



MEDICI – The Film Funding Journey

Reports Previous Workshops

Seventh Workshop – 27 to 29 September 2017 – Finstadjordet, Norway

Introduction

This introduction to the 7th Medici report outlines:

1. The most recent and urgent challenges that the public film funds have been facing
2. The most recent policy actions that Medici has inspired;

The challenges will be discussed in more details throughout the report.

Challenges

- Funds should insist more on the applicant's track-record
- Funds should help young filmmakers boost their creativity and create meaning through audiovisual works.
- How to cope with the influence that political changes and changes of the government exert on public funding in the film sector?
- Some countries still do not have tax incentives even though the film industry and funds want them (Sweden, for example).
- New digital players disrupt the traditional ecosystem
- Some public funds finance distributors even though they are not in touch with them. How to better control the distribution money?
- How to ensure that a diversity of voices is funded?
- Changing laws and regulations within the audiovisual sector – how to find new models?
- Making supported films more internationally visible
- How to recognize new good talent worth developing?
- How to replace the old with the new system, but still run them in parallel during the transition period?
- Balancing between “old school” and “new school” funding mechanisms
- Attract more international productions through tax incentives and thus convincing politicians that the subsidies make sense.
- Incentivizing producers to secure additional financing through international co-productions
- More professional training for all functions within the film industry – both below the line and above the line.
- How to engage with VR projects? Should the funds do it at all?
- Securing more gender balance

Medici-inspired policy actions

- Some funds were inspired to experiment more with new media and thus introduced, for example, game development support schemes.
- Some funds were inspired to introduce separate schemes for international promotion of the films they support.
- Introduction of schemes for slate development and production of multiple projects in a row or simultaneously.
- Some funds signed co-production agreements (The Netherlands and Wallonia Brussels Federation)
- Some funds emerged the same time as Medici and Medici helped them develop throughout the years.

- Some funds were inspired to introduce talent development schemes after hearing the presentations from Telefilm Canada and the Netherland Film Fund.
- Gender equality initiatives inspired by the schemes at the Swedish Film Institute.
- Medici, in general, is the only place where funds strategically go to exchange ideas about the schemes and implement them back at home. The only other place where it happens is during some film festivals, but Medici provides a more relaxing atmosphere for learning and exchange.



The Role of Public Film Funds in the Future

- **Introduction**
- **Module 1 – What are the essential and relevant core values of public funds?**
- **Module 2 – How to design funding programs today?**
- **Module 3 – How to take risk and experiment?**
- **Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?**
- **Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”**
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Module 1 - What are the essential and relevant core values of public funds?

1. Introduction

The audiovisual environment has definitely changed and continues to do so. The arrival of new content providers has a huge impact not only on the audiences' behavior but also on the entire value chain. The practitioners, producers, distributors and sales agent have to take this new environment into account when developing, producing and distributing projects, even though no new reliable business model has been established yet. The same applies to the public film funds and the way they redistribute their financial support.

Or, in other words:

To talk about the role of the funds in the future, it is essential to identify their core values that guide their policy actions and funding decisions. The three main pressures the funds are exposed to include:

1. The constant demands by the industry that the public funds adapt to the industry's needs
2. The pressure coming from the political elite that finances the public funds to achieve different objectives, and
3. The arrival of new players

These pressures threaten to divert public funds from their original function.

To summarize, the major question would be:

Is it not the public film funds that, with their global vision and constant relationship with the industry, are likely to be the driving force of the audiovisual sector?

2. The Funds' Objectives and Core Values

2.1. Objectives

The core values of the funds fluctuate among four different objectives:

1. Supporting **creativity** (helping new forms of expression and quality projects)
2. Supporting **economy** (helping production companies survive)
3. Supporting **talent** (development of new generation of filmmakers)
4. Supporting **industry** (keeping the status quo by supporting mainly already established companies).

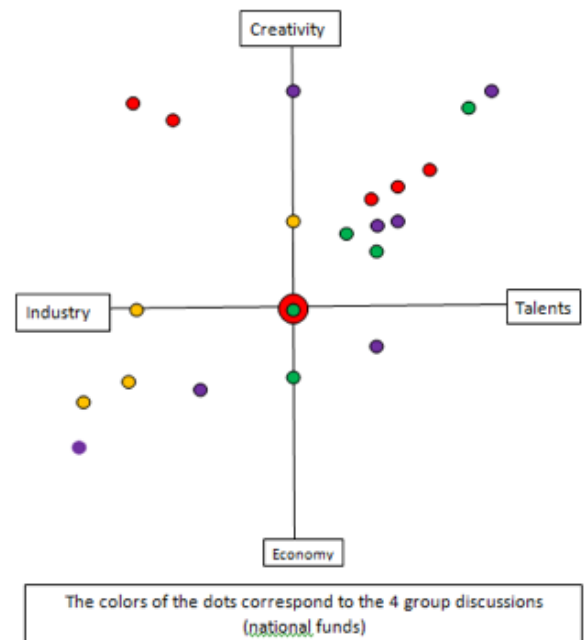
As the results of the group work show, most of the public funds try to pursue all four objectives even though they may prioritize them differently. There is a difference in the core values and objectives between national and regional film funds, since the latter often prioritize creating a local economic effect (even though they pursue also cultural and political goals).

Examples of the funds' objectives:

National funds

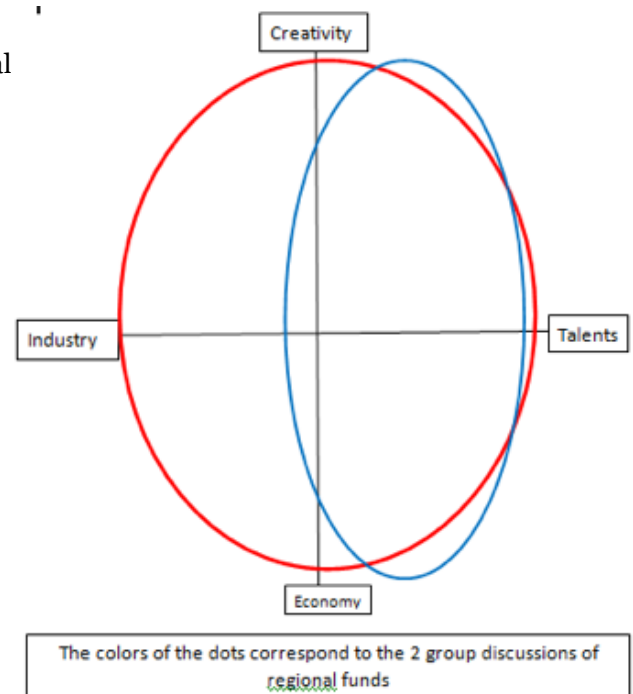
- The Norwegian Film Institute and the Swiss Federal Office of Culture are based in the very center, putting the equal focus on **Talent, Industry, Economy** and **Creativity**.
- The Swedish Film Institute and Wallonia Brussels Federation focus on **Creativity** and **Talent**
- The Netherlands Film Fund and the Hungarian National Film Fund focus on **Talent** and **Economy**.
- The French CNC, the Rabinovich Foundation for the Arts and the Slovak Film Center focus on **Creativity** and **Talent**

- Some funds administer automatic schemes, such as the CNC, which entirely focuses on **Industry** and **Economy**.
- The Polish Film Institute and the Finnish Film Foundation focus on **Talents** and **Creativity**
- The Lithuanian Film Center and The Slovenian Film Center focus on **Creativity** and **Industry**.
- The national funds that administer tax incentive programmes concluded that tax schemes focus solely on **Industry** and **Economy**.



Regional funds

The main focuses for regional funds are **Creativity, Talent and Economic** impact to their region. For some of the regional funds, Industry is important, but not crucial because on the regional level one can never have the same level of postproduction facilities as in the major centers.



2.2. Core Values

What are the **core values** that the funds would defend any time, even if the politicians and industry drop them?

National Film Funds	Regional Film Funds
<ul style="list-style-type: none"> • Reaching out to new talents/taking risks • Cultural diversity • Reaching a wider audience • Diversity (content wise not content maker-wise) • Transparency (when communicating with both government and producers) • Flexibility of schemes (listening to the market and adapting) • Expertise of decision makers • Relevance at political, cultural and economic levels 	<ul style="list-style-type: none"> • Quality (to compete with the national funds) • Relevance • Sustainability • Innovation • Developing emerging talent • Providing diverse voices that are coming from the regions within a country • Build a viable industry that will compete nationally and internationally • Helping the overall economy of the

- Independence from politicians is essential to ensure a support system with and for the filmmakers
- A stronger democracy
- Balancing between the industry and politicians

region

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Module 2 – How to design funding programs today?

Introduction

The revision of support programmes is a recurring and necessary exercise for funds. Firstly, the environment is changing and evolving. Secondly, financial and administrative constraints may be imposed on the funds.

Or, in other words:

- Which method to use to review the funding programmes, and what are the values to be considered?
- Are there ways to simplify their functioning in order to make their management and administration easier?

Case Studies

What follows are three case studies of public film funds that have recently undergone significant policy and organizational transformation.

CASE STUDY 1 / Swedish Film Institute (SFI)

Kristina Borjeson, Head of Film Funding

www.sfi.se

Please also see *Kristina Borjeson's presentation (PDF)*

We are in the middle of the process of reforming our programmes, so we cannot still present any results but only describe our intentions.



Context

Our funding resources used to be defined by the Film Agreement according to which half of the funding came from the Government and another half from the cinema owners, producers and TV channels. In 2015, the Swedish Government decided to remove the Film Agreement and take the full responsibility of film as one of the cultural areas (together with theater, etc.). As a result of this policy, since 31st January 2017 the Government has been fully funding the SFI. That made us re-consider our goals and the way we redistribute the Government allocation (32 million Euros per year) for supporting production and development.

What was the reason for reorganization?

The previous funding system became outdated. It was built little by little, scheme by scheme, which created a too complex network of schemes impossible to administer properly.

The purpose of the new system is to have Swedish films being made by Swedish film industry. The SFI's function will primarily be to support projects and not the industry.

The challenges we encountered when transforming our schemes:

Industry in Sweden is very fragmented. There are many associations of different – or same - film industry workers with different opinions. So, we had to talk to everybody and find the solutions that everybody will agree upon, which was very difficult.

1. Painful “divorce” from the old system (Film Agreement) since the full governmental responsibility implied the increase of taxes on cinema tickets (from 6% to 25%), which made nobody happy. It is the SFI, as Governmental body, that now has to deal with the anger of cinema owners and other industry people. It took a lot of discussions during this first year and a lot of questions are still to be solved.
2. Lack of functioning business models
3. Lack of financing
4. Small language

The new system

1. The creation of the “Industry **Council**”. All professional organizations are now organized into the “Industry Council” and we have to discuss the changes to the support schemes with them. These organizations are structural units within the industry, each representing a different industry voice. There are two organizations for producers, one for directors, one for scriptwriters, two for distributors, one for private financiers, two for cinema owners, one for regional funds, film schools, TV stations and WIFT.
2. **More democratic discussions.** The idea is to have two meetings a year. It would be more this year given the quantity of work to be done. The Industry Council is going to take care of the dialogue within the industry which is completely new. In the old system, run by the Film Agreement, the discussions

included only the industry players that had to contribute to the funding schemes. The other segments of the film industry (directors, scriptwriters, etc.) were excluded from discussions.

The transformation steps

Agenda Setting.

We started off by conducting a study, evaluating the existing schemes. The evaluation included a lot of qualitative research (interviews with different parties from the film industry), but also a lot of statistics and other quantitative analysis. It took seven months before the report was ready for presentation. Following the report presentation, we arranged surveys and polls in order to collect opinions from everyone in the industry. We had numerous meetings again with different organizations, a lot of phone calls, e-mails correspondence until February 2017.

Problem Formulation

Another cycle of meetings ensued in spring 2017. It started with the Industry Council to establish the new goals for the Swedish films, followed by different meetings with the Government. The second step was to establish the goals for the Swedish film from the point of view of the Swedish Film Institute. These goals explained what Swedish films should actually undertake for improving the market share, international exposure, festival life, audiences, etc. In June 2017 we presented our positions and goals at the Board meeting.

Repetition of Cycles

Then, the same cycle was repeated. We had a new Industry Council meeting in September 2017 when the Board made the decisions about the first part of the funding. Another Industry Council meeting and Board meeting took place in November and December 2017, respectively.

Implementation

At the same time, there are also a lot of internal meetings and work within the SFI. The idea is to revise the SFI's funding schemes, using the work force the institute has. The new funding schemes will be into effect in January 2018 and implement until May 2018. They will be structured into three new support areas:

- 1) *Development* will be the headline of our support schemes. Support will be given for development of projects, for individuals and for companies. Development will be divided into two different schemes, the schemes shall improve communication with the industry and the whole process will be tracked and monitored. Special focus will be on talent development.
- 2) *Securing continuity for people and companies* in all the different areas (short films, feature films, documentaries, new media content, etc.) through introduction of several different schemes.
- 3) *Training* both for individuals and companies. Our current training scheme is chaotic and badly structured. The new scheme will be more focused and cover three specific areas in the two coming years, including scriptwriting, development of digital content, etc. There are a lot of small companies in SE spending too much time on surviving. They don't have time to develop their companies. The scheme will allow them to have access to funding to educate themselves.

During the implementation process, the SFI will 1) be tougher and more demanding when making funding decisions than during the previous system, 2) give money only to professional people (under new terms and conditions), 3) be more transparent, 4) describe better the SFI's aims and how they connect to the goal, 5) be more consistent – not changing things too much and too often, 6) be more predictable and not change things over night, 7) be more modern.

The goals:

There are two levels of goals: the general goals and the SFI specific goals based on the interpretation of the general ones.

1. The general ones are the seven policy goals set by the Government: gender, diversity, distribution nationwide, children/youth, strengthening freedom of speech, international exchange, film heritage).
2. The SFI specific goals including market share, international success, diversity, gender, etc. As part of the SFI's yearly operational plan, outcomes of those goals will be measured on an annual basis.

Expected outcomes

We want to create a system that will be transparent (clear decision-making), sustainable (predictable, consistent, stable, persistent, aiming at diversity) and modern (we need to adjust, to be able to evaluate ourselves and see what works and what should be changed, to follow the ever-changing reality)

Questions from the audience

What is your market share goal?

In 2017 – at the moment – our market share is between 15 and 16%. We hope to reach 22% by the end of the year. As you know, the market share is unpredictable and could depend only on one very successful film. If this or those films are not Swedish, they kill domestic films in cinemas.

Can you tell us more about the new terms and requirements? Will they be tougher before or after applicants get the money?

It will be asked that the supported films attract more audience. The problem in Sweden is that domestic films don't stay in cinemas (between 2 to 3 weeks). Thus, producers will have to come up with a detailed distribution strategy and explain much better how they are going to spend the money we grant them.

Case Study 2 – German Federal Film Fund (FFA)

Christine Berg, Deputy CEO

www.ffa.de

Please also see *Christine Berg's presentation* (PDF)



The FFA decided to reform its funding schemes on the occasion of its 50th anniversary. Unlike the Swedish Film Institute, the FFA doesn't get money from the Government, but from cinemas (percentage of cinema tickets) and broadcasters.

The transformation steps

Agenda Setting

Preparing the ground for making necessary changes consisted of two steps:

1. The first step was to change significantly the Law because we depend on it.
2. The second step was to change the FFA's funding guidelines in accordance with the new law in order to stimulate productions of films with more cinema admissions. We support only films meant for cinemas, but different phases within their value chain.

Problem Formulation

First, we did the quantitative analysis to identify the causes of the problems we are facing. We took a look at the releases of German films since 2006:

- There were 172 released films in 2006 and it went up to 244 in 2016. So we have more films, and not only more German films, but films in total.
- At the same time, admissions decreased as well as the domestic market share of German films. Namely, the market share dropped from 25.8 in 2006 to 22.7 in 2016 and admissions from 136.7 to 121.1.
- Also, the general quality of films dropped.

Accordingly, the problem to be solved was **how to make films with more admissions, that is, films that at the same time have high production value, economic and audience success.**

It took us two years of discussion before we reached agreements on new goals and objectives. Representatives of all industry segments were involved (scriptwriters, directors, broadcasters, studios, etc.).

Implementation

Old Law	New Law (since January 1 2017)
Bigger selection committees (13 permanent members)	Smaller selection committees (7 members out of the pool of 42 people)
No minimum funding quota	Minimum funding quota
No educating selection committee of FFA's goals and objectives	Educating selection committee of FFA's goals and objectives
"Broad funding"	"Excellence Funding" – give more money to fewer projects everybody will benefit from
Committee members overloaded with work	Decrease committee members' workload
	Create clearer and more predictable funding profile
100 projects per meeting	Much less projects per meeting to secure a better workflow
	More money for project development (up to 100,000 Euro per project)

Expected Outcomes

- FFA funded films will be only highest-quality films. They will demonstrate a creative, artistic, aesthetic and dramatic excellence.
- Domestic market share will not be boosted only due to the success of a single film. We will have more films with at least 400,000 admissions
- The FFA will only support:
 - fiction films with a total budget of at least 2.5 million Euro and a medium-sized audience potential (at least 250,000 admissions). Producers will be able to explain to the fund in more detail how they are going to reach these admissions.
 - documentary films with a total budget of at least 500,000 Euro and a medium-sized audience potential (50,000), which is much higher than now.
- A number of the FFA funded films will be both culturally and economically relevant (selected by the internationally significant A festivals and, at the same time, having an economic value). They will make a good reputation for German films in Germany and abroad and have a potential of at least 150,000 admissions.
- The FFA will support the "talented offspring"
- The FFA will mirror the variety and diversity of German filmmaking

Challenges

- The new admission requirement caused a fierce discussion, especially on part of the directors (auteurs), who may see it is a limitation of their artistic freedom.
- We have to think about what talent offspring really means in our terms and find out a way to revise the offspring funding.
- All German cinemas are digitized, but we need more. They do not have, for example, apps to collect data about their audiences.
- Gender balance. We want to empower women and support them by, for example, financing baby-sitting during shooting.

Questions from the audience

Aren't you afraid that establishing the minimum budget would trigger the inflation of budgets?

The smaller films should just apply to other types of funds we have in Germany. However, sometimes we support even very small films if we realize that they are extremely important and have a chance to go to festivals. But we hope these guidelines will help producers decide where their film belongs and what they should aim for. Budgets will not inflate, because auditing is performed after the project is finished and any irregularity is detected.

Do producers bear any consequences if they fail admission-wise?

There are no consequences. This principle is part of our guidelines and not bound by the law.

Do you have a cap on financing?

Yes. It is one million Euro or 10% of the budget. We can give more than 10% in exceptional cases, but producers must provide a convincing explanation. In the past we tended to give less than what producers asked for. As we are always the last piece in financing, we only put them in trouble because they still needed to find the rest of the money somewhere else, which was often impossible.

When do producers apply to FFA for funding?

We recommend to producers to go to the market first (broadcasters, distributors, etc.) then to their own regional fund(s), and finally to the FFA. But they often apply to all the levels at the same time.

Do you have deadlines?

This is also something we changed. We used to have 4 deadlines. Now we have 7, so we will be able to respond to producers' needs faster and be more flexible.

Case Study 3 / Creative Scotland

Scott Donaldson, Head of Film Education www.creativescotland.com

Agenda Setting

In Scotland, culture (that also includes film) is devolved to the Scottish Parliament, together with economic development and education. Broadcasting is reserved for Westminster Government. In 2010, Scottish Screen (public film agency) was merged with another institution into Creative Scotland. Its goal was to promote arts, film and creative industries.

Scottish Screen (SS) then went through three difficult years of significant reorganization. In 2014, their strategy was defined within five areas: 1) film education, 2) talent development, 3) film development and production, 4) inward investment and co-productions, 5) distribution, exhibition and audience development.

It indicated SS aspiration to be holistic and support the development of the whole sector, industry, value chain and infrastructure, but we lacked the resources to do it ourselves.

Problem Formulation

However, there are several other agencies whose activities overlap with ours. These agencies include Scottish Enterprise, Highlands and Islands Enterprise as economic development agencies, Skills Development Scotland and the Scottish Funding Council that funds colleges and universities in Scotland. Since Scottish producers, and other industry people, complained about insufficient support for films, the Scottish National Party opened the debate in the Parliament about setting up a "Screen Unit" and committed to the manifesto to open it within Creative Scotland. Right now we are in the process of achieving it and the **said agencies should contribute to the budget of the new Screen Unit.**

Implementation Plan

The main challenge is that all of the above mentioned agencies traditionally do not support the Scottish film industry. For example, Skills Development Scotland is responsible for developing apprenticeships. However, these five agencies will now be included in Creative Scotland and they will contribute to the fund. Before this new funding scheme becomes operative, they all together have to submit a funding proposal to the Scottish government (Ministry of Culture). The Ministry of Culture will then decide on the amount of additional funding to be granted to the film industry.

Expected outcomes

There are several expected outcomes of this new funding scheme:

- It can lead to building a new studio due to the growth of production volume.
- More productions will allow people to be trained and join the production process.
- Even if the Government is interested primarily in the economy, the scheme can also put focus on quality, diversity, access to new audiences and more participation in film creativity.
- Film education is also important, especially in terms of diversity, but slightly forgotten, which shall be improved.

Outcome of group discussions

Examples of some most impactful revisions (best practices) that different film funds have implemented

- Swiss Federal Office of Culture: it is the division of the budget into different schemes that created the most important impact. Now, we reserve some money for a **minority co-production scheme** (which did not exist until three years ago). We put in place a **post-production scheme that is a micro-budget scheme** and requires that a distributor is attached in the moment of application. There is also the **automatic development** fund available for scriptwriters and producers.

- Polish Film Institute and Georgian Film Center: introduced **schemes for low-budget films** (micro-budget film in Poland is up to 400,000 Euro).
 - Slovenian Film Center: has a scheme for **first-time directors who often team up with first-time producers**.
 - CORFO (Chile): has a **scheme meant specifically for development of companies**. Producers can apply with a slate of up to 5 projects to be realized within 1.5 year. It secures continuity of a company. CORFO also has a **new scheme for international distribution**.
 - Norwegian Film Institute: released brand new guidelines in 2017. **Gender equality** is prioritized in all schemes. After the new regulations, the percentage of women in key functions increased from 15% to 37%. In addition, the Norwegian Film Institute started **checking track records of production companies** (both artistic and industrial track-record – festivals and box office) when deciding on development **for slate funding**.
 - Lithuanian Film Center: intends to simplify administrative procedures and introduce multiple development schemes for various development stages.
 - **FISA (Austria)**: is planning to do a thorough evaluation at the beginning of 2018, with the intention to start supporting only films with budgets between 1-2.5 million Euro (feature films) and 100,000-250,000 Euro (documentaries).
 - Swedish Film Institute: uses a unique **success evaluation diagram** that includes industry and quality axes. Success is measured by admissions and box office. The quality is measured by critics' reviews, participation at A-festivals, and reaction by media.
 - **Groupe Ouest**: a private fund (Breizh Fund) creates in Brittany the concept of "Dwarf funds". It enables public businesses to get a tax rebate if they finance films. The fund is aimed at **low-budget projects** and at **boosting creativity**. It brings filmmakers from all over the world to Brittany and contributes to internationalization of the local French filmmakers in order to have them looking at the entire world instead of only Paris. Furthermore, the fund is negotiating with local sea and agricultural companies. In 2018, the fund will launch a scheme for films dealing with topics from rural areas like those where the fishing is collapsing, etc. It will be available for filmmakers all around the world and will promote areas outside the main big cities.
 - CNC: introduced the **diversity funding scheme** for films about minority topics and the **scheme for development of projects by more diverse authors**, not just the established ones. This way, the fund intends to avoid granting money to the same people all the time.
 - Slovak Audiovisual Center: provides to producers the possibility to apply for **funding with the same project in different phases**, when they lack the money.
 - Icelandic Film Center: tends to finance films by first-time filmmakers with up to 100% of their production budget, which happened due to the fast growing talent. They also have a **TV drama development support that helps creators travel and make contacts** before the project goes into production. There is also an **initiative of prioritizing problems** - deciding whose problem in the industry is the most urgent to solve and act accordingly.
 - Wallonia Brussels Federation: considers introducing a **new automatic scheme that will take into account also non-commercial admissions** from places like museums, cultural centers, public libraries, etc.
- The funds, in general, consider:
- developing software for administering projects after the funding, or software for measuring track record of the production companies.
 - introducing new support schemes for attracting new audience that do not watch traditional TV and do not go to the cinemas

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Module 3 - How to take risk and experiment?

Introduction

New forms of distribution platforms have emerged offering a multitude of different types of content that are very different from the traditional formats.

Or, in other words:

- How to meet the demand for this new content?
- Should funds “push” the writers and producers to take more development risks?
- Why? How to support them? When?

Case Study 1 / Le Groupe Ouest (LGO)

Antoine Le Bos, co-director

www.legroupeouest.com

Please also see *Antoine Le Bos's presentation (PDF)*

Le Groupe Ouest is a writers' residency programme in a small coastal village in Brittany (France) that hosted more than 600 people (producers, scriptwriters-directors and coaches) from different countries in the past 10 years. The main asset of participating in the residency programme is that participants work with people from different countries. This ensures much better quality of brainstorming and feedback to their script than limited to their own national environment.



Antoine Le Bos

Founder & Codirector
of Le Groupe Ouest,
in Brittany, France

Screenwriter & Script-
consultant for:

- TorinoFilmLab
- Doha Film Institute
- NFDC / India
- Biennale College Venice
- LIM | Less is More, etc.

Le Groupe Ouest

In 10 years,
Le Groupe Ouest
coached more than 600
filmmakers from about
50 countries in writing
phase on the Brittany's
Northern coast!

→ N°1 place
in Europe for script
development in residency
→ Partner of TFL
→ Founder of Cross
Channel Film Lab & LIM
| Less is More

WWW.LEGROUPEOUEST.COM



Le Groupe Ouest's Philosophy

- To constantly develop new approaches and methodologies for scriptwriting. In pursuing this goal, LGO is a partner of the **TorinoFilmLab** and a partner and co-founder of the **Cross Channel Film Lab**.
- Creativity and audience engagement must be developed as two joint and inseparable activities. Writers should not disconnect themselves from the spectator.
- Writers should stop thinking inside their box and consult only other screenwriters while working on the script. They need to communicate with a much wider circle of people during the development process.
- To consult the available scientific studies when developing new methodologies. Those studies, coming from the field of anthropology, narratology, phenomenology, neuroscience and cognitive science, show how writers can be pushed to interact better with the audience ¹
- To show that 1) it is not true that the only way to reach a wide audience is "Americanizing" your script through oversimplifying the story, and that 2) European film schools lack research about the methods that would connect European films with the audience without oversimplifications. There are still too many films that do not connect with the audience.

¹ One example is a study done by the Princeton Neuroscience Lab. It is based on the sample of ten spectators whose brain activities were measured while they were watching certain content. The initial brain signals showed that there were not even two brains among the ten that have the same response to the watched film. However, when the proper storytelling started, all the brains started "dancing together", creating the phenomenon of resonance. The same happens at music concerts where people act together as one, taken by the same vibe. Proper storytelling can create the same effect. A theater room of 400 hundred people can create that feeling of brains dancing together where all spectators have the same emotion. In Europe, there are places like Scuola Holden in Torino and some scriptwriting schools in Germany where people conduct similar relevant researches.

Challenges and solutions

Challenges:

- At the moment, film professionals in Europe do not speak the same storytelling language or use the same keywords when talking about storytelling.
- Writing process starts too early and every re-writing is a long and exhausting sub-process
- Film funds and producers are making mistakes by insisting on too many drafts of the script.
- Sometimes people simply have good general writing skills (in terms of writing good sentences and paragraphs in the way it is taught at school) and receive funding only based on that. That at least happens in France with the CNC. However, these people do not necessarily write good scripts. Scripts need a different drive. In order to detect good writers, you need to detect a vital energy rather than a classic writing skill.

Solutions:

- **Creating a universal language for European scriptwriters:** Our consultants are trying to build intellectual tools for developing a storytelling craft that would be transferred to producers and directors (who work closely with screenwriters) and to public film funds that need to know the structure of

storytelling to be able to evaluate projects.

- The concept of **pre-writing**:
 - Invented in line with the relevant cognitive science studies.
 - Pre-writing should be more than 50% of the scriptwriters' job. The actual writing should start only once the scriptwriter is 100% sure about where she/he wants to go.
 - Collective thinking during pre-writing is a bare necessity.
 - Instead of keeping the body in the same, unhealthy writing position, during pre-writing, ideas are brainstormed on the beach and make the writers and their consultants walk and talk. Sitting in front of a computer is good only when you have a clear idea and structure about what you want to write.
- Using **video tools**:
 - The point is to tell the story in front of the video camera in less than 5 minutes, over and over again, after every brainstorming session. The scriptwriter films herself/himself at the end of every residence day, after her/his brain was active all day, and in the morning she/he watches the video with the other people – to see how the story has evolved. These videos replace writing long, exhausting drafts that usually take all the energy from scriptwriters.
 - Such videos can also be acceptable for film funds' selection committees. Three pages of treatment and 5 minutes of video are much faster to take a look at than reading a draft of the script.
 - Videos are playful and practical. Scriptwriter can send them to producers who watches them quickly.
 - **Video tools and verbal expression push the brain to find solutions.** Some scientific studies show that by oral expression - when one is trying to pronounce words - the brain is more actively inventing "a way out" because one has to finish a sentence and a thought within a short, limited time. Unlike writing in a room, when scriptwriters have all the time in the world, tend to procrastinate and feel no urgency to find a way out.
 - The flexibility of video provides scriptwriters with a chance to make 10 videos with 10 different versions of the same story. Then they measure which one is the best within a group dynamic, where everybody is constantly challenged.

Outcome of group discussions

Innovative development schemes within different film funds

Some of the funds:

- Insist that, at a certain scriptwriting phase, scriptwriters need be coupled with script editors.
- In case of animation projects, insist that animator and scriptwriter apply together for development funding and then attend together a script-development workshop.
- Allow scriptwriters and directors to apply without having a producer attached.
- German Federal Film Board introduced the rule that there is always one person from the selection committee that is assigned to follow the development of each selected project.

More specifically:

- Hungarian National Film Fund has two innovative development schemes:
 - Incubator programme: for the development of historical films – they send 25 successful screenwriters to a castle where they spend time together searching for inspiration.
 - Innovative scheme for first-time filmmakers: a boot camp with ten selected directors. At the end, five of them are short-listed and enabled to make their films.
- Lithuanian Film Center has an initiative for stimulating collaboration between Polish and Lithuanian producers. They put five Lithuanian and five Polish producers on a boat and let them sail and network, and arrange collaboration.
- Georgian Film Center organizes script-writing calls for films on specific topics.
- In Austria, there is a scheme for films about immigrants, opened not only for professional scriptwriters, but also for the immigrants themselves who want to write their own stories themselves.

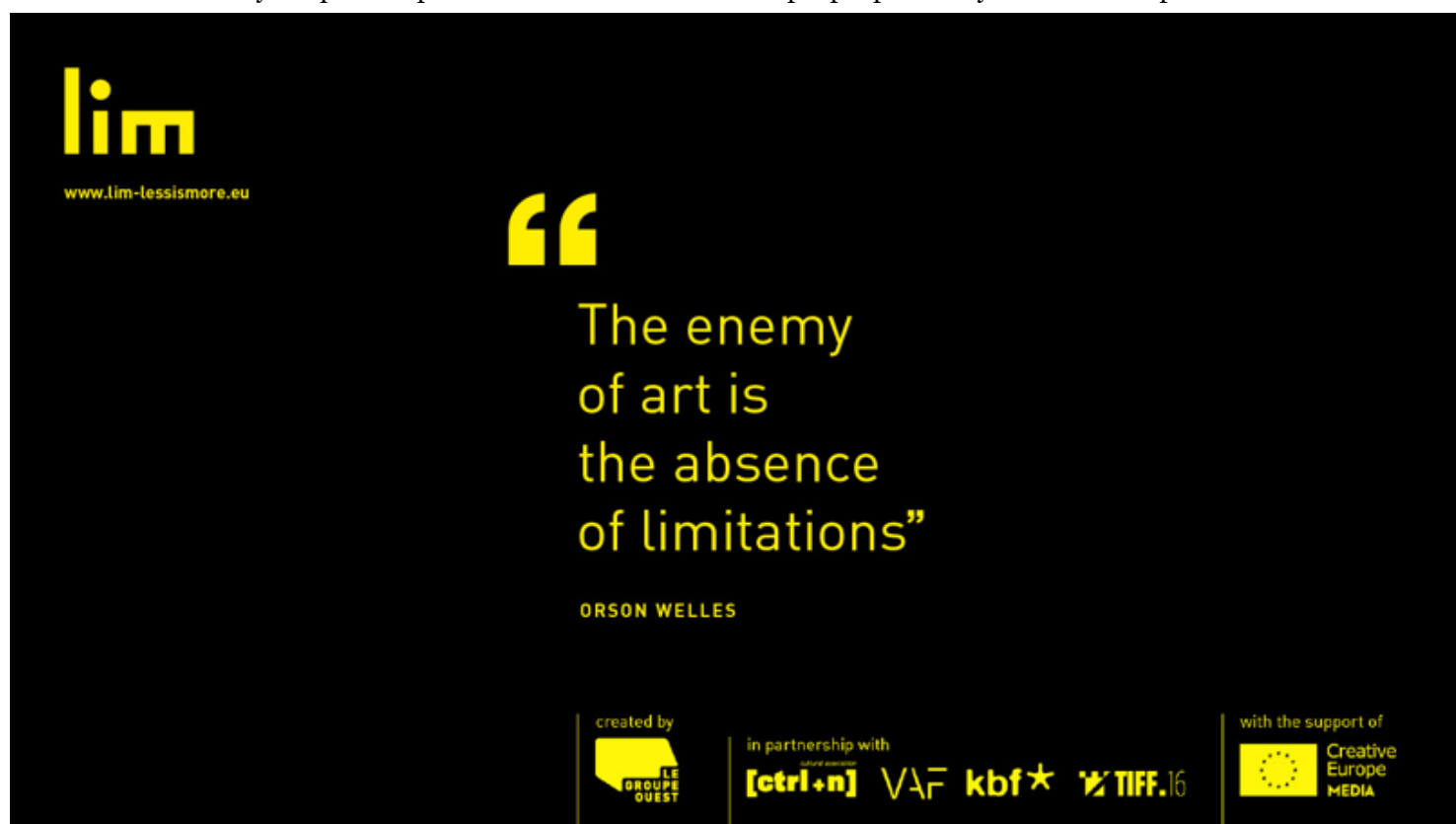
Further possible development activities

- Film funds can act as a matchmaker between non-professional people with great ideas and producers who can help them develop potentially good stories.

- More co-development activities are needed. A Co-producer usually comes along only late in the development process, when the project is fully developed. The whole collaboration process should start earlier.
- If somebody comes to the funds with an idea about how to develop a non-scripted project, funds should be open enough to listen and consider that possibility.
- There should be more communication with film schools regarding the development methods. Film schools can also introduce more development courses.
- Regional funds should be more open for the development experiments instead of blindly following restrictive guidelines.
- Including videos with the application documents seems relevant. By requiring a video, they can protect filmmakers from having to do it in front of the jury when they are nervous. Making a video is more relaxed.

But,

- When it comes to accepting video instead of written drafts of the script, there is a threat that charisma of the speaker may overshadow the basic scriptwriting requirements.
- Videos can be accepted only as a supplement to written drafts.
- Video should be simply a “talent story” not a conventional pitch.
- Videos always require response and feedback from multiple people. Many funds cannot provide this.



Case Study 2 / Less is More (LiM) (Le Groupe Ouest)

What is LiM?

- LiM is a European platform for low-budget European cinema
- The idea behind LiM is to show that scripts written for 3 million Euro can be rewritten as scripts for 200,000 Euro when the planned financing is not secured.
- It is meant as a tool for either launching or re-launching scriptwriting careers.
- Partners include Creative Europe, Transylvania International Film Festival in Romania, VAF and Krakow Region.
- Workshops take place in rural areas in France, Romania and Belgium.
- The goal is to create a European network for limited-budget feature films.

LiM's storytelling methodology

- **Making the protagonist as close as possible to the antagonist.** We try to develop metaphors that trigger in filmmakers' brains a new perspective on how to develop an idea. The typical example is the bullfight scene. If you have to shoot in the arena in Seville, with thousands of people in the audience, it will be expensive. But if you shoot everything from a close distance and the crowd is blurred, it will be equally interesting. You are only bringing danger closer to the protagonist, which

creates tension. Moving the protagonist close to the antagonist is the key strategy for young filmmakers.

- **Writing under stringent constraints.** Every time we do exercises with emerging filmmakers and scriptwriters we give them constraints. We tell them to set a film, for example, in a factory and use a specific character and a specific opponent. They protest in the beginning, complaining that they do not have enough freedom that way. But in the end, all of them, without exception, gave better results when they had creative exercises with constraints. It is also proven by cognitive science.
- **A lot of group work:** Writers find solutions to problems more easily through brainstorming within diverse groups than when they are alone or within their comfort zone.

But,

- This storytelling method is in contrast with the classic auteur visions where auteurs must be completely free. France is particularly challenging.

Case Study 3 / The International Producers Pooling Programme (IPPP)

Laurent Steiert, Director / Cinema department – Swiss Federal Office of Culture www.bak.admin.ch/film
Please also see [Laurent Steiert's presentation \(PDF\)](#)

Federal Office of Culture (FOC) is a Ministry of the Central Swiss Government that hosts the Film Department, but is also in charge of other fields such as music, visual arts and heritage. The FOC also finances FOCAL, a long-standing training structure, that stands behind the IPPP development programme.

What is IPPP?

- IPPP is the international version of the PPP programme that has existed for several years in Switzerland for local producers. It started when the film funds asked themselves what they could do to stimulate more dynamic co-development activities among both producers and scriptwriters. The fund could not develop a specific programme in this area due to some legal obstacles. Therefore, FOCAL was appointed to develop this initiative funded by FOC. Due to the success of the programme on the national level, FOC in partnership with FOCAL decided to extend it to international level.
- The international scheme is meant only for producers.
- The selected producers must:
 - be very co-operative
 - organize the workshops themselves to gain skills and rely more on self-help than help.
 - start working together in the early stage of their projects, grow together, improve marketing and international skills and, finally, apply for production funding.
 - be experienced producers with rich track-records.
- Workshop lasts for 12-14 months for every programme.

Classical approach to workshops

Training providers define a training programme and look for participants. Producers apply and attend such workshops guided by trainers.

The IPPP approach to workshops

Participants define their own training programme with the support of the Training Provider. Producers from the pool define their own goals and targets. It is up to them to choose the experts who will train them and improve their skills.

IPPP's methodology

Application process

- Producers create a pool of 3-5 producers. Each producer brings one project that can be fiction, documentary or animation film, a TV series, a game or VR project.
- They define their needs and collaboration model, decide on the timeline and write the funding applications to be evaluated by the selection committee.

Workshop process

- The pool of selected producers gets 20 000 Euro per producer to implement the training project within a submitted budget.
- The eligible costs include travel expenses, transport, consulting and subsistence costs.
- Producers meet in person, via Skype, or during film festivals. They talk about their problems in a friendly environment, learn from one another, how to do or not to do things.
- The skills to be learned are: management, communication and marketing skills.
- At the end of the workshop, the whole process should help and enable producers to position their projects internationally and apply more successfully for production funding.

Why IPPP is important?

- To help producers not rush into production just to survive, and thus contribute to over-production of films.
- Film projects should be subjected to more rigorous competition already in the development process.
- Development costs should be recognized and funded as a business overhead, and IPPP is ensuring it.
- The role and skills of the producer should be at the heart of the development process.
- It ensures better projects and creates producers with more skills who develop in a thorough way.

Financing of the program

- By February 2018 we would like to have 13-15 countries inside the IPPP scheme.
- Film agencies in each partner country provide an IPPP grant each (between 10-20,000 Euro) on behalf of each production company selected for the IPPP programme. These grants are financed from professional training budgets or from development funding budgets, depending on the structure of the agencies involved.
- Should no production company from a partner country be selected, the respective film agency will not be required to provide a grant.
- FOCAL may request co-funding from Creative Europe / MEDIA Training in order to secure support for production companies from certain European countries other than the partner countries.
- A network of partners should be established by the end of 2017. The partners meeting will take place during Berlinale 2018. The official launch of the programme is scheduled for Cannes 2018, so that the first IPPP edition can start on 1st January 2019 and last for a year.

Questions from the audience

Do you also intend to take a risk and try discovering new talent during your programme?

We aim exclusively at experienced producers, not talent development. In the future, however and after evaluation of the first editions, we may include also young producers in the pool who can receive mentoring from the experienced colleagues.

Who submits the application?

We receive group applications with one delegate producer, but every producer in the pool needs to explain his/her own strategy and individual projects.

How do producers find each other?

They usually already co-produced before. Funds can also help producers find like-minded or necessary partners and co-producers by contacting funds in other countries and inquire.

Case Study 4 / Pitch Readiness Programme for Multi-Episode Production

Carole Vivier – CEO & Film Commissioner of Manitoba Film & Music

www.mbfilmmusic.ca/fr/



- Pitch readiness programme for multi-episode production provides producers and filmmakers in the region with access to broadcasters and decision-makers.
- Producers receive a grant to prepare a pitch of their project, to build relationship with potential financiers and get the project funded eventually.
- The scheme is meant for documentaries or dramatic series. We fund 5,000 CAD if it is a documentary and 10,000 CAD if it is a drama series.
- The granted funding is for creating material that will help producers pre-sell the project to broadcasters before they start anything. It is important to find the broadcaster very early on because there is no purpose of granting development money for series if there is no broadcaster attached. Part of that money is also for producers to travel and pitch to broadcasters.

But,

- The money cannot be used for fees, because we expect producers to contribute themselves as well.

Questions from the audience

Do you have any case study showing innovative development of a feature film?

We have an example of a very auteur filmmaker who is also a visual artist:

- He had an idea to do a live shoot during an exhibition in Pompidou Center (Paris) and in a

museum in Montreal.

- He used actors and shot for 36 days in total in both locations, creating 100 short films.
- All 100 films were online and you could pick your film and your experience by choosing which one to watch. It was all digital.
- Out of that material he created a feature film that was selected in Berlin and Sundance.
- The film was successfully distributed as well.

Initially the project did not fit into any of our development programmes, but we funded it by giving him pre-development money to go to Paris and do the research and work in Pompidou Center and around the world. This project is an example of the out-of-the box thinking.

What else does your fund do to encourage the outside-of-the-box thinking?

In the past, we used to support only TV projects with a traditional broadcaster attached. Today, in order to adapt to the new market reality, we accept to fund projects that have a digital broadcaster attached like Yahoo or Netflix. It is easier for small regional funds to change their guidelines because it concerns a smaller industry. It is not the case for our national funds that have to take into account more goals and a bigger territory.

What is your relationship with big digital players?

As a fund, there is no relationship. Netflix, Amazon and other platforms refuse to contribute to film funds in Canada like traditional broadcasters do. The Association of Producers suggested charging Netflix a fee, but the competent Ministry rejected it. Nonetheless, yesterday (27 September 2017, Netflix announced that it will invest 500 million CAD over the next five years in original productions in Canada. Let's hope it will be beneficial for the industry!

The Role of Public Film Funds in the Future

- [Introduction](#)
- [Module 1 – What are the essential and relevant core values of public funds?](#)
- [Module 2 – How to design funding programs today?](#)
- **Module 3 – How to take risk and experiment?**
- [Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?](#)
- [Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”](#)
- [Module 5 – How to integrate new technologies and players in the value chain?](#)
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MEDICI – The Film Funding Journey

Reports Previous Workshops

Seventh Workshop – 27 to 29 September 2017 – Finstadjordet, Norway

Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?

Introduction

Today it is the viewer who decides what he/she wants, where and when to watch. His/her choice depends on personal taste, culture, age, desires... Hence, the funded projects should provide a diversified offer that would meet the diverse demands of fragmented audiences.

Or, in other words:

- How do we define this diversity (cultural, gender projects, forms of content, duration of the works, etc.)?
- Are there any ways to better understand the potential audience?
- How can we access the data to measure the success of new platforms and thus equip ourselves with better knowledge?

Case study 1 / Diversity in film and why does it matter?

Ellen Tejle – Fanzingo Production Company, Cinema Rio–Stockholm
See also [Ellen Tejle's presentation \(PDF\)](#)

Challenges

- Today, one of the major challenges is to make film and media more diverse and more representative.
- There is a basic question here: **Is the world equal?** Even Sweden, that has a rich track record of laws on women equality and movements, still struggles. There is still difference between how much a man earns during his lifetime, and how much a woman earns. The Swedish Prime Minister has never been a woman.
- There is another level of inequality based on the **discrimination as an unconscious structure**. We unconsciously judge people differently. ¹
- Should the funds introduce **anonymous recruitment**? Should producers submit unsigned scripts when applying to the funds?

¹ The study called “text study” showed how we judge people differently when participants in an experiment were asked to read a text and then evaluate it while the text sometimes bore a female, and sometimes a male signature. Those texts that were signed by female names got comments like “messy”, “unsympathetic”, “unwise”, “don’t understand what she is trying to say?” Those signed by male names received only comments like “well written”, “thoughtful”, “compelling”, and “smart”. The results were the same as they were 30 years ago. The experiment showed the same results in Sweden as well.

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IS THE WORLD EQUAL??



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How can film industry and film funds contribute to making the world more equal?

The current situation

- **The statistics still show inequality.** If we take a look at numbers:
 - more than 70% of the speaking characters in film and TV content are men and
 - more than 80% of the working characters are men.
 - Only 7% of the directors in the rest of the world are women.
 - In Sweden, the situation is slightly better with
 - 28% of female directors and
 - 39% of speaking female characters.
 - However, the situation in some countries, such as the UK, is almost the same as 100 years ago:
 - Women direct only 4.5% of films.
 - The BFI filmography also shows that 59% of films made in the last ten years had no black actor in the lead or named roles.
- **Children's programmes discriminate against women.** The more film and TV content a girl watches, the fewer options she thinks she has in life. The study done several years ago about how the kids play and what they dream of becoming once they grow up showed that until the age of four kids do not perceive gender roles. But after that there is a huge difference. The content they see in film and TV reduces the number of girls' ideas about opportunities in life and sense of equality. Girls think they should be only wives, mothers, girlfriends or princesses. The male characters are much more diverse. They can be big or small, funny with complex identities. The number of speaking time in children's movies is also highly disproportionate. Most of the speaking time is given to male characters.
- **The content is still driven by prejudices.** The main problem with scriptwriters when writing the script is that they play with "**believability**" instead with "**reality**". They underestimate spectators; they show fear and succumb to prejudices and stereotypes. They need to be re-educated and the film funds should play a big role in that process. The fear of screenwriters has to be challenged. They subconsciously discriminate. They are full of preconceptions.

CAN THE WORLD BE MORE EQUAL WITH HELP FROM THE FILM INDUSTRY?

Actions

- **Introduction of the Bechdel-Wallace test.** This test consists of three questions:
 - Are there two women with names in a film?
 - Do these two women talk to each other?
 - Do they talk about something else but men?

A lot of globally popular films do not pass this test. Some examples are: “The Lord of the Rings” trilogy, “The Jungle Book”, “Beauty and the Beast”, “Avatar”, “The Bourne Identity”, “Pirates of the Caribbean”, “Ocean’s Twelve”, “Fight Club”, “Slumdog Millionaire”, “Harry Potter”, “Toy Story”, “The Hobbit”, “Bruno”, “Spiderman”, “Gravity”, “The Social Network”, “Inception”, “Moonlight”, “The Hunger Games” and many others.

- **A-rating.** Four years ago, in the cinema “Rio Stockholm” that I am managing, I introduced the concept of A-rating. It means that only the films that pass the Bechdel-Wallace test can be shown in the cinema and get A-Rate. So we put the stamp on films to show that they passed the test. It made me become a spokesperson for gender equality across the world. I was in many media. Suddenly the cinema theaters across Sweden started to use A-rating, as well as cinemas in ten other countries in the world. There are also festivals that show only A-Rate films and newspapers that review and advertise only A-Rate films. In Brazil, the film institute incorporated A-rating into their selection criteria within the funding schemes. The benefits of A-rating are the following:
 - Consumer information
 - Knowledge by raising awareness about women’s representation in film today.
 - Open-Source: anyone can A-rate a film and everyone can use the logo, vignette and stamp.
 - Change: To be an eye-opener, in a longer perspective, can make the film industry more equal.
- **The sexy lamp test.** The second type of test is based on the following question: Can you take out the female character and replace it with a sexy lamp, without it changing the story?
- **Test for Minorities.** It consisted of three questions, one of them is:
 - Are there two non-white characters in a movie talking to each other about something else but crime.

Almost every Swedish film fails this test! It happened once that two black filmmakers applied for funding from the Swedish Film Institute to make a film that would portray black people in a new, non-stereotypical way. But it turned out that even in their film, it was the black girl who was killed first, which means that even them, as two liberal black filmmakers, internalized the stereotypes.

- **Break the prejudices.** The American TV series “24” was the first example where a black president was portrayed as smart and thoughtful – a person that everybody liked. Two years later, Obama launched his first election campaign. Some studies showed that the series motivated some people to go and vote for a black president in the real life. But these cases are only isolated. There are still many

more opposite, discriminating examples.

Conclusions

- Today, the film industry is more sexist, racist and unequal than reality itself. Film funds are in power to affect people's behavior and as such hold responsibility.
- There is no study saying that people in film industry want to make a racist film. But it happens, not only because of a lack of awareness but also because there is a trend to repeat the same mistakes, sticking to the same old practices.
- The film funds can help increase the awareness. We need initiatives and tools and people in power that are aware of this problem. Only that can lead to structural changes. The structure will not change itself.
- Keep counting and never trust your "gut feeling", because you need data and facts for everything.

Questions from the audience

Has the introduction of the A-rate stamp created any changes in the way scriptwriters and filmmakers think and work?

Yes. Both scriptwriters and directors started "controlling themselves" and thinking about whether they have two female characters sitting in the same room, etc. Some film institutes also started returning the scripts for a rewrite if they lack female characters.

What does Sweden do to improve the diversity other than gender?

There are a lot of LGBT films. But we still do not know how to measure diversity where it cannot be measured quantitatively, or how to deal with diversity behind the camera. The funds should be more active in solving it.

Can the Bechdel-Wallace test be applied to male characters?

Yes, and all the films we tested pass the test.

3. Outcomes of the group discussion

What kind of responsibility do film funds have in erasing the gender and other stereotypes in films?

- CNC: In France we have a diversity programme that ensures that the topics of supported films represent diversity. The diversity scheme started in 2005 after the massive riots in the suburbs of Paris and deals mostly with minorities. It has been evolving throughout time, and gave results, but we still lack diversity among the people making the content and the people sitting in selection committees. Maybe we should learn from some schemes in the UK and US that give extra points to projects created by diverse teams (in front and behind the camera).
- CORFO (Chile): The issue in Chile is that gender is not an issue. We need to start counting first to see where we are, and then take some actions.
- Croatian Audiovisual Center: In Croatia, there has been a strategy the last couple of years for raising awareness and increasing the number of both female filmmakers and decision-makers.
- Icelandic Film Center: In Iceland, there is no quota, but if you have a female director it is more likely that you will get the funding.
- Georgian Film Center: In Georgia there is already equality among directors (50%-50%).
- Swedish Film Institute: We collect gender-related data about people making films, but we do not do the same with the content. We also do not check the situation regarding other categories and minorities.
- FOC (Switzerland): One of our unofficial evaluation criteria is the project's contribution to the diversity. It is not quantifiable, you do not get points for that, but you should contribute somehow. The selection committee discusses this aspect of every project, but the applicants are unaware of these discussions and they would never see the diversity issue as a rejection reason in the rejection letters.
- The Netherlands Film Fund: Diversity is one of our five criteria when we discuss production support (together with production value, quality, content and track record). Diversity is understood in the broadest sense – in front of or behind the camera - according to the subject of the film, etc. I liked the idea that projects in the end get the stamp (just as A-rating) proving that they delivered what they promised, or a rejection if they failed to deliver.

But,

Much information that can be useful in measuring diversity exists in applications but is confidential and we cannot publish it. It would be illegal and against the discrimination law in some countries to ask about the ethnicity, sexual orientation, etc.

Case study 2 - Diversity in Film Funding

Presented by Yoav Abramovich, Deputy Director-General of The Rabinovich Foundation for the Arts (Israel)
www.rabinovichfoundation.org.il/index.php/english

Introduction

- **Demographic diversity.** Diversity is a big issue in the Israeli society because Israel is a very diverse society. If we take a look at the Israeli demographics by religion, already Jewish population itself is diverse. That happens because different groups of Jews practice religion in different ways and are religious with different intensity. Ultraorthodox Jews called Haredi (8%) are extremely religious, Dati (10%) are another religious group, Masorti (23%) are traditional but a slightly less religious group and the biggest group are Hiloni (40%) that are secular. Arab population (14%) is also diverse in terms of the intensity of their religiousness. Most of them speak Arabic. There are also small populations of Christians (2%) and Druze (2%).
- **Diversity by descent.** The Jewish population can also be divided by their origin. Half of them are of European and American descents and the rest are Jews coming from Muslim countries, which also creates tension sometimes. Israel is an immigrant country. Only 39% of Jews are originally from the territory of today's Israel.
- **Gender equality.** We also take care of gender equality. Israel is not an ideal place if we take a look at the gender equality gap-ranking list made by the World Economic Forum (56th place). But it is also related to religious and ethnic demographic divisions. Some extremely religious communities have very strict rules when it comes to women and it is difficult to reach them.

How do we deal with challenges within the film industry?

We are trying to take the complex diversity of Israel into consideration as much as possible when financing films. We support films from all religious and ethnic groups, within both Arab and Jewish populations.

The Cinema Law

- The cinema industry is regulated by the law (updated in 2014) that dictates the way the film funds select and support film projects. The law expressly addresses diversity in a number of ways. It explicitly stipulates the following:
 - “The purpose of the support is to enable expression of the cultural diversity in Israeli society, of the different views in it, and its different values.”
 - “The reader composition will reflect a proper representation of women”
 - “The readers will reflect a proper representation of the geographical, social and cultural periphery in Israel”.
- So the law requires that we diversify the decision-makers and readers sitting in the selection committees. It is regularly checked if this requirement is met and the readers can stay in their position for a maximum of two years.
- As a result of this law, the Rabinovich Foundation achieved the following results in 2016:
 - When it comes to feature films, out of 17 readers, 8 were women and 15 represented geographical, social and cultural periphery.
 - When it comes to documentary films, out of 11 readers, 7 were women and 9 represented geographical, social and cultural periphery.
- The examples of some recent films that reflect our diversity policy, and have achieved both festival box office success, include:
 - “Sand Storm” directed by woman Elite Zexer (awarded at Sundance). The film is about an Arab woman and is in Arabic.
 - “Women’s Balcony” was the most successful Israeli film in terms of audience (350 000 admissions). It is about women from a small religious community trying to address some religious issues within their community. It is also written by a woman and was shown at the Toronto International Film Festival.
 - “Wedding Plan” is a film directed by an ultraorthodox female director. It is a film for a wide audience about a woman who was left by her fiancée a month before the wedding, but is still determined to hold the wedding.
 - “Junction 48” is an Arab-speaking film written by an Arab screenwriter and directed by a Jewish director. It was set in Venice.

Challenges

- Percentage of female directors in Israel is 40%, which is a good result. But there are not enough films by Arab female filmmakers because we simply lack Arabs within the profession.
- A specific thing about Israel is that the majority of population belongs to a periphery. The only group that is not considered periphery is the (male) Jews of European origin.
- We do not measure diversity in the films themselves because it is difficult to quantify things when it

comes to content.

- Quota systems would also never work in Israel when it comes to directors. Hence, the decision-makers remain our only target in this respect. This quota system among decision-makers works well, but it is a challenge to find readers coming from the film industry and a minority group at the same time – especially when it comes to veteran Arab filmmakers. Most of our veteran producers come from a similar, Jewish-European background. On the other hand, we do not wish to hire Arab filmmakers who are not professional enough. Luckily, the number of younger Arab filmmakers is growing, which will change the picture in the near future.
- The Orthodox Jews are another challenge. They do not go to see films, even when directors belonging to their own community make them.
- Sometimes there is a conflict between the Minister of Culture and the film industry in general. This year, we had in Venice a film called “Foxtrot” that won the Silver Lion grand jury prize. It is not a diversity film because the Jewish director of European descent directed it, but it deals with some controversies within the Israeli army. The Minister simply did not like the way the film depicted these issues.
- Generally speaking, there are two types of criticism by Israeli society against the Israeli film industry. The first is that there are too many films done by Jews of European descent. The second is that the film industry is too liberal and that one can get money only if he/she is making a film about an Israeli soldier and Arab terrorist falling in love with each other.

Examples of best practices in other countries

- **Manitoba Film & Music (Canada)**

We have an issue of how indigenous, aboriginal people are represented. We have a very strong aboriginal production company led by an aboriginal woman who is quite remarkable and working with that company we have funded some really important content. Most recently we funded a TV series called “Taken”. It is about a tough but important topic in Canada. Its purpose is to humanize women who are in jail as culprits. The series depicts them as mothers, sisters, daughters, neighbours. Not through stereotypes that people usually have about those individuals.

Some years ago we had a special scheme for aboriginal people, but to access that scheme, they needed to have done something already. It was not realistic because they need us to do their first project. So we created a workshop called “First Stories” also supported by the National Film Board of Canada, for aboriginal filmmakers (writers, directors, producers) over a certain period of time. At the end of the workshop, 4 projects were selected to be produced. All those films were successful and they created a platform for launching more projects. And this pilot project spread throughout the country.

We also have the National Screen Institute, which is the national training body. They are leaders in aboriginal training in film and television, engaging many aboriginal filmmakers who made content for a wide audience and continued their careers.

However, despite all these initiatives, we are still making only baby steps in this regard.

- **Fanzingo Production Company (Sweden)**

Sometimes you have a minority community that does not have any representatives with a proper filmmaking education. So, in Sweden, we established a programme to reach the target groups directly and educate them to be both in front of and behind the camera. We are working in prison with criminals, with immigrants in suburbs, with people who are having psychological problems and other discriminated groups. We want to teach them how to create their own stories and help them bring those stories to a broader audience. If we had to wait for them to apply to film schools and get a proper education, it would never happen. We just make it faster.

The Role of Public Film Funds in the Future

- **Introduction**
- **Module 1 – What are the essential and relevant core values of public funds?**
- **Module 2 – How to design funding programs today?**
- **Module 3 – How to take risk and experiment?**
- **Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?**
- **Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”**
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MEDICI – The Film Funding Journey

Reports Previous Workshops

Seventh Workshop – 27 to 29 September 2017 – Finstadjordet, Norway

The role of funds in professionalizing actors in the audiovisual industry

Introduction

The support of public funds is the key to financing European audiovisual projects. The question is whether their role goes beyond that of being solely a financial partner and also consists in offering tools to accompany and professionalise the sector enabling it to remain competitive in a market increasingly open to the world.

Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”

Joëlle Levie, project leader of MEDICI/ FOCAL

Please also see [Joëlle Levie's presentation \(PDF\)](#)

This study came out of the discussion about professional training during the previous MEDICI workshop in Switzerland.

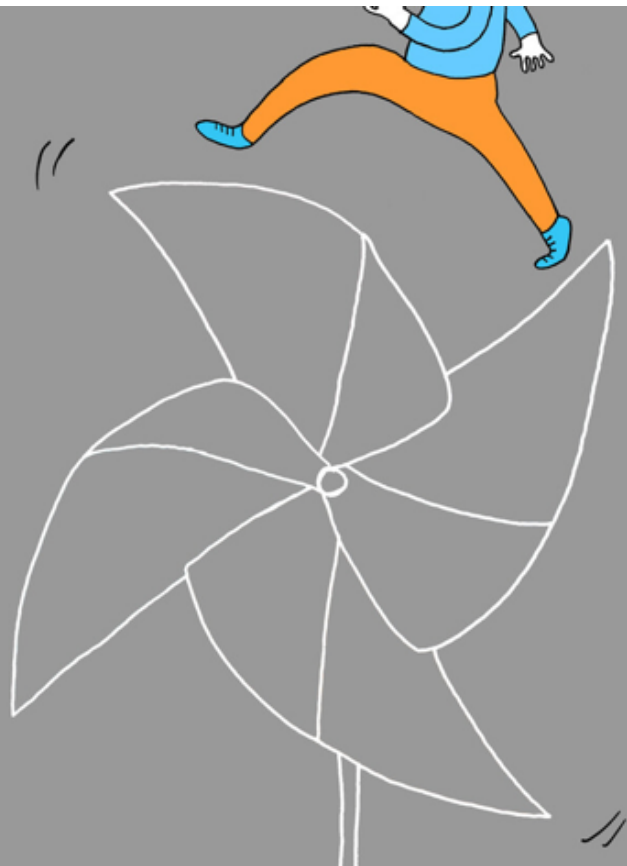
The objectives of the study are:

- To analyze the current state of investment of public funds in the EU:
- What is their role in professionalizing the industry? Following up MEDICI discussion about Professional Training (PT) in 2016, within Module 7, we ask if training is part of funds' professional development strategy.
- To get information on:
 - Financial resources dedicated to PT
 - Categories of supported actions
 - Actions to be inspired by

And raise many questions:

- Do funds have a role in the professionalization of the industry?
- Do the existing PT offers meet the needs?
- Could PT funding be sustainable like other support schemes?
- Is PT understood as part of the global production process or as a separate track?

PROFESSIONAL TRAINING IN A CHANGING WORLD



Previous studies

The European Audiovisual Observatory

The European Audiovisual Observatory published in 2016 the study on “Public Financing for film and television content – the state of soft money in Europe”).

- They define professional training as part of the “other” supported activities by the funds (inc. awards, archives, media education, training, research, audience research, etc.)
- Average of 2% of over 2 billion/year (33 countries – period 2010-2014). But this number is only an estimate.

But,

- The study does not offer a clear definition of professional training (workshop, co-production market, programme within the fund, etc.) and was not even introduced as such in the study.

Creative Europe – MEDIA

In 2017, Creative Europe’s MEDIA programme made a report on performance of their professional training programmes. The report is titled “Contribution of the CE programme to fostering Creativity and Skills Development in the audiovisual Sector”. It identifies “the need to operate internationally” and addresses the following challenges:

- Craft-specific and ICT/digital skills
- Business management skills, leadership, innovation and entrepreneurship
- Interpersonal, social and cross-cultural skills.

The study also evaluated the relevance, efficiency and effectiveness of the MEDIA training actions. There is a high degree of satisfaction shown in the study. The report-makers interviewed a lot of people, trainers, producers, scriptwriters..... who participated in MEDIA-financed training activities. However, there are the following challenges:

- The lack of room for young professionals. It is almost always for experienced people.
- Lack of sustainability of PT structures. Many programmes would just die if MEDIA did not support them.
- Consider combining Training Actions and Access to Market Actions

The report’s main conclusion and recommendation is: **“raising the awareness about the importance of training will remain high on the political agenda since many workers and their employees do not (sufficiently) invest in training”**.

The study

Structure

- The study consists of two parts:
 - Data per country/per fund/per professional training (PT) categories.
 - Global data and outcomes.

Data per country/per fund/per PT categories

- The study includes data from 67 funds (33 national, 34 regional) in 32 countries.
- It does not include France and the UK because the PTs are not within public film funds (CNC and BFI), but within other structures.
- Data are from 2015 and sometimes 2016
- The study divides PTs into the following five categories to encompass the diversity of definitions covered by the funds:
 1. Professional training strategy/policy
 2. Professional training provider itself (with or without specific programme)
 3. Support to national and/or foreign professional training programs/activities
 4. Structural support to professional training organizations/institutions in the country
 5. Individual professional training support (scholarship, internship, mentorship)

Global data

- 4 countries invest between 4% and 6% of their budget in professional training.
- 5 countries invest between 3% and 4%
- 11 countries between 1% and 2%
- 11 countries less than 1%.
- In terms of budget:
 - Approximately 1.76% of the budget of all 67 funds in question is dedicated to PT.
 - For national funds (33 in total) it is approximately 1.35%,
 - For regional funds (34 of them), it is approximately 2.84%.
- Approximately 30% of the entire PT financing in Europe is provided by the Creative Europe – MEDIA programme.
- If we look at the support categories defined above:
 - 71% of 67 analyzed funds support national/foreign PT programmes and activities
 - 60% have individual PT support (scholarship, mentorship, internships)
 - 55% provide PT themselves
 - 45% have professional training strategy/policy
 - 12% provide structural support to PT organizations/institutions in the country.
- These numbers are different if we break it down into the two categories of national and regional funds:
 - National funds see it as a priority to support national and foreign PT activities, and
 - regional funds organize a lot of PT activities themselves and are more concerned with strategy and policy.
 - Structural support is equally significant in both types of funds.
- The PT funding champions among the national funds are OFC (Switzerland), IFB (Ireland), CCA-VAF (Belgium), Georgian Film Center and Hungarian Film Foundation. When it comes to regional funds, it is Italian and Norwegian regional funds, followed by the German MDM.

Main outcomes of the study

- No correlation between the budget allocated to film projects and PT projects
- % of investment is very low (1.76%) for no-risk/high benefit support
- Differences between national and regional funds:
- Objectives
- Financial resources
- Supported categories

But,

- same ranks of priority:

- 1st position: support to national and/or foreign professional training programmes/activities => short term commitment
- 5th position: structural support => long term commitment and €€€
- Almost no communication or cooperation among funds at national and international level
- No measure or indicator to determine the right level of funds investment in PT

Challenges

- Would it be possible to have a clear definition of PT?
- Do public funds need to have a role in the professionalization of the industry?
- Must it be a part of their mandate or a voluntary commitment?
- How defines PT priorities and how is it done?
- Does the existing PT offer meet the needs?
- Should public funds invest more in PT in comparison to other industrial sectors?
- Must PT funding be sustainable like other support schemes?
- Should funding of PT become a part of the legal mandatory mechanisms?

Possible future steps

- Validation and update of data, and resolving the methodological challenge posed by the unavailability of data related to PT programmes supported by public funds
- Establishing a universal platform for PT programmes
- Define shared parameters when it comes to PT

Questions from the audience

How did you collect data?

The only way to collect data is to call the funds one by one. It is a long and exhausting process and you never know if you have all the data.

What is the main difference between national and regional funds in terms of PT?

Regional funds are more active and engaged in education and training simply because they need to teach local people to service foreign productions.

Is MEDICI a PT programme?

According to MEDIA, it is not. MEDIA rejected Medici because they did not see it as industry programme, but a programme for the funds. They assumed that the funds had to finance MEDICI themselves. PT is only for industry events.

The Role of Public Film Funds in the Future

- **Introduction**
- **Module 1 – What are the essential and relevant core values of public funds?**
- **Module 2 – How to design funding programs today?**
- **Module 3 – How to take risk and experiment?**
- **Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?**
- **Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”**
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MEDICI – The Film Funding Journey

Reports Previous Workshops

Seventh Workshop – 27 to 29 September 2017 – Finstadjordet, Norway

Module 5 – How to integrate new technologies and players in the value chain?

Introduction

Finding an audience became inseparable from the creative process.

Or, in other words,

- How do other sectors of entertainment, available on various broadcast media, cope with that?
- Are there any strategies that the audiovisual sector, and in particular cinema, can adopt?

Case study 1 / Lessons Learned – Stories from the Game Industry

Elisabet Gretarsdottir/DICE – Sweden

www.dice.se

See *Elisabet Gretarsdottir's presentation (PDF)*

Gaming industry crisis

The gaming industry has become an extremely dynamic sector due to the ongoing technological revolution. The years of rising social media, Facebook, iPhones heavily influenced the video game industry.

But,

- 10-15 years ago, the gaming industry was in a serious crisis. We were dealing with multiple issues:
 - The industry was based on the following business model: 1) creation of a game, 2) put it on a disk, 3) pack it and 4) ship it to the retail stores to be sold as boxes. The emergence of **piracy** led to a large decline in sales. Anybody could make a copy of a game and share it online for free. It decreased the quality of the game and gaming experience, and influenced also sales and revenues.
 - At the same time, another type of game emerged. It is **free-to-play games** – high-quality games - that producers put online for free and players would just download them and play. It was frightening for us. We were afraid we would not be able to sustain our industry.
 - Also, **democratization of game development** happened at the same time. Thanks to new technology, anybody can create games and share them with friends. People could also modify existing games themselves. It completely disrupted our traditional distribution model because we did not know what kind of version of the game would reach the players.
 - All this was tough and confusing, and many studios and distributors went bankrupt during this process.

NEVER LET

A GOOD CRISIS GO TO WASTE

When the crisis becomes an opportunity

- However, we tried to be optimistic and perceive the crisis as a moment when people should stop and think about what they need to do to adapt. You will not change anything until you reach the point when you have to. It is hard; you need to learn a lot, but you eventually learn to see crises as opportunities.
- Over 56% of CEOs in the entertainment and media industry believed technology will reshape or disrupt their industry. It is not surprising, because if you look at what has been happening with music, the audiovisual sector (new platforms and content), the game industry, the news, and linear TV for the past 10-15 years, why anybody would think that their industry is any different.

What did this technological revolution do for the game industry?

- **We decided to get closer to our consumers.** We decided to approach our customers via the platforms where games were already playing independently from us. We accepted that digitization completely replaced boxed goods sold in retail stores. We also realized that the digital platforms led to a larger and more diverse audience.
- **Piracy got designed out.** We realized that piracy is bearing a significant social component that works for video games as an added value. Suddenly we saw piracy as an opportunity not as a threat. Piracy created a massive audience for some games. In China, for example, PC-café's were full of people playing pirated games. Thus, piracy showed where the audience was concentrated and created new channels for reaching them. We started wondering how we ourselves can directly reach those already existing audiences. We came up with new distribution models, found a distributor in China, etc. and demonstrated that piracy can be monetized and included into new business models.
- **Business models should be diversified.** Today you can get online access to 50 games at the same time. Traditional box business model has been transformed into subscription model that provides a simultaneous access to multiple games. This has also changed the way we create the content.
- Technology-led **democratization** created new talent – the pool of new, amazing game makers. For our company that produces game blockbusters, it resolved the talent development issue that existed for a long time. Democratization also led to emergence of new platforms where people could realize revolutionary ideas, develop innovative concepts, and create user-generated content. The game industry got married with new platforms that, with their own business model, started supporting indie games – small, often very niche, but very interesting games.



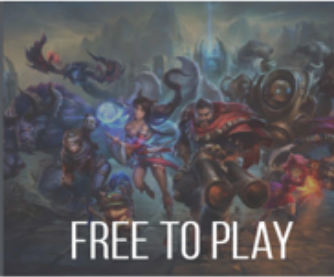

Our new business models

- As a studio, we create only “**AAA games**” – games produced and distributed by major publishers, typically having high development and marketing budgets, whose development is associated with high economic risk, with high levels of sales required to obtain profitability. In our company, there are 800 full-time employed people (in Stockholm and Uppsala).
 - Example: A typical example of our AAA games is FIFA. It is a blockbuster. The preproduction and production of such games can take years with a budget - typical

for AAA games – of around 100 million dollars. There are around 1200 people working on FIFA, and it is only the core team. The production phase is followed by marketing and distribution phase when we have 8 800 people working.

- **User-generated content** is something that I find very fascinating. In the past the user-generated content was considered piracy and threat since users would create illegal changes to the existing games. Players would be pirates who stole, modified and then distribute games to other people. Initially the game industry was fighting hard against this. Game producers were angry that somebody was changing what they had created. But what is happening now is that we are creating platforms where we incorporate players who contribute to the creation of content. Our plan is to find a model in which designer and player can co-create together. There are already examples of games where a game designer wants to make changes and then they open a forum where they ask players to (co-) design some elements. The players also crowd-source, modify content and thus create a new ecosystem and new business model that constantly generate funding for keeping the business alive. Players love being part of the business model. So you need to embrace the fandom and incorporate it into the new business model.
 - Example: Our game “Battlefield” is an example where players interact with each other because while playing the game you can also see the advice of other players about how to play. This helps distributors and attracts a lot of subscribers. Some versions of “Battlefield” have over 40 million subscribers.
- There are also the **indie, small developers** that can consist of the teams of two to twenty people who create their own games and launch them on platforms in cheap, but efficient ways. These small companies are important because large studios cannot afford to develop those indie-games themselves, because studios target only the games that are going to be sold in millions of copies.

SOURCE FOR INNOVATION

			
BOXED GOODS	PIRACY	FREE TO PLAY	DEMOCRATIZATION
DIGITALIZATION NEW PLATFORM	DESIGNED OUT	NEW BUSINESS MODELS	TALENT NEW IDEAS USER GENERATED CONTENT

Conclusions

- We understood how **technology creates changes and innovations** in one industry will fuel the changes in your own industry.
- Today, the game industry **focuses more on creating relationships with the players** instead of assembling and distributing physical boxes of games. Using online platforms and through democratization of content, the industry provides a much more convenient access to content and has pacified piracy. In the past, piracy was only a result of expensive access. Now, the players have the right price and right place for a game.
- We stopped thinking about how to sell this product, but **how to reach the player**. We also changed the way we measure success. Today, it is all about creating engagement. The more engagement we create, the more successful our sale will be. When you know your player and understand your audience, and their behavior, you also know who is not your player.

- But my experiences show that the group of people who engage in games is very homogenous. And if you want to grow, you have to **diversify your audience**. And you do it by designing more inclusive games. For example, there was a problem with female characters in games. They were not made to make women identify with them. They were presented rather as objects for young men. So we want to create both characters and the playing experiences more thoughtfully and inclusively.
- A study shows that 98 percent of women in the US play games. Some content is created for kids, but you can follow them while they are growing up by creating new content all the time. You follow their needs and they keep playing. Also, some studies from Hollywood showed that **games introducing characters with different backgrounds create a better box office**.
- For most of the games, the ratio between male and female players is 50%-50%. However, when it comes to blockbuster games, we cannot really count, because there is often the problem of **toxicity**. Women players sometimes hide their identity and pretend to be men while playing to avoid bashing, so you do not know how many women are playing and what kind of content they would need.

Questions from the audience

How do you collect data?

We gather data easily because our content is digital. We just need expertise in data-analysis methods. We follow our users' behaviors, identities, playing frequency, game features they use; we do surveys, polls and focus groups. We know them; we listen to what they are asking for. And they ask for innovation, for something different, something that feels more human, that involves more emotions. They are tired of super-hero stereotypes.

How do you keep your audience?

You have to look beyond the data you have in front of you. Our strategy is to capture their hearts and know how to create an excitement for them before they become aware of it. We keep things secret, nothing leaks out until the last moment – the official release. 24-hour live stream before the release creates anticipation. We make loud trailers that would appeal to the players, then you post it on social media and the whole thing explodes (example of Battlefield related to WWI). We turn a game into a global moment. And it is easy to tell the players stories because we know who our players are and where they are; we talked to them.

FIFA has been released today. I did not notice because I am not a player. How do you advertise? Does everybody who plays it know that it has been released today?

We keep in contact with the fan pool. They have accounts in our system. We identify them and have their data in our base. We make the marketing strategy on the basis of that data about our users. This is for our core audience (10-12 million people). But we then spread the news further through digital marketing, paid media, trailers, etc. Also, the way we make trailers and visual material has changed dramatically. The production value is different.

How do you regulate the copyrights in FIFA considering that many famous football players appear?

They benefit from being in FIFA. It is a cultural phenomenon and it just contributes to their popularity.

Case study 2 / New Technology Schemes in Chile

Nikolas Mladinic, Advisor - Creative Economics Sector / Directorate of Strategic Programs (CORFO – The National Agency for Economic Development Chile)
www.corfo.cl

We believe that the so-called “new technologies” are not new at all but their application into today's storytelling IS, especially when it comes to VR, AR and transmedia. We also believe that there's a lot of ignorance about how to use or, better said, how to approach “new technologies” when it comes to building a project from the bottom up.

Our strategy is to support projects that would use new technologies and generate more data on audience, and more audience reports and studies. Our main challenge is that a lot of cinema theaters in Chile do not have a proper ticketing system. The only information we have is what they report in surveys but we do not actually know how many people see films or what are the demographics of people who see films. Therefore, CORFO has several schemes whose purpose is to improve the situation.

- Next year, we are launching the programme called **Digital Intermediates** for platforms that will serve as content aggregators. We will finance people who want to provide content for our digital platforms. They will be granted around 55,000 dollars to come up with a platform or work within the existing platform, but also to buy content and promote it. They will be in-between distributors and content producers. Their role will be also to collect data, do the digital marketing, etc.
- **Prototype** is the fund you apply to to solve a technological problem that you may encounter. You can be awarded around 25,000 dollars for that. It is not the platform or producer that get funding, but the recommendation system.
- Another fund that we are developing is called **Validation and Packaging**. It is meant for testing the developed concepts and platforms. Beneficiaries could receive up to 360,000 dollars.
- Another interesting fund is **Human Resources for Innovation** where you can apply with innovative

projects such as cross media. We would give 50,000 euro for an expert person to work with producers inside their company for a certain period of time. If it is a male applicant, we cover 80% of the costs and if it is a woman we cover 90%.

- In Chile we do not have sales agents or sales companies but we have just launched, under our Distribution Fund, a **Scheme for International Sales**, pushing companies to gather two or more projects and see if they can have an international premiere, or more than one, with our grant. The grant amounts to around 30,000 dollars.

Outcomes of group discussions

Can the funds use crisis and disruption to make innovations? What can film funds learn from the gaming industry?

- Piracy can also be perceived as an opportunity within the film industry. Funds should make a difference between piracy as a threat and as an opportunity.
- Funds can learn new skills from the game industry. These skills include special effects, animation techniques and marketing skills.
- The game producers developed a complex method of approaching potential audiences. Film distributors could be persuaded to communicate with their audience in the same way and then know better how and where to distribute their films.
- Funds can know that some audiences want a certain film, but how to make them know that the film is out there? Can game industry's experiences help?
- Transferring the model that the game industry uses to communicate with the audience to films would be difficult in cases of single films. But it can work in the case of sequels and franchises when audience is coming back and can be cumulatively built. Another option is to build a devoted audience around directors.
- The challenge is also to make producers use the new digital knowledge more. The funds should also set a stricter requirement for the producers when it comes to audience research. Producers should analyze every niche audience for every single film and fight for it for the development stage. Production side should engage in raising the awareness. Everyone should get involved.
- What we can learn from the game industry is positive thinking and not to use a crisis to dig a deeper whole, but to become innovative.
- How should we engage young audiences that do not go to cinema but spends a lot of time on social media?

What data do you have regarding the cinema audience and how do you use it?

- In Switzerland, the Federal Office of Culture **collects all data from the cinemas**, providing statistics and using data mostly for the purpose of automatic funding. All the data they collect from distributors and exhibitors (admissions, box office, etc.) are publically available. Theaters provide statistics weekly and every competitor knows one another's data. But they know only the number of tickets; they do not know the audience profiles. There should be more qualitative studies on what audiences need, how they behave, how diverse they are, what kind of social interaction they like.
- **Many film funds have new frameworks** within which they demand that global **digital players, such as Netflix, should communicate data on their VoD platforms**. The funds create guidelines and requirements for this, but usually there are no results. The problem is that Netflix keeps saying that even they do not know the data.
- **Building relationship with the audience** is another major challenge. There is a huge potential in analyzing audience. The Norwegian Film Institute started doing surveys. In Sweden and Denmark, they are **doing focus groups** and they share the results with the producers. With the emergence of new technology, when the audience increasingly fragmentizes, it is getting more and more important to get this information both for funders and producers.
- **Special laws should regulate** the access to data. We need more open data. Cinemas have been traditionally open about their operation and their data. But in case of VoD platforms, it is difficult even though they have more knowledge about audience than cinemas.
- The Norwegian Film Institute has introduced **a mandatory marketing plan as part of the production support application**. They ask for the level of expected audience and a demographic analysis. They also do a survey together with a company that sells commercials in cinemas. They get in this way information on demographics of the Norwegian audience (age, gender) so it helps them predict some audiences' expectations and see how the supported content performs in relation to the audiences' expectations.
- The Swedish Film Institute introduced **pre-production meetings that gather all parties involved in the project** (financers, distributors, director, producers, screenwriter....) to discuss, among other things, where the audience is. This meeting is a requirement for getting a production support.
- Funds cannot punish producers if it turns out that the film does not attract the expected audience

because it should become more and more easier with new technology and digital platforms. Audience is not only in the cinema. Documentary films show that very well. Especially the ones that use crowd-funding.

- **There is no coherence among distributors, producers and cinema owners about the audience** for the same film. You will get three different numbers. That should not happen.
- Data can also be obtained through **subscribing to different social media** that follow the audiences' behavior (such as Facebook).
- In Chile, the fund supported one **project where body reactions were measured**. People were exposed to certain films and music and it was evaluated how bodies were responding to the watched content. Such neurological studies generate information about what people like. It is valuable for both producers and distributors.
- There are also **always some perpetual audience myths that we follow but are simply not true**. In the game industry, there was always a myth that players are only young people and kids and that the content should be adjusted to their needs. But a recent study showed that the biggest group is women aged 42.

The Role of Public Film Funds in the Future

- **Introduction**
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Module 6 – Distribution and Promotion Schemes

Introduction

This module is dedicated to sharing information about various support programmes for distribution and promotion already in place or those that funds only wish to implement.

Or, in other words,

- How to support the distribution and promotion of works?
- How to take into account new forms of distribution?

Case study 1 / The CNC's distribution and promotion schemes

Axel Scoffier, Head of Finance - Financial and Legal Department

www.cnc.fr

See also *Axel Scoffier's presentation (PDF)*

Why promote distribution and promotion?

In the past years, distribution was the most fragile point in the entire chain.

- Too many films are being produced every year. More than 300 films were produced in France in 2016 (including minority co-productions). These films need to find a way to reach market and attract audience.
- We need to ensure a certain diversity among the films. In France, there are around 50 distribution companies. It may seem too much, but that is the only way to maintain diversity, feed the fragmented landscape, and handle the huge amount of films produced in France every year. It is a bit schizophrenic. Most of them are based in Paris, with only very few outside Paris – just like the entire French film and TV industry.
- The French national market is over-crowded with non-French films as well. In 2016, there were around 700 releases (more than 12 new films per week). This means that the films cannot stay long in theaters because the competition is tough. If we include the releases of heritage and other films, there are as many as 7000 new releases every year.
- Internationally speaking, successful years usually happen only thanks to the success of a single film. At the international market, we had a very good year in 2015 (115 million sold tickets), but it was because of the very successful Luc Besson film “Lucy”. In 2016, the number was much lower (34 million tickets).
- We are also facing the problem of the ever-changing market - like everybody else in Europe. There are new players who disrupt the traditional distribution model and create a fragile ecosystem for independent distributors.
- The competition is getting tougher. Distributors of big films want all the screens. At the same time even small, local exhibitors are asking for more and more investments into promotional material (trailers, etc.).

The CNC's promotion and distribution schemes

About CNC

- We support all phases of the value chain (development, production, distribution, export, heritage).
- We are independent from the state budget, which means that we only collect taxes levied on companies profiting from the distribution of audiovisual works.

- theaters (10.72% of cinema ticket)
- television (5.5% of their sales)
- distributors of television services and internet providers (0.5-3.5% of their sales)
- physical and on-demand video services (2% of the sale price)
- The CNC total budget is around 765.2 million Euro split between:
 - Cinema: 335.2 million Euro,
 - Television 289.1 million Euro,
 - Digital cinema: 26.5 million Euro and
 - transversal support receives 117.1 million Euro.
- CNC conducts both cultural and economic policy by supporting at the same time distribution companies and art house films.

Distribution & Promotion schemes

One third of the CNC budget is allocated to the support for distribution, exhibition and promotion of French films in France and abroad. We provide direct and indirect support for distribution and promotion

- on national level
- on international level
- through our promotion agencies that are also a sort of distributor
- through experimental schemes.

We need to support our sales agencies more, find the way to increase the domestic market share and aim at more works that would reach new markets both in France and abroad.

Support schemes for the distribution of films in France

The two main support schemes for distributors are:

- **Automatic support:** about 34 million Euro in 2017. Support is based on previous success of the distributor. It is meant only for French films but for any distribution company based in France (either French or the local branch of a foreign company). Distributors can invest the money in MG (Minimum Guarantee) and P&A (Press & Advertising)
- **Selective support:** about 15 million Euro in 2017. It is targeted at independent distributors who traditionally have success with their films. The support criteria are diverse. They mostly deal with the quality of the film and the quality of the distribution company. Selected distributors can use the grant for P&A for theatrical release. The scheme is meant only for French distribution companies, but for any film (including slates of foreign films). We define two categories of distributors
 - High-profile independent distributors - the grant includes support for slates of 4-9 films (P&A) or a support that will enable the company to scale up. The support amounts to 33,000 euro per year/per company. The amount is decided at the beginning of the year based on predictability of the company's activities for that year.
 - Small distributors - the support is allocated on the film-by-film basis. There are also specific support categories for heritage films; films for children, etc.

In addition to support for distribution companies, we also have support schemes for:

- The **networks of art house theaters** so that they can maintain showing art-house films. We introduced this scheme also due to quotas applicable to TV and VoD platforms saying that 60% of the shown content must be European and 40% French speaking (but it is tricky to demand this from Netflix).
- **French broadcasters:** they are obliged to pre-buy and coproduce French films
- **VoD platforms:** we want to ensure that there is VoD infrastructure and that the platforms can buy and promote our films.

There are also two dedicated bodies that indirectly support French distributors and art-house cinemas:

- **AFCAE** (Association for Art-house Cinema): They is a link between distributors and art-house cinemas. They organize screenings of art-house films in France for small theaters and publish promotional documents.
- **ADRC** (Association for the Regional Development of Cinema): They support circulation of art-house films in small towns. They pay a part of the VPF to the local theaters.

Support schemes for French films abroad:

The CNC has three schemes for international promotion dedicated to fostering distribution and promotion of the French works abroad:

1. Support **scheme for international promotion of cinematographic and audiovisual works**: It used to be a selective scheme, but recently it has transformed into an automatic scheme.
2. **Aide aux cinémas du monde (ACM)/ distribution**: dedicated to international promotion of cinematographic works that received support from Aide aux cinémas du monde.
3. **Digitization scheme for theaters abroad**: that are part of French cultural centers and organize festivals of French cinema and similar events.

1. *Selective support scheme for international promotion of audiovisual works*

- It is for production companies and sales agents that have exploitation rights.
- The allocated grant can be spent on promotion of audiovisual works abroad (French works and European and international co-productions with France).
- The list of eligible costs includes: dubbing and subtitling, script translation, production and dissemination of production tools, the costs incurred for a press agent, minimum guarantees, etc.
- In 2016, we supported 541 audiovisual programmers and 284 films through this scheme. In 2017, this scheme was reformed and increased. We have made it more automatic and the support is based on the success abroad.

2. *Aide aux cinémas du monde (ACM) / distribution*

- The scheme has 500,000 Euro per year and is partly funded by MEDIA programme as well.
- It targets distribution and circulation of French co-productions with non-European countries.
- The strategy for the sales agents who are applying must be innovative. We want to challenge sales agents and make them more creative with distribution strategies.
- It is also open for all right-holders (sales agents, distributors, producers) based in Europe who want to coordinate an innovative distribution strategy (VoD, festivals, theaters, TV, special marketing campaign) in at least three countries worldwide.
- Eligible costs are technical costs, (subtitling, encoding, digitization, making of DCP copies) and promotional costs (marketing and advertising campaigns, organizations of events, etc.).
- The selection committee that meets twice a year selects the projects.
- The financial parameters are the following:
 - The scheme budget for 2017 is 540,000 Euro and it can be spent on 4 to 12 projects (2 to 6 per call).
 - Subsidy is capped at 50% of eligible costs (80% for low-budget films). There is no maximum subsidy amount per project, but the average amount we allocate is 42,000 Euro. The smallest grant we have given so far has been 25,000 Euro, and the biggest one has been 81,000 Euro. So far there have been three calls and 15 films in total have been supported. Thanks to these grants, those films have been released in 92 extra countries. So far these films have got over 70,000 admissions in cinemas and 4000 views on VoD platforms in those countries. First-time directors make 10% of these films.
- The examples of films supported through this scheme include: “As I Open My Eyes” (Tunisia) released in 8 extra countries, “Ixcánul” (Guatemala) released in 4 extra countries, “Clash” (Egypt) released in 17 extra countries, “AN” (Japan) released in 4 extra countries, “Neruda” (Chile) released in 6 extra countries, “Cemetery of Splendour” (Thailand) released in 3 extra countries and “Kalo Pathi” (Nepal) released in 8 extra countries.
- Since December 2017, the support scheme has been modified to also include any co-production between a MEDIA and a non-MEDIA country. MEDIA co-producers must have between 25% and 70% of share in fiction and animation films, and between 20% and 75% in documentaries. Those co-productions do not have to be part of the ACM catalogue.

Support schemes for national agencies

CNC is also a co-financer of different audiovisual agencies:

- **UNIFRANCE**, mostly subsidized by the CNC with a budget of 9 million Euro, accompanies French films on the international film markets, from their sale to their distribution. It organizes also specific events dedicated to French cinema: in New York and Tokyo, Rendez vous d’Unifrance (meeting of talents in Paris), MyFrenchFilmFestival online, etc.
- **TV France International (TVFI)** mostly subsidized by the CNC with its budget of 4 million Euro is mostly, accompanies sales agents and producers to TV markets and has developed Screenopsis – an online platform for buyers.
- **IFCIC (Institut pour le financement du cinéma et des industries culturelles)**: is a **credit** institution in France for the financing of cultural industries¹. It provides loan guarantees or direct loans to French producers and sales agents. For sales agents², loans are available for slate projects (both French and foreign) and cover the costs of acquisition of rights, promotion and prospecting. The loan is

repayable within 2 years. But up to 25% does not have to be reimbursed depending on the project. Selection committee consists of bankers, sales agents, producers, etc. This scheme functions because some banks in France are willing and specialized in giving loans to the film industry. It is not the case in many other European countries.

¹ including cinema and audiovisual, video game, performing Arts, fashion, music, press, library, literary publishing, Art Galleries, design, artistic careers, theater, museums, heritage, plastic and digital arts
² Called the FARAP fund



New challenges: reach more foreign markets

An exportation plan has been launched in 2017

- ⇒ A new support scheme / average 8.5M€ /y
- Automatic scheme, based on previous success
 - Finances MG and P&A
 - Experimental, monitored on a yearly basis
 - Increase the influence of the sale agents on the producer.
 - the producer is also interested in the success of its film abroad through a bonus on his automatic support

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Innovative actions:

- In 2017, the CNC has launched an **exportation plan** in order to improve the presence of French films in foreign markets. It consists of a new experimental automatic support scheme with a budget of 8.5 million Euro per year for sales agents based on previous success. It will cover the costs of MG and P&A and be monitored on yearly basis. The purpose of the scheme is increasing the influence of sales agent over producer and making the producer also interested in the success of his film abroad by granting him a bonus on his/her automatic support.
- We decided to keep this scheme for three years with yearly evaluations, but it will actually take 5 years see the full impact of the new films.
- We are also planning to **increase the support for TV**. TVFI gets an experimental plan to build promotional events on the markets on French TV series.
- The scheme for audiovisual works remains selective but its total funding has been doubled (from 1.7 million Euro to 3.4 million Euro) because the market gets more fragmented and needs more investment from small producers and sales agents (more traveling, more dubbing and subtitling, etc.).

Conclusions

- The CNC policy gives results. We have the best domestic market share in Europe. It is always around 35%, whereas the average market share for the EU is 25%.
- France also has the highest market share for non-American foreign films (between 10% and 15%), whereas in the EU this number is 3%.

But,

- We **still have to experiment with new ways of conducting more efficient reforms** in these

times of budgetary uncertainty. We can do on the basis of proper evaluations and adaptability to both new market trends and budgetary constraints.

- The problem with automatic scheme is that it is still based only on the box office in the cinemas, because it is **difficult to obtain full and transparent data about TV and VoD** audience. In the future we have to push the entire sector to engage more in finding a solution.
- Another problem is that **film policies are ambiguous**. All these schemes should **be primarily cultural** and their purpose is promoting the French culture, French talents and French arts. The CNC covers all these costs because the French cinema is supposed to be top-class. The embassies and other posts of the French Ministry of Foreign Affairs are very eager to get Unifrance as a partner in promoting films and culture. But the CNC is also trying to **be more business-like and more industry-oriented**. It is a dichotomy that is specific to France.

Questions from the audience

How do you manage to tax Netflix and other companies?

We passed the law obliging them to pay the tax. They have to do that when declaring the revenues that they made in France. We simply check the number of subscribers and calculate the tax on that basis. But it is still difficult with some other platforms. For example, how do you control revenues on Youtube videos.

You said you pay to producers and sales agents to travel to film festivals. How do you validate that type of support? In Chile we support that, but it is difficult to monitor what they do with the money. They do not provide numbers, they just give us letters of intent and pre-agreements with people they met on festivals, but I never see an actual contract. On the other hand, we have producers who never get public funding, still make blockbusters and sell their films without traveling

Part of their job is to promote and make parties. So you cannot blame them if they do not bring contracts.

Do you give this money only to sales?

We give money to anybody who holds the rights. It does not have to be a sales agent.

How can producers apply to a distribution scheme?

We sometimes have producers who decide to be distributors and then they apply for distribution funding, but it is not the same job. It often does not work. We also have cases when distributors decide to become producers as well. They want to own the rights and get more money back having a status of co-producer.

How do French VoD platforms cope with Netflix?

The problem with French VoD platforms is that they do not have exclusive, original content, but only the old content that follows the release chronology. So there is a question if some films should have the first release on VoD. Would it make the French VoD platforms more competitive?

Case study 2/ Proposal for a Directive of the European Parliament and of the Council concerning the provision of audiovisual media services in view of changing market realities in Europe

Presented by Michal Hradicky, Ministry of Culture of the Slovak Republic

What does this new legislation bring in terms of promotion and distribution?

Part of my job is to sit in the European Commission in Brussels and attend discussion on the legislation regarding the European audiovisual sector. In 2017, there was also discussion on how much Netflix and other VoD platforms contribute or do not contribute to individual European countries. And this issue is addressed in the mentioned piece of legislation. I will present Article 13 of the proposed document that is relevant for the film funds and can affect their work.

- The proposal suggests creating more pressure on VoD services and enabling the EU member states to collect some revenues from VoD platforms. The Commission considered establishing **30% quota of the European content on VoD platforms**, but if platforms show the content they produced themselves in Europe, that content also counts as European. The quota would apply to all VoD platforms active in Europe, and all the EU member states must adopt this piece of legislation. Quotas on VoD services are not new for some countries like France and Germany, but for many European countries, it will be a huge change.
- In addition to the quota, Article 13 also stipulates the obligation on the part of VoD platforms **to promote the European content**. The modes of giving prominence to the European content can be achieved through various means such as a dedicated section for European works that is accessible from the service homepage, possibility to search for European works in the search tool available as part of the service, the use of European works in campaigns of the service or a minimum percentage of European works promoted from the catalogue e.g. by using banners or similar tools.
- Many pieces of legislation are based on the country of origin principles. It means that if you as a company are based in one country, you pay tax only in that country, even though your content is shown

in other markets. All the other countries have no control over the platforms even though their citizens watch the content on those platforms. This proposal brings a big shift. The taxes will be levied on the basis of the **country of destination approach** when it comes to VoD services. It will enable the EU countries to calculate the tax in accordance with the number of subscriptions to every VoD platform. France and Germany have already pushed this agenda in the past couple of years. The challenge here is how to get data on revenues and number of subscribers. One solution is introducing VAT on every subscription to be paid in the country of destination. It should be paid everywhere where people spend the money on watching the content. Therefore, the tax authorities will keep track of the data and have an insight into the revenues.

- There will be also **compulsory exemptions from this transnational levy**. It will apply to small VoD providers showing small films for limited audiences and making modest revenues. However, we need a definition of low-turnover and limited-audience services in order to discuss the exemption clauses further. It will be defined afterwards, when the document is ready. The European Parliament is asking for even a wider specter of exceptions. In addition to small companies who would be killed by the transnational levy, they also suggest exemption for “thematic services”, which is still not the part of the text provided by the Commission and the European Council.

Questions from the audience

What is the definition of the European content?

This document does not provide that definition. We will probably use the definition from the Directive on TV quota that is already in place.

What is new in the discussion on Digital Single Market (DSM)?

There are several aspects in the DSM relevant for the public film funds, such as the AVDMS Directive and the copyright laws. Many aspects of the DSM are still under discussion in the EU institutions. Everything should be agreed until the end of the current mandate of the commission (1.5-2 years left). (Axel: In the French system they would have to do both. Whenever you invest, you also have to pay a tax).

Netflix is an ardent proponent of a digital single market in Europe, because they don't like the idea of fragmented Europe where each country has different requirements and some countries, like France, require that the platforms pay taxes even when they invest into local content.

What is the timeline regarding this legislation?

The proposal was made in May 2017 and we should be able to finish the final document until the end of this year or beginning of the next year, but it depends on the dynamics of approval of the documents by different institutions and bureaucrats within the EU administration. After that, the national states will have to transpose it into their national laws, which will happen within the obligatory period of 18 months. By the end of 2019 all member states shall have the 30% quota.

Outcomes of group discussions

- **Distributors are spoilt:** When distributors have an unsuccessful film, they replace it immediately with a new one. Whenever they receive support from a public fund, they work only until that money is gone. They avoid risks and avoid taking chances. Therefore, many films stay in cinema only for a couple of weeks.
- **Distributors' revenues are drying up.** Distributors have bad times in many European countries. Some go bankrupt. The DVD is gone and VoD revenues cannot compensate for the loss, because they are taken over by either big platforms or public broadcasters. Also, production companies in many countries decide to do self-distribution. Funds sometimes support those production companies that come up with an alternative release strategy (when they have a specific subject, clear audience strategy, etc.).
- **Distributors are too conservative.** Giving the money to distributors is only one way of supporting them. Distributors need to be re-educated in order to adapt to the new reality. They are still the most conservative players in the film industry. It is the same people as 20 years ago and the same business models that ensure little promotion and innovation. In the production sector, funds are always nurturing new talents. So the funds should provide also distributors with opportunities to think in new ways. That is why the funds have to make sure that distributors know what is going on in the game industry, for example, which successfully went through the same disruptive experiences.
- **Distribution schemes or not?:** The Polish Film Institute has no distribution scheme and domestic market share is still 18-25%. They will keep the non-distribution support policy. The problem in Poland, though, is that many Polish minority co-productions never get released in Poland or Polish co-producers try to release them themselves.
- **VoD premiere:** Some countries already have support schemes for films to be released only on VoD Platforms. In Norway it is acceptable, if it is transaction-based VoD releases. If producers have a clear release plan, there can be an exemption from the cinema release requirement in many European countries.

- **Cinema law amendments necessary:** Maybe funds should redefine “what cinema is” and include this new definition in the cinema laws. Most of the laws in Europe are old-fashioned and recognize only theatrical release.
- **Distributors need more training:** Some countries organized workshops and training programmes for distributors (for example, the Swedish Film Institute), but there was no interest. They can also apply to workshops like “South by SouthWest”, but they do not apply.
- **Can distribution be a hobby?:** In many European countries, the large distribution players are focused on big blockbusters and consider national films only as an occasional ‘hobby’. Distributors should get involved in the earliest stage of the project.
- **Is Netflix taking over?:** Netflix has just announced that they would invest 500 million dollars in the creation of original content in Canada. The Canadian Federal Government revealed that Netflix is opening their first official office outside the US and it will be in Canada. But no one knows how the Government will tax anything related to the production of this content, because negotiations between Netflix and the Government are apparently not public. Will the government exempt Netflix from paying tax if they invest in the content? How will it affect the national distributors and platforms?

The Role of Public Film Funds in the Future

- **Introduction**
- **Module 1 – What are the essential and relevant core values of public funds?**
- **Module 2 – How to design funding programs today?**
- **Module 3 – How to take risk and experiment?**
- **Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?**
- **Presentation of the study “Current state of investment of national and regional public funds in Europe for professional training”**
- **Module 5 – How to integrate new technologies and players in the value chain?**
- **Module 6 – Distribution and Promotion Schemes**
- **Module 7 – Engaging with Future**
- **List of Participants (PDF)**
- **MEDICI Seventh Workshop Report (PDF)**



MEDICI – The Film Funding Journey

Reports Previous Workshops

Seventh Workshop – 27 to 29 September 2017 – Finstadjordet, Norway

Module 7 – Engaging with Future

Introduction

This workshop provides an opportunity for MEDICI participants to look forward to how bigger strategic issues in the changing screen industries might affect their work in practical terms in the next ten years.

The issues in the workshop are selected based on the research for an EFADS vision paper about the future of public funds to be presented in Tallinn in late November 2017.

Or, in other words,

Every fund should ask itself the following two questions:

- What are the 3-5 most pressing challenges facing European cinema and/or the audiovisual sector in the next five to ten years?
- What are the most pressing challenges facing your organization in the next five to ten years?

Case study: Looking Ahead is Looking at the World

Presentation: Johanna Koljonen - consultant for the EFAD's working group

Please also see [Johanna Koljonen's presentation](#) (PDF)

CHALLENGE 1: New distribution strategies

- Developing theatrical so that it becomes more progressive, while creating other paths towards the market. And this is not easy because the system still favours theatrical releases.
- Figuring out how to place European content on digital platforms. It is not enough only to impose quotas on American platforms, but also to create and support more European VoD platforms.
- Not drowning the market with films. Too much content is being produced currently and it is getting impossible to navigate through all the films. It is a challenge to find and connect the right people with the right content. There are a lot of films that do not get the audiences that they deserve. A better communication aim is necessary.
- There should be more levies imposed on digital players, but also more strategic partnerships with VoD platforms. They make a very big part of the landscape now and it will only grow in the future.
- Piracy. It is VoD platforms that are also affected by it.

- More bad films get made
- More irrelevant films get made and released
- Tougher competition for funding
- Tougher competition for audience attention
- Tougher competition for distribution channels (especially theatrical)
- Impossible to stay on top of = market fails

CHALLENGE 2: Getting Europeans to see European content.

- Do we need to re-brand the European content so that people want to see it instead of avoiding it?

- Identifying core values and mission of cinema and being able to explain to citizens in countries why we support cinema.
- Introducing film culture in schools and society
- Film heritage and archives should survive and be more accessible
- Awareness of released titles
- Diversity and representation – RELEVANCE
- Ease of experience. How to make films accessible to people that may be interested in specific films?



- What we're living through is not "digital disruption", it's a shift in the role of film culture in the wider cultural landscape.

CHALLENGE 3: Drowning the Market with Films

In 2016, 1163 films were released in Europe, which was 300 more films than in the US. This happens because there are a lot of funders in Europe, there are tax incentives, it has become cheaper to make films, etc. This high number of films produced brings a bunch of side effects, both positive and negative. Namely:

- Quantity brings quality – more good films are made
- More voices are to be heard, bringing more diversity in European cinema

But,

- Tougher competition for audience's attention. There are not enough screening time slots in European cinemas for all the films. Films compete with each other. In some countries there could be 4 national releases in the same week. It is difficult to watch them all before they are taken out of cinema.
- It also makes it difficult for sales agents. They have to patch together individual releases for each film in each territory, which means they cannot take on as many films as they would want. It becomes too risky.
- Tougher competition for distribution channels (especially theatrical). It is very difficult to find films by first-time directors in art-house cinemas. Even those that were presented in Cannes cannot be certain of a reasonable release in art-house cinemas.
- More bad films are made
- More irrelevant films get made and released
- Tougher competition for funding
- Impossible to stay on top of, which means that the market fails.
- We have no time to see all the films. Even people whose job is watching films cannot manage to watch all the films they are supposed to see. Festival people have the same problem. It is physically impossible to see even all the good movies.

CHALLENGE 4: Redefining relationship with filmmakers

- International companies will never handle national, small art-house cinemas. Netflix will buy only one or two of the most successful titles. But maybe funds should think about it as a great opportunity. If an established director works for a while for HBO or so, it can be an advantage because the money that the public fund would normally give him can be redirected now to other filmmakers.
- Have funds been funding mediocre filmmakers for far too long? Too many filmmakers in Europe are disinterested in the audience and the social relevance of their work, and the content that they make can be technically good, but is doomed to fail in any market. Should the funds fund those films that have no connection with any audience? Is it ethical to fund films that have no proof they connect with the audience? From the point of view of taxpayers, the answer is, for sure, no. So maybe money can be redirected somewhere else.

THE OLD PARADIGM VALUE CHAIN

WHAT STORY DO I WANT TO TELL RIGHT NOW?	WHAT VERSION OF THAT FILM CAN I GET FUNDED?	SOMEONE SELLS MY FILM TO SOME PEOPLE WHO SHOULD SEE IT
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THE NEW PARADIGM VALUE CHAIN

WHAT STORIES ARE INTERESTING, FUN, RELEVANT, UNDER-TOLD RIGHT NOW?	DIGITAL FILES ARE SOLD THROUGH DIFFERENT CHANNELS
WHAT STORY DO I WANT TO TELL RIGHT NOW? IS IT A FILM?	
WHO IS THE AUDIENCE WHO WILL PAY FOR MY FILM?	

CHALLENGE 5: Funds are too conservative

- Funds have to find a way to make audiences redistribute their time in a sense that they decide to watch funds' films instead of doing something else.
- Funds are working within a very traditional paradigm. They are very good at internalizing old-school business models because it still provides jobs.
- Opposed to traditional attitude is "design attitude". Design attitude means we should look at the problem, define it, take a look at the context and our resources, and try to find a solution. Funds do not do it.
- Funds focus too much on cinema theater statistics and how to attract more people to cinemas. Cinema statistics, however, are irrelevant in solving the audience problem. They cover the people who actually go to cinemas. But we need a strategy for getting those who do not. Where are they, what do they do?
- The following statements were picked up during the days of the MEDICI workshop:
 - We need the DVD money back
 - Piracy is the major cause of our problems
 - Netflix is the spawn of Satan
 - The cinema release window is still most important

But,

- DVD is not a human right that we can claim back. Funds must simply accept that we will never get it back. Their sources are not DVD money. Their sources are audience.
- Piracy is the product of funds' disinterest in technology and audiences. Without piracy, films would make more money, but blaming piracy will not help funds make better choices.
- Netflix also funds high-quality work which we all like very much, so if you watch it regularly, you are not allowed to say that Netflix is the source of your problem. We have to accept that their content is often better than the content made by people supported by public funds. Trying to punish them for being better in a job that funds are supposed to support is not constructive. Netflix also builds audience for European stars and trains its audience to read subtitles.
- The majority of films have been watched at home since the 1980s. TV and VHS posed the same threat to cinemas.

CHALLENGE 6: Redefining relationship with audience

- From the audiences' perspective, the platforms and formats are overlapping and converging. They do not understand the conservatism of funds' business model and why the funds have to pursue it.
- Today's audiences are active, engaged and social.
- Today, in order to connect the film with the audience we have to create the proper context. That context should provide the following:
 - audience should be personally moved or transported,
 - shared experience,
 - cultural moment/icon,
 - establishing role models,
 - representing and shaping contemporary culture,
 - topic or focus of conversation,
 - subculture identities and social context (fandom),
 - social status (expertise).

- Social importance of film culture has changed. In the past, you have to work hard to get to see your favourite movies and films have undivided attention. Today everybody has access to all the films and audience spend more time on favourite games, TV shows, etc.
- Where are the films actually watched? Cinemas are symbolic temples, they have a cultural impact and value but they are not the only place where audience watches films. So go find your data on audience on different platforms.

CHALLENGE 7: What is a film?

- There are a lot of new developments today that can change the traditional definition of film. Films can be made to be more interactive and participatory in synergy with virtual reality (VR), theater, digital and analogue narrative games, cross-media+web, museums, galleries, TVs, etc. Is interactive or participatory storytelling included in funds' remit? Is a filmmaker who has an interactive or participatory component automatically excluded from funding?
- Films and games, for example, are increasingly converging. There are already audiences who do not see the distinction.
- There may also be a new chance in virtual reality. There is still no proper business model, but there is a huge potential market in this field. VR will create its own separate ecosystem, but it will compete for time and attention with filmmakers.
- There are films that are not made for theatrical release, but for home cinemas and VoDs.
- Film and broadcast TV represent a top-down mode of culture that is rapidly self-correcting back to the original order of things where humans produced cultural artifacts for their own communities. Today, it is not only professional artists who make and share stories. Ordinary people can also engage in stories and share experiences through storytelling.

CHALLENGE 8: Value chain paradigm shift

The old value chain consisted in the following three steps:

- What story do I want to tell right now?
- What version of that film can I get funded?
- Someone sells my film to some people who should see it.

But,

Today, when everything is becoming digital, the value chain paradigm is also changing and it contains the following steps:

- What stories are interesting, funny, relevant, under-told right now?
- What story do I want to tell right now? Is it a film? Also, funders should ask the filmmaker if he/she is sure that it is a film. Some directors write a script for a feature film, but it is more suitable for TV drama.
- Who is the audience who will pay for my film?
- Digital files are sold through different channels.

CHALLENGE 9: Film culture for this century

- What kind of film culture do we want?
- What is sustainable? What is healthy?
- How do we envision the cultural role of feature films?
- Shouldn't our public infrastructure, from film schools to funding, train and support outstanding filmmaking on all platforms – and then what is film culture?

CHALLENGE 10: Securing the fund's financing and independence

- Politicians can make some terrible decisions regarding public film funding. They can de-regulate everything, like they are doing in the US. Brexit may take away a lot of public funding possibilities for the UK producers. In Serbia when the government changed in 2012, the new Minister of Culture decided to give zero funding for films in 2013.
- How many of public funders are under threat from either neoliberal or nationalistic/populist policies in their country? Funds should look strategically at these unfortunate political decisions and be ready for them at any time. In some countries they may seem impossible, but they can happen over night if populist parties come to power. What if Swedish Democrats come to power in Sweden? Funds are the only ones who can protect public film financing and stand up against politicians.

Opportunities

Funds should learn from Television and producers of video games

Filmmaking and TV making is not in crisis. There is more money and more quality in TV drama than ever. It is

true that traditional broadcasting as a business model is challenged and expected to disappear very soon, but that is only a technological change - a business model change. It is not a content change. There is also increase of estimated numbers of scripted original TV series shown by online services, broadcasters, paid cable or basic cable. They all find their way. So why is that not the problem, but producing too many films is?

Television faced the same problem when the number of TV channels dramatically increased. But today they have multiple accesses to the market and they connect every produced content with some kind of audience.

The film funds also have to come up with new business models that would help them connect the right film with the right audience. Today we have 15 TV series of extremely high quality and 15 years ago we would have only one on that level. But there are still audiences for all produced series.

In the past we would watch what was served up to us. Now we make choices ourselves and each piece of content finds its own way. For example, a Turkish TV series that attracted a global audience, or German TV content which started travelling after years of bad reputation. The same is true of Icelandic content. Even though it comes from a nation of only 300,000 people, millions of people watch their content – subtitled or dubbed. This all goes to prove that European content is not in crisis.

The same experience is true with digital games. They are global and the game market is worth over 100 billion dollars. They were in crisis, but recovered by including gamers in game creating through participatory business models. They solved piracy problems and built great relationship with their audiences.

Outcome of group discussions

CHALLENGE 1: New distribution strategies

How would you change what you fund and/or measure to better reflect the “platform neutral” media landscape in which the audience exists?

We should:

- Not limit ourselves to cinema releases but open up to other windows as well. The problem is that regulations sometimes do not allow that.
- Measure our market share outside the cinema.
- Redefine the content we support. Definition of a film must be clear. What are the limits of the content we support?
- Lobby with governments and competent ministries regarding the legislation change so that it can become more open to new release windows.

CHALLENGE 2: Getting Europeans to see European content

How can a fund's actions and choices increase the content's relevance?

Funds should:

- Put more muscles into development of content by encouraging teams to engage more in targeting audience.
- Get more data on audience information and provide them to producers to make them more motivated to be innovative. Producers find it hard to be innovative without data because they do not know where the audience is.
- Be more strict on audience-projection requirement in the applications for production support.
- Require producers to do a deeper research on audience predictions and relevance of the project and provide it to fund in the application even at the development stage. Funds should cover expenses that producers have during development, regardless of how non-standard they are.
- Organize seminars for producers on how to do audience research during development phase. We have to teach producers how to think about relevance. It can be learned from TV channels and their tools for predicting the audience.
- Take successful content and ask what made them successful and try to learn from that

Some examples:

In Canada, some films do not require a traditional distributor, so filmmakers themselves can take the role of distributor. They can, for example, do the festival distribution and then sell it to Netflix or to the US market. They are also allowed to propose new business models. There are also examples of day-and-date releases where films are released theatrically and on VoD on the same day. This attracts more different audiences.

In Norway, the Norwegian Film Institute (NFI) does not have any audience numbers other than cinema theatres. They conduct surveys asking people how often they see Norwegian films on a platform, but the market share of Norwegian films on platforms is lower than in the cinemas. The NFI also contacts sales agents to ask about the performance of individual titles on VoD platforms and how they value a project when pre-buying it.

CHALLENGE 3: Film literacy/Audience development

What alliances would funds need to build to truly promote film and film culture?

There is an example of a film education framework event, financed by, among others, the BFI and Creative Europe, where twenty countries shared their experiences regarding film education.

Funds should:

- Find a common framework for film education despite differences. Film education has no strong place in any school system, unlike visual art, music, etc. It does not have a national definition, so we have to invent the international one. We did the “what” part. But now we need to collaborate on the “how”. Ten years ago we started licensing short films to be used in education. It also included supporting teaching material. Other funds can do it the same way.
- Think about having broadcasters more involved in film education as they do with other subjects.
- Design film education programmes on the European level so that countries do not have to do it individually. It could be financed also on the pan-European level.
- Find a way to move things forward. Many initiatives end up as a report available online, maybe a couple of countries apply some recommendations, but there is never a next step.

Some examples:

Croatia has a national programme (2017-2021) for building audience.

In Hungary, there is a national online competition in collaboration with schools for children between 14 and 18 years-old.

Festivals can also be more involved in film education since they already give a theme to their programme and have a lot of audience.

Conclusions

- The problem with film is that all the content is in the same place, on the same screens and part of the same ecosystem. When we look at the film value chain from a producer’s perspective, we see that cinema release is the most important because funding structure dictates it. But it does not mean that it is culturally the most important and that it is not how it works in the real world?
- What we are going through is not “digital disruption”. This is only a shift in the role of film culture in the wider cultural landscape.
- The people working for/with the public film funds are too busy to think about the problem. But they should try harder.
- If you think about a challenge really hard, look at its context, consider your resources and are no closer to an answer or a next step – then you are asking the wrong question = describing the challenge wrong. Get better data and ask again. The outline of the answer is delineated in the exact shape of the problem.

The Role of Public Film Funds in the Future

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- **Module 1 – What are the essential and relevant core values of public funds?**
- **Module 2 – How to design funding programs today?**
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- **Module 4 – Is diversity essential for reaching the audiences? Are there tools for evaluating the diversity of audiences?**
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