



## EUROPEAN COMMISSION

Directorate-General for Communications Networks, Content and Technology

Directorate: Media Policy

Audiovisual Industry and Media Support Programmes

# CALL FOR PROPOSALS CNECT/i.3/2020/2738010

## Cinemas as Innovation Hubs for Local Communities – 2<sup>nd</sup> call

### 1. INTRODUCTION – BACKGROUND

#### Legal Basis

Preparatory action within the meaning of Article 58(2)(b) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

The annual work programme was adopted under Commission Decision C/2020/2259 of 20/04/2020

### 2. OBJECTIVE(S) – THEME(S) – PRIORITIES

The Covid 19 crisis has deeply affected the cinemas and has changed the cinema going experience in a dramatic way. This action will continue the support to cinema in creating innovative cultural hubs around cinema theatres, notably in areas where there is limited cinema and cultural infrastructure and where the crisis has had a very strong impact.

Local cinemas have been bringing communities together, enhancing local cultural life and playing an important social inclusion role. They are providing education opportunities and contribute to the local economy, being a vector for urban development in the longer term. Their cultural, social and economic impact should be revamped after the disruption of the Covid 19 crisis. However, the pandemic crisis will require new instruments of interaction and in turn new business models for the exhibitors and for the community around the cinemas.

This action should support the creation of innovative cultural venues and empower cinemas to innovate and play a more important role in their local communities, within the security measures that the pandemic crisis has imposed. Therefore, new forms of cooperation with online platforms and other operators will have to be established. This action will support audience development activities encouraging cinemas to provide access not only to audiovisual content through all means, but also to other cultural

content and services, as well as educational activities and/or entertainment activities for young audiences.

While new technologies such as Virtual Reality favour experiencing cinema as an individual experience, it is important to understand the consumption model of young audiences and to offer them attractive options for cinema-going and cultural experience.

In addition, this action aims to create an appetite for the best European audiovisual and cultural content (feature films, concerts, opera, TV series, animation, documentaries, heritage films, short formats and innovative content like VR) by attracting audiences to cultural hubs and by fully exploiting the potential of new technologies. The action should have a two-folded approach: while insisting on the role of cinemas on local communities it should promote cooperation at transnational level by fully exploiting the potential of online distribution: reshaping cinema experiences by ensuring a local rooting and European cooperation

This preparatory action may complement funding from the Europa Cinemas network, which provides training and networking opportunities as well as financial support to cinema theatres that screen an above average number of non-national European films

The preparatory action will test new cinema-going experiences, while taking into account local audiences' needs, and will focus on:

- (a) Rethinking the cinema experience in the aftermath of the pandemic crisis with a view of creating innovative cultural venues in particular with cooperation between cinemas and VOD platforms;
- (b) Audience development and building communities through interactive experiences (offering a wide range of cultural and educational activities);

The expected results of this action are:

- Creation of innovative cultural hubs centred around cinema theatres, involving collaboration between cinema theatres as well as with other operators across the cultural and creative sectors, including online platforms;
- New business models for engaging with existing audiences and reaching out to new audiences, especially young people, by offering quality and diverse European creative content (audiovisual and other types of cultural content) as well as educational activities (i.e. film education, media literacy);
- Innovation regarding the cinematic experience leading up to the development of new cultural experience models / in particular in areas with limited cinema /cultural infrastructure or areas particularly affected by the pandemic crisis;
- Support the social and economic development of local communities through innovative actions that take into account the effects of the pandemic crisis and revitalising the cinema experience both in its real and virtual dimension;
- Enhance cross-border collaboration among cinema operators as well as between cinema, VOD platforms and other cultural organisations including in areas with limited cinema infrastructure.

### **3. Timetable**

The indicative schedule for the different steps and stages of the selection procedure are as follows:

	<b>Steps</b>	<b>Date and time or indicative period</b>
(a)	Publication of the call	4 <sup>th</sup> of June 2020
(b)	<b>Deadline for submitting applications</b>	<b>Friday 21st of August 2020 23H59 CET</b>
(c)	Evaluation period	September - October 2020
(d)	Information to applicants	October - November 2020
(e)	Signature of grant agreement(s)	Between November 2020 and February 2021
(f)	Start date of the action	Between November 2020 – April 2021

!!! New timeline - Corrigendum of 28/072020

#### **4. BUDGET AVAILABLE**

The total budget earmarked for the co-financing of projects under this call for proposals is estimated at € 1.500.000 (one million five hundred thousand Euros).

The EU co-financing is limited to a maximum co-funding rate of 70% of the total eligible costs.

The Commission expects to finance up to 4 - 5 projects with a maximum of € 500 000 grant per project.

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

#### **5. ADMISSIBILITY REQUIREMENTS**

In order to be admissible, applications must be:

- sent no later than the deadline for submitting applications referred to in section 3;
- submitted in writing and in electronic form (pdf) (see section 14), using the application form available at <https://ec.europa.eu/digital-single-market/news-redirect/676664>; and
- drafted in one of the EU official languages, preferably in English or French.

Failure to comply with those requirements will lead to rejection of the application.

## 6. ELIGIBILITY CRITERIA

### 6.1. Eligible applicants

Proposals should be submitted by **cinema exhibitors or cultural organisations**, being any of the following applicants:

- non-profit organisation (private or public);
- profit making entities.

Natural persons are not eligible.

General notice for UK applicants: In conformity with the EU-UK Withdrawal Agreement<sup>1</sup>, the UK and persons or entities established in the UK continue to be eligible to receive Union funds under actions carried out in direct, indirect or shared management, which implement Union programmes and activities committed under the MFF 2014-2020 until the closure of those Union programmes and activities. When restrictions apply, these will be clearly specified in the call for proposals.

#### **Affiliated Entities**

Legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, may take part in the action as affiliated entities, and may declare eligible costs as specified in section 11.2.

For that purpose, applicants shall identify such affiliated entities in the application form.

#### **Country of establishment**

Only applications from legal entities established in EU Member States are eligible.

#### **Multi-beneficiary/Consortium eligibility requirements**

In order to be eligible, a proposal must be submitted by a consortium composed of legal entities of which **at least one is a cinema operator**. **The minimum number of partners is 3, coming from at least 3 different Member States.**

The project leader will submit the application on behalf of all partners.

#### **Supporting documents**

In order to assess the applicants' eligibility, the following supporting documents are requested:

Examples of supporting documents (*see also section 4.3.4.2.1 of the Vade Mecum*):

- **private entity**: extract from the official journal, copy of articles of association, extract of trade or association register, certificate of liability to VAT (if, as in certain countries, the trade register number and VAT number are identical, only one of these documents is required);

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<sup>1</sup> Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

- **public entity:** copy of the resolution, decision or other official document establishing the public-law entity;

## **6.2. Eligible activities**

The following types of activities are eligible, inter alia, under this call for proposals:

- cross-border cooperation projects among cinema operators, as well as between cinemas, VOD platforms or other cultural organisations;
- curated and diverse cinema programming of at least 60% of European content (mainly from EU countries) from different genres and formats, embodying European cultural diversity; the programming should present a strong cultural value and might include among others: feature films, TV series, animation, documentaries, heritage films, short formats or innovative content like VR);
- education activities (including debates or creative workshops also in on-line environment) on topics such as cinema, new audiovisual technologies (VR, cross media etc.) and other cultural activities or performing arts;
- innovative actions that take into account the effects of the pandemic crisis and revitalising the cinema experience both in real and virtual dimension (i.e. collaboration with VOD platforms)
- promotion and communication activities related to the action;
- actions aiming at the creation and improvement of networks, exchanges of good practices;
- financial support to third parties (see point 11.8. d).

## **6.3 Implementation period**

The proposed start date is between November 2020 and March 2021.

The proposed maximum duration of the project is 18 months. Extension of duration by amendment could be granted if duly justified in respect to Article II.13 of the General conditions to the grant agreement.

## **7. EXCLUSION CRITERIA**

### **7.1. Exclusion**

The authorising officer shall exclude an applicant from participating in call for proposals procedures where:

- (a) the applicant is bankrupt, subject to insolvency or winding-up procedures, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended, or it is in any analogous situation arising from a similar procedure provided for under EU or national laws or regulations;
- (b) it has been established by a final judgment or a final administrative decision that the applicant is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;

- (c) it has been established by a final judgment or a final administrative decision that the applicant is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful intent or gross negligence, including, in particular, any of the following:
- (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of eligibility or selection criteria or in the performance of a contract, a grant agreement or a grant decision;
  - (ii) entering into agreement with other applicants with the aim of distorting competition;
  - (iii) violating intellectual property rights;
  - (iv) attempting to influence the decision-making process of the Commission during the award procedure;
  - (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;
- (d) it has been established by a final judgment that the applicant is guilty of any of the following:
- (i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council and Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995;
  - (ii) corruption, as defined in Article 4(2) of Directive (EU) 2017/1371 or Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997, or conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA, or corruption as defined in the applicable law;
  - (iii) conduct related to a criminal organisation, as referred to in Article 2 of Council Framework Decision 2008/841/JHA;
  - (iv) money laundering or terrorist financing within the meaning of Article 1(3), (4) and (5) of Directive (EU) 2015/849 of the European Parliament and of the Council;
  - (v) terrorist offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;
  - (vi) child labour or other offences concerning trafficking in human beings as referred to in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;
- (e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the Court of Auditors;

- (f) it has been established by a final judgment or final administrative decision that the applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95;
- (g) It has been established by a final judgement or final administrative decision that the applicant has created an entity in a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
- (h) it has been established by a final judgement or final administrative decision that an entity has been created with the intent referred to in point (g);
- (i) for the situations referred to in points (c) to (h) above, the applicant is subject to:
  - (i) facts established in the context of audits or investigations carried out by European Public Prosecutor's Office after its establishment, the Court of Auditors, the European Anti-Fraud Office or the internal auditor, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;
  - (ii) non-final judgments or non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;
  - (iii) facts referred to in decisions of persons or entities being entrusted with EU budget implementation tasks;
  - (iv) information transmitted by Member States implementing Union funds;
  - (v) decisions of the Commission relating to the infringement of Union competition law or of a national competent authority relating to the infringement of Union or national competition law; or
  - (vi) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

## **7.2. Remedial measures**

If an applicant declares one of the situations of exclusion listed above (see section 7.1), it must indicate the measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. This may include e.g. technical, organisational and personnel measures to correct the conduct and prevent further occurrence, compensation of damage or payment of fines or of any taxes or social security contributions. The relevant documentary evidence which illustrates the remedial measures taken must be provided in annex to the declaration. This does not apply for situations referred in point (d) of section 7.1.

## **7.3. Rejection from the call for proposals**

The authorising officer shall not award a grant to an applicant who:

- (a) is in an exclusion situation established in accordance with section 7.1; or
- (b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information; or
- (c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equal treatment, including distortion of competition, that cannot be remedied otherwise.

The same exclusion criteria apply to affiliated entities.

Administrative sanctions (exclusion) may be imposed on applicants, or affiliated entities where applicable, if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

#### **7.4. Supporting documents**

Applicants and affiliated entities must provide an **original blue ink signed**<sup>2</sup> declaration on their honour certifying that they are not in one of the situations referred to in Articles 136(1) and 141 FR, by filling in the relevant form attached to the application form accompanying the call for proposals and available at <https://ec.europa.eu/digital-single-market/news-redirect/676664>.

This obligation may be fulfilled in one of the following ways:

- (i) the coordinator of a consortium signs a declaration on behalf of all applicants and their affiliated entities; OR
- (ii) each applicant in the consortium signs a declaration in its name and on behalf of its affiliated entities; OR
- (iii) each applicant in the consortium and the affiliated entities each sign a separate declaration in their own name.

### **8. SELECTION CRITERIA**

#### **8.1. Financial capacity**

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the duration of the grant and to participate in its funding.

The verification of the financial capacity shall not apply to public bodies, including Member States organisations and to International Organisations.

In the event of an application grouping several applicants (consortium), the below thresholds apply to each applicant.

The individual applicants' financial capacity will be assessed on the basis of the following supporting documents to be submitted with the application:

- a) Low value grants ( $\leq$  EUR 60 000):
  - a declaration on their honour.
- b) Grants  $>$  EUR 60 000:
  - a declaration on their honour

AND

- the profit and loss account as well as the balance sheet for the last two financial years for which the accounts were closed;

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<sup>2</sup> A hand-written signature is mandatory (electronic signature conform to eIDAS regulation will however be accepted) While scans suffice before the deadline of proposals, the original blue ink versions must be provided before any grant agreement can be signed by the Commission.

- for newly created entities: the business plan might replace the above documents;
  - the table with the financial figures provided for in Annex to the application form (BS and P&L Financial Capacity Check table), filled in with the relevant statutory accounting figures.
- c) Grants for an action > EUR 750 000:
- (i) the information and supporting documents mentioned in point b) above, and
  - (ii) **an audit report** produced by an approved external auditor certifying the accounts for the last two financial years available, where such an audit report is available or whenever a statutory report is required by law.

If the audit report is not available AND a statutory report is not required by law, a self-declaration signed by the applicant's authorised representative certifying the validity of its accounts for the last two financial years available must be provided.

**The financial capacity of the coordinator will always be assessed based on documents to be provided under point 8.1 b.**

On the basis of the documents submitted, if the Responsible Authorising Officer (RAO) of the Commission considers that financial capacity of a beneficiary is **weak**, s/he may:

- request further information;
- decide not to give pre-financing;
- decide to give pre-financing paid in instalments;
- decide to give pre-financing covered by a bank guarantee (see section 11.7.2 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries.

If the RAO considered that the financial capacity of a beneficiary is **insufficient**, s/he will reject the application.

**8.2. Operational capacity**

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action. In this respect, applicants have to submit a declaration on their honour, and the following supporting documents:

- curriculum vitae or description of the profile of the people primarily responsible for managing and implementing the operation (accompanied where appropriate, like in the field of research and education, by a list of relevant publications);]
- the organisation's activity reports;
- an exhaustive lists of previous projects and activities performed and connected to the policy field of a given call or to the actions to be carried out;
- a description of the technical equipment, tools or facilities and patents at the disposal of the applicant;
- an inventory of natural or economic resources involved in the project.

In the event of an application grouping several applicants (consortium), the above requirements shall apply to the combined capacity of all members of the consortium. Combined capacity means that individually, each member of the consortium should comply with the criteria corresponding to its task in the project.

## 9. AWARD CRITERIA

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

<b><u>Award criterion</u></b>	<b><u>Maximum score</u></b>	<b><u>Threshold</u></b>
<p><b>Relevance and the European added value</b></p> <p>The innovative nature of the project, regarding the creation of cultural hubs and of new cinema-going experiences, including on-line activities aiming at revitalising the cinema experience both in real and on-line dimension;</p> <p>Relevance, quality and diversity (in terms of genres and countries) of the curated programming</p> <p>European added value including diversity of European content and cross-border collaboration</p> <p>Impact on enhancing cultural life of local communities, in particular through innovative on-line activities exploiting the potential of new technologies.</p>	<b>40</b>	<b>20</b>
<p><b>Quality of activities</b></p> <p>Strategies to communicate and disseminate the project to the targeted audience</p> <p>Quality of the cultural offer in order to attract new audiences and enhance their experience</p> <p>Relevance of the activities for audience development, education and community building</p> <p>Cost effectiveness, budget coherence and potential for sustainability beyond the lifetime of the project</p>	<b>40</b>	<b>20</b>
<p><b>Quality and organisation of the project team and the grouping</b></p> <p>Quality and organisation of the project team as well as the distribution of the roles and responsibilities</p> <p>Quality of the partnership and exchange of knowledge within the partnership</p>	<b>20</b>	<b>10</b>
<b>TOTAL</b>	<b>100</b>	<b>60</b>

Minimum score per criterion (threshold): Proposals scoring less than **50%** of the maximum score for any award criterion will be considered of insufficient quality and rejected.

Minimum total score (threshold): Proposals with a total score of less than **60 points** at the end of the evaluation process will be considered of insufficient quality and rejected.

## **10. LEGAL COMMITMENTS**

In the event of a grant awarded by the Commission, a grant agreement, drawn up in euro and detailing the conditions and level of funding, will be sent to the applicant, as well as the information on the procedure to formalise the agreement of the parties.

Two copies of the original agreement must be signed first by the legal representative<sup>3</sup> (person authorised to sign the agreement) of the coordinator on behalf of the consortium and returned to the Commission immediately. The Commission will sign it last.

## **11. FINANCIAL PROVISIONS**

### **11.1. Form of the grant**

#### **11.1.1 Reimbursement of costs actually incurred<sup>4</sup>**

The grant will be defined by applying a maximum co-financing rate 70 % to the eligible costs actually incurred and declared by the beneficiary and its affiliated entities.

Personnel Costs may not account for more than 40% of the total eligible cost of the action.

For details on eligibility of costs, please refer to section 11.2.

### **11.2. Eligible costs<sup>5</sup>**

Eligible costs shall meet all the following criteria:

- they are incurred by the beneficiary.
- they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;
  - The period of eligibility of costs will start as specified in the grant agreement.
  - If a beneficiary can demonstrate the need to start the action before the agreement is signed, the costs eligibility period may start before that

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<sup>3</sup> The Commission reserves the right to ask the proof of appointment

<sup>4</sup> See point (i) of Article I.3.2(a) of the model grant agreement

<sup>5</sup> Article II.19.1 of the Model Grant Agreement

signature. Under no circumstances can the eligibility period start before the date of submission of the grant application.

- they are indicated in the estimated budget of the action;
- they are necessary for the implementation of the action which is the subject of the grant;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified, and comply with the principle 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.

The same criteria apply to costs incurred by the affiliated entities

Eligible costs may be direct or indirect.

### **11.2.1. Eligible direct costs<sup>6</sup>**

The eligible direct costs for the action are the costs which:

**with due regard to 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, such as :

- (a) *the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, provided that these costs are in line with the beneficiary's usual policy on remuneration.*

*Those costs include actual salaries plus social security contributions and other statutory costs included in the remuneration. They may also comprise additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;*

***Personnel Costs may not account for more than 40% of the total eligible cost of the action.***

*The costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may also be included under such personnel costs, provided that the following conditions are fulfilled:*

- (i) *the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);*

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<sup>6</sup> Article II.19.2 of the Model Grant Agreement

- (ii) *the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and*
- (iii) *the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;*

The recommended methods for the calculation of direct personnel costs are provided in Appendix.

- (b) *costs for the work of volunteers up to the limit of 50 % of the overall Union and other co-financing of the action; - NOT APPLICABLE*
- (c) *costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;*
- (d) *the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:
 
  - (i) *is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and*
  - (ii) *has been purchased in accordance with the rules on implementation contracts laid down in the grant agreement, if the purchase occurred within the implementation period;**

*The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;*

*Only the portion of the equipment's depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the action and the context of the use of the equipment or assets;*

- (e) *costs of consumables and supplies, provided that they:
 
  - (i) *are purchased in accordance with the rules on implementation contracts laid down in the grant agreement; and*
  - (ii) *are directly assigned to the action;**
- (f) *costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with the rules on implementation contracts laid down in the grant agreement;*
- (g) *costs derived from subcontracts, provided that specific conditions on subcontracting as laid down in the grant agreement are met<sup>7</sup>;*

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<sup>7</sup> Article II.11 of the Model Grant Agreement

*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 must be detailed under sub-contracting heading.*

*Sub-contracting costs are only admissible if the staff of the member organisations of the partnership does not have the skills required. Sub-contracting costs may not account for more than 60% of the total eligible cost of the action.*

*Subcontracting costs must be substantiated by receipted invoices. In the event of sub-contracting exceeding EUR 60 000, the beneficiaries must clearly document the tendering procedure, submit a copy of the relevant documents together with the final report at the end of the action and retain the documentation in the event of an audit.*

*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 Commission.*

- (h) costs of financial support to third parties, provided that the conditions laid down in the grant agreement are met<sup>8</sup>; (see section 11.8.d)*
- (i) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the grant agreement.*
- (j) Other Costs  
advertising and promotion costs, including:*

***Publicity Material:*** *design, layout and printing of publicity material, production of advertising spots, flyers, design and layout of press advertising,  
Other costs have to be clearly identified and detailed for them to be eligible.*

***Publicity Space:*** *purchase of advertising spaces (TV, radio, internet, press as appropriate), distribution of publicity material (trailers, flyers, posters, mailing...) and other advertising costs.  
Other costs have to be clearly identified and detailed for them to be eligible.*

***Promotion material and events:*** *material such as press files, press screenings; organisation of test screenings and market research; Press Agency, Press officer, Publicist and PR fees, other promotion costs.  
Other costs have to be clearly identified and detailed for them to be eligible.*

### **11.2.2. Eligible indirect costs (overheads)<sup>9</sup>**

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<sup>8</sup> Article II.12 of the Model Grant Agreement

<sup>9</sup> Article II.19.3 of the Model Grant Agreement

Indirect costs are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

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

Indirect costs may not include costs entered under another budget heading.

Overhead costs encompass the following categories:

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

**Applicants' attention is drawn to the fact that if they are receiving an operating grant financed by the EU or Euratom budget, they may not declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.**

In order to demonstrate this, in principle, the beneficiary should:

- a. use *analytical cost accounting that allows to separate all costs (including overheads)* attributable to the operating grant and the action grant. For that purpose the beneficiary should use *reliable accounting codes and allocation keys* ensuring that *the allocation* of the costs is done in a *fair, objective and realistic way*.
- b. *record separately*:
  - all costs incurred for the operating grants (i.e. personnel, general running costs and other operating costs linked to the part of its usual annual activities), and
  - all costs incurred for the action grants (including the actual indirect costs linked to the action)

If the operating grant covers the entire usual annual activity and budget of the beneficiary, the latter is not entitled to receive any indirect costs under the action grant.

### 11.3. Ineligible costs<sup>10</sup>

The following items are considered as ineligible costs:

- a) return on capital and dividends paid by a beneficiary;
- b) debt and debt service charges;
- c) provisions for losses or debts;
- d) interest owed;
- e) doubtful debts;
- f) exchange losses;
- g) costs of transfers from the Commission charged by the bank of a beneficiary;
- h) costs declared by the beneficiary under another action receiving a grant financed from the Union budget. Such grants include grants awarded by a Member State

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<sup>10</sup> Article II.19.4 of the Model Grant Agreement

and financed from the Union budget and grants awarded by bodies other than the Commission for the purpose of implementing the Union budget. In particular, beneficiaries receiving an operating grant financed by the EU or Euratom budget cannot declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.

- i) contributions in kind from third parties;
- j) excessive or reckless expenditure;
- k) deductible VAT

#### **11.4. Eligible costs that may be covered by the single lump sum**

*NOT applicable*

#### **11.5. Balanced budget**

**The estimated budget of the action must be attached to the application form. It must have revenue and expenditure in balance.**

The budget must be drawn up in euros.

Applicants for whom costs will not be incurred in euros should use the exchange rate published in the Official Journal of the European Union

The applicant must ensure that the resources which are necessary to carry out the action are not entirely provided by the EU grant.

Co-financing of the action may take the form of:

- the beneficiary's own resources,
- income generated by the action,
- financial contributions from third parties.

Overall co-financing may also include in-kind contributions from third parties, i.e. non-financial resources made available free of charge by third parties to the beneficiary or to the consortium. The corresponding costs of third parties are not eligible under the grant, e.g. providing a meeting room or equipment for free, etc.

In-kind contributions shall be presented separately in the estimated budget to reflect the total resources allocated to the action. Their approximate value shall be indicated in the estimated budget and shall not be subject to subsequent changes.

#### **11.6. Calculation of the final grant amount<sup>11</sup>**

The final amount of the grant is calculated by the Commission at the time of the payment of the balance. The calculation involves the following steps:

##### **Step 1 — Application of the reimbursement rate to the eligible costs**

The amount under step 1 is obtained by applying the reimbursement rate specified in section 11.1.1 to the eligible costs actually incurred and accepted by the Commission. .

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<sup>11</sup> Article II.25 of the Model Grant Agreement

## Step 2 — Limit to the maximum amount of the grant

The total amount paid to the beneficiaries by the Commission may in no circumstances exceed the maximum amount of the grant as indicated in the grant agreement. If the amount obtained following Step 1 is higher than this maximum amount, the final amount of the grant is limited to the latter.

## Step 3 — Reduction due to the no-profit rule

‘Profit’ means the surplus of receipts over the total eligible costs of the action, where receipts are the amount obtained following Steps 1 and 2 plus the revenue generated by the action for beneficiaries and affiliated entities other than non-profit organisations.

In-kind and financial contributions by third parties are not considered receipts.

The total eligible costs of the action are the consolidated total eligible costs approved by the Commission. The revenue generated by the action is the consolidated revenue established, generated or confirmed for beneficiaries and affiliated entities other than non-profit organisations on the date on which the request for payment of the balance is drawn up.

If there is a profit, it will be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission.

## Step 4 — Reduction due to improper implementation or breach of other obligations

The Commission may reduce the maximum amount of the grant if the action has not been implemented properly (i.e. if it has not been implemented or has been implemented poorly, partially or late), or if another obligation under the Agreement has been breached.

The amount of the reduction will be proportionate to the degree to which the action has been implemented improperly or to the seriousness of the breach.

## 11.7. Reporting and payment arrangements

### 11.7.1 Payment arrangements

The beneficiary may request the following payments provided that the conditions of the grant agreement are fulfilled (e.g. payment deadlines, ceilings, etc.). The payment requests shall be accompanied by the documents provided below and detailed in the grant agreement:

Payment request	Accompanying documents
A <b>pre-financing payment</b> corresponding to <b>60 %</b> of the maximum grant amount	financial guarantee (see section 11.7.2)
<b>One interim payment</b> : For the purpose of determining the amount due as interim payment, the reimbursement rate to be applied to the eligible costs approved by the Commission shall be maximum <b>70 %</b> . The total amount of pre-financing and interim payments shall not exceed <b>80 %</b> of the	(a) interim technical report (b) interim financial statement

maximum grant amount.	
<p><b>Payment of the balance</b></p> <p>The Commission will establish the amount of this payment on the basis of the calculation of the final grant amount (see section 11.6 above). If the total of earlier payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by the Commission through a recovery order.</p>	<p>(a) final technical report</p> <p>(b) final financial statement</p> <p>(c) summary financial statement aggregating the financial statements already submitted previously and indicating the receipts</p> <p>(d) a certificate on the financial statements and underlying accounts<sup>12</sup></p>

In case of a weak financial capacity of a beneficiary, section 8.1 above applies.

### 11.7.2 Pre-financing guarantee

A pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the EU Member States. When the beneficiary is established in a third country, the Commission may agree that a bank or financial institution established in that third country may provide the guarantee if it considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by:

- a joint and several guarantee by a third party or,
- a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

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

As an alternative to requesting a guarantee on pre-financing, the Commission may decide to split the payment of pre-financing into several instalments.

### 11.8. Other financial conditions

#### a) Non-cumulative award

An action may only receive one grant from the EU budget.

Under no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate in the grant application the sources and amounts of Union funding received or applied for the same action or part of the action or for its (the applicant's) functioning during the same financial year as well as any other funding received or applied for the same action.

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<sup>12</sup> The decision on the request for certificates on the financial statements and the threshold will be taken by the RAO during the evaluation of the proposal.

**b) Non-retroactivity**

No grant may be awarded retrospectively for actions already completed.

A grant may be awarded for an action which has already begun only where the applicant can demonstrate in the grant application the need to start the action before the grant agreement is signed.

In such cases, costs eligible for financing may not have been incurred prior to the date of submission of the grant application.

**c) Implementation contracts/subcontracting<sup>13</sup>**

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary may award the contract in accordance with its usual purchasing practices provided that the contract is awarded to the tender offering best value for money or the lowest price (as appropriate), avoiding conflicts of interest.

The beneficiary is expected to clearly document the tendering procedure and retain the documentation in the event of an audit.

Beneficiaries may subcontract tasks forming part of the action. If they do so, they must ensure that, in addition to the above-mentioned conditions of best value for money and absence of conflicts of interests, the following conditions are also complied with:

- a) subcontracting does not cover core tasks of the action;
- b) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
- c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget;
- d) any recourse to subcontracting, if not provided for in description of the action, is communicated by the beneficiary and approved by the Commission. The Commission may grant approval:
  - (i) before any recourse to subcontracting, if the beneficiaries requests an amendment
  - (ii) after recourse to subcontracting if the subcontracting:
    - is specifically justified in the interim or final technical report and
    - does not entail changes to the grant agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
- e) the beneficiaries ensure that certain conditions applicable to beneficiaries, enumerated in the grant agreement (e.g. visibility, confidentiality, etc.), are also applicable to the subcontractors.

**d) Financial support to third parties<sup>14</sup>**

The applications may envisage provision of financial support to third parties. In such case the applications must include:

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<sup>13</sup> Articles II.10 and II.11 of the Model Grant Agreement

<sup>14</sup> Article II.12 of the Model Grant Agreement

- an exhaustive list of the types of activities for which a third party may receive financial support
- the definition of the persons or categories of persons which may receive financial support
- the criteria for awarding financial support
- the maximum amount to be granted to each third party and the criteria for determining it

The amount of financial support per third party must not exceed € 60.000 (sixty thousand).

In case the financial support takes the form of a prize (for instance after organising a competition to raise awareness and attract the audience), the beneficiaries shall give such financial support in accordance with specified conditions, which shall at least contain:

- the conditions for participation;
- the award criteria;
- the amount/form of the prize;
- the payment arrangements.

## **12. PUBLICITY**

### **12.1. By the beneficiaries**

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

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

To do this they must use the text, the emblem and the disclaimer available at [https://ec.europa.eu/info/resources-partners/european-commission-visual-identity\\_en](https://ec.europa.eu/info/resources-partners/european-commission-visual-identity_en).

If this requirement is not fully complied with, the beneficiary's grant may be reduced in accordance with the provisions of the grant agreement.

### **12.2. By the Commission**

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on an internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

The Commission will publish the following information:

- name of the beneficiary;
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2<sup>15</sup> level if he/she is domiciled within the EU or equivalent if domiciled outside the EU;

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<sup>15</sup> Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS), OJ L39, 10.2.2007, p.1.

- subject of the grant;
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

### **13. PROCESSING OF PERSONAL DATA**

If processing your reply to the call for proposals involves the recording and processing of personal data (such as your name, address and CV), such data will be processed pursuant to Regulation (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC..

Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposal will be processed solely for that purpose Unit I3 Directorate-General for Communications Networks, Content and Technology.

Details concerning the processing of your personal data are available on the privacy statement at:

[https://ec.europa.eu/info/system/files/privacy-statement-public-procurement-en\\_0.pdf](https://ec.europa.eu/info/system/files/privacy-statement-public-procurement-en_0.pdf).

Your personal data may be registered in the Early Detection and Exclusion System (EDES) if you are in one of the situations mentioned in Article 136 of the Financial Regulation. For more information, see the Privacy Statement on [http://ec.europa.eu/budget/library/explained/management/protecting/privacy\\_statement\\_e\\_des\\_en.pdf](http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statement_e_des_en.pdf)

### **14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS**

Proposals must be submitted **by the deadline set out under section 3**.

No modification to the application is allowed once the deadline for submission has elapsed. However, if there is a need to clarify certain aspects or to correct clerical mistakes, the Commission may contact the applicant during the evaluation process.

Applicants will be informed by email about the results of the selection process.

The mandatory Grant Application Form and other mandatory template documents to be completed are available at: <https://ec.europa.eu/digital-single-market/news-redirect/676664>.

Applications must be submitted in the correct form, duly completed and dated. No copies are needed (only one original). The application must be submitted in **one original copy** signed by the person authorised to enter into legally binding commitments on behalf of the applicant organisation.

Where applicable, additional information considered necessary by the applicant may be included as an annex (brochures, etc.), but assessment will be based on information included in the application form (therefore please limit the number and size of additional documents and attachments).

**An electronic version (pdf) of the application form and all documents on USB stick must be provided together with the printed original requested.**

Applications must be sent to the following address:

European Commission  
Directorate-General for Communications Networks, Content & Technology  
Directorate I – Unit i3 – Audiovisual Industry and Media Support Programmes  
For the attention of Lucia Recalde Langarica  
Office: BU25 05/130  
B-1049 Brussels  
Belgium

- by registered post (evidence will be constituted by the postmark), or
- by courier service (evidence will be constituted by the acknowledgement of receipt).

Applications sent by fax will not be accepted.

Applications sent only by email do not suffice.

**In addition** to the above application, **the electronic version** of the following documents **must be submitted before the deadline set out under section 3 to the following email address:** [cnect-cinema-hubs@ec.europa.eu](mailto:cnect-cinema-hubs@ec.europa.eu)

- Grant Application Form (pdf searchable format)
- Estimated budget (excel format)
- Declarations of honour (signed and scanned)
- BS and P&L Financial Capacity Check tables with the financial figures filled in with the relevant statutory accounting figures (excel format).

Please refer to the “Checklist” at the end of the Grant Application Form for the summary of documents to provide, format (searchable pdf, pdf scan, excel) and support (original paper, copy or USB)

### ➤ **Contacts**

Questions and requests for clarification may be sent to [cnect-cinema-hubs@ec.europa.eu](mailto:cnect-cinema-hubs@ec.europa.eu).

The Commission is not bound to reply to requests for additional information received less than six working days before the deadline for submitting applications set in section 3.

Questions and answers will be gathered and published anonymously in the FAQs section on <https://ec.europa.eu/digital-single-market/news-redirect/676664>.

### **Annexes:**

- Grant application form and its annexes
  - o Checklist of documents to be provided
  - o Estimated budget form
  - o Bank account form
- BS and P&L Financial Capacity Check table

- Model Declaration of honour
- Model grant agreement and its annex II

Griet Van Caenegem  
(e-signed)  
Authorising Officer  
by sub-delegation  
Directorate I

Specific conditions for direct personnel costs

**1. Calculation**

The ways of calculating eligible direct personnel costs laid down in points (a) and (b) below are recommended and accepted as offering assurance as to the costs declared being actual.

The Commission may accept a different method of calculating personnel costs used by the beneficiary, if it considers that it offers an adequate level of assurance of the costs declared being actual.

**a) for persons working exclusively on the action:**

*{ monthly rate for the person*

*multiplied by*

*number of actual months worked on the action }*

The months declared for these persons may not be declared for any other EU or Euratom grant.

The **monthly rate** is calculated as follows:

*{ annual personnel costs for the person*

*divided by 12 }*

using the personnel costs for each full financial year covered by the reporting period concerned.

If a financial year is not closed at the end of the reporting period, the beneficiaries must use the monthly rate of the last closed financial year available;

**b) for persons working part time on the action**

(i) If the person is assigned to the action at a fixed pro-rata of their working time:

*{ monthly rate for the person multiplied by pro-rata assigned to the action*

*multiplied by*

*number of actual months worked on the action }*

The working time pro-rata declared for these persons may not be declared for any other EU or Euratom grant.

The monthly rate is calculated as above.

(ii) In other cases:

*{hourly rate for the person multiplied by number of actual hours worked on the action}*

or

*{daily rate for the person multiplied by number of actual days worked on the action}*

(rounded up or down to the nearest half-day)

The number of actual hours/days declared for a person must be identifiable and verifiable.

The total number of hours/days declared in EU or Euratom grants, for a person for a year, cannot be higher than the annual productive hours/days used for the calculations of the hourly/daily rate. Therefore, the maximum number of hours/days that can be declared for the grant are:

*{number of annual productive hours/days for the year (see below)}*

*minus*

*total number of hours and days declared by the beneficiary, for that person for that year, for other EU or Euratom grants}.*

The ‘**hourly/daily rate**’ is calculated as follows:

*{annual personnel costs for the person*

*divided by*

*number of individual annual productive hours/days}* using the personnel costs and the number of annual productive hours/days for each full financial year covered by the reporting period concerned.

If a financial year is not closed at the end of the reporting period, the beneficiaries must use the hourly/daily rate of the last closed financial year available.

The ‘number of individual annual productive hours/days’ is the total actual hours/days worked by the person in the year. It may not include holidays and other absences (such as sick leave, maternity leave, special leave, etc). However, it may include overtime and time spent in meetings, trainings and other similar activities.

## **2. Documentation to support personnel costs declared as actual costs**

For **persons working exclusively on the action**, where the direct personnel costs are calculated following **point (a)**, the beneficiaries must keep **time records** for the number of hours/days declared. The time records must be in writing and approved by the persons

working on the action and their supervisors, at least monthly confirming that the persons concerned have worked exclusively on the action.

For **persons assigned to the action at a fixed pro-rata of their working time**, where the direct personnel costs are calculated following **point (b)(i)**, the beneficiaries must keep **time records** for the number of hours/days declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly confirming effectively worked time at the fixed pro-rata on the action.

For **persons working part time on the action**, where direct personnel costs are calculated following **point (b)(ii)**, the beneficiaries must keep **time records** for the number of hours/days declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly.

In the absence of reliable time records of the hours worked on the action, the Commission may accept alternative evidence supporting the number of hours/days declared, if it considers that it offers an adequate level of assurance.