

## **7) SUPPORT FOR THE DISTRIBUTION OF NON-NATIONAL FILMS – THE DISTRIBUTION AUTOMATIC SCHEME (CALL EACEA 27/2018)**

### **1. INTRODUCTION – BACKGROUND**

See Part A.

### **2. OBJECTIVES – THEMES – PRIORITIES**

#### **2.1 Objectives**

Within the specific objective of promoting transnational circulation, one of the priorities of the MEDIA Sub-programme is the following:

- supporting theatrical distribution through transnational marketing, branding, distribution and exhibition of audiovisual works.

The MEDIA Sub-programme shall provide support for the following:

- establishing systems of support for the distribution of non-national European films through theatrical distribution and on all other platforms as well as for international sales activities, in particular the subtitling, dubbing and audio-description of audiovisual works.

Expected results:

- Improvement in the trans-national distribution of recent non-national European films.
- Increase in the investment in the production, acquisition, promotion, theatrical and online distribution of non-national European films.
- Develop links between the production and distribution sector thus improving the competitive position of non-national European films.

#### **2.2 Targeted projects**

The aim of the “Automatic Scheme” is to encourage and support the wider transnational distribution of recent European films by providing funds to distributors, based upon their performance on the market, for further reinvestment in the promotion and distribution (including on-line) of new non-national European films.

The scheme also aims to encourage the development of links between the production and distribution sectors thus improving the competitive position of non-national European films and the competitiveness of European companies.

The Automatic support scheme works in two phases:

1. The generation of a potential fund, proportional to the number of paying admission tickets sold during the reference period for non-national European films in countries participating in the MEDIA Sub-programme, up to a fixed ceiling per film and adjusted for each country.
2. Reinvestment: the potential fund thus generated by each company must be reinvested in:
  - the co-production of eligible non-national European films;
  - the acquisition of distribution rights, for example by means of minimum guarantees, of eligible non-national European films; and/or in

- the release of eligible non-national European films.

Based on the amount of the grant that the applicant has calculated (section 9 – award criteria), the applicant is requested to submit a distribution strategy that includes investment in co-production, acquisition and/or release of eligible films. The beneficiary will have 24 months to carry out the project.

### 3. TIMETABLE

<b>Stages</b>	<b>Date or indicative period</b>
Deadline for submitting applications Generation/Reinvestment	5 September 2019 - 12:00 (noon, Brussels Time)
Evaluation period	September 2019-January 2020
Information to applicants	February 2020
Signature of grant agreement	March 2020
Starting date of the action /period of eligibility of costs	date of agreement <sup>23</sup>
Duration of the action / period of eligibility of costs	24 months from the starting date of the action

Only those costs incurred by the beneficiary during the period of eligibility of costs will be eligible.

### 4. BUDGET AVAILABLE

The total budget earmarked for the co-financing of projects is estimated at EUR 24,35M. This budget is subject to the availability of the funds after the adoption of the budget and the Work Programme for 2020 by the budgetary authority.

### 5. ADMISSIBILITY REQUIREMENTS

See Part A.

### 6. ELIGIBILITY CRITERIA

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

#### 6.1 Eligible applicants

The applicant shall be a European Cinema/Theatrical distribution company.

European company:

Company owned, whether directly or by majority participation (i.e. majority of shares), by nationals of Member States of the European Union or nationals of the other European countries participating in the MEDIA Sub-programme and registered in one of these countries.

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<sup>23</sup> The period of eligibility can start from the date of submission when justified and requested in the eForm. See section 11.1 b) of Part A.

A cinema / theatrical distributor is involved in commercial activity designed to bring to the attention of a wide audience a film for the purpose of exploitation in cinema theatres. This shall be the principal activity of the company or division of the company. Such activity may include aspects of the technical publishing of an audiovisual work (dubbing and subtitling, striking of prints, circulation of prints, etc.) as well as marketing and promotional activities (production of trailers and publicity material, the purchase of advertising space, the organisation of promotional events etc.).

Digital distribution is supported as long as it is of a minimum quality (=1.3 K). This excludes DVD, DVIX, Digital Beta or any other support whose resolution is below 1.3K as a copy or source of the films for theatrical release.

A cinema / theatrical distributor shall fulfil the following criteria:

- be the holder of the theatrical distribution rights for the film in the country concerned;
- carry out the theatrical distribution of the film in the country (determines the release date, plans, controls and executes the distribution and promotion campaign);
- pay directly the associated distribution costs; and
- be registered and have theatrical distribution operations in the country for which a grant is requested<sup>24</sup>

Booking and billing, is allowed, provided that:

- it has been disclosed to the Agency.
- it is substantiated by receipted invoices.
- it complies with the sub-contracting rule set out in section 11.1.e.

In the event that distribution activities are shared between several companies, the contracts/agreements between these companies must be disclosed to the Agency. The Agency will consider as compliant the company which meets all the criteria and actually executes the distribution of the film in the country in line with the above conditions. If tasks and/or responsibilities are so shared between different companies that it is impossible to assess a unique distributor for the film in a territory, the film will not be supported in that territory and the admissions will not be eligible. The decision of the Agency will be final.

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

**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),

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

## 6.2 Eligible activities

To generate the potential fund and to qualify for reinvestment measures, the film must comply with the following criteria:

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<sup>24</sup> This requirement is waived for the following countries as they are linked for distribution purpose: Belgium and Luxembourg; Greece and Cyprus; United Kingdom and Ireland.

- it must be a work of fiction (including animated films) or documentary, with a minimum duration of 60 minutes.
- it must have its first copyright established in 2015 at the earliest.
- it must not consist of alternative content (operas, concerts, performances, etc.), advertising, pornographic or racist material or advocate violence.
- it must be majority produced by a producer or producers established in the countries participating in the MEDIA Sub-programme (see section 6.1). To be considered as the actual producers the production companies must be credited as such. Other elements such as copyright appearing on the rolling credits, creative control, ownership of exploitation rights and share of profits may also be taken into account to determine who the actual producer is.
- it must be produced with the significant participation (as per the credits) of professionals who are nationals/residents of countries participating in the MEDIA Sub-programme (see section 6.1). ‘Significant participation’ is defined as having more than 50% of the points on the basis of the table below, e.g. having 10 or more points in the case of a work of fiction or the biggest share of points if the total is less than 19 as is normally the case for documentaries or animation films where all of the categories are not usually included in the credits:

	Points
Director	3
Scriptwriter	3
Composer	1
Actor 1	2
Actor 2	2
Actor 3	2
Production Design	1
Director of Photography	1
Editor	1
Sound	1
Shooting location	1
Post Production location	1
<b>Total</b>	<b>19</b>

If the film has an interoperable standard identifier, such as ISAN or EIDR, it must be indicated in the eReport.

National / Non-national European film:

Countries participating in the MEDIA Sub-Programme are defined under section 6.1.

European films will be considered as “national” in the country participating in the MEDIA Sub-programme whose nationals/residents have participated in the highest proportion in the making of the film, on the basis of the points table shown above. This country is considered as the country of origin of the film for the purpose of the scheme. They will be considered as “non-national” outside the country of origin.

In the event of a tie (i.e. where the points are equal for a given nationality) the nationality of the director (or the following talent in the above list) shall be decisive.

**1. Generation of a potential fund**

The potential fund is proportional to the number of paying admission tickets sold for non-national European films in countries participating in the MEDIA Sub-programme, up to a fixed ceiling per film and adjusted for each country, in the reference period (2018).

To be eligible, admissions must comply with the following criteria:

- they must be achieved between 1<sup>st</sup> January and 31<sup>st</sup> December 2018;
- a normal ticket price was actually paid to the relevant exhibitor (including any special offers or discounts) but explicitly excluding those admissions where no fee was paid;
- they must be clearly identifiable and certified by the national correspondents designated by the Member States;
- they must be declared by applicants who are eligible in the country (see section 6.1);
- the films must be eligible non-national European films.

Group or club screenings where an individual ticket price is not levied will not be eligible.

The paid admissions achieved by a film already supported by the MEDIA sub-Programme are eligible.

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

All admissions must be certified by the Responsible National Authority. It is the responsibility of the distributor to have its admissions certified by the submission date. In absence of certification, admissions will be ineligible and no support will be awarded. These admissions will be published on the website of EACEA.

## **2. Reinvestment (eligible costs)**

The potential fund thus generated by each beneficiary is to be reinvested in:

- the co-production of eligible non-national European films (i.e. films not yet completed at the date of application for reinvestment);
- the acquisition of distribution rights, for example by means of minimum guarantees, of eligible non-national European films; and/or in
- the release of eligible non-national European films (promotion and advertising, digitisation and transcoding costs).

However, if after the signing of the agreement and the start of the action it becomes impossible for the beneficiary, for fully justified reasons beyond his control, to complete the action within the scheduled period, an extension to the eligibility period may be granted. A maximum extension of 6 additional months may be granted if requested before the deadline specified in the agreement.

## **7. EXCLUSION CRITERIA**

### **7.1 Exclusion from participation**

**See Part A.**

### **7.2 Rejection from the award procedure**

**See Part A.**

### 7.3 Supporting documents

See Part A.

## 8. SELECTION CRITERIA

### 8.1 Financial capacity

See Part A.

### 8.2 Operational capacity

Applicants applying for a grant above EUR 60.000 must provide the following supporting documents:

- the curriculum vitae of the legal representative of the company and
- the curriculum vitae of the Head of Distribution (if they are not the same person).

## 9. AWARD CRITERIA

A potential fund will be attributed to eligible European distribution companies on the basis of the eligible admissions achieved by the European non-national films distributed by the applicant in the reference year as set out in the call for proposals (i.e. 2018).

The support will take the form of a potential fund available to distributors for further investments in eligible non-national European films.

Within the limit of the budgetary resources available, the potential fund available for each distributor will be calculated on the following basis:

- Eligible admissions generated by eligible non-national European films up to a limit fixed per film and per country.
- This limit can be reached in one or more years but in any case all paid admissions over the maximum threshold for an individual film shall not be eligible

<b>Country of distribution</b>	<b>Maximum threshold (nr of admissions)</b>
Germany, Spain, France, Italy.	300.000
Austria, Belgium, The Netherlands, Poland, United Kingdom.	100.000
Czech Republic, Denmark, Finland, Greece, Hungary, Norway, Portugal, Sweden.	75.000
Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Estonia, FYRoM, Iceland, Ireland, Latvia, Lithuania, Luxemburg, Malta, Montenegro, Romania, Republic of Serbia, Slovakia, Slovenia, and any other new country participating to the programme.	16.000

The amount of the potential fund will be calculated by multiplying the number of eligible admissions by a fixed amount per admission.

Amount per eligible admission (in EUR)

Country of distribution	Nationality of the film (as per section 6.2)		
	France UK	Germany Spain Italy	Other eligible countries
Germany, Spain, France, Italy.	0,45	0,50	0,90
Austria, Belgium, The Netherlands, Poland, UK.	0,50	0,65	0,90
Czech Republic, Denmark, Finland, Greece, Hungary, Norway, Portugal, Sweden.	0,70	0,80	0,90
Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Estonia, FYRoM, Iceland, Ireland, Latvia, Lithuania, Luxemburg, Malta, Montenegro, Romania, Republic of Serbia, Slovakia, Slovenia, and any other new country participating to the programme.	0,80	0,90	0,90

Films with less than 200 eligible admissions in the reference year will not be taken into account in the calculation of the fund.

One of the principal objectives of the Automatic Scheme is to have a significant effect upon the marketing of European films. Thus, and for reasons of efficiency, minimum availability thresholds have been defined. Availability threshold means that in the event that the fund in a given year does not reach the minimum threshold, the fund will not be available.

Country of distribution	Availability Threshold of the potential fund (in EUR)
Germany, Spain, France, Italy	30.000
Austria, Belgium, The Netherlands, Poland, United Kingdom	15.000
Czech Republic, Denmark, Finland, Greece, Hungary, Norway, Portugal, Sweden	10.000
Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Estonia, FYRoM, Iceland, Ireland, Latvia, Lithuania, Luxemburg, Malta, Montenegro, Romania, Republic of Serbia, Slovakia, Slovenia, and any other new country participating to the programme.	5.000

Shall the sum of generated funds exceed the available budget; each potential fund will be reduced proportionally. This reduction will not affect the availability of the potential funds that are reduced below the minimum thresholds.

## 10. LEGAL COMMITMENTS

See Part A.

## 11. FINANCIAL PROVISIONS

### 11.1 General Principles

- a) Non-cumulative award

**See Part A.**

Reinvestment in release costs cannot be cumulated with a support under the MEDIA Sub-programme Selective Scheme for the same film.

- b) Non-retroactivity

**See Part A.**

- c) Co-financing

**See Part A.**

- d) Balanced budget

**See Part A.**

When drafting their budget, applicants must assess the amount of the potential grant based on the parameters and thresholds set out under section 9 – award criteria. The final grant is subject to the availability of the budget. If necessary, applicants will be required to correct their budget.

- e) Implementation contracts/subcontracting

**See Part A.**

- f) Financial support to third parties

The applications may not envisage provision of financial support to third parties

- g) Special condition applying to the MEDIA Sub-programme

Any support from the MEDIA Sub-programme shall remain the exclusive property of the beneficiary and cannot be considered as a revenue for the film or be used to reduce recoupable distribution costs.

## **11.2 Funding forms**

### **➤ Maximum amount requested**

The EU grant is limited to a co-financing rate of 60% of the eligible costs

### **➤ Eligible costs**

#### Eligible direct costs:

The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to the performance of the action and which can therefore be booked to it directly.

The reinvestment can be made on a maximum of 10 different eligible non-national films.

Reinvestment on the same film in different categories of costs is allowed.

### **Heading 1: Film financing**

- **Sub-Heading 1 : investment in co-production**

Only those contributions linked to the investment of the distributor in the co-production and which are set out in the co-production contract signed with the producer and / or co-producer of the film will be eligible.

- **Sub-Heading 2: investment in minimum guarantee**

Only the costs of the Minimum Guarantee set out in the distribution contract signed with the producer or sales agent of the film will be eligible.

It is common that distribution rights are acquired by distributors for multiple territories and that the amount of the Minimum Guarantee is defined for all these territories. The Agency can only co-finance the Minimum Guarantee for the territory of the distributor concerned.

In case of a multi-territory acquisition by a distributor or by any related company, the amount of the eligible Minimum Guarantee will be reduced following the methods established based on historical data and set out below.

<b>Countries</b>	<b>Division of the MG</b>
Germany - Austria	- Germany: 90 % - Austria: 10 %
Belgium - Luxemburg	- Belgium: 97,5 % - Luxemburg: 2,5 %
BENELUX (Belgium - Netherlands - Luxemburg)	<u>For French language films:</u> - Belgium: 73% - Luxemburg: 2 % - Netherlands: 25 % <u>For other films :</u> - Belgium: 48 % (without LU: 50%) - Luxemburg: 2 % - Netherlands: 50 %
Greece - Cyprus	- Greece: 97,5 % - Cyprus: 2,5 %
United Kingdom - Ireland	- United Kingdom: 95 % - Ireland: 5 %
Scandinavia (Denmark - Finland - Iceland - Norway - Sweden)	- Sweden: 35 % - Norway: 25 % - Denmark: 25 % - Finland: 14 % (without Iceland: 15 %) - Iceland: 1 %
Czech Republic - Slovak Republic	- Czech Republic: 75 % - Slovak Republic: 25 %
Estonia - Latvia - Lithuania	- Estonia: 30 % - Latvia: 30 % - Lithuania: 40 %
Balkan countries and Albania	- Croatia: 35% - Serbia: 25% - Slovenia: 22% - Bosnia and Herzegovina: 7% - FYROM: 3% - Montenegro: 2% - Kosovo: 1% - Albania: 5%

The other cases of multi-country acquisitions will be treated individually on the basis of the share of admissions per territory available as per national statistics.

In case of a sub-license deal, the actual contract amount may be taken into account provided that the complete chain of rights has been disclosed to the Agency.

## **Heading 2: Release costs**

- ***Sub-Heading 1: Advertising costs and promotion costs***

Costs related to publicity material, publicity space, promotion material, website, PR and other promotion activities including social network campaign, conception and production of the trailer

- ***Sub-Heading 2: Optical and Digital Costs***

Costs related to optical costs, digital costs, Virtual Print Fees, dubbing and subtitling (incl. translation) and transcoding costs.

### **Heading 3: Other Costs**

- **Audit Fees:** In the framework of the execution of a possible financial support, the Agency requires the beneficiary to produce a statement of the final costs of the action in case of a grant for an action of more than EUR 60.000. This document must be certified by an independent approved auditor, external to the company on the basis of justifying documents and the accountancy records of the beneficiary. Therefore the costs of this certification are the only costs eligible beyond the eligibility period.
- **Booking and Billing:** if these services are outsourced to a third party, these costs must be declared.

Non deductible VAT is eligible unless it is related to activities of the public authorities in the Member States.

#### ➤ **Eligible indirect costs (administrative costs)**

A flat-rate amount, not exceeding 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 (i.e. rent of company offices, insurance, maintenance costs, telecommunications, postal charges, heating, lighting, water, electricity, office supplies, rental of stands on markets and festivals).

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

Applicants's attention is drawn to the fact that in the case of organisations receiving an operating grant, indirect costs are no longer eligible under specific actions.

#### ➤ **Ineligible costs**

In addition to the ineligible costs specified in Part A, the following costs shall not be eligible:

- personnel costs
- travel and subsistence of staff
- purchase of equipment

#### ➤ **Calculation of the final grant amount – Supporting documents**

The final amount of the grant to be awarded to the beneficiary is established after completion of the action, upon approval of the request for payment containing the following documents:

- a final report providing details of the implementation and results of the action;
- the final financial statement of costs actually incurred;
- the co-production or distribution agreement with the producer and/or sales agent, with a hand written statement "Copy certified as true" signed by the legal representative of the company;
- the financing plan of the film signed and dated by the lead producer (if the film is not qualified in the film database)

and

In case of grants for an action of less than or equal to EUR 60.000, the beneficiary is required to submit, in support of the final payment, a copy of the following underlying documents:

Heading 1 - Sub-heading 1 and 2:

The invoices and a copy of the proofs of payments: bank debit statement(s) and where applicable, proofs of withholding tax payment(s) and proofs of compensation.

Heading 2:

Upon request by the Agency, a breakdown of all costs and relevant invoices.

### **11.3 Payment arrangements**

If specified in the grant agreement, a pre-financing payment corresponding to 30% of the grant amount will be transferred to the beneficiary within 30 days either of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

If specified in the grant agreement, a second pre-financing payment corresponding to 30% of the grant amount will be made within 60 days of receipt by the Agency of the progress report on the action's implementation. This second pre-financing payment shall not be made until at least 70% of the previous pre-financing payment has been used up. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing.

### **11.4 Pre-financing guarantee**

See Part A.

## **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 logo of the MEDIA sub-programme on the main page or sponsor page of their website and on all their publications, posters, programmes and other products realised under the co-financed project.

Beneficiaries must add the logo of the MEDIA Sub-Programme, as provided by the Agency, to their own distributor's clip presenting the film in the cinemas or straight after.

To do this they must use the text, the logo and the disclaimer available at [https://eacea.ec.europa.eu/about-eacea/visual-identity\\_en](https://eacea.ec.europa.eu/about-eacea/visual-identity_en) which will be provided by the Agency.

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

## **12.2 By the Agency and/or the Commission**

**See Part A.**

## **12.3 Communication and dissemination**

**See Part A.**

## **13. DATA PROTECTION**

**See Part A.**

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

### **14.1 Publication**

The call for proposals is published on the Internet site of the Agency at the following address:  
[https://eacea.ec.europa.eu/creative-europe/funding/distribution-automatic-support-2019\\_en](https://eacea.ec.europa.eu/creative-europe/funding/distribution-automatic-support-2019_en)

### **14.2 Registration in the Participant Portal**

**See Part A.**

### **14.3 Submission of the grant application**

**See Part A.**

When drafting their budget, applicants must assess the amount of the potential grant based on the parameters and thresholds set out under section 9 – award criteria. The final grant is subject to the availability of the budget. If necessary, applicants will be required to correct their budget.

The following document must be at the applicant's disposal for each film declared, in case of verification by the EACEA:

Distribution contract or agreement with the producer and/or sales agent with the hand written statement “Copy certified as true” signed by the legal representative of the company (the date of contract must be on or before 31/12/18).

The applicant shall provide this information upon request by the Agency, in the context of verification of the eligibility of the declared admissions (see section 6.2). In the event the applicant fails to submit the requested documents, the relevant admissions will not be taken into account in the calculation of the potential fund.

### **14.4 Rules applicable**

**See Part A.**

### **14.5 Contacts**

For any further information please contact your Creative Europe desk:  
[https://ec.europa.eu/programmes/creative-europe/contact\\_en](https://ec.europa.eu/programmes/creative-europe/contact_en)

Contact within the Agency: [EACEA-DISTRIBUTION-AUTOMATIC@ec.europa.eu](mailto:EACEA-DISTRIBUTION-AUTOMATIC@ec.europa.eu)

If you encounter a technical problem in relation to the e-Form, please ensure that you contact the HelpDesk well in advance of the deadline for submission: [eacea-helpdesk@ec.europa.eu](mailto:eacea-helpdesk@ec.europa.eu).

**Annexes to be included in the application form:**

- Annex 1: Detailed description of the action  
(a document containing the distribution strategy related to the project must be attached to the E-Form)
- Annex 2 – Declaration on applicant's honour  
(the declaration on the applicant's honour must be attached to the E-Form)
- Annex 3 – Detailed budget and sources of financing  
(the Budget Form on the standard template must be attached to the E-Form)
- Annex 4 – Financing plan  
(the financing plan for films to be qualified must be attached to the E-Form)
- Annex 5 – Certification of the admissions by the national correspondent  
(the certification of the admissions by the national correspondent must be attached to the E-Form)

**Additional annexes published with the call:**

Sample of grant agreement