



CALL FOR PROPOSALS — EAC/S26/2017

Creative Europe programme

Organisation and administration of the EU prize for popular and contemporary music¹

1. BACKGROUND

1.1. EU cultural prizes

The European Union prize for popular and contemporary music is organised under the culture sub-programme of the Creative Europe programme,² and one of the four prizes that the EU supports in the field of culture (the others are for literature, architecture and cultural heritage).³

The aim of the prizes is to highlight excellence in a number of fields in order that artists, works or cultural and artistic achievements become known beyond national borders, thereby encouraging mobility and exchanges. They are distinctive in their focus (emerging architects/authors/musicians and breadth of cultural heritage activities) and strongly complement components of wider EU culture policy. They encourage the protection and promotion of cultural and linguistic diversity in the EU, mainly by showcasing high-quality examples and providing a platform for developing a shared vision of the roles of the relevant sectors.

The purpose of this call for proposals is to select an organisation or consortium to be in charge of organising and administering the EU prize for popular and contemporary music in 2019, 2020 and 2021.⁴

¹ In the context of this call, the term ‘popular and contemporary music’ refers to today’s music accessible to the general public and disseminated by the mass media, as distinct from art music. ‘Popular music, unlike art music, is conceived for mass distribution to large and often socioculturally heterogeneous groups of listeners, stored and distributed in non-written form’ (*Philipp Tagg Musicologist*).

Popular and contemporary music spans different musical genres, including **electronic** (breakbeat, electro, EDM, hard style, house, techno, trance), **folk** (traditional), **popular** (blues, country, hip hop, jazz, pop, reggae, R&B, rock (alternative, synth, metal, punk)), **progressive** and **psychedelic**.

² The EU programme for the cultural and creative sectors for 2014-2020, based on Articles 166, 167 and 173 of the Treaty on the Functioning of the European Union;

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT>

³ https://ec.europa.eu/programmes/creative-europe/actions_en

⁴ For each year’s prize, the preparatory work starts the year before, e.g. for the 2019 prize, the preparatory work will start with the signing of the contract in 2018.

1.2. The prize and EU action in the field of music

This call for proposals is issued in the wider context of Creative Europe and the policy framework with relevance to the music sector. As far as possible, the prize should be conceived and implemented so as to complement and generate synergies with the various actions, projects and initiatives that the EU has recently taken and supported in the music field (see sections 1.2.1 and 1.2.2).

1.2.1. *Creative Europe*

The Creative Europe programme responds to challenges that the cultural and creative sectors face in terms of fragmentation, globalisation and the digital shift, shortage of data and lack of private investment.

The general objectives are to safeguard, develop and promote European cultural and linguistic diversity, promote European cultural heritage and strengthen the competitiveness of Europe's cultural and creative sectors with a view to promoting smart, sustainable and inclusive growth.

In the culture sub-programme, the general objectives have been translated into the following priorities:

- a) transnational mobility;
- b) audience development; and
- c) capacity-building for:
 - the digital shift;
 - new business models; and
 - training and education.

Since the beginning of the programme (2014), a total of 70 projects of all types have been co-financed in the music sector for a total of approximately EUR 45 million. Examples of relevant projects can be found on the Creative Europe project results platform (<https://ec.europa.eu/programmes/creative-europe/projects/>).

1.2.2. *'Music moves Europe' preparatory action: boosting European music diversity and talent*⁵

In October 2017, the European Parliament adopted a preparatory action to be implemented by the Commission in 2018. Based on discussions with representatives of Europe's music ecosystem since 2015, the action is aimed at addressing some of the main challenges identified in the sector:

- a) offline and online distribution (e.g. increasing citizens' access to music in all its diversity);
- b) artist and repertoire development (*inter alia* boosting the mobility of artists and cross-border circulation of the European repertoire);
- c) professionalisation and education (e.g. skills development and capacity-building for creators and SMEs to succeed in a highly competitive global market); and
- d) the export of European music outside Europe.

⁵ https://ec.europa.eu/programmes/creative-europe/actions/music-moves-europe_en

The preparatory action will build on and further develop the existing, albeit very limited, support for music under Creative Europe. It is intended to test suitable action with a view to a possible future fully-fledged funding scheme for music in the next generation of EU programmes, which could provide more targeted support for European diversity and talent, and boost the competitiveness of the sector.

2. EU PRIZE FOR POPULAR AND CONTEMPORARY MUSIC⁶

2.1. A new prize for a new mandate

Going by the name of ‘European border-breakers awards’ (EBBAs), the EU prize for popular and contemporary music has been supported by the EU Culture programme and subsequently by the Creative Europe programme since 2004.

Every year for 15 years, 10 up-and-coming acts have been recognised and rewarded for having broken borders and reached out to music fans outside their home countries with their first release.

The EU prize is uniquely placed to highlight and promote the diversity of the European repertoire, celebrate the international success of European and emerging talent, and reach out to new, particularly young, audiences with positive messages about European values.

However, there is potential for the prize to do more and better, notably in developing its contribution to the economy of the music industry and strengthening European identity, participatory democracy and creativity.

The prize should give appropriate answers to what emerging artists need, what music professionals look for and what music fans like.

The creation, production, distribution and consumption of music have fundamentally changed in the past decade. European music markets remain extremely fragmented. New distribution channels, new powerful digital players, new business models and new consumption patterns have emerged through online distribution (music streaming). Digitisation has brought not only opportunities of additional and tailor-made audience development, but also challenges in terms of how to monetise works or how to cope with illegal downloads and streams. Market imperfections relating to the digital shift force creators to adapt. On major streaming platforms, European content tends to be less present or visible than music from the United States, and thus difficult to find or access.

In view of this transformation of the music industry, the prize should be adapted, in particular to make the most of the digital services platforms. The new prize is intended not only to reward emerging artists but also to support their efforts to incubate, develop and accelerate their international career in the new music ecosystem.

2.2. General objective

The general objective of the prize is to support emerging talent and promote and celebrate the richness of the European repertoire.

⁶ The conditions for participation in the award scheme are determined in Article 13(e) of Regulation (EU) No 1295/2013 of 11 December 2013 establishing the Creative Europe programme (2014 to 2020). The programme is open to EU Member States and to other participating countries, subject to the conditions referred to in Article 8 of the Regulation (see section 8.1 of this call).

2.3. Specific objectives

2.3.1. *Specific objective 1: selecting emerging artists*

In order to meet this specific objective, the successful organisation or consortium should develop a solid and reliable mechanism to select up-and-coming European acts who have the potential to:

- achieve international success outside their home country, in Europe and beyond; and
- represent the richness, creativity and quality of the European repertoire.

The selection process should rely on quantitative and qualitative criteria, i.e. analysed data and professional recommendations. The criteria should ensure geographical and, as far as possible, linguistic balance. They should also make use of new technologies and new approaches to creation, production, distribution and promotion, particularly in teaming up with European digital services platforms.

The aim of the process is to select **10 European up-and-coming music artists or bands**. However, selecting more or less than 10 laureates is admissible, if duly justified in the proposal.

A **steering committee**, involving Commission representatives and an international jury, will be set up to monitor and validate the selection process. Proposals must include a detailed description of the functioning of this steering committee.

2.3.2. *Specific objective 2: skilling and nurturing emerging talent*

In order to meet this specific objective, the successful organisation or consortium should provide prize-winners with a tailor-made business training programme, including at least:

- access to music conferences, festivals, conventions and fairs;
- learning and coaching sessions with music industry mentors; and
- networking with key players from the global music community.

The training programme must touch on at least the following market segments:

- **online distribution** – in particular, content creation and monetisation (marketing, branding, audience development); and
- **music export** – in particular, opportunities to tour in Europe and beyond.

2.3.3. *Specific objective 3: promoting and celebrating popular and contemporary European repertoire*

In order to meet this specific objective, the successful organisation or consortium should:

- organise a high profile awards ceremony for the prize – this should showcase and promote new talent and European repertoire, and be associated with prestigious European music brands, labels, artists, festivals and/or venues; and
- propose a name for the prize that includes at least the terms ‘Europe’ (or ‘European’), ‘music’ and ‘awards’, and does not duplicate the names of other existing awards.

In order to raise the visibility of the prize and the artists it supports, the organisation of side-events throughout the year, in addition to the ceremony, is highly encouraged.

In this regard, the successful organisation or consortium must:

- strengthen and rejuvenate the image of the prize among artists, professionals, the media and the general public;
- develop a b2c⁷ branding and communication strategy to increase media attention, and engage with social media influencers and music consumers;
- ensure continued high visibility by engaging with different target groups throughout the year; and
- develop networking and partnership activities with a view to ensuring the sustainable impact of the prize.

3. FRAMEWORK PARTNERSHIP AGREEMENT

The Commission will support the prize through a framework partnership agreement (FPA) for a period of 36 months from the date of signature, subject to funds being made available by the budgetary authority on an annual basis. The first specific agreement for an annual grant will start with the preparatory work in 2018, for the 2019 prize.

The FPA will set out:

- the conditions governing annual grants for an action, on the basis of a three-year strategic plan;
- the roles and responsibilities of the Commission and the selected organisation(s) in implementing the partnership;
- the agreed objectives;
- the type of activity envisaged;
- the procedure for concluding a specific agreement for an annual grant for an action; and
- the parties' general rights and obligations under the specific grant agreements.

It will not constitute an obligation for the Commission to conclude specific agreements for an annual grant for an action.

As part of the application for the FPA, the applicant must submit an overall work plan for its entire duration, which must comprise:

- an overall description of activities and outputs for the entire period of the FPA;
- a description of how the activities will be divided into annual work plans; and
- a detailed work plan for the first year of the FPA (see section 4).

Together with other information provided, the work plan will form the basis for awarding the FPA.

⁷ business-to-consumer.

4. AWARD OF SPECIFIC GRANT AGREEMENTS

In order to ensure that the FPA activities get off to a timely start, a detailed work plan and budget⁸ are required for the first year (2019 prize), which may be subject to a specific grant agreement concluded after signature of the FPA. The work plan for the first year should demonstrate how the applicant intends to implement the FPA work plan; it will be subject to a separate evaluation and award decision.

Subject to the availability of funds, the Commission will ask the successful organisation or consortium to provide detailed annual work plans and budgets in order to conclude specific agreements for an action grant for the two following years of the prize. The work plans for each following year will be assessed against the award criteria set out in this call (see section 11).

The conclusion of specific agreements for an action grant is subject to the Commission's assessment of the detailed annual work plans and budgets, and to the availability of budgetary appropriations.

5. TIMETABLE

	Stages	Date and time or indicative period
a)	Publication of the call	February 2018
b)	Deadline for submitting applications	April, 21st, 2018 - 12.00 pm
c)	Evaluation period	April/May 2018
d)	Information to applicants	May/June 2018
e)	Signature of framework partnership agreement	June/July 2018
f)	Signature of specific grant agreement	June/July 2018
g)	Starting date of the action	June/July 2018

6. BUDGET AVAILABLE

The total budget earmarked for the co-financing of this action through a specific grant agreement for the 2019 edition of the prize is estimated at 500.000 EUR.

The EU grant is limited to a maximum co-financing rate of 80 % of eligible costs. The appropriations for the subsequent years will be confirmed at a later stage.

Due to the specific and unique nature of the Prize, the Commission will only sign one partnership agreement under this call and will fund only one proposal for the purposes of this action.

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

⁸ See template in Annex 3.

7. ADMISSIBILITY REQUIREMENTS

- Applications must be sent no later than the deadline for submitting applications referred to in section 5 above.
- Applications must be submitted in writing (see section 16), using the application form.
- Applications must be drafted in one of the EU official languages.

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

8. ELIGIBILITY CRITERIA⁹

8.1. Eligible applicants

This call is open only to legal persons. The applicant(s) must have had a legal personality for at least 2 years on the date of the deadline for submission of applications and must be able to demonstrate their existence as a legal person.

In case the application is submitted by several entities working together (consortium), the legal entities must comply with the eligibility, non-exclusion and selection criteria set out in this call for proposals. All the legal entities forming the consortium must be identified in the application.

For the purpose of declaring eligible costs as specified under section 13.1, the entities composing the applicant shall be treated as affiliated entities.

Only applications from legal entities established in the EU Member States and in non-EU countries that participate in the Creative Europe programme are eligible. **The updated list of non-EU countries that participate in the Creative Europe programme can be found at <https://eacea.ec.europa.eu/sites/eacea-site/files/06022017-eligible-countries.pdf>**

Proposals from applicants in newly participating countries to the programme may be selected provided that, on the date of the award decision, agreements have been signed setting out the arrangements for the participation of those countries in the Creative Europe programme.

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, decision, or other official document establishing the public-law entity;
- **consortium:** in addition to the supporting documents referring to their legal status, consortium members will submit letters confirming their participation to the project.

The following entities will be considered as non-eligible:

- **natural persons;**
- **entities without legal personality.**

⁹ Article 131 FR, 201 RAP.

For British applicants: please be aware that eligibility criteria must be complied with for the entire duration of the framework partnership agreement. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article II.16 of the framework partnership agreement.

8.2. Eligible activities

The eligible activities in relation to:

- Organisation and awarding of a prize, including development and implementation of a selection mechanism and an award ceremony;
- Communication and branding activities for the visibility of the Prize;
- Networking and partnership activities;
- Promoting and developing emerging talent and their repertoire;
- Developing and building new audiences;
- Raising visibility to EU's values, helping increase citizens' sense of identification with the EU;
- Development of new business models including the use of innovative distribution models in order to increase the exposure of the artists and the visibility/accessibility of the repertoire.

8.3. Implementation period

As mentioned in sections 3 and 4 above, it is expected that the activities under this framework partnership agreement will start in 2018. The duration of the period of eligibility of costs of each specific grant agreement will be no longer than 12 months. No extension to the period of eligibility of costs beyond the maximum duration will be granted.

Applications for projects scheduled to run for a longer period than that specified in this call for proposals will not be accepted.

9. EXCLUSION CRITERIA

9.1. 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, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under 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 law of the country in which it is established, with those of the country in which the authorising officer is located or those of the country of the performance of the contract;

(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 conduct which has an impact on its professional credibility where such conduct denotes 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 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 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 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, and in Article 2(1) of Council Framework Decision 2003/568/JHA, as well as corruption as defined in the law of the country where the contracting authority is located, the country in which the applicant is established or the country of the performance of the contract;
- (iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA;
- (iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council;
- (v) terrorist-related 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 forms of trafficking in human beings as defined 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) for the situations of grave professional misconduct, fraud, corruption, other criminal offences, significant deficiencies in the performance of the contract or irregularity, the applicant is subject to:

- (i) facts established in the context of audits or investigations carried out by the Court of Auditors, OLAF or internal audit, 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 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) decisions of the ECB, the EIB, the European Investment Fund or international organisations;
- (iv) decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law.
- (v) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

9.2. Remedial measures

If an applicant declares one of the situations of exclusion listed above (see section 9.1), it should 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 prevent further occurrence, compensation of damage or payment of fines. 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 9.1.

9.3. 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 9.1¹⁰;
- (b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information;
- (c) was previously involved in the preparation of calls for proposal documents where this entails a distortion of competition that cannot be remedied otherwise.

The same exclusion criteria apply to affiliated entities.

Administrative and financial penalties may be imposed on applicants, or affiliated entities where applicable, who are guilty of misrepresentation.

¹⁰ Article 106 FR.

9.4. Supporting documents¹¹

Applicants (and affiliated entities) must provide a declaration on their honour certifying that they are not in one of the situations referred to in articles 106(1) and 107 FR, by filling in the relevant form attached to the application form accompanying the call for proposals and available as Annex 2.

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

(a) for mono beneficiary grants:

the applicant signs a declaration in its name and on behalf of its affiliated entities

(b) for multi beneficiaries grants:

the coordinator of a consortium signs a declaration on behalf of all applicants and their affiliated entities

10. SELECTION CRITERIA¹²

10.1. Financial capacity¹³

The financial capacity will be assessed based on the following methodology and its annexes: http://ec.europa.eu/dgs/education_culture/calls/evaluation-grants-2016_en.htm.

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

Grants with a pre-financing value of EUR 600 000 or less

For grants of this type, proof of financial capacity is constituted by a declaration on the honour by the grant applicant (see Annex 1 of the Application form).

However, in case of doubt and only for grants exceeding EUR 60 000, the assessment committee reserves the right to request supporting documents and to carry out a financial analysis as described at point 4 of the above mentioned methodology (cf. Article 131(3) of the FR)

Moreover for grants exceeding EUR 60 000, entities falling into one of the high-risk categories mentioned at point 3.1 of the methodology must provide proof of their financial capacity and are required to undergo the financial analysis provided for in point 4 of the same methodology.

On the basis of the documents submitted, if the RAO considers the financial capacity to be weak, s/he may:

- request further information;
- decide not to give pre-financing;
- decide to give pre-financing paid in instalments;

¹¹ Article 197 RAP.

¹² Article 132 FR, 202 RAP.

¹³ Article 131, 132 FR, 202 RAP.

- decide to give pre-financing covered by a bank guarantee (see section 13.6.2 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries;

If the RAO considers the financial capacity to be insufficient s/he will reject the application.

10.2. Operational capacity¹⁴

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action.

Applicants must demonstrate:

- Proven experience of minimum 5 years within the music sector;
- Proven experience in organising events and communication activities at European and International level;
- Proven experience of managing at least 2 high-level projects over the last 5 years, at European and/or International level;
- Ability to communicate fluently in at least two EU languages including English (C1 level).

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;
- the organisation's activity reports;
- an exhaustive lists of previous projects and activities performed and connected to the action to be carried out.

In the case of legal entities forming **one** applicant (consortium), as specified in section 8.1, the above requirements apply to each one of those entities.

11. AWARD CRITERIA¹⁵

Eligible applications will be assessed on the basis of the following criteria and weightings:

A. Relevance and compliance with the objectives of the call (35 points)

This criterion will assess the relevance of the proposal, in particular its compliance with the specific objectives of the prize (see section 2.3), in particular:

- the nature and suitability of the proposed mechanism (process and criteria) for selecting the winners, with a view to ensuring a geographical spread of winners and developing the reputation and credibility of the prize in the music sector and among the general public;

¹⁴ Article 131 FR, 202 RAP.

¹⁵ Article 132 FR, 203 RAP.

- the nature and suitability of the strategy to address the use of, and partnership with, European digital services platforms;
- the nature and suitability of the proposed activities for the training programme;
- the nature and suitability of the proposals for the award ceremony, with a view to ensuring a high-quality, high-profile and accessible event;
- synergy with other EU actions in the music sector (see section 1.2); and
- the suitability of the proposed steering committee mechanism (see section 2.3.1).

B. Branding and communication activities (25 points)

This criterion will assess:

- the nature and quality of the proposed strategy for creating momentum and raising awareness and impact of the prize throughout the year, in particular the proposed activities to:
 - o develop awareness and visibility of the prize among music professionals and the general public; and
 - o address the use of, and partnership with, European digital services platforms, social media, specialised and mass-media; and
- the strength and suitability of the proposed name for the prize.

C. Impact on and synergy with the music sector and key stakeholders (20 points)

This criterion will assess:

- the involvement and effective mobilisation of key stakeholders in the music value chain (notably European digital services platforms); and
- the quality and reliability of cooperation with the music sector and other relevant sectors (in particular, those relevant to young people) through networking activities, with a view to achieving a multiplier effect.

D. Effectiveness of the proposed methodology (20 points)

This criterion will assess:

- the quality of the work plan (including timetable and decision-making process) and the quality and reliability of the partnerships;
- the appropriateness of the human resources allocation and the relevance of the experience of the staff involved to the tasks assigned to them; and
- the relevance and allocation of the budget with regard to the planned activities.

An internal Commission evaluation committee will evaluate the applications and establish a ranked list of those scoring **at least**:

- **75 points** in total; and
 - o **27 points** for criterion A;
 - o **18 points** for criterion B;
 - o **15 points** for criterion C; and
 - o **15 points** for criterion D.

The Commission will use the award criteria in this section when selecting the successful applicant for establishing the partnership agreement and assessing the detailed annual work plans and budgets in order to conclude specific agreements for an action grant under the FPA.

12. LEGAL COMMITMENTS¹⁶

In the event the application for framework partnership is selected, a framework partnership agreement detailing the conditions of cooperation will be sent to the applicant, as well as information on the procedure to formalise the agreement of the parties.

13. FINANCIAL PROVISIONS

13.1 Eligible costs

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

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action/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.

13.1.1. 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, such as:

¹⁶ Article 121 FR, 174 RAP.

- (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;

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);*
- (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 calculation of direct personnel costs are provided in Appendix.

- (b) *costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;*
- (c) *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;

- (d) *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;*
- (e) *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;*
- (f) *costs entailed by subcontracts, provided that specific conditions on subcontracting as laid down in the grant agreement are met;*
- (g) *costs of financial support to third parties, provided that the conditions laid down in the grant agreement are met;*
- (h) *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.*

13.1.2. Eligible indirect costs (overheads)

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 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.

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.

13.2 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 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) *VAT.*

13.3 Reimbursement of costs actually incurred¹⁷

The grant will be defined by applying a maximum co-financing rate of 80 % to the eligible costs actually incurred and declared by the beneficiary (and its affiliated entities).

13.4 Balanced budget¹⁸

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 on the Infor-euro website available at: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

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 or work programme,
- financial contributions from third parties.

13.5 Calculation of the final grant amount

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

¹⁷ Article 126 FR.

¹⁸ Article 196.2 RAP.

The amount under step 1 is obtained by application of the reimbursement rate specified in section 13.3 to the eligible costs accepted by the Commission.

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 the amount obtained following Steps 1 and 2 plus the total receipts of the action, over the total eligible costs of the action.

The total eligible costs of the action are the consolidated total eligible costs approved by the Commission. The total receipts of the action are the consolidated total receipts established, generated or confirmed on the date on which the request for payment of the balance is drawn up by the beneficiary.

The following are considered receipts:

- (a) income generated by the action;
- (b) financial contributions given by third parties to a beneficiary or to an affiliated entity, if they are specifically assigned by the third parties to the financing of the eligible costs of the action reimbursed by the Commission.

The following are not considered receipts:

- (a) financial contributions by third parties, if they may be used to cover costs other than the eligible costs under the grant agreement;
- (b) financial contributions by third parties with no obligation to repay any amount unused at the end of the implementation period.

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.

13.6 Reporting and payment arrangements¹⁹

13.6.1 Payment request

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

¹⁹ Article 90, 135 FR, 207 RAP.

requests shall be accompanied by the documents provided below and detailed in the grant agreement:

Payment request	Accompanying documents
A pre-financing payment ²⁰ corresponding to 70 % of the grant amount	(a) bank guarantee, if applicable (see section 13.6.2)
<p>Payment of the balance</p> <p>The Commission will establish the amount of this payment on the basis of the calculation of the final grant amount (see section 13.5 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 order²¹.</p>	<p>(a) final technical report; (b) final financial statement; (c) summary financial statement aggregating the financial statements already submitted previously and indicating the receipts</p>

In case of a weak financial capacity section 10.1 above applies.

13.6.2 Pre-financing guarantee²²

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.

13.7 Other financial conditions

a) Non-cumulative award²³

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

²⁰ Article 109, 110 RAP.

²¹ Article 109, 110 RAP.

²² Article 134 FR, 206 RAP.

²³ Article 129 FR.

In 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 action²⁴.

b) Non-retroactivity²⁵

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/subcontracting²⁶

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary must award the contract to the bid offering best value for money or the lowest price (as appropriate), avoiding conflicts of interests.

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

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU²⁷ or contracting entities in the meaning of Directive 2014/25/EU²⁸ must comply with the applicable national public procurement rules.

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

²⁴ Article 196.4 RAP.

²⁵ Article 130 FR.

²⁶ Article 137 FR, 209 RAP.

²⁷ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

²⁸ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC.

(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 parties²⁹

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

- (a) the conditions for participation;**
- (b) the award criteria;**
- (c) the amount of the prize for each sub-category**
- (d) the payment arrangements.**

14. PUBLICITY

14.1 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 http://ec.europa.eu/dgs/communication/services/visual_identity/index_en.htm and the European Commission's visual identity guidelines. For further details you may also contact comm-visual-identity@ec.europa.eu.

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

14.2 By the Commission³⁰

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 level³¹ if he/she is domiciled within EU or equivalent if domiciled outside EU;

²⁹ Article 137 FR, 210 RAP.

³⁰ Article 35, 128.3 FR, 21, 191 RAP.

- 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.

15. PROCESSING OF PERSONAL DATA

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EC) No 45/2001 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. 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 by [entity acting as data controller].

Personal data may be registered in the Early Detection and Exclusion System by the Commission, should the beneficiary be in one of the situations mentioned in Article 106(1) and 107 of the Financial Regulation 966/2012³² (for more information see the Privacy Statement on:

http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statementedes_en.pdf).

16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

Proposals must be submitted by the deadline set out under section 5.

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 process³³.

Applicants will be informed in writing about the results of the selection process³⁴.

➤ ***Submission on paper***

Application forms are available at https://ec.europa.eu/programmes/creative-europe/content/organisation-and-administration-eu-prize-popular-and-contemporary-music_en.

Applications must be submitted in the correct form, duly completed and dated. They must be submitted in 4 (four) copies (one original clearly identified as such, plus 2 (two) paper copies and 1 (one) copy on CD or USB stick) and signed by the person(s) authorised to enter into legally binding commitments on behalf of the applicant organisation(s).

Offers must be submitted in a sealed envelope itself enclosed within a second sealed envelope, addressed as indicated above. The inner envelope must bear, in addition to the address indicated above, the words, 'CALL FOR PROPOSALS — EAC/S26/2017 —

³¹ European Union Official Journal L 39, of 10 February 2007.

³² <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32012R0966>

³³ Article 96 FR.

³⁴ Article 133 FR, 205 RAP.

Not to be opened by the mail service.’ If self-adhesive envelopes are used, they must be sealed with adhesive tape and the sender must sign across that tape.

Applications must be sent³⁵:

– by post, date as postmark;

or

– by courier service, date of receipt by the courier service

to the following address³⁶:

- *European Commission — Directorate-General for Education, Youth, Sport and Culture*
- *Directorate D — Culture and creativity- Unit Creative Europe*
- **CALL EAC/S26/2017**
- **Mrs Barbara Gessler**
- *J-70 – 2/019*
- *B-1049 Brussels*
- *Belgium*

or hand-delivered in person, date as receipt, at the following address (opening hours: Monday to Friday, 08.30 – 17.00)

- *European Commission*
- *Avenue du Bourget 1*
- *B-1140 Brussels*
- *Belgium*

Applications sent by fax or e-mail will not be accepted.

Contacts:

The contact point for any questions is: EAC-UNITE-D2@ec.europa.eu

Annexes:

- Annex 1) Application form including checklist of documents to be provided
- Annex 2) Declaration on the honour
- Annex 3) Budget forms for information on estimated budget for the first edition of the Prize (period 2018-2019), to be completed
- Annex 4) Model framework partnership agreement and model specific grant agreement, for information
- Annex 5) Financial statement
- Annex 6) List of supporting documents (list of invoices for the submission of final financial reports)

³⁵ Art. 195.3 RAP.

³⁶ Article 195.3 RAP.

Appendix

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.

In case beneficiary uses a different method of calculating personnel costs, the Commission may accept it, 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. Records and other documentation to support the personnel costs declared as actual costs

For **persons working exclusively on the action**, where the direct personnel costs are calculated following **point (a)**, there is no need to keep time records, if the beneficiary signs a **declaration** 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)**, there is no need to keep time records, if the beneficiary signs a declaration that the persons concerned have effectively worked 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.