

Uruguay Audiovisual Program

International audiovisual
productions in Uruguay

Term Sheet for the 2019 Call

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1- Background

The Ministerial Cabinet of Productive Transformation and Competitiveness prioritized the development of a Roadmap for the audiovisual sector, with the aim of implementing a coordinated set of short and medium term projects that can be decisive for the innovative and competitive development of the audiovisual sector.

Governance of this Roadmap for the audiovisual sector will be in the hands of an Executive Committee, composed by MEC-ICAU, MIEM-DINATEL and integrated by public and private institutions members of the Sector Council and related to the industry.

One of the projects identified on this Roadmap is the setting up of a fund to promote national audiovisual productions by attracting international productions: Uruguay Audiovisual Program - International Productions Component.

This Program will be executed by ANDE (National Development Agency), with the participation of the Ministry of Education and Culture (MEC) through the Department of Cinema and Audiovisual Arts of Uruguay (ICAU), the Ministry of Industry, Energy and Mining (MIEM) through the National Division of Telecommunications and Audiovisual Communication Services (DINATEL) and Uruguay XXI.

2- What is the goal of the Uruguay Audiovisual Program?

The objective of the Uruguay Audiovisual Program (PUA, for its acronym in Spanish) is to promote the national audiovisual production by attracting international productions that can contribute to the improvement of local capacities, the professionalization of the sector and the competitive integration of the country in the market for international productions.

The aim is to generate a favorable environment to attract and materialize foreign, high-impact, audiovisual investments.

3- What are the expected benefits?

- To strengthen the development of the audiovisual sector in Uruguay by attracting international productions that can generate economic growth and employment.
- To contribute to improving the capabilities of companies in the audiovisual sector, promoting their growth and professionalization as well as strengthening the development of their human capital.
- To improve the competitive conditions of the national audiovisual sector, promoting its international insertion.

4- What types of projects do we seek to support?

The *PUA - International Component* seeks to support foreign audiovisual productions totally or partly produced in Uruguay, such as feature films, television series or over-the-top via the internet (OTT) or other large non-advertising audiovisual content.

Projects applying to the program will consist of pre-production, production and/or post-production activities to be carried out in the national territory. Projects applying to the program must be at least USD 600,000 (six hundred thousand US dollars).

5- Who can apply for this call?

Applicants must be Uruguayan legal persons formally set up with a permanent domicile in Uruguay, with at least six months of activity providing production and/or logistics services duly accredited, which have an agreement with a foreign company for the making of an audiovisual piece to be developed in whole or in part in the Uruguayan territory. In the case of a co-execution agreement, the largest percentage of investment must belong to the foreign company. The applicant company will be the Executing Entity of the project and will be the entity responsible for project development and expense reporting before ANDE. The applicant company must be registered in the Register of ICAU.

Beneficiaries of the support granted under this program will be the foreign legal persons responsible for carrying out the audiovisual work, which have an agreement with a national applicant company. At the time of application, the foreign company must submit a certificate of good standing, incumbency and representation, as well as proof of compliance with tax obligations in force in their country of origin.

Only in the absence of a certificate of good standing, incumbency and representation in the country of origin will an apostilled notarial certificate be accepted. Said certificate must specify the identification of the legal representative on the date of incorporation as well as the type of business, location, name and term of the company.

6- What is the support provided by PUA?

Submitted projects will be composed solely by the activities of pre-production, production and/or post- production to be carried out in the territory of Uruguay, supplied by individuals residing in Uruguay and/or legal persons set up in Uruguay, according to the eligibility criteria set forth in section 6.a.

The total amount of the project will comprise all expenses associated with the above mentioned activities and must be at least USD 600.0000 (six hundred thousand US dollars). The total amount of the project will be the sum of the nominal amounts, excluding taxes. Companies that are benefiting from subsidies from other programs and/or national public institutions for this project may not seek the additional support of the Uruguay Audiovisual Program - International Component.

ANDE will reimburse up to 25% of the total amount of the project with a maximum cap of USD 400,000 per project, according to the following categorization:

Total project amount	Maximum % of support from ANDE	Maximum amount of support from ANDE
Between USD 600,000 and USD 1,000,000	20%	USD 200,000
More than USD 1,000,000	25%	USD 400,000

a. What expenses can be recognized?

All expenses associated with the activities of pre-production, production and post-production carried out in Uruguay, provided by individuals resident in Uruguay and/or legal persons set up in Uruguay, qualified as eligible by the Technical Committee, such as:

- Specialized activities related to audiovisual production, including artistic and technical services.
- Shooting fees: photography equipment and cameras, art equipment, sound equipment, field production and location production.
- Post-production, animation and VFX technical staff fees.
- Direction, executive production, screenwriting and casting fees of Uruguayan physical persons residing in the country.
- Operating expenses of shooting in the country: transport and mobilization, catering, field production, locations.
- Production expenses, both artistic and technical: rental of equipment and technical production materials, purchase of materials of essential and exclusive use in production and/or post-production, whose use is exhausted during the execution of the project.
- Expenses incurred in makeup, costumes, scenery, montage.
- Copyrights of Uruguayan authors.
- Other production costs to take place in the national territory and considered admissible by the Technical Committee.

b. What expenses cannot be recognized?

Expenses associated with activities not directly related to the production of audiovisual pieces; the following being explicitly excluded:

- Development activities
- Distribution and marketing activities
- Financial costs and insurance not related to production

7- What is the program implementation process?

I. APPLICATION

Applications for the project must be made on ANDE's website (www.ande.org.uy)> Convocatorias > Convocatoria Programa Uruguay Audiovisual - Componente Internacional (website is in Spanish), by filling out the application form¹.

The call is made through an open window, which will remain open from May 9, 2019 until October 15, 2020².

The application must contain the following:

- Description of the audiovisual piece: production plan, total budget of the piece and data sheet.
- Project details: Description of activities to be carried out in the country, including detailed budget and implementation schedule, shooting / post-production plan, indicating production locations in the country.
- Description and background of the companies participating in the project and proposed team.
- Evidence of the agreement between the applicant company and the foreign company, at least an MOU³ between the parties.

It may be possible to support projects that have not yet started operating in the country. Admissible expenses will only be those incurred as of the notification of the project approval. Only in exceptional cases, duly grounded, may applications of pieces that have already started their activities be considered, provided the applicant project requires conducting activities apart from those already initiated.

II. EVALUATION

Period: 30 Days.

¹ The form and the documents submitted in the application must be written in the Spanish language.

² Subject to availability of funds.

³ Once selected, at the time of signing the agreement with ANDE, applicants must submit the contract signed between both companies, duly translated and legalized,

The evaluation process is divided into two steps:

Steps 1: Eligibility

ANDE's technical team will verify compliance with the conditions and information required for the application. Should it be necessary to provide further details or any clarification of any aspect of the information presented, ANDE will contact applicants and will provide a deadline for the submission of the information requested. Once the aforementioned communication has been sent, the applicant not submitting the required information and/or not making the necessary clarifications will be automatically removed from the process. Projects that do not meet the established minimum requirements for the call specified in these Terms will not proceed to the next stage of evaluation.

Step 2: Technical and Strategic evaluation.

The technical and strategic evaluation will be conducted by the Technical Committee, formed by a technical representative of the participating institutions: ANDE, ICAU, MIEM and UXXI. The Technical Committee may seek advice from outside experts with knowledge on the subject of the projects.

The Technical Committee will conduct a technical and strategic analysis of all submitted projects that have met the requirements of Step 1 Eligibility, based on the following criteria:

- **Potential impact** of the project in the national audiovisual industry and related industries (55%)
 - Potential of the direct impact on the audiovisual industry
 - Potential of the impact on related industries
 - Job creation by level of qualification and relation to the audiovisual chain
 - Contribution to the visibility and promotion of the country abroad as a market for audiovisual productions
- **Economic and technical viability, project consistency** (30%)
 - Viability of realization of the project depending on the size, budget and executive plan, production plan and proposed schedule.
 - Coherence between objectives, activities and results, based on the production plan, and the marketing and distribution plan.
- **Background** of participating companies and the management team (15%)
 - Background of the Uruguayan company
 - Background of the international company
 - Specific team that will manage the submitted project

At this point, further information may be requested from applicant companies so as to improve the information available to evaluate the project and determine the scope of activities.

As a result of the technical and strategic evaluation, the Technical Committee will prepare an evaluation report containing a recommendation for approval or rejection of the project, which will be escalated to the Board of ANDE. Only those projects that have obtained a minimum of 70 out of 100 points will be recommended for approval.

III. APPROVAL

Period: 15 Days

Based on the report prepared by the Technical Committee, the Board of ANDE will take a final decision on the granting of the support, which will be communicated to the applicant company.

IV. EXECUTION

Should the project be approved, an agreement will be signed between the Executing Entity (applicant company submitting the project) and ANDE, and then execution of the project will start.

The applicant company and/or the beneficiary company will carry out the activities provided in the project submitted and approved. All activities must begin implementation within a maximum period of 6 months as of the signing of the agreement. All activities must be carried out before October 15, 2020, as per the agreed schedule. Expenses for the purchase of goods and services required for the implementation of activities will be borne by the Executing Entity and/or the beneficiary company.

Upon closing of the project, once all planned activities have been carried out, the Executing Entity must submit a closing and expense report, which will serve as a sworn statement. The expense report must be accompanied by an external audit report, conducted by a local firm, authorized by the Central Bank of Uruguay.

ANDE will verify compliance with the conditions and admissibility of the expenses rendered. Once compliance with the conditions agreed in the approved budget has been confirmed, committed funds will be reimbursed as per the amounts and percentages set forth in the agreement signed between the Executing Entity and ANDE.

Under no circumstances will the reimbursement take place for projects that have not reached the required minimum expenditure of at least USD 600,0000 (six hundred thousand US dollars). In those cases in which having reached the required minimum expenditure, the actual expenditure presented in the expense report is less than that specified in the agreement by more than 10%, there will be a penalty on the committed support amount. This penalty will be equal to the percentage of deviation between the actual spending and the budget specified in the agreement. In cases where actual expenditure presented in the expense report is higher than the budget specified in the agreement, reimbursement will be made only for the amount specified in the agreement.

In all cases, the percentage to be reimbursed will be that corresponding to the project category depending on the amount actually executed (see section 6).

Reimbursement of the committed support amount will be made by ANDE to the beneficiary company (foreign company) to a bank account in the name of the foreign company, which must not be based in a country appearing on the OECD list of tax havens.

Reimbursement will be made in two parts. The first part will cover 90% of the amount to be reimbursed and will take place once the final expense report has been approved. The second corresponds to the remaining 10% of the amount to be reimbursed and will take place 6 months after the approval of the final expense report of the project, provided the participating companies have not breached any contract with local individuals and companies. Banking costs associated with this reimbursement will be charged to the beneficiary company.

Once the two parts of the reimbursement have been finalized, the contract will be fulfilled.

Notwithstanding the foregoing, and for the monitoring of the project, the Executing Entity must submit a quarterly progress report and expense report to ANDE.

ANDE reserves the right to request additional information whenever it deems necessary. For this purpose, the Executing Entity must allow ANDE or anyone appointed by ANDE to access all information necessary to monitor and evaluate the project.

In case of total or partial confirmed noncompliance with the established conditions, misrepresentation or false information, or failure in the procedures specified in the agreement by the Executing Entity and/or the foreign company, ANDE will suspend (temporarily or permanently) the project implementation and administrative and legal measures applicable as per the relevant national legislation will be adopted.

8- On the amount of the Call

The total amount assigned to this Call is USD 2,000,000 (two million US dollars) for all projects that are approved. ANDE reserves the right not to allocate the entire amount and to evaluate an increase in the amount, at the suggestion of the Technical Committee and subject to availability of funds allocated to the program.

9- Disclaimer – Withdrawal of the Call

ANDE reserves the right to withdraw the call at any stage of its implementation and to dismiss proposals that do not comply with the conditions set out in these Terms. It also reserves the right to reject proposals if they are not considered suitable for ANDE and/or any of the other participating institutions of the PUA, without giving rise to any right of the participants to claim for costs, fees or compensation for damages, or any other reason.

10-Modifications

ANDE may for any reason and at any time before the expiration of the deadline for proposals modify documents by means of "clarifications", whether on its own initiative or in response to requests made by the interested parties. Any "clarification" will be published on the same site/s as the Call.

11- Operating Regulations of the Uruguay Audiovisual Program

These Terms constitute the Operating Regulations (RO for its acronym in Spanish) of the Uruguay Audiovisual Program- International Component, and they establish the general rules and procedures that will guide the instrument, which is administered by the National Development Agency (ANDE)⁴.

12- Acceptance of the terms and conditions

By the mere fact of responding to this Call, it is understood that all those who submit proposals know and accept without reservation the terms and conditions set forth in this document.

13- Consultations and clarifications

Interested parties may make inquiries or request clarifications they deem necessary in writing to pua@ande.org.uy. They will be responded within not more than five (5) business days.

14- Consent for data processing

Upon applying applicants expressly consent to the treatment of their personal data by ANDE, MEC- ICAU, MIEM - DINATEL and UYXXI as provided by Law 18.331 (Law on Protection of Personal Data and Habeas Data) and by Decrees 664 / 008 and 414/009.

This implies that, in the processing of personal data provided by the applicants, data may only be used for the purposes specified in the data request. In this respect, and as per the abovementioned legislation, all data will be guaranteed with a suitable level of protection.

⁴In compliance with Article 3.7, Chapter. III Operating Regulations of ANDE Development Fund.

15- Authorization

Project participants submitting proposals under this Program, by the mere act of applying, expressly authorize ANDE and/or any of the other institutions participating in the PUA, to disseminate their names, institutional logos and photographs of any act and/or event they may be part of in relation to this Callthrough any media, and they also accept that reference may be made to the fact that the Uruguay Audiovisual Program was financed with funds from the ANDE Development Fund. ANDE and/or any of the other institutions participating in the PUA may request beneficiaries of the PUA funds to provide express authorization to disseminate images of the project content for the promotion of the Program.

16- ANDE Development Fund

It is stated that the contributions to be made by ANDE to this program and as provided in these Terms shall be covered by the ANDE Development Fund, according to the provisions of Law 19337 and its regulations.

