

Brussels, 30 April 2020

Dear Commissioner Gabriel,

Dear Ms Christophidou, Mr Carlini,

Dear Ms Gessler, Ms Magnant, Mr Zampieri,

We would like to follow up on [our previous letter addressed to you on 20 March](#) on actions to support the European cultural and creative sectors (CCS) amid the COVID-19 crisis, including increased flexibility of the Creative Europe programme.

We very much appreciate that the European Commission has made available to all current and potential applicants and beneficiaries of Creative Europe a list of [Questions & Answers](#) to shed some light on the most acute issues regarding the programme. Most of these Q&As do address and clarify our concerns.

However, in close consultation with our members and working together with other European cultural networks, platforms and cultural organisations, we would like to raise a few additional points which are not tackled by the Q&As document.

1. **ELIGIBILITY**

- a) If an organisation is coordinating a project which is extended due to COVID-19, would it remain eligible to apply for a new project that was originally set to start after the end of the previous one, despite a possible overlap?
- b) The funded European networks have not received an answer, yet, to the questions specifically related to the Network Funding programme. These questions are not answered in the Q&A document either. The most burning questions in relation to eligibility are:
 - Will it be possible to prolong project year 3 (for Wave 1 and Wave 2) and/or project year 4 (especially relevant for Wave 1)? Under which conditions?
 - If activities have not been possible in spring and summer 2020, can the corresponding budget (including the EU-funding) that was not used be transferred to year 4? This would result in a higher budget (and higher amount of funding) for year 4.
 - For freelancers, who are especially affected by the cancellation of events and other activities, as their sole income often depends on these activities, we call on the Commission to allow the eligibility of a “solidarity fee” that beneficiaries can offer as payment to freelancers who were already hired for cancelled events and activities.

2. **MATCH-FUNDING & CO-FINANCING RATES**

We foresee a general problem regarding match-funding. In many cases, the expected audience income for the project will be considerably lower than planned in this period, and several national and local authorities or private sponsors could decrease their support for culture. The Creative Europe Q&As state that it is not possible to ask for additional funds under an ongoing grant agreement.

- a) Reduction of the beneficiary's contribution. What happens if the proposed co-financing rate does not match with the original proposal? Could the EU co-financing share be increased?
- b) In some Member States, it is not possible to have national public co-financing if already a beneficiary of Creative Europe. Would the Commission seek to find consensus among Member States to derogate from these rules, making national funds available to co-finance Creative Europe projects in the COVID-19 outbreak?

3. BUDGETARY SHIFTS

All projects and network grants will in one way or another not use travel budget in these months until at least September - in the case of some destinations, possibly even until 2021. To maintain the goals of these projects, alternative activities online or research-based publications need to be developed.

To avoid administrative burden, there should be more flexibility to shift budget between lines, without an obligation to negotiate each maneuver.

- a) Therefore, we would ask for a raise of the 10% shift between budget lines without amendment to at least 50%, e.g., to shift the travel budget to communication and video production costs (in order to support online and video-streaming activities), to realize digital activities and products (webinars, concert streaming, digital GA, etc...), to staff costs (any of the staff costs categories), or for membership organisations to compensate some of the membership fees suspended due to the members' income loss.
This is indirectly also a support for organisations to keep their staff on the payroll which otherwise will be pushed into unemployment or vulnerable freelancing, to support the staff digital professional development, and to enable cultural organisations and individual professionals from across Europe to remain members of international networks, as an emergency help measure.
- b) In the case of many projects, the coordinator (especially if classified as "financially weak" and refused an advanced payment of 70% of the funding) is obliged to submit a progress report at the half-way point of the project. The report must demonstrate that at least 70% of the first EU funding instalment has already been spent in order to receive the second funding instalment in full. This will now be impossible in many cases due to cancellations and postponements of activities into the second half of the project and due to the nature of some activities not allowing for an online replacement.
 - Would it be possible to delay the deadline for the progress report to the point at which 30% of the overall budget has been spent, allowing for project activities still to take place, but at a later date?
 - Alternatively, would it be possible to pay out the second part of the funding without having to prove that 70% of the first instalment has been spent?

MFF Extension and networks funded by Creative Europe

If there is no agreement on the MFF 2021-2027 by the end of the year, the current programme will end without a new programme in place.

- a) In case the agreement on the future MFF is not reached on time, Creative Europe beneficiaries (networks, platforms and some of the cooperation projects) should be protected by a safety net in 2021 and, if needed, beyond, before the new payments can actually reach the beneficiaries.
- b) Moreover, as both Eurogroup Minister and the President of the European Commission state that the next MFF will be key to the economic recovery of the EU, we stress on the need to double Creative Europe funding, as in the position of the European Parliament. Creative Europe is a tool to boost the pan-European dimension of culture, which might be at risk in a year-time due to the fact that national budgets for internationalisation of culture (mobility grants, touring schemes, co-production funds) are being suspended and more focus is given to “localising” culture.

We very much hope that you can provide positive answers to our suggestions.

Yours sincerely,

Culture Action Europe together with European cultural networks, platforms and cultural organisations

ANNEX

Below a comparison - whether possible - between what was asked by our letter back in March and the Creative Europe Q&As that were just published.

	<u>CAE LETTER March</u>	<u>(New) CREATIVE EUROPE Q&As</u>
Eligibility period	<p>For events that cannot take place within the originally foreseen eligibility period of a project or framework year: → Extend the eligibility period for projects and framework contracts with accordingly postponed project reporting deadlines</p>	<p>What are the Grant Agreement's options if it is not possible to implement the project as foreseen?</p> <p>Extension of the project duration and / or modification of the content of the project activities Where the execution of contracts is impeded because of COVID-19 (for example due to unavailability of key staff, the impossibility of carrying on work in a zone affected by the virus or any other case which can be regarded as force majeure), EACEA may accept replacement activities or delayed performance. This could be done following a justified request by the beneficiary/contractor/expert to amend the contract including by extending the period of its implementation/ performance. However, the maximum grant amount indicated in the grant agreement cannot be increased.</p>

<p>Eligibility of costs</p>	<p>For events that had to be cancelled but payments have already been made and related costs: → Make costs related to cancelled events and other cancelled activities eligible → Clarify the proof needed to show the eligibility of costs incurred</p> <p>For freelancers, who are especially affected by the cancellation of events and other activities, as their sole income often depends on these activities: → Allow the eligibility of a “solidarity fee” that beneficiaries can offer as payment to freelancers who were already hired for cancelled events and activities</p>	<p>Will the operational support from Creative Europe be given (wages) in the event that activities within the project are being cancelled?</p> <p>Even in cases where some Creative Europe activities foreseen in the funded project are cancelled, costs directly and exclusively linked to cancelled activities may be considered as eligible under your EU grant, provided that you can demonstrate costs could not be avoided and the cancelled activities could not be reimbursed from other sources and you submit relevant supporting documents in this sense. However, the Agency will have to assess these costs case-by-case.</p> <p>Will the incurred expenses for cancelled activities be covered by the EU grant? In the cases where the Creative Europe activities are cancelled and organisations have incurred costs, directly and exclusively linked to these activities, which fulfil the eligibility conditions and that cannot be reimbursed from other sources, they may be considered as eligible under the grant. Organisations are invited to keep proof of the “force majeure” event, and of the fact that they could not be reimbursed from other sources. However, the Agency will assess these incurred costs case-by-case. In case of doubt, please contact your project officer at the Agency.</p>
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<p>Replacement of activities</p>	<p>In the case of postponing events becoming increasingly difficult, due to the uncertainty and to a possible accumulation of events after the crisis: → Allow beneficiaries to replace events with other formats and activities more suited to the current situation (e.g. webinars, publications, videos) or with activities that can be carried out independently of the current situation (e.g. transferring unspent costs to developing an organisation's financial sustainability)</p>	<p>In case of postponing events becoming increasingly difficult, is it allowed to replace events with other formats and activities more suited to the current situation e.g. webinars, publications, videos?</p> <p>Where the execution of contracts is impeded because of COVID-19 (for example due to unavailability of key staff, the impossibility of carrying on work in a zone affected by the virus or any other case which can be regarded as force majeure), EACEA may accept replacement activities. This could be done following a justified request by the beneficiary/contractor/expert to amend the contract including by extending the period of its implementation/ performance. Furthermore, in any circumstances, the Agency has to assess the application of this option mentioned in the paragraph above case-by-case. However, the maximum grant amount indicated in the grant agreement cannot be increased.</p>
<p>Additional funding</p>	<p>For beneficiaries facing significant losses (due to the refund of tickets, participation fees etc.) and where costs incurred for postponed or cancelled events and other activities cannot be recovered → Provide the possibility to apply for additional funding to mitigate losses and support the rescheduling of events where appropriate</p>	<p>If a beneficiary is facing significant losses and has incurred costs for postponed or cancelled events, can it apply for additional funding to mitigate losses and support the rescheduling of events where appropriate?</p> <p>Unfortunately, it is not possible to ask for additional funds under an ongoing grant agreement.</p>

<p>Budgetary shifts</p>	<p>(question not posed in March)</p> <p>In the event of shifts affecting activities planned – with resulting cancellations and/or replacements – and possibly laying more pressure on certain portions of the budget not originally envisaged: → Allow budgetary shifts between budget chapters exceeding the contractual limit above which a budget amendment must be sought with and approved by the Agency.</p>	<p><i>Is it possible to reshuffle budgets within a grant?</i></p> <p>Budget variations can be implemented within the conditions specified in the grant agreement. If the changes are more important, they can be acknowledged via an amendment to the grant agreement. In any case, the total budget and grant cannot be increased. However, the Agency will assess these proposed budget variations case-by-case. Please contact EACEA for further information on this issue.</p>
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