022)
Austria	10,688	1,312.13	645.19	7,409	1,029	6,547
Belgium	9,684	1,667.07	590.82	6,322	1,549	6,793
Bulgaria	4,719	224.50	81.39	N/A	1,007	1,145
Croatia	2,679	209.27	154.40	5,939	1,425	4,567
Cyprus	708	67.07	34.01	N/A	35,311	N/A
Czechia	4,582	792.23	311.41	3,129	6,853	5,287
Denmark	10,927	1,410.33	462.93	709	N/A	N/A
Estonia	1,845	116.60	41.07	1,137	190	1,875
Finland	5,810	735.45	494.14	6,885	1,635	N/A
France	63,601	9,991.97	3,469.34	21,821	9,119	6,222
Germany	70,097	11,655.40	8,565.48	181	2,368	N/A
Greece	10,306	444.20	188.27	6,064	7,277	3,124
Hungary	11,168	1,316.33	282.18	202	16,476	590
Ireland	10,919	891.13	233.01	767	11,448	1,651
Italy	26,062	4,297.83	1,819.80	7,911	20,898	17,164
Latvia	1,269	60.40	35.37	1,609	1,576	1,277
Lithuania	2,668	128.43	52.33	2,328	18,741	1,076
Luxembourg	N/A	N/A	6.92	N/A	N/A	N/A
Malta	816	44.15	N/A	2,482	6,127	N/A
Netherlands	29,548	6,645.17	697.17	2,360	2,196	2,151
Poland	19,978	1,782.90	525.13	2,012	1,286	2,355
Portugal	7,945	610.63	181.53	2,605	944	1,454
Romania	6,382	431.40	146.46	129	653	N/A
Slovakia	3,673	258.17	123.77	4,583	681	N/A

Country	People employed in AV enterprises (N, 2021)	Annual turnover by AV company on average (EUR, 2019-2021)	Funding to public AV sector (m EUR, 2021)	Estimated volume of grants per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of public broadcasters' fiction expenditure per person employed in AV enterprise (EUR, 2022)
Slovenia	2,206	203.90	102.19	433	453	2,820
Spain	43,243	5,290.17	2,125.93	9,538	1,825	3,237
Sweden	16,322	3,307.57	836.31	47,623	564	3,871

Sources: Eurostat (SBS_SC_OWW); EAO Yearbook (2022); Mapping of support measures; EAO (2022), European Broadcasters Union - EBU (2023)

These findings on the potential impact of public funding and broadcasters' investment for the European AV ecosystem were also corroborated by the research conducted by the EAO on the key trends in the AV sector in 2022/2023.⁶⁰ In particular, following the outburst of the COVID-19 pandemic and its negative impact on the production of AV works across Europe, production levels recovered after 2020 in almost all the EU countries. According to the EAO Yearbook, the level of film production investments decreased in only a few countries (Latvia, Germany and Estonia), but the average film production budgets decreased in 14 EU countries. As suggested by the EAO publication, public funding in the form of grants, rebates or tax incentives was the most important financing source of European films in 2020 (43%), followed by broadcasters investments (20%) and producers investments (18%).⁶¹ This finding is also in line with the mapping results and statistical data collected in the context of this study, suggesting the key role of public funding as well as of broadcasters investments in supporting the European AV ecosystem, as shown in Table 3 above.

Moreover, the EAO research suggests that broadcasters' investments financed 84% of all European original non-theatrical content in 2021, while streamers investments accounted for the remaining 16%. However, it needs to be noted that these shares also include the amount invested in acquisition of rights to original content, with sport rights accounting for over 40% of the private broadcasters' investment and around 10% of the public broadcasters' investments.⁶² While Table 2 and Table 3 above confirm the crucial role played by public broadcasters' investments for the production and distribution of fiction titles in most EU countries, it is important to consider that the impact of broadcasters investments would be even larger if the volumes of investments of private broadcasters and streaming services in the production and distribution of fiction titles were added to the calculation. However, the limited data available in terms of private broadcasters and streamers investments did not provide the possibility to quantify their levels of investments and the related impact on the EU AV ecosystem.

The findings suggest that countries accessing higher amounts of MEDIA funding are also those with higher levels of national funding available through either tax incentives, grants or broadcasters' investments. For example, a few countries access comparatively higher amounts of MEDIA funding and have more tax incentives or grants available for the AV sector at the national level (i.e., France, Germany, Italy, Sweden and the Netherlands). Similarly, countries with higher levels of broadcasters' investments in fictional content are also generally among those that

⁶⁰ European Audiovisual Observatory (2023). Yearbook 2022-2023 – Key trends. Accessed from: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

⁶¹ Ibid.

⁶² European Audiovisual Observatory (2022). Investments in original European content A 2011-2021 analysis. Accessed from: <https://rm.coe.int/investments-in-european-original-content-2011-2021-analysis-september-/1680a75db4>

access higher levels of MEDIA funding (France, Italy, Austria, Belgium, Spain, Sweden and the Netherlands). These findings suggest that an interplay of different funding sources for the AV sector (i.e., grants, tax incentives and public broadcasters' investments) could potentially contribute to higher capacity in access MEDIA funding. The potential correlations between the various levels of support through national and regional measures and ability to access MEDIA funding is further assessed in Section 3.2.2.

Table 4: Overview of estimated volume of available support measures, MEDIA applications and projects awarded, per country

Country	Total applications (N, 2021-2023)	Projects awarded (N, 2021-2022)	Total MEDIA funding (EUR 2021-2022)	Total MEDIA funding per capita (EUR, 2021-2022)	Estimated volume of grants per capita (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates per capita (EUR, yearly funding between 2021-2023)	Estimated volume of broadcasters' investments for fiction per capita (EUR, 2022)
Austria	89	29	7,698,068	0.86	8.82	1.23	7.79
Belgium	271	80	18,330,766	1.58	5.27	1.29	5.66
Bulgaria	112	19	1,858,103	0.03	N/A	0.07	0.08
Croatia	112	28	3,228,328	0.84	4.12	0.99	3.17
Cyprus	25	4	326,420	0.36	N/A	27.63	N/A
Czechia	186	53	11,886,755	1.13	1.36	2.99	2.30
Denmark	181	65	14,569,880	2.48	1.32	N/A	N/A
Estonia	78	20	1,718,929	1.29	1.58	0.26	2.60
Finland	116	30	3,940,714	0.71	7.21	1.71	N/A
France	841	292	124,331,266	1.83	20.45	8.55	5.83
Germany	506	151	46,845,016	0.56	0.15	1.99	N/A
Greece	157	11	1,215,493	0.12	5.98	7.17	3.08
Hungary	114	28	3,367,098	0.35	0.23	18.99	0.68
Ireland	124	30	6,425,781	1.27	1.66	24.70	3.56
Italy	348	78	21,041,234	0.36	3.49	9.23	7.58
Latvia	40	15	1,017,120	0.54	1.09	1.07	0.86
Lithuania	84	26	2,045,060	0.73	2.21	17.82	1.02
Luxembourg	51	8	2,937,000	4.55	60.08	N/A	N/A
Malta	6	1	160,000	0.31	3.89	9.60	N/A
Netherlands	173	59	18,416,196	1.05	3.96	3.69	3.61
Poland	219	52	10,734,782	0.29	1.07	0.68	1.25

Country	Total applications (N, 2021-2023)	Projects awarded (N, 2021-2022)	Total MEDIA funding, (EUR 2021-2022)	Total MEDIA funding per capita (EUR, 2021-2022)	Estimated volume of grants per capita (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates per capita (EUR, yearly funding between 2021-2023)	Estimated volume of broadcasters' investments for fiction per capita (EUR, 2022)
Portugal	133	29	4,510,195	0.44	2.00	0.72	1.12
Romania	98	25	2,273,849	0.12	0.04	0.22	N/A
Slovakia	89	24	2,228,727	0.41	3.10	0.46	N/A
Slovenia	88	22	3,532,107	1.68	0.45	0.47	2.95
Spain	313	81	14,946,976	0.32	8.70	1.66	2.95
Sweden	137	44	9,855,006	0.94	74.37	0.88	6.04

Source: MEDIA Programme data (2021-2022); Ecorys Mapping of support measures, 2023.

3.1.5 Availability of support measures by AV product lifecycle stage

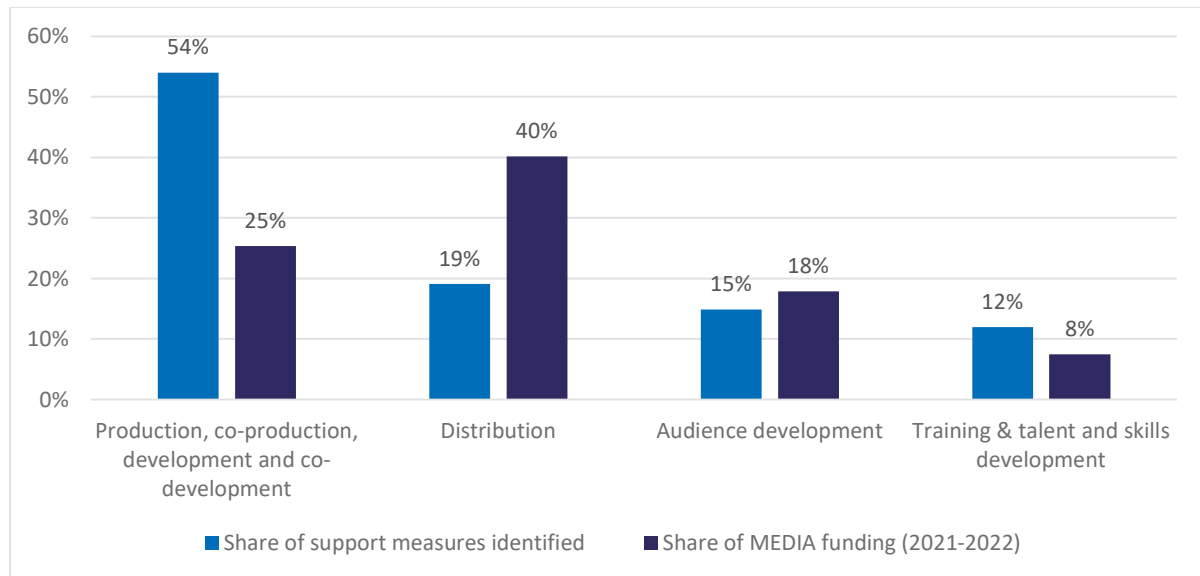
The findings indicate that most of the available support measures at national or regional level were aimed at supporting the production or development of AV works, while a more limited share of support measures was dedicated to the distribution of AV works or to audience development and training. The mapping of grants, rebates and tax incentives indicates that most of the measures tend to target more than one lifecycle stage of AV works. The data on public broadcasters' investments in production or distribution of fiction suggests that nine out of 17 countries⁶³ allocated a majority of their investments in the production or co-production of fiction titles, while the other eight countries have allocated a majority of their investments to the acquisition and distribution of fiction titles. As also indicated by the various types of stakeholders consulted (i.e., EU level and national level stakeholders, MEDIA Desks, MEDIA beneficiaries), most of the EU Member States tend to implement measures aimed at supporting the production or development of AV works, while they reported that less measures were available for distribution of AV works.

The analysis of the share of MEDIA funding by lifecycle stage⁶⁴ suggests that the MEDIA support was important and largely complementary to national support measures as MEDIA invests more in relative terms in the distribution of AV works, while regional and national measures invest more in production and development as highlighted by Figure 2 below. The figure below provides an overview of the different types of national and regional support measures identified as well as of the share of MEDIA funding per lifecycle stage of AV products.

⁶³ Data on the levels of expenditure in production and acquisition was available only for 17 EU countries.

⁶⁴ The analysis of the share of MEDIA funding per lifecycle stage is based on the following categorisation of MEDIA actions: a) Production and development: European Co-Development, European Slate Development, European mini-slate development and TV and online content; b) Distribution: Markets and Networking, European Film Distribution, European Film Sales, MEDIA 360 and Networks of European Cinemas; c) Audience development: Network of European Festivals / European Festivals, European VOD networks and operators, Films on the move, Subtitling of cultural content and Audience development & film education; and, d) Training & talent skills and development: Fostering European media talents and skills and Innovative tools and Business models.

Figure 2: Overview of identified support measures and MEDIA funding, by type of lifecycle stage targeted



Source: Ecorys mapping of support measures; MEDIA programme data.

A more limited number of measures aimed at supporting training and talent skills development have been identified through the mapping research. Nevertheless, the findings of the mapping undertaken show that over 175 million EUR were allocated to support measures aimed at fostering training and talent skills development in 16 different EU countries.⁶⁵ In particular, the countries that allocated comparatively higher shares of funding to training and skills development of AV sector talent include Italy, Austria, the Netherlands, Croatia and Czech Republic.

However, only a limited share of these measures was specifically aimed at promoting talent skills and development or at providing training opportunities to AV operators, since most of these measures tend to combine training support with more general support for production, co-production or development of AV products, as well as with audience development support. In this context, the MEDIA targeted support through the dedicated training actions (i.e., Training & talent skills and development: Fostering European media talents and skills and Innovative tools and Business models) provide skills for internationalisation that were not the main focus of national or regional support measures.

3.1.6 Measures' contribution to strengthening the capacity of AV operators

Evidence suggests that regional and national support measures generally contributed to strengthening the capacity of AV operators in MEDIA participating countries. More specifically, public broadcaster investments for the production and acquisition of fiction titles amounted to EUR 1.4 billion in 2022, while an additional EUR 5.1 billion were provided through grants (EUR 3.1 billion) or tax incentives and rebates (EUR 2 billion). While the correlations between the volume of support measures and the capacity of AV operators per country will be showcased and discussed in greater detail in the following section (please see Section 3.2.1), this section discusses examples of countries in which the presence or absence of support measures is linked to higher or lower capacity of AV operators, as well as examples of specific measures that contributed to increase capacity for production, distribution or consumption of AV works.

⁶⁵ While support measures aimed at supporting training and talent skills development have been identified in 16 EU countries, the information on the volume of funding allocated to training and talent skills development was not available for over 40% of the measures identified.

A positive correlation can be found between the presence of support measures (i.e., grants, tax incentives and rebates), broadcasters' investments or their combination and the level of AV sector revenue. Countries with a high volume of grants, a high volume of tax incentives and rebates, and expansive regulatory measures in place, display a higher level of AV sector revenue and employment. France⁶⁶, the Netherlands⁶⁷ and Spain⁶⁸ all have a high rate of annual turnover by AV company, accompanied by the presence of one or more expansive regulatory measures and significant grants, tax incentives and rebates.

Grants in these three countries include the financial support provided for the production of feature-length cinematographic works and for fiction and documentaries in France (total EUR 260 million combined); the funding offered by the Netherlands Film Fund (*Nederlands Filmfonds*) for the creation of films and documentaries all stages of the AV lifecycle (EUR 51.8 million yearly);⁶⁹ and the development of the *Spain AVS HUB* under the Spanish Recovery and Resilience Fund (RRF) funding (EUR 410 million yearly).⁷⁰ Substantial tax and cash rebates include as the *Tax Rebate for International Productions (TRIP)*⁷¹ in France, selectively granted by the *French National Centre for Cinema, TV and the moving image* (CNC), and cash rebates for French productions and official co-productions⁷² amounting to 30% of eligible expenses (each for a total funding of EUR 30 million per project); the Netherlands Film Fund's cash rebate scheme for production costs of films spent in the Netherlands through the Netherlands Film Production Incentive scheme (EUR 39 million in 2023);⁷³ and the tax deductions for Spanish audiovisual productions and international co-productions in Spain as provided for in Article 36 of Law 27/2014, of 27 November on Corporate Tax (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*), capped at EUR 20 million per production.⁷⁴

Nevertheless, countries with a significant presence of at least one type of main support measure also display a high level of AV sector revenue. For example, the AV sector revenue in Germany, Italy and Hungary, which all display a high volume of tax incentives and rebates and have expansive measures (Italy), standard regulatory measures (Germany) or a mixture of the two (Hungary) in place, is relatively high (among the highest among the countries studied, in the case of Germany and Italy) despite their average or relatively low volume of grants. Similarly, Sweden's high AV sector revenue was coupled with the highest volume of grants among the countries studied and the presence of standard regulatory measures, despite the lesser significance of tax incentives and rebates in Sweden.

However, **the correlation between the presence of support measures or their combination and the level of AV sector employment is weaker.** While in some cases a relatively high volume of either grants (i.e. Sweden, Belgium)

⁶⁶ France has the second highest annual turnover by AV company on average (EUR 10 billion) and a relatively high share of employment in the AV sector (1.3 thousand per 1M people), which correlate to the highest volume of grants (EUR 1.4 billion) and of tax incentives and rebates (EUR 580 million) among the countries studied. Expansive direct and indirect investment obligation measures as well as quota obligations are also present

⁶⁷ The Netherlands have one of the highest levels of annual turnover by AV company on average (EUR 6.6 billion) and share of people employed in the AV sector per 1M people (2.3 thousand), which correlate to a relatively high volume of grants (EUR 69.7 million) and high volume of tax incentives and rebates (EUR 64.9 million). Expansive direct investment obligation measures are present in the Netherlands while indirect investment obligations are absent.

⁶⁸ Spain has one of the highest annual turnover rates by AV company on average (EUR 5.3 billion) despite having an average share of employment in the AV sector (955 per 1M people), which correlates to the third highest volume of grants (EUR 412 million) and one of the largest volumes of tax incentives and rebates (EUR 79 million).

⁶⁹ The Netherlands Film Fund offers support for the development (*Ontwikkeling*), production (*Realiseren*) and distribution (*Distributie*) of films and documentaries in the Netherlands as well as for other film activities (*Filmactiviteiten*). <https://www.filmfonds.nl/subsidies>; <https://www.filmfonds.nl/subsidies/distributie-overzicht>; <https://www.filmfonds.nl/subsidies/filmactiviteiten-overzicht>

⁷⁰ <https://planderecuperacion.gob.es/politicas-y-componentes/componente-25-espana-hub-audiovisual-de-europa-spain-avs-hub>

⁷¹ https://www.cnc.fr/web/en/tax-rebate/the-tax-rebate-for-international-productions-trip_190742

⁷² <https://cms.law/en/media/international/files/publications/brochures/funding-for-films-television-and-other-audio-visual-works-in-western-europe>

⁷³ <https://www.filmfonds.nl/subsidies/subsidie/netherlands-film-production-incentive>

⁷⁴ <https://www.madrid.org/filmmadrid/en/tax-incentives.html>

or tax incentives and rebates (i.e. Ireland), or a combination of both (i.e. France and the Netherlands), is positively correlated with high levels of AV sector employment, this is not always the case. In countries with a high level of AV sector employment like Denmark, grants and tax incentives and rebates are less prevalent. On the other hand, countries that have a high volume of grants (i.e. Austria) or tax incentives and rebates (i.e., Germany, Italy, Hungary), or both (i.e. Spain) as well as high AV sector revenue levels, may nonetheless display a lower or average share of employment in the AV sector.

A positive correlation between high levels of AV sector revenue and/or AV sector employment can also be found in the case of countries with either a high level of funding for the public AV sector per capita or a high share of broadcaster investment in public funding, or both. For instance, France, Belgium, Denmark and Austria display high levels of annual turnover by AV company and a high rate of employment in the AV sector per 1M people (with the exception of Denmark and Austria in the latter case), while recording both a high level of public funding for AV sector per capita and high share of broadcaster investments in public funding. Other countries such as Germany and Sweden have among the highest levels of public funding for AV sector per capita or the share of broadcaster investments in public funding, and either a high AV sector revenue (Germany, Italy) or high employment in the AV sector (Sweden).

The presence of regulatory measures, such as direct and indirect investment obligations measures and quota obligations, is positively correlated with strengthened capacity of AV operators in MEDIA participating countries. Countries such as France and Italy, where expansive regulatory measures of all three types were found, simultaneously display a high AV sector revenue, and also a high rate of employment in the AV sector in the case of France. Similarly, this was also the case for countries with at least one expansive regulatory measure in place, such as the Netherlands, Belgium, Denmark and Spain.

In some countries, regulatory measures may contribute to increasing the capacity of AV operators to a larger extent than grants. For example, in Finland 10% of the public or private broadcasters programming budget must be devoted to AV works. If we consider that in 2022 the public broadcaster investments for programmes was around EUR 570 million, it can be estimated that approximately EUR 110 million were devoted to European works, which is nearly three times the amount that was available through grants in 2022 (around EUR 40 million). Similarly, in Ireland the public broadcaster is subject to a direct investment obligation fixed at EUR 40 million per year, which support the AV operators in this country to a much larger extent than grants (around EUR 8.3 million in 2022).

Support measures for development and production of films

The mapping of support measures identified support available for production in all Member States; however, there were less measures supporting development than there were supporting production. A total of 214 support measures across Member States were identified that included support for production, but only 163 provided support for development. The majority of support measures target more than one lifecycle stage (i.e., both development and production); however, there are some measures that target a single stage that further show the imbalance between support for distribution and production. While EUR 1.2 billion was dedicated solely to production support annually across measures implemented by Member States, only around EUR 370 million was dedicated solely to development. Lastly, all Member States had support available for production, but three Member States provided no support for development, as shown in Table 5 below.

Table 5: Overview of the availability of support for development and production, per country

Country	Support available for development	Support available for production
Austria	Yes	Yes
Belgium	Yes	Yes
Bulgaria	Yes	Yes
Croatia	Yes	Yes
Cyprus	No	Yes

Country	Support available for development	Support available for production
Czechia	Yes	Yes
Denmark	Yes	Yes
Estonia	No	Yes
Finland	Yes	Yes
France	Yes	Yes
Germany	Yes	Yes
Greece	Yes	Yes
Hungary	Yes	Yes
Ireland	Yes	Yes
Italy	Yes	Yes
Latvia	No	Yes
Lithuania	Yes	Yes
Luxembourg	Yes	Yes
Malta	Yes	Yes
Netherlands	Yes	Yes
Poland	Yes	Yes
Portugal	Yes	Yes
Romania	Yes	Yes
Slovakia	Yes	Yes
Slovenia	Yes	Yes
Spain	Yes	Yes
Sweden	Yes	Yes

Source: Ecorys Mapping of support measures (2023).

Findings suggest that a combination of different types of available regional and national measures (i.e., project grants and subsidies, rebate schemes and measures supporting the scaling-up of operations) strongly contribute to increasing the capacity of film producers and developers. As discussed in greater detail in Section 3.2.1, while there was no direct correlation between the level of support to production and development of films and the number of outputs produced across Europe, a few relevant exceptions were observed. For example, the two top countries in terms of estimated volume of available support through grants were also those with stringent regulatory measures and the highest level of film production investment, i.e., France and Belgium.

In Belgium, the resources provided by the *Flanders Audiovisual fund (VAF)*, which supports film and audiovisual production and international co-productions with AV operators from Flanders, are recognised by stakeholders as particularly important for the Flemish film sector and for the AV research & development (R&D) environment. According to the evaluation, stakeholders highlighted the importance of the VAF support for increasing the quality of productions as they go through the evaluation process and for the financial sustainability of the sector.⁷⁵ As discussed above, Belgium also has more expansive regulatory measures, with direct investment obligations or levies in place for both public and private broadcasters and VOD.⁷⁶ Belgium also has a higher than average prominence obligation for VOD, with an obligation of 40% of the catalogue to contain European works over the next five years.

In France, interventions aimed at strengthening the production and development capacity of the film industry are present at both the regional and national level. At the national level, the subsidies and investments directly or indirectly supported by the CNC were regarded by several of the surveyed MEDIA beneficiaries as the most impactful measures in France. In particular, the automatic subsidies (*Compte de Soutien* or *Soutien Automatique*) offered by the CNC provide financial support for qualified film producers or distributors, who receive automatic subsidies in proportion to the film's success at the French box office, in video stores, and in TV sales.⁷⁷ As already

⁷⁵ <https://publicaties.vlaanderen.be/view-file/50765>

⁷⁶ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

⁷⁷ <https://www.filmfrance.net/en/coproductions/>

outlined above, France also has the highest direct financial obligations and prominence obligations for VOD and broadcasters compared with other EU Member States.⁷⁸

Several tax advantages are also offered by the CNC and the French government to support European production and co-production of cinematographic works. The *CNC's Tax credit for the film and audiovisual industry (Crédit d'impôt cinéma)* provides tax credits to film producers to cover expenditures incurred in France for the production of feature films eligible for automatic assistance, which can be claimed as either a corporate tax deduction, or as payment of the difference between the corporate tax amount and the tax credit calculated.⁷⁹ French film production companies are also granted tax deductions through the *Tax Rebate for International Productions (TRIP)* measure for the production of fiction films for up to 30% of the qualifying expenditures incurred in France (or up to 40% if the French VFX expenses are more than €2 million).⁸⁰ Additionally, the French Government offers a cash rebate for French productions and official co-productions targeting eligible French producers of fiction, documentary and animation films or other audio-visual works.⁸¹

At the regional level in France, several subsidies and financial support measures are also available to enhance the production and development capacity of AV operators. For example, the *Support fund for international cinema in the Region Ile-de-France (Fonds de soutien Cinéma international Île-de-France)* offers selective financial support dedicated to international projects, fostering the diversity of creation and helping to structure the film and audiovisual sector in the Paris Region. It also offers development grants to finance the production of pilots, the rewriting of fiction scripts, and the development of cinematographic projects.⁸²

Other relevant examples of specific support measures strengthening the film production and development capacity of AV operators exist across both HCCs⁸³ and LCCs⁸⁴. In Sweden and Austria, support measures and particularly project grants are provided by national film institutes for the production of films. The *Swedish Film Institute (Svenska Filminstitutet)* allocates grants for the production, distribution and public showing of Swedish films in Sweden, while also promoting Swedish cinema internationally.⁸⁵ In parallel, as one of Europe's leading regional film funds, *Film in West (Film i Väst)* is the second largest financier of Swedish films and has co-produced more than 1,300 Swedish and international feature films, drama series, documentaries and short films in the Västra Götaland Region.⁸⁶ Moreover, the *Austrian Film Institute (Österreichisches Filminstitut)* and the Austrian Federal Ministry of Arts, Culture, Civil Service and Sport introduced two new incentive schemes in early 2023 with the intention of increasing international co-productions and foreign film productions in Austria: ÖFI+⁸⁷ and Fisa+.⁸⁸ The two schemes offer Austrian productions and Austrian majority or minority co-productions a 30% grant on spending in Austria plus a 5% green filming bonus, with the maximum amount paid per project pegged at €5 million for films and €7.5 million for series. The scheme has already achieved positive results, with more than €40 million paid out in grants and over €120 million generated as spending from domestic productions and Austrian majority or minority co-productions in Austria.⁸⁹

Moreover, the findings suggest that **tax incentives in themselves (incl. tax deductions and cash rebates) were also a type of support measures contributing to strengthening capacity of the targeted AV operators involved in film production and development in a few EU countries.** In Ireland, according to the *Film Relief - Taxes Consolidation Act*

⁷⁸ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

⁷⁹ https://www.cnc.fr/professionnels/aides-et-financements/cinema/production/credit-dimpot-cinema_132769

⁸⁰ <https://www.filmfrance.net/en/tax-rebate/tax-rebate-for-international-productions/>

⁸¹ <https://cms.law/en/media/international/files/publications/brochures/funding-for-films-television-and-other-audio-visual-works-in-western-europe>

⁸² <https://www.iledefrance.fr/fonds-de-soutien-cinema-international-ile-de-France>

⁸³ For example, in Sweden, Austria and Ireland.

⁸⁴ For example, in Hungary and Croatia.

⁸⁵ <https://www.filminstitutet.se/en/funding/funding-from-the-swedish-film-institute/>

⁸⁶ <https://filmivast.se/>

⁸⁷ <https://filminstitut.at/foerderung/antragstellung/oefi-plus>

⁸⁸ <https://fisaplus.com/en/?standalone=true&cHash=829722e8f8725bb879298edf1995671d>

⁸⁹ <https://www.screendaily.com/news/austrias-new-film-and-tv-incentive-schemes-fuel-growth-in-local-and-international-productions/5184851.article>

1997 (Section 481), a producer company can use film relief as credit against Corporation Tax (CT).⁹⁰ The amount of relief due depends on the production costs of the film: if the relief is more than the tax due, the difference will be deducted from the revenues. This tax credit system has been recognised as a vital part of the financial infrastructure of the audiovisual industry in Ireland by the Audiovisual Action Plan of Creative Ireland.⁹¹ In Hungary, the National Film Institute Hungary (*Nemzeti Filmintézet*) offers a 30% tax rebate as a form of indirect support for film producer companies for both domestic and foreign productions. Film productions and European co-productions are eligible for a refund of 30% of the direct film production costs incurred in connection with filming in Hungary, either in Hungary or abroad, provided that at least 80% of the direct production costs of the film work are considered direct Hungarian film production costs.⁹² Similar measures can be found elsewhere, such as the tax incentive provided by Czechia that refund up to 20% of eligible costs spent on AV production,⁹³ the tax shelter in Belgium that allows investors to invest part of their taxable profits in eligible AV works,⁹⁴ and the tax incentives in France that provide a tax rebate for 30-40% of expenses related to the development or production of AV works.⁹⁵

Finally, the Filming in Croatia Incentive Programme⁹⁶ (*Program poticaja*) was highlighted by an interviewee as a successful measure that has generated positive impact on the Croatian economy and film sector. Funded by the Croatian Audiovisual Centre⁹⁷ (*Hrvatski audiovizualni centar*), the programme offers international and local filmmakers a 25% cash rebate on the total qualifying Croatian spending to stimulate foreign and domestic film production in the country. An additional 5% can be granted to productions filming in regions with below average development, in accordance with the law regulating the regional development of the Republic of Croatia (*Zakon o regionalnom razvoju Republike Hrvatske*).⁹⁸ To be eligible, productions are required to hire a certain quota of Croatian talent, thus generating employment, driving foreign expenditure in the country, and enhancing the skills and experience of Croatian film workers.

Support measures for production of TV series and for VOD services

Evidence suggested that support measures to strengthen capacity of TV and VOD content producers and developers exist in several Member States, although their implementation and impact seem to be more limited across EU countries compared to those aimed at producers and developers of films. In fact, the mapping of support measures has identified a **more limited availability and volume of regional and national support measures aimed at developing capacity of TV and VOD content producers and developers**. These measures were mainly available in HCCs (i.e., Ireland, Belgium, France and Germany). For example, the mapping results demonstrate that, while most of the grants were actually targeting both production of TV content and films, there were more grants available for the production of only films (i.e., approximately EUR 43 million across all countries in this study) than grants available for the production of only TV content (i.e., around EUR 12.5 million across all countries in this study).

Illustrative evidence of positive impact was found in relation to two funding schemes in Ireland and Belgium. The *Sound & Vision 4* funding scheme introduced by the Broadcasting Authority of Ireland (BAI) was **funded through a television licence fee. In the latest round in 2023, more than EUR 7.5 million of funding was allocated to broadcasters and independent producers for the development of high-quality television programmes about Irish culture, heritage, and experience on a range of national, local and community Irish radio and TV services**. The scheme was found to be successful in meeting its key objectives, including as promotion of diversity and the Irish language.⁹⁹

⁹⁰ <https://www.revenue.ie/en/companies-and-charities/reliefs-and-exemptions/film-relief/index.aspx>

⁹¹ <https://www.creativeireland.gov.ie/app/uploads/2019/12/first-progress-report-on-implementation-of-the-audio-visual-action-plan.pdf>

⁹² <https://nfi.hu/mozgokepszakmai-tamogatas/kozvetett-tamogatas/leteti-szamla-1.htm>

⁹³ <https://www.filmcommission.cz/en/production-incentives/>

⁹⁴ <https://screenflanders.be/en/other-incentives/tax-shelter/>

⁹⁵ https://www.cnc.fr/web/en/tax-rebate/the-tax-rebate-for-international-productions-trip_190742

⁹⁶ <https://filmingincroatia.hr/the-incentive-programme/>

⁹⁷ <https://havic.hr/>

⁹⁸ <https://www.zakon.hr/z/239/Zakon-o-regionalnom-razvoju-Republike-Hrvatske>

⁹⁹ https://opac.oireachtas.ie/AWDData/Library3/Documents%20Laid/pdf/CCAEdoclaid191119b_191119_115832.pdf

In Belgium, the *Flanders Audiovisual fund (Vlaams Audiovisueel Fonds)*, alongside its *Media Fund (VAF/Mediafonds)*, co-finances high-quality television series developed by foreign producers in co-production with Flemish broadcasters. Although this scheme has been impactful in strengthening the capacity of AV operators in the TV industry and was regarded by stakeholders as fundamental for the viability of the Flemish media sector. The need for greater efforts to adequately support the Flemish TV and VOD industry was highlighted due to high costs and the importance of developing and producing a sufficient number of home-made series to compete with major VOD services. In this regard, the total budgets for documentary and animation series were very limited, and as a result the Flanders Audiovisual fund (VAF) was not able to generate substantial impact on production of these two genres even though they were recognised to have the greatest need for VAF support.¹⁰⁰

In Germany, the *Bavarian Film Fund's (FilmFernsehFonds Bayern) Production Web Series (Produktion Webserie)* subsidy provides funding for Web series of all genres that are produced in Bavaria, with or without the participation of a broadcaster or an online platform, to be spent entirely in Bavaria. The funding particularly targets, but is not limited to, local producers and filmmakers in Bavaria, and was granted as a conditionally repayable and interest-bearing loan covering up to 60% of the eligible production costs, for a maximum of EUR 50,000 per project.¹⁰¹

Support measures for development and production of video games

As regards the development or production of video games, the results of the mapping exercise reveal that a few support measures exist in the form of subsidies, project grants, and tax advantages across countries with both low¹⁰² and high¹⁰³ AV capacity levels. The evidence collected suggests that these specific measures contribute to increasing the capacity of video games producers and developers, since countries with higher productions of video games per 1M people were generally those countries with higher availability of measures targeting video games production.¹⁰⁴ It should be noted that the findings emerging from the European Game Developers Federation's 2021 Report¹⁰⁵ suggest that specific measures supporting the production or development of video games were available only in ten EU countries, which is in line with the findings emerging from the mapping of support measures.¹⁰⁶

In France, the *Video games aid fund (Fonds d'aides aux jeux vidéo)* awards grants for a total budget of EUR 24.6 million in the period 2019-2024.¹⁰⁷ The grants aim to support of the pre-production and production of video games in order to respond to the growing needs of the sector, to enhance the development of new technologies, and to ensure the technological vitality of the independent video game sector. While the data on the production of video games is quite limited and available for only 12 EU Member States,¹⁰⁸ it can be argued that the strong support through grants for the production and development of video games in France had a strong impact on the development of capacity in this AV sub-sector, as witnessed by the fact that France was the country with the highest number of video games produced per 1M people in 2020 (i.e., 19.89).

In Germany, the *Federal funding for video games (Computerspieleförderung des Bundes)* awards grants for project funding as non-repayable subsidies in the form of pro rata funding with the aim of bolstering Germany's status

¹⁰⁰ <https://publicaties.vlaanderen.be/view-file/50765>

¹⁰¹ <https://www.fff-bayern.de/en/funding/funding-schemes/web-series.html>

¹⁰² For example, in Malta and Poland.

¹⁰³ For example, in France, Germany, Ireland and Belgium.

¹⁰⁴ For example, the top two countries in terms of video games produced per 1M people (i.e., France and Finland) were also those in which specific measures supporting video games production were identified through the mapping exercise. However, it has not been possible to assess the volume of funding available through these support measures, due to the limited publicly available data.

¹⁰⁵ European Games Developer Federation (2021). 2021 European Video Games Industry Insights Report. Available at: https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf

¹⁰⁶ The mapping of support measures has identified 23 measures supporting the production and development of video games in 11 different EU countries.

¹⁰⁷ https://ec.europa.eu/competition/state_aid/cases/274922/274922_2009141_86_2.pdf

¹⁰⁸ European Games Developer Federation (2021). 2021 European Video Games Industry Insights Report. Available at: https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf

as a game development hub, benefitting the national industry as a whole.¹⁰⁹ The own resources committed must amount to at least 10% of the eligible costs.¹¹⁰ Several funds and measures were also in place at the regional level in Germany with the key aim to strengthen the regional video games industries. In the state of Baden-Württemberg, the *Games BW Funding (Games BW Förderung)* supports projects aimed at the concept development, prototype development and production of digital games (computer/video games, mobile digital games) and innovative interactive media projects that are of high quality, educationally valuable and culturally significant.¹¹¹ Furthermore, *Bavarian Film Fund's (FilmFernsehFonds) Games Funding* supports the development of high-quality, culturally or educationally significant computer games through all stages (concept development, prototype development and production) by providing funds for individuals, enterprises or partnerships in Bavaria.¹¹²

Moreover, the *Malta Digital Games Fund* supports the creation of locally developed video games while providing upcoming developers with the opportunity to access expertise and mentoring services to improve their artistic, technical and professional skills. The aim of the fund is to foster the creation of digital games by small companies, teams and creative talent based in Malta who demonstrate long-term potential to set up sustainable enterprises, as well as to strengthen digital games as a Maltese cultural product, and to promote Malta as a hub for digital design and innovation.¹¹³ Similarly in Belgium, the *Wallimage Gaming fund* by Wallimage Enterprises supports the creation of interactive games for one or more players, accessible on digital platforms, with the aim of benefitting the gaming industry in Wallonia and European video game creators and technicians more broadly,¹¹⁴ whereas the *Croatian Audiovisual Centre (HAVC)* finances the development and production of video games in Croatia, the country with the third highest number of video games produced per 1M people (i.e., 12.7).¹¹⁵

The *Video Game Support Programme (Program Wsparcia Gier Wideo)* in Poland provides grants to Polish video game makers for the development and production of video games. The main goal of the grant scheme is to provide Polish video game creators, including beginners, financial assistance for the creation of game prototypes and the development of existing products.¹¹⁶ This measure might have also strongly contributed to increasing capacity of AV operators producing and developing video games in the country, as demonstrated by the fact that Poland had the second highest number of video games produced in the EU in 2020 (i.e., 280)¹¹⁷.

Finally, other relevant measures here include the *Digital Games Corporation Tax (CT)* credit in Ireland for the digital gaming sector. The tax relief targets digital games development companies and can be claimed on certain costs incurred in the development of digital games, with the ultimate aim of promoting the development of digital games that reflect Irish and European culture.¹¹⁸ Similarly, tax advantages are offered in Italy and Belgium to incentivise the production of video games, although these also apply to other audiovisual sectors. In Italy, the *Tax credit – Videogames production (Produzione videogiochi)* provides compensation for corporate tax debts on the basis of the costs incurred in the development, production and distribution of Italian video games.¹¹⁹ In Belgium, the *Tax Shelter Videogames (Tax Shelter Videospellen)* grants Belgian or foreign companies established in Belgium

¹⁰⁹ However, due to the lack of data available, it has not been possible to assess the number of video-games per 1M people produced in Germany.

¹¹⁰ <https://www.bmwk.de/Redaktion/DE/Downloads/Games/computerspielefoerderung-funding-guidelines.html>
https://www.bmwk.de/Redaktion/DE/Downloads/Games/computerspielefoerderung-funding-guidelines.pdf?__blob=publicationFile&v=1

¹¹¹ <https://games-bw.mfg.de/foerderung/faq/>

¹¹² <https://www.fff-bayern.de/en/funding/funding-schemes/games.html>

¹¹³ <https://www.artscouncilmalta.org/funds/malta-digital-games-fund>

¹¹⁴ <https://www.wallimage.be/en/services/wallimage-gaming/>

¹¹⁵ <https://havic.hr/o-nama/javni-pozivi/razvoj-i-proizvodnja-videoigara/razvoj-i-proizvodnja-videoigara-u-2022/arhiva-javnih-poziva>

¹¹⁶ <https://crpk.pl/projekty/pwgv>

¹¹⁷ However, if we look at the number of video games produced per 1M people, Poland has lower levels of video games produced than other countries such as Finland, Croatia, Latvia and Lithuania.

¹¹⁸ <https://www.revenue.ie/en/companies-and-charities/reliefs-and-exemptions/digital-games-relief/index.aspx>

¹¹⁹ <https://cinema.cultura.gov.it/cosa-facciamo/sostegni-economici/linee-di-sostegno/tax-credit/>

tax exemptions as an incentive to invest in the production of video games in exchange for a reduced tax on corporate profits.¹²⁰

Support measures for distribution

Findings suggest that support measures to strengthen the distribution capacity of AV sectors were generally more available for AV operators from the film sub-sector, while limited data has been found in relation to the other AV sub-sectors. The mapping of support measures shows that less than one fourth of the national and regional measures identified were targeting the distribution of AV products, while the survey results suggest that less than one third of respondents involved in the distribution lifecycle stage reported having access to comprehensive support measures in their countries.¹²¹ However, some exceptions were noted, and some examples of measures strengthening capacity of AV distributors of films were identified through the mapping of measures, Key stakeholder interviews and MEDIA Beneficiary survey results.

For example, in Austria, in addition to providing support for the development and production of cinematographic works, the *Austrian Film Institute (Österreichisches Filminstitut)* provides funding for the dissemination and marketing of Austrian films with the aim of developing and promoting Austrian culture and identity, contributing to the preservation of European cultural heritage in consideration of its national and regional diversity, and supporting the quality and autonomy of Austrian cinematographic works. The financial support provided, worth €19.5 million overall in 2021, also aims to enhance the international orientation of the Austrian film industry and thus improve the basis for the dissemination and market-oriented promotion of Austrian films domestically as well as their promotion and cultural impact abroad.¹²²

In Germany, the *German Federal Film Board (FFA Filmförderungsanstalt)* supports initial distribution costs in the form of conditionally repayable loans of up to €600,000, including the production costs for prints as well as expenditure for the marketing and promotion of a film. Distributors and sales companies with headquarters in Germany are eligible for this form of support.¹²³ Costs related to the international distribution of films, for exceptional promotional measures, or special expenditure for the distribution of children's films can be supported with up to €150,000, while short film distributors can apply for a grant of up to €100,000 for measures to open up new markets.

In Finland, the *Finnish Film Foundation (Suomen elokuvasäätiö)* offers similar support through its funding for film distribution and international promotion of Finnish films, granted to professional film distribution companies registered in Finland, which has the purpose of promoting the distribution of Finnish film productions primarily in cinemas through various distribution channels and platforms as well as to advance the availability and audience share of Finnish films. The key aims of this grant are to foster the diverse and professional production of films in Finland and strengthen both the competitiveness of Finnish mainstream films domestically and the position of small and medium-sized films in domestic cinema distribution.¹²⁴ The Foundation also supports international distribution and the sale of Finnish films abroad, with the goal of stimulating the wider distribution of film to cinema screens in different countries and encouraging the greater uptake of distribution agreements between international distributors and Finnish film producers.¹²⁵ Since 2021, the Foundation has awarded over 325,000 EUR to 20 films.¹²⁶ The rationale for investing in distribution is based on the calculations that a film that attracts

¹²⁰ https://www.belgiumfilm.be/sites/default/files/content/brochure_tax_shelter_2018_angl_a5_new.pdf
<https://www.vlaio.be/nl/subsidies-financiering/subsidiedatabank/tax-shelter-audiovisuele-werken-podiumkunsten-en-videogames>

¹²¹ Ecorys MEDIA Beneficiary survey, N=598, 2023. 'How would you assess the overall availability national and/or regional support for your sector in your country/region?'

¹²² <https://filminstitut.at/en/institute/tasks-and-aims>

¹²³ <https://www.ffa.de/verleih.html>

¹²⁴ <https://www.ses.fi/en/funding/support-guides/marketing-and-distribution-support-for-feature-films/>

¹²⁵ <https://www.ses.fi/en/international-distribution-support/>

¹²⁶ <https://www.ses.fi/en/story/1-8-million-admissions-for-finnish-films-in-distribution-abroad-in-2022/>

500,000 admissions generates around 770,000 EUR in VAT payments, making support for distribution effective as public investment is recouped in its entirety and sometimes it is doubled.¹²⁷

In France, the *French National Centre for Cinema, TV and the moving image (CNC)* provides a series of grants, schemes, and support measures aimed at promoting and distributing cinematographic works, and supporting audience development for cinemas through a system of special grants covering exhibition in cinemas, non-commercial distribution, and support for national associations for experimental films and research.¹²⁸ With the support of the CNC, *Unifrance* introduced a financial support scheme for the distribution of French films abroad, which specifically targets distributors and companies registered outside of France that hold distribution or use rights to an eligible work.¹²⁹ Similarly, the *Swedish Film Institute (Svenska Filminstitutet)* implemented an international distribution support scheme aimed at increasing opportunities for Swedish feature length fiction and documentary films to be distributed internationally while increasing revenues due to this distribution.¹³⁰

Further measures mentioned by the MEDIA beneficiaries who responded to the survey include grants and subsidies aimed at the international distribution and promotion of domestic films provided by national authorities and film institutes in Spain, Italy, Estonia and Norway:

- In Spain, the *Film and Audiovisual Arts Institute (Instituto de la Cinematografía y de las Artes Audiovisuales)* provides aid for distribution of feature-length films and sets of short films, mainly in original language, in cinema theatres. The measure provides support to independent distributors, financing up to 50% of the costs of advertising and promotion, printing of copies, subtitling and universal accessibility and anti-piracy measures of their distribution plans.¹³¹
- In Italy, the *Film Distribution Fund* with a total value of €650,000 was established to offer grants for the distribution of Italian films in theatres within and outside Europe, including but not limited to countries such as South Korea, Japan, Taiwan and Canada through collaboration between the Ministry of Cultural Heritage and Activities and Tourism, the *Institute Luce Cinecittà (Istituto Luce Cinecittà)* and the *National Association of Film, Audiovisual and Multimedia Industries (Associazione Nazionale Industrie Cinematografiche Audiovisive Digitali)*. The financial contribution amounts to 30% of budgeted expenses, up to a sum of EUR 30,000, allocated to eligible Italian films based on a conditionality.¹³²
- Lastly, international distribution schemes promoted by the *Norwegian Film Institute (Norsk filminstitut)* were aimed at stimulating increased exports of national films by providing grants to Norwegian production companies to support their marketing and distribution abroad. The scheme is a continuation of a pilot project from 2022, with funds made available throughout 2023 for a maximum grant of approximately €22,000 (NOK 250,000) per film.¹³³

Finally, the *Estonian Film Institute (Eesti Filmi Instituut)* supports the international distribution of Estonian films through its participation at the Cannes Festival, where representatives are present to discuss proposals for future collaborations and answer any queries regarding Estonian films, producers, shooting locations or cash rebate schemes, as well as supporting the attendance of Estonian filmmakers in the Festival.¹³⁴

Support measures for training and capacity building

A more limited number of measures specifically aim to provide support for the training, talent and skills development of AV operators across all AV lifecycle stages and AV sub-sectors, many of which are offered as skills

¹²⁷ Finish Film Fund, *Target Programme for the Cinema and Audiovisual Industry 2023–2026*, p.6, Available at:

<https://www.ses.fi/wp-content/uploads/2022/11/Target-programme-2023-2026.pdf>

¹²⁸ <https://www.cnc.fr/web/en/about/promotion-distribution-support/distribution>

¹²⁹ <https://en.unifrance.org/news/15445/selective-aid-for-the-distribution-of-feature-length-films-abroad>

¹³⁰ <https://www.filminstitutet.se/en/funding/stod-till-international-lansering/international-distribution-support/>

¹³¹ <https://www.culturaydeporte.gob.es/cultura/areas/cine/ayudas/distribucion.html>

¹³² http://www.anica.it/allegati/FILM%20DISTRIBUTION%20FUND/FILM_DISTRIBUTION_FUND%20guidelines%20eng.pdf

¹³³ <https://www.nfi.no/eng/grantsfunding/international-distribution>

¹³⁴ <https://www.filmneweurope.com/news/estonia-news/item/124760-fne-at-cannes-2023-estonian-cinema-in-cannes>

development schemes and financial support by AV funds and national or local entities. Of the measures identified by the mapping of national support measures, only 12% of measures were aimed at providing training or talent and skills development. These interventions are key drivers for the development of the AV sector and thus fundamental for strengthening the capacity of AV sector professionals. The support measures identified have a range of focuses, with some targeting the AV sector as a whole, while others target specific sub-sectors.

There are a range of examples of capacity building measures to support the AV sector overall. Some general examples include the *Flanders Audiovisual fund* (VAF) support for organisation of trainings for Flemish AV professionals,¹³⁵ the Czech Ministry of Culture support for the professional development of individual artists,¹³⁶ and the French Occitanie region support for jobseekers in the AV field.¹³⁷ Other measures supported capacity building with a particular thematic focus, such as internationalisation or gender equality in the AV sector. For example, support from the *Trentino Film Commission* in Italy for training of AV professionals aims to increase the international cooperation and competitiveness of the Italian film industry,¹³⁸ while the *Swedish Film Institute* offered training courses for young women to increase their participation in the sector.¹³⁹

Concerning the film sub-sector, notable examples include the range of funding schemes offered by Screen Ireland to support Irish film industry professionals to enhance their careers in the development and production of cinematographic works,¹⁴⁰ and the educational scholarships awarded by the Lithuanian film centre (*Lietuvos kino centrasfor*) to allow film creators to participate in training programmes aimed at improving professional excellence.¹⁴¹ Through its *Malta Create' Short Film Fund*, the Malta Film Commission offers guidance and mentorship from prominent figures in the industry to emerging Maltese filmmakers alongside initial financial support for their short films.¹⁴² Similarly, the Polish Film Institute (*Polski Instytut Sztuki Filmowej*) Film Education Programme provides financial support for the training of AV industry and film professionals.¹⁴³

For TV and VOD, many of the general film funds also include capacity support for those working on television series or documentaries, but there were a couple of measures targeting capacity building in the TV sector specifically. An example of this is the support offered by the Broadcasting Authority of Ireland (BAI). The BAI offers a number of funding schemes and sectoral learning and development programmes to support the learning and development activities of broadcasting operators through its relevant industry networks and collaboration with key AV sector stakeholders, with the goal of aiding the development of the sector as a whole.¹⁴⁴

3.1.7 Support measures promoting internationalisation of European AV sector

Most of the measures identified through our mapping do not seem to have a clear focus on internationalisation but focus on purposing other national and regional objectives linked to the development and support of their AV sectors. Out of the 447 national and regional support and regulatory measures mapped, only about a fourth (23%, n=104) were specifically designed to support and foster the internationalisation of the AV sector as well as to increase cooperation and collaboration opportunities at the international level. Most of the measures (n=66) were implemented in HCCs and had an average annual budget of about EUR 46 million. Measures implemented in LCCs (n=38) had a lower average annual budget of about EUR 15 million. Similarly, measures implemented at national level had also a larger average annual budget than regional level measures.

¹³⁵ <https://www.vaf.be/subsidies/steun-aan-opleidingsinitiatieven>

¹³⁶ <https://mk.gov.cz/narodni-plan-obnovy-cs-2907#section1>

¹³⁷ <https://lidem.eu/formation-qualifiante/metiers-techniques-audiovisuel/>

¹³⁸ <https://www.trentinofilmcommission.it/it/film-fund/>

¹³⁹ <https://femmesdecinema.org/wp-content/uploads/2023/12/STUDY-2023-LAB.pdf>

¹⁴⁰ <https://www.screenireland.ie/skills>

¹⁴¹ <https://www.lkc.lt/finansavimas/stipendijos-kino-kulturos-ar-meno-kurejams>

¹⁴² <https://mediterrane.com/wp-content/uploads/2023/05/Malta-Create-Rules-and-Regulations.pdf>

¹⁴³ <https://pisf.pl/en/operational-programmes/>

¹⁴⁴ <https://www.bai.ie/en/broadcasting/funding-development-3/sectoral-development/#al-block-7>

It has to be noted however that aside from measures specifically designed to promote internationalisation and cross-border cooperation, **national and regional measures that aim to strengthen their AV sector have the potential to enhance their operators' capacity to access MEDIA funding and to work internationally by supporting the scaling-up of their activities.** Around 60% of the Beneficiary survey respondents mentioned a large number of national and/or regional support measures that helped them to develop their capacity for European / international operations, in some cases including measures that, according to the mapping exercise, do not necessarily focus on internationalisation. Some respondents mentioned that more general grants, tax relief and incentive schemes from national film funds also contributed to their capacity to access MEDIA funding and work internationally.

As discussed further in Section 3.2, **regulatory measures defining quotas of European content to be produced, acquired or broadcasted also have the capacity to strengthen the national AV sector.** Although these measures do not specifically target the internationalisation of the AV sector, they oblige broadcasters and VOD services to invest in national/European productions. Quota obligations for European content contribute to the distribution of European AV works overall, with the obligation of a single country benefitting European works produced beyond its borders. These investments would also trickle down to producers that would have additional opportunities to scale up. Hence, even though broadcasters' and streamers' investment may not be directly aimed at the internationalisation of the sector, it could be expected to contribute to it indirectly by providing national, regional and local operators with additional financing streams, new partnerships with international streamers, and additional visibility for European works in their catalogues.

Similarly, sections 3.1.4 and 3.2 highlighted the **increasing role that public and private broadcasters play in funding AV works in Europe**, linked to regulatory measures or public funding, thus contributing to developing the AV sector's capacity. As reported by the EAO, competition with streaming platforms also contributed to increasing broadcaster investments (particularly in the case of private broadcasters), resulting in growing investments in original European content.¹⁴⁵ This is confirmed by the Nordic case study, annexed to the report, which found that TV series production increased by more than 100% in all countries covered by this case study,¹⁴⁶ with the growth rates in Denmark and Sweden reaching 225% and 281% respectively between 2015 and 2020. According to Swedish industry representatives, the surge in TV series production in Sweden is driven by factors such as heightened competition, the appeal of locally produced content, active investment from international streaming services, and the challenges associated with maintaining the volume and quality of production in a dynamic market.¹⁴⁷ Hansen and Waade (2017) further observe that Creative Europe may have also played an important role in this growth. The scholars found that Nordic-German drama co-productions, mainly Danish and Swedish crime series, comprised almost a quarter (23%) of supported fiction titles, establishing the 'Nordic-German cluster' as the most robust among drama co-productions.¹⁴⁸

The increasing broadcaster investments do not necessarily aim to support the internationalisation of the AV sector. However, **competition with streaming platforms and the need to adapt to the audiences' demands have played a role in stimulating collaborations between some European broadcasters.** The previous experience of joint co-productions and trust built between the broadcasters appears to have facilitated such collaborations. For example, the case study on Nordic countries identified several examples of cooperation among the broadcasters, including the 'Nordic 12' initiative presented in the text box below and Nordvision, a collaborative partnership between public service broadcasters supporting co-productions, exchange programme, collaboration on format development and sharing experience. The need to compensate for the relatively small market size of the Nordic

¹⁴⁵ European Audiovisual Observatory, (2023). Investments in original European content: A 2011-2021 analysis. Available at: <https://rm.coe.int/investments-in-european-original-content-2011-2021-analysis-september-/1680a75db4>.

¹⁴⁶ Denmark, Finland, Norway and Sweden.

¹⁴⁷ [Hur många svenska tv-serier tål Sverige? \(sydostran.se\)](https://www.sydosttran.se/)

¹⁴⁸ Bengesser, C., & Toft Hansen, K. (2022). Scandinavian success as European policy dilemma: Creative Europe's funding for TV drama co-productions, 2014-20. *International Journal of Cultural Policy*, 28(6), 697-714. Available [here](#).

countries and increase the collective ability to cope with international competition, as mentioned above, were among the drivers behind these initiatives.

Box 1. Overview of the 'Nordic 12' initiative

Nordic 12

In 2018, the five Nordic Television Broadcasters (DR, NRK, SVT, RÚV and YLE) launched the 'Nordic 12' initiative under the title "stronger together", setting out to grant their audiences the best possible drama by committing to twelve joint drama productions each year. This collaboration has so far resulted in around 70 drama series for the Nordic audiences to enjoy in broadcast and on demand.¹⁴⁹ In January 2024, Nordic 12 announced the next step – a metamorphosis into New8, a new co-production alliance with key European allies ZDF in Germany, NPO in the Netherlands, and VRT in Belgium.¹⁵⁰

Source: Nordic case study compiled by research team

The measures supporting the internationalisation of the AV sector do not necessarily mean increased access to MEDIA funding. However, the HC countries benefiting more from MEDIA schemes also have more measures aimed at internationalisation. Therefore, this sub-section focuses on the measures aimed explicitly at supporting the internationalisation of the AV sector, which, alongside the combination of public funding, regulatory measures, and broadcaster investments, as highlighted by the case studies in Nordic countries and Czechia, are likely to facilitate access to MEDIA.

Grants towards co-development, coproduction or co-distribution

Most of the internationalisation measures identified were in the form of grants (n=50), and while they tend to cover different stages of the AV products' lifecycle, there seems to be a larger focus on co-development, co-productions and European/international distribution. Three-quarters of these measures were implemented in HCCs (n=37) with an average budget of EUR 10 million. The remaining measures were implemented in LCCs (n=13) and had a comparatively smaller average budget of EUR 4.5 million. See section 3.1.6 for an overview of the measures supporting distribution, many of which have a focus on international distribution. In addition to the example of the Flanders Audiovisual fund (VAF) that supports film and audiovisual productions and international co-productions with AV operators from Flanders mentioned in the previous section, some other examples of grant schemes supporting internationalisation include:

- ▶ The Film Estonia support grant scheme managed by the Estonian Film Institute (EFI) aims to promote the inflow of foreign capital to Estonia and cooperation between Estonian and foreign film producers for the production of audiovisual works in Estonia. The support scheme, launched in 2016, has an annual budget of EUR two million. A study conducted in 2022¹⁵¹ found that, in 2021, this measure:
 - ▶ Generated EUR eight million in additional production expenditure and EUR eight million in Gross Value Added.
 - ▶ Was responsible for 189 full-time equivalent jobs.
 - ▶ Generated almost three million euros in additional tax receipts.
 - ▶ For each euro of net investment, generated a total of five euros of value created in the overall economy.

The Finnish Film Foundation supports the cultural export of Finnish films providing grant support to their international promotion. In 2022, 3% of the film support funding was dedicated to international promotion support. It was split between project, international distribution, travel and material support.¹⁵² As mentioned in

¹⁴⁹ N12 - Nordic Drama - Nordvision

¹⁵⁰ DR, SVT, NRK, Yle, RÚV team up with ZDF, NPO, VRT in New8 Alliance (nordiskfilmogtvfond.com)

¹⁵¹ <https://www.o-spi.com/projects/estonia-incentive-economic-impact-study>

¹⁵² Further details on the Foundation's support for international promotion are included in the sub-section above.

Section 3.1.6, the Foundation estimates that a film that attracts 500,000 admissions generates around 770,000 EUR in VAT payments, which allows to recoup public investments and in some cases tax revenue double the initial investment.¹⁵³ In 2022, the 70 films produced in Finland attracted 1.8 million international admissions, compared to 1.6 million national admissions during the same year.¹⁵⁴

- ▶ The Flanders Audiovisual Fund (VAF) provides grants to support the scenario creation, the development and the production of films and games. A report published in 2021 and covering the period 2016 -2020 highlighted that:
- ▶ The Film fund supported some 430 projects, out of almost 1,000 applications, with total budget of almost EUR 30 million.
- ▶ The MEDIA fund supported 210 projects, out of about 900 applications, with a total budget of eight million euros.
- ▶ The German Federal Film Board (FFA) offers a number of grants targeting development, production and distribution, in particular:
- ▶ Up to EUR 25,000 for the development of scripts for German feature films.
- ▶ Up to EUR 50,000 for German-French co-productions (maximum annual budget: 200,000 EUR) and up to EUR 70,000 for German-Polish co-productions (maximum annual budget: 500,000 EUR).
- ▶ Up to EUR 150,000 in conditionally repayable loans for the international distribution of films.

Although data on the impact of the individual schemes is not available, the overall data for FFA funding shows that 81 out of 223 films premiered in Germany received funding for production, script writing and distribution. Those films generated 76% of ticket sales for all German premiers, indicating that support from FFA plays a role in the commercial success of the films supported. The films that received production and script funding generated 59% of sales, and those that received distribution support generated 69% of sales. The latter is particularly significant as distribution support is awarded to only 22% of the premiers in the country.¹⁵⁵

- ▶ In France, the International Cinema Support Fund of the Île-de-France (Fonds de soutien Cinéma international Île-de-France) provides grants to support European AV projects that foresee at least EUR 100,000 of expenses in the territory of the Île-de-France. The support ranges from EUR 350,000 (for projects with a total budget below EUR 3 million) to EUR 600,000 (for projects with a total budget above EUR 10 million). These amounts can also be increased between EUR 25,000 and EUR 100,000 in case of the use of innovative technologies. Since 2020, some 45 projects were supported for a total amount of almost EUR 5 million¹⁵⁶ Last year, in 2023, the fund supported seven fiction and animation projects as well as one documentary, for a total amount of EUR 969,000.¹⁵⁷
- ▶ In Sweden, the Region Västra Götaland established the Film I Väst, one of Europe's leading regional film funds. Since its inception in 1992, Film I Väst has co-produced more than 1,300 Swedish and international feature films, drama series, documentaries and short films. Productions supported through the fund's grants have won Oscar, Golden Globe, Emmy and European Film Awards¹⁵⁸.

¹⁵³ Finish Film Fund, *Target Programme for the Cinema and Audiovisual Industry 2023–2026*, p.6, Available at:

<https://www.ses.fi/wp-content/uploads/2022/11/Target-programme-2023-2026.pdf>

¹⁵⁴ 1.8 million admissions for Finnish films in distribution abroad in 2022 - Suomen elokuväsäätiö (ses.fi)

¹⁵⁵ FFA (2024), The Year of Funding at the FFA: 2023. Available at: <https://www.ffa.de/market-research-and-statistics.html>

¹⁵⁶ <https://mesdemarches.iledefrance.fr/document-collect/cridfprd/root/public?objectId=bef25261-01b1-48e9-8501-83faf0b26fd7%3B1.0>

¹⁵⁷ <https://mesdemarches.iledefrance.fr/document-collect/cridfprd/root/public?objectId=bef25261-01b1-48e9-8501-83faf0b26fd7%3B1.0>

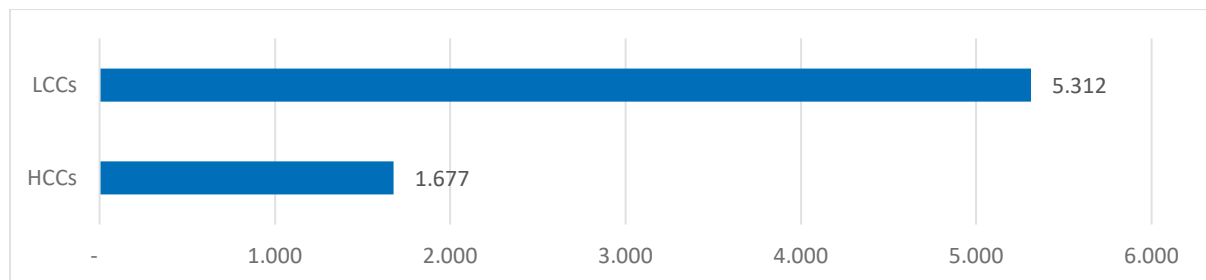
¹⁵⁸ <https://filmivast.se/guldbagge-awards/>

Tax advantages and rebates

Tax advantages and rebates were also a relatively common type of measures adopted by EU countries to support and strengthen the national, and regional, AV sector (n=40). As mentioned above, recent research shows that the share of production incentives (including cash rebates, tax rebates, tax credits, tax shelters and other similar measures that encourage private investments in film production) in overall film financing has been growing during recent years, in particular for high-budget films and in large and medium markets.¹⁵⁹ While these measures were usually accessible by both national and international operators working in the country, they also aim to incentivise foreign companies' investments in production of national AV works, possibly through co-productions with local companies. As such, one goal of this type of measure is to attract foreign capital and promote the country or region as a financially attractive and sound destination for AV productions, as also highlighted in the case study focusing on Czech Republic (please see Annex II).

Considering the goal of incentivising international investment, it would be fair to assume that tax advantages and rebates would be more common in smaller countries keen to further expand their markets. This assumption seems to be confirmed by the mapping of national measures. In fact, in LCCs tax advantages and rebates represent over a half of the volume of measures relevant to internationalisation mapped in those countries (53%), while they represent around a third of the total volume of measures identified in HCCs (37%). Furthermore, based on the budget information available for these measures, Figure 3 shows that these measures' budget per person employed in AV enterprises in LCCs was approximately three times higher than in HCCs¹⁶⁰. Overall, this might indicate that LCCs tend to favour tax incentive and cash rebate measures to attract foreign capital, strengthen their AV sector and expand their markets, whereas HCCs, while still using these types of measure, rely more on grants and other forms of support measures.

Figure 3 Annual funding of tax incentives and cash rebates per person employed in AV enterprises



Source: Mapping of support measures (2023); Eurostat (2021)

Moreover, while tax incentives and cash rebates do not directly aim to foster international cooperation, they still contribute to the development of the national or regional AV sector as international productions make use of various support services and technical providers supporting AV production. This was presented in greater detail in Section 3.1.6, which explores the correlation of tax advantages with national AV capacity. Although, the lack of specific criteria aimed at incentivising the collaboration between foreign and national, regional and local AV operators may reduce the potential range of positive effects these measures could produce at national or regional level, they were still evidenced to be highly impactful as demonstrated by the examples below:

- In Estonia, in order to attract international productions, a Film production incentive is provided offering a cash rebate of up to 30% on eligible production expenditure. An impact evaluation of the measure indicated

¹⁵⁹ European Audiovisual Observatory, (2023). Fiction film financing in Europe: Overview and trends 2016-2020. Available at: <https://rm.coe.int/fiction-film-financing-in-europe-overview-and-trends-2016-2020-decembe/1680ae1d37>.

¹⁶⁰ For this calculation, we excluded Italy and France as both countries have a tax incentive of about 500 EUR million, which would skew the analysis if included. Data on the budget of relevant measures for Denmark, Luxembourg and Slovenia was not available, so these countries were also not considered for the scope of this calculation.

that the cash rebate helped to leverage EUR 42.9 million via supported productions against an investment of up to two million euros per year.¹⁶¹

- Introduced in early 2017 in Finland, a production incentive provides a cash rebate of up to 25% for eligible production costs incurred in the country. This initiative was specifically designed to attract attention from the global film industry, positioning Finland as an attractive destination for producing feature films, fiction series, animation, and documentary films. A mid-term evaluation linked to the incentive highlighted an increased job creation in the AV sector as well as a greater participation of Finnish companies in international co-productions and the production of higher-quality content. Moreover, the evaluation found that the incentive helped to foster development of expertise and networks at both domestic and international levels. The measure enhanced the capacity of Finnish companies to attract global players as, for example, Netflix¹⁶².
- In France, a Tax credit scheme worth more than EUR 580 million provides cinema, audiovisual, and video game sectors tax credit up to 30%. The scheme is composed of different strands with one specifically targeting international productions. A recent report¹⁶³ estimated that, from 2017 to 2021, the scheme stimulated an additional spending of EUR 2.9 billion in France. The research also estimated that the incentive focusing on international productions generated about four euros in local spending and 44-euro cents in fiscal receipts¹⁶⁴.
- In Hungary, as of 2018, film productions are eligible for a 30% tax rebate on the direct film production costs incurred provided that at least 80% of the direct production costs of the film work are considered direct Hungarian film production costs. The measure was not evaluated at national level, however data on film productions and film production budgets for Hungary over the period 2017 – 2021 indicates a positive trend in the country, although it is not possible to link this trend to this specific measure.
- A Latvian Co-financing programme for foreign film shooting in Latvia was launched in 2013 offering a cash rebate up to 25%. Information on this programme is dated, however, the evaluation for the period 2013-2016 shows that, with about EUR 0.7 million in cash rebate, the programme attracted investments of around five million euros¹⁶⁵.
- The Riga Film Fund (RFF) is a co-financing programme launched by the Riga City Council in 2010. It implemented the first cash rebate scheme in the Baltic states, and it is open to Latvian and foreign co-productions planning to shoot in Latvia. Evidence of impact was not available.
- In Lithuania, a profit tax relief scheme was launched to create favourable conditions for film production for domestic and foreign film producers. Through the scheme Lithuanian companies could decide to invest in a film project and use this investment to reduce their profit tax. Between 2014 and 2022, the Lithuanian Cinema Centre issued 792 investment certificates to 269 companies, and it has been calculated that, by using the corporate tax relief scheme, EUR 68.6 million were invested¹⁶⁶.
- In Malta, since 2022, a cash rebates for AV production companies are in place that allow up to 40% of eligible expenditure. The yearly budget of the measure is five million euros, but evidence of its impact was not available.

Bilateral agreements of coproduction

¹⁶¹ <https://filmi.ee/wordpress/wp-content/uploads/2022/09/Economic-Impact-of-the-Film-Estonia-Cash-Rebate-2022-08-24-2.pdf>

¹⁶² <https://en.unesco.org/creativity/policy-monitoring-platform/production-incentive-audiovisual>

¹⁶³ <https://deadline.com/2023/07/france-film-tv-game-tax-credits-extra-spending-2017-to-2021-ey-consulting-study-1235443921/>

¹⁶⁴ Ibid.

¹⁶⁵ <https://es.unesco.org/creativity/policy-monitoring-platform/latvian-co-financing-programme>

¹⁶⁶ <https://www.lkc.lt/pelno-mokescio-lengvata/rezultatai>

While countries can establish measures open to all international coproductions, there are also examples of measures based on bilateral agreements between countries establishing mechanisms to foster cross-border cooperation and exchange. These include:

- ▶ Introduced in 2015, the German-French “Minitraité” allows the German-French co-productions of young and less experienced film developers to access funding from both the German Federal Film Board (FFA Filmförderungsanstalt) and the French National Centre for Cinema (Centre National du Cinéma). The annual funding volume is around three million euros. Information on the impact of the agreement is not available.
- ▶ Building on an existing fund active between 2005 and 2015, the German-Polish Film Fund aims, with an annual funding volume of EUR 500,000, to strengthen co-productions between Germany and Poland. EAO data on co-productions between Germany and Poland suggests a growing trend unfortunately interrupted by the COVID-19 outbreak.
- ▶ The Fundo Luso-Francês 2022 was a bilateral fund established for a period of three years (2020-2022) to encourage the co-production of cinematographic works between Portugal and France. The total yearly budget of the fund was EUR 600,000 and the maximum amount allocated per project was EUR 200,000. The fund supported nine projects in 2021.

The extent these bilateral agreements have been playing a role in fostering co-productions between the countries concerned is uncertain. Data from the EAO’s Lumiere database presented in the table below suggests that these agreements built on already existing strong ties between the countries.

Table 6 Number of co-productions (including minority co-productions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Germany - Poland	5	5	1	5	6	8	3	5	4	3	45
France - Portugal	6	2	8	13	9	9	9	4	2	12	74
Germany - France	40	37	29	33	39	33	32	18	26	33	320

Source: Lumiere database

Other measures

There are also a number of measures that, although not focusing on internationalisation, are still accessible by foreign AV companies as long as they cooperate with national or regional AV operators. As pointed out by several interviewees, these measures can serve as a catalyst for international cooperation. In Germany, for instance, the production funding for theatrical feature films made available by the Bavaria region is accessible for international productions provided that German or European studios and postproduction companies are involved in the project. Funding amounts to up to 30% of the eligible production costs or two million euros. The Fund website also provides a database of German producers that international applicants can use to identify potential partners¹⁶⁷.

Finally, the analysis of the evidence collected highlights a limited number of measures (five) that were aiming to raise the international profile of a country or region, increasing its attractiveness as a touristic destination. These measures were open to national and foreign productions and often based on an initiative of regional or local funds or of the Ministry of tourism or regional development. In Austria, for example, to promote the region of

¹⁶⁷ <https://www.fff-bayern.de/en/film-commission-bayern/data-bases.html>

Carinthia a specific fund has been established to support AV projects with a touristic value. Similarly, in Portugal, the Tourism and Film Support Fund (Fundo de Apoio ao Turismo e ao Cinema) aims to support film and audiovisual production promoting the image of Portugal and its territory. In Italy, the Lazio Cinema International provides financial support for a total budget of ten million euros per year for the AV production in the region. Between 2016 and 2022, seven calls promoted by the Lazio Region, allocated around EUR 60.6 million to international co-productions, supporting 154 works including films, TV series, documentaries and animated films. Supported works collected 322 awards and 411 nominations in national and international festivals for a total of 733 awards for the quality of co-productions made in the region¹⁶⁸.

3.2 Clustering and correlations with MEDIA

3.2.1 Country clustering by type and size of support measures

This section presents a comparative analysis of EU Member States aimed at identifying the main clusters of countries in terms of size and type of support measures available at national or regional level. The following sub-sections contain an analysis of national and regional support and regulatory measures within EU Member States, comparing their availability, scale and scope, as well as their clustering in terms of development, production, distribution and consumption of AV works. It draws on findings from the secondary data collection, the Key stakeholder interviews, the MEDIA Beneficiary survey, and the mapping of support measures for the AV industry.

Overview of AV sector capacity in Member States

The findings from the mapping exercise, statistical data and programme data review highlight the fragmentation of the European AV sector, with large variation across Member States regarding the availability and scale of national or regional measures, the public and broadcasters' level of investments in the AV sector, and the capacity of the AV sector. As discussed in Section 3.1.4 public financing is known to play a crucial role in the AV sector, accounting for the largest portion of financing of theatrical films.¹⁶⁹ This was also largely confirmed by the national-level interviewees, who mentioned that the capacity of the sector is largely dependent on the level of public funding available. Nevertheless, there were a number of countries that displayed high AV capacity in specific sub-sectors despite limited funding available.¹⁷⁰

Countries with a high level of public funding available for the AV sector per capita and through national or regional support schemes include Austria, Cyprus, Denmark, Finland, France, Germany, and Sweden. Amongst non-EU MEDIA participating countries, Iceland and Norway also had particularly high levels of public funding for the AV sector per capita.¹⁷¹ The mapping exercise identified the highest volume of support through grants, tax incentives, and/or rebate schemes in Cyprus, France, Ireland, Lithuania, and Sweden. Countries with the lowest level of public funding available for the AV sector include Romania, Bulgaria, Poland, and Portugal. The mapping exercise found evaluation evidence of effective support schemes across all types of support, including in Finland,¹⁷² the

¹⁶⁸ https://lazioterradycinema.it/scheda_film/il-catalogo-completo-dei-film-di-lazio-cinema-international/

¹⁶⁹ European Audiovisual Observatory, (2019). Fiction film financing in Europe: A sample analysis of films released in 2017.

Available at: <https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=0900001680998479>.

¹⁷⁰ Examples included Estonia in the development and production of film, TV and video games, Malta in the development and production of TV series, and Croatia in the development and production of video games.

¹⁷¹ Public funding for the AV sector in Iceland was EU 82,40 per capita and in Norway was EUR 106,93 per capita.

¹⁷² A mid-term evaluation found Finland's cash rebate scheme had a positive impact on employment in the audiovisual sector. For more information, see: UNESCO, (2019). Production incentive for the Audiovisual Sector. Available at: <https://en.unesco.org/creativity/policy-monitoring-platform/production-incentive-audiovisual>.

Netherlands,¹⁷³ and Ireland¹⁷⁴. Additionally, the case study on Nordic countries (please see Annex II), which notably all have high levels of public funding available for the AV sector per capita, highlighted the **positive impacts of cross-border support measures targeting both production and distribution**, namely the Nordic Film and TV Fund and Nordvision. Table 7 provides an overview of AV support available for each Member State.

Table 7: Overview of national and regional support available for the AV sector, per country, sorted by funding for the public AV sector, per capita

Country	Public funding for AV sector per capita (EUR, 2021)	Estimated volume of support through grant schemes per capita (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebate schemes (EUR, yearly funding between 2021-2023)	Volume of public broadcasters' investment in fiction per capita (EUR, 2022)
Germany	102.90	0.15	1.99	N/A
Finland	89.06	7.21	1.71	N/A
Sweden	80.01	74.37	0.88	6.04
Denmark	78.82	1.32	N/A	N/A
Austria	71.86	8.82	1.23	7.79
France	51.12	20.45	8.55	5.83
Belgium	50.86	5.27	1.29	5.66
Slovenia	48.50	0.45	0.47	2.95
Ireland	46.05	1.66	24.70	3.56
Spain	44.82	8.70	1.66	2.95
Croatia	39.98	4.12	0.99	3.17
Netherlands	39.63	3.96	3.69	3.61
Cyprus	37.60	N/A	27.63	N/A
Estonia	30.83	1.58	0.26	2.60
Italy	30.83	3.49	9.23	7.58
Czech Republic	29.61	1.36	2.99	2.30
Hungary	29.12	0.23	18.99	0.68
Slovakia	22.77	3.10	0.46	N/A
Latvia	18.86	1.09	1.07	0.86
Lithuania	18.65	2.21	17.82	1.02
Greece	18.00	N/A	7.17	3.08
Portugal	17.54	2.00	0.72	1.12
Poland	13.95	1.07	0.68	1.25
Bulgaria	11.90	N/A	0.07	0.08
Luxembourg	10.72	60.08	N/A	N/A
Romania	7.69	0.04	0.22	N/A

¹⁷³ AV support in the Netherlands has been found to be particularly helpful for short films, films with small crews, or new filmmakers. For more information, see: Forallmedia, (2020). Exploring Options to Stimulate the Rotterdam Film and Media Sector (*Verkenning van Opties om de Rotterdamse Film- en Mediasector te Stimuleren*). Available at: <https://forallmedia.nl/wp-content/uploads/2020/09/Verkenning-Film-en-Mediasector-Rotterdam-31-augustus-2020.pdf>.

¹⁷⁴ Ireland's Audiovisual Action Plan recognised the Section 481 tax credit system as a crucial element of the AV sector's financial infrastructure. For more information, see: Department of Culture, Heritage and the Gaeltacht, (2018). First Progress Report on Implementation of the Audiovisual Action Plan. Available at: <https://www.creativeireland.gov.ie/app/uploads/2019/12/first-progress-report-on-implementation-of-the-audio-visual-action-plan.pdf>.

Country	Public funding for AV sector per capita (EUR, 2021)	Estimated volume of support through grant schemes per capita (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebate schemes (EUR, yearly funding between 2021-2023)	Volume of public broadcasters' investment in fiction per capita (EUR, 2022)
Malta	N/A	3.89	9.60	N/A

Source: Ecorys Mapping of support measures; EAO Yearbook (2022).

The majority of countries have direct or indirect investment obligations for public and/or private broadcasters, as identified through the mapping exercise,¹⁷⁵ and the findings suggest that these measures could potentially contribute to strengthened capacity of the AV sector through broadcasters' funding that is made directly or indirectly available to the AV operators. While the ultimate volume of this investment is not publicly reported in all Member States, Austria, Belgium, France, Ireland, Italy, the Netherlands, and Sweden have been identified through the mapping exercise as having particularly high volumes of broadcasters' investments in fiction, as shown in Table 7. A recent analysis by EAO found that public broadcaster contributions represented over a half of total investments in European content in Belgium (54%), Denmark (74%), Germany (57%), the Netherlands (61%), and Sweden (50%),¹⁷⁶ suggesting the key role of broadcasters' in supporting the capacity of AV operators from these countries.

Findings from the mapping exercise indicate that a number of Member States have obligations for broadcasters and/or VoD services to support European AV works beyond the basic requirements of the AVMSD.¹⁷⁷ Based on this review, countries with comprehensive regulatory measures included Austria, Belgium, Croatia, Denmark, France, Germany, Greece, Hungary, Italy, Poland, Portugal, Romania, and Spain. Regulatory measures were considered comprehensive when countries had either: a. direct investment obligations or levies covering both public and private broadcasters as well as VoD providers, b. quota obligations that went above the minimum standards of the AVMSD.¹⁷⁸ As mentioned above, the majority of countries have either a levy or direct investment obligation for public broadcasters, private broadcasters, or VoD providers. Each Member State also has in place quota obligations regarding the share of transmission time that must be dedicated to European works. The majority of countries had quota obligations requiring a simple majority (51%); however, France, Hungary and Italy had more expansive quota obligations (60% for France and Hungary) for broadcasters that also included specific obligations for national works (ranging from 25-40%). Finally, a minority of Member States have prominence obligations in addition to quota obligations that aim to increase the presence of European works in VoD catalogues.¹⁷⁹

Table 8: Obligations in line with the AVMSD, per country

Country	Levies	Direct investment obligations	Quota obligations
Austria	Public and private	Public and private	Expansive
Belgium	Private and VoD	Public, private and VoD	Expansive
Bulgaria	None	Public	Standard

¹⁷⁵ The only countries without any direct investment obligations for public and/or private broadcasters are Estonia, Latvia, Lithuania, and Luxembourg. Bulgaria, Malta, the Netherlands, and Slovenia only have direct investment obligations for public broadcasters, whereas remaining countries have additional obligations for either private broadcasters or VoD.

¹⁷⁶ European Audiovisual Observatory, (2023). Investments in original European content: A 2011-2021 analysis. Available at: <https://rm.coe.int/investments-in-european-original-content-2011-2021-analysis-september-1680a75db4>.

¹⁷⁷ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

¹⁷⁸ Latvia is the only exception to this list. Although the country's quota obligations go above the minimum standards of the AVMSD by also including national content provisions, given that the country has neither levies nor direct investment obligations, the country cannot be considered as having expansive regulatory measures.

¹⁷⁹ European Audiovisual Observatory (2019). Mapping of national rules for the promotion of European works in Europe.

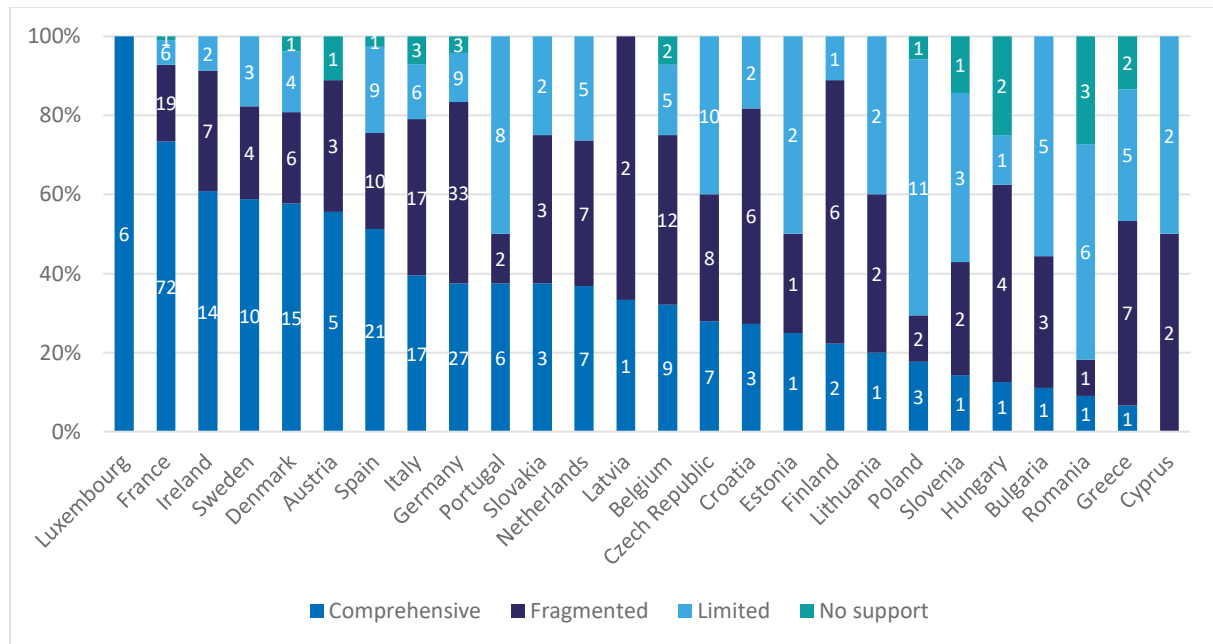
Country	Levies	Direct investment obligations	Quota obligations
Croatia	Public and private	VoD	Expansive
Cyprus	VOD	Public	Standard
Czech Republic	Private	Public	Standard
Denmark	VoD	Public and private	Standard
Estonia	None	None	Standard
Finland	None	Public and private	Standard
France	Public and VoD	Public, private and VoD	Expansive
Germany	Public, private and VoD	Public and private	Standard
Greece	None	Public, private and VoD	Standard
Hungary	Public and private	Public and private	Expansive
Ireland	None	Public and private	Standard
Italy	None	Public, private and VoD	Expansive
Latvia	None	None	Expansive
Lithuania	None	None	Standard
Luxembourg	None	None	Standard
Malta	None	Public	Standard
Netherlands	None	Public	Standard
Poland	Private and VoD	Public	Expansive
Portugal	VoD	Public, private and VoD	Expansive
Romania	Public, private and VoD	None	Standard
Slovakia	Public and private	Public and private	Standard
Slovenia	None	Public	Standard
Spain	VoD	Public, private and VoD	Expansive
Sweden	None	Public and private	Standard

Source: Ecorys analysis based on the European Audiovisual Observatory (2024) Revised AVMSD Tracking Table.

Overall, countries with both a high level of support through public funding and grants available for the AV sector and more comprehensive regulatory measures include Austria, Belgium, Denmark, France, and Germany. Countries with both a lower-than-average support available through public funding or grants and less comprehensive regulatory measures include Bulgaria, Estonia, Latvia, Lithuania, Luxembourg, Malta, and Slovenia.

Stakeholder perceptions on the MEDIA Beneficiary survey on the comprehensiveness of support available at national level typically aligns with the comparative level of support available. For example, Bulgaria, Greece, Lithuania, Poland and Romania had some of the lowest levels of respondents indicating comprehensive support is available at national level, as shown in Figure 4 below, which aligns with their comparative levels of public funding available for the AV sector and the coverage of regulatory measures identified through the mapping exercise. It is a similar situation for countries with a higher level of support available, as larger shares of respondents from Austria, Denmark, France, Ireland, and Sweden perceived the support available at national level as comprehensive. Nevertheless, stakeholder perceptions do not always align with the level of support available at national level. For example, the majority of stakeholders from Slovenia indicated that the support available at national level is either limited or fragmented, despite a comparatively high level of public funding available for the AV sector.

Figure 4: Beneficiary survey responses on availability of national or regional support for the AV sector, per country



Source: Ecorys MEDIA Beneficiary survey, N=534, 2023 [How would you assess the overall availability national and/or regional support for your sector in your country/region?].

The mapping exercise identified training or capacity building measures in a majority of Member States.¹⁸⁰ As highlighted in both the Croatia and Czechia case studies, support for training and development is an important aspect of supporting careers of AV professionals. Continuous learning is crucial in ensuring the AV sector is able to adapt to the green and digital transitions, and in ensuring that the AV industry remains competitive.¹⁸¹ However, not all countries have support measures targeting capacity building, which can leave a significant gap in support particularly for countries without a film school or other formal training programmes. When asked in the Beneficiary survey what national or regional support measures would help increase their organisations' capacity for European operations, nearly a third (28%) included training measures in their response. Both interviewees and survey respondents mentioned the value of MEDIA support for training activities and the long-term impacts these initiatives have on individual capabilities and international cooperation. However, MEDIA-supported trainings do not cover all AV sub-sectors, such as video game development or directing, and largely focus on internationalisation, leaving an important gap for national or regional support measures to address.

The following sub-sections provide greater detail on the clustering of countries by lifecycle stage, drawing on the availability, types and volume of national or regional support measures identified for each sub-sector, information on the capacity of each lifecycle stage from the statistical data review, as well as insights from the Beneficiary survey and Key stakeholder interviews.

Country clustering in terms of AV development and production capacity

Findings from the statistical data review and mapping of national and regional support measures indicate that while production support does not always result in high levels of production, a lack of support tends to result in low levels of production and low production budgets. As can be seen in Table 9 below, countries with low volumes of grants in support of AV production, low volumes of broadcaster support, and low coverage of direct investment

¹⁸⁰ Countries without support measures identified via the mapping supporting training, talent or skills development included Bulgaria, Cyprus, Denmark, Finland, Germany, Greece, Portugal, Romania, and Spain.

¹⁸¹ EU Sectoral Social Dialogue Committees of the Audiovisual and Live Performance Sectors (2023). European framework of actions on skills in the audiovisual and live performance sectors. Available at: https://www.ebu.ch/files/live/sites/ebu/files/News/Position_Papers/open/2024/CSE_FrameworkOfActions.pdf.

obligations tended to have low production budgets for feature films¹⁸² and the lowest outputs in relation to the production of theatrical feature films, majority and minority co-productions, and video games per one million people.¹⁸³

A low volume of national or regional grants and broadcaster funding supporting production did not always result in less AV production. For example, Croatia, Czechia, Denmark, Estonia, Latvia, and Slovenia had relatively high numbers of films, TV series and video games produced per one million people in relation to the volume and coverage of support measures available. This was in line with key messages of interviewees from these countries, who mentioned their film sectors were performing well with the resources they had available. Co-productions, in particular, were highlighted by interviewees from smaller countries as essential for their industries,¹⁸⁴ both in terms of supporting the production industry as well as broadening distribution.¹⁸⁵ The case study in Czechia provides a number of examples of this, highlighting the importance of ‘blockbuster’ co-productions in offsetting lower performance of national productions and contributing to the development of the national AV sector. The number of TV series produced per one million people was also relatively high for countries with low levels of broadcaster investment and national or regional support measures in comparison with film and video game production, particularly in Denmark, Estonia, and Latvia.

Countries with low volumes of support also tended to have lower average feature film production budgets.¹⁸⁶

The comparison between the number of theatrical films produced and the average production budget per film suggests that countries with lower volumes of support available prioritised one or the other with the resources they had. For example, Germany and Poland both have low numbers of theatrical films produced per one million people; however, they both have higher average production budgets per film, suggesting they prioritised making a fewer number of high quality films. On the other hand, Latvia, Estonia, and Slovenia have a higher than average number of films produced per one million people with a lower average production budget per film. Denmark is an exception in this category, as it has a relatively low volume of support available, but produced a higher than average number of films per one million people with a higher than average production budget per film. While Denmark has a lower than average volume of support available for production via national support measures, it does have one of the highest levels of public funding for the AV sector overall, as shown in Table 7 above. Research in the field has found a positive correlation between production budgets and gross revenue, indicating that there are greater returns on higher investment in AV works.¹⁸⁷

Direct financial obligations are in place in 23 Member States to support the development and production of AV works; however, there was a significant variation across Member States on the types and scale of these obligations.¹⁸⁸ For example, some countries have direct financial obligations as a share of broadcasters’ overall budget or turnover,¹⁸⁹ some based obligation amounts on specific activity areas,¹⁹⁰ and others have a fixed monetary amount.¹⁹¹ For this reason, the scale of each country’s financial obligations do not always lend themselves to direct comparison.

¹⁸² For example, see Portugal, Latvia, Estonia, Slovenia, Bulgaria and Romania.

¹⁸³ For example, see Bulgaria, Germany, Poland, and Romania.

¹⁸⁴ Please see the Czech case study, for example.

¹⁸⁵ This was mentioned by national-level stakeholders in Luxembourg, Malta, Sweden, Croatia, and Romania, as well as an EU-level stakeholder. For example, in Malta most production that occurs is at a very small scale, so co-production provides an opportunity for the industry to be involved in larger projects. While this was the case for some interviewees, others noted that small countries with less resources available may have a harder time meeting the minimum investment thresholds to be considered a co-producer.

¹⁸⁶ For example, see Croatia, Czechia, Slovakia, Portugal, Latvia, Estonia, Slovenia, Bulgaria and Romania.

¹⁸⁷ Chen, A (2018). “A Statistical Analysis of Gross Revenue in Movie Industry.” *International Journal of Business Management and Economic Research (IJBMER)*, Vol 9(3), 2018, 1276-1280.

¹⁸⁸ European Audiovisual Observatory (2024). Revised AVMSD Tracking Table.

¹⁸⁹ For example, Croatia, France, Italy, and Spain.

¹⁹⁰ For example, Austria, Belgium (NL), Bulgaria, Cyprus, Czech Republic, Finland, Hungary, Malta, Poland, and Slovakia.

¹⁹¹ For example, Belgium (FR) and Ireland. Public broadcasters in the Netherlands can choose to pay either a fixed amount or a fixed percentage of their annual programming budget.

Nevertheless, there does not appear to be as clear of a correlation between the comprehensiveness of regulatory measures and AV production output, in terms of the number of works produced and the average production budget, suggesting that an interplay between regulatory and support measures might instead contribute to strengthening capacity of AV operators. For example, Romania, Belgium, Greece, Italy and the Netherlands each have relatively more comprehensive direct investment obligations or levies for broadcasters and higher broadcaster investment in production; however, each still produced a lower than average number of TV series per one million people¹⁹². Further, Estonia and Latvia do not have any direct investment obligations or levies in place for broadcasters, and thus have some of the lowest levels of public broadcaster funding per capita, but each had relatively high numbers of TV series produced per one million people, which might then be linked to the levels of funding available through grants.¹⁹³ Further, countries that tended to have higher AV production output despite having comparatively less support available had higher *shares* of funding dedicated to supporting production, either from national support measures or from public broadcasters, including Croatia, Czechia, Estonia, Latvia, and Slovenia.

Findings suggest that support provided through grants and subsidies is not equally distributed throughout the AV sector, leaving some types of AV works facing greater funding challenges than others. As shown in Table 5 in Section 3.1.6, there is a greater level of support for the production of AV works than for their development. No support measures for development were identified via the mapping in Cyprus, Estonia and Latvia. Further, according to respondents to the Key stakeholder interviews, much of the funding available focuses primarily on feature films, with not enough support for other types of AV works such as documentaries or animation films. Interviewees from smaller countries noted that the lack of funding overall results in high competition for what is available, which ultimately means that many projects do not receive the funding necessary to be produced. Many choose to supplement their projects with funding opportunities not specifically targeting the AV sector, which can be more challenging for AV operators to access.¹⁹⁴ This trend was also noted by a 2021 survey conducted by ERGA that found five EU countries¹⁹⁵ support their AV sector through funding from the Recovery and Resilience Plan,¹⁹⁶ while our mapping identified a few countries that supported the AV sector through EU Structural funds.¹⁹⁷

The mapping exercise identified a limited volume of support for the video games sub-sector overall, despite the increasing economic importance of the sector in Europe as the fastest-growing cultural and creative sector.¹⁹⁸ This is in line with similar findings noted in the European Games Developer Federation's 2021 report.¹⁹⁹ The comparatively low volume of public support for the sector is exacerbated by a private financing gap and the fact that the vast majority of organisations in the sector employ fewer than 10 people.²⁰⁰ The limited support available prevents this sector from reaching its full growth potential. According to an interviewee, most of the support that does exist focuses on video game production, leaving support gaps in video games content and script development even in countries with some level of support available. This finding is supported further by an

¹⁹² This includes all original scripted fiction made for both TV and SVOD. While broadcaster investment would not contribute to SVOD, each country listed, except for the Netherlands, has direct investment obligations for VOD.

¹⁹³ Lithuania, Estonia and Latvia have all average levels of funding through grants for the production of AV content (between 0.9M EUR and 2.13M EUR).

¹⁹⁴ On in individual cases with personal funds or funds gathered via crowdfunding.

¹⁹⁵ Greece, Belgium (NL), Italy, Spain and France.

¹⁹⁶ ERGA (2021). Economic Impact of the COVID-19 crisis on the media and audiovisual sectors. Accessed from: <https://erga-online.eu/wp-content/uploads/2021/12/ERGA-AG2-2021-Report-Economic-impact-of-the-COVID-19-crisis-on-the-media-and-audiovisual-sectors.pdf>.

¹⁹⁷ Belgium, Czech Republic and Sweden.

¹⁹⁸ European Parliament (2023). Developing the video games and e-sports sector in the EU. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/749808/EPRS_BRI\(2023\)749808_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/749808/EPRS_BRI(2023)749808_EN.pdf).

¹⁹⁹ European Games Developer Federation (2023). 2021 European Video Games Industry Insights Report. Available at: https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf.

²⁰⁰ European Commission (2023). Understanding the value of a European video games society. Available at: <https://op.europa.eu/en/publication-detail/-/publication/075b8bbe-6bd5-11ee-9220-01aa75ed71a1/language-en/format-PDF/source-294523138/>

evaluation of Flemish AV policies that found a demand for additional resources targeting technical development, despite the increased resources available for the production process.²⁰¹

There were also unique challenges related to the TV sub-sector highlighted by interviewees, such as the competition posed by large, US-based streaming platforms. Streaming platforms invest heavily in original content, with sizable production budgets that lead to the production of high-quality content.²⁰² Comparatively, broadcasters are facing funding cuts and decreasing ad revenues due to competition from other sectors (such as social media), which poses challenges in keeping up with the level of investment of streaming platforms. How this plays out can be seen in the types of content each produces, with public broadcasters typically producing lower-end content, such as news, reality TV and sport, while the vast majority of original content shared by streaming platforms is scripted.²⁰³ Nevertheless, there has been a shift in recent years as broadcasters are increasingly adapting their models to align with viewer appetite for high-end fiction series and to compete with the increasing share of spending by global streamers on European original content.²⁰⁴ For example, a number of national and cross-border partnerships of European broadcasters have been developed in recent years to facilitate the co-production of more expensive, high-end series.²⁰⁵

Findings suggest that the perspectives of production stakeholders shared in the Beneficiary survey on the availability of national or regional support are largely consistent with the actual volume of production support identified through the mapping exercise. As shown in Figure 5 below, France, Austria, and Denmark each had relatively high shares of stakeholders operating in AV production companies considering the national support available to be comprehensive, had above average AV production, and higher volumes of support available. Similarly, Greece, Bulgaria, Romania, and Portugal had lower shares of stakeholders indicating the level of support available is comprehensive, which is in line with the findings regarding the volume of grants supporting production and the overall number of AV outputs. Nevertheless, the stakeholder perspectives do not provide a complete picture, as the level of comprehensiveness indicated by stakeholders does not always align with the level of AV production or the volume of grants available, as was the case for Figure 4 above on overall stakeholder responses. For example, no stakeholders operating in the field of production from Lithuania and Cyprus considered the level of national support available to be comprehensive even though both countries had comparatively high support identified through the mapping exercise and average AV production.

²⁰¹ Department of Culture, Youth and Media (2021). Review of the Flemish audiovisual policy 2021 (*Doorlichting van het Vlaams audiovisueel beleid 2021*). Available at: <https://publicaties.vlaanderen.be/view-file/50765>.

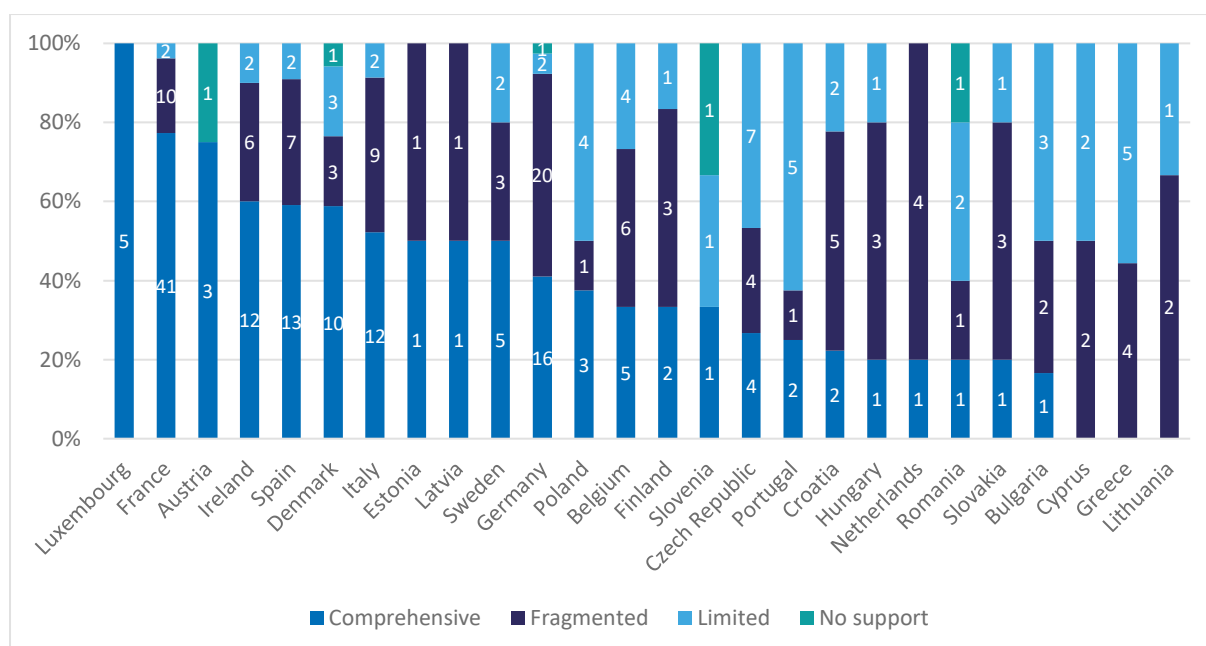
²⁰² Afilipoaie, A., et al. (2021). The 'Netflix Original' and what it means for the production of European television. Available at: https://cris.vub.be/ws/portalfiles/portal/77334026/2021_Afilipoaie_et_al_AAM.pdf.

²⁰³ European Audiovisual Observatory, (2023). Audiovisual services spending on original European content: A 2012-2022 analysis. Available at: <https://rm.coe.int/investments-in-original-european-content-2012-2022-analysis-november-2/1680ad4699>.

²⁰⁴ European Audiovisual Observatory, (2020). European high-end fiction series: State of play and trends. Available at: <https://rm.coe.int/european-high-end-fiction-series-state-of-play-and-trends-g-fontaine-a/16809f80cd>.

²⁰⁵ European Commission, (2023). The European Media Industry Outlook: May 2023. Available at: <https://digital-strategy.ec.europa.eu/en/library/european-media-industry-outlook>.

Figure 5: Beneficiary survey responses *from AV producers* on availability of national or regional support for the AV sector, per country



Source: Ecorys MEDIA Beneficiary survey, N=303, 2023 [How would you assess the overall availability national and/or regional support for your sector in your country/region?].

Table 9: National grants and outputs in the production of AV works, per country, sorted by the volume of grants dedicated to production, per capita

Country	Theatrical feature films produced on average per 1M people (N, 2019-2021)	TV series produced per 1M people (N, 2021)	Video games produced per 1M people (N, 2020)	Average feature film production budget (m EUR, 2019-2021)	Volume of national support measures dedicated to production per capita (EUR, yearly funding between 2021-2023)	Share of national support measures supporting production (yearly funding between 2021-2023)	Volume of public broadcaster's funding supporting production per capita (EUR, 2022)	Share of public broadcaster's funding supporting production (2022)	Direct investment obligations or levies
Sweden	5.64	5.84	N/A	2,23	78.59	100%	3.83	63%	Public and private
Luxembourg	42.87	N/A	N/A	1,20	59.65	99%	0.12	N/A	None
Ireland	4.61	1.98	N/A	2,37	46.09	100%	N/A	N/A	Public and private
Cyprus	4.79	N/A	N/A	0,15	27.63	100%	N/A	N/A	Public and VOD
France	4.31	2.02	19.89	3,80	25.61	88%	4.17	71%	Public, private and VoD
Lithuania	5.82	5.35	8.55	0,75	19.96	100%	N/A	12%	None
Hungary	2.27	1.55	N/A	1,79	19.08	100%	0.06	9%	Public and private
Malta	7.04	13.44	N/A	N/A	13.29	99%	N/A	N/A	Public
Greece	2.17	2.10	N/A	N/A	13.15	100%	2.94	96%	Public, private and VoD
Italy	5.03	1.07	N/A	2,37	12.20	89%	3.65	48%	Public, private and VoD
Spain	5.21	1.88	3.42	2,37	10.36	100%	1.43	48%	Public, private and VoD
Finland	7.93	6.49	14.42	1,82	10.07	100%	N/A	N/A	Public and private
Austria	3.71	2.90	N/A	2,63	10.04	100%	5.14	66%	Public and private
Netherlands	4.62	1.93	N/A	1,73	7.16	94%	3.04	84%	Public
Belgium	5.28	1.89	2.67	2,30	6.25	86%	3.28	58%	Public, private and VoD
Croatia	6.90	2.07	12.69	0,89	5.11	100%	1.18	37%	Public, private and VoD
Czech Republic	7.35	2.47	5.52	1,29	4.35	100%	1.56	68%	Public and private
Slovakia	6.01	2.94	4.78	1,30	3.56	100%	N/A	N/A	Public and private

Country	Theatrical feature films produced on average per 1M people (N, 2019-2021)	TV series produced per 1M people (N, 2021)	Video games produced per 1M people (N, 2020)	Average feature film production budget (m EUR, 2019-2021)	Volume of national support measures dedicated to production per capita (EUR, yearly funding between 2021-2023)	Share of national support measures supporting production (yearly funding between 2021-2023)	Volume of public broadcaster's funding supporting production per capita (EUR, 2022)	Share of public broadcaster's funding supporting production (2022)	Direct investment obligations or levies
Germany	2.41	3.32	N/A	2,80	2.51	99%	N/A	N/A	Public, private and VoD
Portugal	3.03	2.32	N/A	0,77	2.46	90%	0.01	1%	Public, private and VoD
Latvia	11.55	4.80	9.06	0,67	1.98	94%	0.86	100%	None
Estonia	18.02	7.51	3.75	0,86	1.84	100%	0.87	33%	None
Poland	1.83	1.91	7.44	1,95	1.63	92%	0.27	22%	Public, private and VoD
Denmark	9.53	6.64	N/A	3,27	1.32	100%	N/A	N/A	Public, private and VoD
Slovenia	10.76	2.37	N/A	1,03	0.86	93%	N/A	N/A	Public
Bulgaria	3.41	1.75	N/A	0,78	0.36	100%	0.05	59%	Public
Romania	2.63	0.47	1.73	0,80	0.26	100%	N/A	N/A	Public, private and VoD

Source: Ecorys Mapping of support measures; EAO Yearbook (2022); 2020 European Video Games Industry Insights Report²⁰⁶

²⁰⁶ <https://www.egdf.eu/wp-content/uploads/2022/08/2020-data-industry-report.pdf>.

Country clustering in terms of AV distribution and consumption capacity

Our findings suggest a greater availability of grants and measures to support the development and production of AV works, with significantly less dedicated funding for the distribution, promotion and consumption of works across a majority of Member States. While all Member States had support measures that targeted production, and all but three²⁰⁷ had support available for development, sixteen Member States did not have any measures that specifically supported either distribution, promotion or consumption.²⁰⁸ Interviewees from various countries across the EU highlighted the lack of support for distribution as a major barrier in the sector, particularly in relation to the international distribution of AV works beyond national borders and the ability of smaller countries to capture the attention of audiences amongst an abundance of content.

While there was nearly twice the total volume of national funding measures supporting the production of AV works across all Member States than supporting their distribution, promotion and consumption, the difference between the total volume of public broadcaster funding supporting fiction production across all Member States is much more comparable to the total support for rights acquisition. There is significant variation across Member States regarding the share of broadcaster funding supporting acquisition; however, **there is a pattern between the share of national support measures supporting distribution and the share of public broadcaster funding supporting acquisition.** As shown in Table 10, countries with lower shares of national funding measures supporting distribution and consumption tended to have a higher share of public broadcaster funding supporting rights acquisition, and vice versa. As a result, public broadcaster funding that supports acquisition may help fill an important gap in national funding measures supporting the distribution, promotion and consumption of AV works.

The research findings suggest that **countries with lower volumes of support dedicated to distribution and consumption, either from national support measures or public broadcaster funding, tended to have lower distribution and consumption capacity.** For example, Hungary, Latvia, Lithuania, Malta, and Romania, which had lower distribution and consumption capacity in terms of cinema theatres, average admissions, and VOD services available, also had a lower volume of support for distribution from national measures, as shown in Table 10. Greater support for the international circulation of works for countries that have limited distribution capacity within their borders, could be considered as a way to support the capacity of these countries. The policy dialogue initiatives highlighting the benefits of investments in national distribution capacity could also be considered.

There is evidence that **lower volumes of national support for distribution and consumption can be mitigated by a higher share of public broadcaster funding supporting rights acquisition.** For example, Croatia, Estonia, Spain and Sweden each had minimal national funding available to support distribution, but higher shares of funding from public broadcasters, and the countries had comparatively higher distribution and consumption capacity when compared to countries with a lower volume of support available. Countries that had higher shares of national support available to support distribution and consumption, but lower shares of public broadcaster funding supporting acquisition still tended to have higher distribution and consumption capacity, suggesting that the relationship between public broadcaster support and distribution capacity is most pronounced where limited support is available elsewhere. This suggests that greater support for rights acquisition and the circulation of works could be particularly beneficial for countries such as Hungary, Latvia, Lithuania, Malta and Romania, which have limited distribution and consumption capacity.

The evidence collected suggest that an **overall lower proportion of stakeholders operating in the distribution sub-sector felt there is comprehensive support available at the national or regional level when compared against stakeholders operating in production.** Interviewees noted particular difficulties for smaller territories that were not covered by large streaming platforms or were not large enough to be considered their own market, as there

²⁰⁷ Cyprus, Estonia, and Latvia.

²⁰⁸ Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Lithuania, Romania, Slovakia, Spain, and Sweden.

was less interest from private funders or providers to invest in distribution in these markets.²⁰⁹ This is exacerbated by the findings from the mapping exercise that countries with the lowest share of funding in this area were often smaller countries that would then likely benefit from additional support (due to the limited size of their national markets).²¹⁰

The indicated **lack of comprehensive support was aggravated further by sub-sector specific challenges identified by interviewees**. For the film industry, for example, interviewees mentioned challenges related to a small number of films attracting the vast majority of audiences and the changing audience demographics which have made marketing more difficult and expensive.²¹¹ In TV, one interviewee noted how the abundance of content available makes it particularly difficult for TV works to be noticed by audiences. For the video game industry, the distribution market can be particularly difficult for new developers to enter, as it is largely dominated by the industry's biggest companies.²¹² Smaller publishers must then identify and effectively market their games to their respective niches, which requires specific skills and resources that not all developers have. In addition, there are various platforms within the gaming industry, including consoles, mobile devices, PCs and other devices, with each having unique user demographics.²¹³ There is significant variation across Europe on the percentage of companies developing games for each individual platform, resulting in some platforms being over- or underrepresented in specific countries.²¹⁴

²⁰⁹ One interviewee noted that this was the case for Malta, as it is often grouped with the territory of the United Kingdom. There were also unique difficulties noted for Ireland as many of their distributors and sales agents are based in the United Kingdom, and are thus not eligible for EU funding.

²¹⁰ Countries included Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, and the Netherlands.

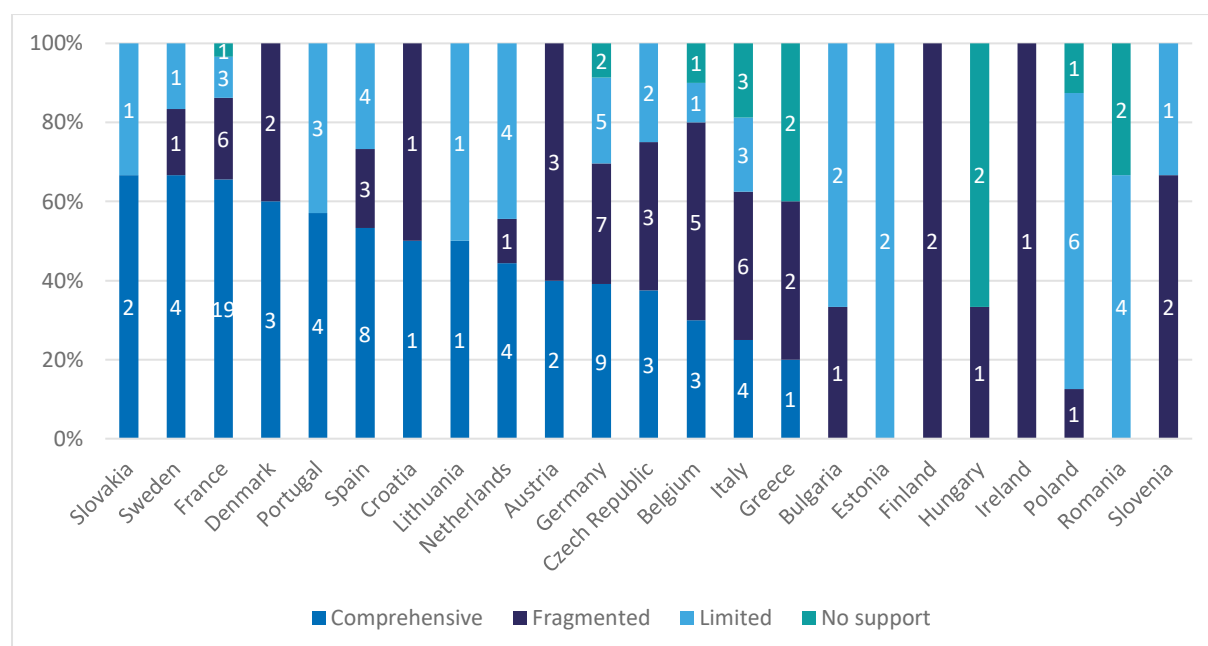
²¹¹ An example was given from one interviewee on art house cinema, which used to have a predominantly female audience, but has grown in popularity with male audiences. Because each group requires a dedicated marketing strategy, this splits the funding available for each marketing campaign.

²¹² Limpach, Odile (2020). The Publishing Challenge for Independent Video Game Developers: A Practical Guide. Available at: <https://doi.org/10.1201/9780367815639>.

²¹³ Video Games Europe (2023). All About Video Games: European Key Facts 2022. Available at: https://www.videogameseurope.eu/wp-content/uploads/2023/08/Video-Games-Europe_Key-Facts-2022_FINAL.pdf.

²¹⁴ European Games Developer Federation (2023). 2021 European Video Games Industry Insights Report. Available at: https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf.

Figure 6: Beneficiary survey responses from AV *distributors* on availability of national or regional support for the AV sector, per country



Source: Ecorys MEDIA Beneficiary survey, N=173, 2023 [How would you assess the overall availability national and/or regional support for your sector in your country/region?]

Table 10: National grants and outputs in the distribution and consumption of AV works, per country, sorted by the volume of grants dedicated to distribution and consumption per 1M people

Country	Cinema screens per 1M people	Average admissions per capita	Share of admissions to European non-national films	VOD services available	Video games consumption	Volume of national support measures supporting distribution per capita (EUR, yearly funding between 2021-2023)	Share of national support measures funding distribution (yearly funding between 2021-2023)	Volume of public broadcaster's funding supporting acquisition per capita (EUR, 2022)	Share of public broadcaster's funding supporting acquisition (2022)	Quota obligations
France	91.25	1.84	10%	557	37%	23.01	79%	1.66	28%	Expansive
Greece	N/A	0.50	22%	195	31%	13.15	100%	0.13	4%	Standard
Italy	58.99	0.91	14%	228	28%	12.27	89%	3.92	52%	Expansive
Finland	64.34	0.94	20%	226	44%	8.36	83%	N/A	N/A	Standard
Austria	62,93	0,85	23%	488	27%	3,81	38%	2,63	34%	Expansive
Slovakia	50,23	0,67	21%	297	18%	3,10	87%	N/A	N/A	Standard
Czech Republic	73,98	1,01	9%	316	24%	1,31	30%	0,74	32%	Standard
Denmark	81,89	1,50	14%	236	49%	1,12	85%	N/A	N/A	Standard
Belgium	40,97	0,95	24%	478	36%	0,98	14%	2,38	42%	Expansive
Malta	47,99	0,76	4%	186	43%	0,77	6%	N/A	N/A	Standard
Netherlands	58,38	1,31	12%	251	52%	0,50	7%	0,57	18%	Standard
Luxembourg	57,33	1,03	29%	222	31%	0,43	1%	N/A	N/A	Standard
Portugal	52,84	0,80	18%	214	31%	0,26	10%	1,11	99%	Expansive
Lithuania	27,44	0.83	18%	213	23%	0.26	1%	0.90	88%	Standard
Poland	40.15	0.92	22%	462	18%	0.20	11%	0.98	78%	Expansive
Germany	59.24	0.80	11%	253	20%	0.14	6%	N/A	N/A	Standard
Latvia	41.58	0.73	14%	218	19%	0.13	6%	0.00	0%	Expansive
Hungary	42.32	0.88	12%	365	27%	0.08	0%	0.62	91%	Expansive

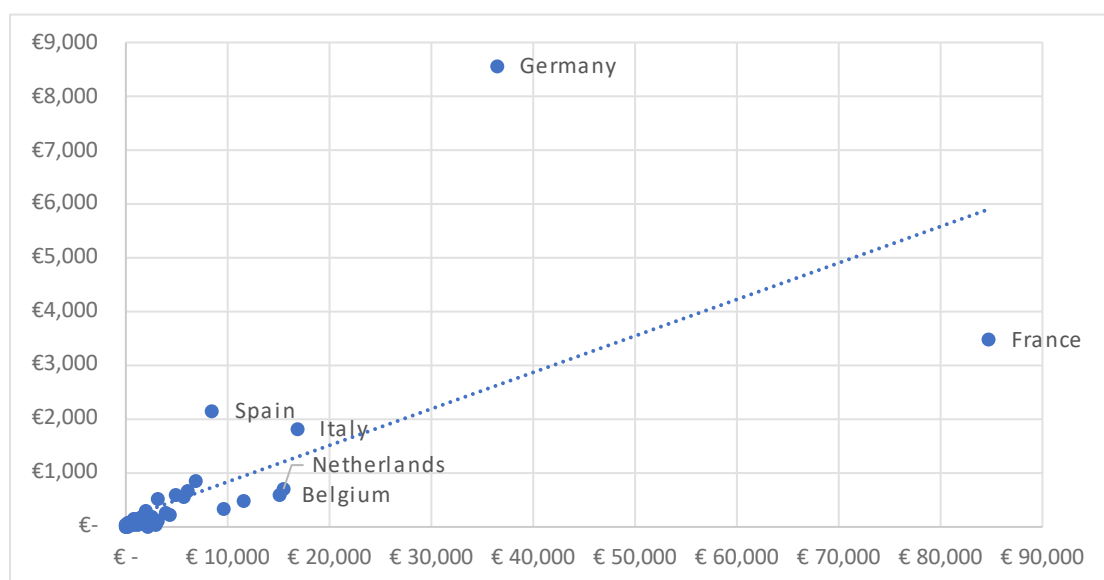
Country	Cinema screens per 1M people	Average admissions per capita	Share of admissions to European non-national films	VOD services available	Video games consumption	Volume of national support measures supporting distribution per capita (EUR, yearly funding between 2021-2023)	Share of national support measures funding distribution (yearly funding between 2021-2023)	Volume of public broadcaster's funding supporting acquisition per capita (EUR, 2022)	Share of public broadcaster's funding supporting acquisition (2022)	Quota obligations
Slovenia	48.88	0.59	19%	214	20%	0.07	7%	N/A	N/A	Standard
Romania	23.26	0.39	16%	214	21%	0.04	16%	N/A	N/A	Standard
Ireland	105.34	1.62	14%	219	44%	0.03	0%	N/A	N/A	Standard
Bulgaria	30.85	0.43	7%	235	15%	0.00	0%	0.03	41%	Standard
Croatia	51.78	0.76	14%	205	22%	0.00	0%	1.99	63%	Expansive
Cyprus	44.21	0.47	11%	186	32%	0.00	0%	N/A	N/A	Standard
Estonia	85.60	1.72	23%	207	26%	0.00	0%	1.73	67%	Standard
Spain	76.55	1.22	10%	266	33%	0.00	0%	1.52	52%	Expansive
Sweden	90.12	0.88	15%	282	43%	0.00	0%	2.22	37%	Standard

Source: Ecorys Mapping of support measures; EAO Yearbook (2022).

3.2.2 Correlations between support measures and MEDIA access

A triangulation of the support measures identified and mapped as well as statistical and MEDIA programme data review shows that overall, there is a strong positive correlation between the available funding for the public AV sector²¹⁵ and the participating countries' AV operators' ability to access MEDIA funding. This trend can be observed when considering the funding for the public AV sector by country and the total MEDIA funding attributed to operators in each country (2021 and 2022) as well as in regard to the average feature film production budgets by country (see Figure 7 and Figure 8).

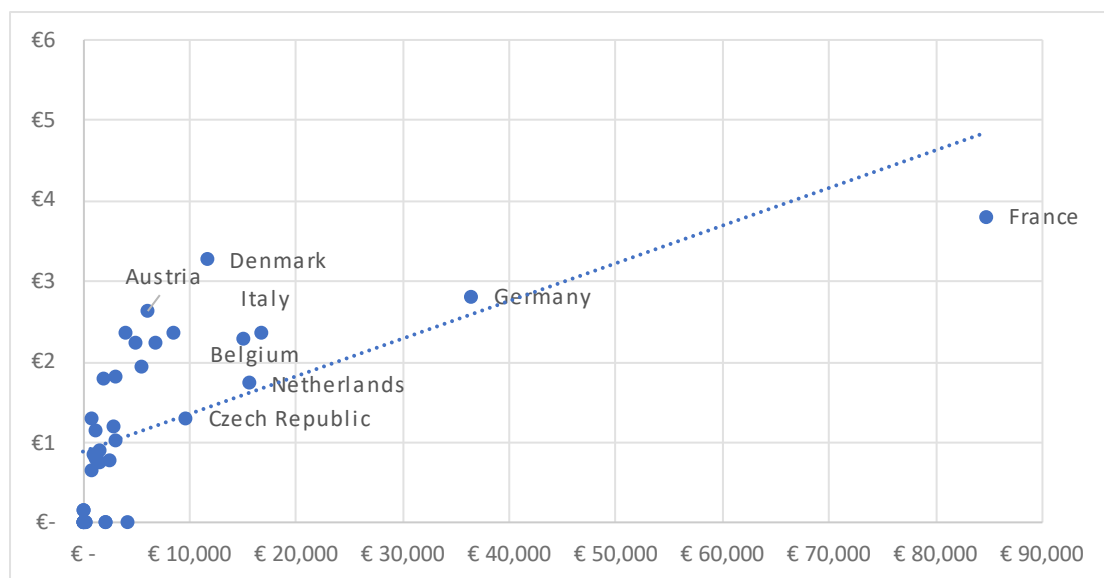
Figure 7: Total MEDIA funding (2021 and 2022) by country and funding for public AV sector (2021), m EUR, by country



Source: MEDIA programme data and EAO Yearbook (2022).

²¹⁵ This data is collected by the European Audiovisual Observatory in their Yearbook data, and it refers to the level of public funding allocated to public broadcasters. The triangulation thus shows that strong funding of public broadcasters is correlated with AV operators' ability to access MEDIA funding.

Figure 8: Total MEDIA funding (2021 and 2022) and Feature film production budgets on average, m EUR, by country



Source: MEDIA programme data and EAO Yearbook (2022).

For what concerns the various types of support measures identified and their related volume of funding, the table below shows that **a strong correlation between MEDIA funding per person employed in AV enterprises and specific types of funding available (i.e., funding to public AV sector, public broadcasters' investments in fiction, grants, tax incentives and rebates) per person employed in AV enterprises could not be detected.** The same finding was also observed when considering the amount of MEDIA funding and public funding through support measures or broadcasters' investments per capita. However, **a stronger correlation was detected between the level of MEDIA funding per person employed in the AV enterprise and the total volume of funding per person employed in AV enterprise.** This correlation can be observed in the table below between the level of MEDIA funding and the composite indicator per person employed in AV enterprises (i.e., as shown in the second column of the table below), which provides the estimated amount of overall funding for the AV sector and consists of the sum of the total volume of funding per person employed in AV enterprises through grants, tax incentives and rebates, as well as of the volume of funding to the public AV sector and the public broadcasters expenditure in fiction titles.

For example, among the top ten countries in terms of MEDIA funding per person employed in AV enterprises, eight countries have all comparatively higher than average level of total funding for the AV sector (i.e., Czech Republic, France, Belgium, Slovenia, Denmark²¹⁶, Croatia and Italy), with the only exceptions being Estonia and Latvia, due to their substantially high levels of MEDIA funding in relation to the size of their AV sector in terms of number of employees. Similarly, if we examine the ten countries receiving less MEDIA funding per person employed in AV enterprises, we notice that eight countries have all comparatively lower levels of funding for the AV industry. As illustrated by the table below, Spain and Cyprus were exceptions in this case: Spain due to the large number of people employed in the AV enterprises (i.e., third EU country in terms of number of people employed in this sector) and Cyprus due to the very low number of people employed in AV enterprises in comparison to the large volume of funding available through tax incentives and rebates (i.e., lowest number of person employed in AV enterprises in the EU).

Moreover, the analysis shows that countries like **Germany, Finland and Sweden have comparatively high levels of total funding for the AV sector and comparatively lower levels of MEDIA funding per person employed in the AV**

²¹⁶ While the level of total funding available in Denmark is in line with the EU average, it shall be argued that the total value of funding for this country does not take into account the public broadcasters' expenditure in the fiction titles and the volume of funding through tax incentives and rebates, for which data was not publicly available.

sector. These countries are characterised by either very high levels of funding for the public AV sector (i.e., Germany and Finland) or very high levels of funding through grants (i.e., Sweden). On one hand, the analysis shows that a combination or an interplay of different support measures (i.e., tax incentives and rebates, grants), public funding to the AV sector and public broadcasters' investments could potentially contribute to increased access to MEDIA funding. On the other hand, the German, Finnish and Swedish examples suggest that high levels of national investment (e.g., grants in Sweden or broadcasters' investments in Germany or Finland) may reduce the demand for MEDIA support. Nevertheless, AV operators from Germany, Sweden, and Finland still submitted a significant number of applications for MEDIA funding, suggesting that MEDIA adds value for AV operators in addition to national support²¹⁷.

Table 11: MEDIA funding, composite indicator of total volume of funding for the AV sector, estimated volume of grants, tax incentives and rebates, funding for the public AV sector, and public broadcasters' investments per person employed in AV enterprises

Country	MEDIA funding per person employed in AV enterprises (EUR, 2021-2022)	Composite indicator of total volume of funding for the AV sector, per person employed in the AV sector (EUR) ²¹⁸	Public broadcasters' fiction expenditure, per person employed in AV enterprises (EUR, 2022)	Funding for public AV sector, per person employed in AV enterprise (EUR, 2021)	Estimated volume of grants, per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates, per person employed in AV enterprises (EUR, yearly funding between 2021-2023)
Czech Republic	2,594.2	83,232	5,287	67,963.31	3,129	6,853
France	1,954.9	91,711	6,222	54,548.45	21,821	9,119
Belgium	1,892.9	75,674	6,793	61,009.91	6,322	1,549
Slovenia	1,601.1	50,030	2,820	46,323.66	433	453
Denmark	1,333.4	43,074	N/A	42,365.63	709	N/A
Croatia	1,205.0	69,564	4,567	57,633.96	5,939	1,425
Estonia	931.7	25,460	1,875	22,257.91	1,137	190
Italy	807.4	115,798	17,164	69,825.80	7,911	20,898
Latvia	801.5	32,334	1,277	27,872.34	1,609	1,576
Lithuania	766.5	41,758	1,076	19,613.94	2,328	18,741
Austria	720.3	75,351	6,547	60,365.83	7,409	1,029
Finland	678.3	93,570	N/A	85,050.26	6,885	1,635
Germany	668.3	124,743	N/A	122,194.67	181	2,368
Netherlands	623.3	30,301	2,151	23,594.49	2,360	2,196
Slovakia	606.8	38,960	N/A	33,697.25	4,583	681
Sweden	603.8	103,296	3,871	51,238.21	47,623	564
Ireland	588.5	35,206	1,651	21,339.87	767	11,448
Portugal	567.7	27,852	1,454	22,848.33	2,605	944

²¹⁷ The Nordic case study produced in the context of this study confirmed that MEDIA funding makes up a smaller share of total funding for the AV sector in Denmark, Finland, Iceland, Norway and Sweden compared to other European countries, but that the Creative Europe MEDIA strand still constitutes an important funding source for the region.

²¹⁸ This composite indicator includes: the volume of funding to public AV sector, the public funding to AV sector through grants, tax incentives and rebates, and the public broadcasters' expenditure in fiction per person employed in AV enterprise.

Country	MEDIA funding per person employed in AV enterprises (EUR, 2021-2022)	Composite indicator of total volume of funding for the AV sector, per person employed in the AV sector (EUR) ²¹⁸	Public broadcasters' fiction expenditure, per person employed in AV enterprises (EUR, 2022)	Funding for public AV sector, per person employed in AV enterprise (EUR, 2021)	Estimated volume of grants, per person employed in AV enterprise (EUR, yearly funding between 2021-2023)	Estimated volume of tax incentives and rebates, per person employed in AV enterprises (EUR, yearly funding between 2021-2023)
Poland	537.3	31,940	2,355	26,285.41	2,012	1,286
Cyprus	461.0	83,353	N/A	48,041.95	N/A	35,311
Bulgaria	393.7	19,400	1,145	17,248.11	0	1,007
Romania	356.3	23,730	N/A	22,948.92	129	653
Spain	345.7	63,762	3,237	49,162.41	9,538	1,825
Hungary	301.5	42,534	590	25,266.61	202	16,476
Malta	196.1	8,609	N/A	N/A	2,482	6,127
Greece	117.9	34,734	3,124	18,268.00	6,064	7,277
Luxembourg	N/A	N/A	N/A	N/A	N/A	N/A

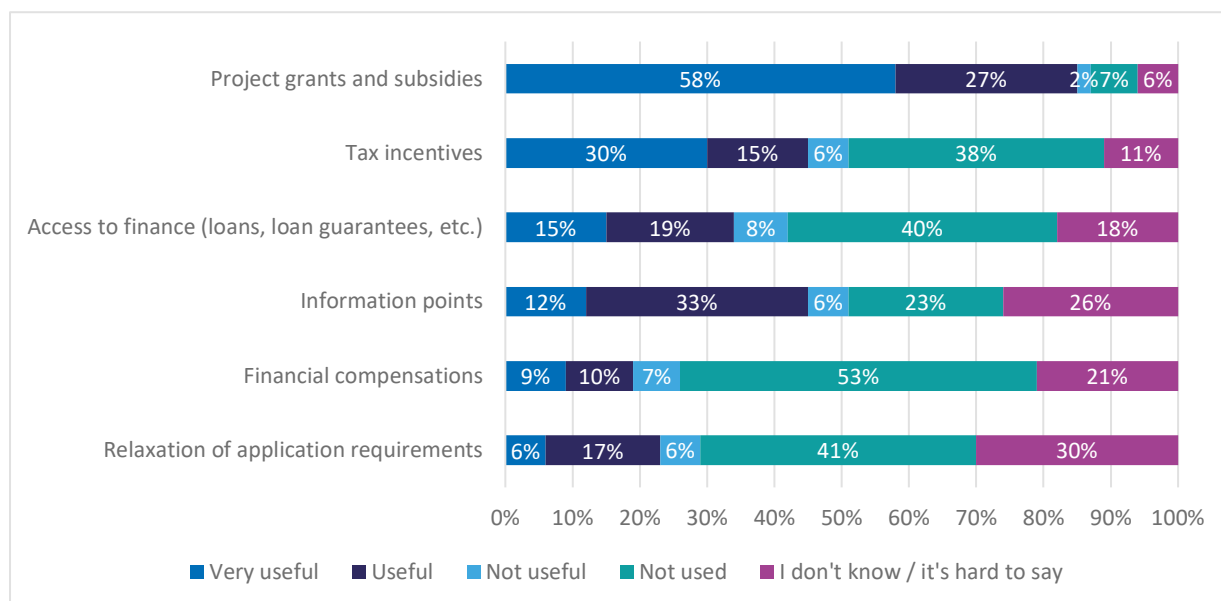
Source: MEDIA programme data (2021-2022); Mapping of support measures (2023).

However, this finding is not fully corroborated²¹⁹ by the MEDIA beneficiaries that responded to the survey and generally indicated a strong preference for grants as source of funding²²⁰. A vast majority of all respondents indicated that there were national and/or regional support measures available in their countries (about 90% or 538 respondents of a total of 598). Less than 4%, mostly distributors, reported that there was no national or regional support available at all for their sector. Of the respondents who reported that support was available, around 85% indicated that this support has been very useful or useful to increase their organisation's capacity for European operations. According to the respondents, the project grants were considered as particularly useful (more than 80% very useful or useful) followed by tax incentives and, less strongly, information points (see Figure 9). Notably, the MEDIA beneficiaries responding to the survey are likely to be more familiar with the project grants when compared to other types of support measures such as tax incentives requiring specific capacity or resources which might contribute to a more favourable assessment.

²¹⁹ As mentioned earlier in this report MEDIA beneficiaries may be more aware and have preference for grants as they are used to working with this type of support capacity.

²²⁰ It is understood and to be expected that AV sector operators represented by MEDIA beneficiaries may have preference for non-refundable support such as grants.

Figure 9: In your opinion, are there any particular types of national and regional support measures that could increase your organisations' capacity for European operations?



Source: Ecorys MEDIA Beneficiary Survey, N=598, 2023.

Our findings suggest that there is a correlation between MEDIA funding per person employed in AV enterprises and funding for the public AV sector per person employed in AV enterprises, while this correlation seems less strong if we look at the per capita results. On one hand, the table below shows that the countries with higher levels of MEDIA funding per person employed in AV enterprises were also characterised by higher levels of public funding per person employed in AV enterprises (i.e., Czech Republic, France, Belgium, Slovenia, Denmark and Croatia). However, countries with lower levels of MEDIA funding per person employed in AV enterprises were generally those with lower levels of overall public funding per person employed in AV enterprises (i.e., Bulgaria, Romania, Hungary and Greece). As illustrated by the table below, Spain and Estonia were exceptions in this case: Spain due to the large number of people employed in the AV enterprises and Estonia due to the comparatively low level of overall public funding for the AV sector.

On the other hand, a positive correlation between MEDIA funding per capita and AV public funding per capita was detected only for a few countries (i.e., Denmark, Slovenia, Belgium, France and Ireland), while a more negative correlation was detected in a larger share of countries (i.e., Bulgaria, Romania, Slovakia, Poland, Hungary and Portugal). Finally, Luxembourg and Germany did not follow these trends as Germany was providing comparably much higher levels of funding to its AV sector and attracting less than average per capita MEDIA funding, while the favourable tax regime, comparatively low population numbers and low funding to public AV sector resulted in a high volume of per capita MEDIA funding in Luxembourg.

Table 12: MEDIA funding and funding for the public AV sector per capita and per person employed in AV enterprises, and share of MEDIA funding in funding for public AV sector

Countries	MEDIA funding per capita (EUR, 2021-2022)	Funding for public AV sector per capita (EUR, 2021)	MEDIA funding per person employed in AV enterprises (EUR, 2021-2022)	Funding for public AV sector per person employed in AV enterprises (EUR, 2021)	Share of MEDIA funding in funding for public AV sector
Czech Republic	1.13	29.61	2,594.2	67,963	4%
France	1.83	51.12	1,954.9	54,548	4%
Belgium	1.58	50.86	1,892.9	61,010	3%
Slovenia	1.68	48.50	1,601.1	46,324	3%
Denmark	2.48	78.82	1,333.4	42,366	3%
Croatia	0.84	39.98	1,205.0	57,634	2%
Estonia	1.29	30.83	931.7	22,258	4%
Italy	0.36	30.83	807.4	69,826	1%
Latvia	0.54	18.86	801.5	27,872	3%
Lithuania	0.73	18.65	766.5	19,614	4%
Austria	0.86	71.86	720.3	60,366	1%
Finland	0.71	89.06	678.3	85,050	1%
Germany	0.56	102.90	668.3	122,195	1%
Netherlands	1.05	39.63	623.3	23,594	3%
Slovakia	0.41	22.77	606.8	33,697	2%
Sweden	0.94	80.01	603.8	51,238	1%
Ireland	1.27	46.05	588.5	21,340	3%
Portugal	0.44	17.54	567.7	22,848	2%
Poland	0.29	13.95	537.3	26,285	2%
Cyprus	0.36	37.60	461.0	48,042	1%
Bulgaria	0.03	1.19	393.7	17,248	2%
Romania	0.12	7.69	356.3	22,949	2%
Spain	0.32	44.82	345.7	49,162	1%
Hungary	0.35	29.12	301.5	25,267	1%
Malta	0.31	N/A	196.1	N/A	N/A
Greece	0.12	18.00	117.9	18,268	1%
Luxembourg	4.55	10.72	N/A	N/A	42%

Source: MEDIA programme data review (2021-2022), EAO Yearbook (2022) and own calculations, 2023.

When we look at the MEDIA funding as share of the public funding for the public AV sector (Table 11), a clear difference between LCCs and HCCs could not be detected, suggesting that both groups of countries are benefitting from MEDIA funding to a similar extent, if we consider their overall level of national funding of AV sector. For example, HCCs with lower shares of MEDIA funding in comparison to their public funding for the public AV sector include Spain, Italy, Germany, Austria, Sweden and Finland, while other HCCs have comparatively higher shares of MEDIA funding in comparison to their funding for the public AV sector (i.e., France, Belgium, Denmark, Ireland and the Netherlands). For what concerns the LCCs, some notable exceptions relate to the high share of MEDIA funding compared to their funding for the public AV sector in countries such as Czech Republic, Lithuania, Estonia, Latvia and Slovenia. Therefore, it could be argued that these LCCs are benefitting to a larger extent from MEDIA funding if we consider their overall levels of public funding. As it will be shown in the dedicated case studies (please see Annex II) focusing on the AV sectors of Czech Republic and in Estonia, other factors and types of

support measures could contribute to their capacity to access MEDIA funding (e.g., impact of rebate and tax incentive schemes or increased internationalisation and regional collaborations).

The findings suggest that the impact of broadcasters' investments and the presence of more expansive and stringent regulatory measures in line with the AVMSD could strongly support the AV sector and facilitate access to the MEDIA funding. As shown in the table below, a positive correlation can be observed between the total MEDIA funding and the share of public broadcasters' investments in total investments in European original works. In this context, the top countries in terms of shares of public broadcasters' investment in the total amount of investments in European original works were all also among the top countries in terms of access to MEDIA funding (i.e., France, Germany, Italy, the Netherlands, Belgium, Denmark, Spain, Czech Republic, Poland, Sweden and Austria). The table below also illustrates a negative correlation between level of total MEDIA funding and government expenditure in broadcasting services, as the countries that accessed less MEDIA funding generally also had lower levels of public support to broadcasters (i.e., Croatia, Luxembourg, Romania, Slovakia, Lithuania, Bulgaria, Estonia, Greece, Latvia, Cyprus and Malta).

Moreover, the table below shows that the top-performing countries in terms of access to MEDIA funding were also characterised by higher share of broadcasters' expenditures for fiction titles in their overall funding for the public AV sector,²²¹ suggesting the key role of broadcasters' investments in supporting capacity of the AV sector to produce or distribute European original content and hence, in facilitating their access to MEDIA funding. Finally, the table also shows that the presence of more expansive direct or indirect financial obligations for broadcasters can also be associated with higher levels of MEDIA funding in France, Italy, the Netherlands, Belgium, Denmark and Spain. All these countries have included obligations for public or private broadcasters aimed at allocating more than 10% of their programming budget or more than 5% of their annual revenues in European works.

Table 13: MEDIA funding, share of broadcasters in European works investments, funding for public AV sector and assessment of regulatory measures

Country	Total MEDIA funding (M EUR, 2021-2022)	Funding for public AV sector (M EUR, 2021)	Share of broadcaster s' fiction expenditure in funding for the public AV sector	Assessment of direct investment obligation measures ²²²	Assessment of indirect financial obligations (levies) measures ²²³	Assessment of quota obligations ²²⁴	Share of public broadcaster s in total investment in European original work
France	124.33	3,469.34	11%	Standard	None	Standard	42%
Germany	46.85	8,565.48	N/A	Standard	Standard	Expansive	57%

²²¹ In particular, the analysis of the broadcasters' investments suggests that some of the top-performing countries in terms of access to MEDIA funding are also those with comparatively higher levels of public broadcasters' expenditure in fiction as share of their overall public funding for the AV sector, i.e., Italy (25%), France, Belgium and Austria (11%), the Netherlands and Poland (9%), Czech Republic and Sweden (8%). However, due to the lack of data on broadcasters investments in fiction titles, it has not been possible to validate this finding with other two top-performing countries

²²² This assessment is based on the review of the direct financial obligations for public or private broadcasters in line with the AVMSD. Specific direct financial obligation measures devoting more than 10% of the broadcasters' programming budget or more than 5% of their turnover or revenues from advertising or subscriptions have been considered as expansive. A standard assessment refers to the specific measures devoting less than 10% of the broadcasters' programming budget or less than 5% of their turnover or revenues from advertising or subscriptions to European works,

²²³ This assessment is based on the review of the levies for public or private broadcasters in line with the AVMSD. In particular, specific indirect financial obligation measures devoting more than 5% of the broadcasters' turnover or revenues from advertising or subscriptions have been considered as expansive. A standard assessment refers to the specific measures devoting less than 5% of their turnover or revenues from advertising or subscriptions to European works.

²²⁴ This assessment is based on the review of quota obligations for public or private broadcasters, in line with AVMSD. In particular 10 countries have implemented more stringent application of the AVMSD, devoting transmission time quotas for European works above the minimum requirements, or setting additional obligations for national works.

Country	Total MEDIA funding (M EUR, 2021-2022)	Funding for public AV sector (M EUR, 2021)	Share of broadcaster s' fiction expenditure in funding for the public AV sector	Assessment of direct investment obligation measures ²²²	Assessment of indirect financial obligations (levies) measures ²²³	Assessment of quota obligations ²²⁴	Share of public broadcaster s in total investment in European original work
Italy	21.04	1,819.80	25%	Expansive	None	Standard	15%
Netherlands	18.42	697.17	9%	Standard	Standard	Standard	61%
Belgium	18.33	590.82	11%	Standard	Standard	Expansive	54%
Spain	14.95	2,125.93	7%	Standard	None	Standard	14%
Denmark	14.57	462.93	N/A	Standard	None	Standard	74%
Czech	11.89	311.41	8%	Standard	None	Expansive	N/A
Poland	10.73	525.13	9%	None	Standard	Expansive	23%
Sweden	9.86	836.31	8%	Standard	None	Expansive	50%
Austria	7.70	645.19	11%	None	None	Standard	N/A
Ireland	6.43	233.01	8%	Standard	Standard	Standard	N/A
Portugal	4.51	181.53	6%	Expansive	Standard	Standard	25
Finland	3.94	494.14	N/A	None	None	Standard	N/A
Slovenia	3.53	102.19	6%	Expansive	None	Standard	N/A
Hungary	3.37	282.18	2%	Expansive	Standard	Expansive	N/A
Croatia	3.23	154.40	8%	Expansive	Standard	Expansive	N/A
Luxembourg	2.94	6.92	N/A	Standard	Expansive	Standard	N/A
Romania	2.27	146.46	N/A	Expansive	Expansive	Expansive	N/A
Slovakia	2.23	123.77	N/A	Standard	None	Standard	N/A
Lithuania	2.05	52.33	5%	Standard	Standard	Expansive	N/A
Bulgaria	1.86	81.39	7%	Standard	None	Standard	N/A
Estonia	1.72	41.07	8%	None	None	Standard	N/A
Greece	1.22	188.27	17%	Standard	Standard	Standard	N/A
Latvia	1.02	35.37	5%	None	None	Expansive	N/A
Cyprus	0.33	34.01	N/A	Standard	None	Standard	N/A
Malta	0.16	N/A	N/A	Expansive	None	Standard	N/A

Source: MEDIA programme data (2021-2022); Eurostat, 2021; EAO (2022); Mapping of measures.

Concrete examples of support measures with a positive impact on developing European operations

More than 330 respondents provided **concrete examples of national or regional funding measures that had positive impact on their development of European or international operations**. Examples given were important national schemes like those implemented by *Centre national du cinéma et de l'image animée* (CNC, France), *Filmförderanstalt* (FFA, Germany), film institutes, but also other international funding like *Eurimages*. Respondents argued that in order for their projects to be completed successfully, they need to mobilise various funding sources, indicating an overall good interplay of regional, national and European measures.

One specific industry discussed in several interviews was the **development of video games**. Several interviewees (both different stakeholders and MEDIA desks) indicated a lack of funding for video games development on national level (e.g. Ireland, Finland, Latvia, Italy), both in regard to culturally valuable productions, but also innovative projects, such as Augmented or Virtual Reality. For example, although Ireland has a tax credit scheme for the video game industry, no claims have been made for this scheme in the two years since its launch,

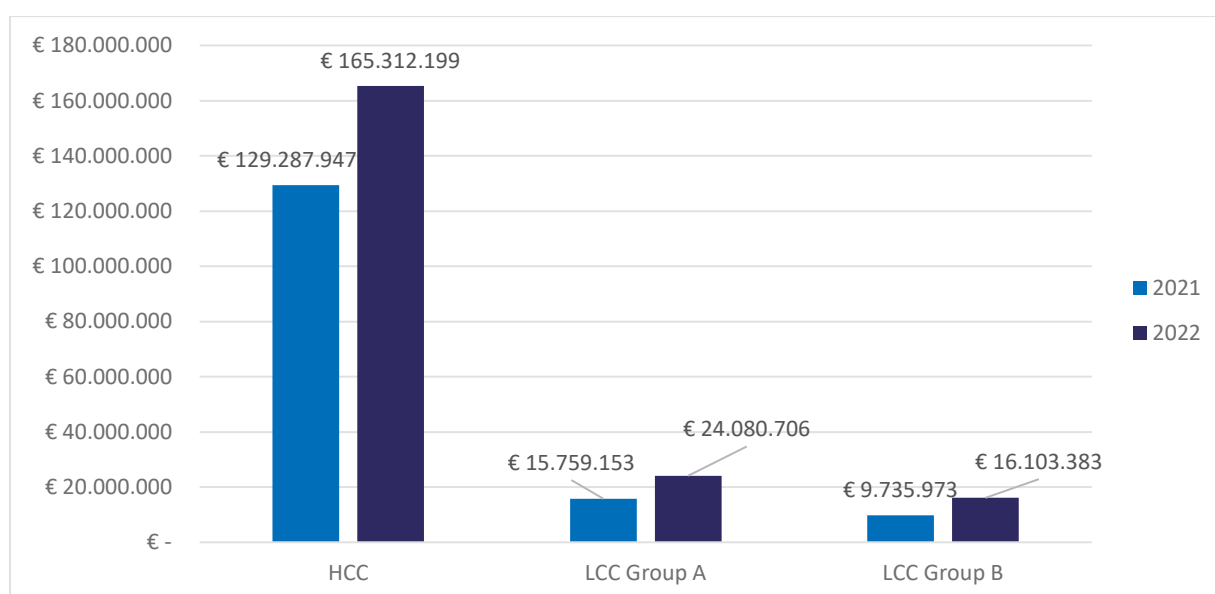
potentially due to requirements that do not align with the needs of the video game sector.²²⁵ Apart from the video games sub-sector, single stakeholders considered particular support measures to be lacking, e.g., in regard to fostering cooperation between cinemas and distributors or funding to increase film literacy amongst pupils for example.²²⁶

3.3 MEDIA contribution to AV capacity and more LPF

3.3.1 MEDIA contribution to increasing capacity of AV operators

Overall, the findings show that the MEDIA measures have strengthened AV capacity of supported operators to a large extent, particularly by enabling them to increase the scale of their operations and improve their market position at European and international level. The evidence collected shows that the MEDIA measures contributed to increased capacity of AV operators in both HCCs and LCCs. The MEDIA programme data shows that more than 1,400 projects were funded during 2021-2022 with 976 projects in HCCs and almost 450 in LCCs²²⁷. On average LCC Group A countries received more funding per AV project compared with LCC B countries, indicating an increasing capacity to deliver projects with higher budgets (see Figure 10).

Figure 10. MEDIA programme funded projects in 2021-2022, on average.



Source: MEDIA programme data, 2021-2022

A majority of Beneficiary survey respondents (82%) confirmed that their participation in MEDIA strengthened their overall capacity²²⁸ and that it generally contributed to improve their market position²²⁹ or to upscale their operations.²³⁰ However, as shown in Figure 11 below, larger shares of beneficiaries from HCCs and LCCs Group

²²⁵ RTE (2024). No claims yet for digital games tax credit. Available at: <https://www.rte.ie/news/business/2024/0524/1450932-digital-games-tax-credit/>.

²²⁶ In this context, it is important to mention that a specific call on media literacy has been recently issued under the cross-sectoral strand, hence not included within the scope of the study.

²²⁷ I.e. with operators from LCCs and HCCs as their lead partners/project coordinators.

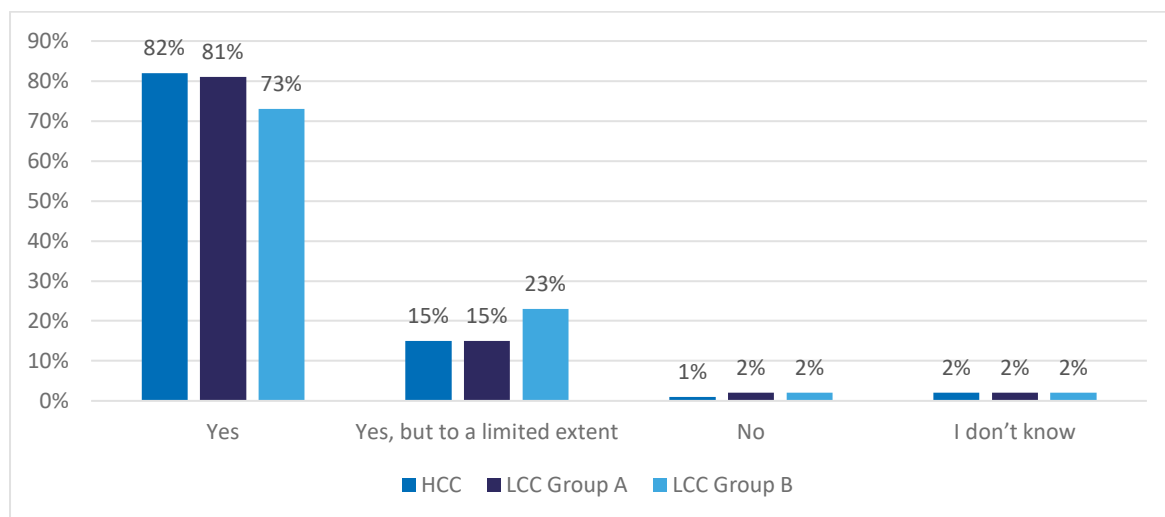
²²⁸ Source: Ecorys Beneficiary Survey, N=598, 2023. The responses to the question: 'Would you say that MEDIA funding strengthened the capacity of your company or organisation?'

²²⁹ According to the Beneficiary survey results, over two thirds of respondents reported that the MEDIA funding contributed to improve their market position to a large (40%) or moderate (30%) extent.

²³⁰ According to the Beneficiary survey results, around 75% of respondents reported that the MEDIA funding contributed to increase the scale of their operations to a large (45%) or moderate (29%) extent.

A countries indicated that MEDIA funding strengthened the capacity of their company or organisation, while all respondents from LCC Group A and Group B countries largely agreed with the statement (see Figure 12). This difference might also be explained by the smaller sizes of the organisations of the LCC Group A and Group B beneficiaries that responded to the survey. Nearly 90% of beneficiaries from LCC Group B countries reported that their organisations have less than ten employees, while beneficiaries from LCC Group A countries might be characterised by higher capacity levels, due to the larger sizes of their organisations (i.e., over one fourth of respondents from LCC Group A countries reported to have more than eleven employees).

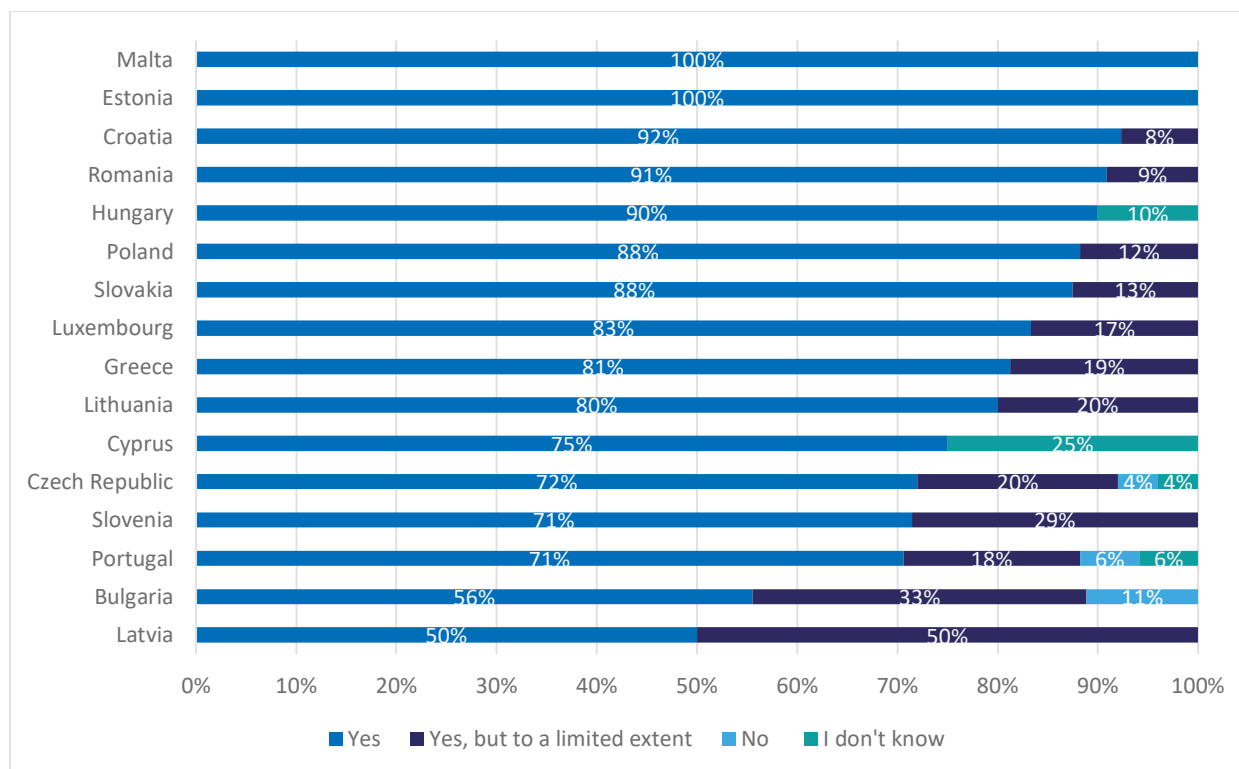
Figure 11. Would you say that MEDIA funding strengthened the capacity of your company or organisation, by all countries?²³¹



Source: Ecorys MEDIA Beneficiary Survey, N=598, 2023

²³¹ The responses to this question were filtered by the responses to the question: Please indicate the country in which your organisation / company is established.

Figure 12. Would you say that MEDIA funding strengthened the capacity of your company or organisation?, by LCC country



Source: Ecorys MEDIA Beneficiary Survey, N=173, 2023

The following sub-sections provide an overview of how MEDIA funding has contributed to building capacity of AV operators involved in development, production, co-production, distribution and promotion of European AV works. It also outlines the extent MEDIA funding has facilitated beneficiaries' access to other funding sources available at European, national or regional level, and the extent in which these have been used by MEDIA beneficiaries in combination with MEDIA funding.

Content cluster

Overall, evidence shows that the MEDIA funding under the Content cluster contributed to new collaborations with European partners and provided transnational collaboration opportunities during development stage. During 2021-2022, MEDIA programme distributed around EUR 97 million via the Slate Development, Mini Slate Development, Co-development, TV and Online content and Video games and immersive content development actions to increase the capacity of AV operators. The mapping of support measures shows that the overall estimated volume of available grants for the production and development of AV works amounted to approximately EUR 2.9 billion, suggesting that MEDIA funding through the Slate, Mini slate and Co-development actions accounts for around 3% of the total share of funding available through grants supporting the development of AV works at national or regional level in the EU. The EACEA programme data also shows that the highest percentage of approved projects were awarded to film producers (209) through the MEDIA actions supporting development of AV works with a total amount of over EUR 45 million between 2021 and 2022.²³² The video games sub-sector enjoyed comparatively lower levels of support with EUR 5.9 million awarded to Video games and immersive content development applicants through one call in 2022. It is likely linked to the narrow scope of video

²³² The estimate is based on a 65% share of total projects awarded, due to a lack of data on type of organisations for all the projects awarded. EACEA Programme data, 2021-2022.

games supported²³³ and some video game developers not considering themselves a target group of the MEDIA strand²³⁴.

Most of the respondents to the Beneficiary survey who received MEDIA funds from the European Co-development, European slate development, European mini-slate development agreed that the participation in the programme allowed them to develop new collaborations with European partners (92%)²³⁵. According to European level stakeholders interviewed, MEDIA particularly strengthened transnational collaborations and international projects by encouraging applicants to work with AV operators, to build international partnerships or to co-produce with their neighbouring countries.

The findings suggest that MEDIA funding also increased capacity of AV operators for international operations to some extent. More than 50% of the MEDIA Beneficiary survey respondents involved in development and production of AV works²³⁶ indicated that MEDIA support allowed them to develop, continue or intensify international collaboration with non-European partners. This finding was also confirmed by European and national stakeholders interviewed who indicated that MEDIA funding contributed to increase the quality of their AV outputs, which in turn contributed to increased visibility of their AV works among a more international audience as well as among streaming platforms' audiences.

Overall, evidence suggests that MEDIA funding allowed AV operators involved in development or production of AV works to increase the size of their operations. Most of the respondents to the Beneficiary survey (92%) agreed that they could increase investment in development of European audiovisual works due to MEDIA support²³⁷. Some of the European and national level stakeholders interviewed suggested that a positive increase is particularly noticeable in LCCs, where the MEDIA funding allowed AV operators to increase the quality and quantity of their productions and co-productions. Some interviewees, including from Hungary, Malta, Romania and Slovakia also indicated that producers from smaller countries particularly benefitted from the funding provided by the European mini-slate development action to increase their operations.

Most of the European level stakeholders indicated that the MEDIA funding enabled AV operators, particularly the independent producers²³⁸, to upscale their activities while focusing on digital and sustainable transition. Desk research suggest that there is a high proportion of independent producers across Europe²³⁹, with nearly 75% of TV fiction titles regarded as independent productions in 2017 alone.²⁴⁰ According to the literature, the new technological innovations may provide opportunities for independent producers and distributors, however, additional resources to acquire new skills and to use digital tools such as artificial intelligence and virtual

²³³ MEDIA only funds narrative games.

²³⁴ According to the interviews conducted in the context of this study.

²³⁵ Ecorys Beneficiary Survey, n=249, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Develop new collaborations with European partners'.

²³⁶ Ecorys Beneficiary Survey, n=249, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Develop, continue or intensify international collaboration (with non-European partners)'.

²³⁷ Ecorys Beneficiary Survey, n=249, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Increase investment in development of European audiovisual works'.

²³⁸ In the study, the definition of independent producers is adopted from the European Coordination of Independent Producers (CEPI) statutes and refers to the 'production which is considered as not controlled, de facto or de jure, by a broadcaster and which can therefore maintain managerial independence and freedom to dispose of its production or which is recognised as an independent by the national Associations represented', available at: https://docs.wixstatic.com/ugd/d9e145_728e3b8c51b84db0a7e2d9b458fc65a8.pdf

²³⁹ The study *Promotion of independent audiovisual production in Europe* recognised that there is no common definition of independent producer but acknowledged the range of definitions and identified the following characteristics, including the recognition of the importance of SMEs, the types of work produced concentrates around the fiction and entertainment and retained ownership rights.

²⁴⁰ The promotion of independent audiovisual production in Europe. Strasbourg: European Audiovisual Observatory - Council of Europe

production will be needed²⁴¹. In this context, some European level interviewees indicated that MEDIA funding for independent producers allowed them to face this digital transformation by mitigating financial risks of investing in innovative digital and more sustainable projects.

Findings show that the MEDIA funding was perceived to be more essential for specific LCCs where there was a lack of additional national and regional support measures available. Most of the interviewees at European and national level agreed that in smaller capacity countries AV operators face more difficulties due to their size and language barriers and deficient support measures at national or regional level, therefore, MEDIA support to development was mentioned as facilitating operators' ability to develop more AV works, develop better content and increase cultural diversity in such countries. For example, according to some European and national level interviewees, in lower AV capacity countries MEDIA funding was the only funding available for development of AV works. Likewise our mapping of support measures and desk research highlight that national support measures for the production and development of video games were available only in a limited number of EU countries (see Section 3.1.2).²⁴²

According to evidence from the Beneficiary survey and the Key stakeholder interview results, **MEDIA actions supporting co-production extensively promoted the European dimension and increased access to European market to more AV operators.** According to national interviewees, the MEDIA co-production or co-development requirement ensure that AV operators co-create together, leading to AV works that circulate more easily across Europe. Some national interviewees, including national level associations and beneficiaries, indicated that MEDIA funding encouraged LCCs to increase co-production opportunities by promoting collaboration between AV operators from LCCs and HCCs, thus enabling applicants to venture to new markets outside their own regions or countries. This finding is also corroborated by the analysis of the MEDIA programme data, suggesting that over one third of projects funded under the co-development actions had beneficiaries from LCCs as coordinators.

Business cluster

The findings suggest that MEDIA actions under the Business cluster, including trainings and market access actions, allowed more than a half of AV operators supported to increase their skills to venture to the international markets. More than a half of Beneficiary survey respondents who received funding under the Business cluster agreed that they gained skills needed to develop activities in international markets or international collaborations through exchanges and sharing of good practices with professionals from other countries²⁴³. A large majority of national and European stakeholders interviewed agreed that the MEDIA actions contributed to increasing capacity of AV operators for international operations through 'Talents and Skills' as well as 'Markets and Networking' actions.

The latest European Media Industry Outlook outlines struggles faced by traditional AV players. Digital transformation inevitably shifted consumer patterns to digital media, streaming or gaming platforms²⁴⁴. Although the Outlook did not identify previous research on the impact of MEDIA actions on the technological development of strand beneficiaries, the interviews conducted indicate that MEDIA funding enabled some organisations to mitigate the financial risks of investing in digital projects. Moreover, the Beneficiary survey analysis of those who deliver the projects supported by the *Innovative tools and business models* action, specifically aimed at supporting

²⁴¹ The promotion of independent audiovisual production in Europe. Strasbourg: European Audiovisual Observatory - Council of Europe, p.82.

²⁴² According to the European Game Developers Federation's 2021 Report, specific measures supporting the production or development of video games were available only in ten EU countries, which is line with the findings emerging from the Mapping of support measures, that identified 23 measures from ten EU countries.

European Games Developer Federation (2021). 2021 European Video Games Industry Insights Report. Available at: https://www.egdf.eu/wp-content/uploads/2023/07/V9-VGE_EGDF-video-game-industry-report2021.pdf

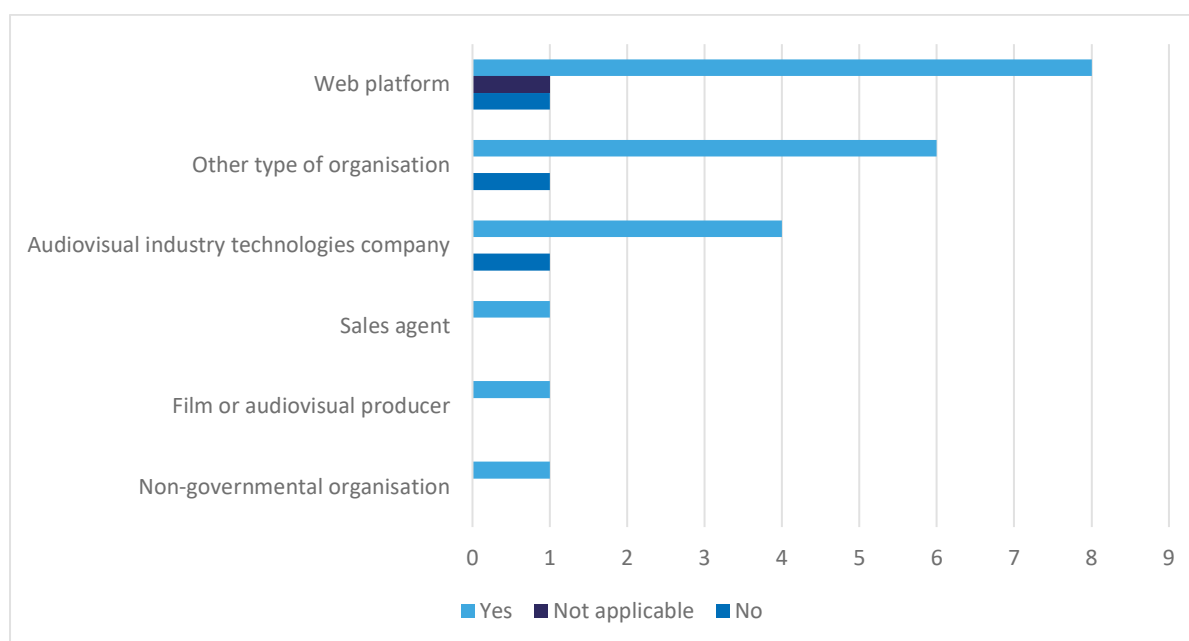
²⁴³ Ecorys Beneficiary Survey, n=220, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Gain internationalisation skills with professionals from other countries'.

²⁴⁴ European Commission. 2023. European Media Industry Outlook. Commission Staff Working Document, Brussels, SWD(2023) 150 final, <https://digital-strategy.ec.europa.eu/en/library/european-media-industry-outlook>

digitalisation and greening of the AV sector, indicates that MEDIA support has increased their competitiveness through digitalisation.²⁴⁵ As indicated in the figure below, most respondents (21 out of 25) agreed that the MEDIA programme increased their competitiveness by supporting their digitalisation efforts. The answers to open questions indicate that it has been achieved through support for advanced software development, supporting producers and distributors in using digital marketing and analytics tools, facilitating access to Over-the-top (OTT) platforms, digitalisation of international trading licenses, development of immersive and extended reality projects.

The Beneficiary survey indicates that the action of *Innovative tools and business models* attracted a diverse range of beneficiaries. Just under half of the respondents (10 out of 25) represented Web platforms, with the remaining respondents including five technology companies, one sales agent, one producer and one non-governmental organisation. The other types of organisations also included a gaming platform, a software development company and an audience research company. The consultations with the European Commission indicate that adapting to technological development affected the AV sub-sectors at different times. Film distributors, festivals, and Web platforms had to adapt to digital developments, and MEDIA funding has supported these types of AV operators, as illustrated by the figure below. The current technological developments associated with AI, including virtual productions, are also requiring AV developers and producers to adapt to the technological change, and it is likely that more applications by these types of AV operators will be submitted in this field going forward.

Figure 13. Did the MEDIA funding allow your organisation / company to: Increase the competitiveness of your organisation through digitalisation? By type of stakeholder:



Source: Ecorys MEDIA Beneficiary survey, N=25 (total number of projects funded in 2021 and 2022 was 33), 2023

Evidence shows that MEDIA funding contributed to developing skills of its beneficiaries through knowledge-sharing and networking opportunities. More than 80% of the Beneficiary survey respondents indicated that MEDIA actions under the Business cluster created new contacts with professionals from other countries and around 90% agreed that it allowed to maintain existing contacts²⁴⁶. A majority of European and national stakeholders interviewed suggested that MEDIA measures allowed producers to scale up their activities due to

²⁴⁵ Other MEDIA actions also support projects facilitating digital transition of the AV sector but they are not specifically aimed at supporting digital tools. Further analysis of this is included in Section 3.4.1.

²⁴⁶ Ecorys Beneficiary Survey, n=222 and n=220, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the questions: 'Create new contacts with professionals from other countries' and 'Continue or intensify cooperation with existing contacts with professionals from other countries'.

training provided at festivals and other AV industry-related events, while a couple of national stakeholders indicated that MEDIA funding opportunities are crucial for relationship-building between different AV operators. However, a few national beneficiaries indicated that more opportunities to learn about the MEDIA actions through specific trainings, good practice examples, workshops, and guidance documents would be beneficial.

Audience cluster

Evidence shows that the MEDIA support under the Audience cluster contributed to the promotion of European audiovisual works to a large extent. During 2021-2022, 184 projects were awarded under the Networks and Festivals, Films on the Move, European VOD networks and operators, Subtitling of cultural content, and Audience development & film education funding streams to various types of AV operators²⁴⁷ that received MEDIA support amounting to more than EUR 60 million. Based on the programme data reviewed²⁴⁸, most of the projects funded were coordinated by the Film festival organisations (77) and sales agents (42) who received around EUR 11 million and EUR 23 million respectively. While sales agents were the main beneficiaries in HCC (40 projects), the film festival organisations were the main beneficiaries of MEDIA funding in LCC A (23) and LCC B (16)²⁴⁹. These findings were complemented by the continuous desk research, which showed that major AV festivals were organised in all the EU Member States.²⁵⁰

The evidence of combining MEDIA programme data with the findings of the Beneficiary survey and the Key stakeholder interviews confirms the importance of MEDIA audience cluster actions in increasing European AV sector operators' distribution and promotion capacity. Most of the respondents to the Beneficiary survey (94%) agreed that the MEDIA actions under the Audience cluster contributed to increase their investments for the promotion of European AV works²⁵¹. Some of the national beneficiaries interviewed indicated that MEDIA-supported festivals increased their distribution and promotion capacity and that they used this action to secure additional funding from the Networks of Festivals action, when the call was launched. Further evidence in the Romanian case study shows that the film festivals in Romania supported by MEDIA (Transilvania International Film Festival and Astra Film Festival) play a significant role in developing AV operators' capacity within the country and facilitate international distribution of AV works. For example, the Transilvania International Film Festival provides a platform for showcasing innovative films and include an educational platform for children, teenagers and professionals to improve their knowledge in audience development, script writing and production, which supports capacity building in the AV sector in Romania.

According to the literature review, film screenings at festivals contribute to film promotion and audience development²⁵². Literature reviewed shows that films featured in festivals have a higher chance of reaching wider (international) audience, including online distribution through VOD services.²⁵³ Most of the respondents to the Beneficiary survey (82%) also agreed that the MEDIA support measures via the Audience cluster increased pan-

²⁴⁷ This figure includes only coordinators, the number of AV operators that received MEDIA funding was higher if the various types of project partners are considered.

²⁴⁸ The calculations are based on a 91% share of total projects awarded under the Audience cluster, due to a lack of data on type of organisations benefiting from the projects analysed. EACEA Programme data, 2021-2022.

²⁴⁹ This figure includes only coordinators, the number of AV operators that received MEDIA funding was higher if the various types of project partners are considered.

²⁵⁰ Mapping tool – Statistical data, 2023.

²⁵¹ Ecorys Beneficiary Survey, n=72, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Increase investment in promotion of European audiovisual works'.

²⁵² European Union. 2019. European movies on the move. Ten actions for better circulation across Europe. P. 10.

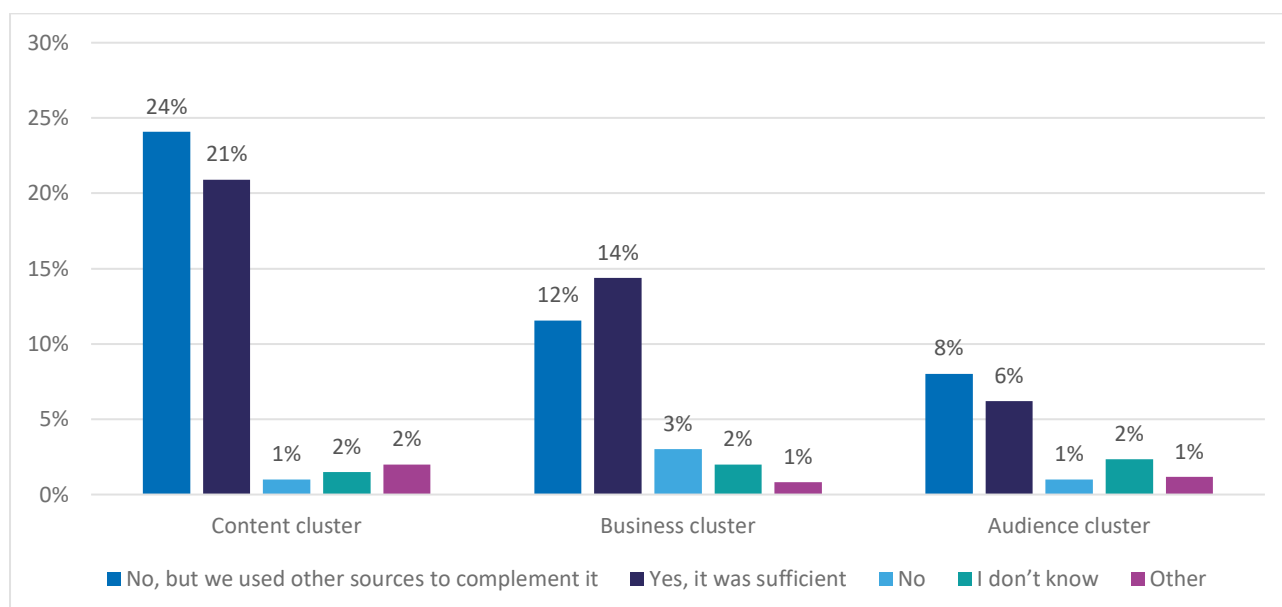
²⁵³ Krainhöfer, Tanja C. 2018, Research for the European Commission – Mapping of Collaboration Models among Film Festivals. A qualitative analysis to identify and assess collaboration models in the context of the multiple functions and objectives of film festivals, Brussels. Kulyk, Laëtita. 2021. Understanding and developing the audience: the case of the Francophone Film Festival of Greece Participations: Journal of Audiences & Reception Studies. 18. 498-510. Follows, Stephen. 2018. How many festival-nominated movies get theatrical distribution? Available at: <https://stephenfollows.com/festival-nominated-movies-get-theatrical-distribution/>; Economou, Vassilis. 2023. The "New Value of Film Festivals" under the spotlight at Cannes' Marché du Film, 18/05/2023 – CANNES 2023, accessed on 12 March 2024, available at: <https://cineuropa.org/en/newsdetail/442676/>

European cooperation for audience development,²⁵⁴ as well as digital circulation of European audiovisual works (83%) and audience access to European AV works (97%)²⁵⁵. The survey results were corroborated by the interviewed European and national stakeholders who largely agreed that MEDIA support to film festivals is essential for distributors, as it allows them to expand their cooperation opportunities, to mitigate the financial risks of including fewer known movies in their repertoire and to introduce them to larger audiences across Europe.

Capacity to access other types of funding

The findings show that MEDIA funding was complemented by other funding sources to deliver the supported projects' activities by less than a half of supported AV operators. Figure 14 shows that 44% of all Beneficiary survey respondents who received funding from Content, Business and Audience cluster actions used alternative funding sources to complement their MEDIA support²⁵⁶. Similarly, Figure 14 further illustrates that 40% of respondents from LCC Group countries complemented their funding with additional sources²⁵⁷. Most national beneficiaries interviewed also confirmed that based on the activities funded, the MEDIA support was either sufficient or they used national and regional funding to supplement it. Moreover, interviewed beneficiaries generally reported that the opportunity to combine MEDIA funding with multiple national and/or regional support measures contributed to strengthen their capacity and maximise the structural outputs achieved.

Figure 14: Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support?²⁵⁸ (total)



Source: Ecorys MEDIA Beneficiary Survey, N=598, 2023.

²⁵⁴ Ecorys Beneficiary Survey, n=71, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the question: 'Increase pan-European cooperation for audience development'.

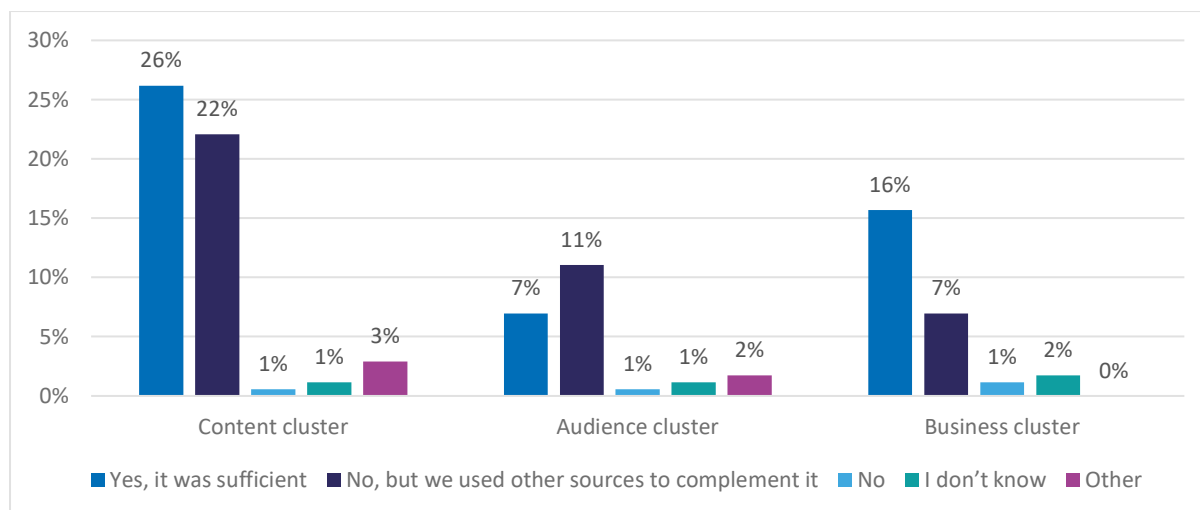
²⁵⁵ Ecorys Beneficiary Survey, n=71, n=70, 2023. The responses to the question: 'Did the MEDIA funding allow your organisation / company to:' were filtered by the responses to the questions: 'Improve digital circulation of European audiovisual works' and 'Improve audience access to European audiovisual works'.

²⁵⁶ Ecorys Beneficiary Survey, n=598, 2023. The responses to the question: 'Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support'.

²⁵⁷ Ecorys Beneficiary Survey, n=172, 2023. The responses to the question: 'Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support' filtered by respondents from LCC Group A and LCC Group B only.

²⁵⁸ The responses to this question were filtered by the responses to the question: Please indicate the country in which your organisation / company is established.

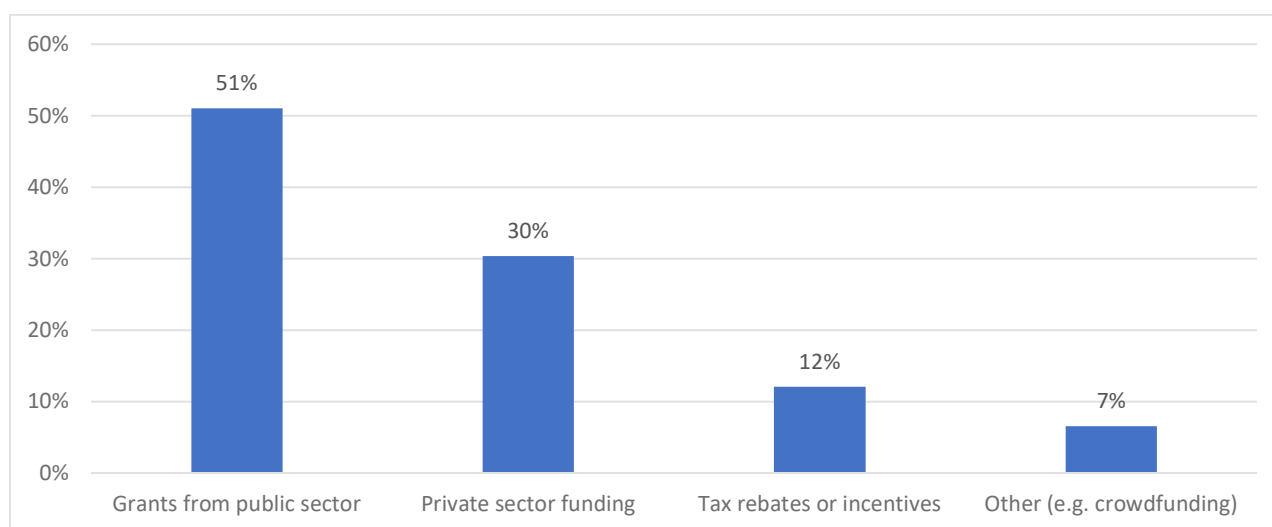
Figure 15. Was the MEDIA funding sufficient to deliver the activities of project that it was meant to support? (only LCC respondents)



Source: Ecorys MEDIA Beneficiary Survey, N=172, 2023.

The evidence indicates that MEDIA funding was largely used in combination with other funding sources available to AV sector. Overall, the beneficiaries that responded to the MEDIA survey reported that they mainly use grants from public sector or private funds to enhance their capacity for European operations (see Figure 16). The Content cluster beneficiaries largely use national or regional public funding streams such as film funds in combination with private funding (CNC, Procirep) and tax rebates/incentives as funding alternatives. The Business cluster beneficiaries used a more diverse range of funding streams in combination with MEDIA and public funding, including their own investment and revenues, combined with crowdsourcing or private funding. Additionally, the Audience cluster beneficiaries largely combine MEDIA funding with national and regional support measures available in combination with other European level funding streams such as Eurimages.

Figure 16. What other funding (or financing) sources did you use to complement MEDIA funding?



Source: Ecorys MEDIA Beneficiary Survey, n=382, 2023.

3.3.2 European added value of MEDIA and its contribution to more LPF

The assessment of available data indicates that most actions of the MEDIA strand were perceived to have a high European added value by audiovisual sector operators consulted during the study and hence are contributing to

providing a more level playing field for stakeholders benefiting from MEDIA funding. Considering that MEDIA investment in 2021-2022 represented around 2% of the funding to the public AV sector in the EU²⁵⁹ and that MEDIA supported 0,8% of all audiovisual sector companies in the EU-27 in 2021-2022²⁶⁰, the analysis provided below shows that the MEDIA strand was perceived to have a disproportionately positive impact in relation to its size in the European AV ecosystem.

As shown in Table 14, the analysis of the MEDIA Beneficiary survey results²⁶¹ highlights that the *Fostering European media talents and skills*, *European slate development*, *Markets and networking*, *Network of European Festivals / European festivals*, *TV and online content* and *European mini-slate development* were perceived by programme beneficiaries as MEDIA actions that have a very high EU added value across all areas of assessment.²⁶² As agreed with the client during the Interim meetings, this overview table focuses on the perspective of the MEDIA beneficiaries from LCCs, while the various potential areas of MEDIA European added value²⁶³ as reported by HCC and LCC operators are discussed in turn later in this section.

Table 14: To what extent your MEDIA funded project provided European added value?
(LCC responses only, LPF provisions added from the Technical Specifications,
colour coded according to similarities)

Level of EU value added	MEDIA action	LPF provisions ²⁶⁴	To a large extent	To a moderate extent	To some extent
Very high	Fostering European media talents and skills	Scholarships to participants from Group B countries or countries without financial support	74%	12%	10%
Very high	European slate development	No LPF measures under the current (2021-2022) MEDIA strand listed in the Tech. specifications	46%	27%	14%
Very high	Markets and networking	Facilitating LCC professionals' access to markets, in particular from Group B countries	69%	10%	5%

²⁵⁹ This estimate is based on the EAO Funding for the public AV sector data, which was the closest proxy for general public investment in the AV sector in the EU.

²⁶⁰ This estimate is based on the Eurostat "Number of AV sector enterprises in the EU in 2021" database and the number of unique AV sector operators (1,250) included as project lead coordinators and partners in the MEDIA programme data (2021-2022).

²⁶¹ These estimates were established by aggregating the average responses of "To a large extent", "To a moderate extent" and "To some extent" to the MEDIA Beneficiary survey and classifying the results according to the following scale: Very high (above 80% positive responses), High (between 70% and 80% positive responses), Medium-high (between 51% and 70% positive responses), Medium-low (between 25% and 50% positive responses) and Low (below 25% positive responses).

²⁶² The Network of European Cinemas (2 responses) and the Subtitling of cultural content (1 response) MEDIA actions have not been considered in this analysis due to the very limited number of respondents reporting that they received funding under these specific actions, which does not provide a representative enough sample. The MEDIA 360 action was excluded from this analysis for the same reasons.

²⁶³ As listed by under Article 3(4) of the current programme Regulation (EU) 2021/818, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R0818>

²⁶⁴ Only summaries of LPF provisions have been provided in this table due to space limitations. An overview of LPF provisions per MEDIA action was provided by the Technical specifications for this study, pg. 8.

Level of EU value added	MEDIA action	LPF provisions ²⁶⁴	To a large extent	To a moderate extent	To some extent
Very high	Network of European Festivals / European festivals	Diversity incentives, obligation to promote films from Group A and Group B countries	45%	24%	13%
Very high	TV and online content	Collaboration between HCCs and LCCs, including a partner from LCC Group A or B	30%	23%	29%
Very high	European mini-slate development	Only LCCs eligible, both Group A and Group B countries (i.e. with > or < 5 projects under Slate ²⁶⁵)	37%	30%	14%
High	European VOD networks and operators	No LPF measures under the current (2021-2022) MEDIA strand listed in the Tech. specifications	21%	29%	29%
High	Films on the move	Obligation from 2 out of 7 distributors to be from Group A or Group B countries	39%	18%	14%
High	European Co-Development	Collaboration between HCCs and LCCs, including a partner from LCC Group A or B	36%	21%	13%
Medium-high	European Film Distribution	No LPF measures under the current (2021-2022) MEDIA strand listed in the Tech. specifications	23%	18%	19%
Medium-high	Audience development & film education	No LPF measures under the current (2021-2022) MEDIA strand listed in the Tech. specifications	0%	29%	29%
Medium	Media stands	Facilitating LCC companies access to markets, in particular from Group B countries	14%	11%	17%

Source: Ecorys MEDIA Beneficiary Survey, N=172, 2023.

²⁶⁵ According to the 2022 Annual work programme, the current definition of LCC Group A and Group B countries is based on the number of applications or projects awarded under Development Slate in the period 2014-2020.

The analysis further shows that **a half of the current MEDIA actions were perceived to have a very high European added value by their LCC beneficiaries**, with the other half of the actions being perceived to have a medium-high to high European added value. The MEDIA stands was the only action that had a medium level of European added value according to the LCC beneficiaries surveyed. These findings are aligned with the findings from our analysis of the stakeholders' interviews, which also highlighted the *European slate development*, *European mini-slate development*, *European Co-Development* and *TV and online content*, *Network of European Festivals* and *Markets and networking* as MEDIA actions with high European added value, particularly for actors operating in LCC.

The *Fostering European Media Talents and Skills* action emerges from the analysis as having the overall highest perceived European added value for LCC beneficiaries. As discussed in Section 3.1.6 regarding the available support measures at national level in the AV sector, which highlighted that only 12% of support measures identified were aimed at providing training and talent and skills development. This finding shows that the MEDIA strand responds to a real need of LCC operators to have access to training focused on internationalisation of their skills and talents. This is particularly evident based on the responses from participants from Group B countries and from countries that are not providing scholarships for this kind of training, which further highlights the high European added value of this MEDIA action.

Our analysis also shows that **the type of LPF provisions were not a determining factor for the perceived European added value of MEDIA actions**, as MEDIA actions with similar LPF provisions or no LPF provisions at all (highlighted in the same colours in Table 14 above) vary in their perceived European added value by LCC operators who benefited from these actions. This seems to indicate that **the determining factor is what the MEDIA financial support allows the supported operators to do with the funds**, particularly regarding their specific needs as LCC operators.

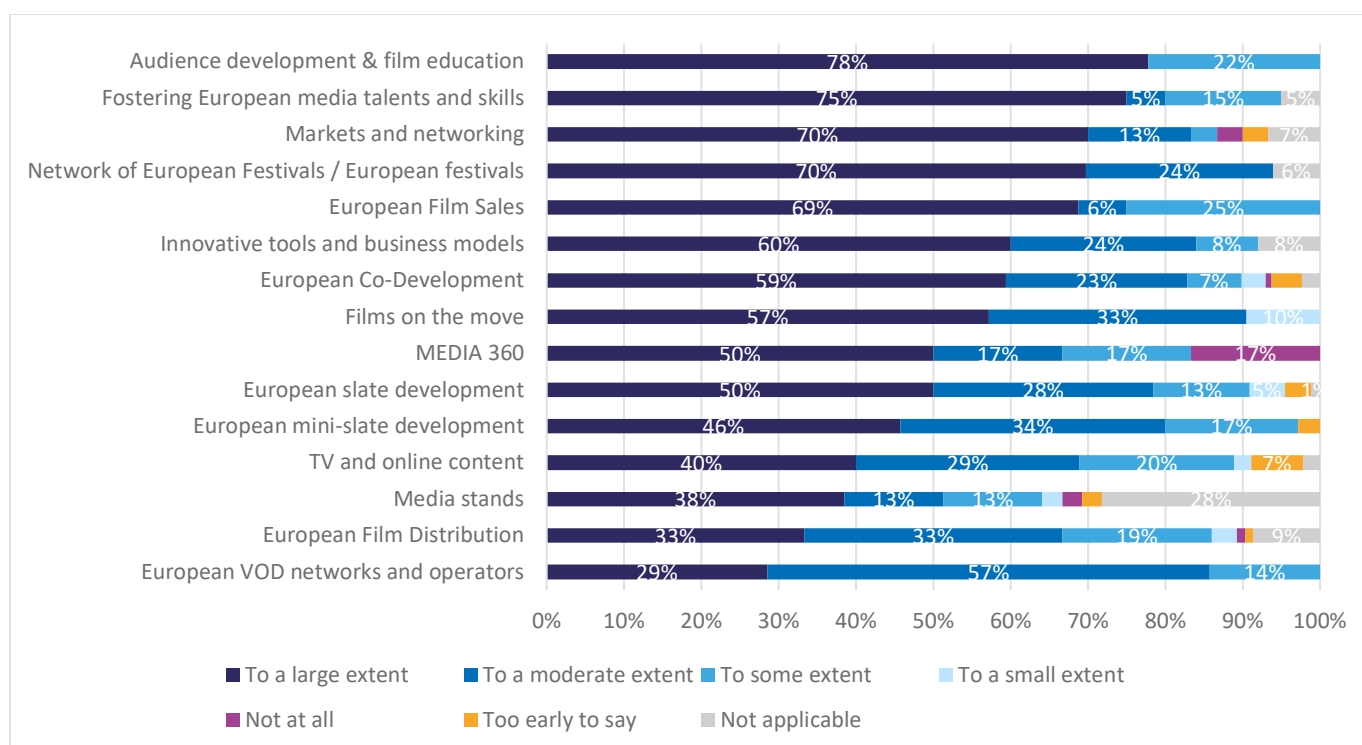
It is also useful to highlight that according to the MEDIA Beneficiary survey results, **LCC operators supported by the stand indicated both *European slate development* and *European mini-slate development* as MEDIA actions of very high European added value**. While only LLC operators (from both Group A and Group B countries) are eligible for European *mini-slate* development support, they highlighted an even higher perceived European added value from the European slate development action (available also to HCCs). This confirms that **overall, both actions fit the needs of AV operators from LLC**, and that the slate development actions cater to the needs of LLCs operators with various development capacities (European slate development was used by 12 respondents and European mini-slate development by 34 respondents to the MEDIA Beneficiary survey).

European added value in terms of promoting a shared European identity

Regarding the specific areas in which MEDIA actions bring European added value, the assessment of the Beneficiary survey data²⁶⁶ indicates that **a majority of respondents thought that MEDIA actions contributed to a large or moderate extent to promoting a shared EU identity**. The analysis of the interviews nor the experts' contributions mentioned a substantial contribution of the MEDIA actions to this dimension compared to other areas of EU added value. The top three actions regarding this dimension seem to be *Audience development & film education*, *Fostering European Media Talents & Skills* and *Markets and networking* actions, with the LCC operators highlighting *Markets and networking*, *Fostering European Media Talents & Skills* and *Films on the move* actions as particularly impactful for this dimension.

²⁶⁶ Due to the small sample of LCC operator responses to all these sub-questions, the research team opted to use the full results database for this part of the analysis. A breakdown of the differences of LCC operators responses is included in the text.

Figure 17: To what extent, your MEDIA funded project provided European added value? – Project promoted shared European identity



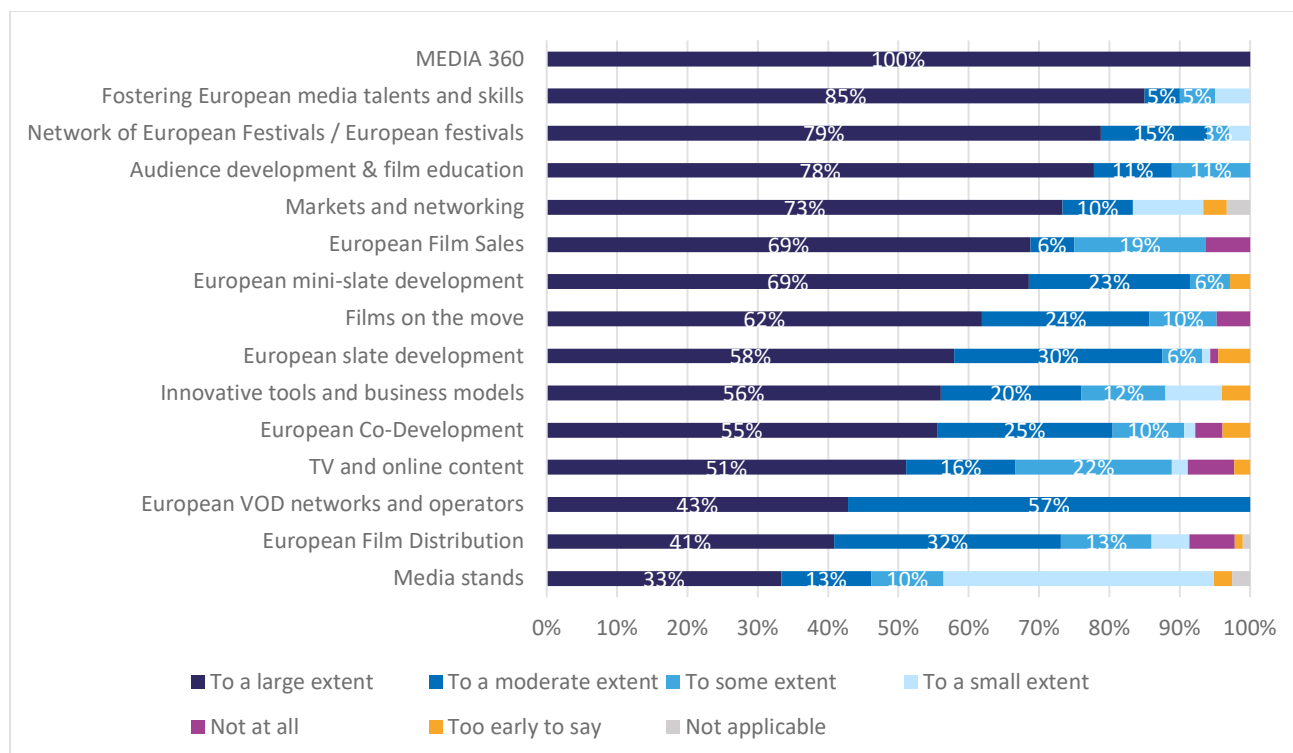
Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of promoting cultural diversity

Regarding the promotion of cultural diversity²⁶⁷, the survey data indicates that **the majority of respondents thought that MEDIA actions contributed to a large or moderate extent to this dimension**. The top three actions regarding this dimension were *MEDIA 360*, *Fostering European Media Talents & Skills* and *Network of European Festivals*, with the LCC operators highlighting *Markets and networking*, *Fostering European Media Talents & Skills* and *Films on the move* actions as MEDIA actions with particularly high European added value. The analysis of the stakeholder interviews supports these findings to some extent with the *Network of European Festivals* mentioned several times as an action of high European added value while a substantial number of interviewees mentioned *Media Stands* as contributing less to this dimension.

²⁶⁷ For the purpose of the study, we used a broad understanding of cultural diversity in line with Regulation (EU) 2021/818 of the European Parliament and of the Council of 20 May 2021, establishing the Creative Europe Programme (2021-2027). The Regulation foresees that the programme aims to foster cultural diversity in Europe by promoting the transnational circulation of artistic and cultural works, collections and productions, encouraging dialogue and cultural exchanges, and transnational mobility of artists and cultural and creative professionals.

Figure 18: To what extent, your MEDIA funded project provided European added value?
Project promoted cultural diversity

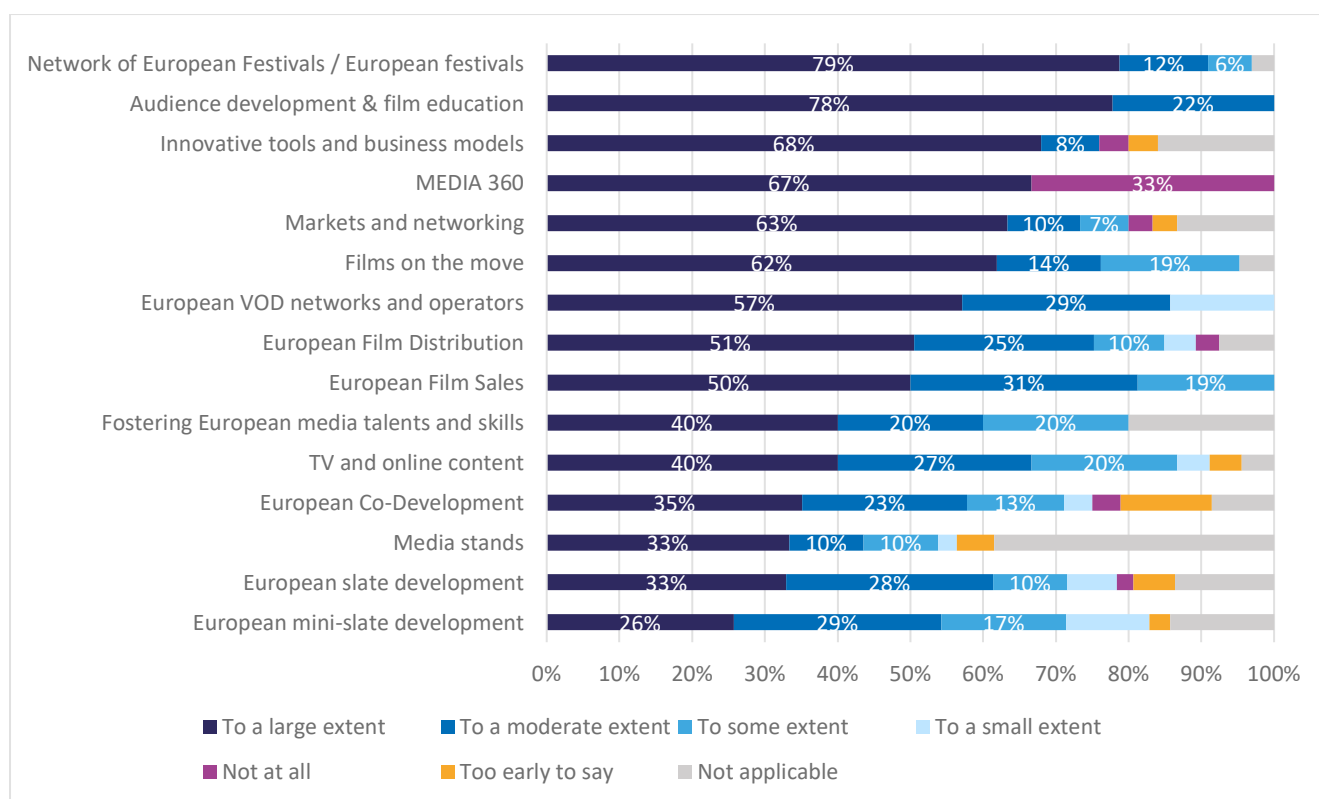


Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of promoting access and use of European AV works

According to the Beneficiary survey results, the top three actions with the highest perceived European added value in this area were *Network of European Festivals*, *Audience development & film education* and *Innovative tools & Business models*, with the LCC operators highlighting *Markets and networking*, *Fostering European Media Talents* and *Network of European Festivals* actions as MEDIA actions that have a particularly high European added value. The analysis of the stakeholder interviews also supports this finding, particularly regarding the important role that *Network of European Festivals* and *Films on the Move* play in promoting European productions in Europe and abroad. Due to the nature of this dimension, the MEDIA Content cluster actions (various actions focus on development and production of AV works) scored lower in terms of their European added value in this assessment area.

Figure 19: To what extent, your MEDIA funded project provided European added value?
Project promoted access and use of European audiovisual works

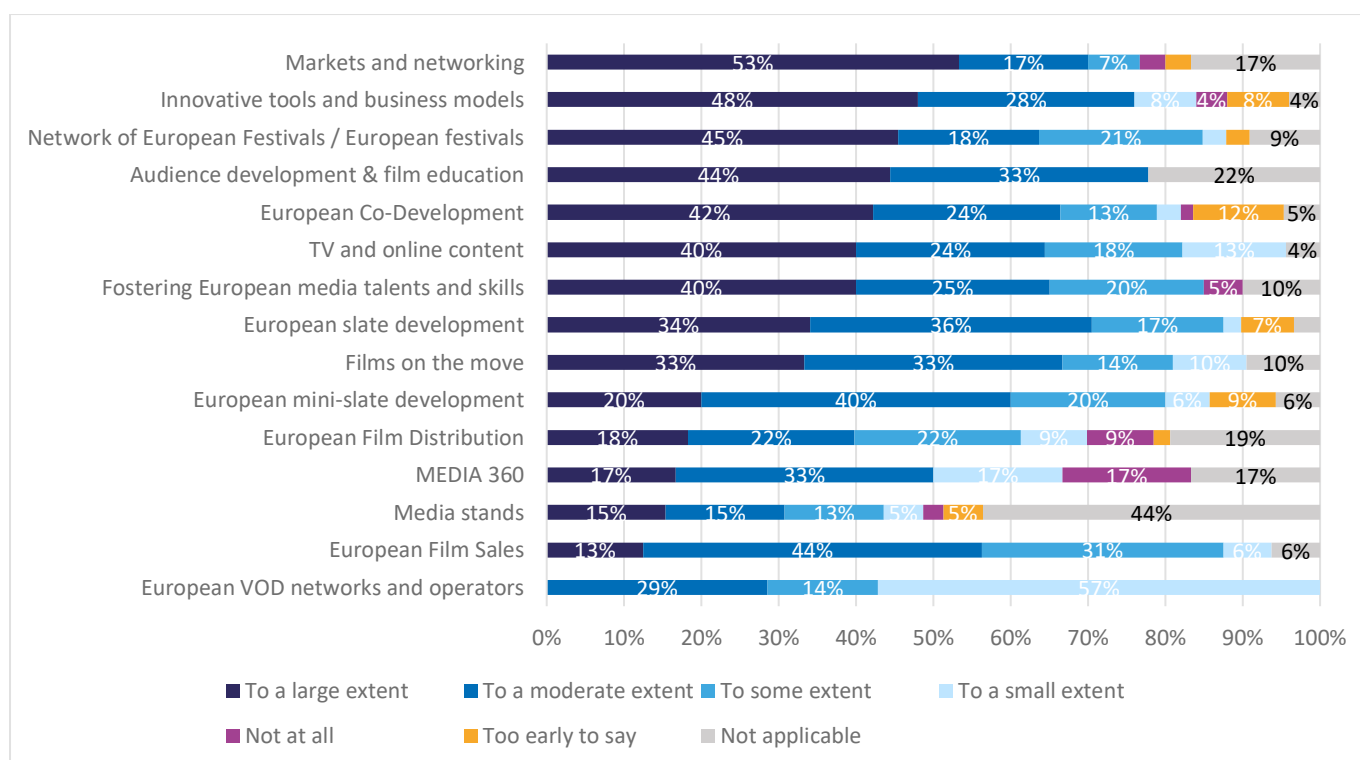


Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of scaling-up of European operations

Overall, the analysis shows that **some MEDIA actions contributed to scaling up European operations more than other actions, especially in the Content cluster**. The top three actions with the highest perceived European added value in this area were *Markets and networking*, *Innovative tools & Business models* and *Network of European Festivals / European festivals* actions, with the LCC operators highlighting *Fostering European Media Talents & Skills*, *Markets and networking* and *European Co-Development* actions as particularly impactful. This was further supported by the findings of the Key stakeholder interviews which highlighted the key role MEDIA played in supporting AV operators across Europe to increase their know-how on how to operate outside of their home markets and adapt their products to international markets. The interviews also confirmed that MEDIA actions had a higher perceived European added value in this area by operators from LCC. The analysis indicates that MEDIA actions supporting distribution had a lower perceived European added value by the strand beneficiaries in this 'scaling-up' area.

Figure 20: To what extent, your MEDIA funded project provided European added value?
Supporting companies to scale-up their European operations



Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of addressing common European challenges

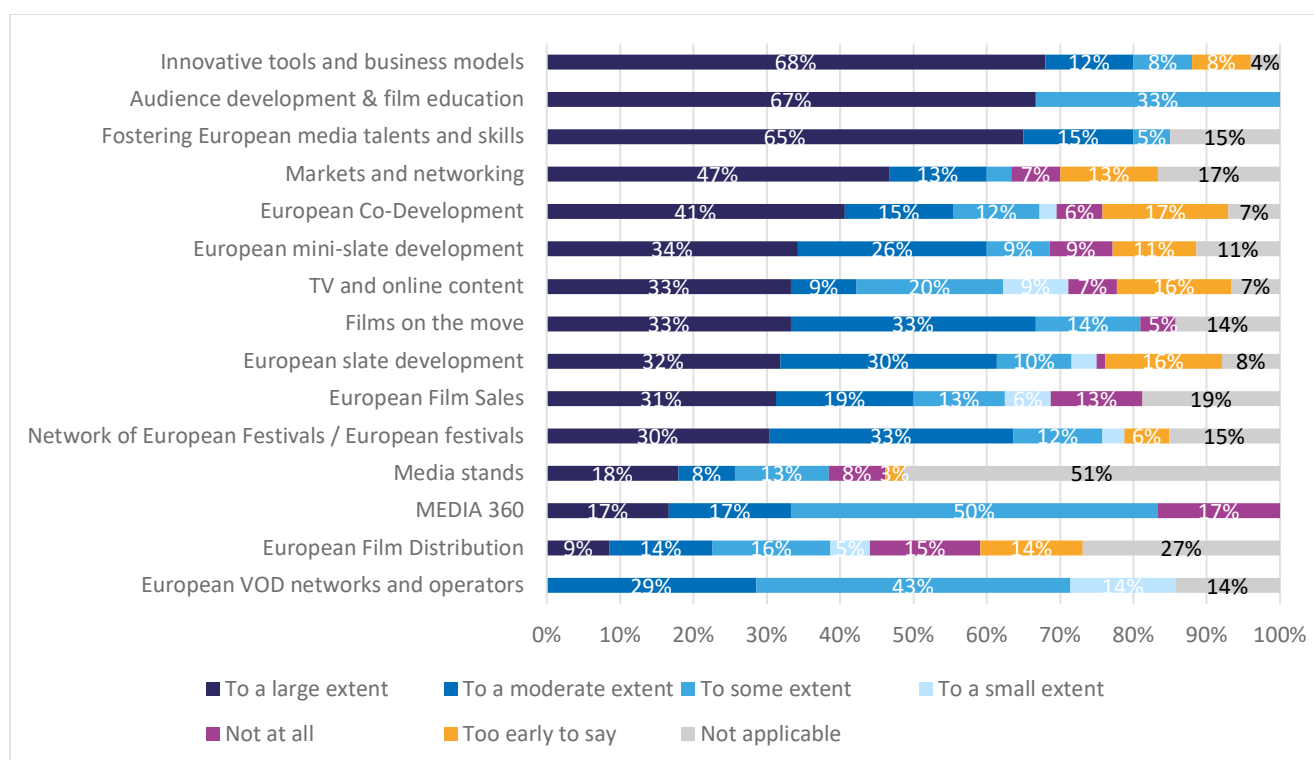
Regarding the impact of MEDIA actions in terms of *addressing common European challenges*, the **top three MEDIA actions with the highest *perceived* European added value** in this area were *Innovative tools & Business models*, *Audience development & Film Education* and *Fostering European Media Talents & Skills* actions, with the LCC operators highlighted *Fostering European Media Talents & Skills*, *Markets and networking* and *TV & Online content* actions as the particularly impactful MEDIA actions with most European added value to them in terms of solutions to common European challenges. The analysis MEDIA Beneficiary survey results also shows that **a significant share of respondents indicated that the actions did not contribute to addressing common European challenges or that it was too early to estimate**, as shown in Figure 20.

This finding is supported by the results of the Key stakeholder interviews, which highlighted that the current structure of the MEDIA actions was too focused on supporting short-term goals, often financing one-off projects without connection with each other and without the possibility of obtaining support for long-term projects that can address structural issues at the core of the European AV sector. In this respect, it needs to be noted that the MEDIA actions with the largest expected cumulative European added value i.e. the continuously supported *Networks of European Cinemas* reported a large and moderate European added value²⁶⁸, while the European distribution actions that are expected to have a continued and 'cumulative' effect on distribution of European (non-national) films reported a relatively low European added value in this area²⁶⁹.

²⁶⁸ Due to the nature of this scheme only two responses from its beneficiaries were received to the MEDIA Beneficiary survey.

²⁶⁹ It is possible that this is due to the nature of these actions and more specifically how their support provisions are related to supported operators annual performance.

Figure 21: To what extent, your MEDIA funded project provided European added value?
Project addressed common European challenges



Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of creating permanent and temporary jobs

Regarding the *creation of permanent and temporary jobs*, the analysis and calculations based on the Beneficiary survey results and MEDIA programme data revealed that MEDIA actions made a small, but relatively important contribution to job creation in the European AV sector. The top three actions with the highest reported European added value in these areas were *Innovative tools & Business models*, *MEDIA 360* and *TV & Online content*, with the LCC operators highlighting *Fostering European Media Talents & Skills*, *Markets and networking* and *European slate development* actions as particularly impactful. More specifically, the respondents of the MEDIA survey reported to have created a total of 6,270 jobs²⁷⁰ during the first two years of the current programme, or an equivalent of 1,5% of all employed in the EU AV sector in 2021²⁷¹.

More specifically, during the period 2021-2022, MEDIA beneficiaries reported that they have created 2,327 temporary jobs and 594 permanent jobs through MEDIA funded projects. An extrapolation of these figures, based on employment creation reported by MEDIA project coordinator, partners and affiliated partners suggests that MEDIA strand contributed to creating an equivalent of 5,030 temporary positions and 1,240 permanent positions in the European AV industry. Further assessment of the MEDIA actions contributions to job creation is included in Section 3.4.1.

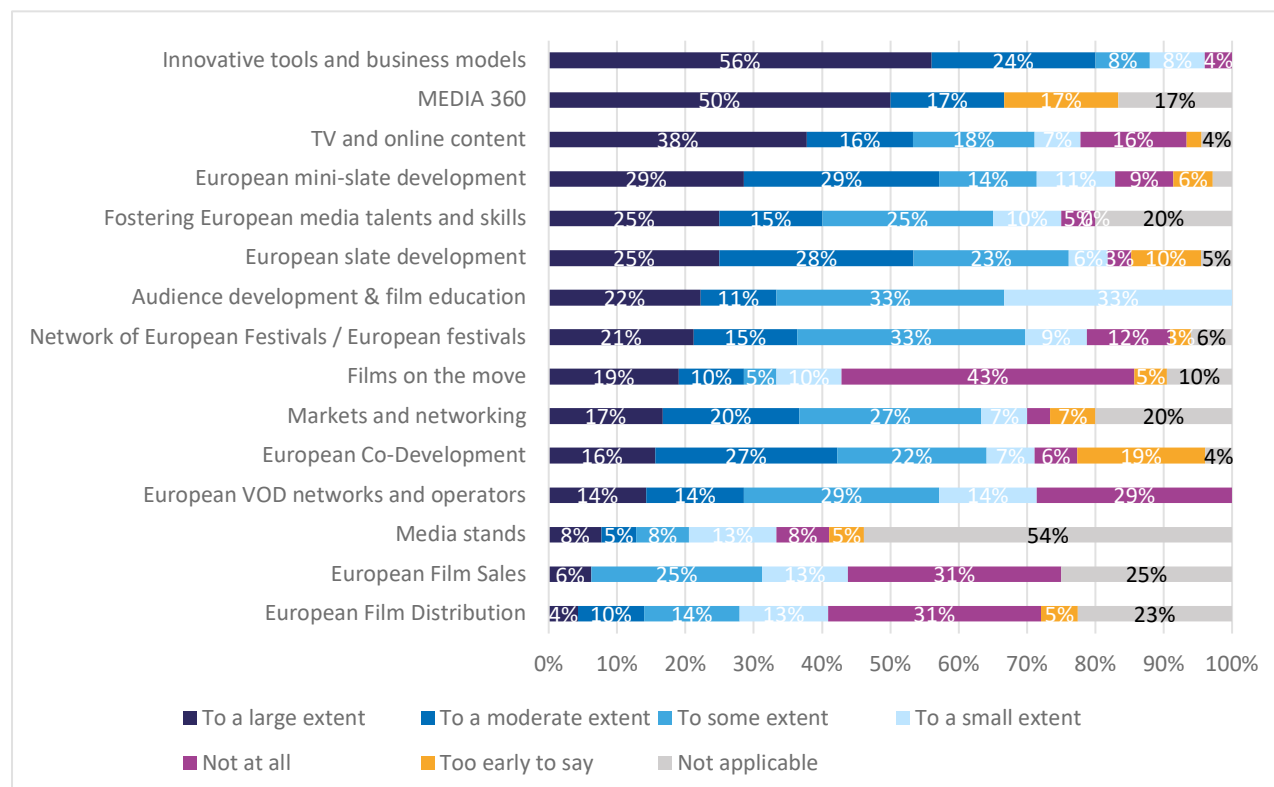
The analysis indicates that the MEDIA strand was not consistent in generating European added value across all actions/AV product lifecycle stages. The analysis shows that most job creation that could be attributed to MEDIA was concentrated in Content cluster with its actions responsible for 60% of reported FTEs created. *TV and online content* (25% of total reported FTEs), *European slate development* (15% of total reported FTEs) and *European Co-*

²⁷⁰ Please note that this metric was measured in full-time equivalents, so when we are talking about job creation in this section, we are talking about an estimated number of FTEs created.

²⁷¹ According to Eurostat AV sector employment stood at 429 thousand in 2021 and 444 thousand in 2022. Only the 2021 figure was used to contextualise MEDIA impact on employment.

Development (14% of total reported FTEs), while *Network of European Festivals* (11% of total reported FTEs) was the only action outside the Content Cluster to generate substantial European added value in this assessment area²⁷². These findings are consistent with the results of the Key stakeholder interviews, which highlighted that the MEDIA strand was perceived as providing greater European added value to job creation on the production and development side of the AV sector than other parts of the AV product cycle, with some stakeholders mentioning that there was a growing risk of overproduction of European AV content²⁷³. In this context, the case studies (please see Annex II) provide a more detailed overview of the extent this concern for overproduction is justified.

Figure 22: To what extent, your MEDIA funded project provided European added value?
Project created permanent and temporary jobs



Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

European added value in terms of leveraging funding from other sources

While to a lesser extent overall, the MEDIA strand had European added value in terms of leveraging funding from other sources. The analysis of the survey data shows that MEDIA actions contributed to this dimension to large or moderate extent for nearly half of all respondents. The MEDIA actions with the highest European added value in this area were *European Slate Development*, *Fostering European Media Talents & Skills* and *European Co-*

²⁷² The number of permanent and temporary FTEs created through MEDIA funded projects vary substantially from action to action. For temporary positions, the highest contributor was TV and online content (25% of total reported FTE) followed by European Co-Development (15% of total reported FTE) and European slate development (15% of total reported FTE) with European VOD networks and operators and European Film Sales being the lowest performers (under 1% of total reported FTE) For permanent positions, the highest contributor was European Film Distribution (15% of total reported FTE) followed by European Slate Development (13% of total reported FTE) and Innovative tools and business models (12% of total reported FTE) with European Film Sales and Films on the Move being the lowest performers (under 1% of total reported FTE).

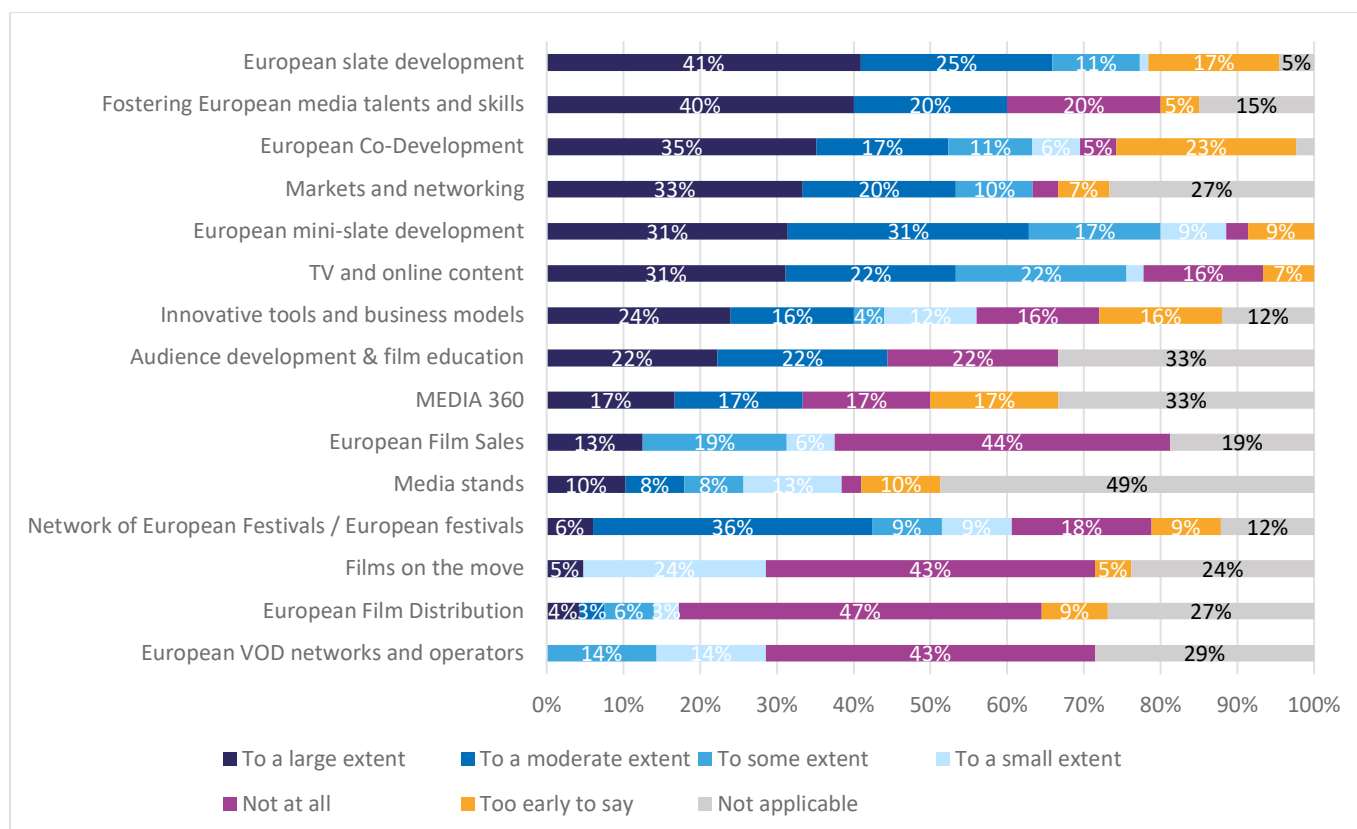
²⁷³ It could also be argued (based on the number of films produced in the EU and the continuous increase in this number) that this is overproduction is an inherent characteristic of the European film, an argument that does not necessarily negate this point.

Development. For the LCC operators, the top MEDIA actions that helped them to get funding from other sources were *Fostering European Media Talents & Skills*, *European slate development* and *Markets and networking*. In-depth analysis of the responses provides a more nuanced overview of the areas in which the MEDIA strand was supporting beneficiaries in securing funding:

- One of the most cited areas of support was allowing beneficiaries to access public (e.g., national and/or regional funds) and private (e.g., foundations, private equity and/or commercial investors) funds that were previously inaccessible to them. One of the ways MEDIA strand supported its beneficiaries in accessing these funds was by functioning as a “seal of quality” for the project and the team behind it, particularly for beneficiaries that have received MEDIA support for several years. Beneficiaries report that receiving MEDIA funding is seen by potential funders as a sign that the project can be trusted and that it has sufficient strength to be developed further.
- The MEDIA strand was also cited as a great way to meet strong project partners, both at national and international level, further boosting the capacity to attract funding at multiple levels. The analysis of the Key stakeholder interviews’ results also supports this finding, highlighting the role that MEDIA funding played in allowing supported AV operators to create a more stable framework for their projects and build their capacity to go for other sources of funding afterwards with a better chance of success. This finding is further explored in the case studies (please see Annex II), which provide a more detailed overview of how MEDIA funds were combined with other support/ funding sources.

Our analysis also highlights that the *European Film Sales*, *Films on the Move*, *European Films Distribution* and *European VOD Networks* actions provided less European added value in this particular area, a finding that is also valid if only LCC responses are examined to the MEDIA beneficiary survey.

Figure 23: To what extent, your MEDIA funded project provided European added value?
Project helped secure funding from other sources



Source: Ecorys MEDIA Beneficiary Survey, N=595, 2023.

3.4 Focus and balance of the LPF measures

3.4.1 Relevance of the current MEDIA measures towards more LPF

This section provides an assessment of the relevance of the current MEDIA measures that aim to create a more level playing field. This assessment is based on the analysis of the current MEDIA programme data, of MEDIA actions and their specific LPF provisions, as well as on the findings emerging from the previous sections in relation to the overall capacity of the EU countries as well as their national and regional support measures (please see sections 3.1 and 3.2). Finally, this section builds on the findings discussed in Section 3.3 in terms of EU added value of the various MEDIA actions. The triangulation of the various data sources has therefore been crucial to assess and identify the most relevant MEDIA actions to provide for more level playing field.

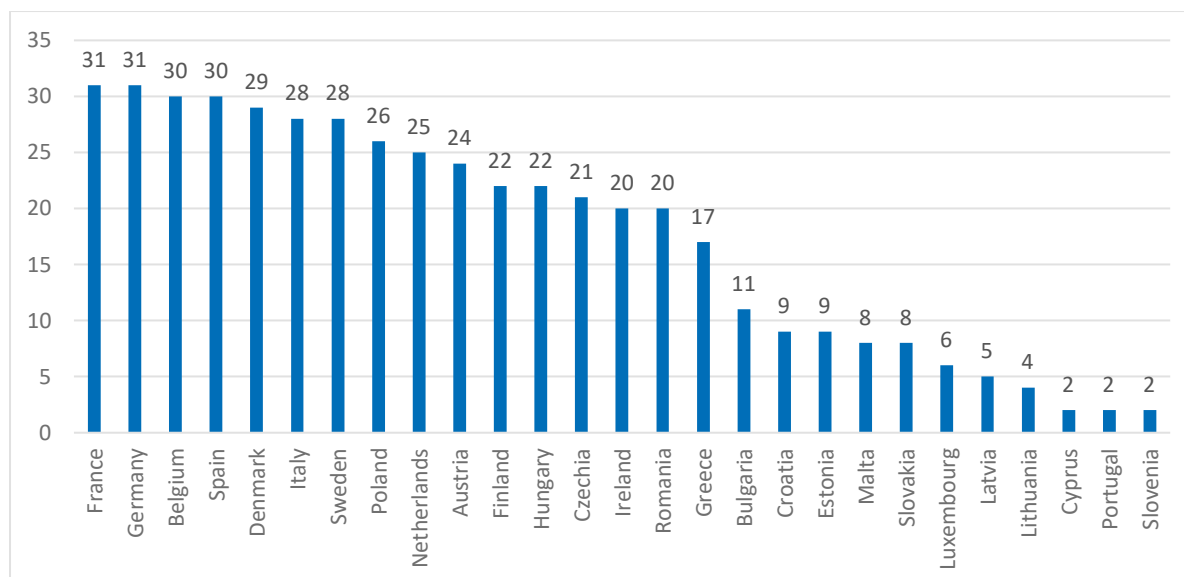
Relevance of the actions in promoting access and use of non-national European works

The findings presented in the previous sections suggest that the MEDIA programme support for the distribution of AV works contributes to provide for a more level playing field within the EU AV ecosystem, due to large number of works supported and circulated within the EU and due to the lack of regional and national support measures specifically targeting the distribution of AV works within the EU and particularly in LCCs. On one hand, only one fifth of the measures identified via the mapping were aimed at supporting distributors and among these, only one third of the measures were implemented in LCC Groups A and B. On the other hand, around 40% of the MEDIA funding contributed to support the distribution of AV works and one third of this funding was awarded to beneficiaries from LCC countries, as partners or coordinators.

For what concerns the specific actions that contributed to support the distribution of AV works, the analysis shows **a significant value in support for distribution and sales to non-national markets for LCC film titles**. When applying to the Film sales and Film distribution MEDIA actions, the distributors applying must share examples of previously distributed works in their portfolio. Based on an analysis of the works submitted, there is a clear pattern between HCCs and LCCs in terms of the number of non-national markets films are distributed in and the total number of non-national admissions these films receive. As shown in the figure below, HCCs such as France, Germany, and Belgium distributed their films to a much higher number of non-national markets compared with LCCs such as Cyprus, Portugal and Slovenia. There are a few noteworthy exceptions, including Poland, Hungary and Czechia, which each distributed to a relatively higher number of non-national markets compared with other LCCs. While insightful, this data does not capture the total distribution of films created by Member States, only those that were reported in the 2022 and 2023 Film distribution MEDIA funding call, so cannot be considered fully representative of a country's performance.

The outcome data for these calls was not available for this study, so the impact the Film sales and Film distribution MEDIA actions had on LCCs could not be assessed. Nevertheless, the data highlights the need in LCCs for additional support in international distribution, which these actions aim to address.

Figure 24: Number of non-national markets in which reported national titles were distributed, per country



Source: MEDIA programme data, 2021-2022

Relevance of the actions in supporting training and internationalisation of AV operators

Moreover, the LPF provisions part of the Markets and networking and the Network of European Festival actions were also relevant to enhance circulation and promotion of LCC's AV works, as they supported LCC beneficiaries in promoting access to their AV works and in scaling-up their activities through networking and business-to-business exchanges at industry events and fairs. The analysis of the programme data has shown that more than a half of the Network of European Festival and over one fourth of the Markets and networking actions' beneficiaries were from LCCs. Moreover, these actions were quite successful in providing for a more level playing field due to the relatively low share of industry events and festivals that are organised in LCCs. In particular, our mapping research indicates that around 68% of the film, TV, animation or documentary festivals held in the EU were organised in HCCs, suggesting the high potential and relevance of these two actions in supporting the internationalisation and upskilling of AV operators from LCCs, as well as the circulation of their AV works in other European markets and events. Finally, as highlighted in Section 3.3.2, these two actions were also considered by the surveyed MEDIA LCC beneficiaries among the actions bringing higher levels of added value.

The analysis of the support measures identified and of the MEDIA programme data suggests that MEDIA funding allocated to training and capacity building²⁷⁴ was crucial for the skills development of European AV operators, due to the comparatively lower levels of funding available at national level to support upskilling and internationalisation of AV operators. Overall, the two training-related MEDIA actions (i.e., Fostering European media talents and skills and Innovative tools and Business models) allocated around EUR 52 million between 2021 and 2022, while the estimated funding dedicated to training and talent skills development through the national and regional support measures amounted to EUR 175 million.²⁷⁵ However, the share of MEDIA funding supporting

²⁷⁴ I.e., Fostering European media talents and skills and Innovative tools and Business models

²⁷⁵ However, it shall be noted that most of the measures supporting talent skills and development and training at national or regional level are also generally aimed at supporting other AV products' lifecycle stage (i.e., production or distribution). Therefore, it could be argued that a considerable share of the volume of these measures are not solely allocated to training.

training and awarded to LCCs (EUR 9.5 million) was still lower²⁷⁶ than the share of funding awarded to HCCs (EUR 42.5 million).²⁷⁷ Similarly, based on the mapping exercise, it was estimated that only around EUR 26 million were available in LCCs through national or regional support measures, while nearly EUR 150 million were instead available for training in HCCs.

Finally, in order to address the lack of national support to training, internationalisation and upskilling of AV operations at EU level, the national authorities could potentially and increasingly take advantage of funding available through the EU Structural or Recovery Funds. In this context, as emphasised in Section 3.1.2, a few countries have used the funding available through the RRF to support the training and upskilling of AV operators (i.e. France, Italy and Belgium) or the digitalisation processes within the AV sector (i.e., Romania and Spain). Moreover, our mapping exercise highlighted that a limited number of support measures in Czech Republic, Belgium and Sweden fostering talent and skills development and upskilling of the AV operations were co-funded by the EU through the European Regional Development Fund (ERDF) and other funding instruments.

For example, in Czech Republic an ERDF funded project contributed to support the career development and professionalisation of around 2,000 AV operators. Similarly, a loan guarantee facility established in Sweden in 2019 with the support of the European Fund for Strategic Investments (EFSI) provided access to credit to a large number of small and medium-sized AV operators willing to upscale their operations through investments in production or distribution of AV works or through training support for their employees. While this measure has not been so far evaluated, it is estimated that through this measure around EUR 19.8 million have been allocated to support the AV operators.

Relevance of the actions in producing economic impacts

As briefly mentioned in Section 3.3.2, according to the Beneficiary survey results, the MEDIA programme contributed to the creation of nearly 3,000 permanent or temporary jobs between 2021 and 2022. In this context, **specific MEDIA actions contributed more than others to produce economic impacts and to strengthen the AV sector by creating more job opportunities.** For example, TV and online content, European Slate development and European Co-Development actions contributed to the creation of around half of all the job opportunities that were reported by the respondents, while these three actions accounted for only around 23% of the overall MEDIA funding between 2021 and 2022.

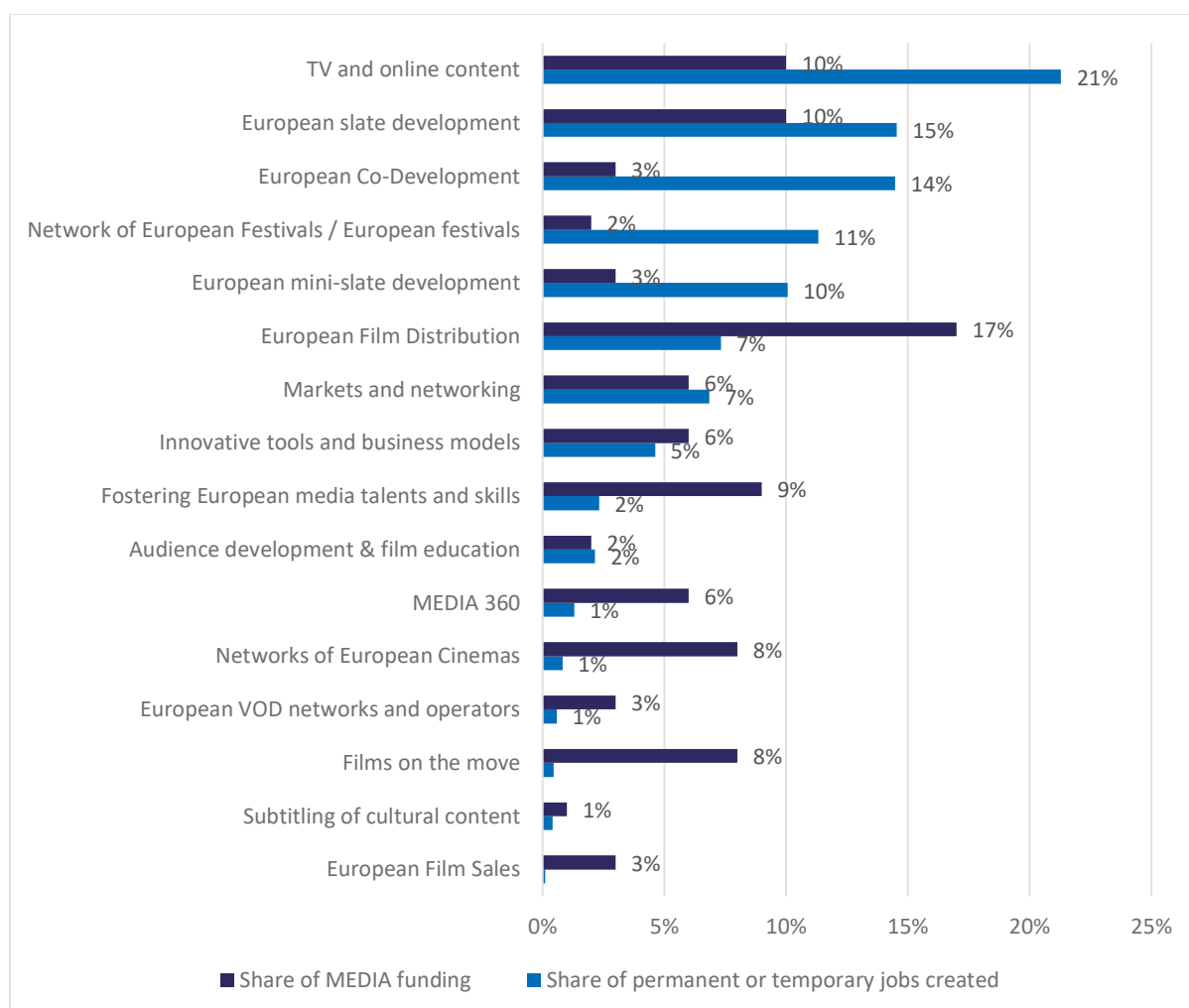
A large proportion of the posts created due to the MEDIA support were temporary posts, with the exception of the European slate development action, which contributed to the creation of high numbers of permanent and temporary posts, when compared to the other actions. The beneficiaries of this scheme reported one of the highest shares of permanent posts created (13% of total reported FTE), alongside the European film distribution with 15% of permanent posts created and Innovative tools and business models with 12% of permanent posts compared to total reported FTEs. This finding suggests that the European slate development action strongly contribute to produce structural impacts and strengthen the European AV ecosystem due to its relatively high potential in generating both temporary and longer-term employment opportunities for the AV sector.

The figure below provides an overview of the share of temporary and permanent jobs created by each MEDIA action, and their related share in terms of MEDIA funding.

²⁷⁶ The LCC and HCC investment figures in training must be seen in the light of the number of people employed in AV enterprises in the HCCs and LCCs. According to our calculations, 81% of the MEDIA training budget went to HCCs with 78% of sector workers employed in these countries, while LCC operators were able to benefit from 18% of MEDIA funding while employing 22% of EU's AV workforce. Similarly, the results of the mapping delivered shows that 85% of the investment in support measures was provided in HCCs with the remaining 15% allocated in LCCs, confirming that LCCs overall invest less in training their AV sector professionals, proportionate to the size of their sector workforce.

²⁷⁷ These calculations are based on the amount of funding received by coordinator, partner or affiliated entity organisations, based on their nationality. However, it has not possible to assess whether the funding allocated to training providers from these countries has been used for the training of AV operators from other countries.

Figure 25: Share of permanent or temporary jobs created by each action and their related share of MEDIA funding



Source: Ecorys MEDIA Beneficiary Survey, N=326, 2023; MEDIA Programme data (2021-2022)

The breakdown of temporary and permanent job positions created per country through the MEDIA funding suggests that actions including specific provisions aimed at providing for a more level playing field were those that contributed the most to the employment creation in LCCs. For example, the Co-Development, Mini-slate development, TV and online content and Network of European Festivals actions contributed to create 619 permanent or temporary job opportunities in LCCs, around 60% of the total number of job opportunities created in LCCs, as reported by the surveyed MEDIA beneficiaries. This finding suggests that **actions fostering collaboration between HCCs and LCCs through specific LPF provisions (i.e., Co-development, TV and Online Content) or actions devoted to only LCCs (i.e., Mini-slate development) contributed to produce economic impacts and strengthen the AV sector of countries characterised by lower AV capacity levels.**

Relevance of the actions in addressing common European challenges

As briefly discussed in Section 3.3.2, **some specific MEDIA actions were generally contributing more than others to addressing common European challenges and to contribute to the EU Twin Transition priorities (i.e., digital and green transitions).** As suggested by a high-level EACEA official, the MEDIA programme in its key requirements for applicants has made important steps toward greening the sector, but the results will be more visible at the end of this programme cycle, when beneficiaries will report on the impacts of the projects. Therefore, a more complete assessment of the relevance of the MEDIA actions in contributing to greening practices could be conducted in the context of the Creative Europe mid-term or final evaluation.

While all the MEDIA actions require applicants to propose 'adequate strategies to ensure more sustainable and environmentally respectful industry', only **37% of MEDIA beneficiaries respondents reported that the MEDIA funding they received has so far helped them in implementing greening practices within their organisations**. The survey results also suggest that the **MEDIA dedicated training actions²⁷⁸ supported more than others the implementation of greening practices among their beneficiaries**. As also highlighted by a few MEDIA beneficiaries interviewed, the emphasis on greening approaches and practices was particularly relevant and important for the whole sector, also recognising the need for additional information, training, guidance or best practices on how to implement greening practices within specific AV sub-sectors and to ensure at the same time sustainability and competitiveness of the sector.

Concerning the efforts to contribute to the digital transition, the desk research and the survey results suggest that **the following actions were those contributing the most to improving the competitiveness of the sector through digitalisation processes or through enhanced digital circulation of AV works: Innovative tools and business models; Markets and Networking; Films on the Move; European VOD Networks and Operators; and Fostering European media talents and skills**. In this context, all these actions require that the selected beneficiaries: i) take advantage of or develop new technologies to improve digital circulation and consumption of AV works; or, ii) explore new development and production methods through use of big data or AI. The table below provides an overview of the potential contribution to the digitalisation of the sector brought by these actions, as well as the feedback of MEDIA beneficiaries respondents and the share of MEDIA funding available through these actions.

Table 15: MEDIA actions and support to digitalisation

Action	Contribution to digitalisation	Share of beneficiaries reporting that the action increased their competitiveness through digitalisation or through improved digital circulation of their AV works	Share of MEDIA funding (2021-2022)
Innovative tools and business models	This action promotes the development and use of business tools exploring new modes of production, financing, distribution or promotion enabled or enhanced by new technology (AI, big data, blockchain, Virtual worlds / Metaverse, NFT, etc.)	88%	7%
Markets and Networking	This action provides opportunities to organise industry events focused on the uptake of new technologies and business models, to ensure that Europe's AV industry is taking full advantage of digitalisation.	64%	5%
Films on the Move	The action supports increased investment in online promotion and distribution of non-national European films in view of expanding audience reach.	89%	5%

²⁷⁸ In particular, respectively 80% and 48% of beneficiaries of the Fostering European media talents and skills and Innovative tools and business models actions indicated that the MEDIA funding helped them to implement greening practices.

Action	Contribution to digitalisation	Share of beneficiaries reporting that the action increased their competitiveness through digitalisation or through improved digital circulation of their AV works	Share of MEDIA funding (2021-2022)
European VOD Networks and Operators	This action aims to strengthen the cross-border collaboration among European VOD platforms through collaborative activities to increase the online audience and to improve the digital circulation and consumption of European content.	86%	7%
Fostering European media talents and skills	The action aims to strengthen the capacity of audiovisual professionals to adapt to new creative processes and new business models with a view to maximise and fully exploit the opportunities of digital innovation across the value chain.	60%	9%

Source: Ecorys MEDIA Beneficiary Survey, N=103, 2023; MEDIA Programme data (2021-2022)

However, as also pointed out by stakeholders at various levels (i.e., MEDIA beneficiaries, European and national associations, the EACEA), **while important steps have been taken to increase the digital circulation and distribution of AV works, additional efforts would be necessary to enhance digitalisation processes that could contribute to increase the production of AV works and to support digital development across all the lifecycle stages of AV works.** For example, a recent EAO report²⁷⁹ stressed the **importance of AI in all the lifecycle stages of AV works**, suggesting that **AI will soon transform the entire AV value-chain**. A report published by the European Parliament²⁸⁰ also emphasised the **potential benefits of AI for the various lifecycle stages of AV works**, i.e., from the production of high-quality content (e.g., 3D animation, etc.) to post-production support (e.g., automated subtitle and translations, dubbing, etc.), from increased knowledge of consumption behaviours (i.e., use of big data) to archiving, preservation and re-use of audiovisual content.

3.4.2 Proportionality of MEDIA measures and their elements for more LPF

This section provides an assessment of the proportionality of the current MEDIA actions in relation to the extent to which they promote more LPF and generate European added value. It first builds on the findings presented in previous sections by summarising which MEDIA actions generate very high or high European added value and address transversal challenges faced by the European AV sectors. MEDIA funding success rates were then calculated in order to assess the extent to which the demand of AV operators is currently satisfied, and their needs responded to. Finally, recommendations for improving the balance of MEDIA actions were formulated. These were complemented with likely effects on programme objectives and budget implications.

Some MEDIA actions generate very high or high European added value...

²⁷⁹ European Audiovisual Observatory (2020). Artificial intelligence in the audiovisual sector. Accessed from: <https://rm.coe.int/iris-special-2-2020en-artificial-intelligence-in-the-audiovisual-secto/1680a11e0b>

²⁸⁰ Caramiaux, B. (2020). Research for CULT committee - The use of artificial intelligence in the cultural and creative sectors. Accessed from: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/629221/IPOL_IDA\(2020\)629221_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/629221/IPOL_IDA(2020)629221_EN.pdf)

The Section 3.3.2 concluded that the type of LPF provisions does not appear to be a determining factor for the perceived European added value of MEDIA actions. Instead, what determined the degree to which stakeholders perceived a higher (or lower) European added value was the extent to which MEDIA financial support responded to the needs of AV operators, particularly those in LCCs. As shown in Table 16, out of the ten MEDIA actions perceived by the Beneficiary survey respondents as generating very high or high European added value, only two do not have any LPF provisions associated with them (*European Slate Development* and *European VOD Networks and Operators*).

Table 16: MEDIA actions perceived as generating very high or high European added value (MEDIA Beneficiary survey) and associated LPF provisions

MEDIA actions	Very high European added value	High European added value	Existing LPF provisions
European Co-Development		YES	YES
European mini-slate development	YES		YES
European Slate Development	YES		NO
European Festivals	YES		YES
Networks of European Festivals	YES		YES
Films on the Move		YES	YES
Markets & Networking	YES		YES
Fostering European Media Talents and Skills	YES		YES
TV and online content	YES		YES
European VOD Networks and Operators		YES	NO

Source: Ecorys MEDIA Beneficiary Survey, 2023

The findings from the survey were confirmed by the Key stakeholder interviews, both at the European and Member State levels. For example, analysis of interviews with European association stakeholders shows that some of the MEDIA actions mentioned above contributed effectively to supporting distribution, especially independent distribution, and addressed the risk that comes with international distribution. In addition, European association stakeholders pointed out that *European slate development* and *European mini-slate development* had a major role to play because national funds mainly target production, thus helping LCCs with development of AV capacity, promotion, distribution and expanding cross-border collaboration. This was also emphasised at the national level, for example, by the representative of the National Film Archive in the Czech Republic who deemed *European mini-slate development* action successful in levelling the playing field.

Building on the previous section's findings, MEDIA actions addressing some of the transversal European challenges, such as the digital transition, included *Innovative tools and business models*, *Markets and networking*, *Films on the move* and *Fostering European media talents and skills*. These contributed to improving the competitiveness of the AV sector through digitalisation and through enhanced digital circulation of AV works. Further analysis of programme data, Beneficiary survey and interviews' results show that while these actions have generated European added value, led to enhanced digital production, development and distribution. However, further research is needed to assess the extent to which MEDIA supported the AV sector to adapt to the digital transition. The interim evaluation of the Creative Europe programme could be used to collect further information and identify the lessons learned in this area for the remainder of the programme.

Interviews further highlighted how the *TV and online content* and *European festivals* measures supported expanding and attracting wider audiences beyond national borders. MEDIA beneficiaries confirmed reaching much larger audiences with streaming platforms, also due to the advantage for the audience of easy access to European content. Regarding audiences, the consulted MEDIA desks mentioned that theatres experience higher attendance as a consequence of the *European festivals* scheme. The Swedish Film Institute also stressed how there was added value in supporting festivals as they serve to expand the reach of European movies to more audiences, and promote European films among the general public.

Based on the evidence collected, the **MEDIA actions supporting training and capacity have a high EU added value**. These actions were considered to be providing high level of European added value in relation to skills development of European AV operators, given the low levels of national measures supporting training of AV professionals in general and training for internationalisation of their operations specifically. As pointed out in Section 3.4.1, evidence suggests that there is some limited disparity in MEDIA funding dedicated to training between HCCs and LCCs relative to the share of AV workforce in these countries that could be addressed under the MEDIA strand going forward.

Overall, MEDIA actions providing very high or high European added value appear to align well with the priorities of the MEDIA programme listed in Art. 6 of the Creative Europe Regulation, especially in terms of nurturing talent, skills, cross-border cooperation, international distribution, circulation, promotion of European AV works and increasing audiences.

Yet it appears to be challenging for AV operators to succeed in the funding competition across a number of MEDIA actions

Success rates provide an indication of which actions are relatively in higher demand by the sector, compared to other actions. Low success rates also imply that a relatively high number of those operators who are interested in MEDIA funding will not be satisfied, and therefore not in a position to contribute to the desired programme's objectives (unless they receive funding from other sources).

Looking at application success rates²⁸¹ per MEDIA action (Table 17, only those perceived as generating very high or high European added value and the European Film Distribution and Innovative tools and business models actions are considered), there were actions where applications of coordinators based in LCC A or LCC B countries were more successful than the average success rate (across all programme countries). These actions include *European festivals* (in this action, LCC A applications were more successful than the average); *European co-development*, *European mini-slate development*, and *European film distribution* (in these, LCC B applications were more successful than the average); *Network of European festivals* (in this action, both LCC A and LCC B applications were more successful than the average). In other MEDIA actions, i.e. *European slate development*, *Films on the move*, *Markets and networking*, *Fostering European media talents and skills*, *TV and online content*, *European VOD networks and operators*, and *Innovative tools and business models*, the average success rate across all countries was higher than the success rate of applications originating from LCC A or LCC B countries. Interestingly, of these actions, *Films on the move*, *Markets and networking*, *Fostering European media talents and skills*, and *TV and online content* have LPF provisions associated with them.

The success rates were particularly low on *European co-development* (LCC A: 14.41%, LCC B: 17.24%, all countries average: 16.91%), *TV and online content* (LCC A: 7.5%, LCC B: 11.43%, all countries average: 22.92%), and *Fostering European media talents and skills* (LCC A: 21.05%, LCC B: 33.33%, all countries average: 34.05%). Furthermore, AV operators from LCC A and LCC B countries coordinating applications on *Innovative tools and business models* were particularly unsuccessful in receiving funding (i.e., only one project was awarded to a beneficiary from LCC as partner). However, the relatively low success rates apply not only to LCCs, but also a number of HCCs. The funded projects demonstrate a high degree of concentration in France, Germany and the Netherlands, in part due to MEDIA desks being more active in promoting this action in these countries.

The four actions mentioned above support the internationalisation of AV operators, digitalisation and training, therefore areas, which have been consistently emerging in interviews and survey as addressing the needs of the AV sectors (please see above Section 3.3.2). However, the low success rates also suggest that the demand and interest from the sector are considerably higher than the currently available EU financial support for the respective action.

²⁸¹ Calculated as the number of funded projects divided by the number of applications.

Table 17: Success rates (MEDIA, 2021 and 2022, by country of project coordinator)

MEDIA actions	LCC A	LCC B	All countries
European Co-Development	14.41%	17.24%	16.91%
European mini-slate development	45.71%	57.33%	51.02%
European Slate Development	35.00%	38.89%	45.23%
European Festivals	87.88%	76.19%	74.80%
Networks of European Festivals	36.36%	25.00%	30.77%
Films on the Move	33.33%	N/A	59.76%
Markets & Networking	32.50%	21.05%	45.50%
Fostering European Media Talents and Skills	21.05%	33.33%	34.05%
TV and online content	7.50%	11.43%	22.92%
European VOD Networks and Operators	20.00%	6.25%	20.45%
European Film Distribution	97.37%	98.75%	97.57%
Innovative tools and business models	0.00%	0.00%	22.30%

Source: MEDIA applications and projects database, further analysis by Technopolis; Note: the table includes only actions perceived as generating very high or high European added value in the MEDIA Beneficiary survey and the European Film Distribution and Innovative tools and business models actions.

Table 18 provides an overview of the budget allocations for the MEDIA actions for years 2021, 2022 and 2023. Looking at the three years cumulatively, the *European co-development* action represented approximately 3% of the total MEDIA budget (including all actions, irrespective of their perceived European added value). However, as outlined in Section 3.3.1, this action was particularly successful in strengthening AV capacity in LCCs and thus in providing for a more level playing field, as over one third of the beneficiaries were coordinators from LCCs.

Moreover, the *TV and online content* action represented around 11% of the total MEDIA budget, and the *Fostering European media talents and skills* action represented just below 5% of the total MEDIA budget. While accounting for around 16% of the 2021-2022 MEDIA budget, these two actions contributed to a large extent to provide for a more level playing field: as discussed in Section 3.4.1, the TV and online content action contributed to generate a high number of employment opportunities in LCCs, as reported by the Beneficiary survey respondents; the *Fostering European media talents and skills* action contributed to address structural gaps in terms of funding to training through national or regional measure in LCCs (as emphasised in Section 3.3.2). In addition to this, both the *TV and online content* and *Fostering European media talents and skills* actions were deemed among those actions contributing the most to address common European challenges for LCCs beneficiaries responding to our survey (please see Section 3.3.2), as well as among those contributing the most to the digitalisation of the AV sector through their funding and project requirements (please see Section 3.4.1).

Collectively, the European co-development, the TV and online content and the Fostering European media talents and skills actions represented just below one fifth of the total MEDIA budget. Yet, the evidence above suggests that they deliver very high or high European added value, but are rather oversubscribed.

Table 18: Budget allocations (MEDIA, 2021-2023)

MEDIA actions	Budget 2021 (€)	Share of total MEDIA budget 2021	Budget 2022 (€)	Share of total MEDIA budget 2022	Budget 2023 (€)	Share of total MEDIA budget 2023	Budget 2021-2023 (€)	Share of total MEDIA budget 2021-2023
Co-Development	5,000,000	2.90%	6,000,000	2.65%	6,500,000	3.59%	17,500,000	3.02%
Mini-slate development	4,000,000	2.32%	5,000,000	2.21%	5,500,000	3.04%	14,500,000	2.50%
Slate Development	15,097,288	8.75%	18,000,000	7.96%	19,500,000	10.78%	52,597,288	9.08%
European Festivals			N/A		10,000,000	5.53%	19,000,000	3.28%
Networks of European Festivals	9,000,000	5.21%	5,000,000	2.21%	N/A		5,000,000	0.86%
Films on the Move	11,000,000	6.37%	16,000,000	7.08%	16,000,000	8.85%	43,000,000	7.42%
Markets & Networking	7,500,000	4.35%	13,000,000	5.75%	N/A		20,500,000	3.54%
Media Talents & Skills	8,000,000	4.63%	20,366,966	9.01%	N/A		28,366,966	4.90%
TV & online content	17,611,312	10.20%	22,000,000	9.73%	22,000,000	12.17%	61,611,312	10.63%
VOD Networks & Operators	4,000,000	2.32%	11,000,000	4.87%	N/A		15,000,000	2.59%
Total MEDIA actions perceived as generating very high or high European added value	81,208,600	47.05%	116,366,966	51.48%	79,500,000	43.97%	277,075,566	47.82%
European Film Distribution	29,900,000	17.32%	33,000,000	14.60%	34,000,000	18.80%	96,900,000	16.72%
Innovative tools & business models	14,885,377	8.62%	7,000,000	3.10%	8,883,198	4.91%	30,768,575	5.31%
Total MEDIA budget (incl. actions not shown here)	172,609,161		226,053,216		180,808,719		579,471,096	

Source: Creative Europe annual work programmes, further analysis by Technopolis; Note: the table includes only actions perceived as generating very high or high European added value in the MEDIA Beneficiary survey and the European Film Distribution and Innovative tools and business models actions.

Based on the evidence presented above, the recommendations outlined below are put forward for policy dialogue with the Member States to support the AV sector's capacity to access MEDIA funding and to improve the balance

of MEDIA actions so that they generate more European added value and provide for a more level playing field, as well as to better address the transversal challenges faced by the European AV ecosystem.

Recommendations for policy dialogue with the Member States

The Commission and the Member States should engage in a dialogue and work together towards a stronger European audiovisual ecosystem where we suggest that:

- ▶ Member States increase the use of the EU Structural Funds and other EU funding distributed nationally to support training, internationalisation, upskilling, digitalisation of AV operators, infrastructure, access to finance among others building on the experience of the countries that have already used these EU funds to support their AV industries²⁸². More extensive use of EU funds for AV sector support will contribute to European AV capacity.
- ▶ Member States increase support for skills development, especially in relation to the storytelling techniques, script writing, making the most of technological innovations, financing and business models. The study identified a high demand for this type of support in European AV ecosystem.
- ▶ Additional efforts at the national and EU levels are made in order to strengthen digital innovation. While important steps have been taken to increase the digital circulation and distribution of AV works, efforts could focus in particular on the use of opportunities provided by digital technologies such as AI, XR, virtual production across AV operators and AV lifecycle stages to enhance production (and post-production) processes for European AV works as well as their promotion and distribution strategies.
- ▶ The Commission works with Member States to assess whether support measures are congruent with consumer preferences, focusing on AV subsectors that have the highest potential to contribute to the AV sector' competitiveness in Europe, including the largest and growing AV sub-sectors (i.e. broadcasting, VoD and video games), as well as across AV lifecycle stages, investing more in distribution and promotion in the AV subsectors that are growing (VoD and video games) or already have ample production support (film).
- ▶ The Commission and the Member States working together through ERGA and the Contact Committee of the AVMSD, monitor the challenges of AVMSD implementation in LCCs to assess if LCCs have the required leverage to apply the provisions of the AVMSD to VOD providers.
- ▶ Via the policy exchanges with the Member States, the Commission should raise awareness of the positive correlation between broadcasters' investments and European AV capacity as well as work with Member States to review the effectiveness of regulatory measures introduced with the transposition of the AVMSD that stimulate broadcasters' investments.
- ▶ The study found that tax incentives (incl. tax deductions and cash rebates) were also a type of support measure contributing to strengthening the capacity of the targeted AV operators involved in film production and development in a few EU countries. The Members States should consider incorporating such measures among the complex set of support available to AV operators, including those aimed at upskilling the workforce.

Recommendations on the balance of MEDIA actions to generate more European added value and provide for a more level playing field:

- ▶ **Training:** the scope of LPF provisions included in the Fostering European media talents and skills action could potentially be expanded and include LCCs Group A as specific beneficiaries of scholarships and training opportunities. Our mapping research indicates that a limited share and volume of support measures in both groups of LCCs were aimed at promoting training, upskilling and internationalisation of AV operators,

²⁸² For example, France, Italy and Belgium used RRF to support the training and upskilling of AV operators, and Romania and Spain used it to digitalise the AV sector. Moreover, some training and upskilling measures in Czechia, Belgium and Sweden were co-funded by the EU through the European Regional Development Fund (ERDF) and other funding instruments.

suggesting that this type of MEDIA funding is crucial for AV operators from these countries, as it contributes to addressing a gap in terms of training opportunities between LCCs and HCCs.

- ▶ **Co-development:** there is a very high potential EU added value in promoting co-development collaboration between AV operators from LCCs and HCCs. Provided the importance of the development phase in the overall success of a production as well as the benefits of European co-production²⁸³, increased support for European co-development on high-quality projects, involving LCCs and HCCs in genuine collaboration, has the potential to increase both the competitiveness and diversity of European AV offer. This collaboration could take the form, for example, of LCC above and below the line professionals involved in a project in substantial capacity or LCC producers retaining and exploiting intellectual property rights for additional revenues.²⁸⁴
- ▶ **Co-production:** a number of case studies produced (e.g. the Czech, Romanian and Polish cases) in the context of this study have highlighted the role that co-production plays in developing European AV capacity as well as providing structural stability, including via access to MEDIA funding, to national AV market performance in LCCs during times of recession and periods of lower demand for national AV products. Furthermore, the European Media Industry Outlook²⁸⁵ shows that there is a demand for co-production of high-quality TV content in Europe. It is, therefore, recommended to provide additional support to co-production projects through guidance, awareness raising, good practice exchange, particularly to foster substantial partnerships between AV operators from LCCs and HCCs, within the existing TV and online content action.
- ▶ **The role of AI and innovation:** AI will play a key role in the European AV sector, especially in terms of AI technology and copyright regulation, bringing new challenges, but at the same time providing the sector with opportunities for new solutions and the potential for greater European added value. Therefore, it would be crucial to support technological innovations throughout the MEDIA strand as a transversal objective, covering as many AV sub-sectors as possible, focusing on AI opportunities, employing the vast and unique AV legacy, talent and diversity that Europe offers. In addition, the currently ongoing evaluation of the Creative Europe programme can provide an opportunity to explore concrete opportunities and challenges provided by AI that could be addressed by current MEDIA actions.
- ▶ **Adaptation to the changing needs of the AV sector:** as mentioned in the report, the AV sector has been going through a significant transformation in recent years. The ongoing interim evaluation of the Creative Europe programme provides an opportunity to re-examine the extent to which MEDIA funding needs to be aligned with some of the trends observed during recent years, including increasing prominence of broadcasters' investment, growing video game sub-sector, shifting TV audiences online and growing VOD sector. Ensuring increased visibility and accessibility of quality European works online will also be the key to ensure their European and global success.²⁸⁶
- ▶ **Fostering collaboration among public service broadcasters:** The existing collaboration arrangements among the public service broadcasters, as illustrated by the Nordic case study provided with this report, have shown to benefit this key AV sub-sector in dealing with some of the challenges it has been facing in terms of retaining audiences and responding to increasing international competition with streaming platforms. The examples of collaboration reviewed indicate that similar models could support this AV sub-sector across the EU. This collaboration could include sharing good practices and strategies in retaining and developing audiences,

²⁸³ Coproductions circulate better than national films. Please see the EAO's 'The circulation of European co-productions and entirely national films in Europe 2001 to 2007', available at: <https://rm.coe.int/16807835ef>

²⁸⁴ This recommendation could be addressed through additional guidance, awareness raising, good practice exchange and other types of support fostering genuine cooperation between LCCs and HCCs and promoting retention and exploitation of IP rights. The genuine collaboration between LCCs and HCCs could be considered when the applications receive the same quality score.

²⁸⁵ The European Media Industry Outlook, May 2023, available at: <https://digital-strategy.ec.europa.eu/en/library/european-media-industry-outlook>

²⁸⁶ The MEDIA measures that produce most European added value and the right balance of these measures are presented in Section 3.4.

cooperation in development and distribution of content, as well as development of institutional frameworks for this collaboration and potentially working towards a common innovation agenda. If there is demand, the cooperation could also expand to other technological aspects all broadcasters are facing in the context of the competition with global platforms.

- **Fostering the availability of data on investments generated due to the AVMSD funding obligations.** Finally, the study also found that regulatory measures and financial obligations introduced in line with the AVMSD are increasingly important in the AV sector funding landscape, including for determining the areas where MEDIA support would have most EU added value. However, there is a lack of data available on the funding generated from these measures. The European Commission could explore with the Member States opportunities to collect broadcasters' and VOD platform's investment data generated as a result of the AVMSD transposition in terms of compliance with direct investment obligations and indirect contributions to the national film fund budgets.

As requested by the Terms of reference,²⁸⁷ each proposed recommendation is complemented with considerations of effects on programme objectives and potential implications on MEDIA budget as detailed in Table 19 below.

²⁸⁷ The pursuit of more LPF should not come at the expense of the main objectives of the programme.

Table 19: Recommendations for improving the balance of MEDIA actions with associated considerations for programme objectives and budgetary implications

Recommendation	Considerations for programme objectives			Implications for the MEDIA budget ²⁸⁸
	Competitiveness of AV sector	Diversity of AV sector	Innovation in AV sector	
Training: slightly re-balance the funding provided under <i>Fostering European media talents and skills</i> action to include more training providers from LCCs and to include AV professionals from LCCs Group A countries as specific beneficiaries of scholarships and training opportunities	Upskilling similar shares of AV operators from LCCs and HCCs (relative to the number of people employed in AV enterprises in these countries) would lead to increased number of European collaborations and support continuous professionalisation in the European AV sector	Closing the limited gap between LCCs and HCCs in terms of access to MEDIA training opportunities will have positive effects on the diversity of the European AV offer, contributing to development of skills, competencies and contacts of both LCC and HCC operators for European collaboration	Research has shown skills gaps and mismatches in several European AV sectors, especially for international operations as well as for the EU to take a lead on embracing opportunities linked to the twin transition, AI as well as the need for further market consolidation and promotion of equality in the sector	No implications for the MEDIA budget foreseen as funds would only need to be slightly re-balanced under the training action
Co-development: to increase genuine partnership and collaboration opportunities between LCCs and HCCs on co-development as well as increasing the share of MEDIA funding dedicated to this action	Support for high-quality European co-development projects will positively contribute to the competitiveness of AV sector as they will lead to enhanced revenues of AV operators via new co-production projects, including by retaining some of the intellectual property rights	Increasing support for collaboration between LCCs and HCCs on high-quality co-development projects could potentially lead to improved diversity of European AV offer and increased capacity of AV sector operators in LCCs for European / international coproductions	Supporting the co-development phase will promote opportunities for integrating innovation in terms of creative collaboration between LCCs and HCC drawing on market advantages, available talent and national/regional narratives as well as mainstreaming of technologies and practices	Limited funds i.e. around one percentage point in terms of the current MEDIA budget distribution could be transferred to co-production action from MEDIA actions that were demonstrated to have a lower EU added value by the evidence collected via this study

²⁸⁸ Given that the total budget for MEDIA 2021 – 2027 has been set, we have considered only the scenario whereby the total budget remains unchanged for the remainder of the current programme period.

Recommendation	Considerations for programme objectives			Implications for the MEDIA budget ²⁸⁸
	Competitiveness of AV sector	Diversity of AV sector	Innovation in AV sector	
Co-production: to increase support for collaboration between LCCs and HCCs on high-quality TV and VoD content	Increasing support for collaboration between HCCs and LCCs on high-quality TV and VoD content will provide additional business opportunities for AV operators in both HCCs and LCCs ²⁸⁹	Increasing support for collaboration between LCCs and HCCs on high-quality TV and VoD content will lead to an increase in LCC operator capacity and increased diversity of European AV offer	High end TV and VoD content is more likely to use advanced technologies, such as game engines and virtual production as well as promote excellence and good practice among European AV professionals	Potentially ²⁹⁰ no budgetary implications - the LPF measures could be strengthened within the existing budgetary envelope of the <i>TV and online content</i> action
AI: to support technological innovations throughout the programme as a transversal objective, covering as many AV sub-sectors as possible	This support will improve the ability of the European AV sector to keep pace with rapid AI-based business transformation, including in AV sector, in the light of the global competition and the imperative to preserve and enhance the EU's market position as well as to lead on the application and regulation of this new technology	The barrier to entry in relation to the whole <i>Innovative tools and business models</i> action seems to be currently too high for LCCs, as well as a number of HCCs. A focus on AI and technology development, incorporated across MEDIA actions may attract AV operators with relevant skills and expertise in AI who would otherwise not be successful in applying for funding.	Early investment into AI technologies in AV sector will have direct positive effects on the degree of innovation in the sector as well as its ability to benefit from this new technology across the European AV ecosystem in terms of market shares, development of talent and industry regulation.	No budgetary implications as implemented via current MEDIA actions, including actions aiming to promote sector innovation.
Following consumption and substitution: the Creative Europe programme evaluation provides an opportunity to re-examine the extent to which	This recommendation supports the AV sector's competitiveness by channelling resources to supporting the AV sub-sectors that generate the most revenues and hence the areas	MEDIA funding could support the collaboration of HCCs and LCCs in the largest and growing AV sub-sectors in the EU, hence moving investment where the consumption is as well as	Focusing MEDIA funding on the areas with the greatest consumption and growth potential is likely to support innovation in the AV sector in both HCCs and LCCs.	There are potentially no budgetary implications as existing MEDIA funding could be channelled to support emerging priorities.

²⁸⁹ Given that the demand for European non-national content remains somewhat low among EU consumers, as demonstrated by the latest European Media Industry Outlook, MEDIA will need to continue to support audience development and promotion of European non-national content.

²⁹⁰ There could be a consumer driven rationale to shift even more of the programme funds towards supporting high quality European co-production for VOD due to the significant substitution effects in TV and cinema markets, mentioned in the 2023 European Media Industry Outlook (please see p. 24), but this recommendation is outside the scope of this study and could be reviewed by the on-going Creative Europe programme evaluation.

Recommendation	Considerations for programme objectives			Implications for the MEDIA budget ²⁸⁸
	Competitiveness of AV sector	Diversity of AV sector	Innovation in AV sector	
MEDIA funding needs to be aligned with some of the key trends observed during recent years in the European AV sector	that increasingly catering to the needs of the European audiences in both the HCC and LCC countries.	engaging AV operators from LCCs in projects that benefit from streamers investments in LCCs and from investments in AV sub-sectors that are growing.		
Fostering collaboration among public service broadcasters: promote sharing good practices and strategies in retaining and developing audiences, cooperation in development and distribution of content, as well as development of institutional frameworks among public broadcasters	Increased collaboration among PSBs would increase their adaptability to the changing needs of audiences, help them to develop and retain their audiences, develop new channels for distributing their content, allow them to pool resources to produce larger and higher-quality AV works that audiences demand	The broadcasters based in LCCs could benefit from collaboration with their partners in HCCs through exchanges of good practices and mutual learning audience development and retention as well as on diversification / digital offer strategies; they could also pool their resources to expand their audiences and markets	The cooperation would likely lead to innovative solutions developed among the partners from the exchange of good practices, sharing experience as well as developing high-quality, larger and/or more diverse AV productions	Limited funds from the current Policy Support Cluster could be used to implement this recommendation.
Fostering the availability of data on investments due to AVMSD: explore with the MSs and the EAO opportunities to collect broadcasters' and VOD platform's investment data generated as a result of the AVMSD transposition	The availability of more accurate and consistent data on broadcaster and VOD service provider investments would allow to determine the areas where MEDIA support could generate the most revenue in both the HCC and LCC countries.	More accurate data would enable the identification of challenges faced by LCCs and inform the development and adjustments to future LPF measures.	The data could be used to identify the gaps in investments to support innovation in the AV sector, which could be addressed through MEDIA funding.	Limited funds from the current Policy Support Cluster could be dedicated to exploring the feasibility of the data collection.

3.5 Development of LCC indicators

3.5.1 Indicators for selecting Group A and B LCCs

The 2018 study on the definition of a level playing field in Europe proposed a set of criteria to determine the relative AV capacity of MEDIA participating countries. These indicators were grouped into three subsets to be used for different categories of MEDIA funding:

- ▶ Production capacity criteria, e.g. for Development Single/Slate;
- ▶ Distribution capacity criteria, e.g. for Distribution Automatic/Selective; and
- ▶ Consumption trends criteria, e.g. for Film Education, Audience Development, Festivals.

The full list of indicators proposed in the 2018 study is shown in the table below.

Table 20. Indicators proposed in the 2018 study 'Towards a definition of level playing field for Creative Europe MEDIA

Criteria proposed in the 2018 study
Production capacity <ul style="list-style-type: none"> ▶ Population ▶ GDP per capita ▶ Number of films produced per annum* ▶ Number of films produced per 1 million people* ▶ Number of co-productions* ▶ Number of co-productions per 1m people* ▶ Number of titles of TV fiction produced per annum[#] ▶ Number of hours of TV fiction produced per annum[#] ▶ Hours of TV fiction produced by public services per annum ▶ Public funding for the public audiovisual sector per capita ▶ Expenditure on TV advertising per capita ▶ Consumer expenditure on Pay-TV per capita ▶ Number employed in the audiovisual sector per 1m people ▶ Number of enterprises per 1m people ▶ Average turnover of audiovisual companies
Distribution capacity <ul style="list-style-type: none"> ▶ Number of inhabitants ▶ GDP per capita ▶ Number of screens ▶ Number of screens per 1 m people ▶ Number of cinema admissions per annum* ▶ Number of admissions to European non-national films*

Criteria proposed in the 2018 study

- ▶ TV audience share of public service broadcasters
- ▶ % of households having subscription video-on-demand (SVOD) services
- ▶ Number of EU non-national films available on TV
- ▶ Number of EU non-national films available on TVOD

Consumption trends

- ▶ Admissions to European non-national films as a share of all admissions
- ▶ Number of admissions to European non-national films per person*
- ▶ Share of European films broadcast on TV (national and European non-national)

* average over last three years for which data available

average over last two years for which data available

Ultimately, the criteria currently used to differentiate between LCC countries is based on the number of applications to and projects awarded under the 2014-2020 Slate funding action:

- ▶ LCC Group A: Countries with more than 10 applications or 5 projects awarded; and,
- ▶ LCC Group B: Countries with fewer than 10 applications or 5 projects awarded.

While the current indicator gives an indication of a country's capacity to develop new projects, some stakeholders consulted for this study expressed that it does not provide a satisfactory representation of a country's capacity, and can disproportionately favour smaller countries.²⁹¹ There is room to supplement this criteria with additional indicators that more accurately capture the AV capacity of a country, while still maintaining the feasibility of reproduction and clarity in criteria. A grouping based on a more robust set of indicators may also help increase trust in the LPF provisions, as it would take a broader range of factors into consideration and demonstrate a greater effort to understand the needs and specificities of MEDIA participating countries.

The list of criteria proposed in the 2018 study have been reconsidered, and a new set of indicators is proposed below to define Group A and Group B LCCs based on their AV capacity. Many of the indicators proposed in the previous study have been removed for the sake of simplification and to ensure that each indicator provides an added value. For example, some of the previous indicators included above were too general, such as population, GDP per capita, and the number of inhabitants, or focused on a niche aspect of the sector that did not provide informative insights on AV capacity, including 'TV audience share of public service broadcasters' and 'expenditure on TV advertising per capita'. A number of indicators also did not adequately account for external factors, and presented absolute rather than relative values for production or distribution of AV works, including the 'number of films produced per annum' or the 'number of cinema screens'. Further detail on the rationale used to determine the updated list of indicators is presented below.

Proposed indicators and their rationale for inclusion

A number of considerations went into choosing the proposed indicators. In the first instance, the indicators are chosen based on the level playing field provision within Article 3(4) of the Creative Europe Regulation, which states that the Programme objectives should be pursued through actions to create a more level playing field across countries in terms of their **varying market sizes, capacities to produce and distribute content**, and their **cultural and linguistic diversity**. These actions should aim to broaden the participation of countries with different AV capacities and strengthen collaboration between these countries.

²⁹¹ The perspective was shared by stakeholders from a European Union institution, European associations, and national MEDIA desks.

The indicators are also proposed based on practical considerations regarding data availability and reproducibility. An indicator that presents the total investment in a country's AV sector, bringing together public investment, public broadcaster investment, and private broadcasters and streamer investment, would be the ideal choice to assess the capacity of countries. In this context, the composite indicator calculated in the context of this study and presented in Section 3.2.2 could provide valuable insights on the AV capacity of EU countries. This composite indicator includes: the volume of funding to public AV sector, the public funding to AV sector through grants, tax incentives and rebates, and the public broadcasters' expenditure in fiction per person employed in AV enterprise. In this context, a data collection exercise aimed at closing existing data gaps in terms of private broadcasters and streamers investments in AV works could contribute to the definition of a more comprehensive composite indicator for the assessment of AV capacity.

However, as this data is not readily available, it poses a number of challenges in order to be delivered on a regular basis. Where data is available, there are shortcomings regarding the comparability of financing systems across Member States, and significant gaps in country coverage across data sources. Basing the grouping of LCC countries off such an indicator would require ad-hoc studies to be conducted at each instance the categorisation is being reviewed. Because of the feasibility issues this approach would pose, the proposed indicators are chosen from data that is currently available from either Eurostat or the EAO through its Yearbook, Lumiere, or Lumiere VOD databases. Further, the list of indicators has been greatly reduced from what was proposed in the 2018 study in order to limit the complexity of the country categorisation, while still providing a more comprehensive overview of national AV capacity. The choice of proposed indicators was also validated based on the insights produce by this study.

The indicators have also been transformed to show relative rather than absolute values. Smaller countries would be expected to have lower AV capacity than larger countries, so absolute indicators (i.e., the number of films produced per annum) would not provide as insightful information on the capacity of countries AV sectors as indicators that have been calculated in relative terms. Thus, the indicators related to AV capacity (number of people employed in the sector, level of public funding for the sector, number of productions, average cinema admissions, and the number of national titles in non-national VOD services) are calculated in relation to the size of a country's AV sector. The decision was made to calculate these indicators in relation to the size of a country's AV sector rather than per capita, as per capita calculations may disadvantage larger populations that have efficient AV sectors, or give an advantage to smaller populations that have comparatively large AV sectors.

Table 21. Indicators for selecting Group A and Group B LCCs

Proposed indicators for AV capacity
General indicators
<ul style="list-style-type: none"> ▶ No. of people employed in AV enterprises per 1M people ▶ Funding for public AV sector per person employed in AV enterprises
Production capacity
<ul style="list-style-type: none"> ▶ No. of films, co-productions (majority and minority),²⁹² TV series, and video games produced per 100 persons employed in AV enterprises ▶ No. of applications to and projects awarded under slate funding
Distribution capacity

²⁹² Alternatively, it might also be useful to separately consider the number of 100% national productions and co-productions to assess the extent the level playing field provision effectively contributed to increased collaborations between different countries. However, it shall be noted that this indicator would be only relevant for the production or co-production of films, since data on co-productions of TV series or video games is currently not publicly available.

Proposed indicators for AV capacity
<ul style="list-style-type: none"> ▶ Average no. of non-national markets where national titles are distributed ▶ Average no. of VOD markets where national titles are served ▶ Average cinema admissions in national market per capita from previous three years
Consumption trends
<ul style="list-style-type: none"> ▶ Average share of admissions to European non-national films ▶ Average no. of households subscribing to VOD services by the no. of SVOD services available.

Source: Own elaboration, 2023

General indicators

It is important to have a general understanding of the capacity of a country's AV sector, including the relative size and level of support available for the sector. This was a perspective shared by some stakeholders, with mention of the importance of understanding production and MEDIA involvement indicators in relation to a country's capacity to produce. An external expert consulted for this study explained this further by highlighting the similar challenges faced by smaller markets, including having a limited number of players, limited return-on-investment, a dependence on support measures, and limited circulation outside of the national market.

- ▶ **Number of people employed in AV enterprises per one million people:** It is understandable that the size of a country's AV sector influences its capacity to produce and distribute AV works. Rather than relying on GDP or population size to estimate the relative size of the sector, a more specific indicator on the size of a country's AV sector, based on the number of people employed within it, should be used. These data are available and updated annually on Eurostat.²⁹³
- ▶ **Funding for public AV sector per person employed in AV enterprises:** Public support through grants, tax incentives, cash rebates, and other support measures are crucial to each stage of the AV lifecycle. Thus, the level of support available is an important indication of a country's capacity to produce and distribute AV works. As outlined above, there is not data available on the total investment in national AV sectors. However, as Section 3.2.2 has demonstrated, the EAO indicator on the funding for the public AV sector is a useful proxy. This information is collected annually by the EAO and is available through their Yearbook database.²⁹⁴

Additional indicators considered under this category included the average annual turnover of AV companies, the number of AV enterprises per one million people, the total Media funding received per capita, and the average share of total MEDIA funding received by each country. However, there is an important limitation to consider regarding the statistical classification of economic activities used to categorise economic sectors. The categorisation used by the European Commission and Eurostat, NACE Rev. 2, does not precisely categorise the AV sector. Motion picture, video and television programme production are included under Section J, Division 59, which also includes sound recording and music publishing activities. As a result, the indicator above on the number of people employed in the AV sector includes irrelevant data on the number of people employed in sound and music production. Further, the publication of computer games is included under Division 58, so individuals working in video game production are not included in this indicator.

²⁹³ Eurostat. Enterprise statistics by size class and NACE Rev.2 activity (sbs_sc_oww). Accessed from: https://ec.europa.eu/eurostat/databrowser/view/sbs_sc_oww/default/table?lang=en and Eurostat. Population on 1 January (tps00001). Accessed from: <https://ec.europa.eu/eurostat/databrowser/view/tps00001/default/table?lang=en>.

²⁹⁴ European Audiovisual Observatory. Funding of the public audiovisual sector in Europe (MAR-PUB). Accessed from: <https://yearbook.obs.coe.int/s/document/6891/mar-pub-funding-of-the-public-audiovisual-sector-in-europe-2016-2021>.

Production capacity

Exploring the volume of a country's production provides a straightforward indication of the relative capacity of a country's AV sector overall by simply showing the volume of works that have been produced. Although they alone do not present the complete picture²⁹⁵, some stakeholders interviewed for this study considered indicators related to the number of productions as providing a strong basis for country categorisation.

- ▶ **Number of films, co-productions (majority and minority), TV series, and video games produced per person employed in AV enterprises:** This indicator was proposed in the 2018 study as four separate indicators, with the number of films, majority co-productions, minority co-productions, and TV series produced each as a separate indicator. Presenting the aggregated production across AV sub-sectors loses some detail on the variation within countries regarding given sub-sectors that are comparatively stronger; however, the trends shown by the combined indicator remain consistent with the capacity trends separated by sub-sector outlined in Section 3.2.1. Data on the number of films, majority and minority co-productions, and TV series is collected annually by the EAO and is available through their Yearbook database.²⁹⁶ Currently, the number of video games produced across Europe is not systematically collected; however, the European Game Developers Federation includes the number of games reported by Member States in its annual industry report.²⁹⁷
- ▶ **Number of applications to and projects awarded under slate funding:** As outlined above, the indicator that is currently being used to select Group A and Group B LCCs does provide useful insights on a country's AV capacity and should still be considered. The degree to which a country engages with MEDIA funding under this action that itself requires a certain capacity (to develop a slate of 3 to 5 audiovisual works) provides insight on the capacity of the country to develop AV projects.

Another indicator considered under the category of production capacity was the average feature film production budget per capita. However, there was less variation in the average film production budget per capita, with the majority falling within the range of EUR 50,000 – 400,000,²⁹⁸ and two strong outliers above EUR 1.75 million.²⁹⁹ The indicator on the number of productions was chosen as a more accurate reflection of national AV capacity.

Distribution capacity

While indicators on production levels provide an indication of the capacity of a country's AV sector, they do not provide insight on the quality of these productions. It is therefore important to consider these indicators in conjunction with indicators that provide more insight on how widely works are distributed and how broadly they are consumed. Further, the distribution capacity of a country provides important insight into the relative size of the AV sector, as it is not enough to produce AV works if there is limited capacity to help them reach an audience.

- ▶ **Average number of non-national markets where national titles are distributed:** External experts consulted for this study and a stakeholder interviewed from EACEA both mentioned the importance of understanding the international orientation of a given country to see whether it could be increased. This indicator would show the average number of non-national markets that host national titles in cinemas. The EAO's Lumiere

²⁹⁵ Examining production levels alone may be misleading as production levels do not necessarily imply quality of AV products and need to be seen in conjunction with their consumption patterns.

²⁹⁶ European Audiovisual Observatory. Number of theatrical feature films produced in Europe (FILM-PROD). Accessed from: <https://yearbook.obs.coe.int/s/document/6997/film-prod-number-of-theatrical-feature-films-produced-in-europe-2017-2021> and European Audiovisual Observatory. Number and hours of tv fiction titles produced in the EU by country (FIC-PROD). Accessed from: <https://yearbook.obs.coe.int/s/document/7019/fic-prod-number-and-hours-of-tv-fiction-titles-produced-in-the-eu-by-country-2015-2020>.

²⁹⁷ For example, see p. 13: <https://www.egdf.eu/wp-content/uploads/2022/08/2020-data-industry-report.pdf>.

²⁹⁸ The median value for feature film production budgets per capita was EUR 220,000.

²⁹⁹ Luxembourg and Iceland.

database collects data on the distribution of film titles,³⁰⁰ with the ability to disaggregate titles by the country of production and by the country of admissions.³⁰¹

- **Average number of VOD markets where national titles are served:** This indicator would show the average number of countries that host national titles (both film and series) on VOD services. The EAO's Lumiere VOD database collects similar data, but for the number of streaming catalogues that host a given work and the number of countries that host them.³⁰²
- **Average cinema admissions per capita from previous three years:** This can provide an indication of the extent to which a country has the capacity to bring films to a wide audience. The number of admissions should be averaged out over three years to account for 'distorting' positive impacts of more internationally popular titles/co-production and other external factors that may impact cinema attendance. The calculation should also exclude minority coproductions³⁰³. This information is collected annually by the EAO and is available through the Yearbook database.³⁰⁴

While the number of cinema screens or cinema theatres could also be used to provide an indication of a country's distribution capacity, using the number of admissions provides insight on audience engagement with cinema, and ultimately provides a better indication of a country's capacity to distribute films to a large audience. Indicators on the number of cinema screens or cinema theatres were thus removed.

Consumption trends

A key objective of Creative Europe is to promote European cultural and linguistic diversity, which the MEDIA strand aims to do by increasing the consumption of European audiovisual works. Given this, it is important to understand what type of AV works are being consumed within the participating countries to see where additional support in stimulating interest in or access to non-national works is needed.

- **Admissions to European non-national films as a share of all admissions:** This indicator provides more insight on the appetite of a country's audience for non-national films, rather than only the capacity of a country to distribute European non-national films, by indicating the relative share of cinema admissions they receive rather than absolute audience sizes. This information is collected annually by the EAO and is available through their Yearbook database.³⁰⁵
- **Average number of households subscribing to VOD services by the number of SVOD services available:** This indicator shows the consumption level of VOD services by showing the number of households that have subscribed to VOD services in relation to the total number of subscription-VOD services available in a given country. The number of households subscribed to VOD services³⁰⁶ and the number of services available³⁰⁷ are reported annual by the EAO.

³⁰⁰ As well as majority and minority co-productions.

³⁰¹ European Audiovisual Observatory. Lumiere. Accessed from: <https://lumiere.obs.coe.int/>.

³⁰² European Audiovisual Observatory. Lumiere VOD. Accessed from: <https://lumierevod.obs.coe.int/>.

³⁰³ For the minority partners not to 'bring in' the calculation the potential admissions generated due to majority partner involvement.

³⁰⁴ European Audiovisual Observatory. Cinema admissions (FILM-ADM). Accessed from: <https://yearbook.obs.coe.int/s/document/7076/film-adm-cinema-admissions-2017-2021>.

³⁰⁵ European Audiovisual Observatory. Admissions to European feature films - national vs non-national admissions (FILM-EU). Accessed from: <https://yearbook.obs.coe.int/s/document/7106/film-eu-admissions-to-european-feature-films-national-vs-non-national-admissions-2017-2021>.

³⁰⁶ European Audiovisual Observatory. Households subscribing to SVOD in Europe and Morocco (OD-SERV). Accessed from: <https://yearbook.obs.coe.int/s/document/7030/od-serv-households-subscribing-to-svod-in-europe-and-morocco-2017-2021>.

³⁰⁷ European Audiovisual Observatory. Number of on-demand audiovisual services available in Europe by type (OD-SERV). Accessed from: <https://yearbook.obs.coe.int/s/document/7072/od-serv-number-of-on-demand-audiovisual-services-available-in-europe-by-type-may-2022>.

The 2018 study proposed additional indicators on the number of admissions to European non-national films per person as well as the share of European films broadcast on TV; however, as both indicators would provide insights comparable to the share of admissions to non-national films, these indicators have been removed.

Implications of the proposed indicators

While it is important to group countries based on their AV capacity, their size and performance of their AV sectors (and specific sub-sectors) vary significantly across countries. It is also important to acknowledge the limitations of the proposed indicators as they would not fully capture the capacity and performance of a given country's AV sector, particularly the variation of capacity across regions within a country, across stages of the AV lifecycle and across AV sub-sectors. This was a concern expressed by some stakeholders consulted for this study, as there are numerous examples of countries wherein specific regions, sub-sectors or lifecycle stages have unique support needs that are not captured by aggregate indicators. This is particularly pressing for the video game sector, as there remains a significant gap in available data, including on the number of games produced per country, the number of people employed in the sector, and the level of engagement with European video games. For further information, see the discussion throughout Section 3.2.1 above.

Further, while the indicators above aim to group countries based on their AV capacity, they do not provide any indication on the quality of what is produced. Some stakeholders mentioned the importance of also considering the quality of AV works; however, quality is not only subjective, but varies significantly across genres and cultural contexts. Any potential quantifiers of quality, such as the number of festivals or awards for which a work is selected, is firstly, not readily available, and secondly, may be susceptible to potential biases in selection processes. Nevertheless, most stakeholders understood the logic and value behind country categorisation, as the EU and MEDIA-participating countries have AV sectors that need further development support on both national and European level.

A country grouping based on the indicators above would mostly align with the grouping based on the current indicator on the number of applications to and projects funded under the Slate funding action during the 2014-2020 period; however, there are a couple of notable exceptions. Iceland and Estonia both stand out compared to other LCC countries, as they both had high rates of AV production per persons employed in the AV sector and relatively high distribution rates, especially when compared against other LCCs. Iceland also had higher rates of employment in the AV sector compared with other LCCs. Although data is not available for Luxembourg on the number of individuals employed in AV enterprises, and thus is not covered by these indicators, Luxembourg does have higher AV production per capita than other LCCs. Additionally, Ireland and the Netherlands have comparatively low funding for the public AV sector and AV production when compared with other HCCs. See Table 22 below for the data available on all MEDIA participating countries.

Table 22: Overview of proposed country capacity indicators, per country, sorted by current capacity category

Country	Current country capacity	People employed in AV enterprises per 1M people (2021)	Funding for public AV sector per person employed in AV enterprises (2021)	Number of films, co-productions, TV shows and video games produced per 100 persons employed in AV enterprises (2020)	Average annual cinema admissions per capita (2019-2021)	Average share of admissions to European non-national films (2019-2021)	Average number of households subscribing to VOD by the number of SVOD services available
Austria	HCC	1,190.34	60,365.83	0.55	0.85	0.23	32,67
Belgium	HCC	833.56	61,009.91	1.40	0.95	0.24	51,44
Denmark	HCC	1,860.42	42,365.63	1.15	1.50	0.14	71,19
Finland	HCC	1,047.18	85,050.26	3.05	0.94	0.20	38,53
France	HCC	937.08	54,548.45	2.85	1.84	0.10	120,96
Germany	HCC	842.14	122,194.67	0.69	0.80	0.11	371,61
Ireland	HCC	2,157.90	21,339.87	0.34	1.62	0.14	20,02
Italy	HCC	441.50	69,825.80	1.40	0.91	0.14	250,41
Netherlands	HCC	1,679.75	23,594.49	0.44	1.31	0.12	99,92
Spain	HCC	911.67	49,162.41	1.16	1.22	0.10	174,34
Sweden	HCC	1,561.57	51,238.21	0.78	0.88	0.15	97,60
Norway	HCC	1,242.15	86,081.02	1.20	1.34	0.10	66,45
Croatia	LCC Group A	693.63	57,633.96	3.06	0.76	0.14	13,47
Czech Republic	LCC Group A	435.69	67,963.31	3.73	1.01	0.09	15,04
Estonia	LCC Group A	1,385.35	22,257.91	2.66	1.72	0.23	2,56
Greece	LCC Group A	985.30	18,268.00	0.35	0.50	0.22	12,97
Poland	LCC Group A	530.56	26,285.41	1.91	0.92	0.22	45,73
Portugal	LCC Group A	767.48	22,848.33	0.73	0.80	0.18	24,07
Romania	LCC Group A	335.15	22,948.92	1.50	0.39	0.16	14,07
Bulgaria	LCC Group B	69.01	17,248.11	0.95	0.04	0.07	5,87
Cyprus	LCC Group B	782.58	48,041.95	0.71	0.47	0.11	1,44

Country	Current country capacity	People employed in AV enterprises per 1M people (2021)	Funding for public AV sector per person employed in AV enterprises (2021)	Number of films, co-productions, TV shows and video games produced per 100 persons employed in AV enterprises (2020)	Average annual cinema admissions per capita (2019-2021)	Average share of admissions to European non-national films (2019-2021)	Average number of households subscribing to VOD by the number of SVOD services available
Hungary	LCC Group B	1,152.65	25,266.61	0.37	0.88	0.12	12,55
Latvia	LCC Group B	676.53	27,872.34	3.70	0.73	0.14	3,97
Lithuania	LCC Group B	950.82	19,613.94	2.02	0.83	0.18	4,77
Luxembourg	LCC Group B	N/A	N/A	N/A	1.03	0.29	2,67
Malta	LCC Group B	1,566.31	N/A	1.10	0.76	0.04	1,04
Slovakia	LCC Group B	675.84	33,697.25	2.42	0.67	0.21	7,68
Slovenia	LCC Group B	1,046.90	46,323.66	1.13	0.59	0.19	3,62
Albania	LCC Group B	N/A	N/A	N/A	N/A	N/A	N/A
Bosnia and Herzegovina	LCC Group B	N/A	N/A	N/A	0.29	0.25	2,38
Georgia	LCC Group B	N/A	N/A	N/A	N/A	N/A	N/A
Iceland	LCC Group B	3,136.23	26,273.14	1.86	2.25	0.14	1,56
Lichtenstein	LCC Group B	N/A	N/A	N/A	N/A	N/A	N/A
Montenegro	LCC Group B	N/A	N/A	N/A	0.33	0.26	0,37
North Macedonia	LCC Group B	324.42	22,516.78	N/A	0.15	N/A	1,14
Republic of Serbia	LCC Group B	N/A	N/A	N/A	N/A	N/A	3,52
Tunisia	LCC Group B	N/A	N/A	N/A	N/A	N/A	N/A
Ukraine	LCC Group B	N/A	N/A	N/A	N/A	N/A	18,00

Source: Eurostat (2021); EAO (2021).

3.5.2 Methodologies for updating the LCC selection during the current Programme period

This section explores how often, at what points and by whom the indicators for selecting countries falling under the LCC A and B categories should be reviewed to keep up with market trends and the development of the countries' capacity to access MEDIA funding.

The interviewees involved in the programme delivery at the national and EU levels largely agreed that the country groupings into LCC A and B categories should be set for the whole 7-year programme period in line with the current situation. The main reasons mentioned by interviewees were the need for clarity, stability and time to plan and prepare applications for AV operators. Some interviewees also mentioned the time needed to review and agree on the revised country grouping when deciding how often the indicators should be reviewed. However, while some representatives from the EU and national-level audiovisual associations agreed with this approach, others suggested that seven years is too long and that more regular reviews every 3-5 years would ensure that ongoing changes in the audiovisual industry are reflected. The experts consulted during the study agreed with the latter approach and mentioned that reviewing indicators every 3-5 years would be sufficient to identify longer-term changes, while avoiding annual fluctuations in the market.

Given that the European Commission is required to conduct interim and final evaluations according to the *Regulation establishing the Creative Europe Programme 2012-2027* (no. 2021/818)³⁰⁸, these evaluations appear to provide an opportunity to review the indicators and consider the need to revise the grouping of the countries falling in the LCC A and LCC B categories. The interim evaluation, in particular, would provide an opportunity to revisit the indicators suggested above, assess to what extent the country groupings remain relevant in line with the most recent data, and provide recommendations for the remainder of the programme. The indicators should then be reviewed again in preparation for the next programming cycle, as is the case currently.

In addition to the interim and final evaluations, every two years the European Commission publishes monitoring reports on programme implementation.³⁰⁹ They consider monitoring data collected by the EACEA and provide an opportunity to assess and regularly monitor the capacity of the AV operators in LCC A and B countries to access MEDIA funding. The data collected and analysis conducted should also inform the decision-making process and feed into the interim and final evaluations.

The stakeholder consultations conducted during the study did not identify a need to change the roles and responsibilities for revising the indicators. Therefore, we recommend that the European Commission continue to have overall responsibility for revising the indicators in line with Article 20 and Article 21 of the current Programme Regulation, supported by external service providers, its consultations with the AV industry and in collaboration with and based on the data collected by the EACEA.

³⁰⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0818>

³⁰⁹ European Commission (2023), *Creative Europe 2021-2022: Monitoring Report*. Available at: <https://op.europa.eu/en/publication-detail/-/publication/6bdeb04d-7ec4-11ee-99ba-01aa75ed71a1>

Annex II: Case studies

Czechia case study

1.0 Introduction

This case study demonstrates how Czechia has tripled its audiovisual (AV) production revenue in the last 10 years, facilitated by the reforms and increased resources of the Czech Film Fund, a set of well-timed AV sector support measures that have helped the sector through the COVID-19 crisis and assisted a strong overall sector recovery. The negative impact of COVID-19 on employment in the Czech AV sector was mitigated by the timely adoption of safe filming regulations in Czechia. This, combined with the increase in the average cinema ticket prices as well as the growth of VOD and Pay-TV markets, has allowed the revenues from national films and TV series to more than double during the last decade, while revenues from international production increased four-fold, aided by a cash rebate incentive scheme for international productions. As a likely consequence, Czechia also managed to secure the highest per capita MEDIA funding among the Group A LCCs in the period 2021-2022. Current sector reforms foresee levies and obligations to invest in national content for streamers from 2025 that are expected to provide a further boost to national and international production.

2.0 Audiovisual market overview

The Czech AV sector production revenue has increased continually over the last decade, according to the data provided by the Audiovisual Producer' Association (APA), while direct public funding has seen a modest (6%) increase from 293 million euros in 2016 to 311 million in 2021³¹⁰ complemented by broadcaster investment. As illustrated by Table 1 below, the Czech production revenues tripled in the 10 years period from 2013 to 2022, with revenues from Czech films, series³¹¹ and advertising³¹² more than doubling during the last decade, while revenues from international productions increasing fourfold³¹³ (partly due to a considerable growth in the post-COVID period). During the same period, the AV market has grown by just over 30% when measured by the number of people employed³¹⁴ and annual turnover per AV enterprise (annex 1). At the same time, the number of Czech films and co-productions increased by 46% over the last decade, with a 17% increase in Czech productions and a 110% increase in Czech co-productions (including minority ones)³¹⁵. Over the same period (2013-2022), the number of Czech films on VOD platforms in Europe increased by 52%³¹⁶.

The reasons for rapid growth during the last two years provided by the APA include the timely adoption of COVID-19 regulations, allowing safe filming, which attracted more international productions to the country following the COVID-19 pandemic.³¹⁷ The high demand for filming in Czechia is widely reported in the media, and it is strongly associated with the incentives scheme providing 20% cash rebates on qualifying Czech costs and 66% rebate to costs paid to foreign

³¹⁰ EAO Yearbook data.

³¹¹ Revenues for Czech films increased 2.3 times in the period from €31m in 2013 to €70m in 2022.

³¹² Advertising revenues increased 2.2 times in the period from €54m in 2013 to €99m in 2022.

³¹³ International production revenues increased from €111m in 2013 to €456m in 2022.

³¹⁴ There was also a 34% increase in the AV sector employment over the last decade. The employment figures are changing each year. We have compared average number of people employed in the Czech AV sector in the two year period 2012-2013 with the two year period 10 years later (2021-2022). To illustrate the nature of these figures comparing 2013-2022 yields a 19% increase while comparing 2012-2021 - a 98% increase.

³¹⁵ Own calculations based on Lumiere data. Due to the 'volatile' numbers of titles each year, we have compared averages of three years over a ten-year interval i.e. average number of titles released in 2011-2013 with the average number of titles released ten years later during 2020-2022 period.

³¹⁶ From 62 titles (Czech film and TV series) in 2013 to 94 in 2022.

³¹⁷ Audiovisual Producers' Association (2023), *The Czech Audiovisual Industry is Booming, with a Turnover of over CZK 15 Billion in 2022*. Available at: <https://asociaceproducentu.cz/en/posts/czech-audiovisual-industry-booming-turnover-over-15-billion-2022>

above-the-line cast and crew who pay withholding tax in the Czech Republic with no cap on per-project grant to international film, TV and animation productions³¹⁸. To respond to the high demand, the Czech government almost doubled the funding for this incentives scheme from 32 million euros in 2021 to 57 million euros in 2022 (please see Table 4 below), which increased the number of international productions in 2022 (it is too early to judge the impact of this recent increase in terms of increased number of international coproduction releases and their revenues).

Table 23: Czechia Production Revenue, 2021-2022

In millions EUR ³¹⁹	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Czech films and series	30.94	23.46	31.31	34.08	39.94	59.19	48.02	33.85	49.80	70.15
International production	110.54	121.79	136.14	132.30	121.27	191.56	245.22	211.65	343.20	455.94
Advertising	54.18	71.17	80.97	75.01	81.83	68.17	72.98	38.86	73.30	99.28
Total	195.67	216.41	248.42	241.40	243.04	318.92	366.22	284.36	466.31	625.38

Source: Audiovisual Producers' Association

The growth in production revenue in Czechia can be partially explained by the increasing number of titles produced, increases in the number of admissions and the increase in the average cinema ticket price over the last decade. As mentioned, the number of theatrical productions increased by 46%, with the highest rise in Czech co-productions, facilitated by the incentives scheme providing cash rebates for international productions, which was first introduced in 2010 and then reformed and simplified in 2016.³²⁰ However, as illustrated by Table 2, the admissions to Czech films increased only very slightly (by 3%³²¹) over the last decade, while there was a more considerable increase (19%) in the European admissions for Czech co-productions. Based on these numbers, it was possible to estimate that the increase in the admissions and increases in the average cinema ticket prices³²² would have led to doubling revenues from Czech films and coproductions and to confirm that these factors alone could not have contributed to the fourfold increase in Czech international production revenues likely due to successful incentivising of international production.

The detailed review of admissions data for Czech films and productions has also highlighted the potential importance that 'blockbuster' co-productions play in developing national AV capacity and revenues, as well as compensating for revenue loss during years of lower admissions for national films. Admissions data³²³ shows exceptionally high European admissions for Czech productions in 2016 and 2019. *London Has Fallen* by Babak Najafi (co-production with the US, UK and DE), released

³¹⁸ Czech Film Commission information on incentives scheme (2017)

https://focal.ch/prodvalue/working_conditions/docs/CzechRepublic/PV17_Czech_Production_Incentives_2017_Summary.pdf

³¹⁹ The data available in Czech koruna was converted to euros by research team using the official European Commissions exchange rate in October of each corresponding year. The exchange rate data is available at the [InforEuro website](https://www.inforeuro.eu/).

³²⁰ Bilik, P. (2020) in P. Szczepanik et al. (eds.), *Digital Peripheries*, Springer Series in Media Industries, https://doi.org/10.1007/978-3-030-44850-9_17 P 295

³²¹ Again, we have used averages of three year period (2011-2013 and 2020-2022) ten years apart to produce these figures as annual admission numbers as there are considerable fluctuations in annual admissions numbers.

³²² The cinema ticket prices increased during the last decade from around 4.75 euros average between 2011-2013 ([Statista](https://www.statista.com/)) to 10.26 euros in 2023 ([Expstat](https://www.expstat.com/)) that contributed towards increasing revenue, despite modest increases in the admissions.

³²³ Lumiere data.

in 2016, attracted 4.9 million admissions in Europe, the highest number during the last decade and *Les Visiteurs: La Révolution* by Jean-Marie Poiré (co-production with FR and BE) the same year attracted 2.4 million admissions. The two releases alone generated more admissions than the total number the year before. 2019 was also an exceptional year with *Jojo Rabbit* by Taika Waititi (co-production with the US and NZ) attracting 3.9 million admissions and one of the most successful national titles *Women on the Run (Zeny v behu)* by Martin Horský attracting 1.7 million admissions in Europe.³²⁴ In 2016, the admissions for Czech national films were one of the lowest in the last decade (1.8m), compared only to the lowest admissions (1.7m) during the 2021 post COVID year. The admissions for the Czech coproductions offset the low performance of the national productions in 2016 (with 16.3m European admissions that year).

The period between 2020-2022 was affected by the COVID-19 pandemic, with a drop in the titles produced and admission numbers. The data for 2022 shows that the sector has almost recovered to the pre-pandemic levels in terms of the titles released and admission numbers. The demand for national productions in Czechia is strong and is an important characteristic of the country's AV sector. According to the EAO data for 2021, Czechia alongside the UK, had the highest market share of admissions to national productions in Europe. In 2021, 42% of all the admissions were for national productions, just slightly above France and Denmark.³²⁵ 2022 was particularly successful, with around 4 million admissions for Czech films compared to the average of 2.5 million during the last decade, suggesting that the support measures for national productions and consumption are contributing to increasing demand for national productions.³²⁶ However, 2022 also saw the Czech AV sector employment fall by 23%³²⁷ and Czech public broadcasters struggling with finances due to an outdated funding model^{328, 329}.

Table 24. Audiovisual works produced and admissions in Czechia

Indicators	2011-2013 average	2020-2022 average	Trends
Number of theatrical films	56	81	46% ↗
Czech productions	38	45	17% ↗
Czech co-productions (including minority)	17	36	110% ↗
Number of TV series	-	26*	-
European admissions (total)	4,344,820	4,758,702	10% ↗
European admissions (Czech films)	2,604,013	2,690,783	3% ↗

³²⁴ Ibid.

³²⁵ European Audiovisual Observatory (2023), *Yearbook 2022-2023 Key Trends*. Available at: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

³²⁶ Data presented in the text is based on the information in the Lumiere database.

³²⁷ There were around 9,900 people employed in the Czech AV sector in 2021. In 2022 this had fallen to 7,600 likely partially due to the 2021–2022 global supply chain crisis.

³²⁸ Berger V. (2022), *The Czech Exception: A Public Broadcaster Dodges the Illiberal Bullet*. Published in Reporting Democracy. Available at: <https://balkaninsight.com/2022/07/14/the-czech-exception-a-public-broadcaster-dodges-the-illiberal-bullet/>

³²⁹ Štětká V. (2022) *2022 Digital News Report: Czech Republic*. Available at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/czech-republic>

European admissions (CZ co-productions including minority)	1,740,806	2,067,920	19% ↗
--	-----------	-----------	-------

Source: compiled by Research team based on data from Lumiere and the EAO

*The data only is available for 2020

Czechia has a well-established network of cinema theatres, with 526 cinemas operating in the country in 2021. This represents 50 cinema theatres per million people, the highest share in the EU when compared to the countries for which the data is available. The number of cinema screens during the same year was 778, representing 73.98 cinema screens per million people.

The VOD market has grown substantially during the last five years in Czechia, which is likely to contribute towards increasing production revenues within the sector. As shown in Table 8 (Annex 1), the VOD penetration has increased by over 500% during the last five years with the growing number of local and global streaming services (Disney+, Discovery+) operating in the country. The overall number of on-demand audiovisual services available in Czechia in May 2023 was 313 (including the video-sharing platforms), with 129 on-demand audiovisual services established in the country.³³⁰ Examples of local streaming services include Voyo, introduced by the Czech commercial broadcaster TV Nova in 2021 and iVysilani, an on-demand platform introduced in the same year by the public broadcaster.³³¹

The Czechia's public broadcaster, Czech Television (Česká televize), is one of the key funders of the AV works in the country, investing around 12-13% of its programming expenditure in fiction. It constitutes around 23-24 million EUR annually³³², split between in-house productions, co-productions, commissioned productions and acquisitions. The budget for co-productions and commissioned work was 6 million EUR in 2021 and 7 million EUR in 2022, making it one of the major investors in AV works in the country.³³³ In addition to investments in TV programmes, Czech Television has invested in domestic feature film production. It co-produced 39 national feature films in 2021 with a total budget of around 4 million EUR.³³⁴ However, due to financial pressures at least partially related to the reduction of the real value of the television fee (which has not changed since 2008), it is expected that the production budget of the public broadcaster is likely to decrease in the next couple of years unless an agreement to make changes to the licence fee is reached.³³⁵ Czech Television shares around 30% of the market, with two private broadcaster groups (Nova Group, FTV Prima) that shared just under 30% of the market each in 2023.³³⁶ The data on private broadcaster investments is not available for Czechia, however, as mentioned in more detail below, private broadcasters are also subject to investment obligations and are required to dedicate a proportion of their programming time or programming budget to the European works produced independently from the broadcaster and hence also contribute to the strength of the AV sector in the country.

In addition to the growing AV sector, the increasing number of national titles and booming international co-productions, Czech AV operators have increased their access to MEDIA funding. Czechia has received the highest share of the MEDIA funding compared to other LCC A and LCC B countries during the first two years of the Creative Europe Programme 2021-2027. An overview of the data related to MEDIA funding is included in the table below. Multiple factors contributed to the increased access of Czech operators to MEDIA funding, including the experience gained from implementing MEDIA projects resulting in the track record and reputational gains nationally and internationally, which enable the operators to apply successfully for a larger number of projects.³³⁷ An interviewee consulted during the study also mentioned that there has been increased professionalisation within the AV sector in Czechia, which is likely to be a contributing factor as well. The experience gained through international co-productions and the contributions of the Czech

³³⁰ EAO (2024), European Audiovisual Yearbook 2023. Accessed May 2024.

³³¹ Štětka V. (2022) *2022 Digital News Report: Czech Republic*. Available at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/czech-republic>

³³² This represents around 8% of the Czech public funding for AV sector in 2021 based on Eurostat data.

³³³ Based on the data obtained from European Broadcasters Union (EBU).

³³⁴ Kudlac M. (2022), *Czech Television plans to dramatically cut costs, curtails support for film production*. Published in Cineuropa. Available at: <https://cineuropa.org/newsdetail/426499/>

³³⁵ Chrencik, R. (2023) Funding of Public Service Media and Its Connection with the Operating of Such Media. *Advances in Journalism and Communication*, 11, 406-431. doi: 10.4236/ajc.2023.114027.

³³⁶ Mediaguru (2024), *Stanice ČT zůstaly v roce 2023 nejsilnější, rostly ale komerční TV*, Available at: <https://www.mediaguru.cz/clanky/2023/12/stanice-ct-zustaly-v-roce-2023-nejsilnejsi-rostly-ale-komerzni-tv/>

³³⁷ MEDIA beneficiaries survey.

Film Fund to developing the AV sector in Czechia along-side investments in TV and VOD markets are all contributing to the capacity development within the Czech AV sector.³³⁸

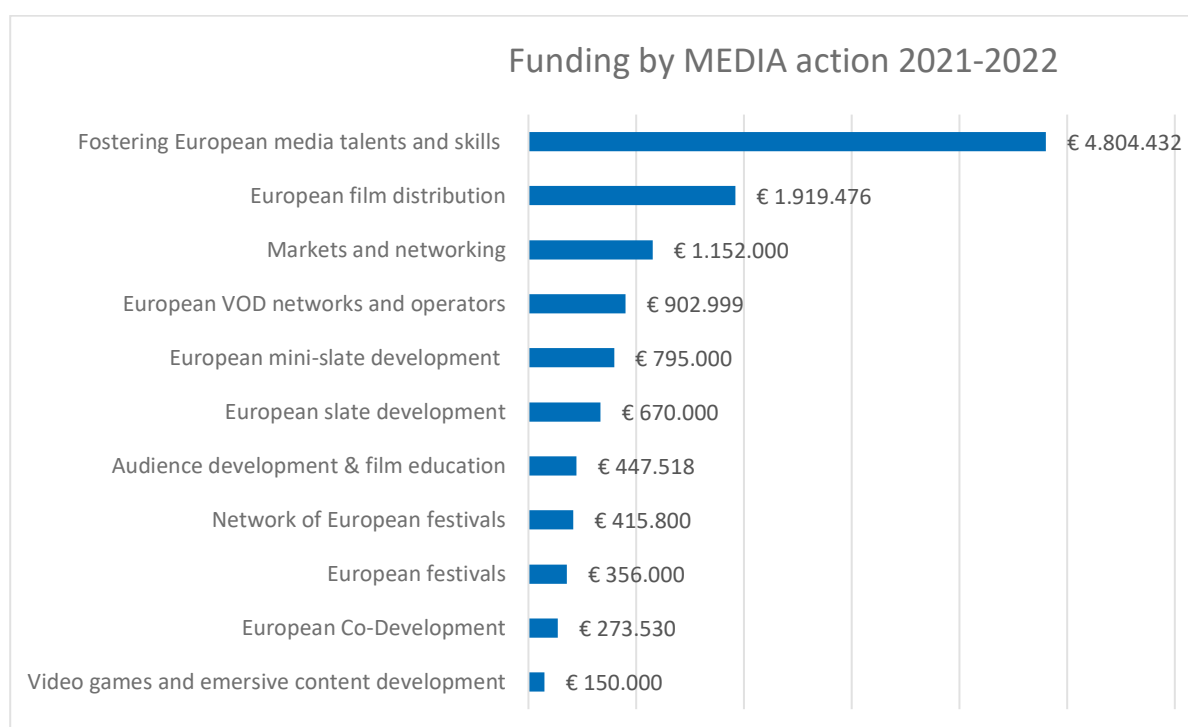
Table 25. MEDIA funding for Czechia, 2021-2022

Indicators	2021	2022
Number of applications received	64	65
Number of projects	28	7
Funding (m EUR)	4.6	5.0
Share of MEDIA funding	2.99%	4.19%

Source: Programme data provided by the EACEA

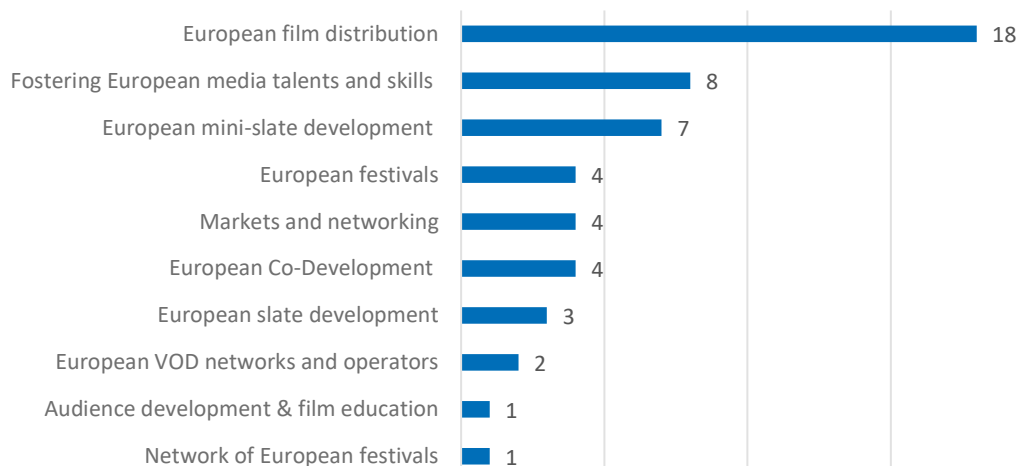
Czech AV operators accessed a range of MEDIA actions falling under all three clusters: business, content and audience. The largest number of projects and the amount of funding awarded to Czech coordinators was for the actions under the Business cluster demonstrating that the Czech operators developed capacity and track record to be successful at the schemes aimed at supporting learning, knowledge exchange and business-to-business collaboration (please see Figure 1 below). Particularly, Czech operators were successful in accessing the *Fostering European media talent and skills* action with eight funded projects and 4.8 million euros awarded during the first two full years of the current programme. Followed by *European film distribution*, which attracted almost 2 million EUR and *Markets and networking* action with 1.1 million EUR. In the period 2021-2022, MEDIA actions supported under the Content cluster attracted 3-7 Czech projects each but the amount of funding awarded was relatively low compared to the other two clusters (Business and Audience).

Figure 26. Number of projects and funding by MEDIA action, 2021-2022



³³⁸ Audiovisual Producers' Association (2023), *The Czech Audiovisual Industry is Booming, with a Turnover of over CZK 15 Billion in 2022*. Available at: <https://asociaceproducentu.cz/en/posts/czech-audiovisual-industry-booming-turnover-over-15-billion-2022>

Number of MEDIA projects by action, 2021-2022



Source: compiled by the Research team based on the programme data provided by the EACEA

3.0 Governance arrangements

The main government institutions developing and implementing AV policies in Czechia are the Ministry of Culture and the Czech Film Fund. The Czech Film Fund underwent significant reform and was established in its current form in 2013 with the aim of supporting all stages of film production, distribution and promotion, as well as domestic film festivals, publications, digitization of cinemas and the work of regional film offices.³³⁹ The Fund allocates public funding to the AV sector and provides funding for production incentives (the budget negotiated annually between the Ministry of Culture and the Ministry of Finance) and for selective support.

The Film Fund draws its funding from the government but also from levy for box office with 1% of box office turnover to be allocated to the Film Fund, from the commercial activities of public broadcaster, commercial TV stations and national VOD providers, which include cinematographic works in their online catalogues. The private broadcasters licensed for nationwide and free-to-air coverage via the DTT platform that show cinematographic works are subject to a levy of 2% of their advertising revenues, contributing to the resources of the Czech Film Fund. As shown in Table 1, the advertising revenue increased to a record high of 99 million EUR in 2022, which in return contributed to the funds of the Czech Film Fund. The levies reforms increased the Film Fund's revenue, with the 1% box office levy alone being associated with around 20% increase in funding available for the Czech Film Fund.³⁴⁰

In 2017, the Czech Film Fund expanded to incorporate the Czech Film Centre, which is a division within the Film Fund promoting and marketing Czech films and film industry internationally through collaborations with festivals, co-production platforms and partner network.

The Czech Film Commission is a division of the Film Fund aiming to attract international productions by providing incoming film makers with advice, guidance and contacts.³⁴¹

³³⁹ Czech Film Fund website: <https://filmcommission.cz/en/about/czech-film-fund/>

³⁴⁰ Bilik, P. (2020) in P. Szczepanik et al. (eds.), Digital Peripheries, Springer Series in Media Industries, https://doi.org/10.1007/978-3-030-44850-9_17 P 295

³⁴¹ Czech Film Centre website: <https://www.filmcenter.cz/en/film-industry/regulations-funding>

Further reforms of the government support for the AV sector are proposed, which include the transformation of the Film Fund into the Audiovisual Fund, expanding its remit to support small-screen formats.³⁴²

The Audiovisual Act is currently in the process of being amended to include the investment obligations and levy to streaming platforms, which are likely to increase both the budget available through the Fund and private investment in national content. More details related to the proposed reforms are provided in the remainder of this case study below.

4.0 Support measures

4.1 Funds and subsidies

As indicated above, the Czech Film Fund runs two main funding schemes, including production incentives providing cash rebates to AV projects implemented in the country and selective scheme which provides funding for production, distribution and promotion of national productions.³⁴³ The overview of the funding allocated and the number of projects supported between 2019-2022 are provided in Table 4 below. As shown in the table, the funding for the selective scheme has almost doubled between 2019 and 2022, with even higher increases due to the extra COVID funding allocated in 2020 and 2021. The increasing funding for both national productions and incentives to attract international productions since 2019 is likely to have contributed to the growing size and capacity of the AV sector in Czechia.

Table 26. Czech Film Fund budget and number of supported projects

	2019	2020	2021	2022
Budget for selective scheme (million, EUR)	7.3	15.8 ³⁴⁴	17.5	13.3
Budget for production incentives scheme (million, EUR)	N/A	31.4	32	57
Number of projects supported	195	466	465	328

Source: compiled by Research team based on the Czech Film Fund Facts and Figures for 2019-2022.

Selective scheme

The selective scheme provides funding for Czech operators across different stages of the product lifecycle. The table below shows that over half of this funding (and as high as 70% in 2022) is allocated for the production of AV works, indicating the priority given at the national level to investments in production. Development of AV works attracts the second largest proportion of the funding, followed by funding to film festivals and other forms of distribution, almost perfectly mirroring the MEDIA actions for which Czechia has received support over the last couple of years (please see Figure 1 above). However, this represents a relatively small proportion of funding at the national level when compared to the investments in production. Similarities in terms of the AV product lifecycle investments also enable AV operators to pool funding from a variety of sources to fund their activities. For example, five out of 25 MEDIA beneficiaries from Czechia who responded to the beneficiaries' survey indicated that they also received funding from the Czech Film Fund. An interviewee consulted

³⁴² Czech Film Fund (2023), *Czech Film Fund Facts and Figures 2022*. Available at: https://www.filmcenter.cz/files/editor/files/F%26F_2022_final%20web.pdf

³⁴³ Ibid.

³⁴⁴ This includes extra funding to address COVID-19 consequences amounting to 2.8 million EUR in 2020 and 5 million EUR in 2021.

during the study indicated that there is a good complementarity between MEDIA and national support, which in combination contributes to the increased capacity in the AV sector.

In 2016 the Czech Film Fund started offering measures aimed at professional capacity building. As can be seen from the below table around 2% of the funding, particularly in 2020 and 2022, was allocated to training and education projects, which may explain the high Czech professional interest in the MEDIA funding for the internationalisation of talent and skills that has been also driven by the 39% increase in Czech coproductions over the last 10 years. Examples of Czech Film Fund activities to support training include a script consulting incubator, international programme of workshops for screenwriters and script editors.³⁴⁵ Although no evaluations of the training offered at the national level in Czechia have been identified, the analysis of the MEDIA data shows that a vast majority of the MEDIA funding for training dedicated to LCC A countries in 2021 and 2022 was awarded to Czech operators (4.8 million EUR out of 5.7 million EUR awarded to LCC A countries). It is largely due to a relatively small number of highly specialised operators who developed a successful track record of delivering training programmes aimed at writers, directors, and producers active in Central and Eastern Europe. For example, the MIDPOINT Institute has received funding from the MEDIA programme, Czech Film Fund (e.g. script writing incubator), Czech Ministry of Culture and Slovak Audiovisual Fund, which enabled them to develop longstanding training offer and establish international networks with stakeholders across the whole value chain of the AV product lifecycle.

Table 27. Distribution of Czech Film funding through selective scheme, 2020-2022

Category of support	2020	2021	2022
Development	14.69%	8.4%	8.25%
Production	56.91%	51.58%	70.45%
Distribution	6.31%	3.29%	4.1%
Tech. development			2.88%
Promotion	13.08%	1.03%	3.59%
Publication	0.92%	0.68%	0.97%
Education and training	1.67%	0.06%	2.12%
Film festivals	6.44%	5.99%	7.64%
Extra Covid funding	N/A	28.98%	N/A

Source: compiled by Research team based on Czech Film Fund Facts and Figures, 2020-2022

Incentives scheme

In addition to the selective scheme, the Czech Film Fund runs an incentives scheme, providing 20% cash rebates on qualifying Czech costs and 66% rebate to costs paid to foreign above-the-line cast and crew who pay withholding tax in the Czech Republic to the international film, TV and animation

³⁴⁵ Bilik, P. (2020) in P. Szczepanik et al. (eds.), Digital Peripheries, Springer Series in Media Industries, https://doi.org/10.1007/978-3-030-44850-9_17 P 297

productions produced in Czechia (please see the overview of this incentives scheme³⁴⁶ provided by the Czech Film Commission). According to the desk research undertaken, the scheme is in high demand³⁴⁷. As illustrated by data presented in Table 4 above, the Czech government provided increased funding for the scheme in 2022, which almost doubled the support compared to the previous years. The amount of funding available through the incentives scheme is being negotiated every year between the Ministry of Finance and the Ministry of Culture, and therefore, the longer-term planning on the funding allocations through the scheme is unclear. Importantly, the scheme was suspended in 2023, raising concerns within the industry that this will have a negative impact on attracting new international projects.³⁴⁸

The MEDIA beneficiary survey, conducted during this study, asked respondents to assess the overall availability of national support measures in their country. A total of 23 AV sector operators from Czechia took part in the survey. As can be seen from Figure 2 below, more than half of the respondents (n=15) indicated that some or comprehensive national and/or regional support for their sectors was available.

Figure 27. Q20. How would you assess the overall availability of national and/or regional support for your sector in your country/region?*



Source: Beneficiary survey, N=23, 2023

In addition to the funding distributed by the Czech Film Fund, the Ministry of Culture is directly managing grants dedicated to cinematography and media. It aims at increasing professionalism and capacity within the AV sector, diversity and quality. It provides funding for such actions as festivals, capacity development, including measures directly aimed at the representation of women within the sector, training, conferences, seminars, publications, audience development and diversification of productions.³⁴⁹ It also aims to promote access for children and young people, socially disadvantaged citizens, and citizens from country's regions. The Ministry also announced that it will be allocating 8 million EUR from the National Recovery Plan through creative vouchers starting in 2024, expected to further contribute to strengthening of the Czech AV sector.³⁵⁰

³⁴⁶ Czech Film Commission information on incentives scheme (2017)
https://focal.ch/prodvalue/working_conditions/docs/CzechRepublic/PV17_Czech_Production_Incentives_2017_Summary.pdf

³⁴⁷ Nešpůrek R, Kandrác M (2022), *Czech Film Production Incentives Scheme*. Available at:
<https://www.havelpartners.com/czech-film-production-incentives-scheme/>

³⁴⁸ Audiovisual Producers' Association (2023), *The Czech Audiovisual Industry is Booming, with a Turnover of over CZK 15 Billion in 2022*. Available at: <https://asociaceproducentu.cz/en/posts/czech-audiovisual-industry-booming-turnover-over-15-billion-2022>

³⁴⁹ Ministry of Culture (2023), *Tender subsidy procedure in the field of cinematography and media*. Available at:
<https://mk.gov.cz/ii-vyberove-dotacni-rizeni-v-oblasti-kinematografie-a-medii-cs-470>

³⁵⁰ Kudláč M. (2024), *The Czech Republic reopens registrations for its film incentive*. Available at:
<https://cineuropa.org/en/newsdetail/455759#:~:text=The%20Ministry%20of%20Culture%20has,through%20the%20National%20Recovery%20Plan.>

4.2 Regulatory measures


The regulatory measures in Czechia include tax relief and investment obligations. The levies paid to the film funds are presented separately above. The mapping of support measures in Czechia also identified a VAT relief scheme, which is available for culture and creative sector operators more generally. In particular, cinema tickets are subject to reduced VAT and hence this scheme has the potential to support cinema theatres in this post COVID-19 era.

In addition to the levies mentioned above, financial obligations and quotas are also implemented in Czechia. The public and private broadcasters operating in Czechia are subject to direct investment obligations, which require them to dedicate 10% of the transmission time to European works or to invest 10% of their programming budget in European works created by the producers independent of the broadcasters. The VOD providers, where practicable, are required to dedicate at least 10% of the programmes in their catalogues to European works or invest at least 1% of the total revenue in producing or acquisitions of European works.³⁵¹ This requirement currently applies to the VOD providers established in Czechia but not international VOD providers. The impact of specific regulatory measures cannot be established with the data available, as the current datasets do not monitor the actual investments by broadcasters and VOD platforms related to the implementation of the AVMSD.

The country is currently undergoing reforms of the AV sector with the planned amendments to the Audiovisual Act. It foresees that 3.5% of revenue generated by streaming platforms would need to be allocated to the development of national content. This would be split between a 2% levy to be paid directly to the Film Fund and a 1.5% investment obligation to be spent on the national content.³⁵² The new levies and investment obligations are likely to increase the funds available through the Czech Film Fund by around 10 million euros³⁵³ (or 14% based on 2022 investment levels). The proposed reforms are part of a comprehensive revision of the funding for the AV sector which will be funded through the Recovery and Resilience Facility (RRF).³⁵⁴ This is likely to further boost the public spending on the Czech AV sector and received positive reactions within the media and the sector, however, the reforms are expected to take effect from 2025/2026, and the assessment of their impact can only take place once these reforms have been implemented.

Annex 1: Data tables

Table 28. Overview of AV market in Czechia

Indicators	2011-2013 average	2020-2022 average	Trends
AV sector enterprises	3,712	4,229*	13% 

³⁵¹ European Audiovisual Observatory (2019), *Mapping of national rules for the promotion of European works in Europe*. Available at: <https://open.overheid.nl/documenten/ronl-a74d2be4-6f66-41fb-abfa-42a896d9e5b6/pdf>

³⁵² Czech Film Commission website: <https://filmcommission.cz/en/czech-government-and-stakeholders-agree-to-increase-funding-of-incentives-with-new-levy-on-streamers/>

³⁵³ Screen Daily (2023), *Czech Republic to introduce streamer levy and boost incentives for international shoots*. Available at: <https://www.screendaily.com/news/czech-republic-to-introduce-streamer-levy-and-boost-incentives-for-international-shoots/5183816.article>

³⁵⁴ Nešpůrek R, Kandráč M (2022), *Czech Film Production Incentives Scheme*. Available at: <https://www.havelpartners.com/czech-film-production-incentives-scheme/>

People employed in the AV sector (thousand persons)	6.5	8.7	34% ↗
Annual turnover by AV company	583.6	767*	31% ↗

Source: compiled by Research team based on the data from Eurostat

*The data for 2022 is not included and the average is based on 2020 and 2021 data.

Table 29. Trends in Pay-TV and VoD penetration in Czechia, 2017-2021

Indicators	2017	2018	2019	2020	2021	Trends
Households accessing main multichannel platforms (thousand)	1,601	1,685	1,898	2,028	2,049	28% ↗
Consumer expenditure on Pay-TV (m EUR)	212	227	262	298	320	51% ↗
VoD penetration – households subscribing (thousand)	153	276	567	958	1,023	569% ↗
Public funding for AV sector (m EUR)	296.88	314.14	311.55	296.57	311.41	5% ↗

Source: compiled by Research team based on the data from the European Audiovisual Observatory Yearbook 2022

Iceland case study

1.0 Introduction

Despite Iceland's relatively small population of around 350,000 inhabitants, Iceland's audiovisual (AV) industry is characterised by a strong demand for domestic productions and international co-production ventures. Leveraging its unique landscapes and creative talent, Iceland attracts foreign investments and fosters cross-border collaboration mainly with North America and the European Economic Area (EEA) countries, particularly with Nordic neighbours through cooperation structures such as Nordvision.³⁵⁵ The country has a centralised structure for AV policy, defined by the Ministry of Culture and Business Affairs, which administers the national reimbursement scheme and oversees the public broadcaster Ríkisútvarpið (RÚV) and the Icelandic Film Centre, managing the Icelandic Film Fund (IFF).

The AV sector in Iceland hosts a thriving film industry that has become a significant part of Icelandic culture and economy. The film sector offers substantial employment and positively influences various sectors, notably tourism. There are several factors behind the success of the film industry, including increased investments in public funding initiatives and an effective reimbursement scheme for international productions.³⁵⁶ Close collaboration between public and private stakeholders has also been central in the Icelandic approach, with the shared goal of establishing Icelandic filmmaking as an internationally recognised brand and promoting gender equality as a fundamental value. Iceland's AV sector has also benefited from the country's vibrant start-up culture, supported by low bureaucracy, simple tax structures, a young and tech-savvy workforce, and opportunities for early-stage funding.³⁵⁷

The government recognises the need to be proactive to maintain Iceland's leading position in the film industry. To achieve this, the Government of Iceland has devised a comprehensive film policy for 2020-2030 to enhance competitiveness, expand quality film education, attract global talent, and offer attractive fiscal incentives. This approach reflects the government's commitment to improving the influence of filmmaking on the Icelandic economy.

While being successful, the Icelandic AV sector also faces a set of diverse challenges. These include distance from other countries, limited daylight for production and a small domestic audience. Iceland also recently had to grapple with exchange rate fluctuations and rising inflation. In 2023, inflation peaked at around 10% and has spread to the services sector.³⁵⁸ These economic developments have led to a proposal to reduce funding earmarked for the country's film sector.³⁵⁹

2.0 Audiovisual Market Overview

The cultural sector is an important economic sector in Iceland, employing approximately 6% of the labour force in 2013-2022 (see Figure 1), above the EU average and the Nordic peers. In 2022, Iceland had the highest recorded employment rate in this sector, standing at 5.6%, with Sweden reporting the second highest (4.9%), followed by Finland (4.6%), Denmark (4.5%), and Norway (4.3%).³⁶⁰

³⁵⁵ Please visit [this website](#) for more information on Nordvision. For more examples on Nordic cooperation, please see the Nordic case study.

³⁵⁶ Wagner/Hatfield. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

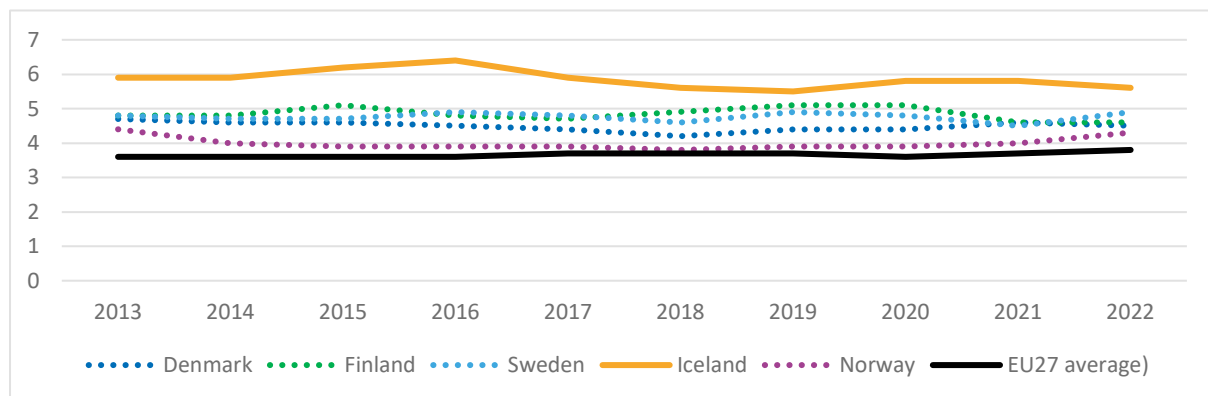
³⁵⁷ Ibid.

³⁵⁸ [Iceland must tackle inflation and make the most of immigration - OECD](#)

³⁵⁹ [Icelandic government proposes 13.5% cut to Icelandic Film Centre in 2024 \(nordiskfilmogtvfond.com\)](#)

³⁶⁰ Eurostat. (2024). Indicator: Cultural employment.

Figure 28: Cultural employment, 2013-22(% of total employment)



Source: Eurostat. (2024). Indicator: Cultural employment

The National Broadcasting Service (RÚV), with 67% of the audience market share,³⁶¹ makes a relatively modest contribution to employment (approx. 260 staff members)³⁶², however, other parts of the AV sector have grown considerably in recent years. **The film sector stands out by providing thousands of Icelanders with jobs, particularly attracting a rising number of young individuals seeking opportunities within the sector.** The spill-over effects of employment in filmmaking can be found in other sectors, as demonstrated by a study suggesting that an estimated 1.9 jobs are created elsewhere for each job within the filmmaking industry.³⁶³ This effect is particularly evident in tourism, as highlighted in a 2019 survey conducted by the Icelandic Tourist Board. Evidence suggests that 34.7% of tourists coming to Iceland cited the desire to witness Icelandic landscapes depicted on screen as a primary motivation for visiting the country.³⁶⁴

The gaming industry has also experienced exponential growth in Iceland, making a modest yet increasingly significant contribution to employment. With the Icelandic Game Industry (IGI) helping lead the way, the country is now home to 20 active gaming development companies with nearly 450 employees.³⁶⁵ The industry's growth can, in part, be credited to increased government support, such as higher reimbursement of research and development costs and incentives for individual investors to back start-ups. The government supports the sector through a robust grant scheme via the Technology Development Fund, and various venture funds and private investors are actively involved in backing start-ups in Iceland.³⁶⁶

Over the past decade, the turnover within the motion picture, video and television industry has more than doubled, increasing by a factor of 2.4, reaching an equivalent of 197 million EUR (29.3 billion ISK) (see Figure 2).³⁶⁷ Some estimates indicate that the television and film industry constitutes 0.6% of the GDP, nearly equivalent to the dairy or meat industry.³⁶⁸ Setting the stage for this growth, government investments in the reimbursement scheme reached around 67.5 million EUR (10 billion ISK) from 2014 to 2018, yielding an impressive 50% return.³⁶⁹ Meanwhile, the Icelandic Film Centre (IFC) reported that the average Icelandic budget for a feature film in recent years has been around 1.5 – 2 million EUR.³⁷⁰

³⁶¹ The private broadcaster 365 Midlar HF had 33% of audience market share in 2020.

³⁶² RÚV Iceland Chooses Ross Video for New Automated Studio - Ross Video

³⁶³ Government of Iceland - Ministry of Education, Science and Culture. (2020). *Icelandic film policy from 2020 to 2030*. Available [here](#).

³⁶⁴ 116 Filmmaking in a Wider Context. An appendix to the Film Policy 2020-2030 (2021), <https://www.stjornarradid.is/verkefni/menningarmal/kvikmyndastefna-2020-2030/>

³⁶⁵ Iceland Is Gaming's Best-Kept Secret - Insider Gaming (insider-gaming.com)

³⁶⁶ IGI-report-2019-Web-v2.pdf ([si.is](https://www.ssi.is))

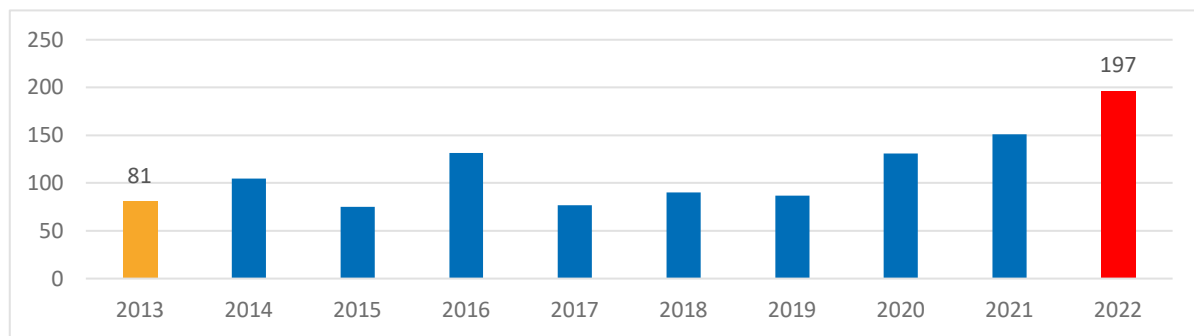
³⁶⁷ Statistics Iceland. (2024). Indicator: NACE no 5911, available [here](#).

³⁶⁸ FRÍSK (Association of Rights Holders in the Television and Film Industry) (2021), <https://frisk.klapptre.is/helstu-malefni/>

³⁶⁹ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

³⁷⁰ Written commentary by the Icelandic Film Centre 20.03.2024.

Figure 29: Turnover of motion picture, video and television programme production activities (million EUR)



Source: Statistics Iceland. (2024). Indicator: NACE no 5911³⁷¹

Over the same period of five years (2014-2018), the number of AV companies in Iceland doubled, especially in film production, highlighting the strong state of filmmaking in Iceland and its important contributions to the economy and employment.³⁷² The rapid growth in turnover from 2020 coincides with the introduction of the Icelandic Film Policy for 2020-2030, described in more detail below.

Among well-known domestic productions in Iceland in recent years are *Valhalla Murders* and *Trapped*, with the latter having received 560,000 EUR from MEDIA actions.³⁷³ *Katla* was the first Icelandic series produced by Netflix, which gained significant international recognition and was mostly filmed in the small village of Vík, situated on the south coast and known for its black sand beaches caused by the volcanic activity in the area.³⁷⁴ Various factors have contributed to the global popularity of Icelandic TV series, including the growing interest in non-English language dramas, especially Scandinavian productions like Nordic noir crime TV dramas. Despite fierce competition from other European countries, Iceland has created a competitive edge by leveraging its unique landscapes and highly skilled film professionals.³⁷⁵

Attracted by the generous national reimbursement scheme (please see Section 4.1 for more detail), foreign projects shot in the country and collaborations with international filmmakers have led to the success of TV series and films on the global stage. Notably, Iceland has emerged as a sought-after destination for international filmmaking in recent years, hosting major North American productions like *Star Wars*, *Interstellar*, *Game of Thrones*, *Black Mirror*, and *Thor*. Icelandic production companies specialising in production services and the local crew members involved in these projects have gained international acclaim. Several of these companies also produced or co-produced films abroad, showcasing the global impact of Icelandic talent.

Another characteristic of the Icelandic AV sector is the focus on gender equality, which can be seen as a comparative advantage of the Icelandic AV industry. Notably, the Icelandic Film Fund's allocation framework is promoting gender equality "as much as possible" in filmmaking from the spring of 2021 and onwards.³⁷⁶ Between 2018-2022, Iceland reported a substantial share of female movie directors (37%), clearly above the EU average (23%) and ahead of its Nordic peers (NO: 36% SE:34%, FI:33%, DK:29%).³⁷⁷³⁷⁸ In 2023, one legislation was proposed that would allow for a 20% higher subsidy if at least one of the key positions (script, direction,

³⁷¹ https://px.hagstofa.is/pxen/pxweb/en/Atvinnuvegir/Atvinnuvegir_fyrirtaeki_veltutolur_velta/FYR04102.px

³⁷² Ibid.

³⁷³ factsheet.is/en_15510.pdf (europa.eu)

³⁷⁴ [Trapped Iceland: An Itinerary Through the Filming Locations](https://carsiceland.com) (carsiceland.com)

³⁷⁵ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

³⁷⁶ Government of Iceland - Ministry of Education, Science and Culture. (2020). *Icelandic film policy from 2020 to 2030*. Available [here](#).

³⁷⁷ Femmes de Cinema. 2023. Qualitative study on the place of Female Directors in Europe. Available [here](#).

³⁷⁸ <https://femmesdecinema.org/wp-content/uploads/2023/12/STUDY-2023-LAB.pdf>

production) is held by a woman. This proposal is under discussion at the Ministry but has not yet been adopted. Committed to further improving conditions for women in the sector, the IFC – the national film institute of Iceland – is working actively in this area (see box 1).³⁷⁹

Box 1: A snapshot of practices supporting gender equality at the Icelandic Film Centre (IFC)

Gender equality is a core value of the IFC, as set out in Iceland's national film policy. The IFC tracks gender statistics on grant applications and projects (in writing, directing and production) annually and publishes the success rate by gender on its website.

As part of the internal procedures, IFC evaluators are instructed to consider the criteria set out in the Bechdel-Wallace test* when processing screenplay proposals and to check whether the creative content of the applications favours multidimensional female characters.

**For a film to pass the Bechdel-Wallace test, it has to have two named female characters who talk to each other about something other than a man.*

On both the demand and supply side of AV works production and consumption, Iceland outperforms most European countries. Iceland produced the most theatrical feature films between 2019 and 2021 per 1 million population (49.61), followed by Luxembourg (42.87), Estonia (18.02) and Latvia (11.55). Iceland produces around 8-10 full-length features, 3-4 TV fiction series, and various other TV programs each year, along with numerous documentaries and shorts. Icelandic films regularly participate in international film festivals, gather awards, and achieve widespread distribution.³⁸⁰ Iceland is a member of the EEA, which means that films and television programmes made in Iceland receive European content status and can thus be released in Europe without affecting any quotas on the releases of non-European content. Icelandic AV sector also has access to EU grants.

In 2021, Iceland was the European country with the highest share of the population going to watch movies in cinema theatres, scoring the highest admissions per capita (2.25), followed by Estonia (1.72), Ireland (1.62) and Denmark (1.5).³⁸¹ During the same year, Iceland had 18 cinema theatres operating in the country or 47.84 cinema theatres per 1 million people, which was second only to Czechia (50.02) in Europe.³⁸² Within this, there were 44 cinema screens, representing 116.94 cinema screens per 1 million people.

The Icelandic population also has strong digital habits, which has helped to drive innovation in the AV sector.³⁸³ **Among the population, 97.7% used the internet daily in 2021 – the highest share of any European country – clearly exceeding the average percentage in the EU (80.4%).**³⁸⁴ Approximately 103,000 households were subscribing to Video-on-Demand (VOD) services out of nearly 131,000, resulting in an approximate share of 76%. As of May 2023, Iceland had a total of 225 on-demand audiovisual services available (including video-sharing platforms) and 23 of them were established in the country.

Iceland has also developed a funding model for public service media that aims to ensure its independence and financial stability. Iceland led the development among Nordic peers to replace the licence fee with a tax model in 2009, motivated by the objective of creating a 'technology and platform neutral' financing for public service media (followed by Finland in 2013, Sweden in 2019, Norway in 2020 and Denmark in 2022).³⁸⁵ The level of the Icelandic tax is fixed, meaning that every resident with an income above a certain level pays the same sum, currently about 130 EUR per person each year (ISK 17,500). The tax contributes to two-thirds of RÚV's revenues, while advertising

³⁷⁹ Ibid.

³⁸⁰ In 2021, 46 Icelandic films were selected for 148 international film festivals and 2 Icelandic film focuses. They won a total of 29 international awards. See more [here](#).

³⁸¹ EAO yearbook 2021/2022.

³⁸² Ibid.

³⁸³ [Gaming in Iceland - Issuu](#)

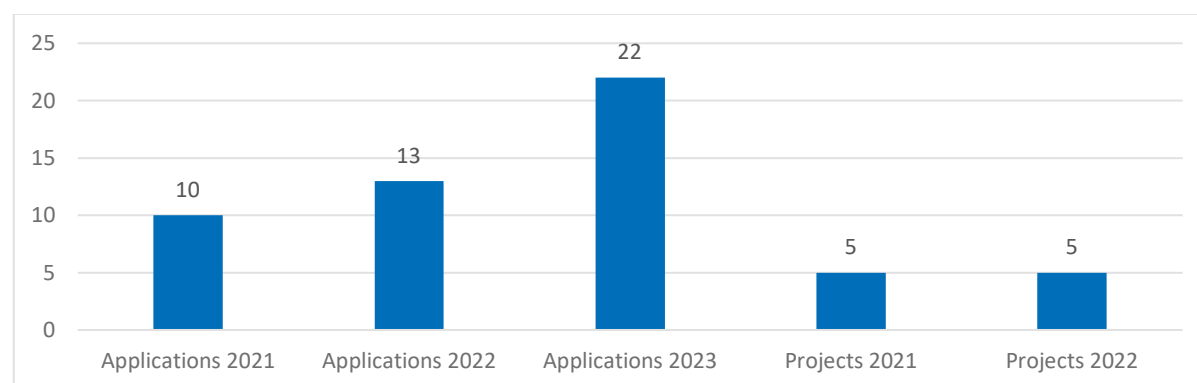
³⁸⁴ Eurostat. (2021). Indicator: Frequency of internet access: daily (isoc_ci_ifp_fu)

³⁸⁵ <https://www.nordicom.gu.se/en/latest/news/nordics-replace-licence-fee-public-service-tax>

accounts for the rest.³⁸⁶ At the end of 2020, RÚV entered into an agreement with the Ministry of Education, Science and Culture that ensured that the broadcaster received the “*necessary stability in terms of service income, which enabled the company to make longer-term plans*”. Financial stability is vital for enabling RÚV to fulfil its public service remit and maintain high levels of consumption and positive public attitudes following the pandemic.³⁸⁷

As an EFTA country that is covered by the EEA Agreement, Iceland participates in the Creative Europe Programme and can access MEDIA funding, providing significant benefits for the country's film sector. Before Iceland joined the programme, very few Icelandic films had achieved international recognition.³⁸⁸ In the period 2021-2022 i.e. during the first two years of the current multiannual programme period, significant MEDIA funding was allocated to the country's AV operators, receiving the highest funding per capita (4.81 EUR or approx. 1.8 million EUR in total) in comparison to its Nordic peers.³⁸⁹ Figure 30 offers further insight into the demand and access to MEDIA funding by Icelandic AV operators in the period between 2021 and 2023. This data suggests that the number of applications has increased by 120% between 2021-2023, while the number of projects supported remained stable during the first two years of the programme.

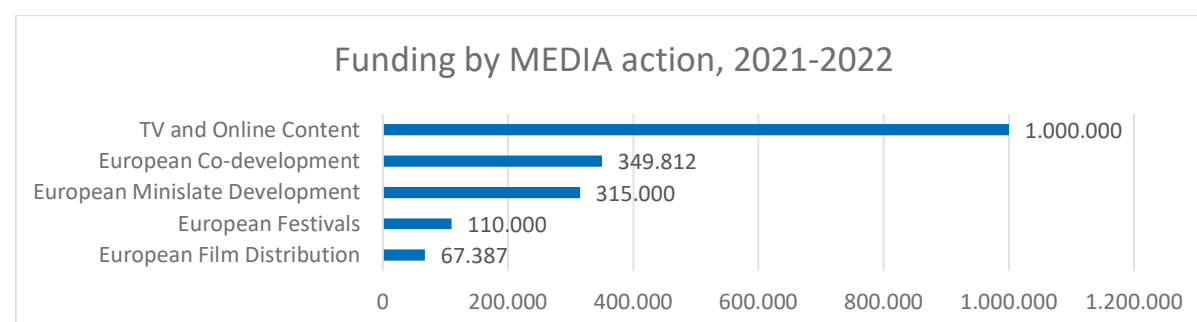
Figure 30: Number of applications and projects supported with the lead coordinator located in Iceland – Creative Europe Media strand, 2021-2023³⁹⁰



Source: compiled by the Ecorys Research team based on EACEA data.

The analysis of the MEDIA actions that Icelandic AV operators had benefited from, shows that most of the funding was allocated to the projects under the Content cluster, with a smaller proportion of the budget allocated to festivals and the distribution of the AV works (please Figure 4 below).

Figure 31: Funding and number of projects by MEDIA action between 2021 and 2022



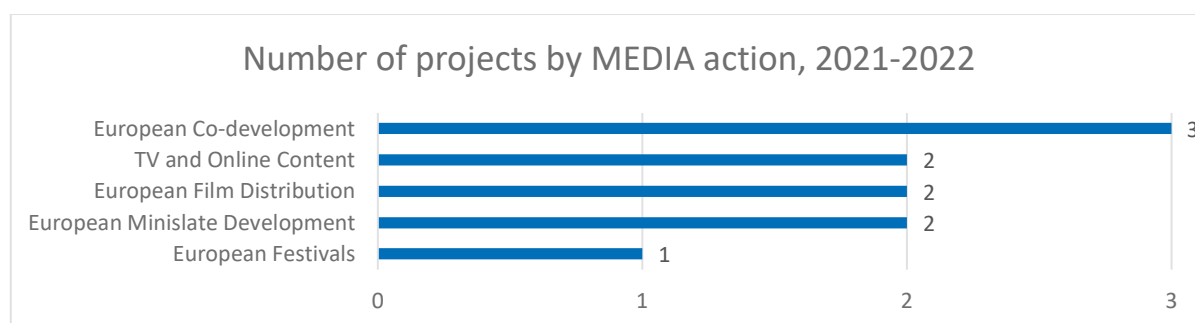
³⁸⁶ Act on the Icelandic National Broadcasting Service, a public-service medium, No 23/2013

³⁸⁷ [The challenges facing Nordic public media - Public Media Alliance](#)

³⁸⁸ [factsheet_is_en_15510.pdf \(europa.eu\)](#)

³⁸⁹ Denmark (€2.47 per capita, approx. €14.5M), Norway (€1.51 per capita, approx. €8.2M), Sweden (€0.94 per capita, approx. €9.8M) and Finland (€0.70 per capita, approx. €3.9M).

³⁹⁰ Source: compiled by research team based on the programme data provided by EACEA. The results of the 2023 calls were not yet known at the time of reporting.



Source: Compiled by Ecorys Research team based on EACEA data.

3.0 Governance arrangements

The governance framework for the AV sector in Iceland involves various layers of national authorities and administration. Broadly speaking, the Icelandic cultural policy at the national level is overseen by Alþingi, the National Parliament, with legislative and fiscal authority. The standing committee on Judicial Affairs and Education (Allsherjarg menntamálanefnd) handles cultural policy matters and oversees relevant ministerial affairs. The rest of this section briefly describes key bodies involved in the development and implementation of AV policies in Iceland.

- ▶ **The Ministry of Education, Science, and Culture is central to the AV governance framework in Iceland.** The Ministry defines policy initiatives and manages public authorities and agencies, such as the Icelandic Film Centre, and state cultural funds, particularly the reimbursement scheme. Regarding media, both the Media Commission and the Icelandic National Broadcasting Service (RÚV) are under the Ministry's jurisdiction.
- ▶ **RÚV** is an Icelandic public service broadcaster whose main objective is to inform, educate and entertain. It has an important role in the dissemination of information regarding general national and international events and news, in addition to producing and broadcasting cultural content and content for children and youth.³⁹¹ Notably, RÚV is also a member of **Nordvision**, an international collaboration platform between the Nordic public service broadcasters, established in 1959. Nordvision's main task is to promote and strengthen the public service media in the Nordics through co-productions, programme exchange and collaboration on format development.³⁹²
- ▶ The **Icelandic Media Commission** is an independent authority under the Ministry of Culture and Business Affairs that supports media diversity, accessibility, freedom of expression, and information rights, with a focus on safeguarding minors. It monitors advertising, sponsorship, and product placement, as well as programming potentially harmful to children, issuing broadcasting licenses in Iceland. Additionally, it ensures public access to essential media market information, including ownership details, media service providers and editorial independence rules, all available on its website.
- ▶ Established in 2003, the **IFC** operates with the mission to fund Icelandic films, promote them internationally and foster film culture within Iceland through support for festivals, seminars, workshops, and networking opportunities for film professionals. The Centre follows the Regulation on the IFF (see Section 4.1) set by the Ministry of Culture and Education, which is entirely financed from the public budget.³⁹³
- ▶ The **National Film Archive of Iceland** is a state-funded public service institution that preserves film culture by collecting and documenting films, conducting research and publishing studies.
- ▶ The **Film Council** is associated with IFC and is intended to advise the government and make proposals for policies in the field of film art. The Minister of Education, Science, and Culture appoints seven members to

³⁹¹ | [Diversité des expressions culturelles \(unesco.org\)](https://unesco.org)

³⁹² [Nordvisionsfondet - Nordvision](https://nordvisionsfondet.no)

³⁹³ Regulation on the Icelandic Film Fund, www.icelandicfilmcentre.is/media/skjal/229_2003-Film-Fund-Regulation-ENGLISH.pdf

the Film Council for three years at a time, chairman and vice-chairman without nomination, and the other five representatives according to the nominations of the Icelandic Filmmakers' Association, the Icelandic Film Producers' Association, the Icelandic Film Directors' Association, the Icelandic Film Owners' Association and the Icelandic Artists' Association. Deputies are appointed in the same way.³⁹⁴

- ▶ The **Icelandic Filmmakers Association** (FK) is an inclusive association, welcoming all professionals in filmmaking, with a core mission to advance their shared interests. Its goal is to protect copyright and the interests of members, as well as to promote creative, artistic and cultural filmmaking. The association represents its members to governments, cultural institutions and other non-profit organisations.³⁹⁵
- ▶ The **Icelandic Film and Television Academy** (ÍKSA) is a collaborative initiative by three professional associations, overseeing the Edda Awards (a prominent film and television award in Iceland) and selecting Iceland's Oscars submission.
- ▶ **Film in Iceland**³⁹⁶, the official film commission under Business Iceland, serves as a vital resource for filmmakers. Beyond providing information on Iceland as a filming location, legal frameworks and assistance with fiscal incentives, it engages in unconventional promotional activities, such as advertising an active volcanic eruption as an excellent filming opportunity.³⁹⁷

Table 30: Key AV entities supporting the Icelandic productions (non-exhaustive list)

Category	Iceland
▶ Responsible ministries	▶ Ministry of Culture and Business Affairs
▶ Public authorities	▶ IFC (operates the IFF) ▶ National film archive
▶ Public bodies	▶ Film in Iceland ▶ Icelandic Media Commission ▶ The Film Council (oversight role of television to ensure that the film regulation is complied with) ▶ Committee on Reimbursement for Film Production
▶ Broadcasters	▶ RÚV (state broadcaster) ▶ Síminn (private) ▶ Stöð 2 (private)
▶ Other bodies and Associations	▶ The Icelandic Film and Television Academy ▶ Icelandic Filmmakers' Association ▶ The Icelandic Film Producers' Association, ▶ The Icelandic Film Directors' Association, ▶ The Icelandic Film Owners' Association and ▶ The Icelandic Artists' Association

Source: Compiled by Ecorys Research team, 2024.

³⁹⁴ [About Nordvision - Nordvision](#)

³⁹⁵ [The Icelandic Filmmakers Association - FK](#)

³⁹⁶ <https://filminiceland.com/>

³⁹⁷ Film in Iceland (2021). 'A small volcanic eruption at the Reykjanes peninsula', <https://filminiceland.com/volcanic-eruption-in-iceland/>

It is worth noting that Iceland has transitioned from four-year agreements between the government (involving two ministries) and filmmakers' interest groups. In 2019, there was a growing recognition that film production had become a significant national policy priority requiring centralised oversight by one ministry and a long-term policy framework to steer its development, with interest groups playing a consultative role. Following industry input through meetings and a survey of 500 industry members³⁹⁸, the Ministry of Culture and Business Affairs announced in 2019 the [Icelandic Film Policy for 2020-2030](#). This policy prioritises stronger competitiveness of the sector and emphasises the crucial role of a solid infrastructure and compelling incentives for the industry's development. Additionally, the policy underscores broader priorities such as fostering a film culture, developing film education and enhancing the international image of Iceland as an exceptional filming location.

In more detail, the Icelandic Film Policy from 2020-2030 sets out four objectives that are broken down into specific actions aimed at strengthening the foundations of the industry.³⁹⁹

Table 31: Objectives of the Icelandic Film Policy (2020-2030)

Objective	Individual actions
▶ 1. Fostering a film culture that promotes the nation's identity and supports its language.	▶ This objective highlights the key role of public institutions and investments and calls for the development of public support systems and cross-sectoral coordination between film and television sectors. Specific actions include increasing financial contributions to the IFF, establishing a new investment fund for TV projects, expanding the role of the IFC, involving the TV industry more actively in IFC's activities, intensifying promotional efforts abroad, as well as enabling conferences and educational activities.
▶ 2. Providing a high-quality and diverse film education to ensure that Icelandic film content has as much appeal as possible, offering a clear alternative to foreign content.	▶ Specific actions include the promotion of film and media literacy, the introduction of specialised film programmes and courses for high schools, as well as the establishment of university-level film education.
▶ 3. Achieving a stronger competitive position and a better working environment.	▶ This objective recognises the importance of solid infrastructure and incentives for the development of the industry. Specific actions include reinforcing the reimbursement scheme, exploring incremental reimbursements for parts of projects completed in Iceland, promoting private investment through various incentives, such as tax breaks for investors in Icelandic film projects, and establishing film clusters through collaboration, particularly with the tourism sector.
▶ 4. Making Icelandic filmmaking a well-known international brand	▶ To this end, the Icelandic Film Policy plans to offer promotional and travel grants for international promotion, branding Iceland as a year-round, family-friendly and sustainable shooting location focusing on gender equality.

Source: Compiled by Ecorys Research team based on *Film Policy Iceland*.

³⁹⁸ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

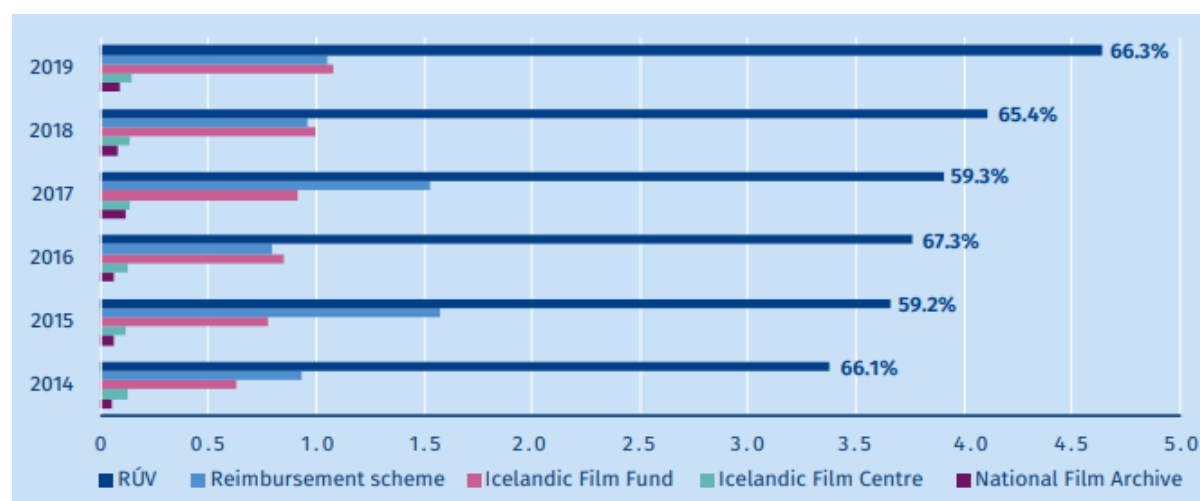
³⁹⁹ [200826 Film Policy Iceland - English version.pdf \(government.is\)](#)

4.0 Support measures

4.1 Funds and subsidies

Regarding public investments in film and TV, the primary source of funding has been the public broadcaster RÚV, accounting for 66.3% of funding in 2019, 65.4% in 2018, and 59.3% in 2017. The two other large sources of investment were the reimbursement scheme and the IFF, followed by the IFC and the National Film Archive (see Figure 5 below).⁴⁰⁰ Section 4.2 presents information on broadcaster investments, and the remainder of this section outlines the other public funding investments in the AV sector.

Figure 32: Public investment into the film and TV industry (in billion ISK)⁴⁰¹



Source: Icelandic film policy from 2020 to 2030, available [here](#).

The reimbursement scheme

The reimbursement scheme is governed by legislation under the Ministry of Industry and Innovation, with the IFC entrusted to supervise it through a special agreement.⁴⁰² Initially introduced in the early 2000s at a 12% rate, the reimbursement system has gradually increased. The scheme has been estimated to have created an average of 3,431 jobs during the period 2014–2019, with a filmmaking employment multiplier of 2.9, indicating that for each job in filmmaking, 1.9 jobs are created elsewhere, according to calculations by the University of Iceland.⁴⁰³

Today, the scheme offers the reimbursement of up to 35% of the costs incurred while producing films and television programs in Iceland. Productions of feature films, TV shows and documentaries in Iceland are eligible for a 25% refund, no matter the project's total cost. Productions for feature films, TV shows, and documentaries can raise their rebate to 35% if the production fulfils the following three requirements⁴⁰⁴:

1. Production costs incurred on the motion picture or television content in the country must be a minimum of approximately 2.4M euro (ISK 350 million).

⁴⁰⁰ 200826 Film Policy Iceland - English version.pdf ([government.is](https://www.government.is/library/01-Ministries/Ministry-of-Education/200826%20Film%20Policy%20Iceland%20-%20English%20version.pdf))

⁴⁰¹ 1 euro = 148.3 ISK (exchange rate 12.02.2024). Percentage after each bar represents the share of total investment into the film and TV industry.

⁴⁰² Act No. 43/1999 on temporary reimbursements in respect of film making in Iceland, <https://filmiceland.com/the-legislation/>

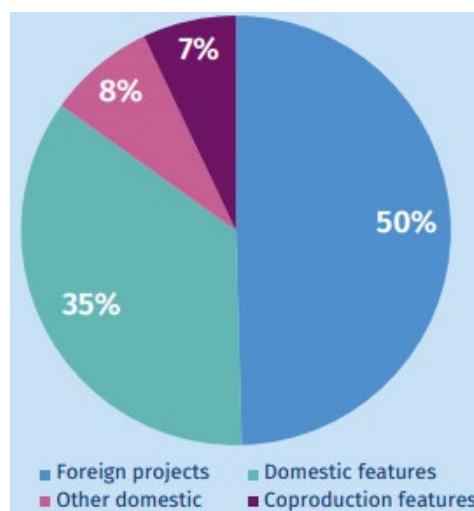
⁴⁰³ <https://www.government.is/library/01-Ministries/Ministry-of-Education/200826%20Film%20Policy%20Iceland%20-%20English%20version.pdf>

⁴⁰⁴ Incentives to film in Iceland

2. The project in question must have a minimum of 30 working days in Iceland, either consisting of actual film production (shooting) days or defined post-production working days. Of the 30 working days, a minimum of 10 shooting days in Iceland is always required.
3. The number of staff working directly on the project is 50 as a minimum, and the work needs to amount to 50 working days. It is a requirement that both salary and payments to employees and contractors shall be taxed in Iceland.

Additional criteria applicable to both domestic and foreign operators to be eligible for reimbursement scheme is that over 80% of the costs must be within Iceland, including all phases of production.⁴⁰⁵ An advisory system for evaluating grant applications is in place, which involves film consultants and independent specialists with substantial knowledge and experience. They assess applications from an artistic standpoint, considering financial, implementation and gender aspects (please see box 1). Overall, the reimbursement's significance extends beyond the film industry, impacting service providers nationwide. It has facilitated substantial foreign investment that might not have occurred otherwise, accounting for 8.3% of the total turnover of film production in Iceland from 2014 to 2019.⁴⁰⁶ **Figure 6 further illustrates that half of the reimbursement scheme allocations went into foreign projects, while domestic features represented a bit more than a third of all investments. As mentioned above, government investment in the scheme amounted to approx. 67.5 million EUR (10 billion ISK) 2014-2018.⁴⁰⁷**

Figure 33: Allocation of Reimbursement scheme 2014–2019



Source: Icelandic film policy from 2020 to 2030, available [here](#).

The IFF and the IFC

IFF, established in 1979, funds film production in Iceland. Its primary goal is to create culturally and socially relevant films in Iceland. The Fund, managed by IFC, actively contributes to the development of Icelandic film culture by supporting various film forms throughout different production stages – from script writing to production and promotion. The IFF supports promotion activities of films within Iceland and abroad as well as local film festivals, seminars and workshops. The supported events provide opportunities for professionals and aspiring filmmakers, fostering connections and information exchange.⁴⁰⁸

⁴⁰⁵ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

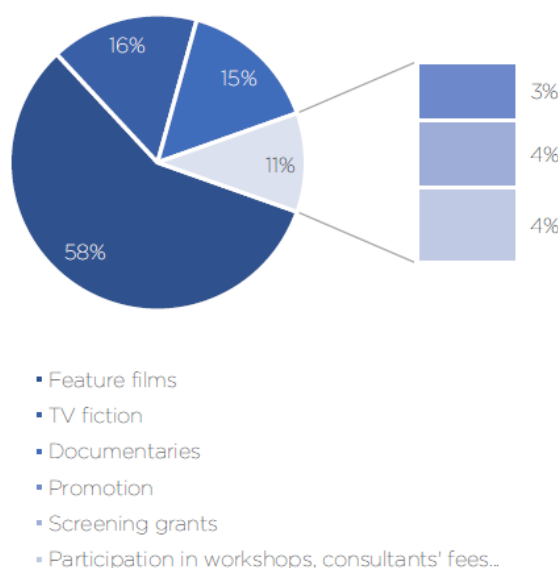
⁴⁰⁶ Ibid.

⁴⁰⁷ Ibid.

⁴⁰⁸ | [Diversité des expressions culturelles \(unesco.org\)](#)

The Film Fund offers grants for various purposes, supporting screenwriting, development, production, post-production and promotion across categories like full-length feature films, short films, documentaries and television fiction. Offering an idea of funding priorities, Figure 7 below illustrates that most of the funding provided by the IFF in 2020 went to support feature films (58%), followed by TV fiction (16%) and documentaries (15%).

Figure 34: Breakdown of the IFC funding in 2020



Source: IFC, 2020.⁴⁰⁹

Similar to the reimbursement scheme, funded works must involve Icelandic producers or co-productions with foreign entities, emphasising the Icelandic language or a clear cultural/social connection. Television fiction grants are provided subject to the programme being intended for TV and the broadcaster having secured transmission rights. It is also worth noting that a new fund dedicated to television fiction is planned to be established as part of the [Icelandic Film Policy for 2020-2030](#), to be administered by IFC, and aimed at investing in up to three TV series a year.⁴¹⁰ The film policy also raised the IFF budget by 35%, totalled approximately 10.2 million EUR, thereby enriching Iceland's cultural landscape and enhancing awareness of Icelandic culture in foreign nations where the films are presented.⁴¹¹

While the film industry in Iceland continues to enjoy support across the political spectrum, as mentioned the government has recently introduced a more cautious financial approach due to rising inflation in the national currency, potentially impacting support for filmmaking.⁴¹² In 2023, Iceland's Ministry of Culture and Trade stated that it would earmark 7.65 million EUR (1,114,3 million ISK) to the IFC out of a total budget for film support of 26.8 million EUR (3,915,6 million ISK), effectively cutting the IFC funding by 13.5% from 2023 onwards.⁴¹³

4.2 Regulatory measures

Iceland's regulatory measures have been aligned with the EU's AV policy, safeguarding the national media industry and driving innovation.

⁴⁰⁹ Key figures | en.kvikmyndamidstod.is (icelandicfilmcentre.is)

⁴¹⁰ Icelandic Film Centre sets new Film Policy 2020-2030 in motion (nordiskfilmogtvfond.com)

⁴¹¹ Ibid.

⁴¹² Icelandic government proposes 13.5% cut to Icelandic Film Centre in 2024 (nordiskfilmogtvfond.com)

⁴¹³ <https://nordiskfilmogtvfond.com/news/stories/icelandic-government-proposes-13-5-cut-to-icelandic-film-centre-in-2024#:~:text=In%20its%20finance%20Bill%20for,funding%20by%2013.5%25%20from%202023.>

As mentioned in section 4.1 above, **the public broadcaster RÚV provides the highest share of public investments into the TV and film industry in Iceland due to mandatory investment obligations as a public broadcaster.** Under the Public service contract between the Ministry of Education, Science, and Culture and RÚV for the 2020-2023 period, RÚV is obligated to support independent production by purchasing or co-producing TV series, movies, and documentaries, amounting to 12% of the collected license fee. In 2020, RÚV invested approximately 4 million EUR (excluding VAT) in purchasing or co-producing works by independent producers.⁴¹⁴

Regarding other broadcasters, the investment is discretionary under the Media Act⁴¹⁵, which encourages linear AV media services (AVMS) providers to allocate at least 10% of their transmission time or programming budget to European works by independent producers. Despite this, broadcasters invest significant resources in purchasing programme material from domestic producers. Private broadcasters like Stöð 2 and Síminn play influential roles as producers and co-producers of content in Iceland, actively engaging in acquisitions, including exhibition rights.

4.3 Other types of measures

Among other support measures, there are several prominent initiatives in Iceland that have been set up to facilitate the production of AV works, logistical support and filming infrastructure.

RÚV has established a special unit, the so-called RÚV Studio, which services the leasing of equipment and facilities to independent producers and other media. A specialised television and film studio, a recording studio and other technical facilities are available for rent to independent producers of television and film material, whether it is production for RÚV or others.⁴¹⁶ Additionally, the public broadcaster has established a drama council and hired a script consultant to launch two to three TV fiction projects each year. Twice a year, it organises pitch sessions called Idea Days, giving the opportunity to creators, authors, producers and others to present ideas and proposals for programme material to RÚV's directors.⁴¹⁷ Some evidence suggests that this type of support has led to Icelandic content availability rising by 66%, while American content has decreased by 42%.⁴¹⁸

Aside from public initiatives, a significant development occurred in 2018 with the establishment of Reykjavík Studios.⁴¹⁹ **Located within a converted fertiliser plant, this 8,000 m² complex became one of Europe's largest and most advanced open studios, featuring a 16-meter-high ceiling. Situated a short drive from downtown Reykjavík, the studio is a hub for film companies and creative ventures, housing equipment rental firms, props, and a recording studio.** Provided infrastructure includes smaller stages for TV series, nearby apartment buildings and office spaces, with plans to create a film neighbourhood featuring facilities such as hotels, restaurants, art galleries, a sea-water pool and a ferry dock. Overall, Reykjavík Studios provides comprehensive assistance from location scouting to post-production – an offer which has attracted a number of high-profile projects, including Netflix-related productions.⁴²⁰

⁴¹⁴ [The challenges facing Nordic public media - Public Media Alliance](#)

⁴¹⁵ https://fjolmidlanefnd.is/wp-content/uploads/2020/05/Media-Act-38_2011.pdf

⁴¹⁶ [Ruv 2021 strategy by RÚV ohf. - Issuu](#)

⁴¹⁷ Ibid.

⁴¹⁸ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

⁴¹⁹ [Home - RVK Studios](#)

⁴²⁰ Slovenski filmski center. (2021). Study on Accessibility and Competitiveness of European Audiovisual Works from Small Language Environments. Available [here](#).

Nordic case study

1.0 Introduction

The audiovisual (hereafter AV) sectors in the Nordic countries share both distinct and common features, reflecting their shared identity as welfare states with a close and positive relationship between the state and the people. The media sectors in these countries are further characterised by a consensual and pragmatic policy approach, fostering collaboration between public and commercial players, with public broadcasters contributing to the construction of national identity. This approach, marked by far-reaching state interventions and support schemes, is combined with a strong commitment to the principle of freedom of speech.⁴²¹

The Nordic AV sectors is further known for their inclusiveness and support of disadvantaged groups – factors instrumental in shaping what is seen and heard on screen. The sectors are performing well across a number of indicators related to gender, and all of the national film institutes located in each country regularly report on the progress made in terms of making their sector more open and attractive to women, thereby supporting fair representation and talent retention. Also worth noting is the assistance provided to the indigenous Sámi population living in Finland, Norway, and Sweden, a group that has faced discrimination and unfair treatment throughout history.⁴²² Through the International Sámi Film Institute⁴²³, funded by the Norwegian Ministry of Culture and the Sami Parliament, Sami are supported in the development, production, and distribution of Sámi films in their native language (see section 3.).

The last ten years have been a transformative period for the Nordic AV sectors. The digitalisation of the media landscape has led to new media habits among audiences, renewed production and distribution methods, and changed funding models for media companies. These trends have further accelerated during the pandemic, when people in the Nordic region did more transactions online, increased their media consumption, and spent more money on digital media than ever before.⁴²⁴ A strength of the Nordic AV media sectors until today has been their ability not only to react to such market developments but also to proactively anticipate them, demonstrating a resilient capacity to meet evolving consumer preferences and embrace the growing significance of digital platforms in media landscapes.

In the current Nordic media landscape, publicly funded and owned broadcasters play a significant role and make an important contribution to the building of national identities in the region (Syvertsen et al., 2014).⁴²⁵ Still popular today among large segments of the population, public broadcasters are challenged by international streaming services that tend to attract and divert young audiences away from traditional broadcasting platforms. A continuous challenge for Nordic broadcasters will be to capture the interest and attention of this group as they grow older and stay on top of evolving consumer preferences. Acutely aware of the stiffened competition, pan-Nordic and European collaborations among public broadcasters have been initiated and deepened in recent years to compensate for the relatively small size of the Nordic market and enhance their collective ability to cope with international competition.

2.0 Audiovisual market overview

The cultural sector is an important economic sector in the Nordic countries, having employed approximately 4 to 5% of the labour force within the period 2013-2022 (see Figure 1). It is worth noting that all Nordic countries find their rate of employment in the cultural sector to be above the EU average throughout this period (as also illustrated by Figure 1). In 2022, Iceland had the highest recorded employment rate in the sector at 5.6%, with Sweden reporting the second highest (4.9%), followed by Finland (4.6%), Denmark (4.5%), and Norway (4.3%).

⁴²¹ Syvertsen, Enli, Mjøs, & Moe (2014) Syvertsen, T., Enli, G., Mjøs, O. J., & Moe, H. (2014). The media welfare state: Nordic media and the digital era. Ann Arbor, MI: University of Michigan Press.

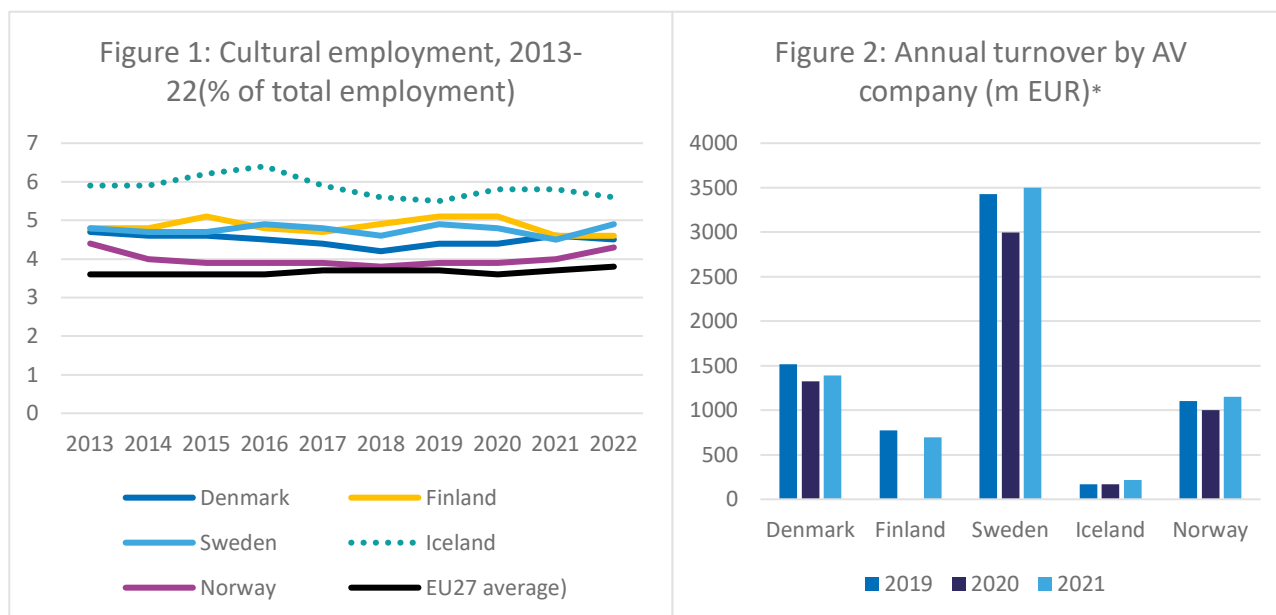
⁴²² Journal of Scandinavian Cinema, Volume 12, Issue Approaching Race and Ethnicity in Nordic Film Culture, Mar 2022, p. 3 – 10. Available [here](#).

⁴²³ [International Sámi Film Institute \(isfi.no\)](https://isfi.no)

⁴²⁴ Nordicom. 2023. Nordic News Media in Global Competition. Available [here](#).

⁴²⁵ Ibid.

Looking closer at the revenues of Nordic companies in the AV sectors (please see Figure 2), these seem to correlate with the size of their populations.⁴²⁶ There was a decrease in cultural sector employment that all countries experienced in 2020, likely a result of the drop in economic and social activities brought on by the COVID-19 pandemic.



Source: Eurostat, EAO

*2020 data on Finland for Figure 2 is missing.

Publicly funded and owned broadcasters are central players in the Nordic AV market landscape. They have a shared mission to provide reliable and unbiased news, information, documentaries, educational programmes, entertainment, films, and quality content for children, young people, and minorities.⁴²⁷ Public service broadcasters are generally popular (see Annex 1, Figure 1). **Denmark**, for example, has the highest daily viewership of public service television among featured countries at 60% (however, down from 68% in 2000) among individuals in TV-owning households, followed by Finland and Norway at 43% (up from 42% and 41% in 2000 respectively), with Sweden slightly behind at 35% (down from 44% in 2000).⁴²⁸

In **Norway** and **Finland**, public service (broadcasting television and radio) operates within single companies, the Norwegian Broadcasting Corporation (NRK) and Yleisradio/Rundradion (Yle), in the respective markets. **Denmark** has two state-owned public service entities, with the larger one, the Danish Broadcasting Corporation (DR), being funded through public means, while the smaller TV2 relies mainly on commercial revenue. In Sweden, there are three public service corporations, with Swedish national public television broadcaster (SVT) and Swedish Radio (SR) being recognised as two of the largest media entities in the Nordic region.⁴²⁹ A financial breakdown of the funding of the public AV sector in Nordic countries is presented in Figure 3 below.⁴³⁰

Over the course of the last decade (2013-2022), the Nordic countries chose to replace the licence fee, used to finance public broadcasters with a tax model motivated by the objective of creating a 'technology and platform neutral' financing for public service media. **Iceland** led this development by shifting to a public service tax in 2009, followed by **Finland** in 2013. **Sweden** transitioned in early 2019, **Denmark** gradually shifted from license fees to

⁴²⁶ Sweden has the largest population with over ten million inhabitants in 2022. Denmark, Finland, and Norway all have between five and six million inhabitants, whereas Iceland clearly has the lowest number with only 380,000 people.

⁴²⁷ https://raffladan.is/bitstream/handle/10802/9543/Nordvision_in_English.pdf?sequence=1

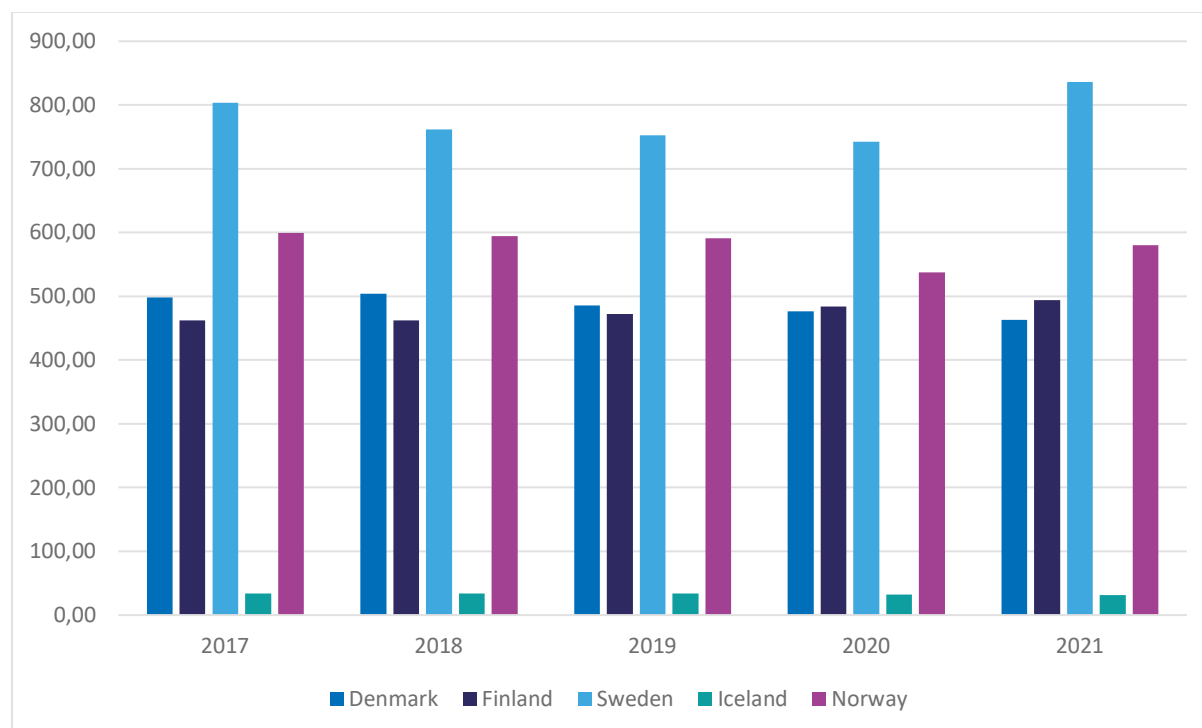
⁴²⁸ See Annex for an overview. Source: Nordicom Centre for Nordic media research at University of Gothenburg. (2023)

⁴²⁹ Nordens 25 största medieföretag efter omsättning (2021) | Nordicom (gu.se)

⁴³⁰ Please also see Figure 2 in Annex 1 that presents an overview of the revenue of the largest public broadcasters in the Nordic countries.

full tax funding by 2022, and **Norway** adopted tax funding in 2020.⁴³¹ The taxes replaced the previous household licence fee linked to the possession of a TV set (in Denmark, the media licence also included computers, smartphones and tablets with Internet access). Despite similarities, the current models differ in tax design, with options like a special public service tax, a regular tax, or a reduction in the basic deduction. Iceland and Denmark use an income-independent model, while other countries employ an income-related tax.

Figure 3: Funding of the public AV sector in Nordic countries (2016-2021), million Euro



Source: EBU/MIS and company/public reports

Despite being popular and well-financed, Nordic public service broadcasters are increasingly facing stiff competition from international players. A shared challenge among public broadcasters is the struggle to reach younger audiences, who are increasingly turning to streaming services like Netflix and YouTube. In **Norway**, NRK is addressing this challenge by making significant investments in the production of more interesting and relevant content for the targeted age group and fostering engagement with younger audiences through initiatives such as 'Superbus' – a tour bus that visits primary schools to provide interactions with popular characters and presenters.⁴³²

“NRK must be a relevant offer for all target groups, and we can state that the 12 to 14-year-olds are the target group we reach the worst. They are future adults, so also for that reason, they are important to us...”

Hildri Gulliksen, Programme Editor for children's channel NRK Super⁴³³

It is worth highlighting that Nordic private broadcasters are also vulnerable in the current media landscape. In January 2024, Viaplay, a major streaming service in the Nordic region, secured support from new shareholders, including Canal+ from French Vivendi SE and Czech investment firm PPF Group. This backing came in response to a substantial 98% decline in Viaplay's shares since their peak in August 2021. This fall had been preceded by

⁴³¹ <https://www.nordicom.se/en/latest/news/nordics-replace-licence-fee-public-service-tax>

⁴³² «Superbussen» ruller igjen – NRK Presse – Pressemeldinger, - bilder og kontaktinformasjon

⁴³³ The challenges facing Nordic public media - Public Media Alliance

years of facing global competition and undertaking ambitious and risky strategic expansion initiatives in Europe, which did not achieve the intended success.⁴³⁴

Looking closer at the Nordic VOD and streaming sectors, high shares of populations over 15 years old in Denmark, Finland, and Sweden stream TV online every day or almost every day, with rates of 28%, 26%, and 33%, respectively, compared to the EU average of 17% in 2022.⁴³⁵ Notably, the rise in international VOD services has led to easier access not only to global but also to Nordic productions. In Sweden, for example, US streaming giants such as Disney+, Netflix and HBO Max more than doubled the total number of Swedish films available on their platforms between 2021 and 2022 (from 134 to 283).⁴³⁶ The overall number of on-demand audiovisual services available in Nordic countries in May 2023 was 280 in Sweden, followed by Denmark with 251, Finland with 229 and Norway with 224. The numbers of on-demand services established in the Nordic countries varied significantly between them, with Sweden establishing 84 services, Denmark 25, Finland 13, and Norway only 4.

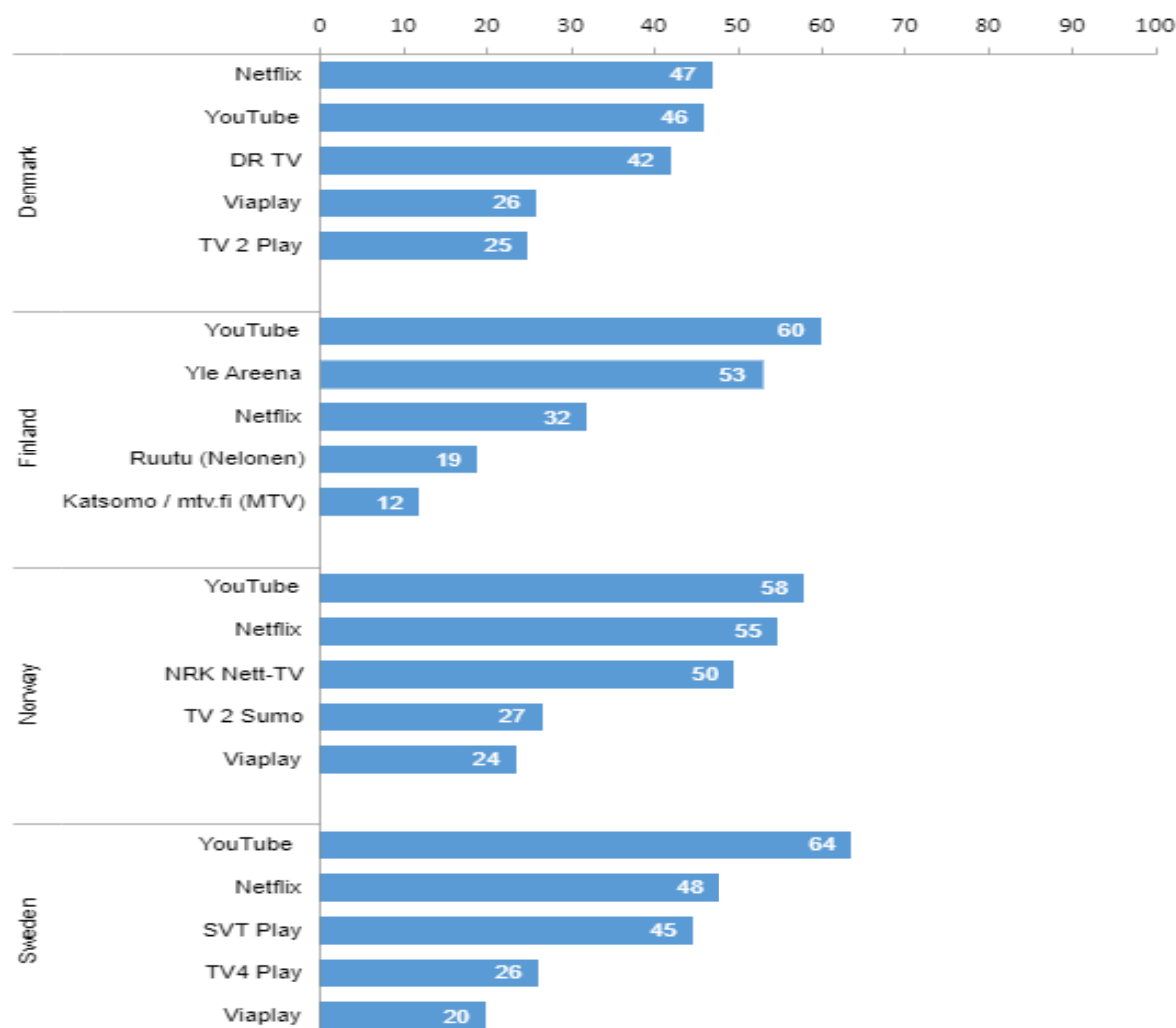
While YouTube emerged as the most preferred streaming platform in all countries except Denmark (see Figure 4), **services provided by public broadcasters trailed closely behind those of international competitors.** Asked about the relative popularity of public streaming services, a consulted expert highlighted that the Nordic public service broadcasting companies were early pioneers in streaming, having already launched services in 2003 in Norway (NRK-nett TRV), 2006 in Sweden (SVT-play) and 2007 in Finland (Yle Areena). This, combined with timely investments, gave the public broadcasters a 'competitive buffer' once the international competition arrived in the late 2010s.

⁴³⁴ Swedish Streamer Viaplay Gets Lifeline With New Share Approval - Bloomberg

⁴³⁵ Eurobarometer Media Usage in the EU (2022), available [here](#).

⁴³⁶ filminstitutet.se/contentassets/419b056ac76b4ec698ef1e88417e4d83/facts-and-figures-2022.pdf

Figure 4 The five largest streaming services per Nordic country by weekly reach, 2020 (%)⁴³⁷



Source: Compiled by Nordicom Centre for Nordic media research

To meet evolving consumer demands, Nordic broadcasters are linking up to form a united response. In 2018, the five Nordic Television Broadcasters (DR, NRK, SVT, RÚV and YLE) launched the 'Nordic 12' initiative under the title "stronger together", setting out to grant their audiences the best possible drama by committing to twelve joint drama productions each year. This collaboration has so far resulted in around 70 drama series for the Nordic audiences to enjoy in broadcast and on demand.⁴³⁸ In January 2024, Nordic 12 announced the next step – a metamorphosis into New8, a new co-production alliance with key European allies ZDF in Germany, NPO in the Netherlands, and VRT in Belgium.⁴³⁹

On another note, regarding the AV market, the Nordic **gaming industry** stands as a strong example of success in the Nordic states, described as being "part of the region's cultural DNA" – possibly illustrated by the fact that the Nordics have the highest share of consumers who are able to define the term 'esports' correctly (43%) in Europe.⁴⁴⁰ After experiencing strong growth for years, many Nordic esports powerhouses are now mature enough to look at stock listings and international expansion to strengthen their brands further. **Finland and Sweden emerge as the top two EU Member States hosting successful video games companies, with Finland**

⁴³⁷ TV viewing in the Nordic countries in 2020 | Nordicom (gu.se)

⁴³⁸ N12 - Nordic Drama - Nordvision

⁴³⁹ DR, SVT, NRK, Yle, RÚV team up with ZDF, NPO, VRT in New8 Alliance (nordiskfilmogtvfond.com)

⁴⁴⁰ Ibid. <https://www2.deloitte.com/se/sv/pages/technology-media-and-telecommunications/articles/nordics-esports-market-2021.html>

housing two of the world's 100 largest gaming companies and Sweden hosting four – more than any other EU Member State – in a list primarily dominated by the US and China.⁴⁴¹ In 2022, approximately 8,445 people worked for gaming companies in Sweden⁴⁴² and 4,100 in Finland⁴⁴³, while this sector was smaller in the other Nordic countries.

Finally, it is worth noting that Nordic AV markets are performing well across a number of indicators related to gender, in particular regarding the share of female movie directors, which was above the EU average of 23% in a period from 2018 to 2022 (IS:37%, NO:36% SE:34%, FI:33%, DK:29%).⁴⁴⁴ Committed to further improvement, there are several support measures to support women in film, including a website to promote Nordic women directors, which was set up by the five Nordic Film Institutes 'Nordic Women in Film'. Examples of additional initiatives include:^{445 446}

- Training courses for young women, focusing on "role models to spark their interest in film" (developed by the Swedish Film Institute).
- In Norway, the "UP" development program has supported filmmakers from underrepresented groups, providing grants, workshops, coaching, and funding. UP 1 and UP 2 benefited 12 female and minority filmmakers, respectively. In the upcoming UP 3 program, the focus shifts to supporting eight women video game programmers.

Box 1: Promoting gender equality within the Finnish film and theatre sectors

Since 2018 and the global #metoo-movement, the Finnish Ministry of Education of Culture has taken action by providing financial support in the form of grants addressed to the fields of theatre and film, intended to provide education on subjects where gaps in information were identified (e.g. legislation, practical measures to prevent harassment, rights and obligations of the employer). The Ministry has also introduced new obligations for the Finnish Film Foundation, which must now confirm that publicly funded productions fulfil their legal obligations as well as ensure that appropriate measures are in place to prevent harassment and promote gender equality. The same clause applies to all operating grants of the Ministry starting in 2020.

Collected evidence suggests that the Nordic countries are strong contributors to the European AV market. Notably, Denmark, Finland, and Sweden all rank among the top 10 countries with the largest domestic market shares for national productions in the EU, with Denmark coming third, Finland fourth, and Sweden ninth in this ranking.⁴⁴⁷ Cinema-going habits differ in the Nordic region, with Danes visiting theatres more often than their Nordic peers (on average 1.5 admissions per capita in Denmark, compared to 1.34 in Norway, 0.94% in Finland and 0.88 in Sweden).⁴⁴⁸ When it comes to the number of cinema theatres per 1 million people, Sweden (45.73) ranks third in all of the EU, following Czechia (50.02) and Iceland (47.84). Corresponding figures for Norway, Finland and Denmark are 36.86, 32.08 and 28.6 respectively. Nevertheless, this was still higher than the number of cinema theatres per 1 million people in other EU countries, such as Romania (4.73) and Bulgaria (0.94).⁴⁴⁹ Similarly Nordic countries have high numbers of cinema screens per million people compared to other EU countries. In 2021, Sweden had 90.12 screens per 1 million people, making it one of the highest proportions in Europe, surpassed only by Iceland (116.94), Ireland (105.34) and France (91.25). Norway, had 88.11 cinema screens per 1 million people, followed by Denmark (81.89) and Finland (64.34).⁴⁵⁰

⁴⁴¹ Largest video game companies by market cap (companiesmarketcap.com)

⁴⁴² Sweden: video game employees 2022 | Statista

⁴⁴³ Finland: number of employees in video game industry 2022 | Statista

⁴⁴⁴ Femmes de Cinema. 2023. Qualitative study on the place of Female Directors in Europe. Available [here](#).

⁴⁴⁵ Ibid.

⁴⁴⁶ <https://en.unesco.org/creativity/policy-monitoring-platform/promoting-gender-equality-within>

⁴⁴⁷ Facts and Figures 2023_DanishFilmInstitute.pdf

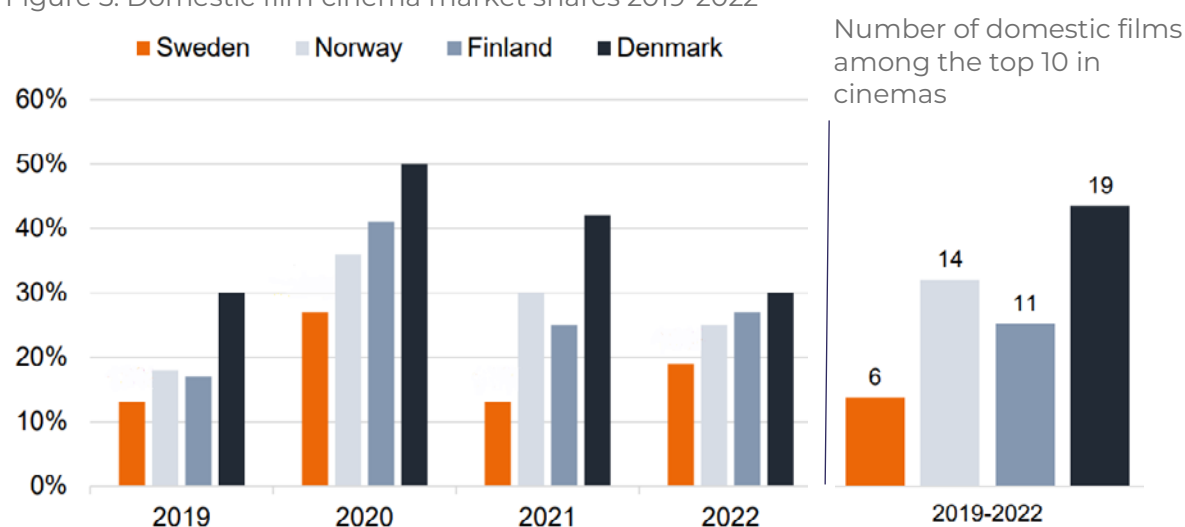
⁴⁴⁸ EAO Yearbook 2021/2022.

⁴⁴⁹ Ibid.

⁴⁵⁰ The number of cinema theatres in Nordic countries in 2021 were: Denmark – 164, Finland - 178, Norway - 200, Sweden – 478 according to the EAO Yearbook 2021/2022.

Figure 5 highlights that domestic film cinema market shares experienced fluctuations across the region during the pandemic. Denmark consistently recorded the highest percentages, increasing from 30% in 2019 to 50% in 2020, then decreasing to 42% in 2021 and back to 30% in 2022. In contrast, Sweden recorded the lowest shares, starting at 13% in 2019, rising to 27% in 2020, dropping back to 13% in 2021, and experiencing a slight uptick to 19% in 2022. A similar pattern is also reflected in the number of domestic films among the top 10 in cinemas during the same period. As many as 19 domestic films were among the top 10 in cinemas in Denmark in 2019-2022, followed by Norway (14), Finland (11), and Sweden (6). According to the Swedish Film Institute, a contributing factor to the low domestic demand for Swedish films is that Swedes perceive Swedish films as less entertaining, exciting and fast-paced than American films (please see Figure 3 in Annex 1).⁴⁵¹ To note in this context is also the Swedish government's inquiry into national film policy from January 2024, launched in response to "declining audience numbers" and the observation that "cinemas around the country are under great pressure". An analysis will be carried out that will guide new proposals on policy objectives, public film subsidies, preserving film heritage through digitalisation, and exploring new collaboration forms with stakeholders and the film industry.⁴⁵²

Figure 5: Domestic film cinema market shares 2019-2022⁴⁵³



Source: *Facts and Figures 2022*, Swedish Film Institute

Turning to the number of AV works produced in the Nordic countries, Table 1 lays out a comparison of yearly averages between the period 2011-2013 and 2020-2022. A trend here is that the total number of theatrical films in the Nordic states increased by more than a quarter (27%) in the period, driven by increases in Denmark (+5%), Finland (+9%), and especially Norway (183%), while Sweden experienced a drop of 42%. In a comment, the Norwegian Film Institute attributed the significant growth in Norwegian theatrical films to a series of factors related to 'congestion and delays' caused by the pandemic and revisions in national funding rules that encouraged productions to finish in 2023.

Moreover, findings also suggest growth in the number of co-productions⁴⁵⁴ since 2013, with increases recorded in Denmark (+30%), Norway (+89%) and Sweden (+19%), except for Finland, which saw a decrease in co-productions (-22%) in the last decade.

⁴⁵¹ [Facts and figures 2022 \(filminstitutet.se\)](https://www.filminstitutet.se/facts-and-figures-2022)

⁴⁵² [Regeringen tillsätter utredning för en bred översyn av den nationella filmpolitiken - Regeringen.se](https://www.regeringen.se/pressmeddelanden/2024/01/regeringen-tillsatter-utredning-for-en-bred-oversyn-av-den-nationella-filmpolitiken)

⁴⁵³ [Facts and figures 2022 \(filminstitutet.se\)](https://www.filminstitutet.se/facts-and-figures-2022)

⁴⁵⁴ Co-production refers here to a production of audiovisual work by operators from different countries.

Table 32. Audiovisual works produced in the Nordic region

Indicators	2011-2013 Average	2020- 2022 Average	Trends
Number of theatrical films in Denmark	42	44	5% ↗
<i>Danish productions</i>	32	31	-3.1 ↘
<i>Danish co-productions (including minority)</i>	10	13	30% ↗
Number of theatrical films in Finland	44	48	9% ↗
<i>Finnish productions</i>	35	41	17% ↗
<i>Finnish co-productions (including minority)</i>	9	7	22% ↘
Number of theatrical films in Norway	43	122	183% ↗
<i>Norwegian productions</i>	34	105	209% ↗
<i>Norwegian co-productions (including minority)</i>	9	17	89% ↗
Number of theatrical films in Sweden	74	43	42% ↘
<i>Swedish productions</i>	58	24	58.62 ↘
<i>Swedish co-productions (including minority)</i>	16	19	19% ↗
Total Number of theatrical films in the Nordics	203	257	27% ↗

Source: compiled by research team based on data from [Lumiere](#)

Even stronger growth than in theatrical works can be observed in the production of TV series in the Nordic countries from 2015 to 2020. As illustrated in Table 2 below, each country has increased its output by more than 100%, and in Denmark and Sweden, the growth rates are at 225% and 281%, respectively. According to Swedish industry representatives, the surge in TV series production in Sweden is driven by factors such as heightened competition, the appeal of locally produced content, active investment from international streaming services, and the challenges associated with maintaining the volume and quality of production in a dynamic market.⁴⁵⁵ Hansen and Waade (2017) further observe that Creative Europe may have played an important role in this growth as well. The scholars found that Nordic-German drama co-productions, mainly Danish and Swedish crime series, comprised almost a quarter (23%) of supported fiction titles, establishing the 'Nordic-German cluster' as the most robust among drama co-productions.⁴⁵⁶

Table 33. Number of TV fiction titles produced in Nordic countries

Country of origin	2015	2016	2017	2018	2019	2020	Growth 2015-2020
Denmark	12	8	10	23	30	39	225% ↗
Finland	16	18	24	32	32	36	125% ↗
Norway	15	14	24	33	30	33	120% ↗
Sweden	16	21	32	26	40	61	281% ↗

Source: EAO Yearbook 2021/2022.

Lastly, it is important to highlight that the Creative Europe MEDIA strand constitutes an important funding source for AV works produced in the Nordics, accessible to a greater extent in the region compared to the EU average. However, with the high levels of public funding for the AV sector per capita, the funding provided by the MEDIA

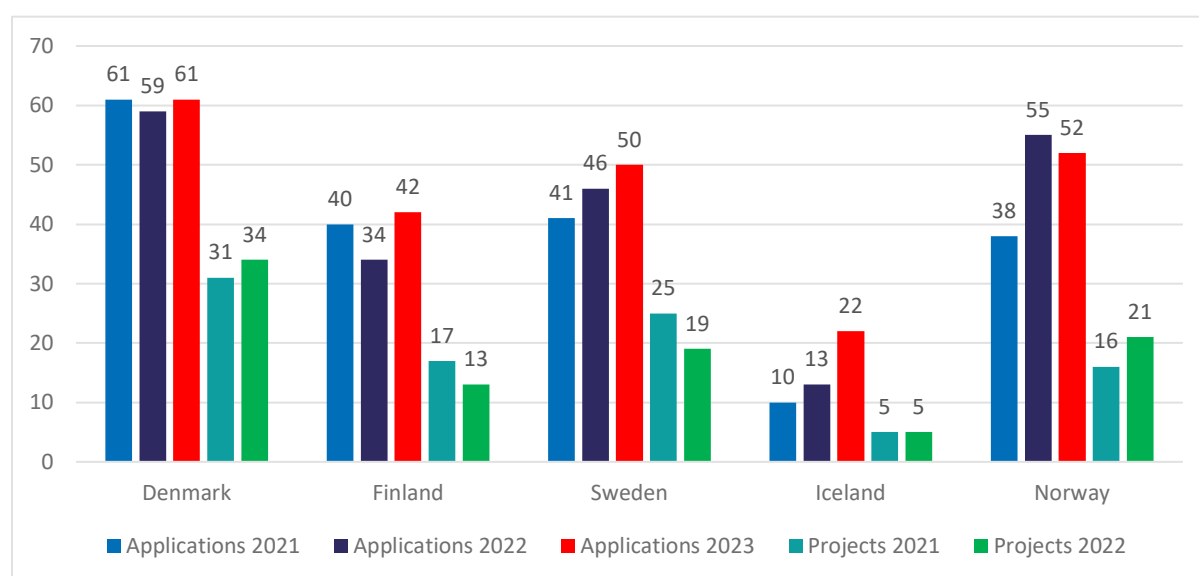
⁴⁵⁵ [Hur många svenska tv-serier tål Sverige? \(sydostran.se\)](#)

⁴⁵⁶ Bengesser, C., & Toft Hansen, K. (2022). Scandinavian success as European policy dilemma: Creative Europe's funding for TV drama co-productions, 2014-20. *International Journal of Cultural Policy*, 28(6), 697-714. Available [here](#).

strand of Creative Europe makes up a relatively low share of AV funding accessed by operators in the Nordic countries, especially in comparison to many other Member States and associated countries that rely more on this EU funding. Yet, in the period 2021-2022, significant amounts were allocated to MEDIA supported projects in Nordic region, with **Iceland** receiving by far the most in relation to its size (€4.81 per capita, approx. €1.8M in total), followed by **Denmark** (€2.47 per capita, approx. €14.5M), **Norway** (€1.51 per capita, approx. €8.2M), **Sweden** (€0.94 per capita, approx. €9.8M) and **Finland** (€0.70 per capita, approx. €3.9M).⁴⁵⁷

Figure 6 offers further insight into how the Creative Europe MEDIA strand was used in the Nordics in the period from 2021 to 2023. In line with other findings, Denmark consistently recorded the highest number of MEDIA applications and implemented projects throughout the period. For 2023, it can be observed that all countries except for Norway experienced an increase in the number of applications compared to the previous year.

Figure 6: Applications & projects in the Nordics – CE Media Strand 2021-2023⁴⁵⁸



Source: Ecorys, 2024.

3.0 Governance arrangements

Governance arrangements for AV public policy in the Nordics involve multiple layers of government and administration, spanning local, regional, national, Nordic, and European levels. In this context, Nordic researchers have called for more knowledge on how public funding initiatives at different levels support and sometimes contradict one another in decentralised and centralised cultural policies.⁴⁵⁹ Brief descriptions of key actors and arrangements at different levels of governance are presented in the section below. A more comprehensive mapping of stakeholders is available at the end of this section.

Pan-Nordic level

At a political level, the **Nordic Council of Ministers** (fostering cooperation among government officials) and the **Nordic Council** (fostering cooperation among parliamentarians) involve Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland and Åland. Addressing the AV sector, the Nordic Council of Ministers regularly convenes to discuss AV challenges and common objectives through dialogues with sector stakeholders. In the 'Audiovisual Collaboration 2021' session, for example, stakeholders came together, including ministers,

⁴⁵⁷ CE programme data 2014-2020

⁴⁵⁸ Source: compiled by research team based on the programme data provided by EACEA

⁴⁵⁹ Cultural policy in the Nordic welfare states: aims and functions of public funding for culture" (norden.org)

industry professionals, and public body representatives, and agreed on the significance of safeguarding the rights of Nordic citizens, advocating for transparency from streaming platforms, and emphasising the need to enhance the competitiveness of Nordic players in the sector.⁴⁶⁰

The Nordic Film and TV Fund stands as one of the most prominent examples of cross-border cooperation in the Nordic AV sectors. The fund exerts a significant influence on the market with a budget of EUR 11,3 million (NOK 130 million) in 2023, collected from 22 parties: the Nordic Council of Ministers, five Nordic Film Institutes and 16 Nordic media companies, who are united under the objective of promoting and funding Nordic AV industry through support schemes and initiatives. Established in 1990, the Nordic Film and TV Fund has its headquarters in Oslo, Norway.

Within the realm of television, **Nordvision** is another pan-Nordic collaborative partnership that brings together five Nordic public service broadcasters – DR in Denmark, NRK in Norway, RÚV in Iceland, SVT in Sweden, and YLE in Finland, while associate members include the Swedish Public Radio Broadcaster (UR), Swedish Educational Broadcasting Company (UR), Greenland's public broadcaster (KNR), and the Faroe Islands' public broadcaster (KVF). Nordvision's main task is to promote and strengthen the public service media in the Nordic region through co-productions, programme exchange, collaboration on format development and sharing of experiences.

The Indigenous population of Sámi, present in Finland, Norway, and Sweden, is being brought together through the establishment of the **International Sámi Film Institute**.⁴⁶¹ This institute, owned by the Norwegian Sámi Parliament, Norway, and Kautokeino Municipality, offers funding to film artists in these countries, aiming to empower Sámi people with skills and economic opportunities to carry out the development, production, and distribution of Sámi films in their native language.⁴⁶² In 2022, Netflix formed a partnership with the International Sámi Film Institute to support the further development of Sámi voices in the Nordic region.⁴⁶³

National levels

At the national level, the Nordic countries share common features when it comes to governance arrangements for AV sector policy development and implementation that highlight a commitment to decentralisation and collaboration across various levels of government. While each country has a unique approach, there is a recurrent focus on involving national, regional, and local actors in shaping the AV sector policy. Typically, the political entities responsible for AV policies are the ministries of culture, business and growth, and/or ministries of transport and communications (please see Figure 7 below), while public agencies are tasked with applying strategies and policies decided at the central level by governments and parliaments.

Denmark stands out among Nordic peers (together with Iceland⁴⁶⁴) in having a four-year film agreement between the government and representatives of the film industry. Recently, under the heading "A strong film nation", the Danish Ministry of Culture published the [Film Agreement 2024-2027](#), which strengthens support for the Danish film industry. The agreement emphasises increased commitment from public broadcasters for financing and distribution, underscores the importance of TV stations, and supports initiatives for digitising film heritage and creating content for children. Additionally, game development will be consolidated under the Danish Film Institute until a new Game Institute is established under the new agreement.

Among national institutes in the sector, it is worth highlighting the **Finnish** National Audiovisual Institute (KAVI), which lacks a corresponding counterpart in other Nordic countries. The institute was set up in January 2014 as a result of a merger between the National Audiovisual Archive (formerly Finnish Film Archive, 1957-2007) and the Centre for Media Education and Audiovisual Media. Its mission includes the preservation of films, television, and

⁴⁶⁰ Ibid.

⁴⁶¹ <https://isfi.no/about/>

⁴⁶² Ibid.

⁴⁶³ <https://www.screendaily.com/news/netflix-signs-partnership-with-international-sami-film-institute-exclusive/5173946.article>

⁴⁶⁴ Similar to Denmark, in Iceland, the government and the filmmakers' interest groups make an agreement on film-making policy every four years.

radio programmes, as well as research related to them and the promotion of AV culture. KAVI's Department for Media Education and Audiovisual Media (MEKU) is also responsible for the promotion and coordination of media education at a national level and the supervision of the provision of AV programmes in Finland from the perspective of the protection of children.

Subnational levels

The Nordic region is also characterised by strong subnational AV structures, including film centres, funds and various support measures at regional and local levels. They often play a vital role in promoting and assisting small-scale film productions and are often capable of contributing with meaningful funding.

Exemplifying a regional fund, the **West Danish Film Fund** (Est. 2002) is located in the city of Aarhus, the second largest city in Denmark. The Fund represents ten municipalities in Western Denmark and invests around EUR 4 million a year in film and media productions. The Fund provides support and investment for co-productions with Danish artistic or technical involvement linked to the region, prioritising artistically compelling projects that contribute to the enhancement of the local film industry.⁴⁶⁵

It needs to be noted that **Norway** has a number of regional film funds that provide production and development support for feature films, documentaries, series and interactive games, including Mediefondet Zefyr based in Bergen, Filminvest in Trondheim and Lillehammer and Filmfond Nord in Bodø.⁴⁶⁶

Table 34. Key audiovisual entities supporting the Nordic productions (non-exhaustive list)⁴⁶⁷

Category	Denmark	Finland	Norway	Sweden
Responsible ministries	Ministry of Culture Ministry of Business and Growth	Ministry of Education and Culture Ministry of Transport and Communications	Ministry of Culture Ministry of Transport and Communications	Ministry of Culture Ministry of Climate and Enterprise
Public bodies	Agency for Culture Radio and Television Board	Finnish Communications Regulatory Authority Centre for Media Education and Audiovisual Media	Norwegian Media Authority Norwegian Communications Authority	The Swedish Press and Broadcasting Authority Swedish Agency for the Media. The Swedish Arts Grants Committee
National broadcasters	The Danish Broadcasting Corporation (DR) TV2	Yleisradio/Rundradion (Yle)	The Norwegian Broadcasting Corporation (NRK)	Swedish national public television broadcaster (SVT) Swedish Radio (SR) The Swedish Educational

⁴⁶⁵ [West Danish Film Fund - Cine regio](#)

⁴⁶⁶ [Regional Funding / Norwegian Film Institute](#)

⁴⁶⁷ [DK - Denmark - European Audiovisual Observatory \(coe.int\)](#)

Category	Denmark	Finland	Norway	Sweden
				Broadcasting Company (UR)
National audiovisual institutes/ Councils	-	Finnish National Audiovisual Institute	Arts Council Norway	-
National film institutes	The Danish Film Institute	The Finnish Film Foundation	Norwegian Film Institute	The Swedish Film Institute
Examples of regional film centres and funds	West Danish Film Fund	West Finland Film Commission	Mediefondet Zefyr Filminvest Filmfond Nord Vestnorsk Filmsenter	Film in Stockholm Film in Skåne Filmpool Nord Film in West
Pan-Nordic political bodies collaborations	Nordic Council, Nordic Council of Ministers, Nordic Film and TV Fund, Nordvision, Nordic 12, International Sami Film Institute			

Source: Stakeholder interviews carried out by the research team

4.0 Support measures

4.1 Funds and Subsidies

This section provides an overview of the main support measures and arrangements provided to the AV sectors in Nordic countries.

Nordisk Film & TV Fond, introduced above, supports Nordic feature films, drama series and creative documentaries of high quality through six different funding programmes.⁴⁶⁸ The film, series, or documentary must be suitable for Nordic public cinema and/or TV/streaming distribution, with significant audience potential in its genre, prioritising the Nordic countries and considering the global market. To qualify, the project needs national base funding, substantial funding from at least one of the Fund's parties, covering a minimum of 70% of financing, and distribution from one or more of the Fund's parties. Additionally, it must secure distribution in a minimum of two Nordic countries.

The Nordvision Fund is financed through the cable distribution of TV programs by partners in the Nordic countries. These funds are specifically earmarked for Nordic co-productions and collaborative projects, with the objective of reinforcing cultural cooperation within the Nordic region and promoting the involvement of Nordic producers and performing artists.⁴⁶⁹ The fund offers four different types of funding to launch, support and develop their productions. This includes i.) Production support of up to 50% of the producer's costs ii.) Development support for early-stage projects with Nordvision participating with a 'substantial' amount of at least

⁴⁶⁸ 1. Production funding for feature films 2. Production funding for drama series 3. Production funding for documentaries 4. Funding for distribution and slate distribution 5. Funding for dubbing 6. Funding for industry initiatives

⁴⁶⁹ [About Nordvision - Nordvision](#)

1,000 EUR, iii.) Co-production support for projects with multiple contributors, meaning that all partners can apply as main producers, making them eligible for up to 50% of their company's costs, as well as iv.) Co-production support that fully covers the costs of the co-producer if their expenses amount to at least 50,000 EUR.⁴⁷⁰

Central actors in the national film sector are also the Nordic film institutes, with missions to develop, promote, and disseminate films in their countries and beyond. They include the **Danish Film Institute**, the **Finnish Film Foundation**, the **Norwegian Film Institute**, and the **Swedish Film Institute**. The **Norwegian Film Fund**, for instance, offers a wide range of different incentive schemes and funding for co-production and events. Norwegian films or co-productions with Norway qualify for support if they meet at least three of the following criteria: the original language is Norwegian or Sami, the main theme is linked to Norwegian life or culture, the setting of the work is in Norway or another EEA country, and there are significant contributions from rights holders or artists in Norway or another EEA country.⁴⁷¹

Distribution of audiovisual funding in the Nordics

Statistics from the **Nordic Film and TV Fund** show that 82% of their budget was allocated to feature films and drama series, 8% to documentaries, 7% to distribution and dubbing, and 3% to industry initiatives. Sweden received the highest share of this pan-Nordic funding (28%), followed by Denmark and Norway (27% each), Finland (10%), and Iceland (8%). In 2022, the Film and TV Fund backed 30 films, 23 series, and 19 documentaries, a slight decrease from 2021 but a slight increase from 2020.⁴⁷²

To receive funding from the **Nordic Film and TV Fund**, production companies acting as majority/co-producers are required to meet various conditions. For instance, film/series/documentary must be i.) suited for Nordic public cinema distribution and/or TV/streaming distribution and be ii.) considered to have a significant audience potential for its genre, primarily in the Nordic countries and secondly in the global market. Additionally, national base funding and distribution in a minimum of two Nordic countries, among other conditions, must be confirmed.⁴⁷³

Due to the diversity of the funders and decentralised funding arrangements, there is a lack of consistent data and indicators on the distribution of AV works across national levels among the Nordic countries. However, insights into the distribution can be gained from facts and figures provided by the film institutes in each country. The Danish Film Institute, for example, allocated **€18.8 million** into film funding in 2022, distributed as follows: 41% for feature films, 13% each for shorts and documentaries, and the Public Service Fund (funding TV documentaries and TV drama for commercial channels), 12% for management and administration, 6% for New Danish Screen; 3% for digital games, and 13% for property, IT systems, and other purposes.

In **Finland**, the Finnish foundation supported film production with **€25.1M** in 2022 – a breakdown of the support categories is presented below:

Table 35. Breakdown of Finnish Film support by support category 2022

Category of Film support by the Finnish Film Foundation in	Share
Total production	73% - whereof: <ul style="list-style-type: none"> 59% production support 14% development support
Total support for distribution	11% - whereof: <ul style="list-style-type: none"> 8% Marketing & distribution support

⁴⁷⁰ [guide--eng---applying-for-nv-funding-09.07.2019-korr.pdf \(nordvision.org\)](#)

⁴⁷¹ Grants & funding / Norwegian Film Institute

⁴⁷² Nordisk Film & TV Fond publishes its 2022 Annual Report ([nordiskfilmogtvfond.com](#))

⁴⁷³ Apply for Funding ([nordiskfilmogtvfond.com](#))

Category of Film support by the Finnish Film Foundation in	Share
	<ul style="list-style-type: none"> • 1.7% Film import support • 0.1% Training support
Total support for the exhibition	5% - whereof: <ul style="list-style-type: none"> • 3.5% Refurbishment support for Cinemas • 1.8% Operational support for regional cinemas
Scriptwriting grant	3%
Total international promotion support	3%, whereof: <ul style="list-style-type: none"> • 1.3% project support • 0.8% international distribution support • 0.6% Travel support • 0.2% Material support
Promotion of other film culture	1%
Festival support	2%
Extra Covid funding	2% - whereof: <ul style="list-style-type: none"> • 1.6% additional support for first releases • 0.6% Additional support for film production

Source: *Facts and Figures*, Finnish Film Institute, available [here](#).

Cash rebates

Cash rebates are common in the Nordics and are often seen as a way to attract international investment in films, benefitting both local culture and growth. The Nordic countries have a similar approach to their cash rebate schemes, designed to attract both domestic and foreign production companies. Rebates are commonly calculated as a percentage of eligible production costs, covering expenses incurred during pre- and post-production stages. This approach helps to streamline support throughout productions, attract diverse AV productions, and support the growth of the local entertainment industry.

In **Finland**, with the support of Business Finland, production incentives of between 25-40% are available for feature films, television series, documentary films and animations produced at least partly in Finland. This cash rebate is for costs incurred from the production of an AV work, including pre-and post-production. The rebate is available for both Finnish and foreign production companies, and no registration is required from the foreign company.⁴⁷⁴ At a more local level, the Finnish regional *Tampere Production Incentive* is a cash rebate which is granted for 10% of the production's total budget, which is spent in the Tampere region.⁴⁷⁵

In **Denmark**, tax rebates for film productions are available through the Danish Film Institute's tax incentive scheme. Equal to its Nordic neighbours, the scheme provides a rebate of up to 25% of eligible production expenses incurred in Denmark, including expenses for local labour and services.⁴⁷⁶

Similarly, **Norway**'s film incentive offers a 25% cash rebate on local spending, available for film and TV productions with international distribution. The rebate is awarded to the most promising projects in each application round. The incentive program is administered by the Norwegian Film Institute. The 25% film incentive can be combined

⁴⁷⁴ Coproducing (coproducingwiththenordics.com)

⁴⁷⁵ Tampere Production Incentive - Business Tampere Magazine

⁴⁷⁶ Filming in Denmark - Film Permits, Visas & More (fixerdenmark.com)

with regional funding and include at least 30% non-Norwegian financing if the production invests, at a minimum, €350 000 (NOK 4 million) in the country.⁴⁷⁷

While the last among the Nordic countries, **Sweden** introduced a 25% production rebate to attract foreign film and TV productions and boost local projects in November 2022. The initiative, with an annual budget of €9.2m (SEK100m), fell short of the industry's request for €27.5m (SEK300m). The rebate applies to AV works, requiring local production costs above €368,000 (SEK4m). Eligible projects, fully or partly in Sweden, must meet specific budget thresholds: a minimum of €2.7m (SEK30m) for a feature film and €920,000 (SEK10m) for a documentary and a drama series. Support is allocated on a first-come, first-served basis, capped at 25% of eligible costs. There is a one-day application window for the production rebate due to high demand.⁴⁷⁸

Overall, when it comes to the impact of cash rebates, such incentives have been found to play a significant role in Europe in terms of influencing production levels, employment patterns, funding allocation, and other aspects of the film sector. Additionally, cash rebates may have fiscal implications that influence the overall economic landscape of the industry.⁴⁷⁹ Evidence that follow from the Nordic countries seem to be in line with such findings.

In **Norway**, an impact assessment of the first year of the national film incentive (2016-2017) found that it had directly created an estimated 213 full-time equivalent (FTEs) employment positions and indirectly contributed to further 723 FTEs, with approximately 500 Norwegian residents being directly employed in the productions supported. Approximately €9.05M (NOK 104.8M) had been paid in wages as a result of these productions. Altogether, the incentive had resulted in an estimated €2.87M (NOK 33.3M) in total taxation return to Norway, with €1.60M (NOK 18.5M) of this stemming from the productions and €1.28M (NOK 14.8M) from supplier industries.⁴⁸⁰ A recent assessment of the same incentive scheme indicated that it had generated approximately €83.52M (NOK 967M) in direct output, with an additional €55.09M (NOK 638M) contributed to the supply chain through indirect means, between 2020-2023.⁴⁸¹

In **Finland**, an impact study⁴⁸² from 2023 revealed that the €20 million of AV incentives distributed to productions had resulted in the creation of investments worth €80 million, with a significant portion originating from foreign capital. It was also found that 1 euro invested in the AV incentive had generated work and services equivalent to 4 euros. Reflecting its popularity, the AV incentive's €9.5 million budget for 2023 had been fully expended by June of that year.⁴⁸³

4.2 Regulatory measures

Overall, the regulatory measures in the Nordics are primarily aimed at creating transparent conditions for a thriving and innovative AV industry, while not imposing levies or financial burdens on participants. In **Denmark**, for example, the new DR public service contract (2019–2023) requires the public broadcaster DR to engage in Danish-language short films, documentaries and feature films produced by independent producers at a rate that corresponds to the current investment in terms of the number of titles, namely 14 fiction films and 23 short films/documentaries per year. The new contract also states that the DR shall delegate production to the external market, equalling 14% of the DR's public financing over the agreement period.⁴⁸⁴

⁴⁷⁷ [Norwegian government ups film budget and filming incentives for 2024 \(nordiskfilmogtvfond.com\)](https://nordiskfilmogtvfond.com)

⁴⁷⁸ [Sweden dishes out SEK100 million in first round of 25% cash rebate \(nordiskfilmogtvfond.com\)](https://nordiskfilmogtvfond.com)

⁴⁷⁹ Olsberg, J., & Barnes, A. 2014. Impact analysis of fiscal incentive schemes supporting film and audiovisual production in Europe. European Audiovisual Observatory. Available [here](#).

⁴⁸⁰ Impact of the Norwegian Film Incentive - A Report to the Norwegian Film Institute from Olsberg. 2017. SPI Download available [here](#).

⁴⁸¹ [norway-incentive-impact-study-final-report-2023-02-24.pdf \(regjeringen.no\)](https://regjeringen.no)

⁴⁸² Study of Competitiveness – How promotion services can help to secure long-term growth and transformation in Finland, Business Finland report 1/2023"

⁴⁸³ [Film in Finland and AV production incentive create huge impa - Filminfinland.com](https://filminfinland.com)

⁴⁸⁴ [Proposal for a new media agreement in Denmark | Nordicom \(gu.se\)](https://nordicom.gu.se)

With respect to Article 13 of the Audiovisual Media Services Directive (AVMSD) Directive into national legislation, it is worth noting that in **Sweden**, according to the Radio and TV Law, broadcasters are required to allocate a minimum of 10% of yearly transmission time (excluding time for news, sports events, games, advertising, and teleshopping) or alternatively, 10% of their programming budget, for European works produced by independent producers. Similarly, in **Norway** and **Finland**, the regulations align with those in **Sweden**, with thresholds set at 10% and 19%, respectively. According to the EAO AVMSD Tracking Table⁴⁸⁵, the Swedish government proposal to amend the Radio and Television Act (2010: 696) (En moderniserad radio- och tv-lag), was consolidated on June 30, 2022. Some argue that the late adoption could derive from the fact that the Member State opposed the regulation in support of a free-market approach.⁴⁸⁶

In **Denmark**, **Finland** and **Norway** the adoption of Article 13 was moving faster.⁴⁸⁷ In **Finland**, for example, the AVMS directive was part of the Law on Electronic Communications Services that was implemented into national legislation in time at the end of 2020.⁴⁸⁸ **Denmark** has the most comprehensive legislation with regard to AVMSD Article 13(2) to safeguard national media and film production. The new Danish media agreement not only reserves a 10% transmission time quota for European works but also mandates all streaming services to pay a fixed contribution of 2% of their revenue in Denmark, which will be allocated to support Danish film and TV production. Streaming services that do not invest at least 5% of their revenue in Danish content will be subject to an additional contribution of 3%.⁴⁸⁹ Legal experts estimate that the new media agreement, valid from 2023 to 2026, will have 'significant consequences' for the media sector in Denmark, affecting DR, commercial media, and streaming services.⁴⁹⁰ Still, it is too early to determine the specific impact of the agreement on the industry, as the implementation of different measures and the assessment of their practical effects will require some time.⁴⁹¹

⁴⁸⁵ [Revised AVMSD Tracking Table - European Audiovisual Observatory \(coe.int\)](#)

⁴⁸⁶ Ibid.

⁴⁸⁷ [Examining the European and Nordic transposition of AVMSD Article 13\(2\) \(filminstitutet.se\)](#)

⁴⁸⁸ Ibid.

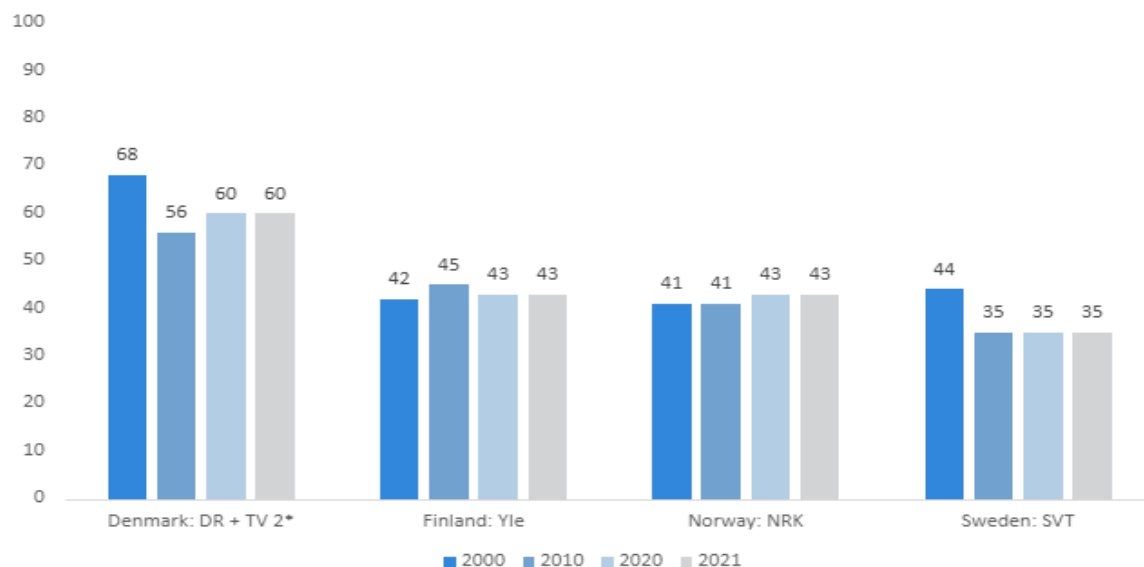
⁴⁸⁹ [Denmark finalises new media agreement - here are the key changes - Bird & Bird \(twobirds.com\)](#)

⁴⁹⁰ Ibid.

⁴⁹¹ Ibid.

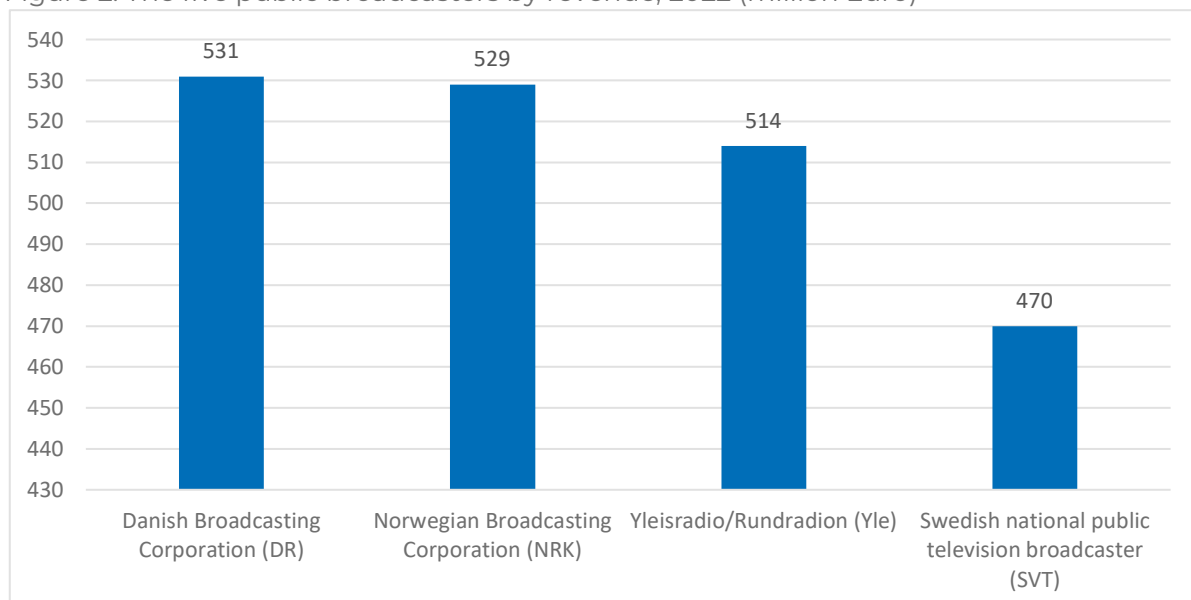
Annex 1: Data tables

Figure 1: Public service TV audience shares (%) in the Nordic countries⁴⁹²



Source: Nordicom Centre, 2022.

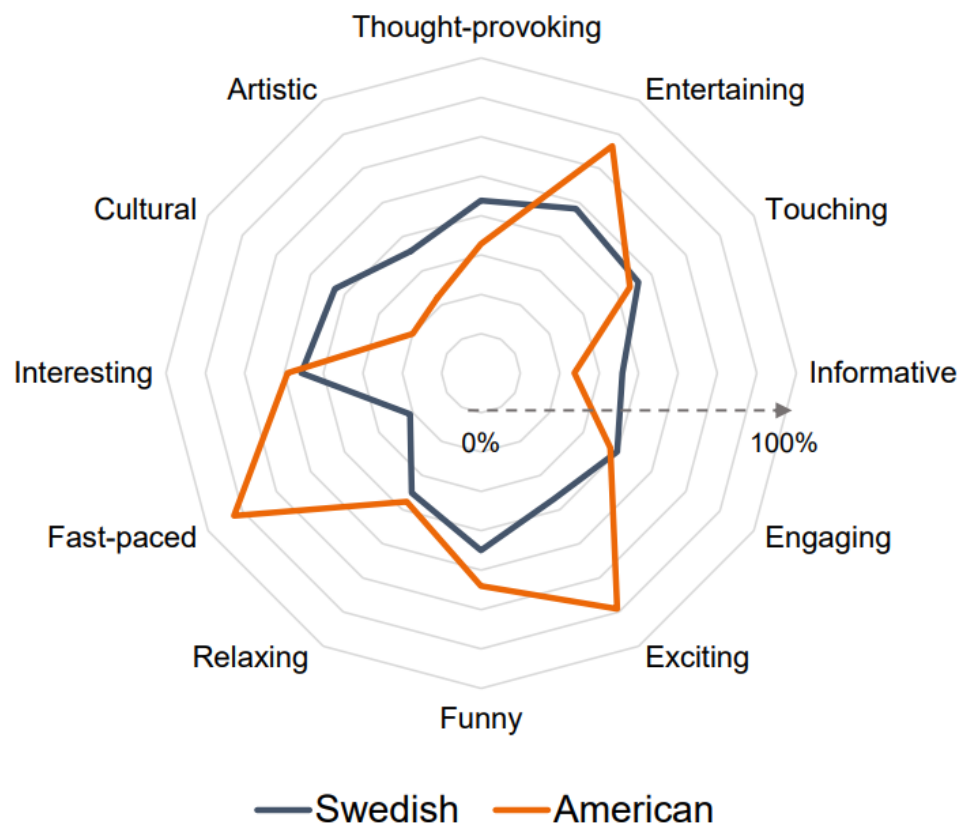
Figure 2. The five public broadcasters by revenue, 2022 (million Euro)⁴⁹³



Source: Statista, 2022.

⁴⁹² Compiled by the Nordicom Centre for Nordic media research. Kantar Gallup Denmark, Danish Ministry of Culture, Finnpanel, Gallup Iceland, Statistics Iceland, Kantar TNS Norway, medianorway, MMS. 1 Other = Channels outside the major Nordic TV or media groups. 2 Telia's TV operations include the holdings of TV4 Group in Sweden, MTV Media in Finland, and C More (pay-TV and streaming service). 3 National broadcasters refer to separate companies with TV interests in one Nordic country only: TV 2 Denmark, whose main channel TV2 (audience share 27%) has public service status (owned by the Danish state), TV 2 in Norway (owned by the Egmont Group), and Nelonen Media in Finland (owned by Sanoma).

⁴⁹³ From the following sources: <https://www.statista.com/statistics/546650/revenue-of-sveriges-television-ab/>, NRK: revenues, 2022 | Statista, Danish Broadcasting Corporation: revenues 2022 | Statista, Yle finances – About Yle – yle.fi

Figure 3. What do Swedes think of Swedish and American Films⁴⁹⁴

Source: Swedish Film Institute, 2022.

⁴⁹⁴ Swedish Film Institute 2022

Portugal case study

1.0 Introduction

Portugal's audiovisual (AV) landscape has undergone a remarkable transformation, positioning itself as the second-fastest-growing market in Europe, according to the European Audiovisual Observatory (EAO) information with further details of the key areas of growth outlined in the case study⁴⁹⁵. The surge in cinema activities in 2022 reflects this momentum, with 509.8 thousand screenings, a 54.3% increase from the previous year, drawing 9.6 million spectators and generating €55.4 million in box office revenue – an impressive rise of 80.9% since 2021. These advancements indicate a notable recovery since the COVID-19 pandemic. However, when excluding the years affected by lockdowns and closures (2020-2021), the data also indicates that audience and box office turnover is comparable to the exhibition levels of 2014-2015. During those years, 12 million to 14.5 million viewers and €62.7 million to €75 million in revenue were recorded (INE, 2016)⁴⁹⁶.

Meanwhile, Portugal's independent television production industry demonstrated a robust growth of 15% since 2020, reaching a record revenue of €112.8 million in 2021. This growth is at least partially linked to the implementation of a cash rebate system (Incentivo à Captação e Produção de Filmagens), which attracted an increasing number of international productions to Portugal. As a result of the implementation of the Audiovisual Media Services Directive (AVMSD), private platforms like Amazon, HBO, and Netflix also started producing in the country, further boosting investments in the AV sector. This has led to a more dynamic and versatile AV sector in Portugal, characterised by increased funding, a greater number of productions, and a variety of streaming platforms.

This case study aims to outline the factors contributing to the growth of the AV sector in Portugal during recent years, through an analysis of the Portuguese AV market using quantitative data and an assessment of the impact of key support and regulatory measures.

2.0 Audiovisual market overview

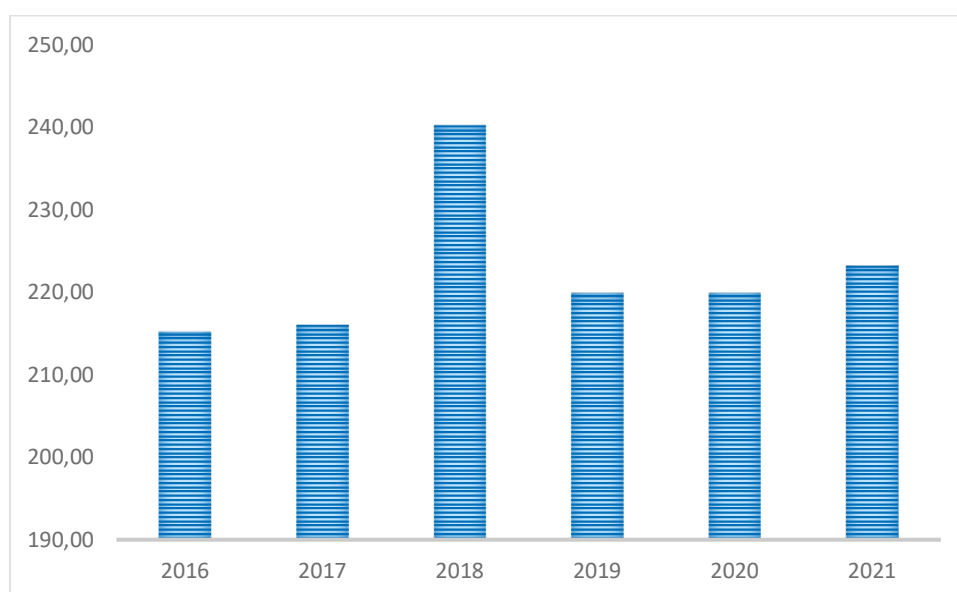
In recent years, Portugal has emerged as the second-fastest-growing AV market in Europe with a growth rate of 13.2%, following closely behind Slovakia, with a growth rate of 17.8%. The remarkable growth of the AV sector in Portugal between 2015 and 2019 stands out as being particularly noteworthy, given the drastic reduction in public funding to near-zero in 2012⁴⁹⁷, due to the inefficacy of the previous tax regulations in granting funding. The introduction of the Cinema Law the same year facilitated the reconstruction and diversification of funding sources, leading to the revival of the National Film Fund (Instituto do Cinema e do Audiovisual - ICA).

⁴⁹⁵ <https://rm.coe.int/yearbook-key-trends-2020-2021-en/1680a26056>

⁴⁹⁶ https://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=279324383&att_display=n&att_download=y

⁴⁹⁷ https://www.ica-ip.pt/fotos/gca/olsberg_spi_plano_estrategico_ica-fourth_draft_master_2022-03-09_1_18245647d9bc7d5b5e.pdf

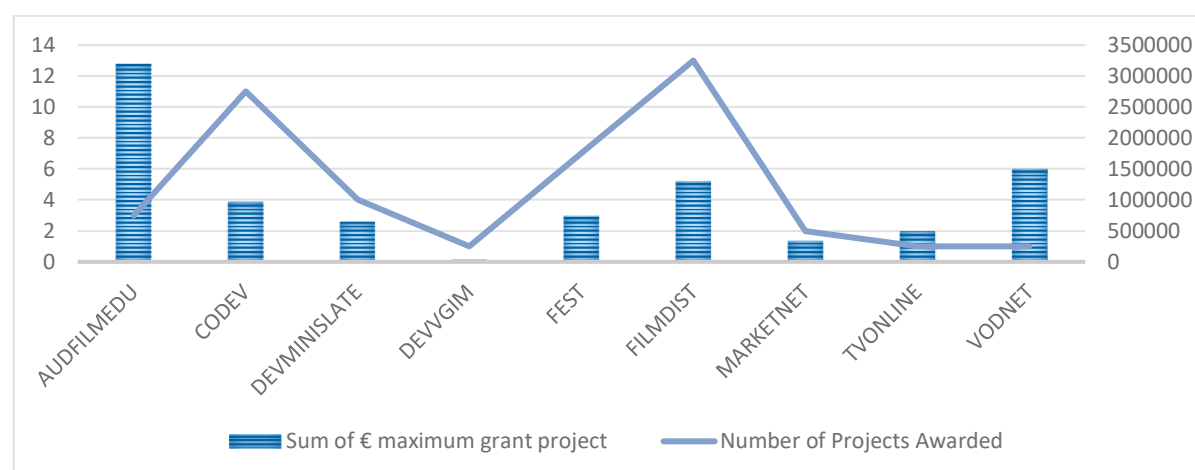
Figure 35: Funding of the public audiovisual sector in Portugal (2016-2021)



Source: Eurostat

In addition, a significant financial support was provided by the Creative Europe's MEDIA strand in 2021 and 2022 (see Figure 2 below) to boost the AV sector in Portugal. As illustrated with Figure 2 below, this funding was distributed across various MEDIA actions. The highest volume of MEDIA grants was provided for film education (AUDFILMEDU), development initiatives (CODEV, DEVMINISLATE, DEVGIM), film festivals (FEST), film distribution (FILMDIST) as well as development of content for TV and online distribution (TVONLINE, VODNET, and MARKETNET).

Figure 36: MEDIA funding allocation in Portugal



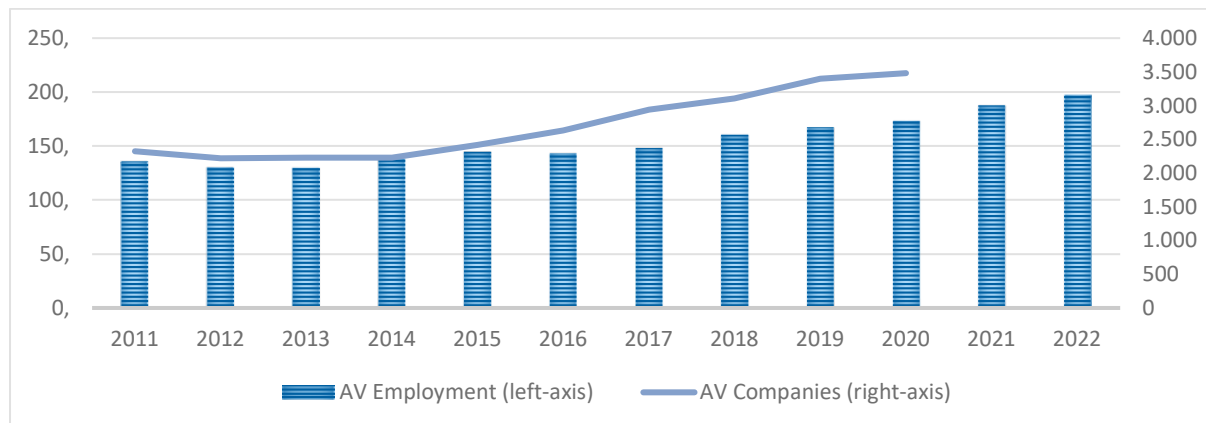
Source: Programme data provided by the EACEA

With a market value of EUR 1.5 billion and a population of 10.3 million, the AV sector growth has been supported by the subscription of video-on-demand (SVOD) services, along with a high penetration of pay television (EAO, 2023⁴⁹⁸) and successful Netflix productions distributed worldwide.

⁴⁹⁸ <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

The growth trajectory of the AV sector in Portugal based on Eurostat NACE data is depicted in the graph below, showcasing the number of companies and workers over the years. The left axis illustrates the employment figures in thousands, indicating a consistent increase from 135.9 thousand in 2011 to 197.8 in 2022 (+45.5%). On the right axis, the number of AV companies is provided, ranging from 2,321 in 2011 to 3,481 in 2020 (+50.3%), reflecting the sector's continuous expansion and development.

Figure 37: Number of companies and workers (thousands) in the AV sector (NACE⁴⁹⁹) in Portugal



Source: Eurostat

As highlighted in the 2021 Yearbook of the Audiovisual Production Sector in Portugal (2022⁵⁰⁰), key events in the Portuguese AV sector during 2020-2021 included the launch of the first original Portuguese Netflix series, "Glória" and "Rabo de Peixe". The first one, created by Pedro Lopes and directed by Tiago Guedes, is an espionage thriller that premiered in over 100 countries, showcasing Portugal on the international streaming stage. Similarly, "Rabo de Peixe," produced for Netflix and launched in May 2023, has earned a spot among the top 500 productions with the highest viewing hours worldwide. Moreover, the inaugural *OnSeries Lisbon event*⁵⁰¹ brought together industry executives, fostering acquisitions, co-productions and international press collaborations. Supported by cultural entities, it aimed to boost independent Portuguese-language AV production, showcasing local talent.

Despite added risks and costs due to safety protocols during the COVID-19 pandemic, the Portuguese AV production sector persevered with support from public and private entities. Exceptional and temporary measures were approved for projects benefiting from the film and AV production cash rebate incentive through the Tourism and Cinema Support Fund.

Linear AVMS providers: an evolving landscape

The Portuguese television market is primarily dominated by three national channels – RTP, SIC, and TVI – collectively commanding a 47% average audience share in 2019. SIC emerged as the leading national channel with a market share of 19.2%, surpassing TVI (15.6%) and RTP1 (12.5%) in 2019. The pay-TV landscape in Portugal witnessed growth, with a 3.7% increase in subscribers in 2019 compared to the previous year totalling 1.9 million subscribers. Fiber optic offerings in the country were a significant driver of growth, contributing to a 17.5% surge in subscribers. Cable TV and satellite technology also maintained a presence, with a dynamic technological competition in the market⁵⁰².

⁴⁹⁹ Figures include music publishing activities

⁵⁰⁰ https://www.apitv.com/wp-content/uploads/2022/05/RelatorioAPIT_2022-31MAI.pdf

⁵⁰¹ <https://onseries.eu/en/>

⁵⁰² <https://www.trade.gov/market-intelligence/portugal-audio-visual-media>

The pandemic has caused disruptions in channel routines and schedules, compounded by changes in channel ownership that have created instability in the market. Despite the abundance of streaming offerings, generalist channels in free-to-air broadcasting are not at a disadvantage or lacking in content. However, the challenge lies in competing with other major players in terms of investment and accommodating diverse content in broadcasting schedules. The analysis of production trends for the three national TV channels, reported in the 2021 Yearbook of the Audiovisual Production Sector in Portugal (2022), highlights the following:

- ▶ **RTP1** diversifies its content with short serialised productions that span historical and contemporary themes. This channel collaborates with independent producers and international partners, including streaming platforms.
- ▶ **SIC** focuses on long-serialised fiction. The successful launch of their VoD streaming platform, OPTO, has not only attracted a diverse global audience but also opened doors for independent producers, especially among young viewers.
- ▶ **TVI**, as the second commercial channel, leverages decades of investment in telenovelas. It is now venturing into new genres and introducing weekend series.

Independent television producers

Similarly to public TV channels, Portugal's independent television production industry demonstrated robust growth in 2021, achieving a 15% increase and reaching a record revenue of €112.8 million, as reported by the Association of Independent Television Producers (APIT). This surge, highlighted in the 2022⁵⁰³ Audiovisual Production Sector Yearbook, represents the highest revenue volume between 2013 and 2021. Employment generated by APIT members has increased since 2016, with 65.5% of members employing up to 10 workers. In the period 2016-2022, APIT members' business volume showed a 62.5% increase. Around 15% of the independent TV producers specialised in large-format entertainment and fiction productions, a segment that experienced an average 50% growth during the same period.

In 2022, Portugal witnessed a resurgence in its presence in the international markets, marked by increased production and greater international visibility. Despite the challenges posed by the COVID-19 pandemic, Portugal produced 975 hours of fiction in 2021, ranking 5th in Europe⁵⁰⁴. Notably, the production of short-series fiction (2 to 13 episodes) saw a 76% increase in the EU from 2015 to 2021, with Portugal contributing significantly to this segment, particularly through the public service broadcaster RTP. RTP invested nearly 16% of programming expenditure in 2021 and 13% in 2022 in fiction, which represented around €12 million annually with vast majority of this dedicated to acquisitions.⁵⁰⁵ While there has been a constant growth of short-serialised content (2 to 13 episodes), telenovelas remain a focus.⁵⁰⁶ Commercial channels like SIC and TVI have played a pivotal role in offering a continuous stream of telenovelas since 1999/2000, contributing to the professionalisation of the format and the growth of the industry.

Portuguese Film Industry: a closer look at trends and challenges

In recent years Portugal has witnessed a notable increase in cinema attendance. In 2022, approximately 509.8 thousand screenings occurred, marking a 54.3% increase from the previous year. The same year, cinema theatres in Portugal attracted 9.6 million spectators and generated EUR 55.4 million in box office revenue, an 80.9% rise compared to 2021. American films dominated on the Portuguese cinema screens, constituting 51.2% of all sessions, drawing 61.2% of all spectators and representing 62.5% of box office revenues. Co-productions have

⁵⁰³ <https://www.apitv.com/wp-content/uploads/2023/05/230427-ANUARIO-UCP-AF-digital.pdf>

⁵⁰⁴ https://www.apitv.com/wp-content/uploads/2022/05/RelatorioAPIT_2022-31MAI.pdf

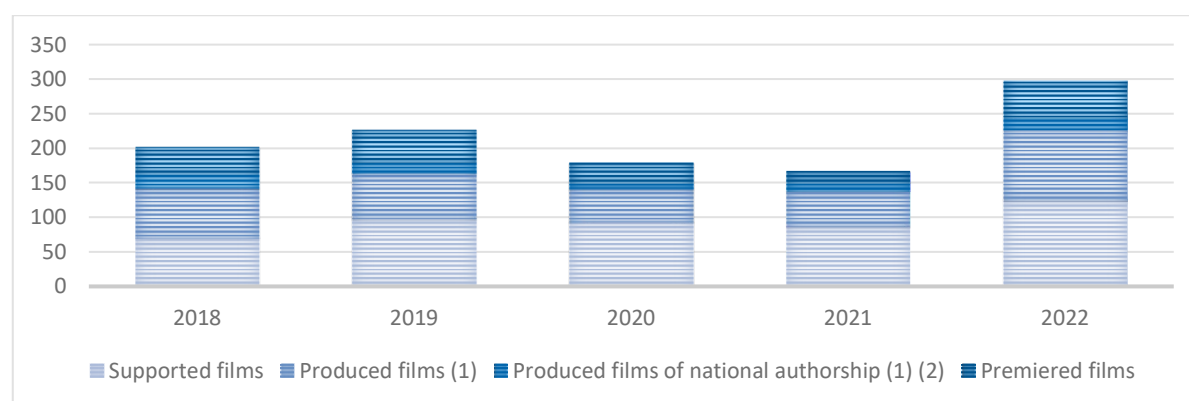
⁵⁰⁵ EBU data provided to the study team.

⁵⁰⁶ https://www.apitv.com/wp-content/uploads/2022/05/RelatorioAPIT_2022-31MAI.pdf

emerged as a potential avenue for developing international relationships and showcasing Portugal as a filming destination. According to the National Statistics Institute (INE, 2023⁵⁰⁷), general coproductions accounted for 33.8% of all screenings, 27.8% of spectators and 27.0% of box office earnings. Portuguese films, numbering 157, represented 5.4% of sessions, 5.2% of spectators and 4.8% of revenues, showing a declining trend since 2015.

As illustrated by Figure 4 below, apart from the years affected by the COVID-19 pandemic, film production in Portugal has experienced notable growth during the period 2018-2022.

Figure 38: Film production in Portugal (2018-2022)



(1) Films completed with financial support from ICA - Institute of Cinema and Audiovisual.

(2) Includes 100% national films and predominantly national co-productions.

Source: Statistics Portugal (INE) & ICA

In 2021, Portugal had 176 cinema theatres or 17 cinema theatres per 1 million people, in line with the EU average. The number of cinema screens during the same year was 547, representing 52.84 cinema screens per 1 million people. Between 2017 to 2021, there was a slight decline in the number of cinema screens in Portugal, from 571 to 547, while the number of cinema theatres remained stable. Around three-quarters of the cinema screens and theatres are distributed in the North, Centre, and Lisbon regions (see Figure 6 in the Annex).

Table 36: Cinema screens and theatres (2017-2021)

Year	Cinema screens	Cinema theatres
► 2017	► 571	► 173
► 2018	► 587	► 186
► 2019	► 583	► 185
► 2020	► 565	► 174
► 2021	► 547	► 176

Source: compiled by the Ecorys Research team based on the EAO Yearbook (2022)

The national cinema market share experienced a decrease from 4.5% in 2019 to 3.0% in 2021, highlighting the challenges of Portuguese cinema productions in competing with non-national films, while Hollywood productions maintained their dominance in the Portuguese market (with market shares ranging from 80.3% in 2019 to 74.6% in 2021). While the share of national admissions has decreased over the recent years, there has been an increase

⁵⁰⁷ https://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=640810618&att_display=n&att_download=y

in the market share of other EU films, suggesting a growing interest and appreciation of European cinematic content within Portuguese audiences.

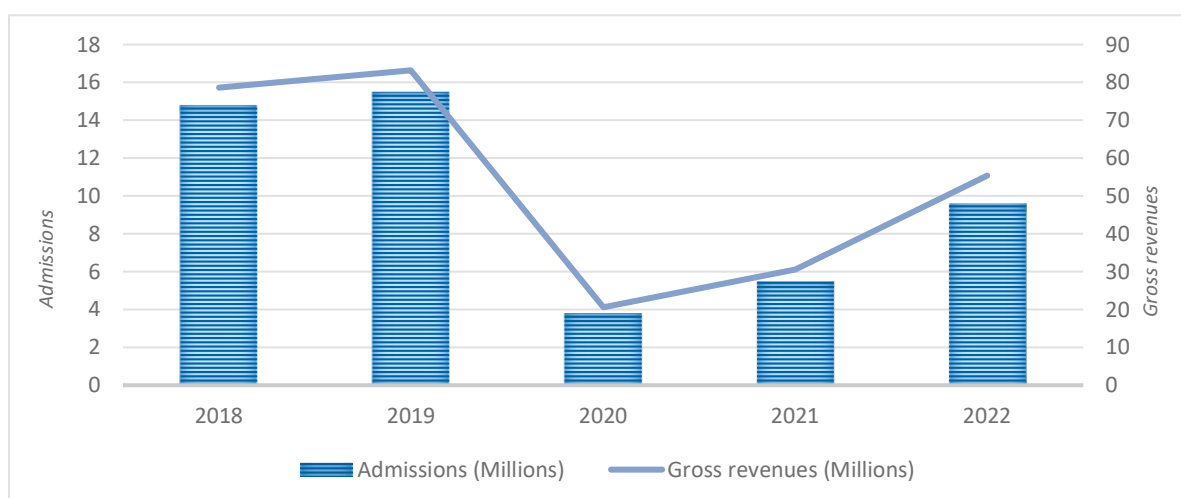
Table 37: Cinema admissions - Market shares by origin (2019-2021)

Year	National	EU	US (%)	Other (%)
► 2019	► 4.5	► 13.2	► 80.3	► 2.0
► 2020	► 3.5	► 20.7	► 71.0	► 4.8
► 2021	► 3.0	► 21.5	► 74.6	► 1.0

Source: compiled by the Ecorys Research team based on the EAO Yearbook (2022)

Finally, cinema admissions in Portugal experienced a sharp decline from 2019 (15.5 million) to 2020 (3.8 million) due to the COVID-19 pandemic, with a partial recovery in 2021 (5.5 million) and a notable rebound in 2022 (9.6 million). Gross revenues followed a similar pattern, reflecting pandemic-related challenges and subsequent industry adaptation.

Figure 39: Film production in Portugal (2018-2022)



Source: ICA, 2023⁵⁰⁸

Despite the success of Portuguese movies at international film festivals, Portugal faces a significant challenge in internationalising its AV content. According to one interviewee, “current funding criteria do not consider the international track records of directors, producers, and writers”. The National Association of AV Producers (APCA) also called for a stronger connection between public funding and works with higher distribution potential, considering factors like track records of exportation and circulation beyond festival prizes and awards. Additionally, a push for higher investment obligations, aiming for greater autonomy from public funding, would empower production companies to contribute critically and internationally to the industry.

There is a clear need for a comprehensive reevaluation of Portugal's approach to international film promotion and distribution. According to a study commissioned by the ICA (Olsberg and SPI, 2022⁵⁰⁹): “Strong evidence emerged during consultations that the entire approach to international promotion and distribution of Portuguese film requires a significant rethink – to help deliver both economic and cultural success, through expanding the presence of Portuguese

⁵⁰⁸ <https://ica->

[ip.pt/fotos/downloads/10cata_logo_ica_digital_estati_sticas_2023_atualizac_a_o_07_07_1730464abd71eace20.pdf](https://ica-)

⁵⁰⁹ https://www.ica-ip.pt/fotos/gca/olsberg_spi_plano_estrategico_ica-fourth_draft_master_2022-03-09_1_18245647d9bc7d5b5e.pdf

film internationally." To support the internationalisation of Portuguese AV content, the role of ICA should shift towards prioritising export potential to engage audiences and promote cultural consumption⁵¹⁰.

Video on Demand in Portugal

In Portugal, the Video Streaming (VoD) market size is relatively small compared to European and global markets (Paisana et al., 2019⁵¹¹). However, according to Statista⁵¹², the Subscription Video on Demand (SVoD) market in Portugal is forecasted to reach €64.80 million in revenue by 2024, with a projected annual growth rate of 2.91% resulting in a market volume of €70.62 million by 2027. It is anticipated that by 2027, the market will include 1.1 million users, indicating a user penetration rate of 10.8%. In 2023, the overall number of on-demand audiovisual services available in Portugal was 227, with 21 on-demand audiovisual services established in the country.

From May 24 to June 21, 2022, multidados.com, a Portuguese research-agency, conducted a study⁵¹³ on the usage of SVoD platforms in Portugal, revealing Netflix as the top choice for 68.2% of respondents. Approximately 80.5% of participants have access to SVoD services, with Netflix (81.6%) being the most accessed, followed by HBO Max (35.2%) and Prime Video (24.5%). Netflix's popularity is attributed to content quality (26.4%) and platform usage habits (22.5%), while NOS Play, OPTO SIC, MEO Filmes e Séries, and Apple TV are valued for their price/quality ratio.

At present, the only Portuguese broadcaster offering a subscription-based AV streaming service is SIC, with its platform OPTO. However, SIC faces strong competition at the national level from dominant US-based platforms like Netflix, Apple TV+, and Amazon, which hold a significant market share in Portugal. As suggested by Cardoso et.al. (2022⁵¹⁴), a partnership strategy among the three national broadcasters (RTP, SIC e TVI) could increase the budget for original productions and the acquisition of rights for international series and films.

3.0 Governance arrangements

The key government institutions overseeing the development and implementation of AV policies in Portugal are the Ministry of Culture and the National Film Fund (Instituto do Cinema e do Audiovisual - ICA). Established in 2007 through the restructuring of the Instituto do Cinema, Audiovisual e Multimédia (ICAM) under Decree-Law n.95/2007, ICA functions as the national public film agency.

The ICA's primary objectives include fostering and developing cinematographic and AV activities. Its mission extends to fostering cultural diversity and quality in these domains, facilitating the widespread national and international dissemination of works, and enhancing the vitality of these activities as integral components of cultural industries. The competencies of the ICA encompass the following areas:

- ▶ *Financial support:* The ICA is responsible for annually awarding financial support through public competitions.
- ▶ *Establishment of protocols:* The ICA establishes protocols with various entities in the cinema and AV sector.
- ▶ *Representation of the Portuguese State:* The ICA ensures national representation in international institutions and bodies in the cinematographic and AV domains.
- ▶ *Registration of works and companies:* The ICA manages the registration of companies and cinematographic and AV works.

⁵¹⁰ https://www.ica-ip.pt/fotos/gca/olsberg_spi_plano_estrategico_ica-fourth_draft_master_2022-03-09_1__18245647d9bc7d5b5e.pdf

⁵¹¹ https://obercom.pt/wp-content/uploads/2019/01/SVOD_MERCADO.pdf

⁵¹² <https://es.statista.com/outlook/dmo/digital-media/video-on-demand/video-streaming-svod/portugal>

⁵¹³ <https://multidados.com/2022/07/inmarket-2022-entretenimentov2/>

⁵¹⁴ https://obercom.pt/wp-content/uploads/2022/03/Audiovisual_2022_Final_15Mar.pdf

- *Information dissemination:* The ICA contributes to a better understanding of the cinema and AV sectors by providing information.

Since 2023, the ICA has incorporated the Portugal Film Commission (PFC), initially created by Resolution of the Council of Ministers n.85/2019 and extended (by RCM n.70/2022) until December 31, 2022. PFC focuses on fostering synergies between creative industries and tourism, enhancing Portugal's international filming status and streamlining the filming process by removing bureaucratic obstacles. As a member of the Association of Film Commissioners International (AFCI) and the European Film Commission Network (EUFCN), PFC supports the film and AV sector by providing information and contacts and facilitating partnerships for shooting in Portugal.

Regulatory oversight in Portugal is carried out by two key institutions: the Entidade Reguladora para a Comunicação Social (ERC) and the Autoridade Nacional de Comunicações (ANACOM)⁵¹⁵. The ERC functions as the nation's regulatory authority for media, ensuring compliance with legal and ethical standards. Although its mandate extends beyond AV content, it plays a vital role in supervising media operations, particularly in television. ERC is actively involved in the regulation, oversight and licensing of diverse media outlets, contributing significantly to the maintenance of industry standards. On the other hand, ANACOM is entrusted with overseeing the electronic communications sector in Portugal, covering areas such as AV content distribution, broadcasting and telecommunications. ANACOM's primary focus lies in regulating and fostering competition within the electronic communications sector. It is dedicated to ensuring fair practices and the effective functioning of the industry, contributing to a competitive and well-regulated environment.

4.0 Support measures

4.1 Funds and subsidies

The Portuguese AV market is supported by several measures aimed at enhancing the industry's digitalisation, technological modernisation and overall development.

One of the key support measures is the "Fundo de Apoio ao Turismo e ao Cinema" (Tourism and Cinema Support Fund - FATC), established by the Ministry of Culture in 2018. This fund, with an initial allocation of EUR 8 million, incentivises cinematographic and AV production as well as international productions to enhance the image of the country. However, to address a surge in applications, the fund received an extra EUR 6 million in 2023. Initially intended for a second phase, the funds accommodated the surplus of projects, reflecting the increasing film and AV production in Portugal.

The "Incentivo à Captação e Produção de Filmagens"⁵¹⁶ (Encouraging Film Shooting and Production) is a cash rebate program, launched in 2018 by the ICA, to encourage and attract film and AV productions to Portugal. This incentive scheme has a funding allocation of 4 million euros. According to a 2023 evaluation by PlanAPP⁵¹⁷, this program has significantly benefited Portugal's film industry, attracting international productions and driving economic impact. There is a positive appreciation for the relevance of support in the cinema and AV sector in Portugal, particularly in attracting international film productions. The incentive is seen by relevant stakeholders as complementary to other national support mechanisms and aligns with the international trend of encouraging foreign investment. The incentive achieved the goal of attracting international production companies. Of the total projects supported between 2017 and 2022, 61% were international, which translated into €113 million in investment.

⁵¹⁵ <https://www.obs.coe.int/en/web/observatoire/portugal-institutions-and-information-bodies>

⁵¹⁶ https://pic.portugalfilmcommission.com/wp-content/uploads/2020/11/Portaria-198_2019-altera-P490_2018.pdf

⁵¹⁷ https://planapp.gov.pt/wp-content/uploads/2023/03/Avaliacao_CashRebate.pdf

The "Distribuição em Portugal de Obras Nacionais"⁵¹⁸ (Distribution of National Art Works in Portugal) initiative by the ICA since 2018 supports the distribution of national AV works in Portugal. Beneficiaries, including producers and distributors, can receive financial support not exceeding 80% of the total project cost, enhancing the dissemination of local AV content. Moreover, the "Apoio Ad-hoc"⁵¹⁹ (Ad-hoc Support), introduced by ICA in 2021, is specifically designed to offer financial support for initiatives and projects contributing to the development of the cinema and AV sector. This support, ranging from €500.00 to €45,000.00, is provided in the form of non-repayable grants, with a cap set at 80% of the total project cost. For the year 2023, the financial support allocated amounted to €89,400.00 (and was increased to €95,532.21 after financial reinforcement of this action).

Several bilateral agreements exist between Portugal and other countries, including France, Italy and Brazil:

- ▶ The Luso-French Fund⁵²⁰, established in 2020 by ICA and the Centre National du Cinéma et de l'Image Animée (CNC), encourages co-production of cinematographic works between Portugal and France. The financial allocation for 2022 was €600,000.00, with €300,000.00 from CNC and €300,000.00 from ICA.
- ▶ The Luso-Italian Program⁵²¹ funds co-production projects between Italian and Portuguese producers, as per the Cannes Agreement. The majority co-producer leads the application and eligible project types include fiction, documentary, and animated feature films, requiring a minimum 20% contribution from each producer. Funding ranges from 10,000 to 25,000 euros for fiction or documentary projects and up to 35,000 euros for animation projects.
- ▶ The Luso-Brazilian Program⁵²² supports co-productions under the Luso-Brazilian Cinematographic Co-production Agreement. Annual funding of €350,000 is available, with a maximum of €175,000 per project. Types of AV works that are eligible for this funding include fiction, documentary, and animation feature films with at least 20% involvement from the minority co-producer.

4.2 Regulatory measures

Portugal's AV sector is regulated by Law N.55/2012⁵²³, which transposes the Audiovisual Media Services Directive (AVMSD) imposing financial investment obligations on linear AVMS providers, non-linear AVMS providers (VoD services) and distributors. The transposition of the AVMSD sparked extensive debates in Portugal, particularly regarding investment methods, levies or obligatory investments. More specifically, regulatory measures include:

- ▶ *Financial investment obligations*: Private broadcasters allocate 0.75% of their annual revenues from AV commercial communications, while the public service media RTP invests 8% of its yearly revenues generated by their AV contribution. VoD services operating in the country have to invest 1% of their revenues generated from services provided in Portugal in national cinematographic works while there are no obligations for distributors.
- ▶ *Levies*: Distributors pay a levy of EUR 1.75 (EUR 2 from 2020) per subscriber, complemented by EUR 1.75 (EUR 1.5 from 2020) by ANACOM. No levy is directly imposed on broadcasters, VoD services or theatres. However, any commercial communication that is made available to the public by any of these players in Portugal is subject to an "exhibition fee" representing 4% of the revenues raised to benefit ICA (3.2%) and the National Museum of Cinema (0.8%). Providers of subscription video-on-demand (SVoD) services are subject to

⁵¹⁸ <https://www.ica-ip.pt/pt/concursos/apoio-ao-cinema/2023/distribuicao-em-portugal-de-obras-nacionais/>

⁵¹⁹ https://www.ica-ip.pt/fotos/downloads/regulamento_ad_hoc_2023_2769164be540ca84bf.pdf

⁵²⁰ <https://diariodarepublica.pt/dr/detalhe/portaria/361-a-2022-179930003>

⁵²¹ <https://www.ica->

[ip.pt/fotos/downloads/regulamento_do_fundo_de_apoio_it_pt_versao_portuguesa_2022_278476331a50938de1.pdf](https://www.ica-ip.pt/fotos/downloads/regulamento_do_fundo_de_apoio_it_pt_versao_portuguesa_2022_278476331a50938de1.pdf)

⁵²² https://www.ica-ip.pt/fotos/downloads/acordo_de_coproducao_luso-brasileiro_23_390864109ac75ea21.pdf

⁵²³ Law nr. 55/2012 of September 6, on establishing the principles of State action for fostering, developing and protecting film art and cinematographic and audiovisual activities, then modified by Law 28/2014, of May 19. Available at: https://www.pgdlisboa.pt/leis/lei_mostra_articulado.php?tabela=leis&nid=2103&pagina=1&ficha=1

payment of an annual charge corresponding to 1% of the amount of the relevant operators' income (Decree-Law 74/2021).

- *Promotion*: Broadcasters must allocate 50% of transmission time to European works, with 10% dedicated to independent European works. VoD services shall progressively include and prominently feature European works in catalogues as well as adopt functionalities to search by origin, giving prominence to European works.

The objective of boosting the cinema and AV sector has been recently addressed in the 'Film Act' (Decree-Law 74/2021)⁵²⁴, which regulates the transposition of the AVMSD in the sector. It introduces updates to the types of fees and investment obligations for exhibitors, television channels and streaming platforms. A notable feature of the regulation is the introduction of a 1% fee on the revenues of streaming platforms, along with a mandatory requirement for them to invest in Portuguese productions. The impact of the 'Film Act' has been considered neutral for most APIT members⁵²⁵. According to one of the consulted stakeholders, as a result of the new regulatory measures *"the Portuguese AV industry has evolved from a time when reliance on the public broadcaster was the norm to a landscape with multiple options for project development"*.

4.3 Other types of measures

The "Plano de Digitalização do Cinema Português" (Digitisation Plan for Portuguese Cinema), overseen by the "Gabinete de Estratégia, Planeamento e Avaliação Culturais" (Office of Cultural Strategy, Planning, and Assessment) as part of the National Recovery and Resilience Plan (PRR⁵²⁶), secured €10 million in 2021 to digitise 1,000 Portuguese films and improve their accessibility across multiple platforms⁵²⁷. Focusing on works originally in analogue format, the plan supports widespread dissemination and preservation of Portugal's cinematic heritage, utilising diverse exhibition channels such as theatres, television, streaming, and VoD platforms. This Plan aligns with broader digital transformation initiatives, including modernising the National Moving Image Archive (ANIM) and the EstagiAP XXI programs. These combined efforts aim to propel the growth, digitalisation and global visibility of the Portuguese AV productions, contributing to the dynamism and competitiveness of the industry.

⁵²⁴ <https://diariodarepublica.pt/dr/detalhe/lei/74-2021-174480832>

⁵²⁵ <https://www.apity.com/wp-content/uploads/2023/05/230427-ANUARIO-UCP-AF-digital.pdf>

⁵²⁶ <https://recuperarportugal.gov.pt/?lang=en>

⁵²⁷ <https://www.portugal.gov.pt/pt/gc23/comunicacao/noticia?i=-pr-ajuda-a-digitalizar-1000-filmes-ate-2026>

Annex 1: Data tables

Table 38: MEDIA funding for Portugal, 2021-2022

Indicators	2021	2022
▶ Number of applications received	▶ 43	▶ 65
▶ Number of projects	▶ 15	▶ 14
▶ Funding (m EUR)	▶ 2.4	▶ 2.2
▶ Share of MEDIA funding	▶ 1.58%	▶ 0.55%

Source: Programme data provided by EACEA

Table 39: 2022 ICA Funding

Project	Funding
▶ Support for audiovisual and multimedia production	▶ 3.400.000,00
▶ Support for the production of first fiction feature films	▶ 3.375.000,00
▶ Support for the production of fiction feature films	▶ 1.860.000,00
▶ Support for international co-production with Portuguese minority participation	▶ 1.255.000,00
▶ Support for the production of animated short films	▶ 900.000,00
▶ Support for writing and development of audiovisual and multimedia works	▶ 830.000,00
▶ Support for the completion of film works	▶ 765.000,00
▶ Support for writing and development of film works	▶ 650.000,00
▶ Support for the production of fiction short films	▶ 650.000,00
▶ Cinema support – complementary	▶ 600.000,00
▶ Support for audiovisual and multimedia production	▶ 600.000,00
▶ Support for the production of documentary films 2	▶ 540.000,00
▶ Support for the production of documentary films 1	▶ 540.000,00
▶ Support for film exhibition	▶ 500.000,00
▶ Support for distribution in Portugal of national, European, and other works	▶ 500.000,00
▶ Support for audiovisual and multimedia innovation	▶ 380.000,00
▶ Ad hoc support 1	▶ 297.000,00
▶ Support for international dissemination of national works through sector associations	▶ 239.750,00
▶ Automatic support	▶ 193.530,35
▶ Support for organizing training activities for children and youth	▶ 130.000,00
▶ Ad hoc support 2	▶ 103.000,00
▶ Total	▶ 18,308,478.35

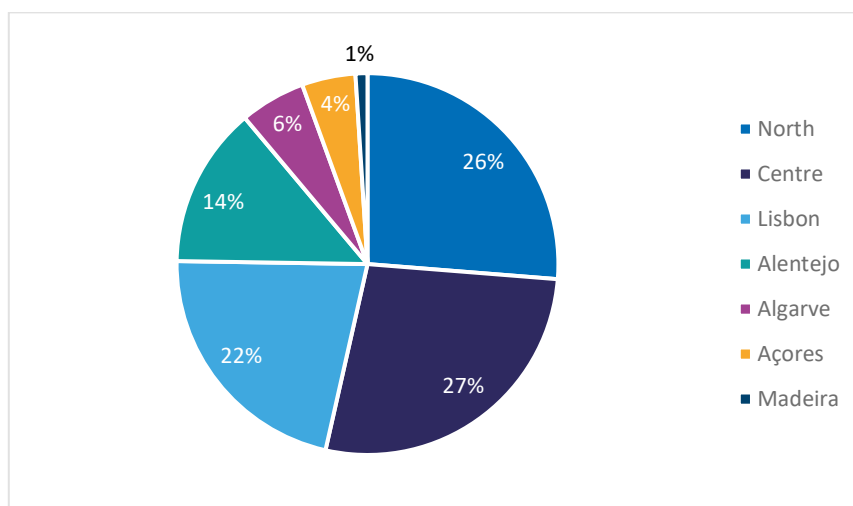
Source: Own elaboration based on ICA

Table 40: 2023⁵²⁸ ICA Funding

Project	Funding
► Support for the production of fiction feature films	► 1.950.000,00
► Support for international co-production	► 1.600.000,00
► Support for organizing film festivals	► 900.000,00
► Cinema support - complementary	► 600.000,00
► Automatic support	► 578.902,85
► Support for distribution in Portugal of national, European, and other works	► 500.000,00
► Support for co-production with Portuguese-speaking countries	► 500.000,00
► Ad hoc support	► 305.600,00
► Support for student training	► 88.000,00
► Total	► 7,022,502.85

Source: Own elaboration based on ICA

Figure 40: Cinemas theatres and screens by region (2023)



Source: Own elaboration based on ICA

⁵²⁸ Not all the actions have been published yet. Info available here: https://www.ica-ip.pt/pt/downloads/candidaturas-admitidas-e-apoiadas/?search=1&cat=0&id_ano=2023

Poland case study

1.0 Introduction

The case study analyses the Polish audiovisual (AV) sector, referencing, in particular, the film, TV and video game subsectors. All three sub-sectors are internationally successful and visible and, in 2023, accounted for roughly the same revenue and number of employees. The case study also highlights the different characteristics of the Polish AV sub-sectors (film, TV, VOD) and the possible interplay between public funding, national measures and industry development in the broader sense.

The case study presents evidence of increasing and increasingly diversified public and private sector investment in the Polish AV sector, including Polish Film Institute, broadcasters and streamers investment. The public support for the AV sector was complemented with the introduction of a national cash rebate scheme in 2018 as well as increased and cumulative broadcasters and streamers investment. The sector was characterised by increase in national production and co-production, high demand for national feature films as well as fragmentation of the film sector into ever smaller micro-enterprises. TV audiences transitioned online, while the gaming sector grew and consolidated.

The case study also explores specific elements of the Polish AV market: the video game industry and online digital distribution platforms. The Polish video game industry produces mainly for the global market and was only recently supported publicly with tailored funds to a limited degree. Nevertheless, the industry has developed positively in recent years, as far as it is possible to ascertain, due to the overall positive framework conditions in Poland (e.g., skilled workforce, comparative cost advantage, and access to finance).

2.0 Audiovisual market overview

The **Polish AV market has developed mostly positively** over the last two decades, according to Eurostat data. Since the establishment of the Polish Film Institute in 2005, the number of companies in the market has more than doubled, the revenue achieved by the sector has grown by about 40%, and the number of employees in the sector has similarly increased (please see Table 4 in the appendix). Since the increase in the number of companies exceeded both the increase in employee numbers and sector revenues, the average AV company size and the revenue generated on average by company have decreased considerably since 2005, although the effects of the COVID-19 pandemic can partly explain the drop in revenues.

There is no comprehensive overview of **investment** in AV production in Poland, but different studies and sources analysing various funding types suggest an overall increase. In particular, **public and private broadcasters, streaming services, and funding by the Polish Film Institute increased**. In a study on the Economic Impact of Screen Production in Poland from 2023, Olsberg SPI suggests that Polish Broadcasters⁵²⁹ investments in Polish original content have steadily increased in recent years, with significant rises in 2018 and 2022 (please see Figure 1 below). According to the EBU data, this is also true for the expenditure on fiction by the Polish Public Television in 2021 and 2022, although only a small fraction of this budget was used to commission works or co-produce, and this share has decreased during the period.⁵³⁰ Market operators consulted were optimistic, however, that with the recent change in government and based on the budget increases of recent years, more non-historical productions could be financed by the public broadcaster.⁵³¹

Another well-reported trend is the growing interest of **VOD providers** to operate in Poland, exemplified by Netflix's establishment of its CEE office in Warsaw⁵³² in 2022. Other investments in this sector came from players like HBO Max, Disney+, Amazon Prime Video, Sky Showtime, Viaplay and Player.pl, owned by TVN Warner Bros.

⁵²⁹ Leading broadcasters in Poland are the public broadcaster TVP, and the private ones Polsat and TVN.

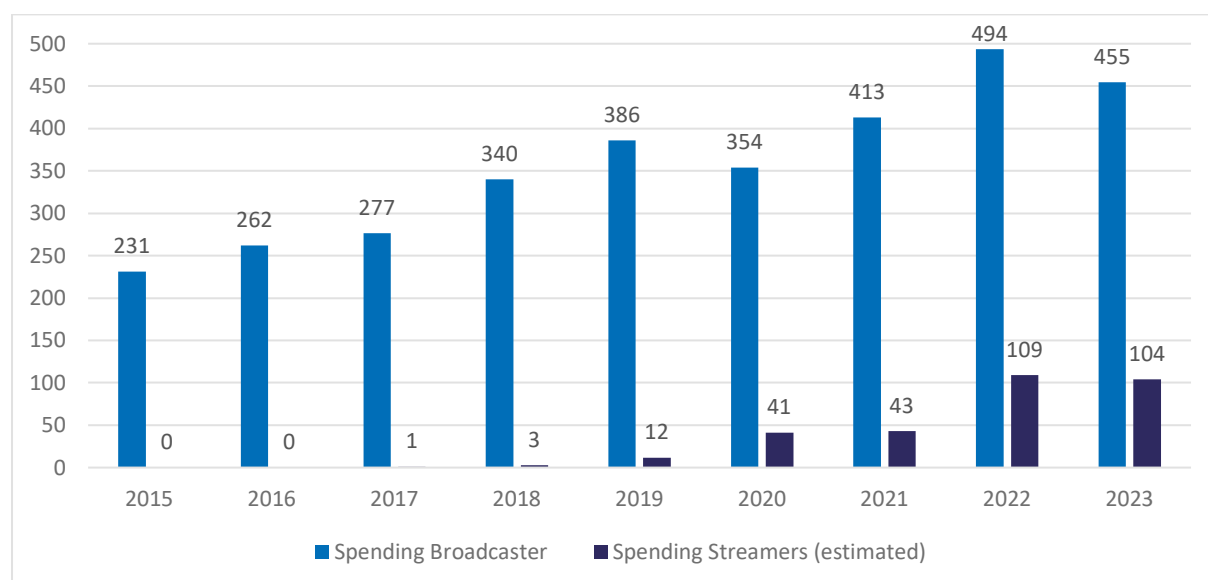
⁵³⁰ Source: EBU.

⁵³¹ According to market operators, in previous years, the public broadcasters requested mostly historical film productions.

⁵³² <https://about.netflix.com/en/news/celebrating-a-momentous-year-in-poland>.

Discovery.⁵³³ Overall, Poland had a total of 668 on-demand audiovisual services (ODAS) available in 2023, 51 of which are sharing platforms. It also had 451 ODAS established in the country.⁵³⁴ The VOD market has grown substantially during the last five years in Poland, which is likely to contribute towards increasing production revenue within the AV sector. As shown in Table 5 (please see Annex 1), the VOD penetration has increased by about 250% during the last 5 years. Furthermore, Olsberg SPI (2023) estimates that the investments from streaming companies in Poland have increased since 2018 and accumulated to more than 94 million EUR (100 million USD) in 2022 and 2023 (see Figure 1 below).

Figure 41. Broadcaster Investment in Polish Original Content and estimated Spending by Streamers in Poland (right), in EUR million⁵³⁵



Source: Data from Ampere Analysis (November 2023), SPI analysis (2023 from Olsberg, SPI (2023): Economic Impact of Screen Production in Poland, p.23f. Presentation Study Team.

The cinema sub-sector's outputs increased roughly along the same lines as the industry's overall growth. The number of Polish films and co-productions increased overall, with the number of Polish films rising by 55% and co-productions (including minority co-productions) rising by 65% between 2004 and 2022 (see Figure 2 below, left). National productions steadily increased from about 20 annual releases in 2005 and 2006 to about 60 in 2018. In 2021, there was a sharp increase in releases to more than 100 films, followed by a sharp decrease to 40 in 2021, most likely because of the COVID-19 pandemic. Majority and minority co-productions were less affected, with respectively 15 and 16 co-productions in 2021. The number of cinema theatres in Poland was not significantly affected by the pandemic, with 523 cinemas in 2021 or around 14 cinemas per 1 million people. There were also 1,512 cinema screens in the country at the same time, representing 40 cinema screens per million people.

Regarding **admissions** (see Figure 2⁵³⁶ below, right), national feature films dominated the number of admissions achieved overall during the last two decades compared with admissions for minority and majority co-productions, with a notable increase over the years. As the figure shows, both for majority co-productions and minority co-productions, strong outliers make it difficult to establish clear trends, but majority co-productions seem to

⁵³³ Olsberg, SPI (2023): Economic Impact of Screen Production in Poland, p.3.

⁵³⁴ Source: EAO

⁵³⁵ The data available in USD or PLN was converted to euros by the research team using the official European Commission exchange rate in October of each corresponding year. The exchange rate data is available on the [InforEuro website](#).

⁵³⁶ Figure 2 does not include admissions data on productions from other countries.

become more popular if measured by European admissions. The detailed review of admissions data for Polish films and productions shows exceptionally high European admissions for Polish productions in several years, e.g.:

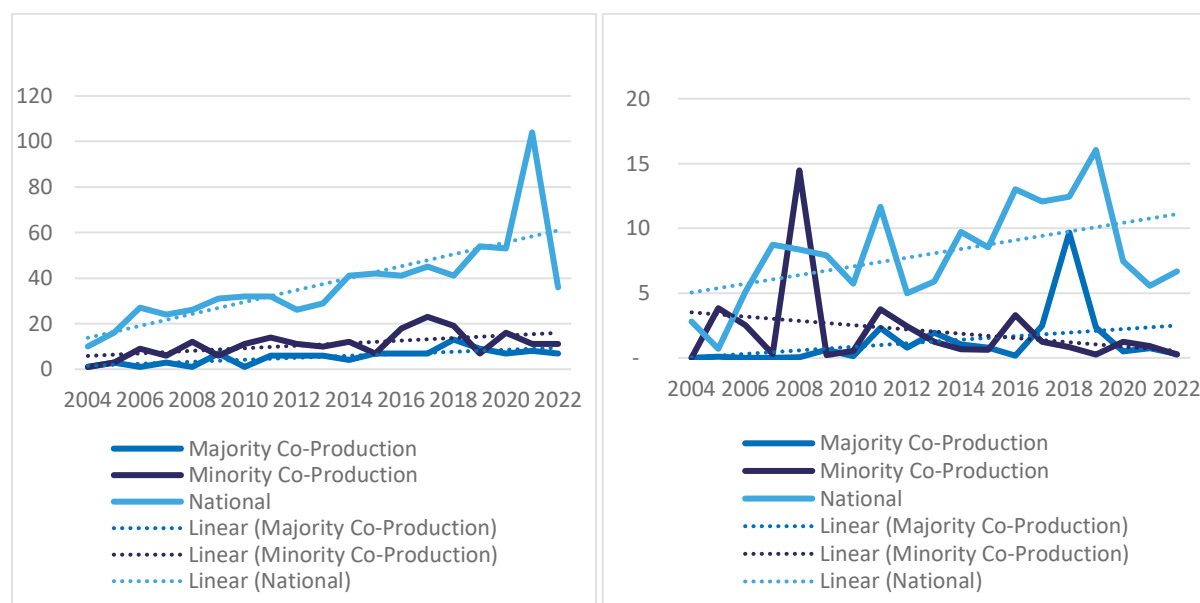
- ▷ *The Chronicles of Narnia: Prince Caspian* by Andrew Adamson (2008), Minority co-production with the US, GB, NZ, CZ and SI) by Andrew Adamson with 13.5 million admissions in EU27 plus GB;
- ▷ *Kler (Clergy)* by Wojciech Smarzowski (2018), Majority Co-Production with CZ with 5.4 million admissions; and
- ▷ *Carnage* by Roman Polanski (2011), Minority Co-Production with FR, DE, and ES with 3.4 million admissions.

A couple of national productions focussing mainly on the Polish market (*Listy do M.* 3 by Tomasz Konecki, *Pitbull. Niebezpieczne kobiety* by Patryk Vegab) also achieved about 3 million European admissions. Studies highlight that Polish films were also successful at international festivals or won prestigious awards, e.g. *Zimna Wojna* (Cold War, 2018), *Boże Ciało* (Corpus Christi, 2019), *IO* (EO, 2022), *The Zone of Interest* (2023) and *Green Border* (2023).⁵³⁷

The period between 2020 and 2022 was affected by the COVID-19 pandemic, with a drop in the titles produced and admission numbers. Data shows that the sector has not yet fully recovered to the pre-pandemic levels in terms of the titles released and admission numbers. For example, there were 90 feature films produced in 2021, while the number was 93 in 2019. The same applies to the admissions that were approximately 11% lower in 2022 than they were in 2020, with 7,988,506 admissions reported in 2020 compared to 7,124,879 in 2022⁵³⁸.

The demand for national productions was less strong in Poland than in other European countries where the demand for national films was the highest e.g. Czechia, Denmark or France (all with the national market share above 40%). Still, the demand for national films was high in Poland, with around one fifth (20.5%) of the reported admissions in 2021 to national films.⁵³⁹

Figure 42. Number of Audiovisual works produced in Poland (left) and their EU admissions in million (right)



Source: compiled by the Research team based on Lumiere data.

⁵³⁷ See Olsberg, SPI (2023): Economic Impact of Screen Production in Poland, p.3; KIPA (2023): State of the Polish Independent Audiovisual Production Sector. Growth opportunity through cooperation with the banking sector.

⁵³⁸ These data do not include minority co-productions.

⁵³⁹ See European Audiovisual Observatory (2023), *Yearbook 2022-2023 Key Trends*. Available at: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

Similarly to the film and TV sub-sectors, **the Polish video gaming industry** shows positive development trend in recent years. In 2019, there were around 470 companies active in this AV sub-sector in Poland, employing some 12,000 people, while in 2023, this had increased to around 490 companies employing approximately 15,000 people. Annually, these companies release more than 500 titles and generate around EUR 1.3 billion in revenues.⁵⁴⁰ The structure of the industry, however, differs considerably from the Polish film sub-sector: in 2023, the average size of a video game developer was 31.3 employees, compared to 22.1 in 2020. Hence, the Polish gaming industry is growing and consolidating with increasing revenues generated by larger operators on average.

The main players on the **TV broadcasting** market in Poland include Telewizja Polska (TVP, a public service media provider, operating national, regional and thematic networks); TVN (a commercial provider, operating the TVN 24 news channel as well); Polsat (a commercial channel, offering a pay-TV service), and Canal+ (offering a pay-TV service). In 2022, TVP1, TVP2 and TVP Info channels (all part of TVP) ranked among the Top 10 TV channels with the highest audience share.⁵⁴¹ TVP1's audience share was 8.67% in 2022 (down from 9.73% in 2021); TVP2: 7.3% (2022); TVP Info: 5.14% (2022). TVP enjoyed a significant funding boost from the Polish Government, particularly between 2016 and 2021, when public funding increased with an annual average of 38.1%. There was a general decrease in the audience share of TV terrestrial broadcasting in Poland, owing mostly to the rise in popularity of online media and VOD. Pay-TV services in Poland have managed to keep a relatively stable number of customers. After the growth to almost 11.5 million subscribed households in 2018, the number has oscillated around 11.4 million, reaching 11.43 million in 2021 (Table 5).

The audiences for video games are highly international, meaning that North America (mostly the U.S.), Asia (mostly China) and Europe overall each account for roughly a third of global sales. The Polish market is with a market share of less than 5%, negligible in comparison, meaning that the sector produces for a highly international audience.⁵⁴² Successful titles of recent years include *The Witcher I, II, and III* (2007; 2011; 2015) as well as *Cyberpunk 2077* (2022), both series from CD Project Red. Both the Witcher and Cyberpunk 2077 were adapted for Netflix TV Series. Other notable video game titles produced in Poland include the critically acclaimed *This War of Mine* (2014), also because it was the first video game included in the mandatory high school reading list in Poland.⁵⁴³

Poland is also home to one of the few European **online digital distribution platforms** (GOG.com). Other and also larger platforms are mostly based in the USA (Steam, Xbox) or in Japan (Playstation, Nintendo). While there is no hard evidence on what fostered the positive development of this sub-sector, experts assume that factors such as a motivated workforce well-skilled in programming and other STEM-related aspects, comparably low salaries and living costs, as well as companies that could act independently from investors and publishers, did play a role. Another aspect mentioned is access to finance, with the Warsaw stock exchange specialising in the industry.⁵⁴⁴ However, with increasing living standards, international competition for talent who can work remotely for international companies and more international investment in Polish gaming industry, it seems that some of these aspects are changing⁵⁴⁵.

In line with the growing film, TV and video gaming industry, increasing number of national titles and international co-productions has led to increasing access from Polish AV operators to **MEDIA funding**, although not as strong as for example in Czechia. Polish AV operators access to MEDIA funding in the period 2021-2022, presented in the table below, shows increase in the number of applications, number of projects awarded, funding received and its overall share.

⁵⁴⁰ See Marszałkowski, J. et al. (2023): The game industry of Poland — report 2023, p.9ff.

⁵⁴¹ Nielsen, Poland.

⁵⁴² See Ibid., p.23.

⁵⁴³ See <https://notesfrompoland.com/2020/06/18/poland-puts-computer-game-this-war-of-mine-on-school-reading-list/>.

⁵⁴⁴ See <https://emerging-europe.com/business/taking-gaming-seriously-has-paid-off-for-poland/>.

⁵⁴⁵ See e.g. <https://drive.google.com/file/d/1MQ8HMBRiFoX5phR5PqvzmrIN2M0MhSW6/view>.

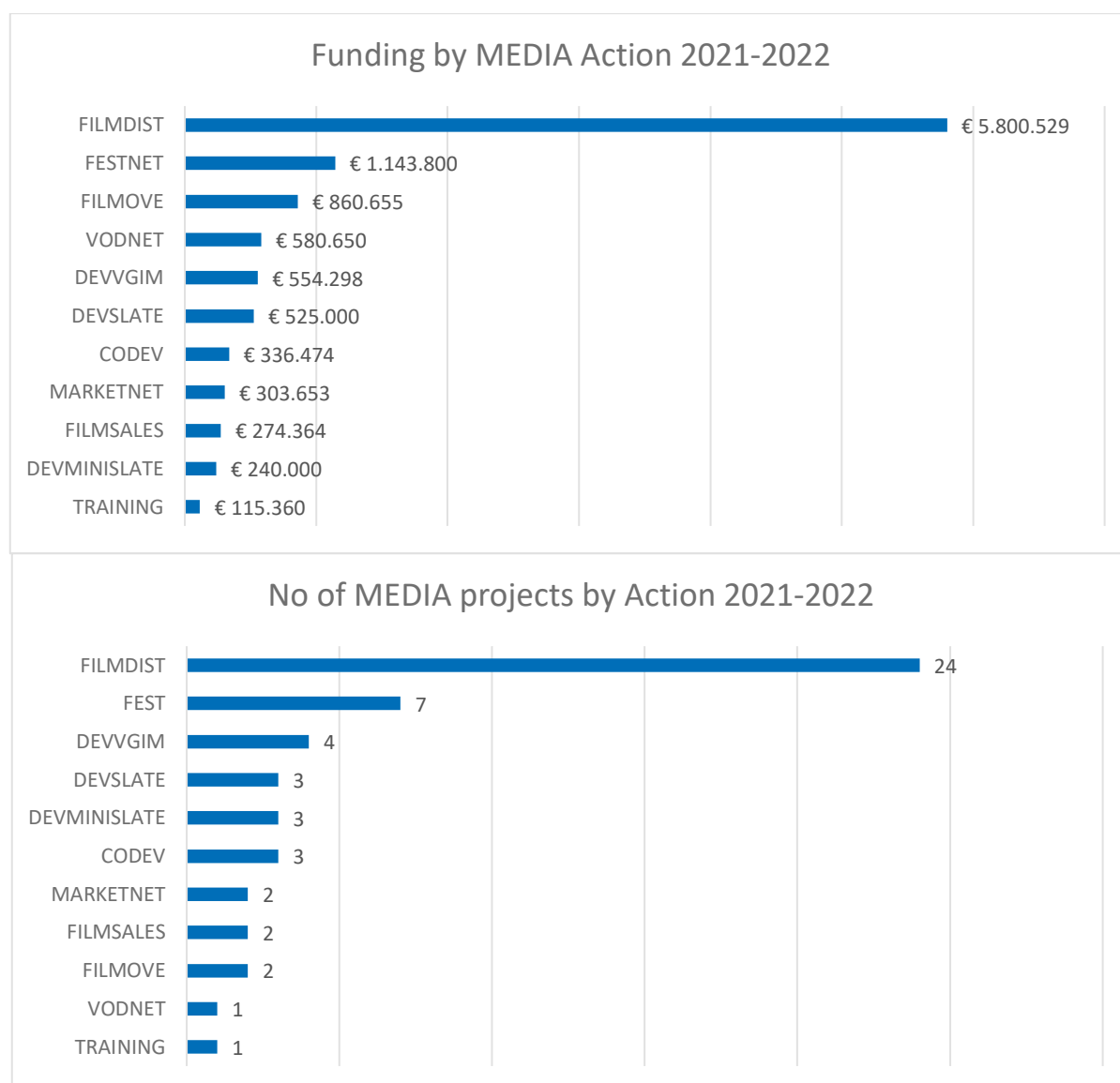
Table 41. MEDIA funding for Poland, 2021-2022

Indicators	2021	2022
Number of applications received	59	76
Number of projects	24	28
Funding (m EUR)	5.9	7.2
Share of MEDIA funding	2.99%	3.61%

Source: Programme data provided by the EACEA

The Polish operators accessed a range of MEDIA actions falling under the Business, Content and Audience clusters. The largest number of projects and the amount of funding awarded to Polish coordinators was by far for Film Distribution action under the Business cluster, demonstrating that the Polish operators developed capacity and track record to be successful at investing in the promotion of non-national European works in Poland (please see Figure 3 below). The second most important cluster for the Polish AV operators was the Audience cluster providing access to funding aimed at increasing circulation, visibility and distribution of films outside their country, e.g. for festivals, VOD platforms or for theatrical and online distribution in general. The Polish video game developers have also successfully applied for MEDIA funding.

Figure 43. Number of projects and funding by MEDIA action, 2021-2022



Source: compiled by research team based on the programme data provided by EACEA

3.0 Governance arrangements

The main institutions developing and implementing AV policies in Poland are the **Ministry of Culture and National Heritage** and the **Polish Film Institute**. The Polish Film Institute was established in 2005 with the aims to, amongst others, enable the development of Polish film production and co-production; inspire and support the development of all genres of filmmaking in Poland, with emphasis on artistic films, including the preparation of film projects, film production, and film distribution; and supporting activities aimed at enabling general access to Polish, European, and worldwide cinema heritage.⁵⁴⁶ The film institute is funded by the Ministry of Culture as well as through a 1.5% obligatory share of revenues from cinema operators, distributors, television broadcasters (including public television) and digital platform operators.⁵⁴⁷ The Film Institute allocates public funding to the AV sector through loans, subsidies and a cash rebate scheme (introduced in 2018). The 2024 operational budget of

⁵⁴⁶ Polish Film Institute website: <https://pisf.pl/en/operational-programmes/> as well as statute: <https://pisf.pl/wp-content/uploads/2020/03/statut-2.pdf>

⁵⁴⁷ <https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20051321111/U/D20051111Lj.pdf>

the Film Institute is around 45.65 million EUR.⁵⁴⁸ For the cash rebate scheme, a budget of around 23 million EUR is foreseen.⁵⁴⁹

4.0 Support measures

4.1 Funds and subsidies

The Polish Film Institute runs several selective funding schemes and a tax rebate incentive scheme. The 2024 operating budget of around 45 million EUR is mainly dedicated to supporting film production, particularly national and international co-productions of feature films. The operating budget of the Film Institute increased from 34 million EUR to 45 million EUR between 2022 and 2024.

Table 42. Operational budget of the Polish Film Institute 2022 - 2024

Category of support	2022	2023	2024
Film Production & Development	76,2%	71,8%	72%
Film Culture Promotion	9,3%	10%	11%
Promotion of Polish Films abroad	4%	5%	6,5%
Film Education	3,4%	3,75%	5%
Cinema Development	3,4%	3,125%	2,5%
Awards, experts and other	3,4%	3,125%	2,5%
	-	3,125%	-
TOTAL in M EUR	30,3	34,5	45,2

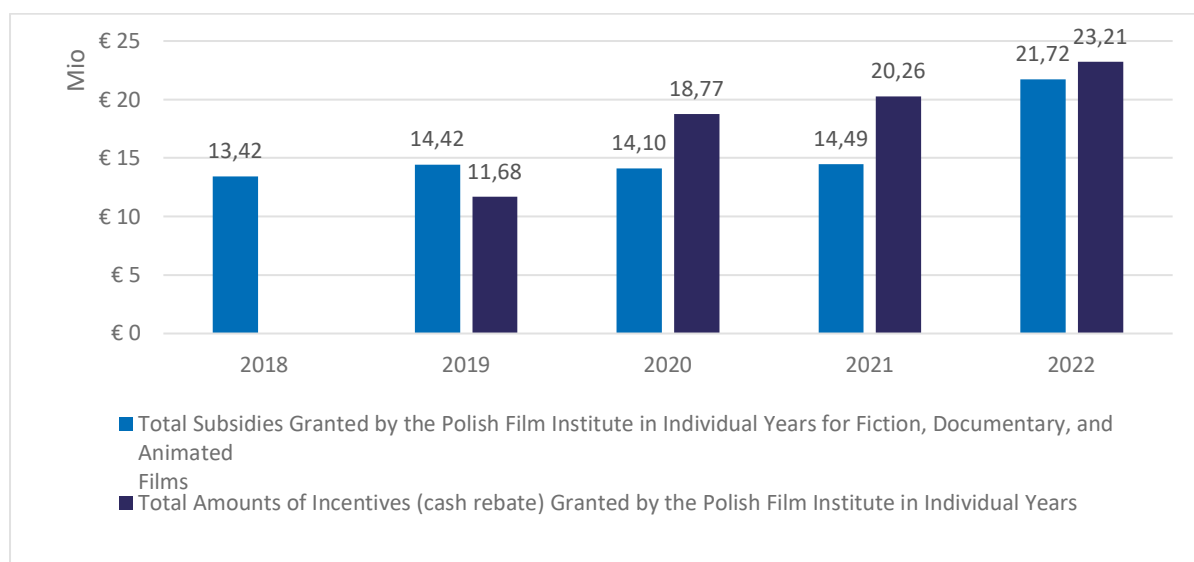
Source: compiled by the Research team from PISF Operational Programmes 2022-2024

The amount of funding allocated by the Polish Film Institute, either through selective funds (i.e. grants) or through incentives to film projects, increased since 2018 (see the following Figure 4). Selective funding increased from around 13 million EUR to around 22 million EUR in 2022, while funding allocated through the incentive scheme increased from 11,7 million EUR in 2019 (first year of implementation) to around 23 million EUR in 2020.

⁵⁴⁸ https://pisf.pl/wp-content/uploads/2024/01/PO-2024_wersja-final_zal.-zarz.-45_2023_ENG.pdf

⁵⁴⁹ <https://polishfilmcommission.pl/incentives/30-cash-rebate-basics/>

Figure 44. Total subsidies and total amount of incentives granted by the Polish film institute, 2018-2022



Source: KIPA (2023): *State of the Polish Independent Audiovisual Production Sector. Growth opportunity through cooperation with the banking sector, based on PISF data. Presentation by the Research team.*

The selective schemes provided by the Polish Film Institute cover different stages of the AV product lifecycle. More than 70% of the Film Institute funding was allocated to Film development and production of AV works (see Table above). As indicated in the Table below, most funding was allocated to fiction, while most projects funded were documentaries, since fiction films had larger budgets on average. Around 70 projects have been funded by the Institute on average between 2016 and 2018. Over the last two decades, however, the overall number of projects supported and the funding volume allocated varied, with far fewer projects supported and less funding allocated during the first years after the Film institute was established in 2005.

Table 43. Number of films and funding volume by Polish Film Institute, selected years

	Ø 2016-2018		Ø 2011-2012		Ø 2006-2007	
	#	M EUR	#	M EUR	#	M EUR
Fiction	25	10,84	29	15,21	11	4,2
Documentary	31	1,39	42	2,49	21	0,6
Animation	14	1,21	15	1,37	3	0,1
Total	70	13,44	85	19,07	35	4,9

Source: compiled by Research team from PISF annual funding result reports⁵⁵⁰

Regarding **funding for video games sector**, the Ministry for Culture ran a programme to develop the creative sector, which provided funding for video games industry.⁵⁵¹ In 2022, 39 projects were funded with a total sum of

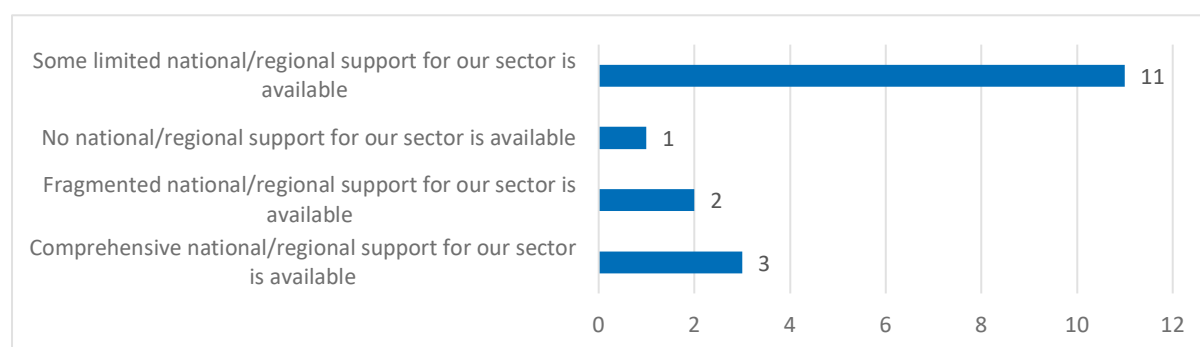
⁵⁵⁰ See e.g. <https://pisf.pl/podsumowania/> for an overview, data not available for all years. Example for 2018 see <https://pisf.pl/podsumowanie-2018/>.

⁵⁵¹ <https://www.gov.pl/web/kultura/rozwoj-sektorow-kreatywnych4>

0.8 million EUR.⁵⁵² From 2023 onwards, the Centre for the Development of Creative Industries (CRPK)⁵⁵³ implements the programme on behalf of the Ministry with an annual budget of 1.85 million EUR.⁵⁵⁴ Video Game producers are also using other types of funding such as R&D grants or support for internationalisation, but these are not specifically tailored to the industry.

The MEDIA beneficiary survey conducted during this study asked respondents to assess the overall availability of **national support measures** in their country. A total of 17 AV sector operators from Poland took part in the survey. As can be seen from Figure 5 below, 14 of the 17 respondents indicated that some or comprehensive national and/or regional support for their sectors was available.

Figure 45. Q20. How would you assess the overall availability national and/or regional support for your sector in your country/region?*



Source: Beneficiary survey, N=17, 2023

In 2018, the Polish Film Institute introduced the **national cash rebate scheme**. The scheme offered reimbursement of production costs incurred in Poland in the amount of 30% of eligible costs.⁵⁵⁵ Based on estimates, the total reimbursement amounted to 79 million EUR across the 2019-2022 period, although no economic impact assessment has been yet conducted. A survey of Polish film producers launched by SPI in 2023 showed that the cash rebate scheme has been a very important support mechanism for them.⁵⁵⁶

4.2 Regulatory measures

The **public broadcaster** TVP is obligated to allocate at least 1.5% of its annual revenues from the television licence fee collected from television set owners to the production of films via the Polish Film Institute. Private broadcasters are subject to a levy of 1.5% of the revenues obtained from advertising, teleshopping and sponsored programmes or revenues from fees collected directly from subscribers for access to the service if these revenues are higher in a given period. As part of the national commitment to meet the requirements of the Audiovisual Media Services Directive (AVMSD), Polish television broadcasters are obliged to “devote at least 33% of their quarterly transmission time to programmes originally produced in the Polish language, excluding news services, advertisements, telesales, sports broadcasts, text broadcasts and tele-tournaments.”⁵⁵⁷

A similar provision is in place for **VOD service providers** with a levy of 1.5% of revenues from fees for access to on-demand visual media service or commercial broadcasts. In 2021, the total contribution of VOD service providers to the Polish Film Institute was estimated at 5 million EUR, which was higher than initially estimated in

⁵⁵² <https://www.gov.pl/attachment/486b94ba-8ddb-44be-a179-fde0ac2d2723>

⁵⁵³ <https://crpk.pl/o-centrum>

⁵⁵⁴ <https://crpk.pl/>

⁵⁵⁵ <https://pisf.pl/aktualnosci/podsumowanie-pierwszego-roku-zachet-w-polsce/>.

⁵⁵⁶ Olsberg / SPI (2023) Economic Impact of Screen Production in Poland.

⁵⁵⁷ <https://rm.coe.int/avmsdigest-the-promotion-of-european-works/1680ad9231>.

2020 when the levy was introduced in Poland.⁵⁵⁸ VOD service providers are also obligated to reserve at least 20% of their catalogue for European works, including works originally produced in the Polish language, and shall give adequate visibility to such programmes in the catalogue. In particular, European works shall be promoted by properly identifying the origins of programmes available in the online catalogue as well as providing users with the option of searching for European works, including works originally produced in the Polish language, or through the placement of information and materials promoting European works, including works originally produced in the Polish language.

⁵⁵⁸ <https://www.broadbandtvnews.com/2021/07/05/polish-vod-tax-revenues-higher-than-expected/>

Annex 1: Data tables

Table 44. Overview of AV market in Poland

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Trend
AV sector enterprises	3495	3654	4052	6005	5339	5542	5610	6129	5166	6261	7436	8153	8186	9807	10653	11042	64%
Revenue in million	1,094,4	892,2	1,179,3	1,416,4	1,098,3	1,157,1	1,218,1	1,025,8	1,277,8	1,528,7	1,868,4	2,121,1	1,754,9	1,797,6	1,946,7	1,474,7	39%
No. of employees	11276	10675	11796	15712	14497	12651	12447	12869	12127	14014	15878	16282	15208	16537	17459	17460	34%
Employees by company	32	29	29	26	27	23	22	21	23	22	21	20	19	17	16	16	-85%
Revenue per employee in thousand EUR	97,1	83,6	100,0	90,1	75,8	91,5	97,9	79,7	105,4	109,1	117,7	130,3	115,4	108,7	111,5	84,5	8%
Revenue by AV company in thousand EUR	313,1	244,2	291	235,9	205,7	208,8	217,1	167,4	247,3	244,2	251,3	260,2	214,4	183,3	182,7	133,6	-70%

Source: compiled by research team based on the data from Eurostat. Trend: averages from 2005-2007 in comparison to averages from 2018-2020

*The data for 2022 is not included and the average is based on 2020 and 2021 data.

Table 45. Trends in Pay-TV and VoD penetration in Poland, 2017-2021

Indicators / PL	2017	2018	2019	2020	2021	Trends
Households accessing main multichannel platforms (thousand)	11,295	11,464	11 425	11,447	11,434	1% -
Consumer expenditure on Pay-TV (m EUR)	1,908	1,858	1 833	1,852	1,913	0% ↗
VoD penetration – households subscribing (thousand)	1,714	2,446	3 539	4,886	5,899	244% ↗
Public funding for AV sector (m EUR)	197.05	295.66	391.55	498.72	525.13	166% ↗

Source: compiled by research team based on the data European Audiovisual Observatory Yearbook 2024

Romania case study

1.0 Introduction

The Romanian audiovisual (AV) market has witnessed substantial growth since the 1990s, particularly during the 2000s, characterised as the Romanian New Wave. When this upward trajectory experienced a temporary slowdown due to the financial crisis in 2008, the national government took proactive measures by introducing a cash rebate fund⁵⁵⁹. This initiative attracted significant international productions to Romania but faced challenges when the rebate scheme was stalled in 2022. Romania's AV sector increasingly benefited from European funds such as MEDIA and Eurimages, which played an important role in supporting capacity within the industry. There is a strong emphasis on international collaboration in the AV sector in Romania, particularly in Romanian French co-productions, which have a long history. The international co-productions have been increasing and diversifying into partnerships with countries like Germany, Belgium, and the Netherlands. Romanian films have achieved notable success in international markets despite relatively low demand for local productions. Transilvania International Film Festival is recognised as one of the top 50 film festivals globally. Transnational circulation has emerged as a pivotal factor in propelling the development of the AV sector in Romania, showcasing a positive outlook for its continued growth and global recognition.⁵⁶⁰

2.0 Audiovisual market overview

During the Romanian New Wave, the AV market saw substantial growth. Afterwards, in 2013, the AV sector in Romania faced a challenging economic climate⁵⁶¹. The public TV broadcaster TVR faced severe financial problems and possible bankruptcy. Their revenues had declined sharply, although smaller television stations were less affected by the financial crisis. During the economic recession, advertising revenue decreased, while VAT for the culture and media products increased. Both had an additional negative impact on public service broadcasting and the AV sector in general. The AV sector in Romania has largely recovered due to an increasing number of international co-productions and an attractive cash rebate scheme. Despite facing a downturn in turnover during the COVID-19 pandemic, most AV companies managed to sustain their operations (as demonstrated by the data in the remainder of this section).

The **Romanian media landscape** is predominantly shaped by television⁵⁶². The TV sector is diverse and competitive; hundreds of private, local media outlets cover the country⁵⁶³. Most of these local media outlets survive mainly due to the support from local municipalities. In contrast to the European average, where public broadcasters constitute approximately 30% of all TV viewing, Romania's only public broadcaster, TVR, holds a significantly lower share at just 6%⁵⁶⁴. The main private broadcasters are (with their 2023 respective audience shares in brackets): Pro TV (18.7%), Antena 1 (13.3%), Kanal D (11.3%), and Antenna 3 CNN (5%).⁵⁶⁵

The **film sector** has experienced substantial growth since 2021, but it is still recovering from the pandemic. The number of cinema admissions experienced a significant drop in 2020 (3.3 million admissions) from 13.1 million admissions in 2019 (Figure 1). The country's cinema infrastructure remains relatively sparse, with only 90 cinemas in

⁵⁵⁹ Embassy of India, Bucharest. Film Incentives in Romania. Source:

<https://www.eoibucharest.gov.in/docs/1613383702Film%20Incentives%20in%20Romania.pdf>

⁵⁶⁰ <https://www.fjrs.eu/wp-content/uploads/2017/04/Bento-Ribeiro.pdf>

⁵⁶¹ ICF Consulting Services (2016). Analysis of the EU audiovisual sector labour market and of changing forms of employment and work arrangements. Source: https://www.fim-musicians.org/wp-content/uploads/AV_EU_labour_market_analysis_report_EN.pdf

⁵⁶² Meza et al. (2024). Country report 2023 – Romania. Media Ownership. Source: [Romania - Euromedia Ownership Monitor \(media-ownership.eu\)](https://media-ownership.eu)

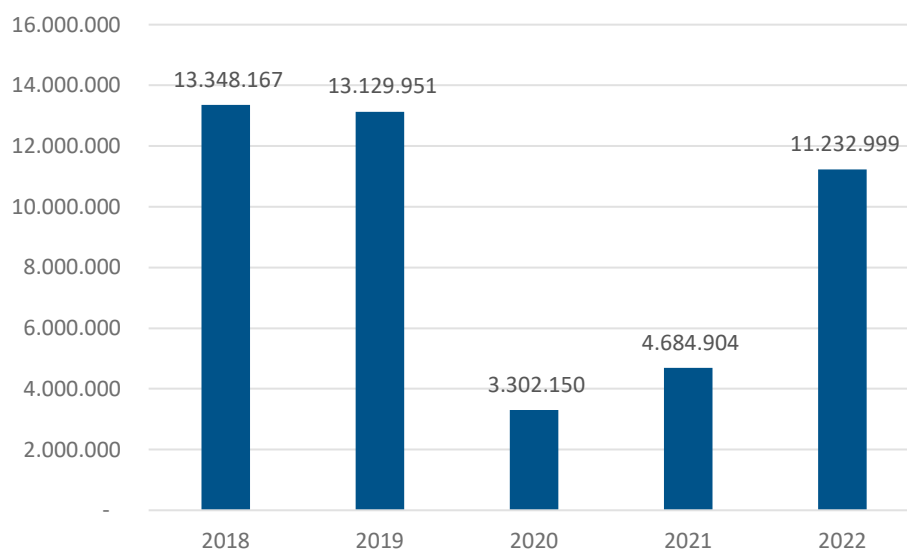
⁵⁶³ Center for Media, Data, and Society (2019). Romania. Source: <https://cmds.ceu.edu/romania>

⁵⁶⁴ European Audiovisual Observatory (2023). Yearbook 2022/2023 Key Trends. Source: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

⁵⁶⁵ <https://www.paginademedias.ro/audiente-tv/audiente-anuale/audiente-tv-anul-2023-media-pe-zi-21450801>.

2021. It translates to only 4.73 cinemas per 1 million people⁵⁶⁶, the second lowest in Europe after Bulgaria. At the same time, there were 443 cinema screens in the country, representing 23.26 cinema screens per million people.

Figure 46: Number of cinema admissions for screened titles in Romania (2018-2022)

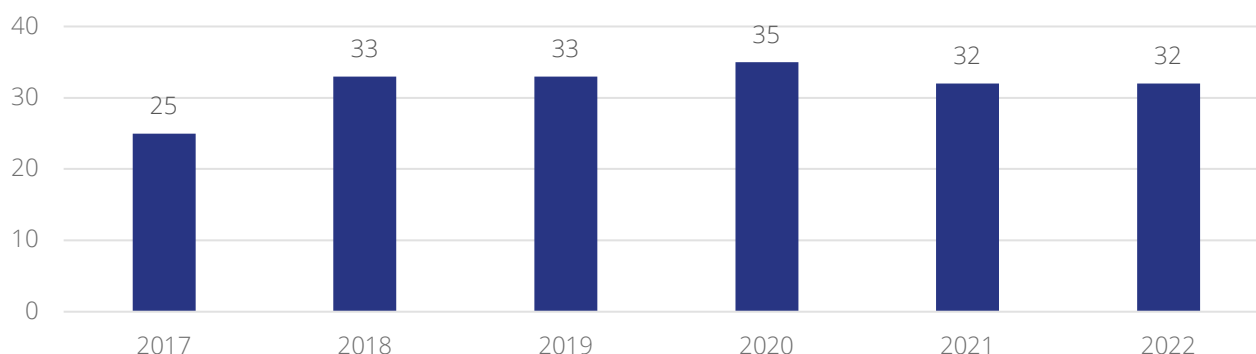


Source: Ministry of Culture of Romania (2022) *Romanian Cinema Yearbook*

Despite challenges posed by the COVID-19 pandemic, national film market shares surpassed pre-pandemic levels. This was due to the strong box office performances of several domestic blockbusters, with 20% admissions in 2021⁵⁶⁷. Romania ranks second highest when it comes to the share of promotion and production of European films in 2021 (54.6%), following Denmark⁵⁶⁸.

The graph below shows the extent to which the titles produced in Romania reached a non-national audience by being hosted on VOD catalogues in other countries. Romania has a total of 223 on-demand audiovisual services (ODAS) available, 35 of which are sharing platforms with 22 ODAS established in Romania.⁵⁶⁹

Figure 47: Circulation of Romanian AV works on VOD catalogues in the EU, 2017 - 2022



Sources: Lumiere VOD database.

⁵⁶⁶ Ibid.

⁵⁶⁷ Ibid.

⁵⁶⁸ European Audiovisual Observatory (2023). Yearbook 2022/2023 Key Trends. Source: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

⁵⁶⁹ Source: EAO

Transnational circulation played a pivotal role in developing the Romanian AV sector, particularly associated with the co-productions with France⁵⁷⁰. Collaboration with France is common because of the close cultural ties with Francophone countries. Despite not having French as its national language, the country has been part of the International Francophone Organisation (Organisation Internationale de la Francophonie) since 1993, an organisation that represents countries and regions where French is the customary language, a large share of the population speaks French, or where there is a notable affiliation with French culture. Many Romanian directors and actors moved to France and played a pivotal role in strengthening the ties between France and Romania.

The table below provides an overview of the AV sector's outputs of the country. It presents the number of theatrical films produced, including majority and minority co-productions. The number of theatrical films produced dropped during the COVID-19 pandemic; however, in 2021, it reached the pre-pandemic levels.

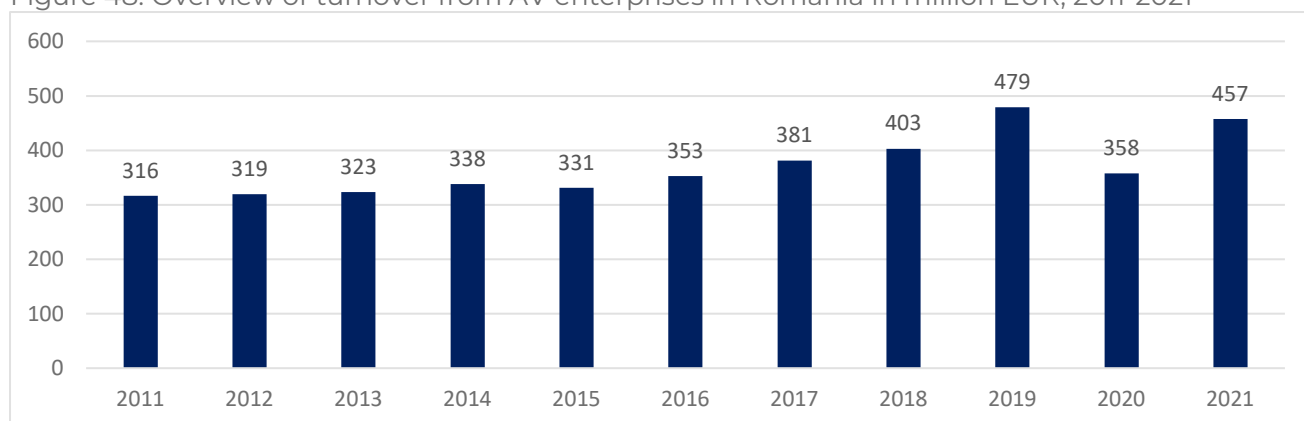
Table 46: Theatrical feature films produced in Romania, 2019 - 2021

Indicator	2017	2018	2019	2020	2021
▶ Number of all the theatrical feature films	▶ 41	▶ 50	▶ 54	▶ 41	▶ 55
▶ Number of national productions	▶ 32	▶ 36	▶ 47	▶ 28	▶ 38
▶ Number of majority co-productions	▶ 7	▶ 11	▶ 5	▶ 7	▶ 7
▶ Number of minority co-productions	▶ 2	▶ 3	▶ 2	▶ 6	▶ 10

Source: compiled by the Research team based on the EAO Yearbook (2022)

The increasing number of **theatrical films** produced coincides with the growing turnover of AV operators since 2017. As the figure below shows, the increase in AV enterprise turnover was incremental between 2011 and 2016, but it has grown rapidly since 2017. It dropped in 2020 due to the pandemic, but almost recovered to pre-pandemic levels in 2021.

Figure 48: Overview of turnover from AV enterprises in Romania in million EUR, 2011-2021



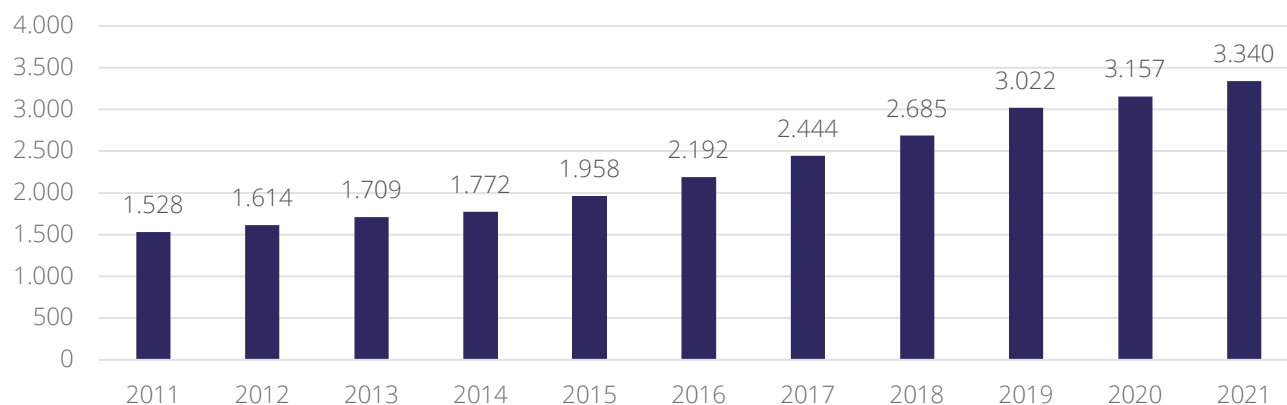
Source: Eurostat

The figure below illustrates the change in the number of **AV enterprises** in Romania from 2011 to 2021. It shows that the number of enterprises has grown consistently throughout the last decade, including 2020, the year most affected by the COVID-19 pandemic. In 2021, the number of enterprises doubled compared to 2011. Most AV

⁵⁷⁰ <https://www.fjrs.eu/wp-content/uploads/2017/04/Bento-Ribeiro.pdf>

enterprises in Romania are SMEs, with 6,382 people working in 3,340 enterprises in 2021, representing 1.91 people employed per AV enterprise.

Figure 49: Overview of AV enterprises in Romania, from 2011 to 2021



Sources: Eurostat

The **MEDIA schemes** have played an important role in supporting the AV sector capacity in Romania. The table below shows the number of applications and funding allocated to the AV sector in the country between 2021 and 2022.

Table 47. MEDIA funding for Romania, 2021-2022

Indicators	2021	2022
▶ Number of applications received	▶ 31	▶ 28
▶ Number of projects funded	▶ 16	▶ 12
▶ Funding (million EUR)	▶ 1.1	▶ 1.2
▶ Average funding per project (thousand EUR)	▶ 79	▶ 106
▶ Share of MEDIA funding	▶ 0.72%	▶ 1.01%

Source: Programme data provided by the EACEA

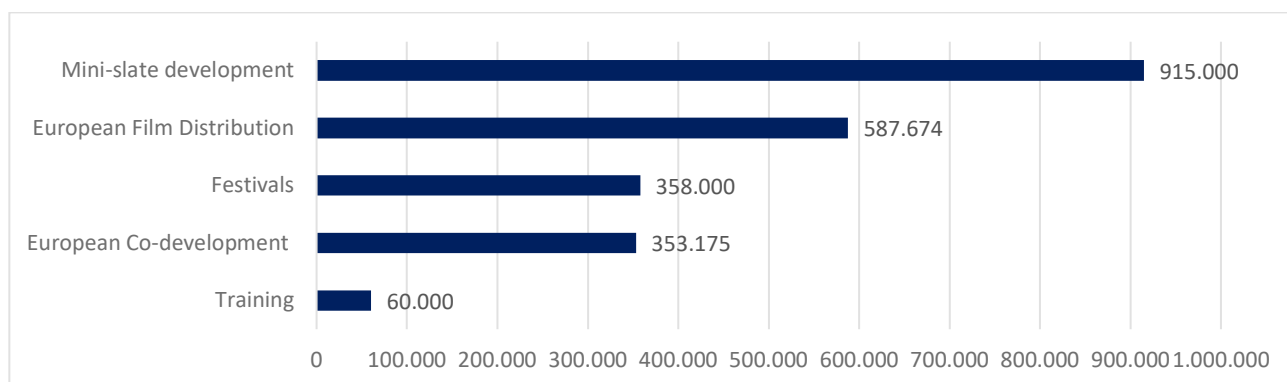
The analysis of MEDIA funding by action shows that most of the projects funded and the amount allocated are for Film distribution and the European mini-slate development schemes. It was highlighted by some interviewees that this is a significant source of support for Romanian AV operators, and the majority of production companies and key distributors rely on this programme support.

Table 48. Breakdown of MEDIA funding per action for Romania, 2021-2022

Indicators	2021	2022
▶ Film distribution	▶ 6	▶ 6
▶ Mini-slate development	▶ 2	▶ 4
▶ Co-development	▶ 2	▶ 2
▶ Festivals	▶ 3	▶ 0
▶ Training	▶ 1	▶ 0

Source: Programme data provided by the EACEA

Figure 50: Funding per MEDIA action, 2021-2022



Source: Programme data provided by the EACEA

Despite Romania's low per capita MEDIA funding, the country's AV operations achieved significant success from implementing MEDIA projects. A prime example is the Transilvania International Film Festival (TIFF)⁵⁷¹, recognised as one of the top 50 film festivals globally⁵⁷². Held annually in the capital of Transilvania Cluj, TIFF screens movies, hosts pitches for works in development and shows footage from films in progress⁵⁷³. The positive impact of this festival on the economy of Cluj is evident. It generated around 7.5 million EUR in income for the city in 2016⁵⁷⁴. The festival has become Cluj's most important cultural event over the past 15 years. TIFF plays a significant role in developing AV operators' capacity within the country. It provides a platform for showcasing innovative films, an educational platform for children through EducaTIFF and an educational platform for teenagers through Let's Go Digital⁵⁷⁵. There is also a programme called TIFF Industry, which consists of masterclasses where experts share their experience in audience development, script writing and production.

Another noteworthy film festival in Romania, supported by MEDIA, is the Astra Film Festival⁵⁷⁶. It is an international documentary film festival in Sibiu. Neither of these big film festivals takes place in Bucharest, the capital city, where almost all AV companies are located. The capital city hosts other, smaller film festivals focusing on a particular nationality (French, Polish, Czech, etc.) or a specific niche (such as the Bucharest International Experimental Film Festival⁵⁷⁷ and the Bucharest International Film Festival⁵⁷⁸). The reason for hosting festivals outside the capital city is to mobilise financial support available from local municipalities. Film festivals help to spread the economic benefits of the AV sector to country's regions.

This geographical spread is also promoted by KineDok⁵⁷⁹, a programme which promotes documentary cinema in unconventional locations. The partner countries all contribute documentaries produced in recent years, which are screened to attract new viewers. However, in Romania, access to these screenings is limited. In some countries like Czechia, the screenings take place in multiple locations, while in Romania, they are limited to one screening in Eibentál during the Banát Festival. It is a town located close to the border with Serbia and Bulgaria, making it less accessible to people in the north and east of Romania.

⁵⁷¹ See website: <https://tiff.ro/en>

⁵⁷² IndieWire (2010). 10 Best Fests: A Directory. Source: <https://www.indiewire.com/news/general-news/10-best-fests-a-directory-55135/>

⁵⁷³ According to interviews.

⁵⁷⁴ Negruşa, A. L., Toader, V., Rus, R. V., & Cosma, S. A. (2016). Study of perceptions on cultural events' sustainability. Sustainability, 8(12), 1269.

⁵⁷⁵ TIFF (2023). EDUCATIIF PRESENTATION. Source: [EducaTIFF Presentation | TIFF](#)

⁵⁷⁶ See website: <https://www.astrafilm.ro/en>

⁵⁷⁷ See website: <https://bieff.ro/en/>

⁵⁷⁸ See website: <https://www.biff.com.ro/>

⁵⁷⁹ See website: <https://kinedok.net/>

Eurimages⁵⁸⁰ provides another crucial source of funding for the Romanian AV sector. An interviewee called it a game-changer, especially for countries such as Romania with limited resources in the AV sector⁵⁸¹. Similarly to the MEDIA funding, it is perceived to be less accessible than national funds but plays a significant role in developing co-productions in Romania.

3.0 Governance arrangements

The **Ministry of Culture** is responsible for developing and implementing the AV policies in Romania and provides financial support for the industry. For example, it funds several festivals, including the TIFF, Les Films de Cannes a Bucarest, and the International Animation Film Festival Anim'est.

The regulatory oversight of the Romanian AV sector is vested in the **National Audiovisual Council (CNA)** of Romania, an autonomous public institution governed by a Council of 11 members appointed by the Romanian Parliament.⁵⁸² The task of CNA is to ensure the operation of Romania's TV and radio stations within an environment of free speech, responsibility, and competitiveness⁵⁸³. They represent the state vis-à-vis Romania's TV and radio industry and issue broadcasting licenses.

The **National Centre of Cinematography** (Centrul Național al Cinematografiei, CNC) distributes national funding for the film sector. It was established in 2001 through the reorganisation of the National Film Office. It also plays a regulatory role, establishing guidelines, norms, and standards for the film industry in Romania. It includes overseeing film production, distribution, and exhibition to ensure compliance with national and international standards and laws.

4.0 Support measures

4.1 Funds and subsidies

Since 2001, CNC has been one of Romania's major funders of the film industry. CNC draws its funding from several sources, including a share of recorded media sales, advertising on TV, and contributions from advertising sales of cable TV companies. Additionally, a portion of revenue from theatrical film exhibitions, monthly earnings from cable and digital broadcast retransmission, and profits from gambling operations are allocated to the film fund.⁵⁸⁴

CNC distributes the public funding through grants and credits. Its grant scheme offers bi-annual grants for film festivals, educational events, and book publishing. It also supports arthouse cinemas, film distribution, and festival participation. CNC also provides credit for filmmakers reimbursable over 10 years without incurring any interest. The two calls per year cover the development and production of fiction, documentary and animation. The calls for fiction target established or first-time directors, recognising the need to support emerging talent. In 2022, CNC funded 26 works of fiction, eight documentaries, and one animation. The total CNC revenue has been steadily growing from 10 million EUR (48 million RON) in 2018 to 11.5 million EUR (56.5 million RON) in 2022.⁵⁸⁵

⁵⁸⁰ Film New Europe (2023). Eurimages Gives Coproduction Support to 14 Projects from FNE Partner Countries. Source: <https://www.filmneweurope.com/news/region/item/124646-eurimages-gives-coproduction-support-to-14-projects-from-fne-partner-countries>

⁵⁸¹ Screendaily (2019). Is Eurimages support more important than ever? Source: <https://www.screendaily.com/features/is-eurimages-support-more-important-than-ever/5145848.article>

⁵⁸² [Romania - Euromedia Ownership Monitor \(media-ownership.eu\)](https://www.media-ownership.eu/)

⁵⁸³ Consiliul Național al Audiovizualului, source: <https://www.cna.ro/-English-.html>

⁵⁸⁴ National Centre of Cinematography. Retrieved 8 Feb 2024, from <https://cnc.gov.ro/>

⁵⁸⁵ Romanian Cinema Yearbook 2022. Retrieved 8 Feb 2024, from <https://cnc.gov.ro/>

The Ministry of Culture also distributes funding directly to the AV sector, through dedicated schemes outlined below:

National Culture Day Cultural Projects⁵⁸⁶

The Ministry of Culture has provided annual funding since 2010 to support the development of cultural projects and actions dedicated to National Culture Day (on 15 January). The annual funding is around 40,289 EUR (200,000 RON). The scheme aims to promote Romanian culture and national cohesion; it targets the culture sector more broadly but also covers the AV sector.

ACCES programme⁵⁸⁷

The Ministry of Culture introduced the ACCES programme in 2016, managed by the Directorate of Contemporary Creation and Written Culture and co-funded by the EU funds. It supports cultural projects in the following fields: visual arts/architecture, written culture, cinematography/AV, performing arts, intercultural dialogue, intangible heritage/mobile cultural heritage. It provides project grants aiming to:

- ▶ Promote contemporary cultural values in Romania;
- ▶ Support intercultural dialogue and cultural cooperation between ethnic communities at the national level;
- ▶ Capitalise on the creative potential of the young generation, thus highlighting its creative and innovative contribution to the national cultural heritage;
- ▶ Support contemporary Romanian cultural values and integrate them into the universal cultural heritage.

Financial support to cinematography and AV industries

Along with the initiatives mentioned above, the Ministry of Culture also supports audience development of the following film festivals through funding: TIFF, Les Films de Cannes à Bucarest, and International Animation Film Festival – Anim'est.

The cash rebate scheme was introduced in 2018, following a report published in 2015, which estimated that a state aid scheme of 35 million EUR would lead to four times higher revenues⁵⁸⁸. The cash rebate scheme had a proposed multi-annual budget of 150 million EUR over three years. During the first two years, it was managed by the National Forecast Commission, and in 2020, it was moved to the Ministry of Economy.

A foreign production company can apply for the scheme when it spends money in Romania and uses Romanian companies as production partners. The state aid incentive applies to feature, medium-length and short fiction films, television series, films for video and internet distribution or any other support, artistic documentation, and animation films⁵⁸⁹. The scheme reimburses 35% of production costs spent in Romania. The rate increases to 45% if a certain number of pages in the script are explicitly written for places in Romania. The total amount of eligible project expenses must be at least 100,000 EUR. It is an attractive measure for production houses and studios, who often make decisions based on how much of their costs they can recover by filming in a certain country. The funding is allocated on the principle of first come, first served basis and is overseen by the Film Commission in Romania.

This scheme attracted the successful Netflix series 'Wednesday', which was shot entirely in Romania in 2022. The Romanian crew had over 200 people, and the cast included Romanian actors. Although there is no impact assessment of the cash rebate scheme, the growth of the AV sector during recent years in terms of turnover,

⁵⁸⁶ See website: <http://www.cultura.ro/ziua-culturii-nationale>

⁵⁸⁷ See website: <http://www.cultura.ro/acces>

⁵⁸⁸ Embassy of India, Bucharest (2021). Film incentives in Romania. Source: <https://www.eoibucharest.gov.in/docs/1613383702Film%20Incentives%20in%20Romania.pdf>

⁵⁸⁹ CMS (2023). Funding for films and audio-visual works in Central and Eastern Europe. Source: <https://cms.law/en/media/local/cms-cmno/files/publications/publications/funding-for-films-and-audio-visual-works-in-cee>

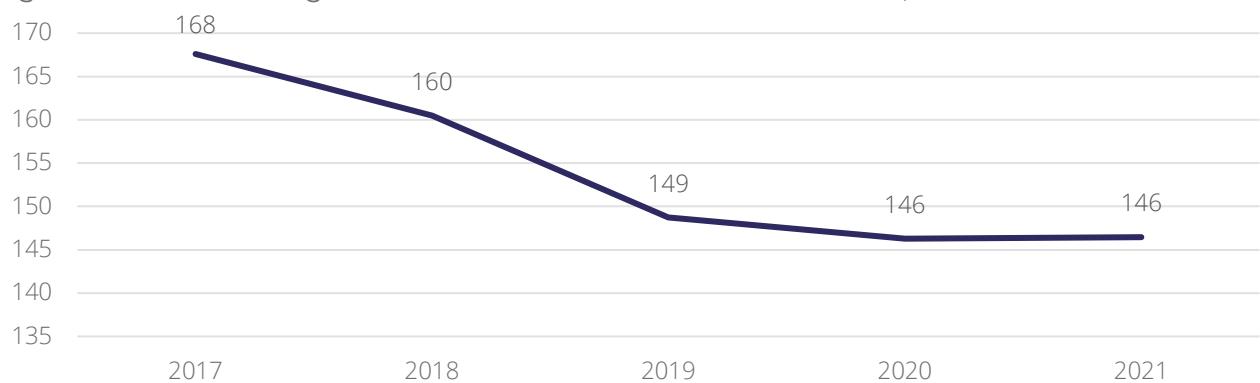
number of AV enterprises, and films produced aligns with the introduction of this scheme. It also boosted the tourism sector. The travel agency Expedia revealed a 55% increase in searches for hotels in Bucharest, where 'Wednesday' was shot when comparing the two weeks before and after the launch of the series⁵⁹⁰.

Despite the programme's positive impact on the AV and tourism sectors, it encountered financial challenges. The national government faced difficulties in reimbursing international production companies, which were entitled to compensation. In 2021, a roughly 100 million EUR backlog was owed to foreign productions filmed in Romania⁵⁹¹. A host of lawsuits followed, pushing the cash rebate programme to a breaking point. In 2023, the Ministry of Culture announced that a new office for Films and Cultural Investments would take over the cash rebate scheme from the Ministry of Economy.⁵⁹² In November 2023, only 494,000 EUR had been returned to one project. It has been covered extensively by international news outlets and does not reflect positively on the Romanian AV sector.

According to the mapping of the support schemes conducted during the study, Romania is among the five countries⁵⁹³ with the lowest public funding allocated to the AV sector. In 2021, Romania registered the least per capita public funding allocated to the AV sector, 7,69 EUR, with a total funding of 146,5 million EUR. Correspondingly, 82% of the MEDIA beneficiary survey respondents perceived the national and regional support as either limited or non-existent. This was especially the case for the Romanian distributors on the background of the constrained distribution capacity within country, where cinemas and VoD services are scarce.

The figure below shows the decrease in public funding for the AV sector in Romania. This decrease could be explained as a consequence of the COVID-19 pandemic as most of the budget for public AV spending came from theatrical box offices. Since theatres were closed, many companies made cuts, which influenced the budgets invested in advertising.

Figure 51: Public funding for AV sector in Romania in millions of EUR, 2017 - 2021



Source: EAO Yearbook data

4.2 Regulatory measures

The AV sector in Romania is subject to overarching laws and regulations, with the Law on Audiovisual Services serving as a fundamental framework governing broadcasting and electronic media⁵⁹⁴. **The AV domain in Romania**

⁵⁹⁰ Forbes (2022). 'Wednesday': will Netflix's hit series boost tourism in Romania?. Source: ['Wednesday': Will Netflix's Hit Series Boost Tourism In Romania? - Forbes India](#)

⁵⁹¹ Variety (2023). Romania's Culture Minister Confident That Government Can 'Repair' Beleaguered Cash Rebate System (EXCLUSIVE). Source: <https://variety.com/2023/film/global/romania-culture-minister-cash-rebate-1235620725/>

⁵⁹² Film New Europe (2023). Romania to Start Paying International Productions Shot under Cash Rebate Scheme. Source: <https://www.filmneweurope.com/news/romania-news/item/125352-romania-to-start-paying-international-productions-shot-under-cash-rebate-scheme>

⁵⁹³ Others were Luxembourg, Bulgaria, Poland, and Portugal

⁵⁹⁴ Meza et al. (2024). Country report 2023 – Romania. Media Ownership. Source: [Romania - Euromedia Ownership Monitor \(media-ownership.eu\)](#)

is regulated by two normative acts: **Audiovisual Law 504/2002** and **The Regulation Code of the Audiovisual Content of the NCA (2006)**. While the legislation does not explicitly define the sector, it delineates the AV media service as 'a service under the editorial responsibility of a media service provider, whose main objective is the provision of programs to inform, entertain or educate the general public by electronic communications networks. Such an AV media service is either a program service radio/television broadcasting, an AV media service on request or an AV commercial communication.'⁵⁹⁵

The main regulatory measure in the Romanian AV sector is associated with the transposition of the AVMSD and is focused on public and private broadcasters. They need to reserve at least 10% of the transmission time (excluding the time allotted to news, sports events, games, advertising, teletext, and teleshopping services), or alternatively 10% of their programming budget, for European works created by producers who are independent of broadcasters. The public broadcasters Romanian Radio Corporation and Romanian Television Corporation need to reserve at least 10% of their transmission time for European works.

Private broadcasters are subject to a 4% contribution to the CNC from the equivalent value of the advertising minutes purchased by economic agents and/or advertising/media agencies, which is added to the value per minute and is cashed from the advertising agency, the intermediary media-buying agency purchasing the advertising minutes, or the economic agent purchasing the advertising minutes. They shall send to the CNC a list of the contracts concluded, containing their value and the names of the sales agents. ~~Does the 4% contribution go to the CNC?~~

The public broadcaster TVR contributes 15% of their revenues from advertising sales to support cinematographic works. This contribution is allocated to the Cinema Fund of the CNC, which is further expected to support the AV sector through grants and the cash rebate scheme. In 2022, TVR contributed 551 thousand EUR to the CNC.⁵⁹⁶ Regarding VoD services, since 2022, they have been obliged to contribute 4% of their revenues generated in Romania to the Cinema Fund of the CNC.⁵⁹⁷ Furthermore, based on the transposition of the AVMSD into Romanian law, 30% of VoD platforms' catalogues must be European. They also shall promote on the home page of their website, in equal measure, the European AV fiction works available in the catalogue and identify the country of origin of each AV programme available in the catalogue. In addition, in 2022, a levy of 3% was imposed on the price paid by viewers for each AV work downloaded.⁵⁹⁸ It is estimated that the VoD levies will raise 7.7 million EUR annually for the CNC.⁵⁹⁹

4.3 Other types of measures

The Recovery and Resilience Facility (RRF) support has been introduced to **accelerate the digitalisation of production and distribution**⁶⁰⁰ in 2023. It aims to support the digital transition of film production and distribution companies, supporting the growth of digital production, distribution, marketing, and promotion capacity, including digital archiving technologies. The subsidy is meant to scale up film distributor and producer operations. Annual funding is 780,000 EUR during the period 2021-2027.

⁵⁹⁵ ICF Consulting Services (2016). Analysis of the EU audiovisual sector labour market and of changing forms of employment and work arrangements. Source: https://www.fim-musicians.org/wp-content/uploads/AV_EU_labour_market_analysis_report_EN.pdf

⁵⁹⁶ TVR (2023) Activity Report 2022.

⁵⁹⁷ <https://cineuropa.org/en/newsdetail/432396/>.

⁵⁹⁸ Ibid.

⁵⁹⁹ <https://seenews.com/news/romanian-senate-approves-4-tax-on-streaming-platforms-local-revenue-787368>

⁶⁰⁰ See website: <https://oportunitati-ue.gov.ro/en/c11-i7-ministerul-culturii-anunta-modificarea-apelului-de-proiecte-dedicat-srijinirii-initiativelor-culturale-de-accelerare-a-digitalizarii-productiei-si-distributiei-de-filme/>

Croatia case study

1.0 Introduction

The AV sector in Croatia has experienced success in attracting international productions due to the Production Incentive Programme, which provides a fiscal incentive to international operators⁶⁰¹. In addition, Croatia builds on its existing links with other ex-Yugoslavia countries, particularly Slovenia and Serbia, to develop its audiovisual (AV) capacity and cooperate on support schemes. This includes the Regional Audiovisual Cooperation and Training (RE-ACT)⁶⁰² development scheme aiming to connect the ex-Yugoslavia region with Friuli Venezia Giulia in Italy.

2.0 Audiovisual market overview

Croatia, with its rich cultural heritage and scenic landscapes, has become a hub for domestic and international filmmaking during the past decade. The reasons for this rapid growth include a relatively stable political environment accompanied by national and international initiatives. In 2022, the Croatian Audiovisual Centre co-financed nine feature-length fiction films and three films in post-production. One micro-budget fiction feature also received support. Eighteen feature minority co-productions were also supported, including two debut fiction films and one post-production.

The roles of **public and private broadcasters** and streaming services are evolving and becoming increasingly important in Croatia. Public broadcaster HRT is funded by advertising and a licence fee. It faces stiff competition from private networks.⁶⁰³ In terms of public television, its daily market share in Croatia is 31% as of 2021, and the public broadcaster investment for Croatia has seen a slight increase from 2021 to 2022, by 5%, going from 11.6 to 12.2 million EUR.⁶⁰⁴

The main private broadcasters are RTL and Nova TV, which are two foreign-owned commercial stations. The former has seen a stable market share among 14 to 59-year-old viewers between 2021-2022⁶⁰⁵. However, private broadcasters such as RTL and Nova TV have recently taken on new responsibilities. Following regulatory changes, they must invest 5% of their revenue in national productions independent from the broadcaster starting in 2024. The definition of 'independent' will be crucial, but the implementation of this policy marks a progressive step to strengthen Croatian AV capacity, influenced by the European Audiovisual Media Services Directive (AVMSD).

Streaming services like Netflix and HBO have established a strong market presence in Croatia. As part of regulatory requirements, they must disclose their revenues in Croatia and are expected to invest in local production. The flexibility in defining what constitutes an 'investment' has led to practices such as acquiring rights to titles for their Croatian platforms, including content that was already accessible through cinemas and television. Streamers have, however, successfully attracted new audiences. While their primary focus remains on distributing films financed through other means, there is a growing anticipation that the existing supply of local content might not meet the rising demand in the future. Like many other smaller markets, Croatia finds it difficult to attract direct production investments from streamers. The main reasons include the need for market localisation of the AV content, including adding regional context to the AV content, which may not be economically viable to perform in smaller countries.⁶⁰⁶ Croatia has a total of 223 on-demand audiovisual services (ODAS) available, 35 of which are sharing platforms with 20 ODAS established in the country.⁶⁰⁷

⁶⁰¹ https://www.unesco.org/creativity/en/policy-monitoring-platform/production-incentive-programme?qt-view__countries_lists__block_5=3#:~:text=The%20aims%20of%20the%20croatian,production%20incentive%20programme%20in%202012.

⁶⁰² <https://www.filmreact.eu/>

⁶⁰³ <https://www.digitalnewsreport.org/survey/2019/croatia-2019/>

⁶⁰⁴ Source: European Broadcasting Union

⁶⁰⁵ https://company.rtl.com/export/sites/rtlunited/.galleries/downloads/financial_results/FY-2022/2023.03-RTL-Group-Report-FY-2022.pdf

⁶⁰⁶ <https://avmsd.obs.coe.int/>

⁶⁰⁷ Source: EAO

The **cinema** admissions increased by 77% in Croatia in 2021 compared to the previous year, signalling a robust revival of the country's film industry amidst the challenges posed by the pandemic.⁶⁰⁸ In recent years, funding from the state has grown, and consequently, a higher number of films is produced, with an average of 27 feature films produced per year. The number of major co-productions and minority co-productions in 2022 were six and 11, respectively.⁶⁰⁹ In addition, the number of cinema theatres in Croatia also increased between 2020 and 2021 by 8.3%, moving from 96 to a total of 104, which amounted to 24 cinema theatres per 1 million people. Croatia has a total of 200 cinema screens, with 52 cinema screens per 1 million inhabitants.

The table below shows the annual turnover of the AV companies from 2019 to 2021. During the COVID-19 pandemic, the turnover dropped but quickly recovered in 2021. The prompt and effective application of COVID-19 safety measures, coupled with the resumption of production activities, played a crucial role in the successful implementation of several AV projects.⁶¹⁰

Table 49: Annual turnover by AV companies in Croatia (m EUR)

	2019	2020	2021	Annual turnover on average for 2019 - 2021
Annual turnover	257.1	156.7	214.0	209.3

Source: Eurostat

Further details for the year 2021 are outlined in the table below. Most AV enterprises operating in Croatia are SMEs, employing 2,679 people in 1,579 enterprises, representing 1.7 people employed per AV enterprise.

Table 50: Overview of the AV market in Croatia

	2021
AV sector enterprises	1,579
AV sector enterprises per 1M people	408.8
Number of persons employed in AV enterprises	2,679
Annual turnover by AV companies (EUR)	214 million

Sources: Eurostat (SBS_SC_OVM); EAO Yearbook (2022); Mapping of support measures

The number of AV enterprises has grown rapidly over the last decade, most notably between 2018 and 2019, when the number of enterprises almost doubled (please see Figure 1 below). In 2019, international productions spent a record of 50.6 million EUR in Croatia,⁶¹¹ which can partially explain the rapid growth of the number. Furthermore, while **public funding** in Croatia decreased from 2017 to 2021 (please see Figure 2), interviewees consulted indicated that Croatia had been actively increasing its capacity in the AV sector through a variety of measures designed to bolster the industry. For example, the

⁶⁰⁸ European Audiovisual Observatory (2023), *Yearbook 2022-2023 Key Trends*. Available at: <https://rm.coe.int/yearbook-key-trends-2022-2023-en/1680aa9f02>

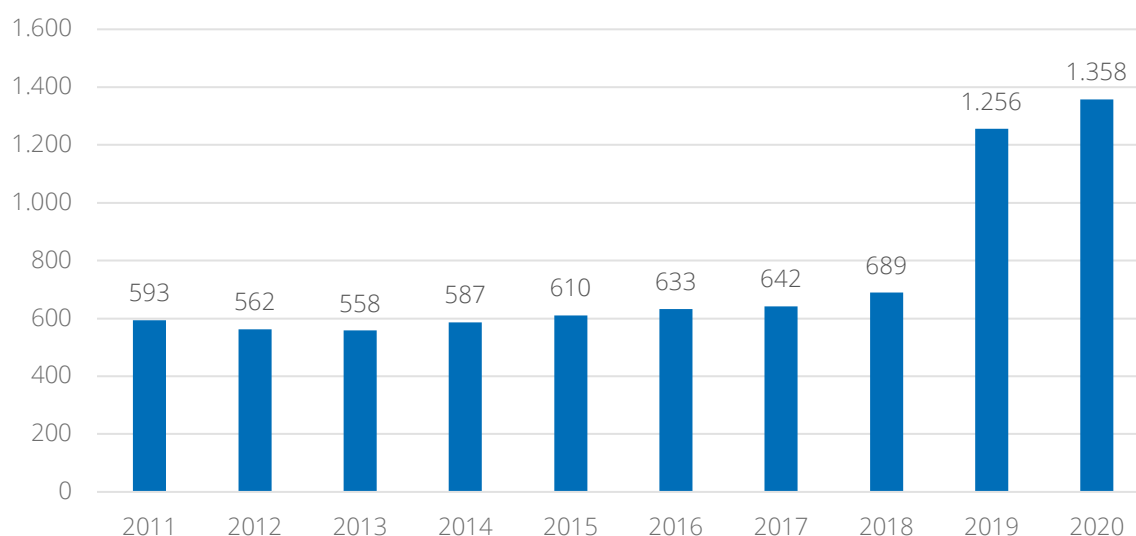
⁶⁰⁹ Croatian Audiovisual Centre. (2023) Facts and Figures 2022. Retrieved from <https://havic.hr/file/publication/file/havic-facts-figures-2023-web.pdf>

⁶¹⁰ Croatian Audiovisual Centre. (2022). HAVC Filming in Croatia 2022. Retrieved from <https://havic.hr/file/publication/file/havic-filming-2022-priprema-web.pdf>

⁶¹¹ Zajovic, M. (2020) *FNE Market Analysis 2019: CROATIA*, available online at: <https://www.filmneweurope.com/news/croatia-news/item/119490-fne-market-analysis-2019-croatia>.

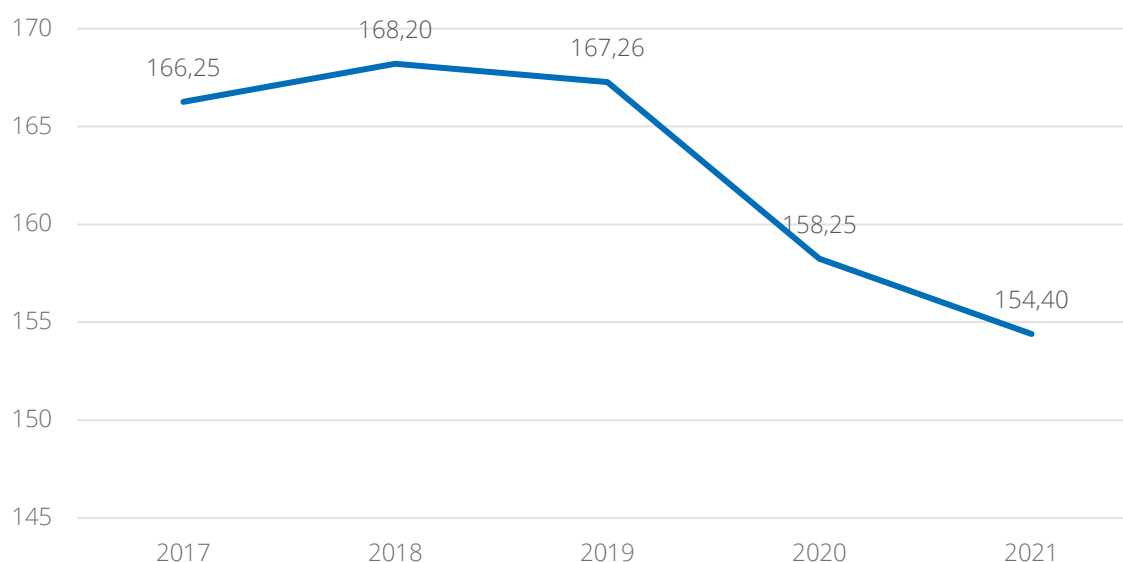
country has hosted a number of festivals and events to popularise cinema and fostered the habit of going to the movies. These events serve as a platform for showcasing films that may not make it to larger, more prominent festivals.

Figure 52: Overview of AV enterprises in Croatia from 2011 to 2021



Sources: Eurostat (SBS_SC_OVW)

Figure 53: Public funding for the AV sector in Croatia in millions of EUR, 2017 - 2021



Source: EAO Yearbook data

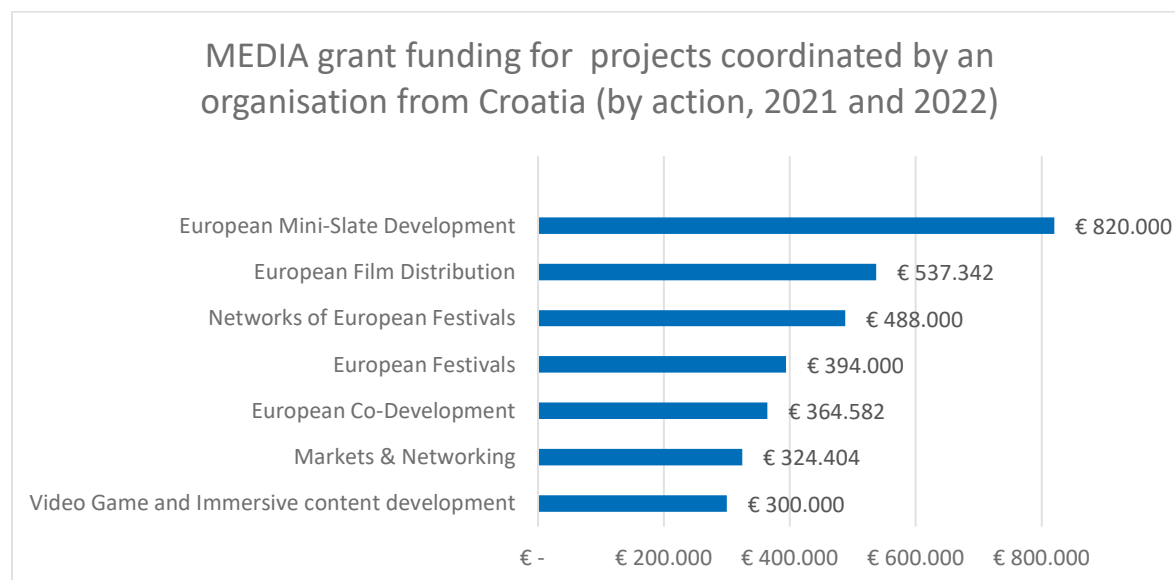
Croatia is one of the LCC A countries with total funding of 1.5 million EUR received from **MEDIA schemes** in 2021 and 2022 (please see Table 3). Notable examples of MEDIA-funded projects are the Animation Festival Network⁶¹² and the Zagreb Film Festival⁶¹³. The MEDIA actions that saw most projects awarded in 2021 and 2022 relate to European film distribution and European mini-slate development actions, as illustrated in Figure 2. These two

⁶¹² See website: <https://animationfestivalnetwork.eu/>

⁶¹³ See website: <https://zff.hr/en/about-the-festival-2/>

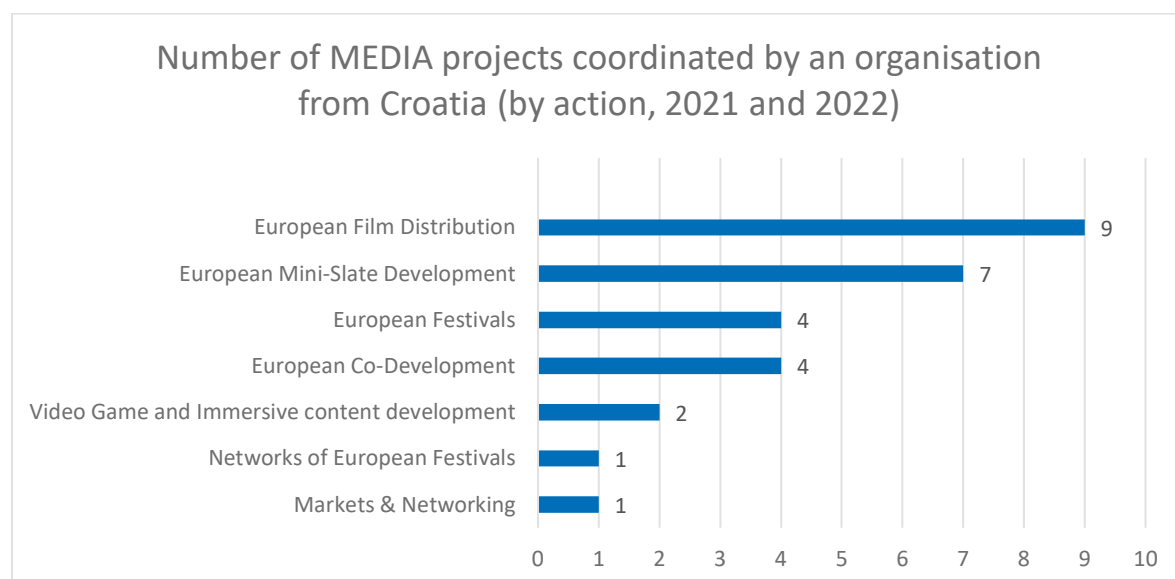
MEDIA actions also rank at the top two places when it comes to total grant funding awarded (Figure 2). MEDIA initiatives, like Midpoint, while still competitive to access, can be a good opportunity for individuals looking to enter the industry by benefitting from the training and capacity-building activities provided for short film productions. These are crucial stepping stones for those aspiring to produce feature-length films later in their careers.

Figure 54: MEDIA grant funding for projects coordinated by an organisation from Croatia (by action, 2021 and 2022)



Source: programme data provided by the EACEA

Figure 55: Number of MEDIA projects coordinated by an organisation from Croatia (by action, 2021 and 2022)



Source: programme data provided by the EACEA

Table 51: Overview of the estimated volume of available support measures, MEDIA applications and projects awarded in Croatia.

Total applications 2021-2023	112
Projects awarded 2021-2022	14
Total MEDIA funding (EUR, 2021 – 2022)	1.5 million
Total MEDIA funding per capita (EUR, 2021-2022)	0.41
Estimated volume of grants per capita	4,12
Total MEDIA funding per person employed in AV enterprises	559.91
Estimated volume of grants per person employed in AV enterprises	5,935

Source: MEDIA programme data; Mapping of support measures, 2023.

3.0 Governance arrangements

The **Croatian Ministry of Culture** plays a pivotal role in developing AV sector policies and enforcing the provisions introduced with the transposition of the AVMSD. The Ministry is responsible for the development of the creative and cultural industries⁶¹⁴. It shapes the regulatory framework and ensures Croatia's adherence to the EU-level directives, such as content quotas and work requirements⁶¹⁵.

The **Agency for Electronic Media** (AEM) works closely with the Ministry of Culture to regulate and support the electronic media domain. It contributed to the digitalisation of independent cinemas, leading to a robust network of over 50 independent cinemas throughout Croatia.

The **Croatian Audiovisual Center** (Hrvatski audiovizualni centar, HAVC), established in 2008, is the main funder of the AV sector in the country. It is responsible for allocating subsidies through its selective funding scheme to stimulate the Croatian AV industry and promote AV works nationwide. It is financed by a grant-in-aid from the government and contributions from broadcasters, cable, satellite and Internet providers. The allocation of subsidies is decided by the **Croatian Audiovisual Council**, an autonomous body of HAVC, bringing together representatives from the national AV industry. It includes professional associations, institutions, broadcasters, and other AV content providers who pay mandatory contributions⁶¹⁶.

The **Filming in Croatia** operates as a HAVC department. It is a film commission dedicated to promoting the country as a location for international film production. It helps international filmmakers by providing information on the procedural and practical requirements for filming in Croatia, including the support schemes available. HAVC is also responsible for implementing a production incentive scheme in the form of a cash rebate, governed by the Regulations to Encourage Investment in the Production of Audiovisual Works.

At the regional level, some **City Offices for Culture** have established support schemes in Zagreb, Rijeka and Split. They mainly provide support for short films. Regional film commissions were established for Zadar, Istria and the Primorje and Gorski Kotar County in 2014. Regional commissions work together with HAVC to provide advice and information to various recipients, such as film production companies and other stakeholders in the film sub-sector

⁶¹⁴ Schmidt, M. A. D. (2020). The effects of film-induced tourism on the city of Dubrovnik from the resident's perception.

⁶¹⁵ Mandić, A., Petrić, L., & Pivčević, S. (2017). Film as a creative industry constituent and its impacts on tourism development: Evidence from Croatia. *Tourism in Southern and Eastern Europe*, 4(1), 335-348.

⁶¹⁶ Croatian Audiovisual Centre. (2023). HAVC Facts & Figures 2023. Retrieved from <https://havc.hr/file/publication/file/havc-facts-figures-2023-web.pdf>

Financial support is also channelled through **structural and recovery funds provided by the EU** to support AV production infrastructure, including post-production facilities. Furthermore, Croatia is a signatory State of the Council of Europe Convention on Cinematographic Co-production, a member of Eurimages since 2004 and a beneficiary of the EU's MEDIA programme since 2008.

4.0 Support measures

4.1 Funds and subsidies

The public funding for the AV sector in Croatia was 154.4 million EUR in 2021⁶¹⁷. This represented 39,98 EUR investment per capita in 2021, which puts Croatia at number 13 in Europe. The estimated volume of grants per capita was 4.91 EUR in the same year.

The Croatian Audiovisual Centre (HAVC) is the main funding body of the AV sector. The HAVC receives funding from the state's budget and is administered through an annual review between the Ministry of Culture and the Centre's Managing Board. It aims to stimulate a successful, vibrant AV industry and promote access to and understanding of AV works in Croatia. It was founded in 2008 after the Croatian Parliament unanimously passed the Law on Audiovisual Activities in July 2007.⁶¹⁸

Allocation of AV funding in Croatia

In 2022, HAVC awarded, in total around 9,2m EUR for AV programme activities.⁶¹⁹ The funding jumped significantly in 2019 to approximately 11.22 million EUR, the highest within eight years, but decreased gradually during the following years (please see Table 4 below), probably due to COVID-19 related issues.

Table 52: Overview of funding allocated for AV programme activities by HAVC

Year	Amount
2022	€9,188,235.58)
2021	€9,253,801.60
2020	€9,918,389.53
2019	€11,219,559.02
2018	€9,125,509.99
2017	€7,144,150.21
2016	€ 6,846,083.79
2015	€ 9.790.872,36

Source: compiled by the Research team based on yearly facts and figures publications on HAVC's website

⁶¹⁷ European Audiovisual Observatory (2022). MAR-PUB Funding of the public audiovisual sector in Europe (2016-2021).

Source: <https://yearbook.obs.coe.int/s/document/6891/mar-pub-funding-of-the-public-audiovisual-sector-in-europe-2016-2021>

⁶¹⁸ <https://havic.hr/eng/about-us/havic>

⁶¹⁹ Croatian Audiovisual Centre. (2023). HAVC Facts & Figures 2023. Retrieved from <https://havic.hr/file/publication/file/havic-facts-figures-2023-web.pdf>

In 2022, HAVC spent 4,6 million EUR to support feature-length fiction films, 0.9 million EUR for documentaries, over 0.5 million EUR for animated films, 0.6 million EUR for fiction and experimental short films, 0.2 million EUR for TV development, 0.2 million EUR for video games, 0.1 million EUR for additional filming expenses due to exceptional circumstances caused by the COVID-19 pandemic. In addition, 208,906 EUR was used to finance separate agreements with the cities of Rijeka, Split, Zagreb and universities.

HAVC support for film distribution amounted to 162,386 EUR (1.8% of the total), whereas 1,7m EUR (18.8% of the total) was dedicated to other film activities such as AV heritage, publishing, training, film festivals and other AV events. It shows that distribution, training and capacity building received much less funding than production.

The HAVC publishes funding calls twice a year, with support available between 0,5 and 1 million EUR for feature films. Apart from theatrical feature films, it also has schemes for short films, TV films and TV series, including experimental and animated creations. HAVC supports international co-productions with Croatian producers, including a dedicated scheme for minority co-productions. It also funds the promotion and sales of Croatian films abroad and through festivals, with schemes and programmes aimed at reaching audiences, archiving, film education and training.

Cash rebate

National government established the Production Incentive Program (PIP) i.e. a rebate scheme in 2012. Its goal was to support the development of film and film culture and to attract international film projects to the country⁶²⁰. It provides a 25% rebate to international and local production companies. An additional 5% is approved for production filming in regions with below-average development.⁶²¹ To be eligible for support, the production has to hire a certain quota of Croatian talent, thus generating employment, driving foreign expenditure in the country, and enhancing the skills and experience of Croatian film workers.

The skilled professional crews, low production costs and the incentives resulted in a steady increase in international film productions shot in Croatia. In 2022, 14 projects were filmed in Croatia, the highest level so far, which exceeded the previous record set in 2019, and achieved spending of 45 million EUR⁶²². From 2012 to 2022, international production companies spent 218 million EUR on Croatian products and services, while the government spent 41 million EUR in incentives. Hence the government expenditure with the cash rebate scheme produced a return of 5.3 EUR on each euro invested.

The PIP rebate scheme for foreign film productions turned the country into a sought-after filming destination. Since introducing the PIP in 2012, numerous projects have chosen Croatia as their production location⁶²³. US productions, e.g. the Star Wars franchise, selected Croatia for its unique location, situating the casino city of Canto Bight in the historic city of Dubrovnik. Similarly, the latest adaption of Robin Hood used Dubrovnik's authentic medieval ambience to recreate the ancient walls of Nottingham Castle. The Game of Thrones series further showcased Croatia⁶²⁴. Due to these international productions, Dubrovnik experienced a large growth in the number of tourist visits, and in the spending of foreign currency⁶²⁵. Croatian national statistics report that tourist arrivals to Dubrovnik increased by

⁶²⁰ Mandić, A., Petrić, L., & Pivčević, S. (2017). Film as a creative industry constituent and its impacts on tourism development: Evidence from Croatia. *Tourism in Southern and Eastern Europe*, 4(1), 335-348.

⁶²¹ Croatian Audiovisual Centre. (2022). HAVC Filming 2022. Retrieved from <https://havic.hr/file/publication/file/havic-filming-2022-priprema-web.pdf>

⁶²² Croatian Audiovisual Centre (2023). Facts & Figures 2022. Source: <https://havic.hr/file/publication/file/havic-facts-figures-2023-web.pdf>

⁶²³ <https://www.belmondo-travel.com/dubrovnik-the-most-filmed-movie-destination-in-croatia/#:~:text=Dubrovnik%20was%20used%20in%20the,as%20scenes%20in%20the%20movie.>

⁶²⁴ Croatian Audiovisual Centre. (2022). HAVC Filming in Croatia 2022. Retrieved from <https://havic.hr/file/publication/file/havic-filming-2022-priprema-web.pdf>

⁶²⁵ Schmidt, M. A. D. (2020). The effects of film-induced tourism on the city of Dubrovnik from the resident's perception.

37.9% from 2011 to 2015⁶²⁶. This effect also spilled over to other cities in Croatia.⁶²⁷ The impact on tourism excluded, the creative economies accounted for 2.3% of the Croatian GDP in 2017⁶²⁸.

(Co-)production support

At the national level, Croatia offers four calls for co-production annually, making it an appealing destination for regional filmmakers. The scheme is bolstered by Croatia's political and financial stability, providing a conducive environment for sustained collaboration and creative exchange. Croatian filmmakers have long embraced collaboration, maintaining productive partnerships with their counterparts in the former Yugoslavian countries, leveraging shared financial resources and cultural ties.

The **Re-ACT initiative** is a successful example of the collaboration, aiming to connect the ex-Yugoslavia region with Friuli Venezia Giulia in Italy. It was set up in 2015 by the Croatian Audiovisual Centre, Friuli Venezia Giulia Audiovisual Fund and Slovenian Film Centre, with the aim to develop new AV projects and fostering international co-productions, networking and training. The Film Centre Serbia joined the initiative in 2019. The initiative has an annual budget of € 80,000.

Re-ACT follows a long history of cooperation between Italian, Slovenian and Croatian AV professionals. What is unique about this initiative is the focus on education. The educational programmes have been conducted with TorinoFilmLab, a leading European platform for developing scripts and projects. Recent efforts were made to establish connections with the Albanian and Kosovan film centres, laying the groundwork for potential co-productions that can transcend linguistic boundaries.

The Council of Europe's **Eurimages** supported and enhanced co-production and cooperation within the European AV industry, benefiting Croatian co-productions. Recently, Eurimages issued the first grant for a TV series, and one of the funded projects was from Croatia⁶²⁹. The Eurimages call for applications in 2022 resulted in four co-productions with minority Croatian participation receiving support worth 588,000 EUR.⁶³⁰

International co-production rules

The HAVC has a higher threshold of requirements when it comes to funding international co-productions. The Centre requires 50% of the overall budget to be secured before the application for its support⁶³¹. There are also territorial shooting criteria. The HAVC established a qualification test whereby a project needs to obtain at least 12 out of 34 points to be eligible. The following criteria refer to the use of production infrastructure in the country:

- ▷ At least 50% of the total days of recording / production will take place in Croatia (5 points), or
- ▷ At least 30-50% of the total days of recording / production will take place in Croatia (3 points), or
- ▷ At least 15-30% of the total days of recording / production will take place in Croatia (2 points).

Another criterion is whether the final version of the AV work is in Croatian or one of the other European languages.

⁶²⁶ Tkalec, M., Zilic, I., & Recher, V. (2016). Winter is Coming! Or Not? The Effect of Film Industry on Tourism. mimeo.

⁶²⁷ Tkalec, M., Zilic, I., & Recher, V. (2016). Winter is Coming! Or Not? The Effect of Film Industry on Tourism. mimeo.

⁶²⁸ Schmidt, M. A. D. (2020). The effects of film-induced tourism on the city of Dubrovnik from the resident's perception.

⁶²⁹ Council of Europe (2023). "Council of Europe chooses four co-production markets to host the 2024 Series Co-Production Development Awards". Source: <https://www.coe.int/en/web/programme-for-series-co-productions/-/council-of-europe-chooses-four-co-production-markets-to-host-the-2024-series-co-production-development-awards>

⁶³⁰ Croatian Audiovisual Centre. (2023). HAVC Facts & Figures 2023. Retrieved from <https://havic.hr/file/publication/file/havic-facts-figures-2023-web.pdf>

⁶³¹ European Audiovisual Observatory (2019). Mapping of film and audiovisual public funding criteria in the EU. Source: <https://rm.coe.int/mapping-of-film-and-audiovisual-public-funding-criteria-in-the-eu/1680947b6c>

Training

Regarding professional development, Croatia offers comprehensive training for AV sector professionals. It includes a category of project called "Complementary activities," where funding is provided for festival organisation and participation in training activities often associated with these festivals. These programs support pitching and script development and enable professionals to travel to international events like the Rotterdam Festival. Additionally, Croatian professionals use the training provided by MEDIA and participate in programs like European Audiovisual Entrepreneurs (EAVE), which offers training in project development and scriptwriting labs like the Torino Film Lab. HAVC supports training through an open call for applications assessed every quarter. In 2022, HAVC allocated 115,203 EUR to professional training programmes.

4.2 Regulatory measures

The Agency for Electronic Media manages licensing of the provision of AV services and monitors compliance with the Croatian Electronic Media Act. These measures are bolstered by mandated content quotas under the AVMSD, ensuring significant airtime for European and Croatian productions to sustain cultural diversity. Under AVMSD, Croatian *"television broadcasters shall reserve more than 50% of their annual broadcasting time for European works, at least half of which shall be Croatian audiovisual works"* and *"television broadcasters shall reserve at least 10% of their annual audiovisual programming time for European works made by independent producers. At least half of the works referred to in this Article shall have been produced within the previous five years."*⁶³²

Croatia has transposed the AVMSD 2018/1808 with the Electronic Media Act that entered into force on 22 October 2021.⁶³³ The country has seen a surge in online streaming services. The Croatian government implemented regulations requiring these platforms to invest a share of their local revenue into Croatian productions. As stipulated in the Croatian Electronic Media Act, streamers must invest 2% of their revenues generated in Croatia into local production or acquisition.⁶³⁴ This percentage is relatively low compared to, for example, the 20% requirement set by countries like France. To date, it appears that the biggest streaming platforms, such as Netflix, have opted to acquire Croatian films (to be distributed via Netflix), rather than invest into original production.⁶³⁵

Private broadcasters, integral to the Croatian AV ecosystem, are also bound by investment obligations in national productions. They are mandated to channel 5% of revenue to support independent national production. In 2022, the total amount raised was estimated at 665,500 EUR.⁶³⁶

Moreover, the regulatory framework extends to professional development, with funds allocated for continuous training, enhancing the sector's competitiveness and skill set. Co-production is especially encouraged, with Croatia actively seeking partnerships within the former Yugoslav nations, utilising compatible financial resources and shared cultural contexts.⁶³⁷

⁶³² [https://rm.coe.int/avmsdigest-the-promotion-of-european-works/1680ad9231#:~:text=In%20transposing%20Article%2013\(1,production%20in%20the%20original%20language.](https://rm.coe.int/avmsdigest-the-promotion-of-european-works/1680ad9231#:~:text=In%20transposing%20Article%2013(1,production%20in%20the%20original%20language.)

⁶³³ <https://www.zakon.hr/z/196/Zakon-o-elektroni%C4%8Dkim-medijima>

⁶³⁴ "Croatian Film Industry to Receive 0.5 M EUR from Streaming Platforms in 2022" on Film New Europe.

⁶³⁵ Zajovic, M. (2023) *Netflix Buys First Batch of Croatian Films*, available online at:

[https://www.filmneweurope.com/news/croatia-news/item/125185-netflix-buys-first-batch-of-croatian-films.](https://www.filmneweurope.com/news/croatia-news/item/125185-netflix-buys-first-batch-of-croatian-films)

⁶³⁶ [https://www.filmneweurope.com/news/croatia-news/item/123460-croatian-film-industry-to-receive-0-5-m-eur-from-streaming-platforms-in-](https://www.filmneweurope.com/news/croatia-news/item/123460-croatian-film-industry-to-receive-0-5-m-eur-from-streaming-platforms-in-2022?highlight=WyoYXZjliwiaGF2YydZliwic3RyZWftaW5nliwic3RyZWftliwic3RyZWftcyIsInN0cmVhbWVklwic3RyZWftaW5ncyJd.)

2022?highlight=WyoYXZjliwiaGF2YydZliwic3RyZWftaW5nliwic3RyZWftliwic3RyZWftcyIsInN0cmVhbWVklwic3RyZWftaW5ncyJd.

⁶³⁷ Mitric, P. and Kolaric, T. (2021) A Popular Post-Yugoslav Cinema: Does it Exist and Why (Not)? In *Illuminace* Volume 33, 2021, No. 1.

Estonia case study

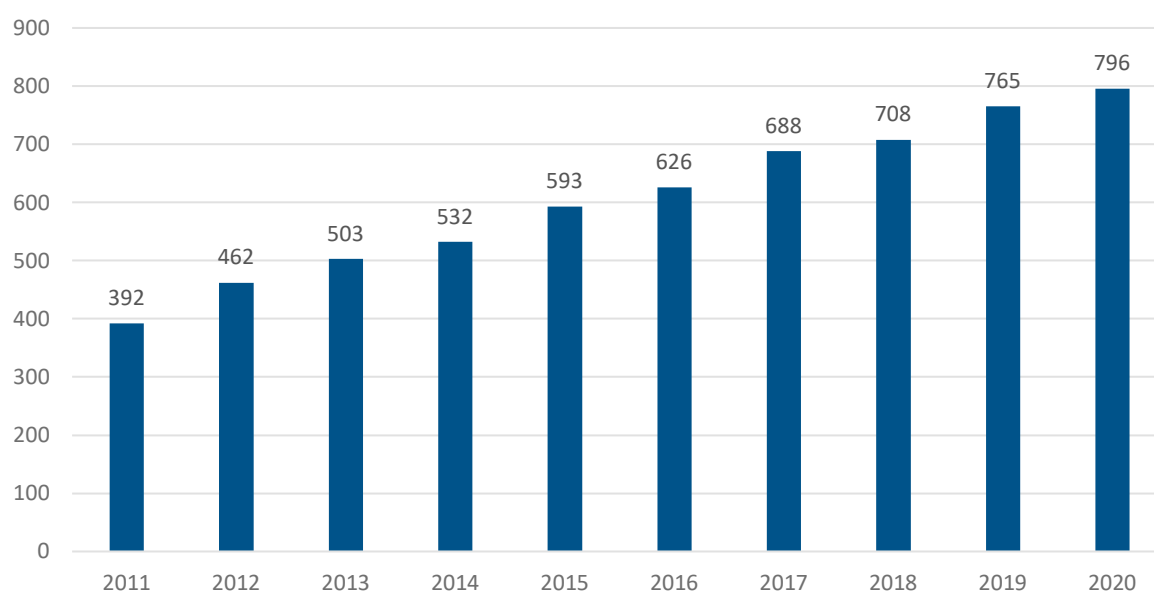
1.0 Introduction

This case study explores the Estonian audiovisual (AV) sector. Key findings from the research indicate that Estonia's film industry has been expanding and becoming more international in recent years. Estonian film school helps AV professionals internationalise by providing courses taught in English. Internationalisation is also a priority for the Estonian Film Institute (EFI), as well as for Estonian cash rebate projects. In addition, there has been a growing demand for local productions. Estonia also benefits from collaborations with the Nordic countries. The local productions have recently received international recognition, with an Estonian film nominated for an Oscar in the foreign language film category and two Estonian films nominated for Golden Globes. There is currently only limited support for TV drama and documentary production from the Estonian public broadcaster. The case study also provides an overview of the extent to which co-productions with Nordic countries, training offers, industry clustering, public funding, and regulatory measures contribute to enhancing the AV capacity of the country. Estonia was one of the first countries to align its regulatory measures to with the European Directive (EU) 2018/1808 i.e. Audiovisual Media Services Directive (AVMSD),

2.0 Audiovisual market overview

Estonia, a small nation with a population of 1.33 million as of 2021, boasts a modest yet vibrant AV sector. The Gross Domestic Product (GDP) per capita stands at 20,193 million EUR⁶³⁸, with film production investments per capita amounting to 1.35 EUR, constituting a nominal 0.01% of the GDP. The annual state support for the AV sector increased from 11,4 million EUR in 2020 to 13,0 million EUR in 2022⁶³⁹. The number of enterprises within the AV sector, predominantly comprising micro and small-sized businesses, has exhibited steady growth over the past decade, which continues to offer employment opportunities, sustaining approximately 2,000 jobs.

Figure 56. Number of AV enterprises in Estonia (2011 – 2020)



Source: compiled by the Research team based on the data from Eurostat

In 2021, public investments in film production were worth 1.8 million EUR, resulting in the creation of 23 theatrical feature films. The number of co-productions decreased from four in 2019 and six in 2020 to just one in 2021. The data on the distribution of full-length films between 2018 and 2022 offers insights into the evolving landscape

⁶³⁸ Estonian Film Institute, https://filmi.ee/wordpress/wp-content/uploads/2022/02/FIN_FF-2022-WEB.pdf

⁶³⁹ Estonian Film Institute, <https://www.filmi.ee/en/estonian-film-institute-2/facts-and-figures/baltic-films-facts-and-figures>

of the **film industry** during this period (please see Table 1). Firstly, there are important fluctuations in the films distributed annually. The peak of 428 films in 2019 contrasts with the decline to 299 films in 2021 before a modest rise to 349 in 2022. These fluctuations are likely to be associated with various factors, including shifts in production trends, changes in demand, and external influences such as the COVID-19 pandemic. Secondly, the consumption of films in Estonia demonstrates a preference for national and European works. While Estonian films maintain a consistent presence on national screens, European films dominated the distribution landscape in Estonia throughout the years, outnumbering those from the US. This emphasis on European content suggests a concerted effort to promote local and regional films. It reflects a commitment to cultural diversity and the preservation of distinct cinematic voices within the European market.

Despite fluctuations in the number of distributed films, **cinema admissions** in Estonia remain relatively robust, albeit with a notable dip in 2020, coinciding with the COVID-19 pandemic. This decline reflects the impact of external events on consumer behaviour and industry operations. However, the subsequent recovery in admissions in 2021 and 2022 indicates the industry's resilience and adaptability. The admissions data highlights the complexity of the film industry, which is shaped by the interplay of various factors, such as production dynamics and audience preferences. As the film landscape continues to evolve, understanding these trends and their implications is crucial for stakeholders seeking to navigate the ever-changing terrain of the global film market.⁶⁴⁰

Table 53. Distribution of full-length films 2018-2022

Year	Films total	Estonian films	Films of the United States of America	Films of European countries	Films of other countries	Admissions, thousands	Admissions per 100K inhabitants
2018	404	39	138	199	28	3631.2	275
2019	428	58	136	199	35	3685.8	278
2020	368	34	114	187	33	1800.9	136
2021	299	33	111	135	20	1387.2	104
2022	349	49	115	155	30	2330.2	175

Source: Statistics Estonia

The total budget of 41million EUR of public funding for the AV sector in 2021, includes producing 10 **TV series**, five **video games** and 20 **theatrical feature films**. Estonia is home to around 20 cinemas and approximately 114 **cinema screens** (85.6 per million people). In 2021, the average number of cinema theatres per one million population was 15.02, while the average number of theatrical films produced per one million people was 18.

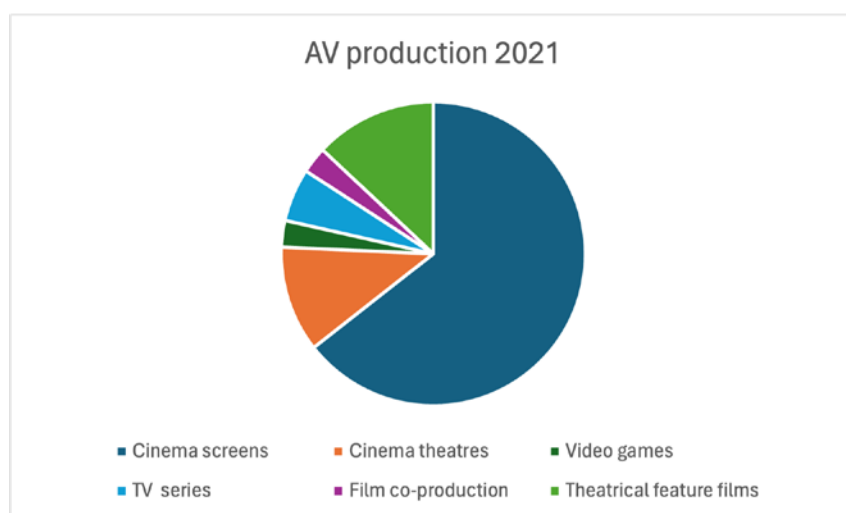
Around 26.4% of Estonians play video games. The **video games market** in Estonia is positioned for substantial growth, with forecasts indicating a surge in revenue to 22.62 million EUR in 2024. This momentum is expected to continue with a steady annual growth rate (CAGR 2024-2027) of 9.83%, propelling the market volume to an estimated 29.97 million EUR by 2027. As for user engagement, projections suggest that the number of users in Estonia's video games market will expand to 129.1 thousand by 2027, reflecting a user penetration rate of 9% in 2024, projected to rise to 10% by 2027. Among the gaming market segments, in-game advertising emerges as the largest, boasting a substantial market volume of 7.24 million EUR in 2024. Furthermore, the average revenue per user (ARPU) in Estonia's video games market is forecast to reach 191.50 EUR in 2024, offering insights into

⁶⁴⁰ Statistics Estonia, https://andmed.stat.ee/en/stat/sotsiaalelu_kultuur_film/KU07/table/tableViewLayout2

the average spending per user within the market. This robust growth in Estonia's gaming industry is attributed to a confluence of factors, including the presence of talented developers, supportive government initiatives, and a vibrant gaming community deeply passionate about the digital realm.⁶⁴¹ In 2022, MEDIA also funded a project of 150,000 EUR to enhance video game development in the country.

The **TV sector** is significant in the national AV ecosystem framework. The main public broadcaster in Estonia is ETV (Eesti Televisioon), which is owned by ERR (Eesti Rahvusringhääling), the Estonian Public Broadcasting has around 47% of audience share.⁶⁴² The main private broadcasters are Kanal 2 and TV3. The total expenditure of public broadcasters increased by over one million in one year, namely from 2.25 million in 2021 to 3.46 million in 2022. Additionally, the launch of the Russian language online platform Jupiter+ aims to cater to the Russian-speaking minority in Estonia. Consumer expenditure on Pay-TV amounted to 52.89 EUR per capita in 2021, which may explain the significant decrease in film production along with the COVID-19 crisis. As of 2021, Estonia had 207 VoD services with 176,000 subscribers.⁶⁴³ Estonia had a total of 220 on-demand audiovisual services (ODAS) available, 35 of which are sharing platforms with 15 ODAS established in Estonia.⁶⁴⁴

Figure 57. AV production in Estonia in 2021, by type



Source: compiled by the research team based on the data EAO

The onset of the **COVID-19 pandemic** presented significant challenges for Estonia's AV sector, resulting in a notable downturn in turnover. Despite this, Estonia experienced an anomalous increase in the AV market and production budget amidst the pandemic in 2020, deviating from the trends observed across most European countries.⁶⁴⁵ However, the subsequent year, 2021, brought forth a stark reality as Estonia, as well as Latvia and Germany, encountered a substantial decline in investment (-90%) compared to pre-COVID levels. Despite these setbacks, there was a marginal improvement in turnover in 2021, reaching 117.9 million EUR compared to 102.3 million EUR in 2020.⁶⁴⁶

The **decline in cinema attendance** was indicative of broader shifts in consumer behaviour, as noted by Statistics Estonia. With 161,266 visits recorded in 2021⁶⁴⁷, cinema admissions mirrored levels last observed in 2005 and 2006, marking the lowest point in 16 years. Compared to the pre-pandemic period of 2019, when admissions

⁶⁴¹ <https://www.statista.com/outlook/dmo/digital-media/video-games/estonia?currency=EUR>

⁶⁴² EAO yearbook (2023), Country profile: Estonia.

⁶⁴³ EBU data

⁶⁴⁴ Source: EAO

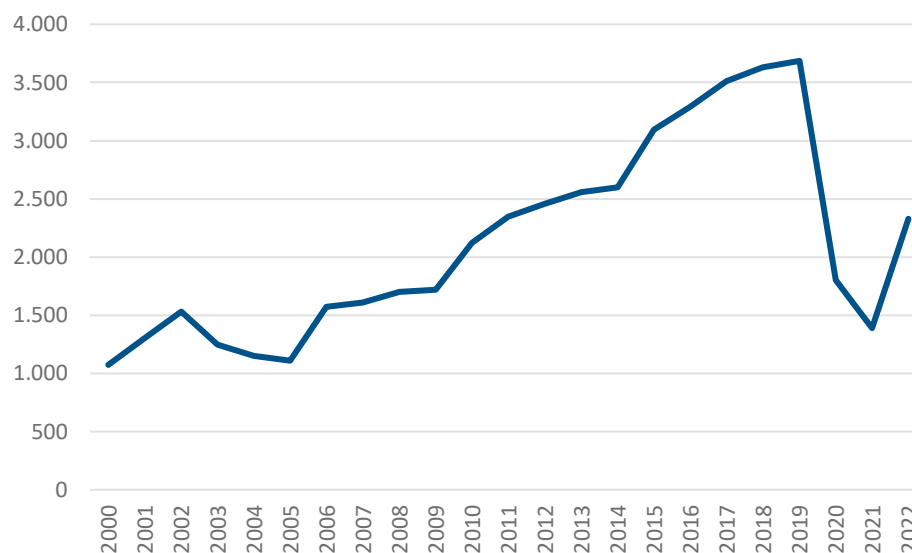
⁶⁴⁵ EAO Yearbook data 2021/2022

⁶⁴⁶ EAO Yearbook data 2022/2023

⁶⁴⁷ Lumiere database

amounted to more than 700 thousand visits⁶⁴⁸, the decline in cinema admissions has been attributed to factors such as social isolation, cautiousness, and reduced opportunities for cultural engagement. Consequently, Estonians turned to alternative forms of entertainment, particularly **streaming platforms** like Netflix, Elisa Hub, Jupiter, or Viaplay. This trend has impacted cinema attendance as audiences increasingly gravitate towards the convenience and variety offered by **digital streaming services**. Nevertheless, cinema admissions have increased post-pandemic period, reaching 448,720 admissions in 2022. In addition, despite the challenges faced by the cinema industry, Estonian film production remained resilient, with 25 full-length films, including 14 features and 11 documentaries produced in 2021. Additionally, Estonian enterprises contributed to the creation of 1,420 corporate films, alongside 58 music videos, showcasing the diverse types of outputs of the country's AV sector.⁶⁴⁹

Figure 58. Number of cinema admissions in Estonia, 2000-2022 (in thousands)



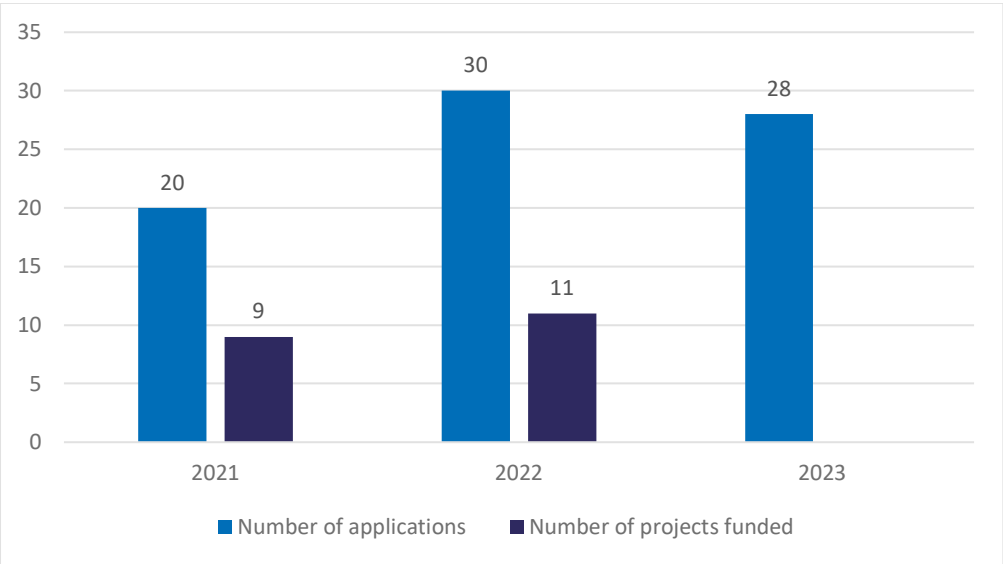
Source: Statistics Estonia

The total amount of **MEDIA funding** allocated to Estonian film producers increased significantly from 515,085 EUR in 2021 to 1,2m EUR in 2022. The number of applications to MEDIA schemes also increased from 20 in 2021 to 30 in 2022, while the number of funded projects rose from nine in 2021 to 11 in 2022. These data highlight the cinema industry's ability to adapt to changing circumstances and the increasing interest in European non-national films. In 2022, the increase in MEDIA funds led to a surge in applications; however, less than half of the submitted projects were ultimately funded.

⁶⁴⁸ Lumiere database

⁶⁴⁹ <https://www.stat.ee/en/news/number-cinema-visits-2021-was-lowest-16-years>

Figure 59. MEDIA applications and funded projects awarded to Estonian AV operators (2021-2023)



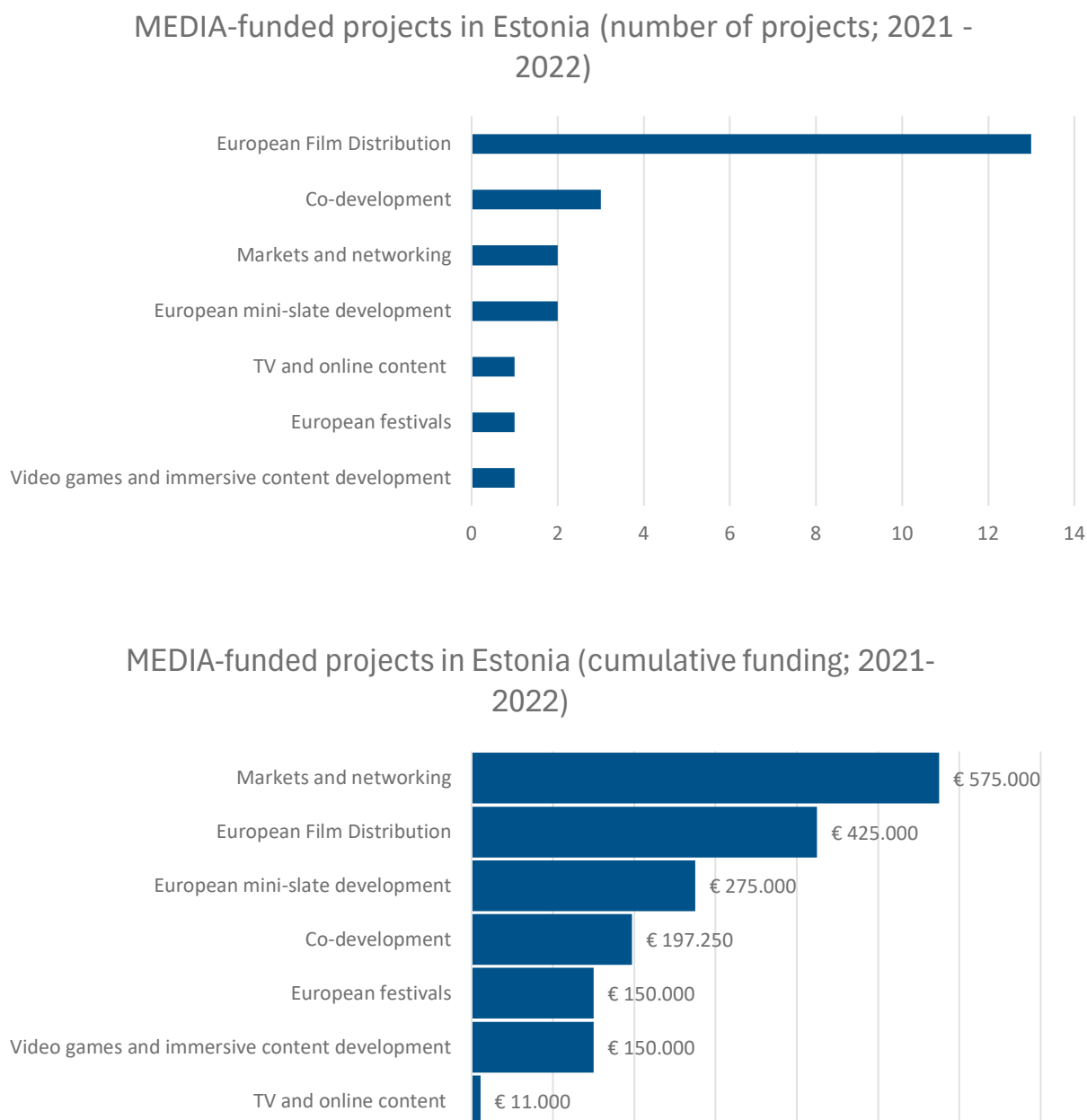
Source: compiled by research team based on EACEA data

During the period of 2021-2022, the **MEDIA funding** was used by a variety of projects across different sectors of the Estonian AV industry. **Co-development action** provided support for three projects, amounting to a total budget of 197,250 EUR. This allocation indicates a commitment to fostering collaboration among production companies from various countries, aiming to enhance the quality and diversity of content through international cooperation. Additionally, the funding from **European mini-slate development** supported two projects with a total budget of 275,000 EUR. Meanwhile, as mentioned, only one project was funded by the **Video games and immersive content development** action with a grant of 150,000 EUR.

MEDIA allocated significant resources for **film distribution** projects, totalling 425,000 EUR across thirteen projects, promoting and contributing to the dissemination of European cinema in Estonia. Furthermore, the MEDIA support of 575,000 EUR was used to promote Estonian operators **access markets and networking**, and further 150,000 EUR for organisation of **film festivals**, promoting participation of Estonian AV professionals in key industry events and their professional connections, as well as facilitating future AV collaborations involving this country. MEDIA also provided 11,000 EUR to Estonian producers under the **TV and online content** action.

Overall, the analysis indicates a diverse range of initiatives supported by MEDIA during the period 2021-2022, spanning various aspects of content distribution, development, and industry networking. The emphasis on film distribution, co-development, markets and networking as well as mini-slate development underscores a shared commitment of Estonian operators and the MEDIA strand to promote access to European films, industry collaboration, and diversity of the European AV offer.

Figure 60. Number of projects and funding per MEDIA scheme for Estonian operators, 2021-2022



Source: compiled by Research team based on the programme data provided by the EACEA

The growth of the AV industry in Estonia can be attributed to several pivotal factors. Firstly, the establishment of an internationally oriented film school with English-taught curriculum has nurtured proficient professionals with practical skills. Secondly, the Estonian Film Institute (EFI) has prioritised co-production measures and access to international markets, fostering national film culture. Additionally, national and regional cash rebate funds incentivise international projects, bolstering local industry growth. Comprehensive co-production support measures, including pan-national initiatives like MEDIA and Eurimages, combined with diverse cash-rebate systems and tax incentives, form a framework that promotes internationalisation of Estonian AV sector. However, gaps exist, such as limited support from the public broadcaster for TV drama and documentary production.⁶⁵⁰

⁶⁵⁰ Data retrieved from interviews with AV operators.

Estonia hosts a number of film festivals, including the Tallinn Black Nights Film Festival, which was elevated to AAA-class status, and has catalysed valuable networking opportunities and knowledge exchange among local and international professionals; Haapsalu Horror and Fantasy Film Festival, Matsalu Nature Film Festival, Tartu Love Film Festival, Pärnu International Documentary and Science Film Festival, and ANIMIST TALLINN International Animation Festival. Another initiative, the Italian-Baltic Development Award, supports collaborative film productions between Italy and the Baltic States.⁶⁵¹

3.0 Governance arrangements

The Estonian film industry is mainly supported by funds from the **Ministry of Culture**, the **Cultural Endowment** and the **EFI**.

The Ministry of Culture is the overall responsible for national culture, sport and heritage policy as well as coordination of the Estonian media and audiovisual policy⁶⁵².

The Cultural Endowment, established in 1994, plays a crucial role in nurturing culture and sports, enhancing Estonian culture through expert engagement. The support to the film industry provided by the Cultural Endowment in 2023 amounted to almost 2,7m EUR. Additionally, the Cultural Endowment strives to strengthen the connection between the three Baltic countries by spearheading collaborative ventures like the Baltic Culture Fund.⁶⁵³

Established in 1997 by the Estonian Ministry of Culture, the Estonian Film Foundation evolved into the EFI in 2013 to adapt to the rapid advancements and changing financing systems within the film industry. As a national foundation primarily funded by the Ministry of Culture, EFI encompasses three main departments: development and marketing, production, and heritage, focusing on promoting film literacy. In 2023, the contribution from the Ministry of Culture to the EFI amounted to around 1,7m EUR, while the EFI total funds amounted to 12m EUR.

Additionally, EFI oversees **Tallinnfilm**, which manages an arthouse cinema, and serves as the host for the **Creative Europe MEDIA Desk**, facilitating access to EU financing and educational opportunities. The EFI also organises the annual Estonian Film and TV Awards, aiming to elevate Estonian film nationally and internationally. Today, EFI's primary goal is to remain accessible to filmmakers while ensuring Estonian cinema's pride and competitiveness globally through continuous evolution and visibility enhancement.⁶⁵⁴

In addition to the national funding systems, four Estonian counties – Viru, Tartu, Pärnu, and Saaremaa – have established their own Film Funds with the goal of promoting their local realities and unique characteristics.⁶⁵⁵ The Viru film fund was established in 2013 and has an annual budget of €200,000. It contributes to the Estonian AV sector through an application system that supports the co-funding of feature films, documentaries, TV series, and music videos filmed in Ida-Viru County.⁶⁵⁶ The Tartu film fund was founded in 2015. It does not have a total annual budget, but offers a reimbursement up to 30% for full-length feature films, documentaries, animation films, short feature films and quality television series that promote the AV sector in Tartu and South Estonia.⁶⁵⁷ The Pärnu film fund has a budget of up to €100,000 and finances film activities in the Pärnu County for film projects that intend to carry out activities within 12 months from the application to the fund.⁶⁵⁸ The Saaremaa film fund supports filmmaking and studies in the Estonian islands with a total budget of €30,005.

⁶⁵¹ <https://filmfreeway.com/blacknightsfilmfestival>

⁶⁵² <https://www.kul.ee/en/ministry-news-and-contact/organisation/introduction-ministry>

⁶⁵³ <https://www.kulka.ee/meist>

⁶⁵⁴ <https://www.filmi.ee/en/estonian-film-institute-2/institute>

⁶⁵⁵ <https://filmestonia.eu/regional-funds/tartu-film-fund/>

⁶⁵⁶ https://www.vff.ee/film_fund/

⁶⁵⁷ <https://tartufilmfund.ee/en/home-page/>

⁶⁵⁸ <https://parnumaa.ee/en/film-fund/>

4.0 Support measures

There were various support measures in place in Estonia aiming to contribute to the capacity of the national AV ecosystem. It is possible to divide these into government funds, EFI incentives, such as the Cash Rebate scheme, and funding provided by European programmes.

4.1 Funds and subsidies

According to the latest available report from the EFI, the analysis of annual state support for the film industry in Estonia from 2018 to 2022 shows a generally upward trajectory, not without fluctuations, reaching its peak in 2021 before experiencing a slight decline in 2022.

The EFI consistently received the largest portion of state support. The significant increase in total state support in 2020 can be attributed in part to additional funding aimed at mitigating COVID-19 impacts. The decrease in total state support in 2022 compared to the previous year suggests potential shifts in funding priorities or budget constraints within the Estonian film industry.

The evolving landscape of state support for the film industry in Estonia over the past five years can be seen in detail in Table 2 below.

Table 54. Annual state support for the film industry, 2018-2022

Year	Ministry of Culture	Cultural Endowment	Estonian Film Institute	Total
2018	745,000	2,029,101	9,148,057*	11,922,158
2019	965,000	2,130,523	7,649,395	10,744,918
2020	2,250,405**	2,091,257	8,896,677	13,238,339
2021	7,238,557	2,164,379	11,270,000	20,672,936
2022	720,405	2,312,337	9,999,300	13,032,042
2023	1,699,965	2,698,299	12,047,398	16,445,662

*Incl. Estonian Republic 100 Years film support | **Incl. state support to cover COVID-19 damages

Source: Estonian Film Institute⁶⁵⁹

The EFI is the largest contributor to the AV sector in Estonia, providing the most funds annually. These funds support various areas across the AV product cycle, including:

- Script support
- Development support
- Production support
- Minority co-production support
- Distribution support
- New media support
- Film-related research work and digitalizing
- Events and activities
- Further training and education

⁶⁵⁹ https://filmi.ee/wordpress/wp-content/uploads/2022/02/FIN_FF-2022-WEB.pdf and <https://filmi.ee/wordpress/wp-content/uploads/2023/02/FF-2023-webFINAL2.pdf>

Film Estonia Cash Rebate⁶⁶⁰

Introduced in 2016 by the EFI, the Film Estonia production incentive aims to entice more international productions to Estonia. This incentive takes the form of a cash rebate, offering up to 30% on eligible production costs for qualifying feature films, documentaries, animated films, animated series, and high-end TV dramas, including post-production. International production companies are required to collaborate with Estonian production service companies, which submit applications on their behalf. Minimum budget criteria vary based on the type of production.

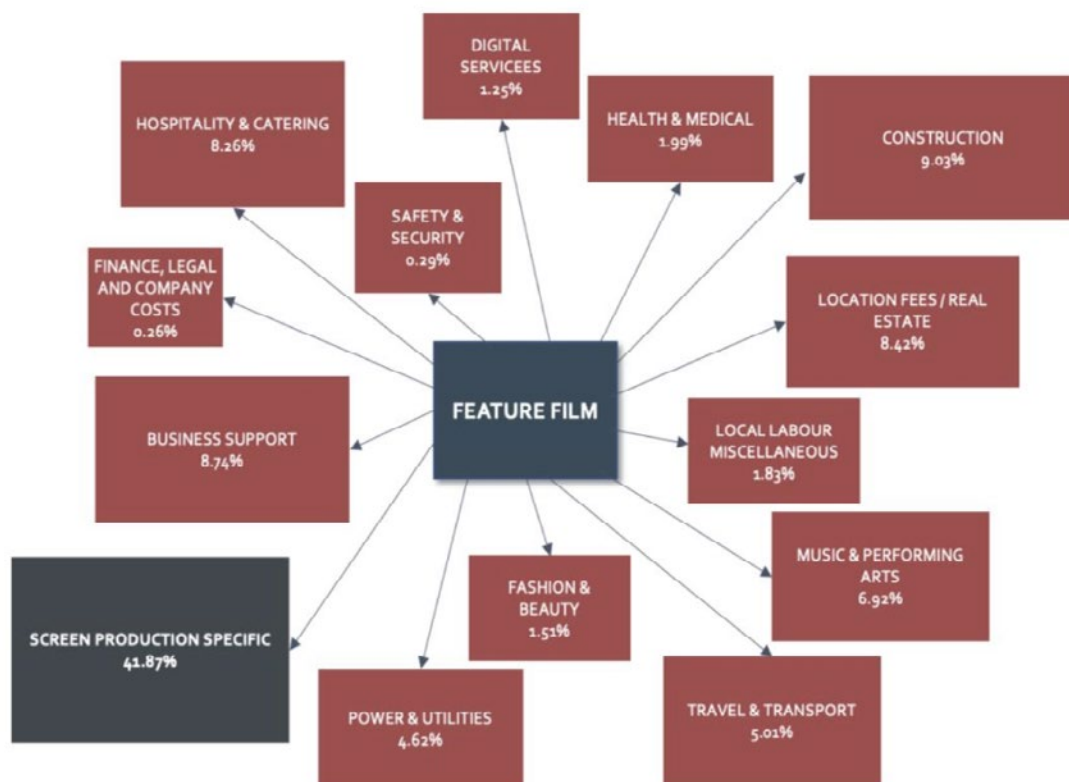
The cash rebate cap stands at 2 million EUR since its inception, except for a one-time additional incentive pay-out of 5 million EUR in 2019 to support the production of *Tenet* (2020). Due to increasing demand, the Estonian government has approved a 3.4 million EUR uplift to the cap for 2022, resulting in a total of 5.4 million EUR available for the cash rebate in 2022. The incentive rate currently ranges from 20% to 30%, with the possibility of an increase to 25% or 30% based on the number of creative employees hired by the Estonian production service company who are tax residents of Estonia.

The report 'Economic Impact of the Film Estonia Cash Rebate', authored by Olsberg SPI on behalf of the EFI, underscores the crucial role of the incentive in attracting substantial expenditure from inward production to Estonia. Over the period from 2016 to 2021, incentive-supported productions contributed 42.9 million EUR to the Estonian economy. The exceptionally high production budget of the film *Tenet*⁶⁶¹ in 2019 contributed to making that year an outlier in terms of expenditure. When productions incentivised to film in Estonia arrive, they allocate substantial funds across various industries within a brief timeframe (as illustrated by Figure 6 below).

⁶⁶⁰ OLSBERG SPI, Economic Impact of the Film Estonia Cash Rebate, 2022 <https://filmi.ee/wordpress/wp-content/uploads/2022/09/Economic-Impact-of-the-Film-Estonia-Cash-Rebate-2022-08-24-2.pdf>

⁶⁶¹ *Tenet* is a featured film produced in 2019 with the support of EFI funds. Released in 2020 and directed by Christopher Nolan, this movie produced As of January 29, 2024, *Tenet* has grossed \$58.5 million in the United States and Canada and \$306.8 million in other territories, for a worldwide total of \$363.7 million. With a production budget of \$200 million, it is Nolan's most expensive original project. <https://filmestonia.eu/supported-projects/>

Figure 61 - Ripple Analysis for an Incentivised Production in Estonia



Source: OLSBERG SPI, *Economic Impact of the Film Estonia Cash Rebate*, 2022

The EFI established two national initiatives in 2016 and 2017, respectively. The first initiative, known as the **Film Estonia Support Scheme**⁶⁶², has been operational since 2016, serving as a pilot project designed to bolster film and serial production rooted in foreign investment. This subsidy scheme aims to facilitate the influx of foreign capital into Estonia and foster collaboration between Estonian and foreign film producers to create AV works within the country. Recognising the film industry's potential to generate employment opportunities, particularly amidst the rapid advancements in technology, the support also aims to enhance the competitive edge of Estonian filmmakers on the global stage.

The scheme provides non-repayable subsidies in the form of grants, targeting European film producers or companies across various stages of the AV production lifecycle. Funded by the Ministry of Culture, this initiative can receive up to 2m EUR in funding. A study conducted in 2021 highlighted the positive impact of the incentive, revealing significant economic outcomes:

- Generated 8.5 million EUR in additional production expenditure;
- Generated 8.2 million EUR in Gross Value Added;
- Resulted in the creation of 189 full-time equivalent jobs; and,
- Generated 2.7 million EUR in additional tax receipts.

Moreover, the study underscored the incentive's robust return on investment, with each 1 EUR of net investment in the incentive yielding 5 EUR of value in the economy. The economic impact was found to extend widely, with analysis indicating that 60% of technical expenditure occurred beyond the screen sector, benefiting industries such as construction and hospitality. Furthermore, the vendor businesses within the supply chain exhibited a

⁶⁶² <https://www.kul.ee/kunstid-ja-loomemajandus/audiovisuaalvaldkond/filmide-toetuskava-film-estonia>

broad geographical footprint, with substantial expenditure occurring outside Tallinn, Estonia's primary production hub and the capital city.⁶⁶³

Another initiative, managed by the EFI, is the **Estonian Film Funding programme**, which aims to facilitate the influx of foreign capital into Estonia and foster collaboration between Estonian and foreign film producers for the creation of AV works within the country. By providing support through this measure, the EFI aims to generate additional employment opportunities, enhance the skills and qualifications of employees, increase state tax revenue, investment in infrastructure, seeking to make a positive impact on regional development, international cooperation, and international competitiveness of the Estonian film industry. The Estonian Film Funding programme operates through a cash rebate system and covers production and post-production activities. The target beneficiaries are international, non-European film producers or companies. The programme is funded through the state budget, with the support intensity reaching up to 30%, depending on the type of project.

Baltic Culture Fund

The Cultural Endowment manages the **Baltic Culture Fund**. Established in 2018 by the Ministries of Culture of Estonia, Latvia, and Lithuania, it operates with a budget of at least €300,000 annually, with each founding member contributing €100,000. The fund aims to enhance cultural cooperation among the Baltic States and promote the internationalisation of Estonian, Latvian, and Lithuanian culture through collaborative events. It provides annual grants to support joint cultural activities that strengthen bonds between these nations. Oversight of the fund rotates among national cultural endowments every three years, with the next round managed by the Latvian State Culture Capital Foundation. Importantly, the Baltic Culture Fund extends beyond film to support various cultural initiatives.

The Fund processes applications on a rotating basis among the Baltic States over three years and follows the laws of the Lead State during the application process. Coordination of the initiative is ensured by the lead state during each term. Projects supported by the Fund must involve partners from all three Baltic States, with one acting as the project coordinator. Additionally, applicants must demonstrate financial stability and collaboration among partners to be eligible for funding. Grants range from €25,000 to €100,000 and cover project-related expenses, requiring self-financing or co-financing of at least 20% of the total project budget. Eligible applicants include institutions or organisations registered in Lithuania, Estonia, or Latvia, promoting a collaborative and inclusive approach to cultural development in the Baltic region.⁶⁶⁴

Regional support measures

In 2013, Estonia initiated its regional film funding landscape by establishing two key initiatives: the **Viru Film Fund**⁶⁶⁵ and the **Tartu regional film fund**.⁶⁶⁶ The Viru Film Fund, Estonia's inaugural regional fund, focuses on providing cash rebates for AV productions within the Eastern region of the country, supporting expenses solely during the production stage with an annual budget of 200,000 EUR and a maximum cap of 200,000 EUR per entrepreneur over a three-year period. Meanwhile, the Tartu regional film fund, administered by the Tartu Centre for Creative Industries, concentrates on promoting international full-length feature films, documentaries, and TV series, offering production services for international projects with an annual allocation of up to 150,000 EUR, providing cash rebates ranging from 10% to 20% of eligible costs. Additionally, the **Pärnu County Film Fund**⁶⁶⁷ managed by the Association of Local Authorities of Pärnu County, supports professional AV production within Pärnu county, offering non-repayable subsidies to national film producers or companies with an annual budget

⁶⁶³ <https://www.o-spi.com/projects/estonia-incentive-economic-impact-study>

⁶⁶⁴ <https://www.kulka.ee/programmes/baltic-culture-fund>

⁶⁶⁵ https://www.vff.ee/film_fund/

⁶⁶⁶ <https://tartufilmfund.ee/en/home-page/>

⁶⁶⁷ <https://parnumaa.ee/en/film-fund/>

of up to 70,000 EUR. Lastly, established in 2019, the **Film Fund of Estonian Islands**⁶⁶⁸ facilitated by the Saaremaa Development Centre, aims to bolster professional filmmaking and studies on Saare County islands, providing grants of up to 27,750 EUR per project, fostering local and international cinematic exploration.

4.2 Regulatory measures

In the European landscape, Estonia was one of the first countries to align its regulatory measures to with the European Directive (EU) 2018/1808 i.e. Audiovisual Media Services Directive (AVMSD), which states that *“Member States shall ensure that media service providers of on-demand audiovisual media services under their jurisdiction secure at least a 30 % share of European works in their catalogues and ensure prominence of those works.”* Estonian on-demand AV media service providers shall report their quota and prominence obligations annually.⁶⁶⁹

Estonia has implemented measures in line with the AVMSD, establishing quota obligations for the proportion of European content, with broadcasters exceeding 50% and video-on-demand (VOD) services or streamers surpassing 30%. These measures apply to both private and public broadcasters and undergo annual monitoring.⁶⁷⁰

On-demand AV media service providers are required to ensure that at least 30% of the programmes in their catalogues are European works, highlighting recent productions from the past five years, including their country of origin and year of completion. Exceptions are granted to providers with fewer than ten employees, those with a user base comprising less than one percent of the country's total users, or those offering thematic catalogues where meeting the quota is deemed unreasonable.⁶⁷¹

To adhere to the regulation, television service providers in Estonia must allocate at least 51% of their annual capacity for the transmission of European AV works, excluding specific programming such as news and advertising. Furthermore, television service providers must dedicate a minimum of 10% of their transmission time to European works created by independent producers, with a five-year production window. These regulatory measures underscore Estonia's commitment to promoting European cultural diversity and supporting independent production within the AV sector.⁶⁷² There are no financial contribution obligations introduced in Estonia.⁶⁷³ This is likely to explain the relatively low level of investment in production by PBS.

⁶⁶⁸ <https://minusaaremaa.ee/en/projects/film-fund-estonian-islands>

⁶⁶⁹ ERGA, Report: Transposition and implementation of Article 13(1) of the new AVMSD – Ensuring prominence of European works in the catalogues of on-demand audiovisual media services 2021 https://erga-online.eu/wp-content/uploads/2021/12/ERGA-SG1-2021-Report-Article-13_1.pdf

⁶⁷⁰ https://erga-online.eu/wp-content/uploads/2021/12/ERGA-SG1-2021-Report-Article-13_1.pdf

⁶⁷¹ Art 13, <https://avmsd.obs.coe.int/>

⁶⁷² Art. 17, <https://avmsd.obs.coe.int/>

⁶⁷³ <https://rm.coe.int/avmsd-transposition-info-sheet-ee-/1680a901c8>

Annex 1: Data tables

Table 55. Estonia Film Institute support per scheme

Support category	AV lifecycle stage	Support limit Euros
Script development (feature film, full-length animation)		I phase support - 5 000 II phase support - 5 000 Only II phase - 8 000
Feature Film	Development	50 000
	Production	800 000
Short Fiction Film - Production	Production	50 000
Documentary Film -	Development	15 000
	Production	150 000
Animation Film	Short film Development	15 000
	Feature-length Development	50 000
	Low budget short film Production	40 000
	Short film Production	300 000
	Feature-length Production	900 000
TV mini-series	Development	60 000
Minority co-production	Production	According to budgetary possibilities
Estonian Distribution	Feature film, full-length animation	18 000
	Documentary film	6 000
	Feature film, full-length animation (minority co-production)	6 000
	Collection of short films	6 000
	Subtitles for persons who are hard-of-hearing; Audio-descriptions for the visually impaired	3 700

Source: Estonia Film Institute

GETTING IN TOUCH WITH THE EU

In person

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online (european-union.europa.eu/contact-eu/meet-us_en).

On the phone or in writing

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls);
- at the following standard number: +32 22999696;
- via the following form: european-union.europa.eu/contact-eu/write-us_en.

FINDING INFORMATION ABOUT THE EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website (european-union.europa.eu).

EU publications

You can view or order EU publications at op.europa.eu/en/publications. Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre (european-union.europa.eu/contact-eu/meet-us_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (eur-lex.europa.eu).

EU open data

The portal data.europa.eu provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non- commercial purposes. The portal also provides access to a wealth of datasets from European countries.



Publications Office
of the European Union