



A programme of the European Union



MEDIA 2007 (2007-2013)

Call for Proposals EACEA/02/2009

**Video on Demand and
Digital Cinema Distribution**

Guidelines

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

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1. INTRODUCTION

1.1. Legal basis

This Call for Proposals is 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 2007)¹.

The European Commission is responsible for the implementation of the MEDIA Programme and for the decision to grant individual European Community funds. The Education, Audiovisual and Culture Executive Agency manages the MEDIA Programme on behalf and under the control of the European Commission. The section responsible for the implementation of this Call for Proposals is the MEDIA Programme unit, part of the Education, Audiovisual and Culture Executive Agency (hereafter "the Agency").

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

This call for proposals is 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 in view of obtaining a community financial contribution.

1.2. Definitions

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

- **Action:** that part of the project activities receiving financial support and covering the preparation, implementation and evaluation stages.
- **Project Duration:** the duration of the project shall be a minimum of 3 years.
- **Agreement:** the grant contract which will be offered to successful applicants
- **Beneficiary:** successful applicant who has signed a contract with the Agency.
- **Budget Heading(s):** the heading(s) of expenditure provided in the Estimated Budget. The headings of expenditure are "Personnel Costs", "Direct Operating Costs", "Subcontracting Operating Costs" and "Reporting Costs".
- **Budget Sub-Heading(s):** the heading(s) provided under each Budget Heading which define(s) each expense category.
- **Co-beneficiary(ies):** other partners mentioned in the application, which provide a contribution to the action and directly incur expenses which 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.
- **Contributions in kind:** the money equivalent of certain services or materials which could be contributed to the action by the partners (see section 9.6. on Ineligible Costs).
- **Co-ordinator:** organisation entrusted by its partners to take full legal responsibility for the proper implementation of the action vis a vis the Agency.

¹ Official Journal L327/12 of 24 November 2006

- **Digital Cinema Distribution:** Digital delivery (to an acceptable commercial standard) of "Core Content", i.e. feature films, TV films or series (fiction, animation and documentary) to cinemas for theatrical exploitation (via hard disc, satellite, online...).
- **Eligible Content:** "Core Content" such as feature films, TV films or series, shorts (fiction, animation, creative documentary) or alternative content (making of, operas, concerts, performances). The following programmes will not be considered as eligible content: flow programming (news programmes, current affairs, reportages, "how-to" documentaries, DIY, talk shows, cooking lessons, sports events...), commercials, programmes promoting tourism. See section 5.4.2.
- **Eligible Costs:** the costs directly linked to the execution of the Action receiving support, as detailed below in Article 9.5. and incurred during the period defined in the Agreement.
- **Estimated Budget:** the detailed budget for the Action.
- **European Content:** content from a country participating in the MEDIA 2007 Programme.
- **Final Report:** the report, which provides details of the Eligible Costs incurred in the execution of the Action and which shall form the basis for the calculation of the Total Actual Costs of the Action.
- **Grant:** the financial support awarded to the Beneficiary on the basis of the Total Actual Costs.
- **Interim Report(s):** the interim reports have to be submitted according to the criteria defined in the Agreement. They provide details of the progress of the Action and of the Eligible Costs incurred at the time of their submission.
- **Note to the Estimated Budget:** the note attached to the Estimated Budget justifying the costs incurred under the various Budget Headings and establishing the direct link with the execution of the Action.
- **Pre-financing payment(s):** the advance payment(s) received by the Beneficiary.
- **The Programme:** means the MEDIA 2007 Programme (2007-2013).
- **Video on Demand:** Service enabling individuals to select audiovisual works from a central server for viewing on a remote screen by streaming and/or downloading.

2. OBJECTIVES

2.1. Objectives of the Programme

The global objectives of the programme are to:

- a. preserve and enhance European cultural and linguistic diversity and its cinematographic and audiovisual heritage, guarantee its accessibility to the public and promote intercultural dialogue;
- b. increase the circulation and viewership of European audiovisual works inside and outside the European Union, including through greater cooperation between players;
- c. 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. Objectives of the Video on Demand and Digital Cinema Distribution Support Scheme

The Video on Demand and Digital Cinema Distribution scheme constitutes one of the ways in which the MEDIA 2007 programme ensures that the latest technologies and trends are incorporated into the business practices of beneficiaries of the programme. Digital technologies have made European audiovisual works more easily accessible outside their country of origin thanks to new ways of transporting audiovisual content. The competitiveness of the audiovisual content industry in Europe will strongly depend on the use of these new technologies at the distribution stage.

The main objective of this scheme is to support the creation and exploitation of catalogues of European works to be distributed digitally across borders to a wider audience and/or to cinema exhibitors through advanced distribution services, integrating where necessary digital security systems in order to protect online content. This Call for Proposals encourages the European audiovisual industry to adapt to new developments in digital technology.

The Digital & Online environment will be a powerful vector for all types of content and will also feature the entry into the audiovisual market of powerful new players. Rights Holders of European Audiovisual works will need to respond vigorously to this challenge if they are to maximise their return on investment and the potential of European creation. The development of partnerships and the pooling of resources is an essential component of this response.

The scheme is aimed at rights holders of European audiovisual works (i.e. independent European production and distribution companies), cinema networks and European operators making European content available.

2.3. Priorities of this Call for Proposals

Rights holders are encouraged to form consortia and platforms providing end-users with access to a significant number of European audiovisual works. Two types of services targeting two different types of audience are foreseen:

- one aimed at the general audience through "video on demand" services (Business to Consumers),
- one aimed at cinema exhibitors offering "digital cinema distribution" to their audience (Business to Business).

For the purposes of Call for Proposals EACEA/02/2009, B2B actions (so called "White Labels") will not be considered eligible for support to Video on Demand.

Proposals may be based upon new or existing services and thus a limited period of time will be allowed in order to prepare the "public" launch of the action. The supported service must be launched at the latest by 1st March 2010. (see 5.3 Eligible Activities & 9.5 Eligible Costs below).

3. CALENDAR

Applications must be sent to the Agency by courier or registered mail by **15/07/2009** (the postmark will be taken as proof of timely sending). Please read carefully section 13 of this Call for Proposals concerning the procedure for submitting applications.

For previously funded actions, the period of eligibility will start on 01/01/2010 and end on 31/12/2010.

For those actions selected for the first time, the period of eligibility may start on 15/07/2009 (at the earliest) and will end on 31/12/2010. The possible eligibility period for the first "year" of the action may extend over 18 months, since it includes the preparation and launching of the service. (see sections 5.3. & 9.5 below)

3.1.1. Duration of the Project

The project duration shall be a minimum of 3 years.

All projects that are to continue for a further year must re-apply on a yearly basis to be selected. Their further selection will depend on the previous contract results at the moment of evaluation.

3.1.2. Duration of the process

Applicants will be informed within two weeks following the Commission's decision. For selected actions, an agreement will be signed between the beneficiary and the Agency.

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

The procedure for considering applications will be as follows:

- receipt, registration and acknowledgement by the Agency – July;
- evaluation and proposal selection – August - September;
- consideration by the MEDIA Committee / European Parliament – October/November;
- decision and notification of the results and closure of the award procedure – November;
- contracting – November/December.

Applicants who have been successful in the selection process will receive a contract from the Agency. The contract will indicate the level of the grant awarded and will set out the rules to be applied.

This contract may be a single or a multi-beneficiary agreement, which means that the applicant will be acting as the Co-ordinator and the other partners as Co-beneficiaries. The application must include a statement of intent from each partner designating the applicant organisation as the Co-ordinator in the case of a contract with the Agency. In the event of a contract with the Agency, each Co-beneficiary will have to sign a mandate with the Co-ordinator.

4. AVAILABLE BUDGET

The total budget earmarked for the co-financing of actions is estimated at 8 million Euro. The financial contribution from the Commission cannot exceed 50% of the total eligible costs.

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 each action, assessed on the basis of the application and the selection and award criteria. It shall take the form of a Grant. There is no maximum amount.

Under no circumstances does the award of a contribution in previous years infer the right to a grant from the present call for proposals.

The Commission 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. Eligible Organisations

This Call for Proposals is open to European organisations registered in an eligible country (see section 5.2. below), who have as their main activity audiovisual production, distribution, exhibition and aggregation. These organisations must be owned directly or by majority participation, by nationals from eligible countries, and continues to be owned, whether directly or by majority participation, by nationals from these countries.

Broadcasters and telecommunication companies (i.e. companies having as one of their main activities broadcasting and/or telecommunication activities) are not eligible, neither as an applicant, nor as a co-beneficiary for the purposes of this Call for Proposals.

Any applicant or group of applicants must not have majority control (either in shareholding or commercial terms) by a broadcaster and/or a telecommunications company. Majority control is considered to occur when more than 25% of the company's share capital is held by a single broadcaster or telecommunications company (50% when several broadcasters or telecommunications companies are involved) or when, over a three-year period, more than 90% of the company's revenue is generated in co-operation with a single broadcaster or telecommunications company.

The Agency reserves the right to apply this criterion by taking into account the specific characteristics of the different audiovisual and/or legal systems of the Member States and other participating countries. The Agency will check groups' compliance with the criteria on the basis of the information provided in the application and the following supporting documents:

The Agency reserves the right to request these documents from other partners of the action.

"Natural" persons (i.e. individuals) are **not** eligible.

5.1.1. Legal Entity

The Agency can only offer agreements to (successful) applicants on the basis of approval of documents verifying the legal status of applicant.

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

- Annex I: "**Financial Identification Form**" duly completed and 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. The bank identification form for each country is available on the following website:
http://ec.europa.eu/budget/execution/ftiers_en.htm
- Annex II: "**Legal Entity Form**" duly completed and signed by the applicant's legal representative. The form relating to the legal structure of the applicant company for the country in which it is established is available on the following website:
http://ec.europa.eu/budget/execution/legal_entities_en.htm
- A copy of the **organisation's registration certificate** from 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 and a short explanation of the ownership of the company).

- 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).
- For public bodies, 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.

Moreover, where the person authorised to sign any agreement with the Agency is not the Statutory Legal Representative specified in the documents mentioned in the previous paragraphs, a letter or proxy (signed by the Statutory Legal Representative) giving them the authority to sign agreements with the Agency on the organisation's behalf, is required.

5.2. Eligible Countries

Applications from legal entities registered in one of the following countries are eligible:

- the Member States of the European Union
- the EEA members (Iceland, Liechtenstein and Norway)
- Switzerland
- Croatia

5.3. Eligible Activities

2 types of services are eligible: "Video on Demand" and "Digital Cinema Distribution".

The purpose of grouping independent rights holders which have as their main activity audiovisual production, distribution, exhibition and aggregation is to make available catalogue(s) of a size capable of sustaining a digital distribution activity.

The content to be provided by the proposed service should be sufficient to achieve the audience and commercial targets set out in the proposal and business plan. Digital standards should be compatible with the commercial sector.

Actions should assure the best possible accessibility to European content by the appropriate use of open standards furthering interoperability.

Applicants should note that selection for Community funding is a competitive process and that setting lower targets based upon a lack of content will result in lower marking of the action at the award stage probably leading to exclusion.

B2B actions (so called "White Labels") do not correspond to an eligible activity for support to Video on Demand.

Period of Eligibility

For previously funded actions, the period of eligibility will start on 01/01/2010 and end on 31/12/2010.

For those actions selected for the first time:

The launching of digital distribution services is a critical moment and it is important that any action has been properly prepared and the necessary ground work carried out before the service is launched. Therefore in the case of this Call for Proposals the eligibility period is extended and may include (if demanded by the action) a preparatory phase designed to prepare the service for launching. The action may thus (if required) be divided up into two distinct phases:

- A preparatory phase of the service to be offered lasting up to 6 months (the preparatory phase may be longer than 6 months but the period of eligibility of costs can only start 6 months before the launch of the service).

- The launch and implementation phase of the service to be offered up to the end of the potential eligibility period, the 31st December 2010. (see also the Final Report specifications at 9.5.3 below)

In any case the service must be launched by the **1st March 2010 at the latest**.

5.3.1. Video on Demand (Business to Consumers-B2C)

Video on Demand (VoD): Service enabling individuals to select audiovisual works from a central server for viewing on a remote screen by streaming and/or downloading.

5.3.2. Digital Cinema Distribution (Business to Business-B2B)

Digital Cinema Distribution (DCD): Digital delivery (to an acceptable commercial standard) of "Core Content", i.e. feature films, TV films or series, shorts (fiction, animation and creative documentary) to cinemas for theatrical exploitation (via hard disc, satellite, online...).

5.4. Minimum European Dimension and Eligible Content

5.4.1. Minimum European Dimension

Proposed actions will have to offer a European dimension, which means that the offered content must include audiovisual works from at least five eligible countries representing at least five different official languages of the European Union².

No more than 40% of the content (in programme hours) may come from a single territory. This criterion **MUST** be fulfilled at the start, and for the duration of the action.

5.4.2. Eligible Content

There are two types of Eligible Content i.e. Core Content and Alternative Content:

- Core Content, i.e. fiction, animation and creative documentary (according to the MEDIA Programme's objectives), including feature films (i.e. feature length films), TV films or series and short films
- Alternative Content (making ofs, operas, concerts, performances...)

Potential beneficiaries should have an adequate balance between the two in any VOD proposal. In order for a VOD proposal to be eligible, the content of the **VOD catalogue** **MUST** consist of at least **60% of Core Content**.

In **DCD** proposals **only Core Content** will be considered as eligible.

European Content means content from a country participating in the MEDIA 2007 Programme. No restrictions concerning the year of copyright apply.

The qualification of films by the MEDIA Programme applies, which means that:

- the work must be majority produced by companies established in one or more eligible countries

and

- the work must be produced with the significant participation of professionals who are nationals/residents of eligible countries. 'Significant participation' is defined as having 10 or more points on the basis of the table below, (or the biggest share of points if the total is less than 19 in the case of documentaries or animation films):

² For the purpose of Call for Proposals EACEA/02/2009, this means the 23 official languages of the European Union, as well as Norwegian, Icelandic and Croatian.

+	Points
Director	3
Scriptwriter	3
Composer	1
Actor 1	2
Actor 2	2
Actor 3	2
Artistic Director / Production Designer	1
Director of Photography	1
Editor	1
Sound	1
Shooting location	1
Laboratory	1
TOTAL	19

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

Please refer to the database of the MEDIA Programme, in order to check if the films of the submitted catalogue are European.

The database of all films which have been processed is available for consultation at:

<http://eacea.ec.europa.eu/media/films/>

If a work has previously been considered eligible under the Cinema or Homevideo schemes it shall be deemed to be eligible for this Call for Proposals.

The Agency reserves the right to check if a film of the submitted catalogue is European or not.

The following programmes will **not** be considered as **eligible** content: flow programming (news programmes, current affairs, reportages, "how-to" documentaries, DIY, talk shows, cooking lessons, sports events...), commercials, programmes promoting tourism.

5.5. Eligible Applications

Only proposals submitted using the official application form, completed in full, signed (original signatures required) and received by the specified deadline, will be considered.

The application form must be accompanied by the documents attesting to its financial and operational capacity, and all the other documents referred to in the application form.

Applicants must submit a budget that is balanced in terms of expenditure and revenue and must comply with the ceiling for Community cofinancing, set at 50% of the total eligible costs.

The assessment is made on the basis of the documents sent by the relevant deadline. Incomplete applications may be rejected for ineligibility reasons.

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

5.5.1. Language

All sections should be completed preferably in English. The three-year business plan required in the application must in any case be in English.

5.5.2. Structure

The application forms include the following two parts:

- **Part A** collects administrative information about the proposal and its proposers (e.g. title of the proposed action, proposer's names and addresses, brief description of the work, total funding requested by type of expenditure, etc.).
- **Part B** asks for a detailed description of the nature of the proposed action. Part B should also identify and describe the partners and their responsibilities within the proposed action.

6. EXCLUSION CRITERIA

Applicants must state that they are not in any of the situations described in Articles 93 and 94 of the Financial Regulation applicable to the general budget of the European Communities (see Section 13.4) and set out below.

Applicants will be excluded from participating in the call for proposals 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 Communities' financial interests;
- f) following another procurement procedure or grant award 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 will not be granted financial assistance if, on the date 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;

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

The selection criteria shall be such as to make it possible to assess the applicant's ability to complete the proposed action.

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.

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

7.1. Operational Capacity

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

- a detailed presentation and the track record of the applying organisation (if the organisation has been set up for the purpose of the submitted action, the track record(s) of the organisation(s) and/or person(s), which founded the applying organisation, are requested),
- the CV of the legal representative of the applying organisation;
- the CVs of the person(s) in charge of the action and of the key staff involved in its implementation
- the description of the technological resources
- evidence that the applying organisation has the capacity to provide the intended content and how they propose to do so

7.2. Financial Capacity

In signing the Declaration in Annex IV, the applicant declares on their honour to have the financial and operational capacity to implement the action for which support is requested.

The Applicants must provide evidence of:

- stable and sufficient sources of funding to maintain his activity throughout the period during which the action is being carried out.

In order to permit 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 for profit companies and of the last year for non profit companies (i.e. balance sheet, profit and loss accounts and the annexes) must be included within the application form. These accounts should be certified by an approved auditor external to the company;
- the Financial Capacity form (Annex III) carefully and fully completed must be 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 Bank Identification form (Annex I) completed by the applicant and certified by the Bank (original signatures are required);

Please note that the data to fill in are different depending on whether the applicant is a profit or a non profit company.

The Agency will apply these criteria taking into account the legislative framework of the different countries participating in the Programme.

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 guarantee (see section 9.3)
- Offer a grant agreement without pre-financing.

7.3. Audit

In the event that the contribution sought is higher than EUR 500,000, grant applications must be accompanied by an external audit report produced by an approved external auditor. This report shall certify the accounts for the last year available.

8. AWARD CRITERIA

Award Criteria will be evaluated by means of an Evaluation Committee advised by external independent experts.

Candidates with eligible actions should pay particular attention to the Award Criteria below and be aware of the fact that the assessment of their action in relation to each of these criteria will determine their potential for the future award of a contract.

Each member of the group has to demonstrate the way in which its service, and more particularly the catalogue provided, will improve and be made more attractive over the years.

The content of an "ideal quality catalogue" depends entirely on the business model chosen and the intended audience. Applicants should provide evidence of the quality of their catalogue in general and specific evidence of the suitability of the catalogue in the market niche selected.

The Development of a clear identity and the pursuit of an effective editorial strategy based upon the strengths of the catalogue presented will be key features in the award process.

A clear, credible and sustainable business model is required to complement the catalogue and editorial focus.

Non European films or programmes may be included in the catalogue, however the costs, specifically related to these non European works, will not be eligible (see section 9.6 on Ineligible Costs).

Eligible applications/actions will be assessed on the basis of the following criteria:

Catalogue and Editorial line Will be taken into account the extent and scope of the programmes in the catalogue and the editorial line of the catalogue.	10%
<ul style="list-style-type: none"> ○ Extent and scope of the programmes in the catalogue ○ Editorial Line/Policy 	5% 5%
European dimension of the catalogue Will be taken into account: Cross-border & Cross-language Distribution and the content from countries with a low production capacity.	30%
<ul style="list-style-type: none"> ○ Cross-border Distribution - Inward & Outward ○ Cross-language Distribution - Inward & Outward ○ Distribution of content from countries with a low production capacity 	10% 10% 10%
Quality and cost-effectiveness of the Business Model submitted Will be taken into account: the quality of the Business Model, the Cost-Effectiveness and the quality of the Marketing Plan	30%
<ul style="list-style-type: none"> ○ Quality of the Business Model ○ Cost-Effectiveness of the submitted action ○ Quality of the Marketing Plan 	10% 10% 10%
Innovative aspects of the action Will be taken into account: the new ideas and solutions presented in the action plan.	10%
Grouping and Networking Dimension Will be taken into account: the extent of the partnership and the exchange of knowledge within the partnership	10%
<ul style="list-style-type: none"> ○ Number of partners and impact of their contribution to the overall catalogue ○ Exchange of commercial knowledge within the partnership 	5% 5%
Target audience and Potential impact Will be taken into account: the size of the targeted audience and the number of countries targeted	10%
<ul style="list-style-type: none"> ○ Size of the potential audience ○ Number of territories with an effective marketing strategy 	5% 5%

Applications will be ranked according to the award criteria defined and weighted above. Within the limit of the available budget, actions obtaining the highest scores will be selected. It is intended to award approximately 20 actions.

9. FINANCIAL CONDITIONS

Community grants are incentives to carry out actions which would not be feasible without the Agency's financial support, and are based on the principle of co-financing. They complement the applicant's own financial contribution and/or national, regional or private assistance that has been obtained elsewhere.

Acceptance of an application by the Agency does not constitute an undertaking to award a financial contribution equal to the amount requested by the beneficiary. The awarding of a grant does not establish an entitlement for subsequent years.

Grant applications must include a detailed estimated budget in which all prices are given in euro.

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 Form should be calculated using the official exchange rate applicable at the beginning of the previous month of the relevant deadline for submission of the proposals under the present Call for Proposals.** These exchange rates can be obtained from the national MEDIA Desks and Antennae and from the European Commission website: <http://ec.europa.eu/budget/inforeuro/>

The exact rate used should be specified within the space provided on the Budget 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 budget for the action attached to the application must have revenue and expenditure in balance and show clearly the costs which are eligible for financing from the Community budget. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action.

The amount of the own resources indicated in the revenue part of the estimated budget is regarded as secured, and the amount as a minimum, must be entered in the revenue section of the final account.

The allocated amount may not exceed the amount requested.

The Agency 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.

9.1. Payment Procedure

In the event of a definitive approval by the Agency, an agreement drawn up in Euro detailing the conditions and level of financing will be entered between the Agency and the beneficiary. This agreement (the original) must be signed and returned to the Agency immediately. The Agency will sign it last.

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 payment of the Community's contribution will be normally made in two instalments as follows, depending on the option chosen:

Pre-financing

Only those successful applicants who have fulfilled the Financial Capacity criteria set out in 7.2 above are eligible to receive an advance payment without the submission of a Bank Guarantee. They may opt for a higher advance payment (Option 1 below) by choosing to provide a Bank Guarantee.

Option 1

A pre-financing payment of 80% of the total financial support after the signature by the two parties of the contract between the Agency and the beneficiary and within 45 days of reception and acceptance of a bank guarantee. Pre-financing is considered as a down payment providing cash flow to the beneficiary;

Option 2

A pre-financing payment of 50% of the total financial support after the signature by the two parties of the contract between the Agency and the beneficiary provided that the applicant **has fulfilled the Financial Capacity criteria** set out in 7.2 above.

Interim Payment

If the beneficiary is unable either to pass the Financial Capacity test or provide a Bank Guarantee then an **interim payment**, corresponding to a maximum 50% of the value of the contract, will take place after reception and acceptance of a mid-term detailed cost statement, signed by the contractor and verified by an approved external auditor and a mid-term activity report covering the first half of the period of the action. The payment cannot exceed 50% of the expenses accepted by the Agency in the Mid-term Activity and Financial Report.

Final Payment

The Agency will establish the amount of the **final payment** to be made to the beneficiary on the basis of the final reports. If the eligible costs actually incurred by the organisation during the project are lower than anticipated, the Agency will apply its rate of funding to the actual costs, and the beneficiary will, where applicable, be required to repay any excess amounts already transferred by the Agency under the pre-financing payments.

9.2. Certificate on the financial statements and underlying accounts

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. In the case of a grant for an action or of an operating grant, the certificate shall be attached to the request for payment.

The certificate shall certify, in accordance with a methodology approved by the authorising officer responsible, 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.

Except in the case of lump sums and flat rate financing, 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 when the cumulative amounts of request for payment is at least EUR 325 000, and operating grants of EUR 100 000 or more.

9.3. Guarantee

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

The purpose of this guarantee is to make a bank or a financial institution 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 authorising officer responsible may agree that a bank or financial institution established in that third country may provide the guarantee if he 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 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.

This requirement does not apply to public bodies and international organisations under public law established by inter-governmental agreements.

9.4. Double Funding

Subsidised actions may not benefit from any other Community funding for the same activity. 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

Eligible costs of the action/project are costs actually incurred by the beneficiary, which meet the following criteria:

- they are incurred during the duration of the action/project as specified in the grant agreement, with the exception of costs relating to final reports and certificates on the action/project's financial statements and underlying accounts;
- they are connected with the subject of the agreement and they are indicated in the estimated overall budget of the action/project;
- they are necessary for the implementation of the action/project 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/project with the corresponding accounting statements and supporting documents.

Costs incurred prior to the beginning of the period of eligibility of costs will not be accepted.

Eligible expenses may only be charged to the action over the duration of the period of preparation, implementation and follow-up of the action, i.e. during the defined period of eligibility of costs.

The Estimated Budget shall be in two parts:

- a summary budget for the three year period covered in the business plan
- a detailed budget for the proposed action for the eligible period ending on the 31st December 2010.

The Agency reserves the right to request changes in the work plan and detailed budget following the results of the selection process.

The personnel costs, travel and subsistence costs, as well as any amount higher than EUR 10 000 must be broken down into detail giving unit prices and number of units where appropriate and sufficiently detailed to allow identification, monitoring and control of the proposed activity.

No amount higher than EUR 10 000 will be considered as eligible in the absence of a detailed breakdown and/or an appropriate justification.

No costs may be assigned to different category of costs in the final accounts if it has previously been assigned to a different category in the budget.

9.5.1. Direct Eligible 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 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:

9.5.1.1. Personnel Costs

Personnel Costs must be calculated on the basis of the actual daily salary/fee of the employee/service provider, multiplied by the number of days worked on the action. This figure must include all the usual contributions paid by the employer, such as social security contributions.

The Personnel costs shall be substantiated by detailed timesheets of the work done.

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

The maximum number of days per year per person is 220.

Senior employees and directors shall be identified by name in the Estimated Budget. Their salaries may not be distributed over several Budget Headings.

Personnel costs cannot exceed 40% of the total eligible costs of the action.

9.5.1.2. Operating Costs

Under this budget heading the following sub-headings can be included:

- **Travel and subsistence costs**

May be claimed only for journeys directly linked to the action and relating to specific and clearly identifiable activities; it is requested to justify in the 'Note to the Budget' the relevance of expenses to the action activities and the calculation method. Beneficiaries are required to use the cheapest means of travel and will have to make every effort to take advantage of reduced fares.

For air travel, only the cost of economy class is accepted; any costs in excess of this rate will have to be detailed and justified in the 'Note to the Budget'; they will only be accepted in duly justified, exceptional cases. For train travel first class tickets are permitted. For car travel, the eligible amount will be limited to the amount corresponding to the price of a 1st class train ticket.

For accommodation and subsistence costs, the maximum amounts per person per day and per country are available on the following website:

http://ec.europa.eu/europeaid/perdiem/index_en.htm

The amounts specified on this website include all costs associated with the stay in the country concerned. If there is no overnight stay, the amounts are reduced by 50%.

Within these limits, the reimbursement of accommodation and subsistence expenses may be made on an actual or fixed cost basis. However, if the internal regulations of the institution of the person making the journey impose a lower limit than the amounts detailed in the above table, the former must be used as a basis of calculation.

Please note as a general rule that, if different activities are included in this sub-heading, the corresponding costs have to be detailed by activity.

- **Durable Equipment**

Subject to the work plan, equipment shall be reimbursed according to a depreciation period (for computer office equipment that costs less than EUR 25.000 the depreciation period is 36 months, for all other equipment the depreciation period is 60 months) and its use on the action; equipment leased shall be reimbursed without exceeding the eligible cost if it were to be purchased.

Costs for maintenance of durable equipment are eligible costs, as well, under this sub-heading.

Costs relating to the purchase of equipment (new or second hand) are eligible as long as they are depreciated using the relevant and commonly accepted accountancy principles. Only the amortised cost relating to the duration of the action is eligible.

- **Digitisation costs**

This sub-heading includes the costs of compression and transfer to the final exploitation format and subtitling costs for European programmes only.

- **Computer and Database costs**

This sub-heading includes computer licenses and database expenses specifically linked to the submitted action.

- **Digital Security Systems costs**

This sub-heading includes encryption costs, costs of KDM (Key Delivery Message) and costs of DRM (Digital Rights Management) for European programmes only.

- **Advertising and promotion**

Costs specified under this section must exclusively relate to advertising and promotion of the action through the appropriate medium. Advertising costs may comprise all expenditure linked to design, layout and publication (including billboards and sign posting) as well as the buying of advertising space.

Advertising costs should be differentiated according to the type of medium used e.g. professional press, posters etc. They should further specify separately the costs of concept, design and layout and the actual cost of the advertising space required.

Web pages costs should be detailed and, if necessary, the division between this item and other entries into the forward budget for Internet and web costs should be duly justified in the 'Note to the budget'.

- **Costs of Bank Guarantee**

The costs for the bank guarantee are eligible expenses and can be included in the Estimated Budget.

9.5.1.3. Sub-Contracting Costs

This Budget Heading should detail any amount paid to an external party which is not part of the contractor's consortium of the partnership and is carrying out a specific one-off task in connection with the action. The following costs may be included in this heading: subtitling, dubbing, printing and certain accounting services.

Sub-contracting costs are only admissible if the staff of the member organisations of the partnership does not have the skills required. Subcontracting may not account for more than 60% of the total cost of the action. Subcontracting costs must be substantiated by receipted invoices.

The sub-contracting costs required, the justification for sub-contracting and the procedure to be followed in identifying the relevant sub-contractor, should be clearly set out in the note accompanying the Estimated Budget. Sub-contracting costs should be limited to those specified in the original application. Any significant change will require the express prior agreement of the Agency.

Should the beneficiary undertake any procurement as part of the activities co-financed by the MEDIA 2007 Programme, the beneficiary shall 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.

9.5.2. Reporting Costs

The costs for the certification of the Final Report by the approved external auditor shall be eligible.

Under this budget heading the following sub-headings can be included:

- Auditing costs for the certification of the Final Financial Report by the approved external auditor

9.5.3. Indirect Eligible Costs (Overheads)

A flat-rate amount, limited to a maximum of 7% of the eligible direct costs of the action, is eligible under indirect costs, representing the beneficiary's general administrative costs which can be regarded as chargeable to the action.

Overhead costs encompass the following categories:

- a) **Premises and related expenses** (e.g. rent, insurance, administration and management costs...)
- b) **Office expenses and consumables** (e.g. telephone, postal services, photocopies, goods or equipment)

9.6. 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,
- Costs declared by the beneficiary and supported in the framework of another action or under another Community grant,
- Excessive or reckless expenditure,
- Contributions in kind,
- Any costs incurred by the beneficiary but re-invoiced to third parties

In the event that the applicant is unable to reclaim amounts of VAT related to the expenditure of the action, then these charges may be included in the budget 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.

Non European films or programmes may be included in the catalogue, however the specific costs for these programmes (such as digitisation, security, subtitling...) will not be eligible.

9.7. Sources of Income

The attention of Applicants is drawn to the fact that contributions in kind are not eligible either as expenses or as income under the present guidelines. All financial contributions must be substantiated by clear statements, specifying the amounts that will be provided in cash. Evidence of this, including invoices and bank records may be required before the final payment of the contribution.

The income side of the Estimated Budget should show:

- The direct monetary contribution from the applicant's own resources;
- The financial contribution from private sources;
- The financial contribution from other public bodies (local, regional, national or supranational);
- Any income generated by the action;
- The contribution requested from the MEDIA 2007 Programme.

All sources and amounts of revenue must be clearly specified and proven 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 with its own funds.

10. SUB-CONTRACTING AND THE AWARD OF PROCUREMENT CONTRACTS

Where implementation of the action 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.

The beneficiary must clearly document the tendering procedure and retain the documentation for the event of an audit.

11. PUBLICITY

All grants awarded in the course of a financial year must be published on the Internet site of the Community 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.

With the agreement of the beneficiary (taking account of whether information is of such a nature as to jeopardise its security or prejudice its financial 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 will be considered in the process of deciding on the award of the grant.

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

Furthermore, beneficiaries are required to give prominence to the name and logo of the European Commission and of the MEDIA 2007 Programme on all their publications, posters, programmes and other products realised under the co-financed action.

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 2000³ on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Your replies to the questions in the application form are necessary in order to assess your grant application and they will be processed solely for that purpose by the department responsible for the Community grant programme concerned. On request, you may be sent personal data and correct or complete them. For any question relating to these data, please contact the Commission department to which the application must be returned. Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

13. HOW TO APPLY

13.1. Publication

The Call for Proposals is published in the Official Journal of the European Union and is accessible on the Directorate General of Information Society and MEDIA's website at the following address:

<http://ec.europa.eu/media>

13.2. Application Forms

Applications must be submitted using the official Application Forms (including the Budget Form). The applications forms must be typed. Only printed applications will be accepted.

Applicants are required to present one signed, dated original (unbound) and two bound copies of the application forms including the required annexes. All pages of the application form (the original) have to be initialled and the declarations must be signed by an authorised signatory of the applying organisation(s).

Proposals should preferably be submitted in English. 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.

Application forms and budget forms can be downloaded from the following website:

<http://ec.europa.eu/media>

In addition to these, an electronic copy of the application shall be included **on CD-Rom / DVD-Rom**.

13.3. Presentation of the Application

Only applications presented using the official Application Forms, 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 Proposals, in particular in point 9.5. (for example the 40% limit regarding personnel costs), having been signed and dated by the applicant's legally authorised representative and sent in 1 original and 2 copies will be accepted.

All pages of the budget form must be **signed** by the signatory of the applicant organisation.

Applications must be clearly marked with the following words: "**MEDIA Programme – Video on Demand and Digital Cinema Distribution – EACEA/02/2009**" and sent by registered mail or courier service (at the applicant's own expense) by **15/07/2009** at the latest, as shown on the postmark, to the following address:

³ Official Journal L 8, 12.1.2001

Education, Audiovisual and Culture Executive Agency
MEDIA Programme – Video on Demand and Digital Cinema Distribution – EACEA/02/2009
Mr Constantin Daskalakis (BOUR 03/30)
Avenue du Bourget 1
B - 1049 Brussels
Belgium

Applications delivered by hand or by private courier (which must be at the applicant's own expense) should be delivered to the following address:

Avenue du Bourget 1, B-1140 Brussels (Evere), Belgium

Applications delivered by hand must arrive before 3.00 pm on the relevant deadline.

Applications sent by fax or e-mail will not be accepted. Applications submitted after the relevant deadline will be rejected.

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.

Selected proposals will be subjected to a financial analysis, in connection with which the Agency may ask the persons responsible for the proposed actions to provide additional information and, if appropriate, guarantees.

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

13.4. Applicable Rules

- 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)
- 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 last amended by Regulation (EC) No 1525/2007 of 17 December 2007 (OJ L 343, 27.12.2007, p. 9).

And the implementing rules adopted giving force to this Regulation:

- 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 last amended by Regulation (EC, Euratom) No 478/2007 of 23 April 2007 (OJ L 111, 28.4.2007, p. 13).

13.5. Contacts

For any further questions, please contact:

Education, Audiovisual and Culture Executive Agency

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National Contacts:

MEDIA Desks and Antennae:

http://ec.europa.eu/information_society/media/overview/who/desks/index_en.htm