

Annex 1

Study on the economic and cultural impact, notably on co-productions, of territorialisation clauses of state aid schemes for films and audiovisual productions

TENDER SPECIFICATIONS

Part 1: **Technical description**
Part 2: **Administrative details**

Part 1: Technical description

Study on the economic and cultural impact, notably on co-productions, of territorialisation clauses of state aid schemes for films and audiovisual productions

1. CONTEXT

The criteria used by the European Commission to assess the compatibility with the EC Treaty of aid schemes for cinema and TV production were set out in chapter 2 of the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on certain legal aspects relating to cinematographic and other audiovisual works¹. This Communication contains the Commission's general approach to State aid to the cinema and TV production sector.

This approach was recently extended up to 30 June 2007 by a further Communication² which also announces the Commission's intention to launch a study covering the effects of State aid systems and in particular the economic and cultural impact of territorialisation requirements taking into account the impact on co-productions.

The criteria set by the Communication are two-fold:

a) Respect of the general legality criterion

In its examination of the respect of the general legality criteria under Article 87.3 (d) of the EC Treaty, the Commission must ensure, inter alia, that the EC Treaty principles prohibiting discrimination on the grounds of nationality, freedom of establishment, free movement of goods and freedom to provide services have been respected (Articles 12, 28, 30, 39, 43, 48 and 49 EC).

b) Specific compatibility criteria for State aid to cinema and TV programme production.

The second of these criteria applies to "territorialisation". The Communication states that "Member States shall allow producers to invest at least 20% of the film budget in others Member States without suffering any reduction in the aid provided for under the scheme". Many Member States do not impose any territorialisation criteria, in other words, producers are free to spend their film budget in the country or countries of their choice.

As indicated in the Communication, "the Commission's main concerns are not related to the volume of the aid, which, being aimed at supporting culture is compatible with the Treaty. However, the Commission recalled its worries over the territorialization clauses of certain aid schemes. Such territorialization clauses impose on producers an obligation

¹ COM(2001)534 final of 26.09.2001, OJ C 43 of 16.02.2002

² Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on the follow-up of the Commission communication on certain legal aspects relating to cinematographic and other audiovisual works of 26.09.2001 (COM(2004)171 final of 16.3.2004, OJ C 123/1 of 30.04.2004, http://europa.eu.int/eur-lex/en/com/pdf/2004/com2004_0171en01.pdf).

to spend a certain amount of the film budget in a particular Member State as an eligibility condition for receiving the full aid amount. Territorialization clauses may constitute a barrier to the free circulation of workers, goods and services across the EC. They may, therefore, fragment the internal market and hinder its development. However, the Commission considers that these clauses may be justified under certain circumstances and within the limits set in the Communication in order to ensure the continued presence of human skills and technical expertise required for cultural creation”³.

The Communication stated that the Commission did not intend to alter the specific compatibility criteria unless they prove unable to prevent undue distortion of competition within the EC.

According to the European Audiovisual Observatory⁴, the EU Member States dedicated 1071 million EUROS in 2002 and 1084 in 2003 for funding the development, production and distribution of European films. National and regional mechanisms of support to films are very different in terms of how they are financed, available resources, criteria for selecting projects, etc. The Observatory’s database KORDA⁵ contains an inventory of State aid schemes in Europe.

The study “Public funding for film and audiovisual works in Europe – A comparative approach”⁶ presents an analysis of the European State aid in the form of subsidies. The study provides useful background information for the present study:

- Wide diversity of stakeholders and methods of intervention: 51 organizations active at national level and 118 at regional level. Around 600 aid schemes.
- Five countries (France, Germany, Italy, Spain and the UK) accounted for 72% of the overall EU funding in 2002. France alone accounted for 46% of direct public funding, and Germany for 17%.⁷
- Territorialisation is described as a condition imposed by the Member state that some of the production or post-production activities shall take place in the country concerned. “This condition is usually defined in general terms in national legislation and it is not always easy to find out what the exact arrangements are. These are sometimes to be found in internal rules of procedure and often seem to be more a question of established practice than fixed rules (...) The definition of the criterion of territoriality can often be singled out as such but it may also derive from the definition of the nationality conditions which producers have to satisfy to qualify for aid.”⁸
- The following impose territorialisation criteria: Austria, French Community of Belgium, Flemish Community of Belgium, Germany, German regional funds

³ Point 2.6 of the Communication of 16.3.2004, mentioned above.

⁴ European Audiovisual Observatory, 2004 Yearbook, Volume 3, T.15.1.

⁵ <http://korda.obs.coe.int/web/fr/>

⁶ European Audiovisual Observatory, Strasbourg 2004.

⁷ Chapter 5.1.2

⁸ Chapter 6.8

(Berlin-Brandenburg, FFF Bayern, Film NRW, and FF Hamburg), France, United Kingdom, Ireland, Italy and Portugal.⁹

- The following do not impose territorialisation criteria: Denmark, Spain, and Finland. The study does not provide information on Greece, the Netherlands¹⁰, Luxembourg and the 10 new Member States.

The number of European films financed via international co-productions is very high and in some Member States they account for the majority of the films produced. European co-productions are also important from a pan-European circulation point of view since they are more likely to be distributed in several Member States than the films produced in a single country. The European Convention on Cinematographic Co-production¹¹, which is signed by all EU Member states, has largely contributed to the development of European co-productions. According to the European Audiovisual Observatory¹², there are currently over 50 co-production agreements in force between European countries. These agreements stipulate a legal framework in which producers from these countries may work together. They also define the role which the various sources of film funding and financing may play within the financial structure of a European co-production. The available co-production agreements can be downloaded from the Observatory's freely consultable IRIS MERLIN database¹³.

2. OBJECTIVES OF THE STUDY

2.1 Overall objective

The overall objective of this contract is to provide the Commission with information regarding the application of Articles 151 and 87.3(d) of the EC Treaty.

Under Article 151.1 of the EC Treaty, “the Community shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity”. In addition, Article 151.4 enshrines the principle that the Community shall take cultural aspects into account in its action under other provisions of the Treaty, in particular in order to respect and to promote the diversity of its cultures. Cinematographic and audiovisual productions are an essential component of our cultures, which are covered by Article 151.

Article 87.3 (d) of the EC Treaty states that the Commission may consider compatible with the common market State “aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Community to an extent that is contrary to the common interest”. On the basis of this exception, the

⁹ Box 6

¹⁰ According to Commission information, The Netherlands imposes territorialisation requirements.

¹¹ <http://conventions.coe.int/>

¹² <http://www.obs.coe.int/about/oea/pr/coproduction.html.en>

¹³ <http://merlin.obs.coe.int/>

Commission has examined and approved all the national schemes of State aid to cinema/audiovisual production that have been notified.

2.2 Specific objectives

The specific objective of the study is to provide Commission clear and reliable data on the consequences of “territorialisation” requirements. The Commission will take these findings into account when making a decision on its approach to State aid to cinema/audiovisual production beyond June 2007. In particular, the core of the study is to analyse the impact of territorialisation on the cost structure of film industries.

The study is divided in 7 parts:

PARTS A and B will provide an **objective view** of the situation in relation to State aid in the 25 Member States. **PART A** calls for a **synopsis of the legal provisions** relating to territorialisation. **PART B** requires an **analysis of the subsidies that are effectively paid** in the 25 Member States. The European Audiovisual Observatory provides data on the budgets that are available in each Member State, but not how much of these is effectively spent. The results of PART B are necessary for comparing the magnitude of public intervention in relation to the turnover of the sector. Given that regional State aid regimes are a substantial part of the budget, the consultant shall also provide data on the budget of larger regional schemes¹⁴.

PARTS C and D form the core of the study: **identifying whether there are economic inefficiencies** in the sector that can be explained by the existence of territorialisation requirements. **PART C** calls for a **description of the economic structure** of a representative sample of countries, some of which apply territorialisation and some of which do not. **PART D** undertakes a **comparison of the economic structures** of these countries. In addition, **PART D** requires the **structure of budget films** produced in countries that apply territorialisation **to be compared** with the structure of those produced in countries not applying territorialisation. The aim is to analyse whether and how territorialisation affects the cost categories of films.

PARTS E and F deal with **co-productions**. Point 8 of the Communication calls for a study in particular on the impact of territorialisation on co-productions. **PART E** looks at the issue from two points of view: **legal** (summary of co-production agreements) and **statistical** (number of co-productions). It calls, finally, for an analysis of whether and how territorialisation may influence the way in which co-productions are financed. **PART F** involves a **qualitative assessment** of whether territorialisation is an obstacle to European co-productions. This assessment will be based notably on interviews with a representative sample of stakeholders.

¹⁴ We consider as “larger regional schemes” for the purpose of this study those schemes that had a budget over 1 million in the last year of the reference period.

PART G will look at the problem from a **cultural perspective**. The consultant will evaluate what the cultural consequences might be of removing territorialisation. This assessment will be based notably on interviews with a representative sample of stakeholders.

The reference period to be covered by the study is the latest 5 years for which data is available.

2.3 Detailed description of the tasks

PART A:

The contractor will provide the Commission with a clear synopsis of the legal provisions relating to territorialisation in Member States' aid schemes. The analysis will cover all national schemes and those relevant regional schemes¹⁵, in force in all Member States in the cinema and audiovisual areas, with a precise description of territorialisation requirements. It should be noted that territoriality requirements can also derive from the definition of the nationality conditions which productions have to satisfy in order to qualify for aid. The analysis should cover both automatic and selective granting procedures. It will also look at whether the evaluation criteria used impose territorialisation requirements in any direct or indirect way.

The result of the analysis will be presented in a table format.

PART B:

The contractor will provide the Commission with an analysis, covering all Member States, of the public subsidies paid within the framework of all national and major regional¹⁶ aid schemes, and notably in favour of service activities based in the relevant market relating to cinema and audiovisual production, post-production, marketing, distribution and promotion. The analysis will identify subsidies paid through schemes imposing territorialisation requirements and subsidies paid through schemes not imposing territorialisation requirements.

PART C :

The contractor will provide a clear analysis of the essential characteristics of the cinema and audiovisual industry in a relevant sample of Member States, in particular:

- Employment, turnover and value added; number and size of companies; existing stock of facilities and capacity utilisation; prevailing prices for rendering typical services; for cinema/audiovisual production, post-production, marketing, distribution and promotion activities in the selected countries applying "territorialisation" and the countries not applying it.
- Film production and distribution (national, EU co-productions, EU non-national, extra-EU origin) in the countries applying "territorialisation" and film distribution/circulation in the countries that do not apply it.

PART D:

D.1 Comparison of economic indicators

¹⁵ For the purpose of this study, major regional aid schemes are considered to be those with a budget over 1 million € in the last year of the reference period

¹⁶ Those with a budget over 1 million € in the last year of the reference period

The selected countries will be classified in one of the following three categories:

- Countries applying a high level of territorialisation.
- Countries applying a low level of territorialisation
- Countries not applying territorialisation

The contractor will compare the characteristics of the cinema and audiovisual industries, as identified under part C, between the three groups. The contractor will assess whether existing differences (if any, taking into account the relative sizes of the selected countries and the degree of territorialisation) can be explained by the existence of “territorialisation” requirements (evaluation of impact).

D.2 Analysis of film budgets

The contractor will also provide an assessment of the competitiveness of the cinema and audiovisual production, post-production, marketing, distribution and promotion activities in the selected countries applying high and low “territorialisation” versus the countries not applying it.

As part of this assessment the contractor will identify a representative sample of films produced in a single country or internationally co-produced over the reference period, and divide them into the following categories:

- a) Films produced in a single country not applying “territorialisation”
 - a.1) small and medium budget
 - a.2) large budget
- b) Film produced in a single country applying “territorialisation”.
 - b.1) small and medium budget
 - b.2) large budget
- c) Films co-produced between countries applying “territorialisation”
 - c.1) small and medium budget
 - c.2) large budget
- d) Films co-produced between countries not applying “territorialisation”
 - d.1) small and medium budget
 - d.2) large budget
- e) Films co-produced between a country applying “territorialisation” and a country not applying “territorialisation”
 - e.1) small and medium budget
 - e.2) large budget

The contractor will divide the budget structure of the chosen films into an appropriate number of cost categories covering the professional activities of cinema/audiovisual production¹⁷, post-production, marketing, distribution and promotion. He will compare the mentioned cost categories of the budget structure of films sub a.1 with sub b.1, c.1, d.1 and e.1; sub a.2 with sub b.2, c.2, d.2 and e.2.

The contractor will analyse the economic impact (if any) of the “territorialisation” requirements on the mentioned cost categories of the budget structure of the chosen films and will identify and analyse the impact (if any) of the “territorialisation” requirements in terms of geographical localisation of spending concerning the mentioned cost categories of the budget structure of the chosen films.

PART E :

¹⁷ For instance, author fees, leading role fees, crew fees, filming support fees.

The contractor will provide the Commission with a clear synopsis of the co-production agreements in force in 2003 and in the past (1998/2002) in all Member States, with reference to arrangements concerning the territorialisation requirements of the national/regional aid schemes.¹⁸

He will identify the number of international co-productions (in relation to the total number of productions) featured over the reference period between:

- a) Member States not applying “territorialisation”
- b) Member States applying “territorialisation” and Member States that do not apply it
- c) Member states applying “territorialisation”.

He will identify the main patterns of the financing models of international co-productions with a specific reference to the “territorialisation” issues, the Media Plus Programme and the instruments of the Council of Europe on co-productions.

PART F :

The contractor will provide a qualitative assessment notably based on interviews with a representative sample of stakeholders on whether “territorialisation” requirements of the aid schemes in all Member States hinder the production of films under European co-productions agreements.

PART G :

The contractor will provide the Commission with an overall qualitative assessment based on interviews with a representative panel of operators of what the consequences might be, in cultural terms (number and genres of film produced and distributed, number of festivals, etc.), of removing territorialisation requirements from national and regional aid schemes.

3. DURATION

The indicative intended commencement date is April 2006 and the period of execution of the contract will be 11.5 months. Actual commencement will take place after signature of the contract by both parties.

4. DELIVERABLES

The following deliverables are required from the contract:

4.1 Interim reports

The first interim report is to be submitted within **3 months** of the date of signature of the contract by the last of the two parties. The second interim report is to be submitted within **7 months** of the date of signature of the contract by the last of the two parties.

The **first interim report** must include at least the following:

- Parts A and B;

¹⁸ The available co-production agreements can be downloaded from the Observatory's freely consultable IRIS MERLIN database: <http://merlin.obs.coe.int/>.

- Proposal for the representative sample of countries to be covered in parts C and D, with an explanation of the methodology for benchmarking. The Commission will make the final decision on the sampling.
- Problems encountered, solutions found or proposed, and impact on future work;
- Detailed time schedule for the completion of the work;

The **second interim report** shall include at least the following:

- Parts C, D;
- Proposal for the representative sample of stakeholders to be interviewed as foreseen under parts F and G, with an explanation of the methodology for selection. The Commission will make the final decision on the sample.
- Problems encountered, solutions found or proposed, and impact on future work;
- Detailed time schedule for the completion of the work;

4.2 Preliminary final report

A preliminary final report is to be submitted within **10 months** of the date of signature of the contract by the last of the two parties. The preliminary final report must include the following:

- An executive summary in English, French and German and a presentation set in English suitable for the general public (MS PowerPoint compatible);
- A detailed analysis of the findings, covering all parts of the study.

4.3 Final report

The draft final report will be prepared taking into account comments presented during the workshop referred to in point 4.4 here after. The draft final report will be submitted **within one month after the workshop**.

The final report must include the following:

- An executive summary in English, French and German and a presentation set in English suitable for the general public (MS PowerPoint compatible).
- A detailed analysis of the findings, covering all parts of the study

4.4 Organisation of 1-day workshop in Brussels.

The workshop will be held **within two weeks after the submission of the preliminary final report**. It will be designed to stimulate a discussion among interested parties in order to validate the findings of the study contained in the preliminary final report.

The Commission will provide the meeting and interpretation facilities for the workshop. All other organizational aspects will be the responsibility of the contractor. The Commission will provide a list of invitees, which should be completed by the contractor where appropriate.

4.5 Reporting requirements

The Commission may call the consultants for a meeting in Brussels after the submission of each of the three following reports: first interim report, second interim report and preliminary interim report”, for requesting clarifications on the reports.

One original and 4 paper copies of each report in English have to be submitted to the official responsible (whose name will be communicated by the Contracting Authority). In addition, the file has to be submitted by e-mail (MS Word compatible) to the same official.

The Commission will comment on the draft reports (first interim report, second interim report and final report) within 45 days. In the absence of observations from the Commission within the deadline, all reports will be considered as being approved.

Within 45 days of receiving the Commission’s observations, the Contractor will submit new draft reports taking full account of these observations, either by following them precisely, or by explaining clearly why he did not. Should the Commission still not consider the reports acceptable, the Contractor will be asked to amend them until the Commission is satisfied. The new report shall likewise be subject to the same provision.

After approval by the Commission, the original and 4 paper copies of the final version of the reports will be submitted in English to the official responsible. In addition, the file has to be submitted by e-mail (MS Word compatible) to the same official.

The contractor will also provide the approved version of the final report on 5 CD-ROMs (MS Word compatible and HTML formats).

Part 2: Administrative details

1. ELIGIBILITY REQUIREMENTS

1.1 Address and deadline for submission of the tender:

You are invited to tender for this study and requested to submit your tender no later than **03/03/2006**, either by:

- (a) post or courier service. In this case, the evidence shall be constituted by the date of dispatch, the postmark or the date of the deposit slip. The offer must be sent to the following *postal address*:

**European Commission
DG Information Society – Directorate A – Unit A1
for the attention of Jean-Eric de Cockborne
B-1049 Brussels**

- (b) or hand-delivery by the tenderer in person or by an agent; by 16.00 Hours on **03/03/2006** at the latest to the following address:

**European Commission
DG Information Society – Directorate A – Unit A1
for the attention of Jean-Eric de Cockborne
rue de Genève, 1
B-1140 Brussels**

In this case, in order to establish proof of the date of deposit, the depositor will receive, from an official at the above-mentioned address, a receipt which will be nominatively signed, dated and time stamped.

Please note that in this case it is the date and time of reception at the Commission services that will count, not the actual date in which it was dispatched.

Late delivery will lead to the exclusion from the award procedure for this contract.

1.2 Presentation of the offer and Packaging

The offer (consisting of **1 original and 4 copies**) should be enclosed in two envelopes, both of which should be sealed. If self-adhesive envelopes are used, they should be further sealed with adhesive tape, upon which the depositor's signature must appear.

The *outer* envelope should bear, in addition to the address of the above-mentioned Archive Department, the following mention:

INVITATION TO TENDER No. DG INFSO 2005/A1/3
NOT TO BE OPENED BY THE MESSENGER/COURIER SERVICE
NOT TO BE OPENED BY THE OPENING COMMITTEE BEFORE **09/03/2006**

The *inner envelope* should also bear the following mention:

INVITATION TO TENDER No. DG INFSO 2005/A1/3
NOT TO BE OPENED BY THE MESSENGER/COURIER SERVICE
NOT TO BE OPENED BY THE OPENING COMMITTEE BEFORE **09/03/2006**
TENDER BY THE FIRM: [insert NAME OF THE TENDERER/COMPANY]

- 1.3 Tenders must be signed** by the tenderers authorised representative or representatives (preferably in blue ink)

1.4 A total fixed price expressed in euro must be included in the tender.

The contract prices shall be firm and not subject to revision.

1.5 Opening of the tenders:

The opening of received tenders will take place on **09/03/2006** at 10h00' in the Commission building at avenue de Beaulieu, 33 – B-1160 Brussels. One authorised representative of each tenderer may attend the opening of the tenders. Tenderer who plan to attend the opening session have to inform Mr Jean-Eric de Cockborne by e-mail, fax or letter at the latest 24 hours in advance.

2. AWARD CRITERIA

2.1 Technical criteria

The tenders will be evaluated following the award criteria outlined below producing a total score out of 100%

- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the legal information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part A**. (15%)*
- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the economic information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part B** (15%)*
- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the economic information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part C** (10%).*
- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the economic information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part D.1** (12.5%). The methodology shall cover also the identification of the representative samples of countries and films and the criteria for identifying high level and low level of territorialization.*
- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the economic information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part D.2** (12.5%). The methodology shall cover also the identification of the representative samples of film, and the criteria for classifying films with small-medium budget vs. large budget.*
- *Effectiveness of the proposed methodology (notably in respect of the selection of sources, the collection and treatment of the economic and legal*

*information), work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part E.** (10%)*

- *Effectiveness of the proposed methodology, work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part F.** The methodology shall cover also the identification of the representative sample of stakeholders (10%)*
- *Effectiveness of the proposed methodology, work-plan and allocation of human resources to carry out the tasks set out at Point 2.3, **Part G.** The methodology shall cover also the identification of the representative sample of stakeholders (15%)*

The above criteria will be assessed on the basis of:

- a methodology provided by the Tenderer setting out his understanding of the purpose and nature of the tasks to be undertaken and how he intends to achieve the objectives and results set out in the Terms of Reference. The methodology will cover such points as: time schedule, organisation of work, preliminary assessment of difficulties and risks, expected results and format of deliverables;

Minimum attainment per criterion

Offers scoring less than 50% for any criterion will be deemed to be of insufficient quality and eliminated from further consideration.

Minimum attainment overall

Offers scoring less than 60% after the evaluation process will be considered to be of insufficient quality and eliminated from the following phase.

2.2 Price

Tenders must state a total fixed price in euro exclusively. Prices quoted should be exclusive of all taxes.

The price must be broken down into the following categories:

(a) Professional fees: must cover all expenditure incurred in the performance of the contract with the exception of those under (b) and (c) below. The labour cost for each category of staff engaged in the project must be specified. The daily rate for labour of each member of staff and the total number of days each member of staff will contribute to the work should be provided.

(b) Travel and Subsistence Costs: In the event of travel being necessary to carry out the duties specified in the tender, travel and subsistence costs shall be reimbursed in accordance with Article II.7, "Reimbursement", of the contract. **The amount specified in the tender shall be the maximum reimbursable amount.**

(c) Other Costs: break down by category (e.g. Workshop)

The European Commission, in conformity with the Protocol on the Privileges and Immunities of the European Community annexed to the Treaty of April 8th, 1965, setting up a single Council and a single Commission for the European Community, is exempt from all duties, taxes and dues.

3. AWARD OF THE CONTRACT

The Contract will be awarded to the tender offering the best value for money, which will be the one with the best price-quality ratio, taking into account the awarding criteria listed in point 4. The qualitative score obtained for the technical criteria will be divided by the total price of the tender

4. PAYMENT AND STANDARD CONTRACT

Payments under the contract shall be made in accordance with articles I.4 and II.4 of the model contract attached.

4.1. Pre-financing:

Following the signature of the Contract by the last contracting party, within 30 days of

- the receipt by the Commission of a request for pre-financing with a relevant invoice and,
- the receipt by the Commission of a duly constituted financial guarantee equal to at least the pre-financing amount

a pre-financing payment of

EUR [complete amount in figures and in words] equal to 30 % of the total amount referred to in Article I.3.1 of the contract model attached.

shall be made.

The guarantee shall be released upon the interim payment by the Commission and in accordance with the terms set in the general conditions.

4.2. Interim payment:

The request for interim payment by the Contractor shall be admissible if accompanied by

- the second interim report
- the relevant invoice

On receipt of the report, the Commission shall have 45 days to approve or reject the report, and the Contractor shall have 45 days in which to submit additional information or a new report.

Should the Commission still not consider the report acceptable, the Contractor will be invited to amend it until the Commission is satisfied.

Within 30 days of the date on which the report is approved by the Commission, the interim payment corresponding to EUR [complete amount in figures and in words] equal to 40 % of the total amount referred to in Article I.3.1 shall be made.

4.3. Payment of the balance:

The request for payment of the balance of the Contractor shall be admissible if accompanied by

- the final report
- the relevant invoice

On receipt of the report, the Commission shall have 45 days to approve or reject the report, and the Contractor shall have 45 days in which to submit additional information or a new report.

Should the Commission still not consider the report acceptable, the Contractor will be invited to amend it until the Commission is satisfied.

Within 30 days of the date on which the report is approved by the Commission, payment of the balance corresponding to EUR [complete amount in figures and in words] equal to 30 % of the total amount referred to in Article I.3.1 shall be made.

For Contractors established in Belgium, the provisions of the Contract constitute request for VAT exemption no 450, provided that the Contractor indicates in his invoice(s) as follows: “Exonération de la TVA, article 42, paragraphe 3.3 du code de la TVA.” or equivalent indication in Dutch or German language.

For Contractors established in Italy, the provisions of the Contract constitute request for VAT exemption, provided that the Contractor indicates in his invoice(s) as follows: “Operazione non imponibile ai sensi dell’articolo 72, comma 3)

paragrafo 3 del D.P.R. n. 633 del 26/10/1972 come modificato da ultimo dal D.L. n. 323 del 20/06/1996 convertito in Legge n. 425 dell'8/8/1996".

In drawing up the bid, the tender should take account of the provisions of the standard contract which include the "General terms and conditions applicable to contracts"

5. VALIDITY

Period of validity of the tender: 6 months from the closing date given above.

6. ADDITIONAL PROVISIONS

- Changes to tenders will be accepted only if they are received on or before the final date set for the receipt of tenders.
- Expenses incurred in respect of the preparation and presentation of tenders cannot be refunded.
- No information of any kind will be given on the state of progress with regard to the evaluation of tenders.
- All documents submitted by tenderers will become property of the Commission and will be regarded as confidential.
- Tenderers may not submit bids for only parts of the services required. Variants are not allowed.
- Sub-contracting is permitted, provided that the value of the services to be sub-contracted does not exceed 50% of the value of the contract. All subcontracting must be approved by the Contracting Authority, either by accepting the Contractor's offer, or, if proposed by the Contractor after contract signature, by an addendum to the contract. Such an addendum will only be agreed, exceptionally, where such subcontracting is judged by the Contracting Authority to be necessary to complete the project, and does not lead to distortion of competition.

The Tenderer must indicate clearly in their methodology, which parts of the work will be sub-contracted, and the identity of all subcontractors undertaking more than 10% of the work by value. Full details of such subcontractors must also be given, in accordance with point 1.3.

7. LIQUIDATED DAMAGES: see article II.16 of the model contract

8. NO OBLIGATION TO AWARD THE CONTRACT

Initiation of a tendering procedure imposes no obligation on the Commission to award the contract. Should the invitation to tender cover several items or lots, the Commission reserves the right to award a contract for only some of them. The Commission shall not be liable for any compensation with respect to tenderers whose tenders have not been accepted. Nor shall it be so liable if it decides not to award the contract.

9. RESULTS

The results of the service must be forwarded to the Commission of the European Communities in Brussels. The copyright will belong to the Commission, the Commission will in particular have the right to publish the results.

10. DISCLAIMER

The following phrase is to be prominently displayed on the cover of each working paper and the final report of the study. The disclaimer should also be incorporated into the introduction of each working paper and final report.

The opinions expressed in this study are those of the authors and do not necessarily reflect the views of the European Commission.