



A programme of the European Union



MEDIA 2007 (2007-2013) *

**SUPPORT FOR THE NETWORKING OF CINEMAS SCREENING
EUROPEAN FILMS**

PERMANENT GUIDELINES

**FOR THE SUBMISSION OF PROPOSALS TO OBTAIN FINANCIAL SUPPORT
FRAMEWORK PARTNERSHIP AGREEMENT 2012-2013**

* Decision N° 1718/2006/EC
of the European Parliament and of the Council

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1. INTRODUCTION

1.1. Legal basis

These guidelines are based on Decision 1718/2006/EC of the European Parliament and the Council of 15 November 2006 concerning the implementation of a programme of support for the European audiovisual sector (MEDIA Programme 2007-2013).

The total budget for the MEDIA Programme 2007-2013 is EUR 754.95 million.

The European Commission is responsible for the implementation of the MEDIA Programme and for the decision to grant individual European Union funds. The Education, Audiovisual and Culture Executive Agency manages the MEDIA Programme on behalf and under the control of the European Commission. The MEDIA Programme unit of the Education, Audiovisual and Culture Executive Agency (hereafter "the Agency") is responsible for the implementation of these guidelines.

These guidelines are aimed at European organisations whose activities contribute to the realisation of the objectives of the MEDIA Programme as described in the Council Decision 1718/2006/EC. These guidelines explain how to submit a proposal with a view to obtaining a Union financial contribution in a context of a framework partnership agreement only.

1.2. Definitions

For the purposes of this Call for Proposals the following definitions shall apply:

General:

- **Action:** the part of the project activities receiving European financial support and covering the preparation, implementation and evaluation stages.
- **MEDIA countries:** the Member States of the European Union, Iceland, Liechtenstein, Norway, Switzerland, Croatia and Bosnia and Herzegovina¹.
- **European countries with a low audiovisual production capacity:** Austria, Belgium, Bosnia and Herzegovina¹, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Norway, Netherlands, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Switzerland and Sweden.
- **European film:** any work of fiction (including animated films) or documentary, with a minimum duration of 60 minutes, complying with the following conditions : the work has been majority produced by a producer or producers established in the countries participating in the MEDIA Programme and the work must be produced with the significant participation of professionals who are nationals/residents of countries participating in the MEDIA programme (See Section 5.4).
- **Non-national European film:** European films will be considered as national in that Member State or territory participating in the MEDIA Programme whose citizens / residents

¹ Under the condition of the finalisation of the negotiation process and the formalisation of the participation of this country to the MEDIA Programme

have participated in the highest proportion in the making of the film, on the basis of the points table shown under section 5.4. They will be considered as non-national in all the other territories.

- **Cinema Operators:** any company which, having contractually acquired the rights to exhibit a film in a cinema, exhibits it and determines the conditions on which it is shown (see also section 5.3 below).
- **Cinema:** a single set of commercial premises with one or more auditoria on a single site and operating under the same trade name. Also considered as a single cinema are those premises with single or more auditoria on different sites in the same town and which belong to the same commercial company or whose programming is assured by the same organisation.
- **Screen / auditorium:** a screening room forming part of a single-screen or multi-screen cinema.
- **Cinema Network:** a group of cinemas developing, through the medium of a legally constituted co-ordination entity, joint activities in the area of screening and promoting European films. In particular, this coordination entity shall ensure the operation of a communication and information system between the cinemas.

Agreement and relevant documents

- **Framework Partnership Agreement (FPA):** The FPA lays out the conditions for a simplified annual selection and contracting procedure over a multi-annual period. The global action plan submitted with the application will be annexed to it. In the context of this call for proposals, the FPA will cover a 2-year period.
- **Global Action Plan:** it sets out the objectives, priorities and expected results for the period concerned, as well as the strategy and the actions to be implemented to ensure that the objectives and results are achieved. The Global Action Plan will constitute a contractual obligation annexed to the Framework Partnership Agreement. In the context of this call for proposals, the Action Plan will cover the activities for 2013 and 2014.
- **Specific agreement:** A specific agreement will lay out the conditions and level of funding for each annual action, pursuant to the signature of a Framework Partnership Agreement.
- **Annual Work Programme:** it presents in detail the activity/ies to be implemented in the context of the FPA during a given year.

Budget

- **Eligible Costs:** the costs directly linked to the execution of the Action receiving support, as detailed below under Section 9.4 and incurred by the beneficiary or the co-beneficiaries during the period defined in the agreement.
- **Grant:** the financial support awarded to the selected applicant for an action. This can be revised downwards upon reception of the final report on the basis of the total actual eligible costs.
- **Contributions in kind:** the money equivalent of certain services or materials which could be contributed to the action by the partners (see section 9.4.2. on Ineligible Costs).

Applicant organisation and partners

- **Applicant:** organisation applying to the MEDIA Programme with an action.
- **Beneficiary:** organisation benefiting from a MEDIA Programme grant.

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- **Co-ordinator:** organisation entrusted by its partners to take full legal responsibility for the proper implementation of the action vis-avis the Agency.
 - **Co-beneficiary(ies):** other partners mentioned in the application, which provide a contribution to the action and directly incur expenses that will be charged to the action. In case of selection of the action, the co-ordinator and each co-beneficiary will sign a mandate entrusting the co-ordinator to act in their name and account. Thus the eligible expenses incurred by the co-beneficiaries may be taken into account for the calculation of the financial contribution. Please note that service providers or sub-contractors who charge fees for their services to the beneficiary do not need to be considered as co-beneficiaries for the purposes of the contract.
 - **Financial contributor:** any public or private organisation providing a financial contribution to the Action.

1.3. Types of agreements

Under the current Call for Proposals, the applicant will submit a proposal to sign a "Framework Partnership Agreement" (FPA) for its 2013 and 2014 activities.

Specific annual agreements detailing the conditions and level of funding for annual activities will be entered into between the Agency and the Beneficiary. The annual work programmes will form the basis for awarding a specific annual action grant. The Agency will determine the level of the support for the second year of action on the basis of the annual work programme, the previous year's result and the available budget.

2. OBJECTIVES

The **cinema network** whose activities contribute the most to the objectives set out below will be selected.

2.1. Global objectives of the MEDIA programme

The global objectives of the programme are the following:

- ◆ to preserve and enhance European cultural and linguistic diversity and its cinematographic and audiovisual heritage, guarantee its accessibility to the public and promote intercultural dialogue;
- ◆ to increase the circulation and viewership of European audiovisual works inside and outside the European Union, including through greater cooperation between players;
- ◆ to strengthen the competitiveness of the European audiovisual sector in the framework of an open and competitive European market favourable to employment, including by promoting links between audiovisual professionals.

2.2. Specific objectives

The specific objectives are:

- ◆ to improve the circulation of non-national European films on the European and international markets by incentives measures for export, distribution on any medium and cinema exhibition.
- ◆ to encourage the screening of non-national European films on the European market, in particular by supporting the coordination of a cinema network.

2.3. Priorities of this Call for Proposals

This Call for Proposals aims to encourage the networking of European first-run cinemas and the screening of non-national European films by these cinemas.

The financial support is particularly aimed at:

- ◆ Encouraging cinema owners and operators to screen a significant proportion of non-national European films in cinemas for first release for a minimum defined period. The support granted to each cinema will be determined according to the programming and taking into account the number of tickets sold for non-national European films over a reference period.
- ◆ Contributing to the development of educational and awareness-raising activities for young cinema-goers.
- ◆ Supporting the creation and the consolidation of a European cinema owners' network developing common actions of this type.
- ◆ Encouraging and accompanying the introduction of digital cinema among exhibitors.

Particular attention will be paid to the development of potential in countries or regions with a low audio-visual production capacity.

It is addressed to European cinemas grouped in a network whose activities contribute to the aforementioned objectives.

3. TIMETABLE

The final date for submission of applications will be set in the Call for Proposals (please read carefully section 13 of this call for proposals concerning the procedures for submitting applications).

Applicants will be informed as soon as possible of the results of the selection and normally within 2 weeks of the date of decision by the Commission to grant or not a financial contribution.

In order to ensure that the best proposal fully meets the objectives of the current call and respects the cost-effectiveness principle, the Agency may impose some modifications (following the recommendations of the Evaluation Committee) to the Global Action Plan, the Annual Work Programme and the forecast budget.

For the selected action it is expected that a Framework Partnership Agreement and an Annual Specific Agreement will be signed between the beneficiary and the Agency before the end of 2012.

Should an application be unsuccessful, the Agency will inform the applicant as soon as possible and in writing of the reasons for its decision with regard to the criteria established in these guidelines.

4. AVAILABLE BUDGET

The total budget available for the co-financing of the 2013 action is estimated at EUR 10.800.000.

The amount of the financial contribution to be awarded will be determined within the limits of available budgetary resources and in consideration of the costs and nature of the action, assessed on the basis of the application and the selection and award criteria.

The Financial contribution from the MEDIA Programme cannot exceed 40% of the total eligible costs.

The beneficiary must guarantee the remaining financing.

Only one beneficiary will be selected.

The Agency reserves the right not to distribute all the funds available.

5. ELIGIBILITY CRITERIA

Applications which comply with the following criteria will be the subject of an in depth evaluation.

5.1. Formal criteria

Only proposals submitted in one of the EU official language, preferably in English or French, using the official application form, completed in full, signed (original signatures or equivalent required) and received by the specified deadline, will be considered.

The application form must be accompanied by an official letter from the applicant organisation, a balanced budget and all the other documents referred to in the application form.

The Agency reserves the right to request additional information from the applicant.

5.2. Eligible countries

Countries participating in the MEDIA programme are the following:

- Member states of the European Union
- EEA countries: Iceland, Liechtenstein, Norway,
- Switzerland
- Croatia
- Bosnia & Herzegovina (under the condition of the finalisation of the negotiation process and the formalisation of the participation of this country to the MEDIA Programme)

5.3. Eligible applicants

The call is open to European cinemas grouped in a network (the applicant organisation) entrusted to take full legal responsibility for the proper implementation of the action vis-a-vis the Agency.

The co-ordinator (the network) and the co-beneficiaries (the cinemas) must be owned and continue to be owned, whether directly or by majority participation, by nationals of countries participating in the MEDIA programme (see 5.2) and registered in one of these countries.

Co-beneficiaries

European independent theatres shall be eligible as co-beneficiaries.

A European independent theatre is a company, association or organisation with a single or several screens based in countries participating in the MEDIA Programme and which operates under the same company name. The screening of films should be the principal activity of the applicant or division of the applicant organisation.

Only those European independent theatres shall be eligible:

- that are first run cinemas (programming European films in first run, within a maximum period of twelve months after the first national release). Those cinemas which dedicate a maximum of 30% of their screenings to retrospectives or re-releases may be eligible ;
- that have been open to the public for a minimum of 6 months;
- that possess a ticketing and entry declaration system ;
- that have at least one screen and 70 seats ;
- That had at least 300 screenings per year for single-screen cinemas and 520 screenings per year for multi-screen cinemas (cinemas in operation for a period of at least 6 months per year), and at least 30 screenings per month for summer / open air cinemas (cinemas in operation for less than 6 months per year) ;
- that had at least 20,000 spectators in the previous twelve months.

In order to meet, as a group, the above eligibility criteria, different cinemas may be allowed to pool their results. The circumstances under which this may occur must be clearly defined by the applicant in its application and in the accompanying draft guidelines.

Co-ordinator:

Cinema networks shall be eligible as co-ordinator.

The cinema network is a group of cinemas developing, through the medium of a legally constituted co-ordination entity, joint activities in the area of screening and promoting European films. In particular, this coordination entity shall ensure the operation of a communication and information system between the cinemas.

To be eligible, the cinema network must represent at least 100 cinemas situated in at least 20 countries participating in the MEDIA Programme.

The network must identify the co-ordination entity that represents them, which co-ordinates its activities and which is responsible for the execution of all the activities proposed.

The network must be represented by a duly constituted legal entity, with a legal personality, having its registered office in one of the Member States of the European Union.

The co-ordination entity has to be suitable to represent the network of cinemas and in any contractual relationship with the Agency that may be concluded if the network is selected. In this context, the co-ordination entity must be able to present all the relevant information concerning each member of the network necessary for the implementation of the common actions conforming to the conditions defined in this Call for Proposals.

Legal entity

In order to demonstrate its existence as a legal person, the applicant must provide the following documents:

- "**Legal Entity Form**" duly completed and signed by the legal representative of the applicant.
- "**Financial Identification**" ("Bank Identification Sheet") duly completed, stamped and signed by both the legal representative of the applicant and by a representative of the bank.

These documents must mention the name of the applicant organisation (full legal title), the registration number, the official registered address of the organisation, the date and place of registration.

- A copy of the **VAT registration**, including the VAT number. If the applicant does not have a VAT number, "Not applicable" shall be written down in the appropriate place on the application form.
- A copy of the **applicant's registration certificate** from the relevant authority, (e.g Companies register, Official Journal, etc.) and the **statutes** of the applicant organisation (including copies of all recent amendments either to the registration documents or to the elected shareholders, directors, board members or other legal representatives).

If the name of the legal representative of the organisation is not stated in the official registration document, a copy of his/her nomination is also required (for instance: signed minutes of the Board).

Where the person authorised to sign any agreement with the Agency is not an individual specified in the documents mentioned in the previous paragraph, a letter or proxy (signed by one of the aforementioned individuals) giving them the authority to sign agreements with the Agency on the organisation's behalf must be provided.

As the legal structure of a company may vary from country to country, the relevant Legal Entity Form is only enclosed with these guidelines in sample form. Applicants must access the appropriate form at http://ec.europa.eu/budget/info_contract/legal_entities_en.htm and complete the form in their national language.

- ◆ Applicants must submit a detailed list of partner organisations.
- ◆ Natural persons may not apply for a grant

5.4. Eligible activities

- Actions aiming at promoting and screening European films.
- Educational activities aiming at raising awareness among young cinema-goers.
- Activities aiming at encouraging and accompanying the introduction of digital cinema among exhibitors.
- Networking activities: information, animation and communication.

The duration of the action is 12 months, running from 1st January until 31st December.

Only actions and their activities taking place in the MEDIA countries are eligible (see section 5.2).

Period of action and eligibility of costs:

- First year of the FPA: Activities must start on 01/01/2013 and be completed by 31/12/2013
- Second year of the FPA: Activities must start on 01/01/2014 and be completed by 31/12/2014

Only costs incurred during the period of the action shall be considered as eligible.

Eligible European films

Any work of fiction (including animated films) or documentary, with a minimum duration of 60 minutes, complying with the following conditions:

- the work has been majority produced by a producer or producers established in the countries participating in the MEDIA Programme. To be considered as the actual producers the production companies must be credited as such. Other elements such as creative control, ownership of exploitation rights and share of profits may also be taken into account to determine who the actual producer is;

and

- the work must be produced with the significant participation of professionals who are nationals/residents of countries participating in the MEDIA programme. 'Significant participation' is defined as having more than 50% of the points on the basis of the table below, (e.g. having 10 or more points in the case of a work of fiction or the biggest share of points if the total is less than 19 as is normally the case for documentaries or animation films where all of the categories are not usually included in the credits):

+	Points
Director	3
Scriptwriter	3
Composer	1
Actor 1	2
Actor 2	2
Actor 3	2
Artistic Director/Production Design	1
Director of Photography	1

Editor	1
Sound	1
Shooting location	1
Laboratory	1
Total	19

Films consisting of advertising, pornographic or racist material or advocating violence are not eligible for support.

6. EXCLUSION CRITERIA

Applicants must state that they are not in any of the situations described in Articles 93(1), 94 and 96(2)(a) of the Financial Regulation applicable to the general budget of the European Union (Council Regulation (EC, Euratom) No 1605/2002 as subsequently amended) and set out below.

Applicants will be excluded from participating in the calls for proposals procedure if they are in any of the following situations:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Union's financial interests;
- f) they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation (Council Regulation 1605/2002 of 25/06/02, as subsequently amended).

Applicants will not be granted financial assistance if, in the course of the grant award procedure, they:

- (a) are subject to a conflict of interests;
- (b) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the grant award procedure, or fail to supply this information;
- (c) find themselves in one of the situations of exclusion, referred to in art 93(1) of the Financial Regulation, for this grant award procedure;
- (d) they are subject to the penalty consisting in the exclusion from contracts and grants financed by the budget for a maximum period of ten years.

In accordance with Articles from 93 to 96 of the Financial Regulation, administrative and financial penalties may be imposed on applicants who are guilty of misrepresentation or are found to have seriously failed to meet their contractual obligations under a previous contract award procedure.

To comply with these provisions, applicants must sign a declaration on their honour certifying that they are not in any of the situations referred to in Articles 93, and 94 of the Financial Regulation.

7. SELECTION CRITERIA

Applicant must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. They must have the professional competencies and qualifications required to complete the proposed action or work programme.

Applicants must submit a declaration on their honour, completed and signed, attesting to their status as a legal person and to their financial and operational capacity to complete the proposed activities.

Applicants who fail to provide the requested documents or who, on the basis of the documents submitted, are judged not to meet the selection criteria, will be excluded.

7.1. Operational Capacity

In order to allow an assessment of their operational capacity, organisations must submit, together with their applications:

- Human and technological resources available within the applicant organisation (the CVs of the person(s) responsible for the proposed action, showing all their relevant professional experience);
- A summary of the activities of the applicant (and of its partners, when applicable) together with an evaluation of the results achieved over the previous three years.

7.2. Financial Capacity

In order to allow an assessment of their financial capacity, organisations must submit, together with their applications:

- the audited annual accounts of the 2 most recent completed fiscal years (i.e. balance sheet, profit and loss accounts and the annexes). These accounts should be certified by an approved auditor external to the company;
- the Financial Capacity form carefully and fully completed and signed by the legal representative of the company. The information (in figures) should be given in national currency and must be based on the certified accounts. The applicant guarantees that these figures are correct and verifiable. This information is required to evaluate the financial strength and co-financing capacity of the applicant.

The analysis of the Financial Capacity will take into account the legislative framework of the different countries participating in the Programme.

The verification of financial capacity shall not apply to natural persons in receipt of scholarships nor to public bodies, or to international organisations under public law.

If, on the basis of the documents provided, the Agency considers that the financial capacity has not been proven or is not satisfactory, it may:

- reject the application
- ask for further information
- require a bank guarantee (see 9.2)
- offer a grant agreement without pre-financing.

7.3. **Audit**

Applications for a Framework Partnership Agreement must be accompanied by an external audit report produced by an approved external auditor.

This report shall certify the accounts for the last 2 fiscal years available.

8. **AWARD CRITERIA**

The award criteria make it possible to assess the quality of the proposals in light of the objectives and priorities set out in this Call for Proposals.

The Global Action Plan and the Annual Work Program will be assessed on the basis of the weighted criteria presented below.

The network	20 points
Financial support Distribution and monitoring strategy	20 points
Cost-effectiveness	20 points
Common actions	20 points
Young audience	20 points
TOTAL	100 points

The award criteria will be judged on the basis of the information provided in the Application form.

8.1. **The network**

The following will be assessed:

- The guidelines to the members and potential members of the network, including their compliance with the objectives of the current call,
- The number and geographical balance of the cinemas belonging to the network (especially cinemas located in countries or regions with a low audio-visual production capacity).

8.2. Financial support distribution and monitoring strategy

The quality of the strategy developed by the coordination entity for the distribution and monitoring of the financial support between the cinemas belonging to the network will be assessed.

The proposal must contain a clear explanation on:

- the use of the support, including a breakdown on the allocation of the support to the various activities,
- the methodology for the allocation of the support to the co-beneficiaries,
- the forecast impact of the support in terms of programming of non-national films and audience building,
- the monitoring strategy in place as regards :
 - a) the programming of non-national films,
 - b) the young audience activities.

The guidelines of the coordinator must detail the method of assessment which will be based upon precise and objective criteria such as:

- As a general rule the proportion of European non national films screenings by single screen cinemas must be between 25 -30% of the total screenings. Appropriate precise rules for multi-screen and other cinemas must be detailed in the applicant's guidelines;
- the capacity of the cinema to create an audience for non national European films (the number of admissions achieved for non national European films) ;

8.3. Cost-effectiveness

The following will be assessed:

- The cost-effectiveness of the Global Action Plan and of the Work Programme, in particular in relation to the ratio of services offered and of personnel/administrative costs;
- The quality of the action plan in relation to the level of the grant.

8.4. Common actions

The common actions set up by the coordination entity will be assessed, taking into account the following:

- the added value of the common actions for the member cinemas
- the impact upon the programming of non-national films
- The strategy developed by the network to disseminate best practices, audience building techniques and technological developments

8.5. Young audience

The quality of common education actions made by the network to raise awareness of European cinema among young cinema-goers will be assessed.

For that purpose, the applicant must include in its application:

- a description of the best-practices regarding young audience outreach within the network,
- the strategy in place for the dissemination and implementation of such best-practices,
- a full description of the network in terms of young audience outreach, including the use of social networks.

The guidelines of the coordinator must detail:

- the method of assessment regarding education activities developed by the cinema aiming at raising awareness among young cinema-goers,
- the methodology to be put in place as regards the funding of young action activities.

9. FUNDING CONDITIONS

An EU grant is an incentive to carry out activities that would not be possible without the support of the Union. It is based on the principle of co-financing. The EU grant supplements the applicant organisation's own financial involvement and/or any national, regional or private support it may have obtained.

Acceptance of an application by the Executive Agency does not constitute an undertaking to award a grant equal to the amount requested by the beneficiary. Furthermore, under no circumstances may the amount awarded exceed the amount requested.

Following the recommendation of the Evaluation Committee, applicants may be obliged to amend their Global Action Plan, Work Programme and their forecast budget accordingly.

The awarding of a grant does not establish an entitlement for subsequent years.

9.1. Contractual provisions and payment procedures

In the event of definitive approval by the Agency of the Framework Partnership Agreement, a specific annual grant agreement, drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary.

The 2 copies of the original agreement must be signed by the beneficiary and returned to the Agency immediately. The Agency will sign them last.

A pre-financing payment of 25% of the Network costs (9.4.1 Heading 1 below) will be transferred to the beneficiary within 45 days after the signature by the two parties of the specific annual agreement, provided all possible guarantees are received. Pre-financing is intended to provide the beneficiary with a float.

A second prefinancing payment of 25% of the Network costs will be made within 45 days of the approval, by the Agency, of the progress report on the action's implementation. This second prefinancing payment may not be made until at least 70% of the previous prefinancing payment has been used up.

The account or sub-account indicated by the beneficiary must make it possible to identify the funds transferred by the Agency. If the funds paid into this account give rise to interest or equivalent profits in accordance with the legislation of the country where the account is held, such profit or interest will be recovered by the Agency where it results from the prefinancing payment if this payment exceeds 50 000 euros.

The Agency will establish the amount of the final payment to be made to the beneficiary on the basis of the final reports.

9.2. **Guarantee**

The Agency may require any organisation which has been awarded a grant to provide a guarantee in order to limit the financial risks linked to the prefinancing payment.

The purpose of this guarantee is to make a bank, a financial institution, or third party stand as irrevocable collateral security for, or first-call guarantor of, the grant beneficiary's obligations.

This financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the Agency may agree that a bank or financial institution established in that third country may provide the guarantee if it considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State.

The guarantee may be replaced by a joint and several guarantees by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

9.3. **Double financing**

Subsidised actions may not benefit from any other Union or Eurimages funding for the same activity. (Eurimages. i.e. European cinema support from the Council of Europe).

To ensure this, they must give details in their application form of any other grant requests other than those submitted to the MEDIA Programme which they have submitted or intend to submit to the European Institutions during the same budgetary year, stating in each case the budget heading, the European Union programme and the amount requested.

9.4. **Funding method**

The system of financing under these guidelines is exclusively budget-based.

Budget-based grants are calculated on the basis of a detailed estimated budget. The budget attached to the application form must be complete and in balance, i.e. total estimated expenditure must equal total revenue, including the requested Executive Agency grant. The budget must indicate clearly the costs that are eligible for EU funding. The EU grant is limited to a maximum co-financing rate of 40% of the eligible costs.

The budget must be drawn up in euro. Applicants not based in the euro zone must use the exchange rate published in the Official Journal of the European Union and applicable on the month preceding the deadline for submissions. This exchange rate is available from the MEDIA Desks and Antennae and from the web site of the European Commission at <http://ec.europa.eu/budget/inforeuro/>).

Part of the total estimated eligible expenses must be financed from sources other than the Union grant. Applicants must indicate the sources and amounts of any other funding received or applied for in the same financial year for the implementation of the project or work programme concerned.

The beneficiary shall supply evidence of the co-financing provided, if requested to do so.

The allocated amount may not exceed the amount requested.

The Union grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of receipts over costs. The amount of the grant will be reduced by the amount of any surplus.

The financial contribution will be in the form of a subsidy and will be granted globally to the cinema network selected. The co-ordination entity representing the network must undertake to manage the distribution of the financial contribution between the different member cinemas of the network.

The amount allocated to each cinema cannot, under any circumstances, be higher than 50% of the costs committed by each cinema for the screening and promotion of non national European films (9.4.1 Heading 2 below).

9.4.1 Eligible costs

Eligible costs of the action are costs actually incurred by the beneficiaries, which meet the following criteria:

- they are incurred during the duration of the action as specified in the specific annual agreement, with the exception of costs relating to final reports and certificates on the action/action's financial statements and underlying accounts;
The period of eligibility of costs will start :
 - on 1st January 2013 and end on 31st December 2013 for the FPA's 1st year of activities
 - on 1st January 2014 and end on 31st December 2014 for the FPA's 2nd year of activities.
- they are connected with the subject of the agreement and they are indicated in the estimated overall budget of the action;
- they are necessary for the implementation of the action which is the subject of the grant;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost-accounting practices of the beneficiary;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

Eligible direct costs

The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to the performance of the action or the work programme and which can therefore be booked to it directly. In particular, the following direct costs are eligible, provided that they satisfy the criteria set out in the previous paragraph:

Heading 1 - Network costs

The total of this budget heading cannot exceed 2.000.000€

These costs represent the costs incurred by the network organisation to run the action.

Costs incurred by the co-ordination entity for :

- the monitoring, coordination, analysis of the co-beneficiaries programming,
- dissemination of results and distribution of the financial contribution between the different member cinemas of the network.
- the coordination entity to carry out common activities for the members of the network

Sub-heading 1.1. Salaries of Personnel and fees

Are to be written under this sub-heading any costs relating to employees (personnel) of the applicants organisation or company and to any human resources directly linked to the management of the action and its activity/ies, such as project manager, policy officer, project assistant etc., which contribution is charged over the whole duration of the action. This might include consultants and any other external partner(s).

The personnel costs shall be calculated on the basis of the actual daily salary of the employee, multiplied by the number of days devoted to the action. Where applicable, this figure will include all the usual contributions paid by the employer, such as social security contributions, but shall exclude any bonuses, incentive payments or profit-sharing schemes.

The daily salary will be based on the average salary charged at national level for qualified personnel executing comparable tasks.

Common rules:

- The maximum number of working days per year per person is 220.
- Senior staff/consultants and directors shall be identified by name (if already known at submission stage).
- These costs must be actual costs incurred by the applicant; personnel costs of other organisations are eligible only if they are directly paid or reimbursed by the applicant.
- Individuals contracted with a significant involvement in the management and/or organisation of the action and its activity/ies, shall be considered as "personnel" and budgeted accordingly under 1.1.

Sub-heading 1.2 Operating costs:

Operating costs include travel and subsistence costs for Personnel and Project Management, costs for the seminars and experts groups as well as the costs for bank guarantee.

1.2.1 Travel costs for Personnel and Project Management

Travel costs for the monitoring of the network (experts meeting, monitoring visits to member cinemas, meetings with the Agency for the follow-up of the project, participation to professional meetings).

The number of travels, the destination and the length of stay must be reasonable with regard to the objectives of the applicant for the proposed action.

Travel details and the name or role in the activity of the person(s) travelling must be justified in the Note to the estimated budget.

Accommodation and subsistence costs ("per diems") cannot be in excess of the scales accepted by the Commission and published on the following website:

http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm

If there is no overnight stay, the amounts are reduced by 50%.

If the internal regulation of the institution applying for a MEDIA grant imposes a lower limit than the scales accepted by the Commission, the lower limit must be used as a basis of calculation.

Costs exceeding the Commission's threshold will have to be duly justified and agreed by the Agency in order to be eligible.

Common rules:

- Air travel : only economy class tickets will be eligible
- Train travel : second and first class tickets are eligible
- Car travel: the eligible amount will be limited to the amount corresponding to the price of a 1st class train ticket.
- Per diems cover taxi and parking costs. Applicants using these monetary limits are thus not authorised to include these costs separately in the budget.

These conditions apply also for travel and subsistence costs for other professionals participating in the action (See section 1.2.2 and 1.3.2).

1.2.2 Seminars and experts groups

Remuneration and travel costs for experts must be directly related to the implementation of the action.

Travel and subsistence costs for experts shall be calculated under the same conditions as those defined for the Personnel and Project Management (See section 1.2.1).

Costs relating to the seminars / experts meetings will also include the costs relating to the preparation and organisation of the meetings (rental of conference room, rental of equipment, evaluation material and documentation).

The destination of the travels as well as the number of days forecast and the name or role in the activity of the person(s) travelling should be justified in the Note to the estimated budget.

1.2.3 Meetings of the members of the network

Costs relating to the preparation and organisation of the meetings of the representatives of the cinemas of the network (rental of conference room, rental of equipment, conference, material and documentation).

For the limits, rules and conditions applicable on travel and subsistence costs for participants please refer to section 1.2.1.

A detailed list and description of the costs relating to the meetings of the members of the network shall be presented for each forecast meeting.

1.2.4 Information, publicity, communication and promotion costs

This category includes:

- * the costs related to the design, lay-out, production and dissemination towards the member cinemas of material promoting their participation in the network. Such material may include posters, flyers, stickers, or trailer prints to be screened in the member cinemas.
- * The costs related to the design, lay-out, production and dissemination of information and exchange tools between the members of the network, such as newsletters of Internet / Intranet services.
- * The costs related to the design, lay-out, production and dissemination of publications (in printed, on-line or off-line formats) aiming at the dissemination of the results of the network activities.
- * The costs related to certain common promotional actions

These costs shall be admissible in so far as they are not already assigned to another budget heading or category.

1.2.5 Costs for bank guarantee and audit costs

Costs related to bank guarantee, which may be required by the Agency, and costs related to the audit of the action can be written in this category.

Interest charges (bank interests) are not eligible. Please pay particular attention to the other ineligible costs listed below.

Sub-heading 1.3. Sub-contracting costs

Costs under these budget lines relate to the provision of services by persons who are neither employees of the applicant's organisation or company, nor individuals contracted for the whole duration of the action (see 1.1 above), for example: translation/ interpretation, printing, provision of computer software and accounting services.

The costs specified under this heading relate to the amounts paid to third parties carrying out a specific one-off task in connection with the proposed action.

Sub-contracting costs are accepted only if the applicant staff does not have the skills required and the EU procurement procedures are respected. Subcontracting costs must be substantiated by received invoices.

All necessary explanations shall be stated in the "Note to the estimated budget".

This Budget Sub-heading consists of the following items:

1.3.1 Fees/Flat rates of third parties

Costs under this item relate to the provision of services by persons who are neither employees of the applicant's organisation or company, nor individuals contracted for the whole duration of the action (see sub-heading 1.1 above), for example:

-
- Expenditure relating to persons taken on exclusively for the duration of the activity/ies, such as interpreters, press attachés, publicists, hostesses, etc.
 - Any fees and expenditures relating to the provision of consultancy services (on a short-term basis) by experts in particular in audio-visual matters to European professionals participating in the activity/ies to which the action relates. This category includes translation costs incurred in the frame of the action.

Common rules:

- Individuals contracted with a significant involvement in the management and/or organisation of the action and its activity/ies, shall be considered as "personnel" and budgeted accordingly under 1.1.
- Records of the time devoted to the activity/ies by third parties should be detailed clearly according to the type of service provided, the period during which they have been charged to the activity and their cost per head (duration, number, individual cost).

1.3.2 Travel and subsistence costs of third parties

Costs under this item relate to the travel and accommodation costs of the sub-contracting persons specified above.

For the limits, rules and conditions applicable on travel and subsistence costs, please refer to section 1.2.1 above.

1.3.3 Computer and IT costs

The costs specified under this item may include various computing and data base costs applicable under management of the action solely.

These costs may include for example, leasing costs of hardware and software, as well as their development, production and maintenance costs and costs related to connect time to on-line services where this is necessary for the proper implementation of the action.

Common rules:

- These costs may be charged to the action in so far as such costs are not charged under any other category of cost.
- Only the portion of the computing and technical equipment's depreciation corresponding to the duration of the activity(ies) and the rate of actual use for the purposes of the activity(ies) may be taken into account by the Agency.
- Only the cost of rental, leasing of equipment for the duration of the activity(ies) will be considered eligible.

Heading 2 - Screening and promotion of European films by the member cinemas:

It is accepted that 50% of the box office income from screening European films is returned to the Rights Holder as Rentals. The maximum amount allowed as direct costs for the programming of said films shall be 50% of these rentals or 25% of the Gross Box Office.

Eligible indirect costs (overheads)

These costs represent the applicant's general administrative costs. They are considered as eligible when they relate indirectly to the implementation of the proposed action but do not fall into any of the above-mentioned categories.

These costs should be in line with the principles set out in this guide. They cannot exceed a flat-rate amount of 7% of the network costs, up to a maximum of 70.000€ Indirect costs may not include costs entered under another budget heading.

Overhead costs encompass the following categories:

- Premises and related expenses (e.g. rent, insurance ...)
- Office expenses and consumables (e.g. telephone, postal services, photocopies ...)

Indirect costs are not eligible when the beneficiary also receives an operating grant from the European Commission/Agency.

Note on the Estimated Budget

The note to the estimated budget will be used for the evaluation of the award criteria, especially for the assessment of the cost effectiveness of the proposed action. The applicants have to explain the reasoning behind the amounts stated in the estimated Budget.

- The Note to the estimated budget must be sufficiently detailed to allow identification and control of the proposed activity.
- The presentation of the Note to the estimated budget will be identical "heading by heading" to the estimated budget.
- In the event that costs such as Personnel costs or Overheads are distributed over one or more activities, a detailed justification for such distribution must be included in the Note to the estimated budget.

9.4.2 Ineligible costs

The following costs shall not be considered eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities;
- interest owed;
- doubtful debts;
- exchange losses;
- VAT, unless the beneficiary can show that he is unable to recover it according to the applicable national legislation;
- costs declared by the beneficiary and covered by another action or work programme receiving an European Union grant;
- excessive or reckless expenditure.

Contributions in kind do not constitute eligible costs.

Please note that the Agency reserves its right to reduce any cost, either in the award or subsequent payment procedures, which is not consistent with average market prices for the item or service foreseen.

9.4.3 Calculation of the final grant amount - Documents to be submitted for budget-based financing:

The Executive Agency will establish the final amount of the grant on the basis of the following documents:

- a final report providing details of the implementation and results of the action/work programme ;
- the final financial statement of costs actually incurred,
- a certificate on the financial statements and underlying accounts, produced by an approved auditor or in case of public bodies, by a competent and independent public officer, may be demanded by the authorising officer responsible in support of any payment on the basis of his assessment of risks. The certificate shall certify, in accordance with a methodology approved by the Agency, that the costs declared by the beneficiary in the financial statements on which the request for payment is based are real, accurately recorded and eligible in accordance with the grant agreement.

The certificate on the financial statements and underlying accounts shall be compulsory for interim payments per financial year and for payments of balances in cases of :

- grants for an action of EUR 750 000 or more, when the cumulative amounts of request for payment is at least EUR 325 000,
- for operating grants of EUR 100 000 or more.

The calculation of the final grant amount by the Agency is based on a detailed final financial statement of the beneficiary, accompanied by supporting documentation for the incurred expenditure. If the eligible costs actually incurred by the beneficiary are lower than anticipated, the Agency will apply the rate of co-financing stated in the grant agreement to the expenditure actually incurred. The Agency also reserves the right to reduce the amount of the grant if the organisation has not fully implemented the agreed project/work programme.

The Union grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of receipts over costs. The amount of the grant will be reduced by the amount of any surplus.

Where applicable, the beneficiary will be required to reimburse any excess amounts paid by the Agency in the form of pre-financing.

9.5. Sources of Income

The part 1 of the Estimated Budget (sheet 1 – Financing Plan) should show:

- The direct monetary contribution from the applicant (own resources);
- The investment by the co-beneficiaries
- The financial contribution from other fund providers (public and/or private);
- The contribution applied for to the MEDIA Programme.

The maximum amount allowed for the calculation of the investment by the co-beneficiaries shall be the accepted direct costs for the screening of non national films minus the support received for this activity from the network.

Where possible, the calculation of the investment by the co-beneficiaries will have to be based on the average results of the network over the last four years.

10. SUB-CONTRACTING AND AWARD OF PROCUREMENT CONTRACTS

Where implementation of the action/project requires sub-contracting or the awarding of a procurement contract, the beneficiary and, where applicable, its partners must obtain competitive tenders from potential contractors and award the contract to the bid offering best value for money, observing the principles of transparency and equal treatment of potential contractors and taking care to avoid conflicts of interests.

Subcontracting is intended for specific, time-bound, project-related tasks which cannot be performed by the Consortium members themselves. In all cases, tasks to be subcontracted have to be identified in the proposal and the estimated amount entered in the budget. If this is not the case, prior written authorisation from the Agency must be obtained.

11. PUBLICITY

All grants awarded in the course of a financial year must be published on the Internet site of the European Union institutions during the first half of the year following the closure of the budget year in respect of which they were awarded. The information may also be published using any other appropriate medium, including the Official Journal of the European Union.

The beneficiary authorises the Agency to publish the following information in any form and medium, including via the Internet:

- name and address of the beneficiary;
- subject of the grant;
- amount and rate of financing.

Upon a reasoned and duly substantiated request by the beneficiary, the Agency may agree to forgo such publicity, if disclosure of the information indicated above would threaten the safety of the beneficiaries or harm their business interests.

Beneficiaries must clearly acknowledge the European Union's contribution and mention clearly "*With the support of the MEDIA Programme of the European Union*" in all publications or in conjunction with activities for which the grant is used.

Furthermore, beneficiaries are required to display clearly the name and logo of the MEDIA Programme on all their publications, posters, programmes and other products realised in the frame of the action supported.

If this requirement is not fully complied with, the beneficiary's grant may be reduced.

12. DATA PROTECTION

All personal data (such as names, addresses, CVs, etc.) will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.²

The applicant's replies to the questions in the application form are necessary in order to assess the grant application and these will be processed solely for that purpose by the department responsible for the Union grant programme concerned. On request, the applicant may be sent personal data and correct or complete them. For any question relating to these data, please contact the Agency. Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

Applicants and, if they are legal entities, persons who have powers of representation, decision-making or control over them, are informed that, should they be in one of the situations mentioned in:

- the Commission Decision of 16.12.2008 on the Early Warning System (EWS) for the use of authorising officers of the Commission and the executive agencies (OJ, L 344, 20.12.2008, p. 125), or
- the Commission Regulation of 17.12.2008 on the Central Exclusion Database – CED (OJ L 344, 20.12.2008, p. 12),

their personal details (name, given name if natural person, address, legal form and name and given name of the persons with powers of representation, decision-making or control, if legal person) may be registered in the EWS only or both in the EWS and CED, and communicated to the persons and entities listed in the above-mentioned Decision and Regulation, in relation to the award or the execution of a procurement contract or a grant agreement or decision.

13. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

13.1. Publication

The Call for Proposals is being published in the Official Journal of the European Union and on MEDIA Programme's website at the following address:

http://ec.europa.eu/culture/media/programme/exhibit/schemes/network/index_en.htm

13.2. Application Forms

Grant applications must be drawn up in one of the official EU languages (preferably in English or French), using the electronic and paper forms specifically designed for this purpose.

Application forms and budget forms can be downloaded from the following website:
http://ec.europa.eu/culture/media/programme/exhibit/schemes/network/index_en.htm

² Official Journal L 8, 12.1.2001.

In addition to these, an electronic version of the documents requested in the Annex D (list of members of the network participating in the action) shall be included **on CD-Rom / DVD-Rom on Excel** (no other formats accepted) and attached to the application file.

13.3. Submission of the grant application

Only applications submitted on the correct form, duly completed, dated, showing a balanced budget (revenue/expenditure), submitted in the requested number of copies, and signed by the person authorised to enter into legally binding commitments on behalf of the applicant organisation will be accepted.

Applications which do not include all the stipulated documents and which are not submitted before the deadline will not be considered.

All the paper forms must be sent to the following address:

Education, Audiovisual and Culture Executive Agency (EACEA)
Constantin Daskalakis
BOUR 3/66
Avenue du Bourget, 1
B-1140 Brussels
Belgium

- (a) by registered post, date as postmark;
- (b) in person, at the address above mentioned, in which case the evidence shall be constituted by a signed and dated receipt (**on the date of the relevant deadline at the latest before 15h00**)
- (c) by courier service, date of receipt by the courier service.

Envelopes should be clearly marked:

MEDIA 2007 - DISTRIBUTION EACEA – 17/2012 – CINEMA NETWORK SUPPORT

No changes to the dossier can be made after the application has been submitted. However, if there is a need to clarify certain aspects, the Agency may contact the applicant for this purpose.

Only applications that fulfil the eligibility criteria will be considered for a grant. If an application is deemed ineligible, a letter indicating the reasons will be sent to the applicant.

All unsuccessful applicants will be informed in writing.

The applicant has to submit all distribution agreements relevant to the application, including agreements already submitted when applying for support under any previous call of the MEDIA programme. Incomplete applications will be considered non-eligible.

The information submitted by the distributor will be treated as confidential.

No file or document submitted will be returned to applicants at the end of the evaluation and award procedure.

13.4. Rules applicable

- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities. (OJ L 248, 16.9.2002, p. 1, as subsequently amended.)
- Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities. (OJ L 357, 31.12.2002, p. 1, as subsequently amended).
- Decision n° 1718/2006/EC of the European Parliament and the Council of 15th November 2006 concerning the implementation of a programme of support for the European audiovisual sector (MEDIA 2007).

13.5. Contacts

Additional information is available at MEDIA Desks and Antennae as per the list on the following website:

http://ec.europa.eu/culture/media/programme/overview/who/index_en.htm

If you have any questions, please contact:

E-mail: gael.broze@ec.europa.eu