



Call for proposals –EACEA/08/06

MEASURES TO SUPPORT DISTRIBUTION

<p>GUIDELINES FOR THE SUBMISSION OF PROPOSALS TO OBTAIN FINANCIAL SUPPORT</p>
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**SUPPORT FOR THE NETWORKING OF CINEMAS SCREENING EUROPEAN
FILMS**

Contents:

- 1. Introduction**
- 2. Objective(s) – Theme(s) – Priorities**
- 3. Calendar**
- 4. Available Budget**
- 5. Eligibility Criteria**
- 6. Exclusion Criteria**
- 7. Selection Criteria**
- 8. Award Criteria**
- 9. Financial Rules**
- 10. Sub-contracting and Acquisition of External Services**
- 11. Publicity**
- 12. Application procedure**

Annexes: **I.a. Application Forms**
 I.b. Budget Form
 II. List of Mediadesks & Antennae

1. INTRODUCTION/CONTEXT

This Call for Proposals is based on Council Decision (2000/821/EC) concerning the implementation of a programme encouraging the development, distribution and promotion of European audiovisual works (MEDIA PLUS Development, Distribution and Promotion 2001 - 2005), adopted by the Council on 20th December 2000, published in the Official Journal of the European Communities n° L13 of January 17, 2001, as amended by Decision 846/2004/EC of the European Parliament and of the Council of 29 April 2004 (OJ L 157, 30.4.2004, as corrected by OJ L 195, 2.6.2004, p. 2).

The European Commission is responsible for the implementation of the MEDIA Programme and for the decision to grant individual European Community funds. However, the Education, Audiovisual and Culture Executive Agency administer the MEDIA Programme on behalf and under the control of the European Commission. The section responsible for the implementation of the call for proposals is the MEDIA programme unit, part of the Education, Audiovisual and Culture Executive Agency.

2. OBJECTIVE(S) - THEMES(S) - PRIORITIES

The objectives of the programme in the distribution sector include the following: “to foster the wider transnational dissemination of non-domestic European films, on the European and international markets, through incentives to stimulate their distribution and their screening in cinemas, inter alia by encouraging co-ordinated marketing strategies”.

Particular attention will be paid to the development of potential in countries or regions with a low audio-visual production capacity and/or a restricted linguistic or geographical area.

Action to be implemented.

This call for proposal aims to encourage the networking of European première cinemas and the screening of non-domestic European films by these cinemas.

The financial support is particularly aimed at:-

- favouring the creation of European networks of cinema operators running joint schemes;
- favouring the screening and promotion of European films with particular emphasis on non domestic European films
- favouring the development of educational and raising awareness activities targeted at young cinema-goers.
- Encourage and accompany the introduction of digital cinema among exhibitors.

This call for Proposals is addressed to European associations or companies networking cinema theatres whose activities contribute to the aforementioned objectives. It aims at providing financial support for the above mentioned activities for **one year renewable**

once. The agreement may be renewed once (from 01/01/07 to 31/12/07 and from 01/01/08 to 31/12/08) depending on budget availability in 2007.

Within the present Call for Proposals, the Agency will select **that cinema network** whose activities contribute the most to the aforementioned objectives.

3. CALENDAR

Applications must be sent to the Agency by **23 October 2006** at the latest (See Point 12.3. of this Call for Proposals for a detailed description of the methodology to follow when submitting an application).

Activities must start between 01/01/07 and 31/12/2007 and be completed by 31/03/08 for the first period. Activities must start between 01/01/08 and 31/12/08 and be completed by 31/03/09 for the second period.

The maximum duration for projects under each contractual period is 12 months. No application will be accepted if the project extends over a longer period of time than that specified in the present Call for Proposals.

Applicants will be informed by December 2006, whether or not the Commission has decided to grant them a financial contribution. Applicants will be informed by September 2005, whether or not the Commission has decided to renew the yearly financial contribution.

4. AVAILABLE BUDGET

The **maximum** budget available for co-financing projects under this present Call for Proposals will be **14 Millions € over two years with a maximum of 7 M€ for the first year.** The award granted to each beneficiary and for each proposed project will be limited to 50% of the total eligible costs. Only one project will be selected.

The Commission reserves the right not to allocate the entire budget.

5. ELIGIBILITY CRITERIA

5.1. Definitions.

For the purposes of this call for proposals, the following definitions shall apply.

European film

Any recent 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 companies established in one or more countries participating in the MEDIA Programme or being part of the Council of Europe's Convention "Television Trans frontiers";

and

- it has a significant participation by professionals who are citizens / residents of the countries participating in the MEDIA Programme or being part of the convention "Televisions trans-frontiers" of the Council of Europe. Significant participation is defined as 10 or more points under the following scheme :

+	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

Recent films are those whose first copyright has been established during or after 2003.

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

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

Cinema Operators

Any European 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.

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.

European company or organisation.

Company (or any other type of legally registered organisation) owned, whether directly or by majority participation, by nationals of Member States of the European Union and of the European Economic Agreement (or by nationals of the other European countries participating in the Media Plus programme and conforming to the stipulations of article 11 of Council Decision 2000/821/EC) and registered in one of these countries.

5.2. Eligible Organisations

Only those proposals coming from **European cinemas grouped in a network** are eligible for this Call for Proposals.

Eligibility of Cinemas.

Only those cinemas 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 six months ;
- where the security conditions conform to national legislation and which utilise technical equipment of the normal professional standard ;
- that possess a ticketing and entry declaration system ;
- that have at least one screen and 70 seats ;
- that had at least 520 screenings per year for permanent cinema (i.e. cinemas in operation for a period of at least 6 months per year), and at least 30 screening 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.

Cinemas screening pornographic films are not eligible.

Eligibility of Cinema Networks.

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

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

The network must be represented by a duly constituted legal entity having its registered office in one of the member states participating in the MEDIA programme (see 5.3).

The co-ordination entity has to be suitable to represent the network of cinemas within the context of this Call for Proposals, and in any contractual relationship with the European 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.

5.3. Eligible Countries

This Call for Proposals is open to companies registered in and owned by nationals from the Member States of the European Union* and countries of the European Economic Agreement participating in the MEDIA Plus Programme (Iceland, Liechtenstein and Norway), Switzerland as well as those other countries that satisfy the conditions laid down in Article 11 of Decision N° 2000/821/EC (Bulgaria).

For the purposes of this Call for Proposals, the following countries will be considered as countries with a low audiovisual production capacity: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Netherlands, Poland, Portugal, Slovakia, Slovenia, Sweden and Switzerland.

*NB: Subject to confirmation of the Romania's membership to the EU (and therefore to the MEDIA programme) in 2007 cinemas established in Romania shall be eligible as of 1 January 2007. Romanian cinemas can be integrated to the beneficiary network by way of addendum to the agreement. Candidate networks can integrate Romanian cinemas in the budget included in their proposal

5.4. Eligible Actions

- 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.

5.5. Eligible Applications

Only those applications submitted using the official Application Forms provided in Annex, fully completed and duly signed and received within the relevant deadline (the postmark will be taken as proof of timely sending) will be considered.

The application forms must include all documents requested in the Checklist in Annex I, in particular those regarding its financial and operational capacity to carry out the project.

Applications must present a yearly detailed, balanced and correct budget and the Community co-financing applied for cannot exceed 50% of total costs.

6. EXCLUSION CRITERIA

Applicants must certify that they are not in any of the Situations described in Articles 93 & 94 of the Financial Regulations applicable to the budgets of the European Communities (EC Council Regulation, Euratom-n° 1605/2002 25 June 2002.) These situations are set out below:

Applicants are excluded from participation in this Call for Proposals if:

- (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 project 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 Communities' financial interests;
- (f) following another grant award procedure or procurement procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.

Applicants shall be excluded from the participation at this Call for Proposals if:

- (a) they are subject to a conflict of interest;
- (b) they are guilty of misrepresentation in supplying the information required by the Commission as a condition of participation in the relevant call for proposals or fail to supply this information.

Administrative and financial penalties may be imposed by the Commission on applicants who are found guilty of false declarations or who admit to a serious breach of their contractual obligations under a previous contract or call for tender, in accordance with the provisions of Articles 93 to 96 of the Financial Regulation.

In order to respect these criteria, the applicant must sign a declaration of honour that they are not in any of the situations set out in Articles 93 & 94. This declaration is included in the Application Forms provided in Annex I.

7. SELECTION CRITERIA

The Selection Criteria assess the applicant's capacity to complete the project for which support is requested.

Applicants must possess stable and sufficient financing to maintain their activity and to contribute to the financing of the project throughout the period necessary for the implementation of the project for which support is requested. Applicants must have sufficient professional qualifications and experience to successfully manage the project for which support is requested.

Applicants must submit a declaration of honour (complete and signed) certifying their financial and operational capacity for the purposes of the successful implementation of the project for which support is sought.

7.1 Operational Capacity

To enable the assessment of its operational capacity, the applicant must provide the following documents as part of their application:

- the curriculum vitae of the person (s) in charge of the project and of the key staff involved in its implementation and, when applicable, of any partner organisation;
- a summary of the activities of the applicant (and of its partners, when applicable) over the previous three years .

7.2 Financial Capacity

To enable the assessment of its financial capacity, the applicant must provide the following documents as part of their application:

- The most recent certified, audited copy of the complete annual Profit and Loss accounts, including a copy of the balance sheet and all other relevant annexes if available. The accounts must have been certified by an independent authorized chartered accountant/auditor;
- The bank identification form (form I.a.ii. of Annex I) duly completed by the applicant and certified by the bank. This form must include original signatures of both the applicant's and the bank's representatives;
- The form concerning the applicant's financial capacity (form I.a.iv.), duly and carefully completed. The information provided (figures) will be based on those from the most recent complete certified accounts, provided with the application. The applicant certifies that these figures are accurate and verifiable. This information will be necessary to the evaluation of applicant's financial solidity and co-financing capacity.

N.B: If, on the basis of documents provided, the Agency finds the Applicant's financial capacity to be unsatisfactory, it may:

- Reject the application
- Require additional information
- Require a Guarantee (See point 9.3.)
- Offer a contract which includes a financial contribution, but with no pre-financing payment.

7.3 Audit

For applicants requesting a contribution of more than 300,000€, the certified accounts must be accompanied with an external audit report done by an authorized chartered accountant/auditor¹.

This report certifies the accounts of the last or most recent fiscal year and gives an opinion about the Applicant's financial capacity to carry out the project to its end.

¹ The chartered accountant/auditor must be authorized according to the terms of the Eight directive 84/253/CEE of the Council of 10th April 1984 based on article 54 paragraph 3 point g) of the CEE treaty, regarding the authorization of the individuals in charge of the legal control of accounting documents (JO n° L 126 of 12/05/1984 p.éà)

8. AWARD CRITERIA

The Agency will decide to award grants within the limit of the budgetary resources available on the basis of the following criteria

- The network 20%

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 and/or a restricted linguistic or geographical area).

- Financial support Distribution and monitoring strategy 20%

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

This methodology must be based upon precise and objective criteria such as :

- the proportion of European non-national films screened by the cinema : the minimum proportion must be between 25%- 30 % of the screenings for single screen cinemas, and between 33% of the screenings of the supported screens for multi-screen cinemas² ;
- the capacity of the cinema to create an audience for non domestic European films (the number of admissions achieved for non domestic European films) ;
- Education activities developed by the cinema aiming at raising awareness among young cinema-goers.
- Actions undertaken by the cinema to prepare for digital cinema

- cost/efficiency ratio 20%

In relation with the service offered and in respect with the principle of good financial management including in particular administrative and personnel costs.

- Common actions 20%

The quality of the common actions made by the coordination entity and their “added value” for the member cinemas;

- Young audience 10%

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

- Digital cinema 10%

the The quality of the strategy developed by the network to encourage and accompany the introduction

² These thresholds should take into account the proportion of European screening and the country where the cinema is located. They will be revisable by 2008, particularly in light of the results obtained in 2007 by European Films in the participating countries of the MEDIA Plus Programme. To this end, a revision clause will be included in the agreement concluded between the Commission and the selected network of cinemas

9. FINANCIAL CONDITIONS

The Agency is not bound, by sole act of selecting a particular applicant, to agreeing to the level of financial support requested.

Community Subsidies exist to encourage the implementation of projects which could not be carried out without Agency support and which operate thanks to the principle of co-financing. The Commission completes financing undertaken by the applicant, national, regional, etc, public funding and private sponsorship.

Under no circumstances may the amount awarded be greater than that applied for.

Applicants from States which are members of the Euro Zone must present their budget and reports exclusively in Euro. All other applicants must present their budget in both Euro and their national currency. Currency conversions in the Budget Summary Form should be calculated using the official exchange rate announced in October 2007. These exchange rates can be obtained from the national MEDIA Desks and Antennae and from the European Commission web site

<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>. The exact rate used should be specified within the space provided on the Budget Summary Form.

Applicants should note that currency conversions must be made on an item by item basis and the sub-totals and totals of each budget sub-category calculated from the converted euro amounts for each item (and not simply converted from the equivalent subtotal in a national currency), so that both national currency and euro budgets are coherent and totally correct.

Applicants are strongly advised to re-check all automatic calculations with a simple calculator.

The Summary budget must be balanced and clearly indicate the costs for which a Community co-financing is requested.

Applicant must specify in the budget all sources and values of contributions anticipated / sought for the project during the same financial year either concerning the same action or other actions implemented as part of the organisation's activities.

Under no circumstances may the contribution of the Agency give rise to a profit for the beneficiary. Profit is defined as having achieved greater revenues than costs. Any profit will result in a proportionate reduction to the contribution finally awarded.

The bank account specified in the Application forms must enable any Agency contribution to be identified. If the contribution paid into this account generates any interest or equivalent profit (under the relevant national law of the country in which the account is based), this interest must be recovered by the Agency when the contribution balance is paid.

The beneficiary is committed to carrying out the project as presented in the application form.

9.1 Payment Procedure

Should an application be approved, an agreement (in Euro) specifying the conditions of the grant and the level of financing will be concluded between the Agency and the network represented by the coordination entity. Original copies of this agreement must be signed and returned to the Agency who will be the last party to sign.

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 financial support granted will normally be comprised of three separate parts:-

Part A - Network Administrative costs : A subsidy to cover the administrative costs incurred by the coordinating entity for the monitoring and coordination of the network

Part B - Network Common activities : A subsidy to cover the costs of the Network common activities carried out by the coordination entity for the members of the network

Part C – Member cinemas’ activities : A subsidy to support the actions and activities undertaken by the member cinemas of the network such as : the screening of European films, especially non domestic European films; activities for the education and the awareness-raising of young cinema goers; or activities for the preparation to digital cinema.

MEDIA contribution for Part A can not be higher than 5% of the total MEDIA contribution.

These costs can only be financed up to a limit of 50% by the Community contribution. At least 50% of these costs must, in any case, be met from sources of financing other than the European Commission. In addition, the part of the financial contribution granted by the European Commission to the coordination entity for the monitoring of the activities of the member cinemas may not exceed 5.5% of the total financial contribution granted to the network.

Payment schedule for part A and B per period

A pre-financing representing 40% of the award for part A and Part B will be paid to the beneficiary within 45 days of the date on which the agreement has been signed by both parties and any necessary guarantees have been received. This pre-financing payment is designed to provide cash flow for the beneficiary.

A second pre-financing payment representing 40% of the award for part A and Part B will be paid within 45 days of the approval by the Agency of the intermediary Progress report. This second instalment of pre-financing can only be paid after 70% of the first pre-financing payment has been used up.

The remainder will be paid following the presentation and acceptance by the Agency of the final report. The amount of the financial contribution will depend on the actual costs incurred by the beneficiary and the levels of co-financing ultimately obtained. Should actual expenses incurred by the beneficiary for the implementation of the project be lower than the costs foreseen in the provisional application budget, the Agency will apply the financing rate set out in the contract. If appropriate, the beneficiary will be required to reimburse any surplus already paid by the Agency as pre-financing payments.

Payment schedule for part C

The amount for the payment will be based upon the yearly final report and the payment will be made within 45 days after the approval of the report.

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 domestic European films.

Only those costs incurred by the beneficiary for the execution of the project during the following periods shall be considered eligible :

- for the costs of part A : from 01/04/2007 to 31/03/2008 (and from 01/04/2008 to 31/03/2009 if the support is renewed);
- for the costs of the part B : from 01/01/2007 to 31/12/2007 (and from 01/01/2008 to 31/12/2008 if the support is renewed);
- **for the costs of part C:** from 01/01/2007 to 31/12/2007 (and from 01/01/2008 to 31/12/2008 if the support is renewed).

9.2 Audit of Accounts

An external audit of the applicant's accounts (carried out by an approved independent chartered accountant/auditor) may be required to ensure payment completion in case of any 'management risks.' In such cases, the auditors report should be annexed to the request for payment in order to certify that the accounts concerned are truthful, accurate and supported by adequate justifications.

9.3 Guarantee

The Agency may request any beneficiary to produce a guarantee before any payment in order to reduce the financial risks involved in the payment of pre-financing contributions.

This guarantee aims to make the guarantor liable for all obligations of the beneficiary of an Agency contribution.

This financial guarantee, which must be made in Euro, is to be provided by a recognised financial or banking institution established in any of the European Union's Member States.

This guarantee can be replaced by the personal liability of a third party or the beneficiary involved in the agreement concerning the project.

The financial guarantee will be returned once the pre-financing has been covered by the further payments (including final payment) made to the beneficiary conforming to the conditions set out in the agreement.

9.4 Double-funding

One project may give rise to the award of only one grant from the Community budget to one beneficiary. The project proposed by the applicant cannot receive double funding.

Applicants must indicate in the application for support what other applications for financial support they have submitted or will be submitting to the European Institutions during the same year, indicating for each support the Community Programme concerned and the amount of the support.

9.5 Eligible Costs

Costs which are considered as eligible are those which are:

- necessary for the implementation of the action/project and directly linked to it, written in the provisional budget attached in the agreement, reasonable and in conformity with the principles of sound financial management and cost-effective;
- generated during the eligible period of costs as defined in the agreement;
- actually incurred by the applicant, registered in the beneficiary's accounts in accordance with the relevant accountancy principles, and have been declared according to national financial and social security regulations;
- identifiable and verifiable on the basis of justifying documents.

The beneficiary's accounting procedures must allow the reconciliation of costs and revenues declared in relation to the project supported with the corresponding justifying evidence and the organisation's accounts.

9.5.1 Direct Eligible Costs

Direct eligible costs are those which respect the general conditions of eligibility set out in the previous paragraph, are necessary for the implementation of the action/project and can be directly attributed to it.

Eligible costs may only be included in one of the three following categories :

Part A - Network Administrative costs

Part B - Network common activities;

Part C - member cinemas 'activities.

NB : MEDIA contribution for Part A can not be higher than 5% of the total MEDIA contribution.

Part A – Network Administrative costs

The administrative costs of the coordinating entity may include costs relating to the following categories.

Heading 1 – Personnel.

These costs will be accounted for on the basis of the actual time spent by the coordinating entity's staff for the monitoring of the project and of the activities of the member cinemas, and on the basis of real salaries plus social security charges and other remuneration-related costs, excluding any profit (such as bonuses, incentive payments and/or profit-sharing schemes).

The time spent to the monitoring of the project will be indicated for each member of personnel and for each category of personnel (senior / management, technicians and clerical staff).

Heading 2 – Operating costs.

Sub-Heading 2.1 – Travel and subsistence of applicant's staff

Eligible costs for travel and subsistence of the coordinating entity's staff are those linked to journeys undertaken 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).

For air travel, only the cost of economy class is accepted. For train travel, the cost of 1st class train ticket is accepted. For car travel, the eligible amount will be limited to the amount corresponding to the price of a 1st class train ticket for the same journey.

A detailed list of the journeys forecast and of travel and subsistence costs included in the budget shall be presented by the applicant.

Sub-Heading 2.2. – Seminars and experts groups.

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

Travel and subsistence costs for experts shall be calculated under the same conditions as those defined for the staff of the coordinating entity (sub-heading 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).

A detailed list of the costs relating to the experts meetings and seminars shall be made available to the Agency and to the Auditors.

Sub-Heading 2.3 – Costs for bank guarantee.

In cases where substantial advances are paid by the Agency, the Agency reserves the right to require a bank guarantee for the corresponding amount. The costs for the bank guarantee are eligible expenses and can be included in the forecast budget.

Heading 3 – Sub-contracting costs.

Any amount paid to an external party which is not part of the contractor's team or a member organisation of the partnership and is carrying out a specific one-off task in connection with the project. The following are typical examples: translation / interpretation, printing, provision of computer software, accounting services (audit certification of accounts).

Computer and IT costs may include costs for the connection to on-line services, as long as these are necessary to the implementation of the project, as well as the costs related to the development, production and maintenance of software and databases necessary to the implementation of the project. These costs may be included on the basis of the real costs linked to the development, production and maintenance of the software / database.

Sub-contracting costs are admissible only if the staff of the coordinating entity does not have the skills or qualifications required.

Heading 4 – Overheads.

Sub-heading 4.1 – Premises and related costs.

Premises and related costs includes all expenses related to the rental or amortisation of offices, as long as these costs are necessary for the implementation of the project. They also include insurance, electricity, heating and maintenance costs for the offices. The detail of premises and related costs assigned to the project must be specified in the budget.

Sub-heading 4.2. Telecom and postal services.

These costs relate to telecommunication and postal services. They shall be calculated on the basis of the applicant's normal accounting method and principles, bearing in mind that : they are subject to verification and may not exceed the real costs incurred ;and that no

cost may be included in this category which is already assigned to another category of costs in the budget.

Sub-heading 4.3. Consumables.

These costs relate to the acquisition, rental, production, repair or use of materials or goods which use does not exceed the duration of the project (stationary, rental or amortisation of copy machine, ...).

These costs shall be admissible as long as they are not already assigned to another category of costs in the budget.

Sub-heading 4.4. – Other

This category of costs may include indirect overhead costs such as administration and management fees, insurance and amortisation of material. They shall be calculated on the basis of the applicant's normal accounting method and principles, bearing in mind that :

- they are subject to verification and may not exceed the real costs incurred ;
- no cost may be included in this category which is already assigned to another category of costs in the budget.

The nature and amounts of the costs included in this category must be detailed by the applicant.

Part B – Costs of Network common activities carried out by the coordination entity.

Heading 1 – Personnel costs.

These costs will be accounted for on the basis of the actual time spent by the coordinating entity's staff for the conception and organisation of common activities for the member cinemas, and on the basis of real salaries plus social security charges and other remuneration-related costs, excluding any profit (such as bonuses, incentive payments and/or profit-sharing schemes).

The time spent to the monitoring of the project will be indicated for each member of personnel and for each category of personnel (senior / management, technicians and clerical staff).

Heading 2 – Operating costs.

Sub-Heading 2.1 – 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).

Travel and subsistence costs for participants shall be calculated under the same conditions as those defined for the staff of the coordinating entity (Part A, sub-heading 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.

Sub-heading 2.2 – Information, publicity, and communication for and between the members of the network.

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 35 mm - trailer 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.

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

Part C - The screening and promotion of European films, especially non domestic European films, by the member cinemas of the network.

The following costs shall be admissible as the cinemas' investment :

- Cost of programming of European films, in particular non-domestic European films : costs related to the payment of minimum guarantees or rental of European films, as negotiated contractually with the films' distributors.
- Education and awareness-raising activities : costs related to the organisation of premières with the director / cast of the film, of conferences / debates with the audience for the screening of a European film, advertising costs for European films screened, publications produced by the cinemas for the audience on the films screened, in particular European films.
- Costs related to the introduction of digital cinema

9.6 Ineligible costs

The following costs are considered ineligible:

- costs not directly linked to the project,
- unidentifiable or unverifiable costs,
- capital investment costs,
- debts,
- contingency provisions (for debts, future losses etc.),
- bad debts,

- exchange losses,
- accumulated losses,
- discounts, credit notes, rebates or allowances,
- VAT unless the beneficiary can show that he is unable to recover it,
- costs declared and supported in the framework of another action or under another Community grant,
- unjustifiably high expenses.

In the event that the organisation is unable to reclaim amounts of VAT related to the expenditure of the project, then these charges may be included in the budget summary form provided that they are detailed and duly justified. The Applicant must specify whether the amounts stated throughout the budget (revenue and expenditure) are calculated with or without VAT.

Eventual in-kind contributions are not considered as eligible. Any cost which will not result in any financial expenditure by the beneficiary are considered as being “in-kind” contribution/costs.

However, the Agency can accept, in exceptional and duly justified circumstances, the co-financing of the action/project be partially made of in-kind contributions. In this case, these costs can be included in the budget, provided that they:

- are directly linked to the project concerned, identifiable and verifiable on the basis of supporting documents which should clearly indicate the project, its date and the value of the contribution and be duly certified by the relevant partner,
- can be demonstrated to be of an equivalent value to the established market price.

In kind contributions concerning property are however to be excluded from all sections of the project budget.

Co-financing in kind (in-kind contributions) cannot cover all necessary project co-financing. At least 25% of the total project co-financing must be covered by cash contributions.

Income.

For Parts A and B of the forecast budget, relating to the activities of the coordinating entity, the “income” part of the budget may include :

- the applicant’s own investment ;
- contributions from sources other than the Agency and the applicant (public of private) ;
- revenues generated by the project (such as participation fees paid by the member cinemas) ;
- the financial contribution requested from the Agency (MEDIA Plus programme).

As regards part C of the budget, the “income” part of the budget must include :

- the cinemas own investment in the programming and promotion of European films, in particular non-domestic European films ;

- the amount of the financial contribution from requested from the European Commission (MEDIA Plus programme) to be affected to each cinema.

9.7. Legal entity

The Agency can only offer agreements to (successful) applicants on the basis of approval of documents enabling the legal status of applicant organisations – whether or not they are legal entities or individuals.

Applicants must therefore supply up to date copies of the following documents

Private companies, associations etc...:

- A complete bank identification form signed by both the applicant's legal representative and a representative of the bank. Applicants should check that all details included in this form are a) completed and b) correct and consistent with information certified in the relevant legal documents.
- A copy of the organisation's registration certificate for the relevant authority, (e.g Companies register, Official Journal, etc.) and statutes (including proofs of the company registration number, the full legal title of the organisation, the registered address, the date and place of registration, all recent amendments either to the registration documents or to the elected shareholders, directors, board members or other legal representatives, and a list of company directors / share holders / board members including proofs of their nationality).
- A copy of the VAT registration including the VAT number (if the Company registration number is the same as the VAT number according to national law, only the organisation's registration certificate need be supplied).

Public bodies:

- A complete bank identification form signed by both the applicant's legal representative and a representative of the bank.
- A copy of the law or decree establishing the institution should be provided as 'copy of the organisation's registration certificate,' with proofs of the data specified in the previous paragraph.

Individuals:

- A complete bank identification form signed by both the applicant's legal representative and a representative of the bank.
- A photocopy of the passport / Identity card.

The forms relating to the legal structure of the applicant company according to the country in which it is established must be provided with the application. The forms are available on the website :

http://europa.eu.int/comm/budget/execution/legal_entities_fr.htm

10. SUB-CONTRACTING AND ACQUISITION OF EXTERNAL SERVICES

Where the project proposed has resort to a significant element of external services then the applicant should provide for the establishment of a tendering process to select the relevant service provider. The beneficiary shall then award the contract to the tender offering best value for money, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests.

11. PUBLICITY

All subsidies allocated during any one financial year must be published on the website of the European Institutions during the first six months of the following financial year, after the completion of the audit of the budget under which they were granted. This information may also be published in any other appropriate publication, for example the Official Journal of the European Community.

With the permission of the successful applicant, (unless such information threaten their security or harm their business interests), the Agency will publish the following information:

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

In the event that the beneficiary does not agree to this, they should attach a detailed justification, which the Agency will consider in the process of deciding on the award of the grant.

All successful applicants are required to mention clearly the support of the European Union in any publicity or during the activities for which a subsidy is granted.

Moreover, all successful applicants are required to display (clearly) the name and logo of the MEDIA Plus Programme, on all publications and publicity materials produced for any project which has been allocated a co-financing contribution.

Should this condition not be respected, the amount of the Agency contribution provisionally allocated may be reduced.

12. APPLICATION PROCEDURE

12.1 Publication

The Call for Proposals is published in the Official Journal of the European Union and is accessible on the MEDIA programme website at the following address:
http://europa.eu.int/comm/avpolicy/media/distr_en.html

12.2 Application Forms

Applications must be submitted using the official Application Forms (including the Summary Budget Form).

Proposals should preferably be submitted in English or French and must be submitted in duplicate. In order to accelerate and facilitate the evaluation process, all documents relevant to the assessment of the application submitted should be, when applicable, translated into English or French. Both copies must be signed and initialled, dated and clearly identified.

The applications forms must be typed. Only typed applications will be accepted.

Application forms can be downloaded from the following website:
http://europa.eu.int/comm/avpolicy/media/distr_en.html

12.3 Presentation of the Application

Only applications presented using the official Application Forms (Annex I), having been completed correctly and in full, including a complete, correct and balanced budget in compliance with the limits set in the present Call for Proposal, in particular in point 9.5. (for example the 40% limit regarding administrative and staff costs), having been signed and dated by the applicant's legally authorised representative and sent in duplicate will be accepted. Applicants must ensure that there are no currency conversion errors in their budgets.

Any costs included in this budget and exceeding 10,000€ must be broken down in detail within the Summary Budget Form itself or attached sheets and explanatory note. Applicants must indicate the quantities (number of meetings, persons, days, quantity and scale of materials etc.) and the unit price and must clearly indicate the nature and duration of the work(s) carried out.

Applicants must provide full details and explanations/justifications for all costs mentioned in the budget. A clear distinction between cash and "in-kind" cost/contribution must be made.

All sources and amounts of revenue must be clearly specified and proved by copies of partnership agreements to be provided along with this application form. Should some of

these documents not be available by the deadline for applications, a guarantee letter signed by the applicant should be provided, covering all own investment and outstanding revenues.

Incomplete applications (including applications which do not provide all documents requested in the checklist included in the application form,) and applications submitted after the relevant applications deadline will be rejected.

<p style="text-align: center;">Deadline for sending proposals: Monday 23 October 2006</p>
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Proposals must be sent at the applicant's own expense before the deadline

- by registered post (preferably) or post to the following address (the postmark will be taken as proof of timely sending):

Education Audiovisual Culture Executive Agency (EACEA)
Unit MEDIA Programme – P8
Mr Constantin DASKALAKIS
BOUR 03/30
B-1049 Brussels, Belgium

- by hand (date of delivery to the services of the Commission as proof of timely receipt) or by express courier (date of delivery to the express courier services as proof of timely sending) to the following address:

Education Audiovisual Culture Executive Agency (EACEA)
Unit MEDIA Programme – P8
Mr Constantin DASKALAKIS
BOUR 03/30
Avenue du Bourget, 1
B-1140 Brussels, Belgium

Proposals delivered by hand must arrive before 15.00 hours on the relevant deadline.

All envelopes should be clearly marked:

**“Call for proposals –EACEA/08/06
SUPPORT FOR THE NETWORKING OF CINEMAS SCREENING EUROPEAN
FILMS».**

Applications sent by fax or email will not be accepted.

No amendments / modifications to the application will be accepted following its receipt by the Commission. Nevertheless, the Commission reserves the right to request additional information clarifying elements of the application. Applicants should give full and prompt replies to any such request.

Applicants shall ensure to provide all the documents requested and mentioned in the check-list attached to the application forms of the present Call for Proposals.

NB. The Agency reserves the right not to consider applications which:

- do not respect the requirements of the guidelines of the Call for Proposals,***
- are not correctly and fully completed and signed,***
- do not present a detailed, balanced, correct and complete financial form,***
- do not contain all the requested documents.***

Only applications which fulfil all of the eligible criteria will be considered eligible and assessed. Ineligible applications will not be considered for a Commission contribution and will receive letters stating the reasons for such rejection.

Applicants will be informed as soon as possible whether or not the Commission has decided to grant them a financial contribution. This decision will be final.

Selected applications will be subject to a financial assessment. In this context the Commission may request additional information or guarantees from applicants before taking any final decision on granting support.

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

12.4 Applicable Rules

- Commission regulation 1261/2005 of 20 July 2005 as modified by Commission regulation 1248/2006 of 2 August 2006.
- Council Regulation (EC Euratom) n° 1605/2002 of 25th June 2002 concerning the Financial Regulations applicable to the budgets of the European Communities;
- Council Regulation (EC Euratom) n° 2342/2002 of 23rd December 2002 (implementation rules concerning the Council Regulation);

Council Decision (2000/821/EC) concerning the implementation of a programme encouraging the development, distribution and promotion of European audiovisual works

(MEDIA PLUS Development, Distribution and Promotion 2001 - 2005), adopted by the Council on 20th December 2000, published in the Official Journal of the European Communities n° L13 of January 17, 2001, as amended by Decision 846/2004/EC of the European Parliament and of the Council of 29 April 2004 (OJ L 157, 30.4.2004, as corrected by OJ L 195, 2.6.2004, p. 2).

- Financial Framework of MEDIA Plus Programme.

12.5 Contacts

For any further information please contact:

MEDIA Desks and Antennae (List contained in Annex III)

Or

EACEA
Mr Arnaud Pasquali
Office: BOUR 03/58
B-1049 Brussels
Tel. +32 2 298 7513
Fax. +32 2 299 92 14
Email : arnaud.pasquali@ec.europa.eu

Annexes attached:

- | | |
|------|----------------------------|
| I.a. | Application Form |
| I.b | Budget form |
| II. | List Mediadesks & Antennae |